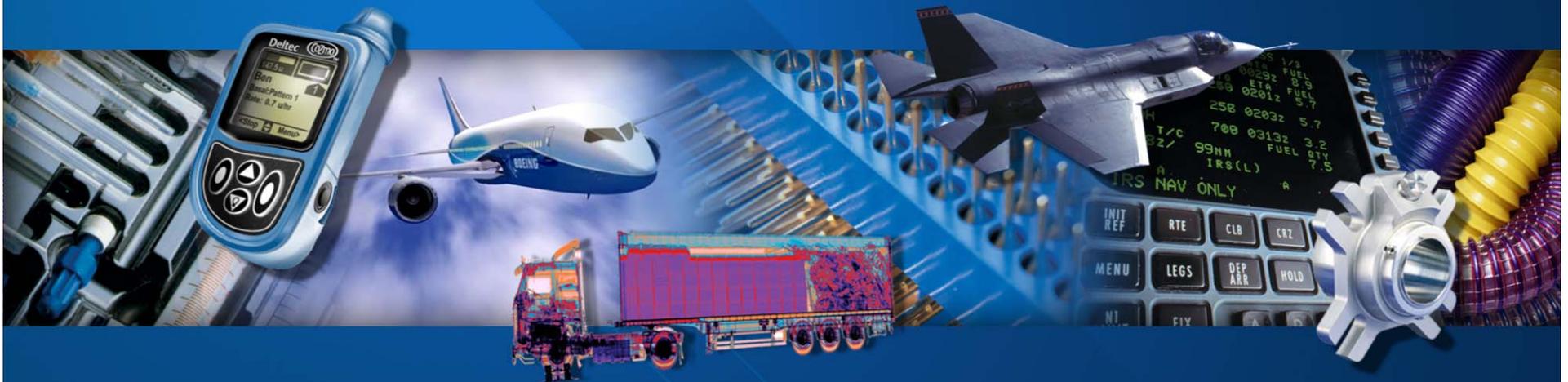


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Smiths Group

Alan Thomson
Financial Director



Speaking at -
JP Morgan Capital Goods Conference
Tylney Hall - Hants, Thursday, June 10th 2004

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Focusing on activities with strong growth potential

Aerospace

Systems and equipment for military and commercial aircraft



approx. contrib to 2003 sales

£1 billion
margin 11%

approx contrib. to 2003 profit

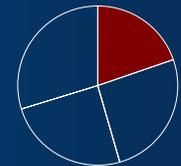


Detection

Protecting against threats to national security



£300 million
margin 26%



Medical

Devices used in critical care and for medication delivery

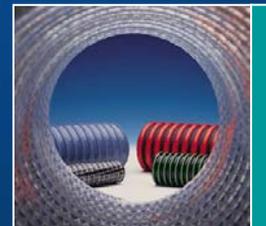


£500 million
margin 18%



Specialty Engineering

Highly engineered products for specific industrial applications



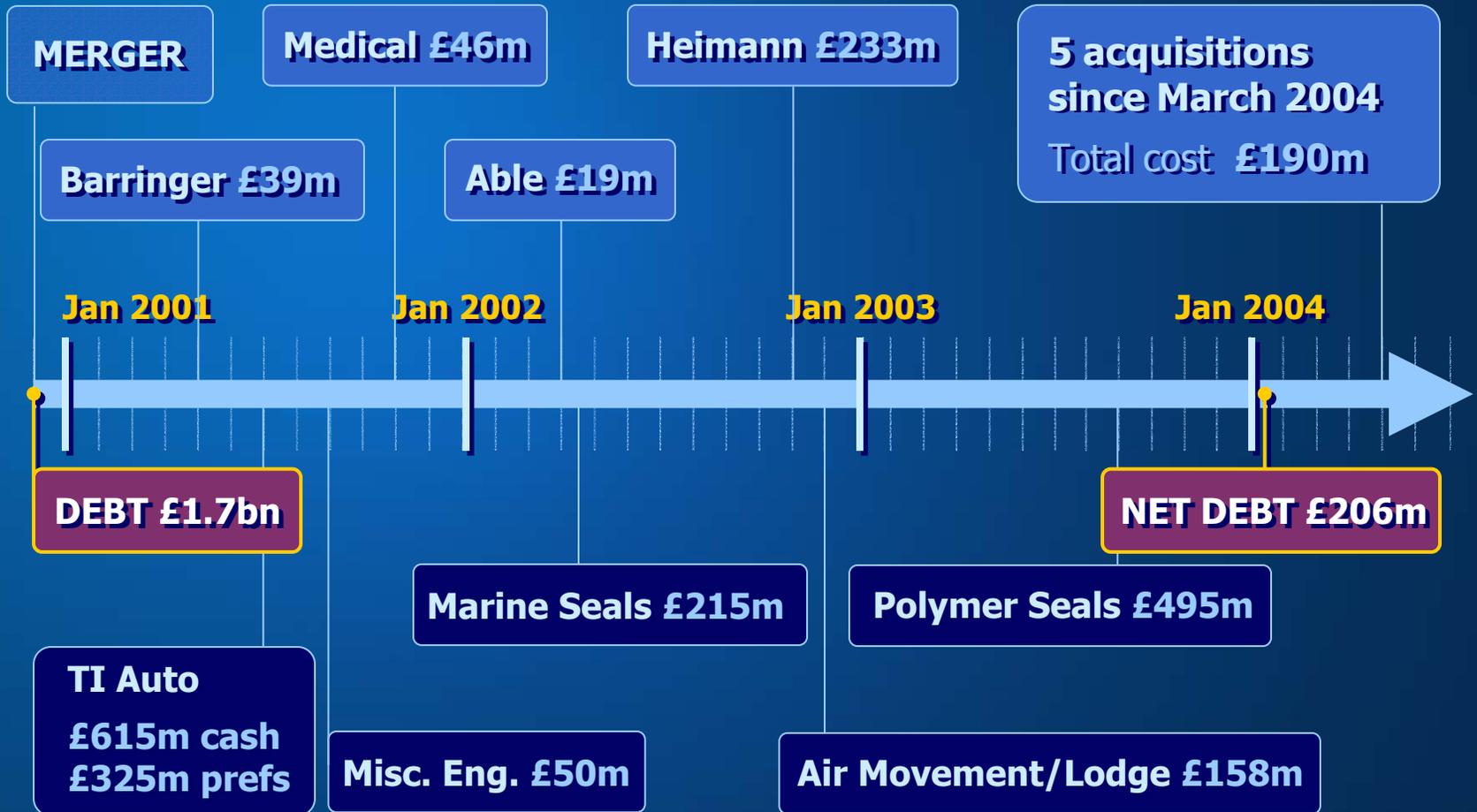
£800 million
margin 12%



Smiths Group: Good progress on reshaping the company

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Acquisitions



Disposals

Adding valuable bolt-ons in each division: Five acquisitions since March 04 for £190m

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Detection

Cyrano, SensIR

Miniaturised detector

Hazmat kit

£10m

£41m



Medical

Smiths Medical
Japan

Full ownership of
Japanese distribution

£16m



Aerospace

DGT

Engine Components

£60m



Spec Eng

TRAK

Microwave components for
military communications
airborne antennae

£63m



Delivering improved operational performance

Higher R&D is increasing the pace of top line growth

smiths

The latest products will drive sales ahead

Aerospace

(systems for)

A380, B7E7, F-35



Medical

Needle-Pro, Cozmo, Cozmore

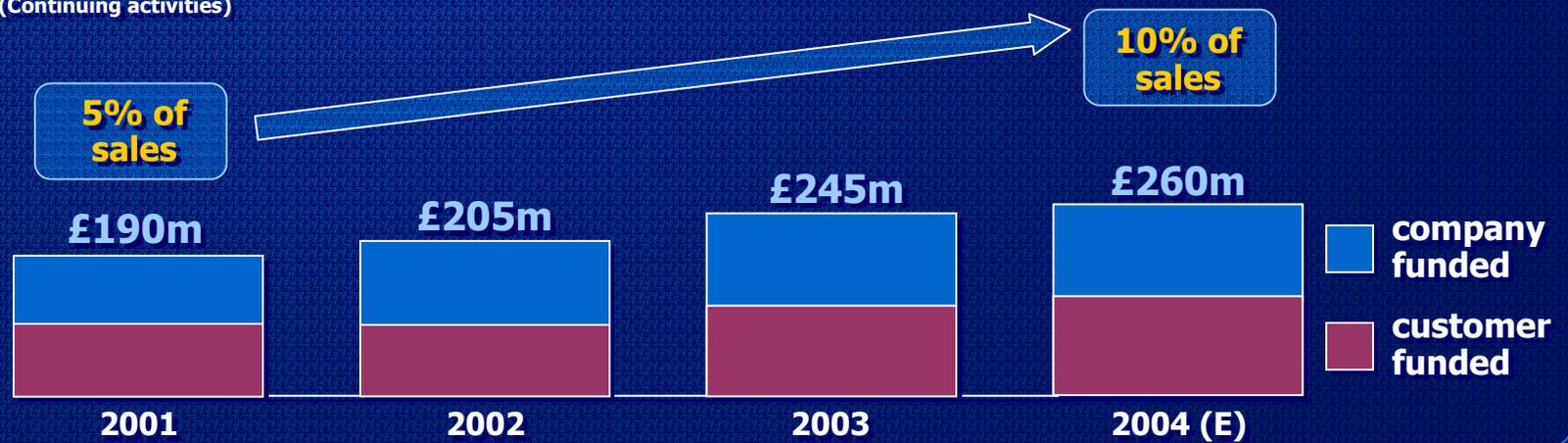


Detection

Bio-Seq, Sentinel II, Hi-Scan



(Continuing activities)





Delivering improved operational performance Operating globally to reduce the cost base and get closer to customers



Mexico

Medical John Crane



Poland

Aero components



Malaysia

Flex-Tek



Costa Rica

Interconnect



Czech Republic

John Crane



China

Aerospace John Crane Interconnect

China

130,000 sq ft
Engine components
customer GE



Generating a valuable return on investment

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Cost of capital (WACC)

8%

Smiths Group: total return on
invested capital (assets + goodwill)

12%

Investments criteria for:

Acquisitions

Capital programmes

Research & Development

12%
**rate of return
after 3 years**

Current outlook: performing strongly in second half of 2004

smiths

**Analysts' consensus
for H2/04 growth
(compared with H2/03)**

**Measured at constant
Y-on-Y exchange rate**

Sales

+4%

+11%

**Pre-tax
profit**

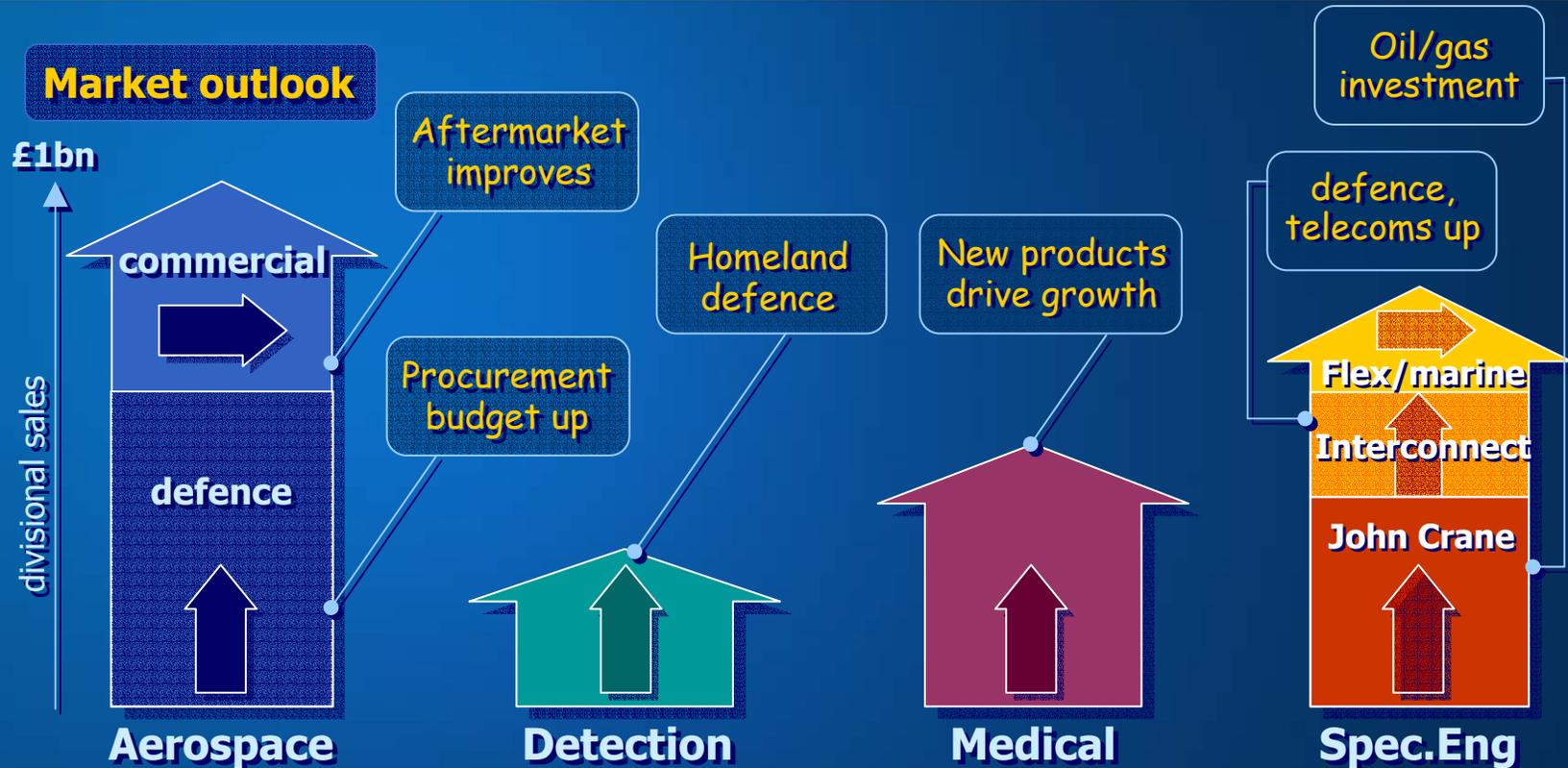
+3%

+12%

The company expects to meet analysts' consensus earnings for FY 2004

Continuing growth forecast for FY 2005

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Performance outlook: Smiths-wide cost reduction programme will benefit performance of all activities

All four divisions are expecting increased sales and profits

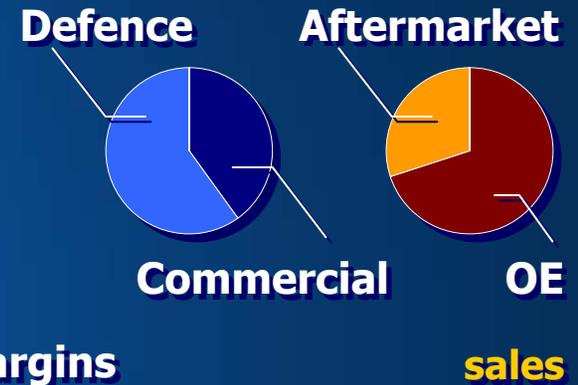


Smiths Aerospace: Smiths is a leader in aircraft electronics, actuation systems and engine components

approx contrib. to 2003 profit



- ✓ **First tier supplier**
- ✓ **Systems integrator**
- ✓ **Significant investment in R&D**
- ✓ **Restructuring benefits will be retained**
- ✓ **Recovery delivers rapid improvement in margins**



Commercial

OE recovery starts FY06
 And aftermarket in FY05
 Smiths: strong presence on next-generation aircraft



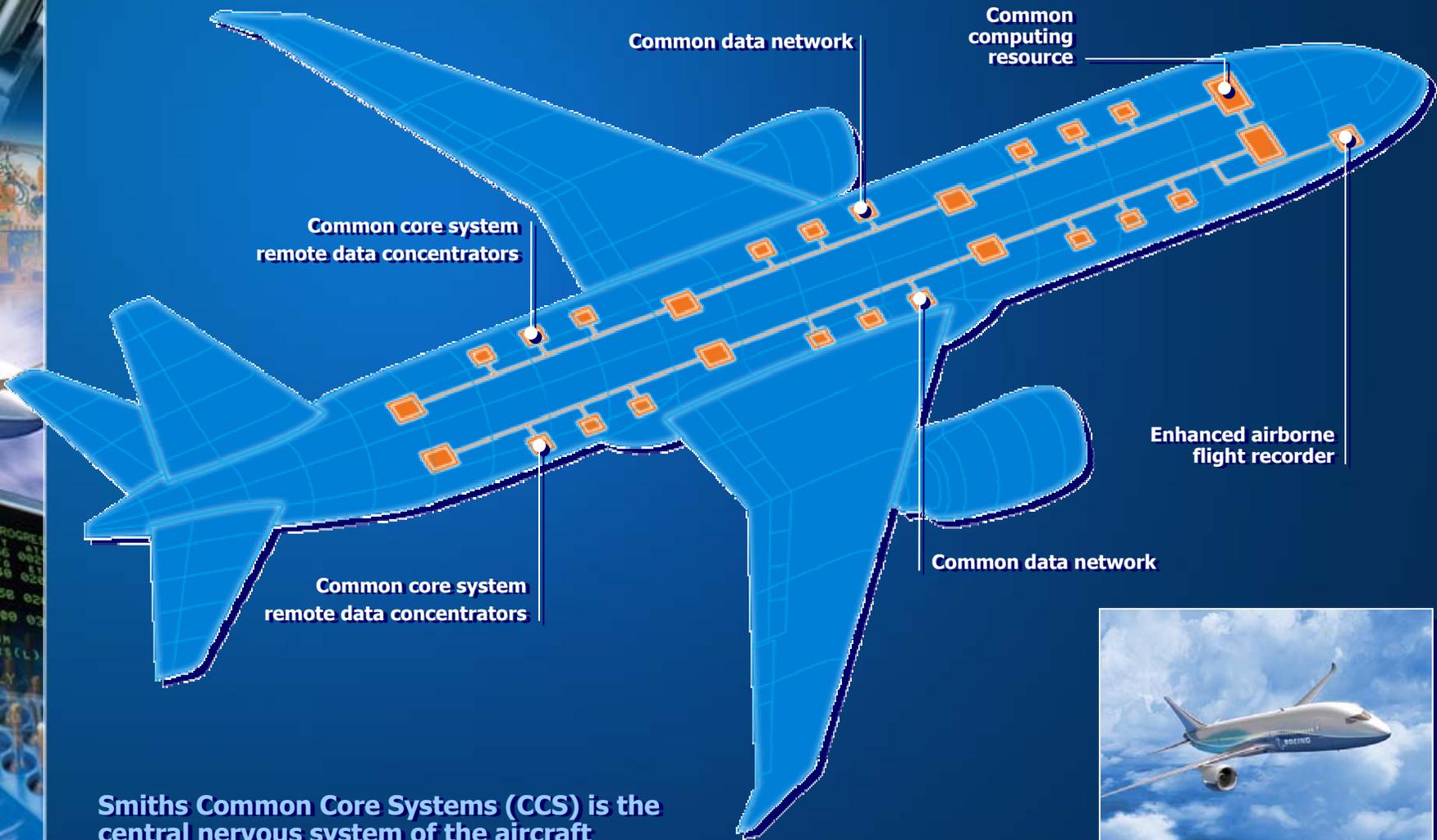
Defence

Current programmes performing strongly
 New programmes will sustain growth
 Procurement budget continues to increase, but will slow



A strong presence on next generation commercial aircraft: Smiths systems on the 7E7

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Smiths Common Core Systems (CCS) is the central nervous system of the aircraft





Smiths Detection

approx contrib.
to 2003 profit



A rapidly evolving business, finding new applications for core technologies

- Strong organic growth
- Technology acquisitions
- Commitment to R&D
- World-wide presence



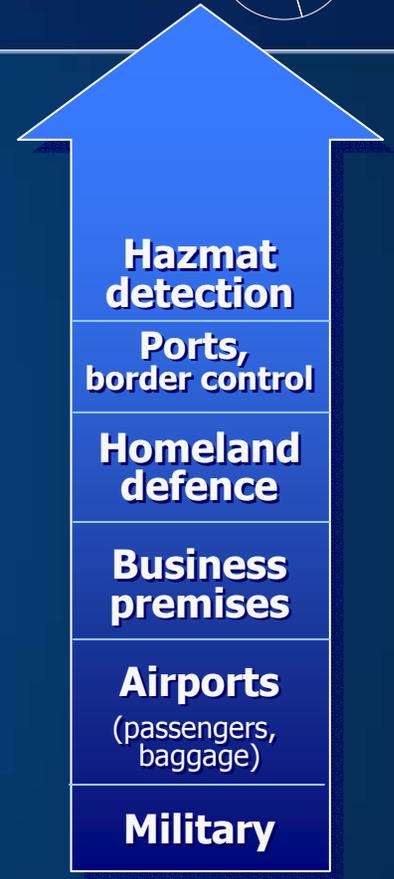
1998



2000



2002



2004

Current orderbook



US



UK



Germany



Italy



Greece



Poland



Senegal



Nigeria



China

Extending the Detection market with new applications, new technologies

smiths



Cargo inspection at borders

Not only for security services, but also for tax revenue collection by customs

New opportunities for container/
truck inspection

Fixed & mobile systems

Cost/benefit attractive for poorer nations

Detecting hazardous materials

Specialised kit for 'first responders'
(emergency services)

Rugged 'hazmat' detectors

Portable kit, using infra-red spectrometry

Rapid identification of liquids/
solids at scene of incident





Smiths Medical: innovative products are driving profitable growth

approx contrib. to 2003 profit



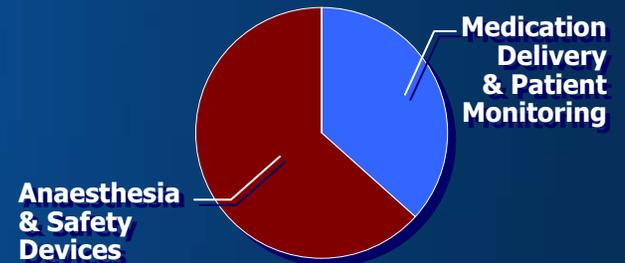
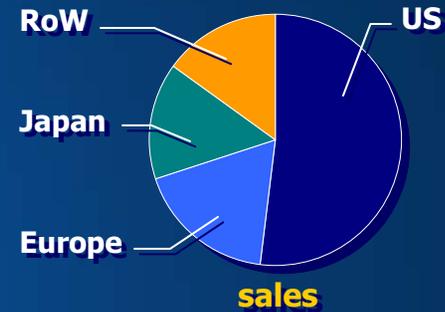
Strong market niches in two specialised areas

Increased healthcare spending assures steady market growth

Technology leadership sustains 18% margins

World-scale business driven by dynamic US market

40% of production in low-cost areas



Smiths Medical: leading the way in treating serious (Type 1) diabetes

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Cozmo - insulin delivery pump

8,000 sold since launch (Nov 02)

50% of sales to people under 20

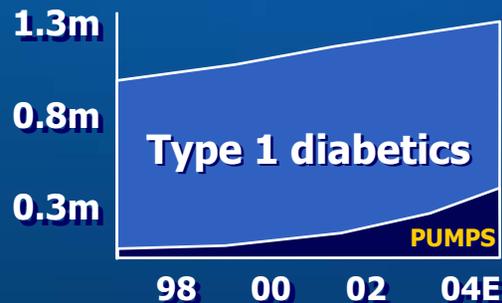
Gaining strong market share in US

Also now available in France and Canada

Combined pump/glucose monitor has 510K approval in US



Use of insulin pumps in the US



The next step...Cozmonitor

Monitor combined with pump
Blood/glucose level displayed
Easily stored/retrieved data



Specialty Engineering

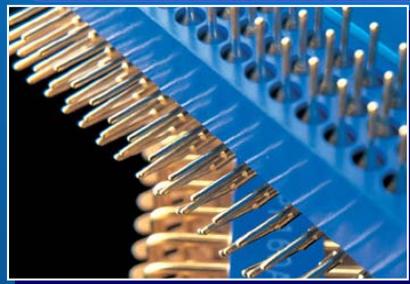
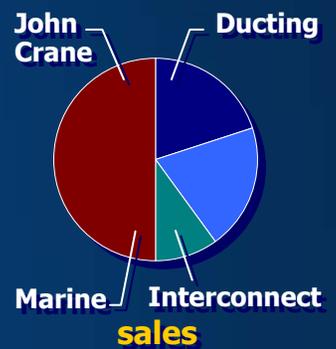
Business units are performing well

approx contrib.
to 2003 profit



John Crane

Strengthening its market presence in Russia, China and South America
Oil & gas sector showing growth, except in Middle East
Productivity improvement continues



Interconnect

Defence business forging ahead (incl. wins on F-35)
Strong recovery in wireless telecoms, with intro of 3G services



Flex-Tek

Achieving growth in difficult markets

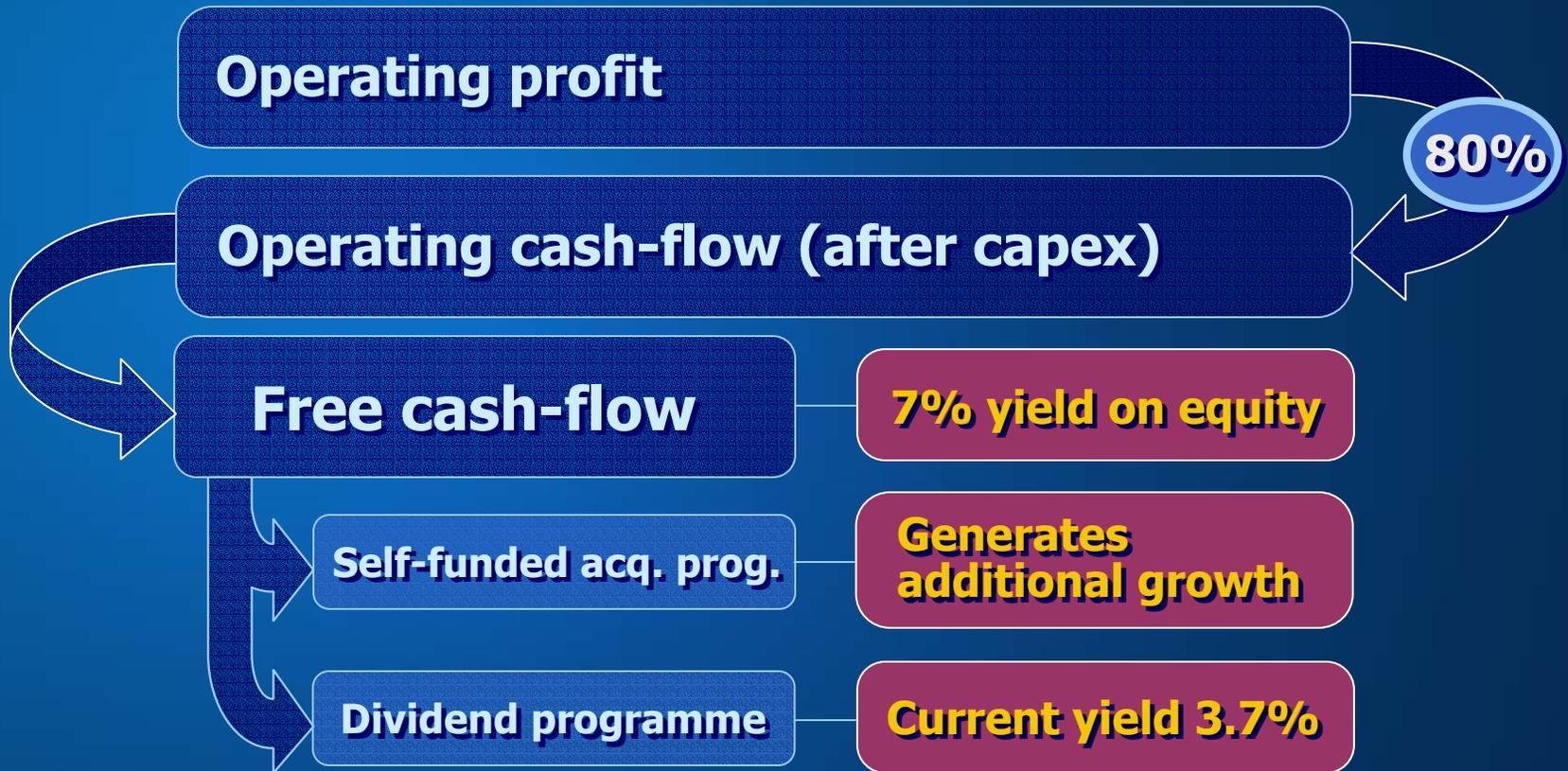


Marine

Margins improving from a low level Shipping market buoyant

Smiths Group: Strong track record: turning profits into cash

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Over the past 3yrs Smiths has generated £790m of free cash-flow

Smiths Group: The fundamental strengths

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Now a highly-competitive group of businesses

Operating in markets with excellent growth prospects

With technology-leadership in their defined niches

Generating strong cash-flow for;

- **Re-investment in growth**
- **Maintaining a beneficial dividend policy**

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