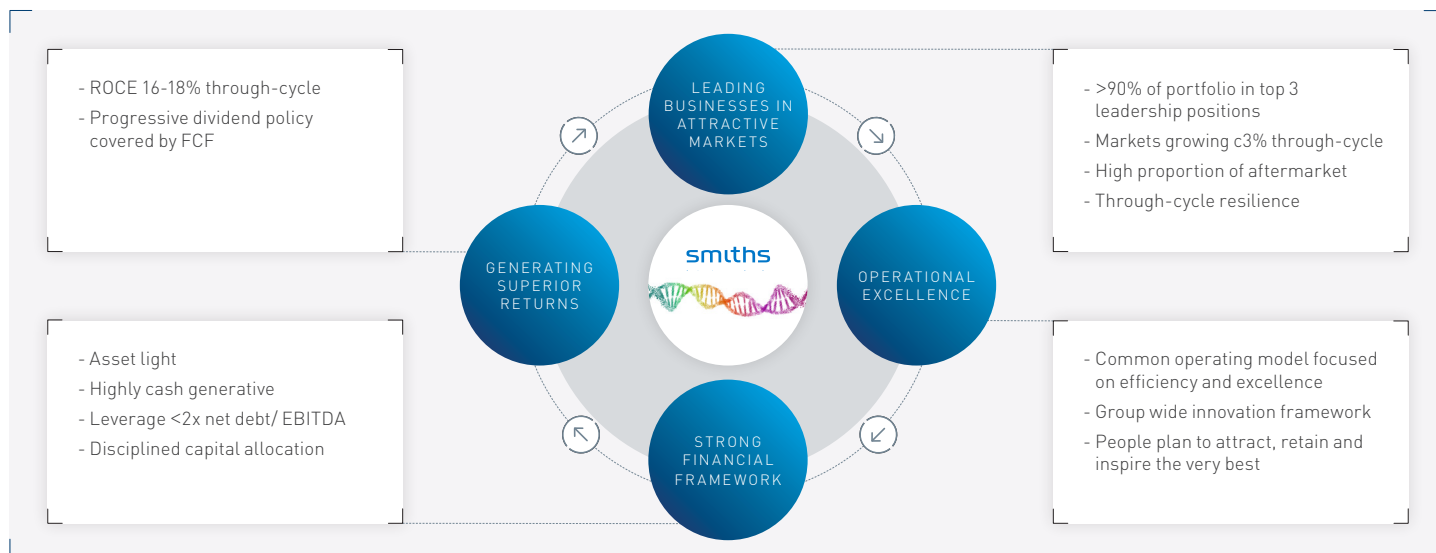


# SMITHS GROUP FACT SHEET FY2019

MAKING A SAFER, MORE EFFICIENT AND BETTER CONNECTED WORLD  
SMITHS IS A LEADING INDUSTRIAL TECHNOLOGY COMPANY



## OUR BUSINESSES SHARE THE SAME CHARACTERISTICS, WHICH EMBODY HOW WE CREATE VALUE



TARGETED IN GROWING MARKETS

## BY EXECUTING ON OUR STRATEGY, WE ARE CONFIDENT WE WILL ACHIEVE OUR MEDIUM TERM AMBITION:

	FY2019		AMBITION		FY2019		AMBITION
PORTFOLIO STRENGTH <sup>1</sup>	>90%	→	90%+	UNDERLYING REVENUE GROWTH <sup>1</sup>	+3%	→	Outperform our chosen markets
VITALITY INDEX <sup>2</sup>	13%	→	~20%	OPERATING MARGIN <sup>1</sup>	17.1%	→	18-20%
STOCK TURNS <sup>2</sup>	3.4x	→	~6x	ROCE <sup>2</sup>	14.4%	→	16-18%
AFTERMARKET % <sup>1,3</sup>	49%	→	50%+	WC % SALES <sup>2</sup>	26%	→	~20%
				CASH CONVERSION <sup>2</sup>	83%	→	100%+

ON TRACK TO DELIVER SIGNIFICANT POTENTIAL

1. Continuing operations / 2. Total Group / 3. Aftermarket changed from 60% to 50% to reflect the change of the Group's profile following Smiths Medical being accounted for as discontinued operations

**JOHN CRANE**

MISSION-CRITICAL SOLUTIONS FOR GLOBAL ENERGY AND PROCESS INDUSTRIES

REVENUE **£945m**  
(38% of continuing Group revenue)

HEADLINE OP **£220m**  
(46% of continuing Group headline OP)

MARGIN **23.3%**

AFTERMARKET **66%**

**COMPETITIVE STRENGTHS**

- A strong presence in flow control for rotating equipment
- Strong proprietary technology and expertise in applied engineering
- Broad installed base
- Strong aftermarket service offering with c.200 sales and service centres
- Long-term customer relationships
- Margins at 20%+ through-cycle

**GROWTH DRIVERS**

- Oil & gas markets recovering driven by underlying energy demand
- Industrials market growth
- Expansion in high-growth markets
- Pent-up demand for maintenance and upgrades in oil & gas and petrochemical
- Need for operational improvements in non-oil and gas process industries
- Disruptive innovations including material science advancements and digital transformation

**SMITHS DETECTION**

A GLOBAL LEADER IN THE DETECTION AND IDENTIFICATION OF SECURITY THREATS AND CONTRABAND

REVENUE **£798m**  
(32% of continuing Group revenue)

HEADLINE OP **£127m**  
(27% of continuing Group headline OP)

MARGIN **16.0%**

AFTERMARKET **46%**

**COMPETITIVE STRENGTHS**

- A global leader with differentiated technologies leveraged across markets
- Significant R&D capability
- Operating in several regulated markets requiring product certification
- Increasing digitisation and aftermarket revenue
- Long-term customer relationships
- Mid-teens + margin through-cycle

**GROWTH DRIVERS**

- Persistent and evolving terror threats
- Changing security regulations for air cargo and passengers
- Growing urbanisation and need to protect people and assets
- Global trade, e-commerce and passengers numbers
- Equipment replacement cycle, typically 7-10 years
- Growth of security infrastructure in emerging markets

**FLEX-TEK**

INNOVATIVE COMPONENTS TO HEAT AND MOVE FLUIDS AND GASES

REVENUE **£436m**  
(17% % of continuing Group revenue)

HEADLINE OP **£84m**  
(17% of continuing Group headline OP)

MARGIN **19.2%**

AFTERMARKET **51%**

**COMPETITIVE STRENGTHS**

- High-performance products
- Leading capability in design and manufacture
- Increasing pace of innovation
- Strong customer relationships
- Culture, safety and quality
- Mid-teens + margin through-cycle

**GROWTH DRIVERS**

- Through-cycle growth of US housing construction
- Continued increase in large commercial aircraft production
- International expansion

**SMITHS INTERCONNECT**

SOLUTIONS FOR HIGH-SPEED, SECURE CONNECTIVITY IN DEMANDING APPLICATIONS

REVENUE **£319m**  
(13% of continuing Group revenue)

HEADLINE OP **£47m**  
(10% of continuing Group headline OP)

MARGIN **14.7%**

AFTERMARKET **51%**

**COMPETITIVE STRENGTHS**

- Innovative and technically differentiated offerings
- Ultra-high reliability solutions used in demanding applications
- Strong research and engineering capabilities
- Customer intimacy, responsiveness and product customisation
- Global presence, reach and support
- Mid-teens + margin through-cycle

**GROWTH DRIVERS**

- Increased connectivity
- Growing urbanised population requiring transports and infrastructure
- Increasing geopolitical uncertainty
- Ageing population and rising need for healthcare services

**SMITHS MEDICAL IS NOW ACCOUNTED FOR AS DISCONTINUED OPERATIONS REFLECTING THE PLANNED SEPARATION BY END OF H1 CY2020**

**SMITHS MEDICAL**

REVENUE **£874m**

OPERATING PROFIT **£147m**

MARGIN **16.8%**

CONSUMABLES **83%**

**COMPETITIVE STRENGTHS**

- Category leader in our chosen markets
- Trusted brands with a reputation for quality and safety
- Strong, defensible intellectual property
- Over 80% of revenue is from single-use devices and proprietary consumables
- Strong customer relationships and extensive global sales network
- Margins 20%+ through-cycle

**GROWTH DRIVERS**

- Ageing populations with increasing personalised healthcare and patient expectation/quality of life
- Increasing incidence of chronic diseases
- Increasing need for connected systems and data analytics
- Growth of alternate site and home-based healthcare
- Growing healthcare spend in developing markets

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