CAPITAL MARKETS DAY 2013
DUBAI, 17 DECEMBER

MEETING TOMORROW’S ENERGY DEMANDS
EMPOWERING GLOBAL ENERGY

www.smiths.com
www.johncrane.com
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# TODAY’S PROGRAMME

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>09.15</td>
<td>John Crane Presentation(I)</td>
</tr>
<tr>
<td></td>
<td>Philip Bowman, Duncan Gillis</td>
</tr>
<tr>
<td></td>
<td>Executive Overview</td>
</tr>
<tr>
<td></td>
<td>What is our business model?</td>
</tr>
<tr>
<td>10.00</td>
<td>Site tour</td>
</tr>
<tr>
<td>11.30</td>
<td>Coffee break</td>
</tr>
<tr>
<td>11.45</td>
<td>John Crane Presentation(II)</td>
</tr>
<tr>
<td></td>
<td>Duncan Gillis, Dave Hill, John Donatiello, David Tallentire, Eric Evans</td>
</tr>
<tr>
<td></td>
<td>Where is our company going?</td>
</tr>
<tr>
<td></td>
<td>What is the investment case for John Crane?</td>
</tr>
<tr>
<td></td>
<td>Question and answer session</td>
</tr>
<tr>
<td>13.45</td>
<td>Lunch</td>
</tr>
<tr>
<td>14.15</td>
<td>Depart John Crane</td>
</tr>
<tr>
<td>15.30</td>
<td>Smiths Detection airside tour at Dubai International Airport</td>
</tr>
<tr>
<td>17.00</td>
<td>Depart airport for hotel</td>
</tr>
<tr>
<td>18.30</td>
<td>Drink reception at hotel, followed by dinner</td>
</tr>
</tbody>
</table>
Strong opportunities for value creation – An attractive business model

- Market leading brand with strong technology and customer relationships
- Attractive growth opportunities in the energy services sector
- Resilient business with high aftermarket exposure in diverse markets
- Strong global network of sales and service centres
- Opportunity to leverage this network – with a focus on energy services
- Strong and stable cash flows to reinvest in organic growth/acquisitions
Objectives for today

- Meet a strengthened management team and a transformed business
- Explore the strengths of John Crane’s technology and business model
- Outline the business strategy and opportunities for value creation
- Examine the market place and scope for growth
- Develop a greater understanding of the technology and aftermarket
- See John Crane’s products and a ‘super service centre’ in a growth market
AGENDA

Executive overview
- Key messages
- Business overview and facts
- Global assets

What is our business model?
Site tour
Where is our company going?
What is the investment case for John Crane?
Key messages for today

- At our core, we are an energy services business
- By managing real complexity, we create value for our customers and barriers for potential new competitors
- We deliver strong cash flow, return on capital and growth
What we have achieved in the last year

- Developed a new long-term vision
- Defined a 2020 growth strategy
- Reorganized business
- Progressed five foundational elements: Customer Service, Quality, Our Employees, Business Ethics, Safety
- Relocated global headquarters to downtown Chicago USA
- Revamped the innovation process
- Improved capital investment decision-making
- Adjusted business in line with first-fit market downturn
- Increased financial discipline

While delivering all-time highs in sales, operating margin and return on capital
The John Crane team

**Duncan Gillis**
- 1 year at John Crane
- >10 years leading multi-national and global businesses

**John Donatiello**
Global End User
- 4 years at John Crane
- >30 years in industry

**Dave Hill**
Global First Fit
- 18 years at John Crane
- 30 years in industry

**David Tallentire**
Global Operations
- 15 years at John Crane
- 17 years in industry

**Zhenning Mao**
Greater China
- 4 years at John Crane
- 21 years in technology industry

**Ruben Alvarez**
Production Solutions
- 16 years at John Crane

**Luca Mazzei**
Marketing
- <1 year at John Crane
- 8 years with Honeywell & GE

**Joe Haas**
Research, Development & Engineering
- 25 years at John Crane

**Alistair Rogers**
Transformation Management
- 30 years at John Crane

**Eric Evans**
Finance
- 3 years at John Crane
- 11 years in Pharma

**Mike Rizzo**
Human Resources
- 5 years at John Crane
- 12 years at Smiths

**Attending today**
Geographically diverse portfolio focused on energy sector

Geographically diversified portfolio; 22% of revenue from emerging markets

Sales by geography

- North America: 41%
- Europe: 27%
- Asia Pacific: 15%
- Latin America: 9%
- Middle East & Africa: 8%

8% Other General Industry
9% Commercial OEMs
9% Chemical
9% Power Generation & Distribution
9% Turbomachinery OEMs
9% Engineered Pump OEMs
9% Petrochemical

Source: John Crane Finance. FY 2013
Three players account for c70% of market…

- Three primary players make up >70% of marketplace
- Closest competitors are c20% each
- Smaller local/regional players make up remainder
- Very sticky aftermarket; >90% like-for-like replacement
- High level of specification by end-users on first fit activity through OEMs
- Reliability and application engineering expertise are key differentiators

Source: Company estimate; Wall street estimate
Key technologies

- Wet Seals
- Dry Gas Seals
- Fluid Control Systems
- Couplings
- Hydrodynamic Bearings
- Filtration Systems
- Packing, Teflon & Other
- Fiberglass Sucker Rods

>230 active patents and patent applications
WHAT IS OUR BUSINESS MODEL?

EXECUTIVE OVERVIEW

Assets—Largest global network and global technical expertise

- >230 sales & service facilities in 50 countries—Largest service footprint
- 19 manufacturing sites in 15 countries
- >450 C.N.C. machine tools around the world
- 2 Global R&D centers—U.S. and UK
- >90 test rigs globally
- 6,900 employees worldwide
- 16 Service Super Centres
<table>
<thead>
<tr>
<th>Time Period</th>
<th>Key Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>1917-1930</td>
<td>Inception: packing, international expansion</td>
</tr>
<tr>
<td>1917,</td>
<td>Formation of Crane Packing Company on Clinton Street in Chicago</td>
</tr>
<tr>
<td>1920-23,</td>
<td>Formation of Crane Packing Ltd. Slough England; expansion to Canada and Italy</td>
</tr>
<tr>
<td>1938,</td>
<td>First use of John Crane mechanical seals on water pumps of Chrysler cars</td>
</tr>
<tr>
<td>1939,</td>
<td>TI Group acquired UK-based Crane Packing Ltd</td>
</tr>
<tr>
<td>1943,</td>
<td>Intro of Type 1 general duty component seal</td>
</tr>
<tr>
<td>1949,</td>
<td>First, ready to install cartridge seal that reduced plant downtime</td>
</tr>
<tr>
<td>1967,</td>
<td>Sealol introduces Hastelloy C Metal Bellows Seal</td>
</tr>
<tr>
<td>1968,</td>
<td>Dry gas seal—another breakthrough spiral groove technology</td>
</tr>
<tr>
<td>1979,</td>
<td>First use of Type 28 non-contacting, dry gas seal on pipeline compressor</td>
</tr>
<tr>
<td>1980,</td>
<td>World’s largest dry gas seal at 13”/330mm was supplied, and a 7500 psi test rig was commissioned</td>
</tr>
<tr>
<td>1990,</td>
<td>Introduction of Type 2800 non-contacting seals, and acquired Lemco</td>
</tr>
<tr>
<td>1996,</td>
<td>Launched American Petroleum Institute (API) 682 compliant cartridge seal and universal cartridges</td>
</tr>
<tr>
<td>1997,</td>
<td>Acquired Sealol, Safematic &amp; Flexibox</td>
</tr>
<tr>
<td>2000-Present</td>
<td>Combination two John Cranes, Inorganic growth to adjacent applications &amp; upstream</td>
</tr>
<tr>
<td>2007,</td>
<td>Acquired Sartorius Bearing Technology</td>
</tr>
<tr>
<td>2008,</td>
<td>“One John Crane”</td>
</tr>
<tr>
<td>2009,</td>
<td>Acquired Orion Bearings</td>
</tr>
<tr>
<td>2010,</td>
<td>Supplied power transmission couplings with the world’s largest diameter at 55”</td>
</tr>
<tr>
<td>2011,</td>
<td>Acquired Turbo Components &amp; Engineering</td>
</tr>
<tr>
<td>2013,</td>
<td>Highest pressure gas seal successfully tested</td>
</tr>
</tbody>
</table>
AGENDA

Executive overview

What is our business model?
- 2/3 of revenue from high-margin aftermarket services
- Value for customers, barriers for competitors
- World-class financial returns

Site tour

Where is our company going?

What is the investment case for John Crane?
Oil and gas will remain a leading source of energy

Drivers of our c65% of revenues from Energy Sector…

Demand by fuel

<table>
<thead>
<tr>
<th>Year</th>
<th>Oil</th>
<th>Coal</th>
<th>Gas</th>
<th>Biomass</th>
<th>Nuclear</th>
<th>Other renewables</th>
<th>Hydro</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>1000</td>
<td>2000</td>
<td>3000</td>
<td>4000</td>
<td>5000</td>
<td>6000</td>
<td>7000</td>
</tr>
<tr>
<td>1990</td>
<td>2000</td>
<td>4000</td>
<td>6000</td>
<td>8000</td>
<td>10000</td>
<td>12000</td>
<td>14000</td>
</tr>
<tr>
<td>2000</td>
<td>3000</td>
<td>6000</td>
<td>9000</td>
<td>12000</td>
<td>15000</td>
<td>18000</td>
<td>21000</td>
</tr>
<tr>
<td>2010</td>
<td>4000</td>
<td>8000</td>
<td>12000</td>
<td>16000</td>
<td>20000</td>
<td>24000</td>
<td>28000</td>
</tr>
<tr>
<td>2020</td>
<td>5000</td>
<td>10000</td>
<td>15000</td>
<td>20000</td>
<td>25000</td>
<td>30000</td>
<td>35000</td>
</tr>
<tr>
<td>2030</td>
<td>6000</td>
<td>12000</td>
<td>18000</td>
<td>24000</td>
<td>30000</td>
<td>36000</td>
<td>42000</td>
</tr>
<tr>
<td>2035</td>
<td>7000</td>
<td>14000</td>
<td>21000</td>
<td>28000</td>
<td>35000</td>
<td>42000</td>
<td>49000</td>
</tr>
</tbody>
</table>

Change in demand by sector and fuel

- Oil
- Coal
- Gas
- Nuclear
- Traditional biomass
- Modern renewables
- Electricity and heat

Million ton of oil equivalent (toe)


* Includes other energy sector and agriculture.
Driven by underlying megatrends

- Global energy consumption increasing 36% by 2030
- 93% of energy consumption growth is in less developed countries
- Energy used for power generation grows 49%
- Sources of oil & gas that are geopolitically more difficult to reach

Source: BP Energy Outlook 2030; CSIRO Sep 2012, RW Baird Process Controls Report; JC research
We participate in a growth market

Centrifugal Pump Market Size and Growth by Sector
Market Size (Billion USD, 2010 Exchange Rates)

Source: 2012 European Industrial Forecasting Ltd (EIF) Pump Forecasts
“Wet seals are mission critical. If they fail we need to shut down the plant, at a cost of $1,000 per minute. We would not hold the plant hostage to a faulty seal.”

- Natural Resources Customer

Over 14,000 customers, no customer is greater than 3% of revenue
John Crane has relationships with multiple stakeholders… Serviced by our global network, the largest service network in the industry.

**End Users**
- bp
- Shell
- ConocoPhillips
- ExxonMobil
- Total
- Chevron
- INEOS Energy Corporation

**EPCs**
- CHIYODA CORPORATION
- Samsung
- SAMSUNG ENGINEERING
- GE
- Technip
- WorleyParsons
- FLUOR
- JGC

**First Fit**

**OEMs**
- ITT
- TEXTRON SULZER
- DRESSER-RAND
- WEIR
- EBARA

**EPC** = Engineering Procurement Construction  **OEM** = Original Equipment Manufacturer
We engineer sealing solutions for a variety of challenging applications

<table>
<thead>
<tr>
<th>The challenge</th>
<th>Benefits</th>
<th>Near-by Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enduring Arduous</td>
<td>Equipment reliability in tough conditions</td>
<td>Remote deserts of Saudi Arabia</td>
</tr>
<tr>
<td>Environments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimizing Energy Usage</td>
<td>Efficiency at the world’s largest process</td>
<td>Large refineries in Saudi Arabia</td>
</tr>
<tr>
<td></td>
<td>installations</td>
<td></td>
</tr>
<tr>
<td>Controlling Emissions</td>
<td>Near-zero emissions &amp; environmental</td>
<td>LNG producer in Qatar</td>
</tr>
<tr>
<td></td>
<td>responsibility</td>
<td></td>
</tr>
<tr>
<td>Sealing the Highest</td>
<td>Operations in challenging environments</td>
<td>Gas and condensate fields in Kazakhstan</td>
</tr>
<tr>
<td>Pressures</td>
<td></td>
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</tr>
</tbody>
</table>
>2/3 quick-turn repair and refurbishment services

Two types of engineered services within business model

1. **Aftermarket services (short lead time)**
   - ~2/3 of business focused on keeping mission critical operations running
   - Typically quick turn repair and refurbish services

2. **First fit supply (long lead time)**
   - Focused on engineering support to design applications for new installations
   - Typically >6 week lead time

Note: FY2013 GBP rates
25+ year lifecycle of service offerings

Capital projects cycle
- Feasibility
- F.E.E.D
- Bid
- Design & Build
- Commissioning
- Spares

Maintenance and repair cycle
- Repair & maint.
- Reliability mgmt.
- Upgrades & retrofits

3-5 years
~1 year
<3 years
<1 year
25-30 years
Year 20+

• Application engineering services to EPCs and OEMs
  - Design of sealing solutions
  - Fluid control systems design
• Commissioning assistance
• Provision of spares

• On-site engineering services
• Repair and refurbishment services
• Inventory management
• Asset management and comprehensive reliability management services

EPC = Engineering Procurement Construction
OEM = Original Equipment Manufacturer
FEED = Front-end engineering design
Lifetime value of a single seal application

<table>
<thead>
<tr>
<th>Year 0</th>
<th>Year 2-3</th>
<th>Year 6</th>
<th>Year 10</th>
<th>Year 14</th>
<th>Year 18</th>
<th>Year 22</th>
<th>Year 25</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-Fit</td>
<td>First repair using spare</td>
<td>Second repair</td>
<td>Full cartridge replacement</td>
<td>Third repair</td>
<td>Fourth repair</td>
<td>Full cartridge replacement</td>
<td>Fifth repair</td>
</tr>
</tbody>
</table>

The power of aftermarket annuities
The installed base is sticky: 90%+ like-for-like replacement

“It is too expensive to switch manufacturers of mechanical seals. We will upgrade seals or do retrofits, but unless there is a very serious problem we will not change manufacturers.”

– Engineer, Aftermarket

Customer in Europe

Source: 2012 Survey of 300+ JC customers globally
Managed reliability—varying services to meet our customers’ needs

WHAT IS OUR BUSINESS MODEL?

Increasing the installed base

Strategy: sell more, sell up
Over a dozen applications and 500 – 3,500 pumps in a refinery

- Complex processes
- Tight industry standards (API)
- High cost of downtime
- Energy efficiency & emission reduction
Customized solutions for unique sealing applications…
Managing real complexity

- **154** preferred product lines
- **7000+** material codes, **3000+** unique codes
- **3.2M** Bills of material
- **>3.4M** Part numbers
- Global engineering project tracking database
- **>2.4M** installed units globally

Thousands of failure modes
Proven history of growth

WHAT IS OUR BUSINESS MODEL?

Notes: JC Financials at Act FX  
CAGR = 7% at constant currencies

CAGR = 9%*
Proven history of high returns on capital

Capital light business: 10-year operating cash flow of c£1.4B vs. capex of c£180m

Note: JC Financials at Act FX
Proven history of strong cash flow generation

Generated >£400M of cash from FY2008 to FY2010

Source: IMF. Note: JC Financials at FY14 constant FX
Site tour

Welcome to Jebel Ali

- Opened world-class service super centre in 2012
- Invested in leading edge test equipment
- Supports targeted high-growth region
- Services >20 countries
Site tour groups

Jane Nicolson
Burton Rodricks
Stefano Rossi
Mike Weegenhausen
Jim Gilbert
AGENDA

- Executive overview
- What is our business model?
- Site tour
- Where is our company going?
  - Attractive growth strategy
  - Business priorities
  - Focus on new product development
- What is the investment case for John Crane?
Our Vision

Become a global leader in energy services, expert in delivering mission-critical engineered solutions
The energy value chain covers a broad area

WHERE IS OUR COMPANY GOING?

>10X increase in addressable and profitable market segments to explore

Highlights of our growth strategy

1. Profit from the core
2. Accelerate high growth businesses & sectors
3. Leverage global scale
4. Expand across the Energy Value Chain

Above Average Growth

Top Quartile ROS

Cash Flow Stability Through the Cycle

Above Average ROC
Business has been reorganized to execute the strategy…

<table>
<thead>
<tr>
<th>Five business units</th>
<th>Five areas of functional expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global First Fit Sales &amp; Projects</td>
<td>Finance</td>
</tr>
<tr>
<td>Global End-User Sales &amp; Service</td>
<td>Legal</td>
</tr>
<tr>
<td>Global Operations</td>
<td>Transformation Management</td>
</tr>
<tr>
<td>Production Solutions</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Greater China</td>
<td>Business Information Services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Three commercial excellence platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Improvement</td>
</tr>
<tr>
<td>Strategic Marketing &amp; Product Management</td>
</tr>
<tr>
<td>Research, Development &amp; Engineering</td>
</tr>
</tbody>
</table>
WHERE IS OUR COMPANY GOING?

...and to enhance competitive advantage

**Customer Intimacy**
- Customer focus
- Fewer layers, increased agility and responsiveness

**Operating Efficiency**
- Leverage global scale, drive cost competitiveness and delivery performance

**Product & Service Leadership**
- Supports innovation focus
- Enhanced reliability programs
Emerging market presence is a strong platform for growth

- Delivering strong growth
- Increasing proportion of revenues from high-growth emerging markets – 22%
- Infrastructure in place in many key markets

### Case study – China
- Operating since 1986
- FY13 Revenues: >£50m
- Employees: 440
- Key customer: Sinopec

### Case study – Brazil
- Operating since 1962
- FY13 Revenues: >£20m
- Employees: 160
- Key customer: Petrobras

### Case study – Mexico
- Operating since 1961
- FY13 Revenues: >£20m
- Employees: 500
- Key customer: Pemex
Shale transforming hydrocarbon landscape

Technically recoverable shale oil and gas resources

- John Crane is positioned to benefit from shale developments
- Near- and mid-term opportunity in transmission, storage and processing
- U.S. and China emerging as major near-term producers

Source: EIA, “Technically Recoverable Shale Oil and Shale Gas Resources: An Assessment of 137 Shale Formations in 41 Countries Outside the United States”, June 2013
Significant opportunities driven by U.S. shale oil & gas growth

**Upstream**
- Continued high-growth rates for well completion
- Evolving drilling technology
- Services

**Midstream**
- New build in LNG terminals for export
- Incremental pipelines / transmission activity and storage

**Downstream**
- Growing petrochemical activity driven by low energy costs
- Incremental refining & processing opportunities
Strengthening the business through acquisitions

- Expanded in product adjacencies: bearings, filtration, production solutions
- Evaluating opportunities for targeted acquisitions

Strategic criteria
- Adding complementary technologies and products
- Leveraging existing scale – the global service network
- Expansion in high-growth markets

Financial criteria
- Complement existing sales growth, margins, cash generation and returns
- 12% post-tax returns
First fit: Multiple stakeholders in capital projects cycle

1. Contracts with EPC to construct facility
2. Solicits bids from multiple OEMs
3. Collaborates on technical design
4. Multiple OEMs request quotations from JC on pump packages
5. Products supplied to winning OEMs
6. OEM supplies equipment to plant for commissioning
7. JC supplies commissioning spares to end user

WHERE IS OUR COMPANY GOING?

End Users: bp, Shell, TOTAL, Chevron, ExxonMobil, ConocoPhillips, HOVENS, PDVSA

EPCs: CHIYODA CORPORATION, Technip, Fluor, WorleyParsons

OEMs: SAMSUNG ENGINEERING, SAMSUNG, GE, ITT, TEXTRON, Sulzer, FLOWSERV, Ebara, WEIR, DRESSER-RAND

John Crane
Priorities for Global First Fit Organization

- Enhance intimacy with our global OEMs
- Reposition JC in projects funnel through EPCs
- Enhance competitiveness in major projects globally
- Continue to drive cross sell of John Crane Turbomachinery Solutions
- Support growth through product and service innovation
Robust forward looking outlook for large projects

Total Number of Projects and Project Value - Global By Segment

Source: EIC projects DataStream. Includes projects in Feasibility, F.E.E.D, Bid, and Contract phases globally.

WHERE IS OUR COMPANY GOING?
Case study: Integrated solutions having an impact in the marketplace

Example: global supplier of turbo machinery and pumps

Cross-sell across portfolio driven by:

- John Crane reputation for reliability
- Confidence as a “one-stop” source for engineered solutions and technical support
- Worldwide references

Total number of units supplied to OEM customer in FY12 and FY13

- Gas Seals: 960
- Wet Seals: 845
- Fluid Control Systems: 363
- Couplings: 611
- Filtration Systems: 117
- Hydrodynamic Bearings: 147

Achieved 35% growth in FY13 from account
Global service network as a key enabler for aftermarket services

WHERE IS OUR COMPANY GOING?

Global end-user customer base

Largest service footprint and rapid response service capabilities
Key objectives in driving aftermarket productivity

- Capture the growth from First-Fit installations and service the installed base
- Work with customers to drive enhanced reliability through Performance Plus programs: sell more, sell up
- Invest in local technical service capabilities in key growth markets
- Standardize service management and enhance footprint productivity
Reliability is a key customer need

"Reliability is extremely important to us. We make money by refining oil as quickly as possible. If a seal fails the economic consequences can be severe." – Oil & Gas Customer

Source: 2012 Survey of 300+ JC customers globally
Continuing to invest in quick response capabilities across the network

16 service super centres around the globe supported by more than 230 sales and service locations

- Buenos Aries, Argentina
- Baton Rouge, Louisiana
- Cerritos, California
- Mexico City, Mexico
- Norcross, Georgia
- Pasadena, Texas
- Rio Claro, Brazil
- Swedesboro, New Jersey
- Stony Creek, Ontario
- Deer park, Texas
- Maracaibo, Venezuela
- Dammam, Saudi Arabia
- Dubai, UAE
- Springs, South Africa
- Sunshine, Australia
- Singapore
Performance Plus reliability programs

- >170 plant sites with formal asset managed reliability contracts
- More than 145 John Crane reliability engineers and technicians based full time at customer sites
Case study: Performance Plus delivers breakthrough reliability increase

- Large petrochemical plant
- Initial 5-year contract covering ~1,000 units
- **27% Reliability improvement:** Average pump *mean time between repair* (MTBR) increased from 74 months (pre-contract) to 94 months over 5-year life
- Significant **inventory reduction** for customer, releasing working capital
- **Captured market share:** Scope expanded to ~1,500 pieces of equipment
## Overview of Global Operations

<table>
<thead>
<tr>
<th>Americas</th>
<th>Gas Seals &amp; Bellows</th>
<th>Bearings, Metal Working, Couplings</th>
<th>Fluid Control Systems</th>
</tr>
</thead>
</table>
|                    | • Morton Grove, IL, USA  
|                    | • Crystal Lake, IL, USA      | • Grafton, WI, USA  
|                    |                         | • Columbus, USA  
|                    |                         | • Mexico City, Mexico ✭  
|                    |                         | • San Fernando, Mexico  
|                    |                         | • Tulsa, OK, USA  |
| EMEA              | • Slough, UK  
|                    | • Shannon, Ireland  
|                    | • Orpington, UK       | • Lutin, Czech Republic ✭  
|                    |                         | • Gottingen, Germany  
|                    |                         | • Rouen, France       |
| Asia Pacific      | • Ritto, Japan  
|                    | • Tianjin, China ✭     | • Bangalore, India ✭  
|                    |                         | • Singapore  |

☆ = Lower Cost Hub
Operational priorities

• Improve first-fit delivery performance
• Enhance manufacturing capabilities and standardize processes
• Continued optimization of global plant network
• Drive productivity improvements across the network
• Implement LEAN manufacturing principles and best practices
• Drive “quality-first” culture
• Leverage best cost country sourcing
Implementing aggressive quality targets

- Products receive high ratings for quality and durability in a mission critical environment
- Very good net promoter scores
- Warranty costs < 0.5% sales
- Every facility maintains a Quality Management System compliant to ISO 9001
- 5-year target to improve quality 10x
Continued progress in optimizing network

**Example W. Europe:**

- Low cost work shop established in Lutin, Czech Republic
- Post SAP, supply chain re-designed to maximise volumes through low cost hub
- OEM volumes represent bulk of activity
- Central Parts Warehouse created to leverage scale but ensure responsiveness for end user channel
- Sales support & seal repair activity performed in super centre network close to customers
- Final phase is to focus engineered OEM seal assembly and test activities into Lutin
Driving procurement productivity

~£450m in external spend in FY14
- Over 70 categories purchased (direct and indirect)
- Over 2,700 suppliers

Targeting productivity in 3 areas
- Indirect spend savings
- Global benchmarking and negotiation of material prices
- Supplier consolidation

Targeting 3-5% annual net savings
WHERE IS OUR COMPANY GOING?

Environment, Health and Safety

- Energy: 22% reduction
- Greenhouse gases: 42% reduction
- Water: 26% reduction
- Non-recycled waste: 24% reduction

** Solid progress on environmental targets**

- Recordable & lost time incident rates continue to improve

* Measured per 100 employees per year using US OSHA definition

** FY2013 compared to current goal baseline of FY2010. Normalised to revenue at FY2013 exchange rates.
WHERE IS OUR COMPANY GOING?

Committed to investment in New Product Development

- Improving performance in difficult conditions
- Reduction in environmental impact
- Energy efficiency
- Condition monitoring and control
- >230 active patents and patent applications

CO₂ capture • Ultra high pressure gas compressor seals
• High duty coupling test capabilities • Advanced seal face materials made of Composites and Diamond Coatings • Smart Technologies • R&D bearing technology test rig • Proprietary analytical tools • Joint customer specific product developments • low energy designs • Increased application reliability
Targeting 2 to 3x vitality improvement in 5-10 years

**New Product Vitality Index**

% of First Fit revenue from new products launched in the past five years

- Planning to sustain investments in new product development (+12-15% annually)
- Embedded new innovation process
- Dedicated R&D resources
- Recent new product launches gaining momentum
## Recent new product launches

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unitized Cartridge Split Seal</td>
<td>Difficult access, pump services</td>
</tr>
<tr>
<td>High Performance Pipeline Seal</td>
<td>High pressure hydrocarbon pipeline pump services</td>
</tr>
<tr>
<td>High Temperature Corrosive Seal</td>
<td>Extremely corrosive pumping conditions</td>
</tr>
<tr>
<td>Lug Drive Standard Cartridge Seal</td>
<td>Highly standardized, process industry pumps</td>
</tr>
<tr>
<td>General Duty Cartridge Slurry Seal</td>
<td>Mineral processing pumps</td>
</tr>
<tr>
<td>Compressor Seal Gas Conditioning Unit</td>
<td>Gas seal fluid property management system</td>
</tr>
<tr>
<td>Gas Lubricated Pump Seal</td>
<td>Zero emission sealing for hazardous fluids</td>
</tr>
<tr>
<td>Diamond Film Coated Seal Faces</td>
<td>Extremely difficult operating conditions</td>
</tr>
</tbody>
</table>
AGENDA

- Executive overview
- What is our business model?
- Site tour
- Where is our company going?

What is the investment case for John Crane?
- Sustainable competitive advantage
- Sticky aftermarket services
- Distinctive customer proposition
- Attractive growth opportunities
- World-class financial returns
Restructuring investments to “fuel” future growth

Restructuring

- Total of £28m in restructuring investments identified, delivering annualised savings of £14m by the fourth year
- 1/3 of restructuring investments in FY14
- Provide the ‘fuel’ to fund additional investment for growth

Areas of reinvestment for growth

- Reorganization – increased spans of control, reduced layers
- Talent upgrades
- Factory and service centre network optimization
- Information systems infrastructure
WHAT IS THE INVESTMENT CASE FOR JOHN CRANE?

Medium-term operating ranges

Revenue growth

Market growth drivers
- Demand for global energy
  - Investment in oil and gas
- Utilisation of installed base
- Increasing emerging market consumption
- Exploitation of unconventional reserves

Strategic growth initiatives
- Driving above average growth
- Expansion of service centre network in high-growth markets
- Leverage global scale
- New product development to expand core and exploit adjacencies
- Opportunities from wider exploitation of shale

Underlying growth
- Mid-single digits
- 4-6%

Headline operating margin

Margin drivers
- Volume leverage and ongoing productivity initiatives
- Restructuring programme
- Focus on service and quality to support pricing opportunities
- New product launches

Margin constraints
- Investment initiatives in high growth markets
- Increasing new product development (+12-15% pa)
- Investment in information systems
- Cost inflation
- Talent upgrades

Margin expansion to support top quartile margins
- 22-25%

Cash conversion – stability through the cycle with conversion >90%

Note: Annual organic growth at constant currencies over the medium term - assuming there are no discontinuities in market growth drivers
**A highly compelling business**

| Sustainable competitive advantage | • Market leader with largest installed base of mechanical seals (c. 30% market share)  
| | • Rapid-response capabilities enabled by largest global network of sales and service centers (>230) |
| Sticky aftermarket services | • 2/3 of revenues from stable, high-margin aftermarket services (>90% conversion rate from OEM)  
| | • Long product lifecycle (~25 years)  
| | • Reputation for reliability and customer service |
| Distinctive customer proposition | • Strong proprietary product technology (>230 active patents and patent applications)  
| | • Highly specified products used in mission critical applications  
| | • High degree of customer intimacy and product customization |
| Attractive growth opportunities | • Exposure to sectors with long-term growth (i.e., energy megatrends)  
| | • Well positioned in key growth markets |
| World-class financial returns | • High margins supported by competitive advantage (>23% in FY13)  
| | • Strong operating cash generation  
| | • High returns on capital – opportunities to invest to drive growth (c. 26% in FY13) |