

smiths

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# **SUPERIOR TRANSACTION FOR SALE OF SMITHS MEDICAL**

8 SEPTEMBER 2021

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➤ Chief Executive Officer



# Summary | Proposed sale of Smiths Medical to ICU Medical

- > ICU offer is superior to previously announced transaction with TA Associates
- > Enterprise value of \$2.7bn; equity value of \$2.4bn (\$0.4bn higher than TA Transaction)
- > Smiths participates in further value creation by receiving 2.5m ICU shares, valued at ~\$0.5bn<sup>1</sup> (~10% of enlarged ICU) and \$0.1bn 'earnout' contingent on future ICU share price performance
- > Net cash proceeds of \$1.85bn (~\$50m more than TA Transaction), with 55% to be returned via share buyback
- > ICU has provided strong contractual commitments to secure regulatory approvals

smiths medical



**Superior proposal – higher value and strong position to share in future value creation**

## Comparison to TA Associates Transaction

### > ICU Transaction

- Enterprise value \$2.7bn + \$0.1bn 'earnout'; equity value \$2.4bn
- Net cash proceeds \$1.85bn
- 2.5m shares valued at \$0.5bn<sup>1</sup> (10% of enlarged ICU). Six month lock up
- Smiths to take one seat on ICU Board
- ICU break fee of \$300m (\$200m cash and \$100m ICU shares); no Smiths break fee
- Expected completion during H1 CY2022

### > TA Transaction

- Enterprise value \$2.3bn + \$0.2bn 'earnout'; equity value \$2.0bn
- Net cash proceeds \$1.80bn
- \$0.2bn reinvestment for 30% stake in Smiths Medical
- Smiths to take two Board seats
- No TA break fee; no Smiths break fee
- Expected completion by end of CY2021

**Board expected to unanimously recommend ICU Transaction;  
recommendation of TA Transaction withdrawn**

# Timeline and Use of Proceeds

## > Approval timeline

- Non-binding consultation with French Works Council to begin shortly, after which Board expects to unanimously recommend ICU Transaction
- Shareholder circular to be distributed as soon as practicable
- Transaction subject to shareholder and regulatory approvals
- Strong contractual commitments from ICU to secure regulatory approvals
- Expected completion during H1 CY2022

## > Use of proceeds

- Expected initial net cash proceeds of \$1.85bn
- Board anticipates returning 55% of initial net cash proceeds, via share buyback
- 45% of initial net cash proceeds retained to enable strong balance sheet and support investment in value creative growth opportunities

## A leading industrial technology company

> **Simplifies and positions Smiths for focused growth in its core business**

> **Smiths FY21 Results to be announced on 28 September 2021**

> **No change to progressive dividend policy expected**

> **Update on strategy at capital markets event on 17-18 November 2021**

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A person is lying in a hospital bed, wearing a white cap and a nasal cannula. A medical monitor is positioned in front of them, displaying various vital signs. The monitor screen shows a pulse rate of 65, an inCO2 level of 9, a respiratory rate (RR) of 17, and a heart rate (HR) of 62. There is also a waveform graph on the screen. To the right of the waveform, the temperature is shown as 36.9°C and the oxygen saturation (SpO2) is 99%. The background is a solid blue color with a faint image of the person and the monitor.

# QUESTIONS & ANSWERS

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# IMPORTANT NOTICES

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## **Enterprise Value**

Throughout the presentation, the enterprise value of Smiths Medical is stated on a debt free, cash free basis and before taking into account any adjustments required under the terms of the transaction; tax; and associated transaction costs.

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## **Exchange rates**

In this presentation: (i) references to “£” or “GBP” are to the lawful currency of the United Kingdom; and (ii) references to “\$” or “USD” are to the lawful currency of the United States of America.

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## **Rounding**

Certain figures included in this presentation have been subject to rounding adjustments.