

News Release

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For immediate release

Smiths Group plc

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SMITHS GROUP PLC INTERIM MANAGEMENT STATEMENT

Smiths Group Chairman Donald Brydon made the following Interim Management Statement at the Company's Annual General Meeting in London today.

In the three months to 3 November 2012, Smiths Group has grown underlying revenue across all divisions. Underlying headline operating profit for the Group was also ahead of the same period last year with progress in all divisions except Smiths Medical which, as previously guided, substantially increased investment in sales and marketing in higher growth markets. The impact of foreign exchange translation represented a slight headwind to the level of profit growth. Overall, expectations for the year remain in line with guidance given at the full year results, as announced in September.

John Crane delivered sustained underlying revenue growth in the first quarter, continuing the same trend as the second half of last year. This reflected on-going demand for its first-fit original equipment and aftermarket services. Operating profit also rose, despite increased investment in growth drivers such as sales and marketing and a weaker performance from the John Crane Production Solutions business. We have expanded the order book in the quarter with a positive book-to-bill ratio and we expect to sustain modest revenue growth into the front end of the second half. Beyond that, we remain cautious as some of our customers have signalled concerns about the potential impact on their capital expenditure from any further economic slowdown.

Smiths Medical grew underlying revenue with demand for single-use consumables more than offsetting a slight weakness in hardware sales compared with the same period last year. As anticipated, headline operating profit is lower, reflecting the annualised effect of our increased investment in sales and marketing in emerging markets which was weighted towards the second half of last year. Looking to the balance of the year, the introduction of the medical device tax in the US in January is expected to constrain growth and margins. We will seek to offset these impacts through operational improvements and a continuing focus on higher margin products.

Revenue and headline operating profit have shown underlying improvement at Smiths Detection. The performance improvement programme continues to deliver cost savings and we have completed the first shipments from our new manufacturing facility in Malaysia.

Looking ahead, the order book has continued to grow significantly compared to previous years and is expected to support increased revenue for the full year. However, as previously guided, overall performance may be affected by the level and timing of government spending.

Smiths Interconnect delivered underlying growth in revenue and headline operating margin, albeit against a weaker comparator period. Revenue rose on the back of improvements in connectors and microwave, while power management experienced continuing underlying declines. As previously guided, the outlook for the rest of the year remains challenging, given the uncertain economic outlook and the risk of US defence budget cuts.

Flex-Tek has started the year well. Underlying revenue growth was driven by a strong performance in aerospace and US residential construction. Given the division's high operational gearing, headline operating profit and margins improved significantly as a result of the higher volumes. The outlook for the full year remains positive driven by the aerospace order book and the improving trend for US housing.

At 3 November, net debt was slightly higher at £802m. In October, the Group successfully completed a \$400m bond issue, with a 10-year maturity and priced at a fixed coupon of 3.625%.

ENDS

This press release contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of the press release and the Company undertakes no obligation to update these forward-looking statements. Nothing in this press release should be construed as a profit forecast.

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Smiths Group

Smiths is a global technology company listed on the London Stock Exchange (SMIN) and operates a sponsored level one ADR programme (SMGZY). A world leader in the practical application of advanced technologies, Smiths Group delivers products and services for the threat & contraband detection, medical devices, energy and communications markets worldwide. Our products and services make the world safer, healthier and more productive. Smiths Group employs around 23,000 people in over 50 countries. For more information visit www.smiths.com