Smiths Medical Investor Day
St. Paul, Minnesota, USA
23rd June 2010
Opportunities to create value

www.smiths-medical.com
Observations on Smiths Medical: an attractive business model

- Underlying defensive growth characteristics
- Operational platform has been transformed over past two years
- Gained sales momentum and increased margins to recent highs
- Strong brands and technologies with a reputation for quality
- Growth opportunities through investment in new product development
- Strong routes to market supported by good knowledge of customer needs
Key Themes for Today

- Outline the business strategy and the key drivers of future growth
- Explore Smiths Medical’s strong competitive position in its markets
- Examine the technologies and business model
- Demonstrate how we are generating value through acquisitions
- Visit our manufacturing facility and product demonstrations
- Opportunity to meet the management team
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Speakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30</td>
<td>Welcome</td>
<td>Peter Turner</td>
</tr>
<tr>
<td>8:45</td>
<td>Market Context &amp; Smiths Medical</td>
<td>Srini Seshadri, Stuart Morris-Hipkins</td>
</tr>
<tr>
<td>9:30</td>
<td>Break</td>
<td></td>
</tr>
<tr>
<td>9:45</td>
<td>Achieving Operational Excellence</td>
<td>Srini Seshadri, Rob White</td>
</tr>
<tr>
<td>10:10</td>
<td>Creating Value</td>
<td>Srini Seshadri, Stuart Morris-Hipkins</td>
</tr>
<tr>
<td>11.00</td>
<td>Q&amp;A - All</td>
<td></td>
</tr>
<tr>
<td>11.30</td>
<td>Product Demonstrations + Site Tours</td>
<td>Executive Team</td>
</tr>
<tr>
<td>13.00</td>
<td>Lunch</td>
<td></td>
</tr>
<tr>
<td>14.00</td>
<td>Depart for Airport</td>
<td></td>
</tr>
</tbody>
</table>
Smiths Medical is a world leader in interventional devices and solutions which enable our customers and their patients to be safer, more pain free, healthier and more productive.
Balanced portfolio, in products, regions and people

- Safety Devices: ~30%
- Vital Care: ~40%
- Med Delivery: ~30%
- 2009 Sales: £834M

- Asia: ~12%
- EMEA: ~34%
- Americas: ~54%
- 2009 Sales: £834M

- North America: ~40%
- EMEA: ~23%
- Asia: ~6%
- Mexico: ~31%
- Headcount: ~7,500

Built for consistent profit delivery & presence around the world
Execution over past 24 months yielding results

Solid performance on core business (underlying)

- Increased revenues ~20% from products less than 3 years old … NPI vitality
- Drove £5M +ve price in tough market conditions
- ↑ R&D, sales and marketing effectiveness while ↓ G&A ~10%
- Embedded value engineering to drive 8% variable cost productivity
- Consolidated mfg and distribution to drive 5% base cost productivity
- Reduced and streamlined 4 P&Ls into 1 … globalized and integrated all support functions
- Delivered one global Oracle instance on time & delivered > £15M in transformation benefits
- ↓ cost of “UnQuality” by £5M … recalls, scrap, number and severity of issues all ↓
- ↓ inventory by ~£40M & ↓ DSOs to drive cash conversion > 100% each of last 2 years

Strong fundamentals … can see more potential in medium term
Smiths Medical ... The investment case

- Sustained global demand for healthcare driven by age demographics, key diseases, rise in middle class
- Smiths Medical well placed in lower risk, short residency, interventional devices
- A broad portfolio: hardware & consumables, hospital & alternate care, new SW & services
- Flagship brands supported by technology and IP gives competitive advantage
- International business with increasing presence in growth markets, e.g. Asia
- Robust operational platform well positioned to deliver strong margins and cash flow
- Strong, experienced, diverse & global leadership team with track record of execution ... and attracting terrific new talent

**Sales Growth 3-5%**

**Net Margin 20-24%**

Strong fundamentals ... poised for consistent profit and cash growth
Smiths Medical
Medical Device Market Context
23 June 2010
Global medical environment … great opportunity in complexity …

Smiths Medical well placed

Patient demographics
- Developing markets middle class ↑; ageing population ↑
- Chronic respiratory, cancer & obesity related issues ↑
- Outpatient ↑, hospital stays ↓; shift to new sites of care

Global HC Economics
- HC Reform in US + reimbursement pressure everywhere
- Spend ↑↑ in developing markets … resilient ↑ in developed
- Credit squeeze affects capital items … but innovation rewarded

Safety & Regulatory
- Focus: Hospital Acquired Infections & Adverse Drug Events
- EU momentum ↑ on employee safety & sharps injuries
- FDA & other regulators linking globally & increasing scrutiny

Information convergence
- ↑ sophistication of Hospital & Clinical IT systems
- Connectivity to clinical IT systems … medication safety
- Simplicity & user friendliness key to effectiveness

Market Dynamics
- GPOs & tenders exert price pressure … nothing new
- Multiple & different competitors across different segments
- Wide array of call points … sales & marketing effectiveness key
Wide variation in regional demographics & healthcare market factors … good to be global & local

**Europe**
- 9% GDP spend on HC
- 400M population
- 17% > 65
- 2.25M hospital beds
- Govt & tender driven

**USA**
- 16% GDP spend on HC
- 300M Population
- 13% > 65
- 1M hospital beds
- 60% private & employer
- 63% market via GPOs

**India**
- 5% GDP spend on HC
- 1.1B population
- 5% > 65
- 750K hospital beds
- Catching up

**China**
- 6% GDP spend on HC
- 1.3B population
- 8% > 65
- 3M hospital beds
- Growing rapidly

**Japan**
- 8% GDP spend on HC
- 125M population
- 21% > 65
- 1.8M hospital beds
- Reimbursements ↓
Regulatory environment has stiffened in last 3 years

Increasingly connected & coordinated … inspections ↑ in number & intensity

**US FDA**
- Pre-Market Approval
- Well Enforced Regulation

**EUROPE**
- CE Mark
- EU Directives
- Well Enforced Regulation

**CANADA**
- Licenses
- Well Enforced Regulation

**JAPAN**
- Registrations
- Well Enforced Regulation

**RoW**
- Registrations
- Documentation
- Wide Variety of Regulations

And connecting the dots across manufacturers on

- Technical Documentation Files
- Adverse Events & Complaints
- Post Market Data
- Transparency of Audits & Inspections

Excellent for firms with strong global processes & systems
Reform efforts, price & cost pressures common around the world for 20+ years

And the responses to these pressures are also well known

Consolidate/reduce G&A
Reinvest in R&D, sales, marketing
Quality reputation & branding
Strategic pricing

“Value tier” product development
Low cost country design, mfg & sourcing
Global in functions, local in markets
“By SKU/ By region” profitability focus

Requires disciplined, data and clinically driven approach to innovation
Competitive landscape quite broad & fragmented … potential for differentiation as well as consolidation

- Large, multi-business, consolidators
- Scale in key segments
- Small, focused on specific niches

- Diversifieds investing in Medical Devices
  - Philips (Respironics)
  - GE (Vital Signs)
  - Kimberly Clark (I-flow)
  - Moog (Infusion Pumps)

Sales (£m)

- Publicly traded
- Privately owned
We compete with parts of a wide array of competitors who are themselves also multi-portfolio companies.

<table>
<thead>
<tr>
<th>Overlap w/ Smiths</th>
<th>Revenue</th>
<th>EBIT margin</th>
<th>R&amp;D as % of sales</th>
<th>Recent growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>COVIDIEN</td>
<td>~ $10B</td>
<td>21%</td>
<td>4%</td>
<td>-1 to 2%</td>
</tr>
<tr>
<td>Teleflex Medical</td>
<td>~ $2B</td>
<td>19%</td>
<td>3%</td>
<td>0 to 1%</td>
</tr>
<tr>
<td>BD</td>
<td>~ $7B</td>
<td>23%</td>
<td>5%</td>
<td>2 to 6%</td>
</tr>
<tr>
<td>Hospira</td>
<td>~ $4B</td>
<td>15%</td>
<td>6%</td>
<td>0 to 2%</td>
</tr>
<tr>
<td>CareFusion</td>
<td>~ $4B</td>
<td>14%</td>
<td>4%</td>
<td>-4 to 5%</td>
</tr>
<tr>
<td>B Braun</td>
<td>~ $4B</td>
<td>10%</td>
<td>3%</td>
<td>3 to 7%</td>
</tr>
</tbody>
</table>
Smiths Medical
Introduction to Smiths Medical
23 June 2010
Specialized in high margin, short-residency, interventional devices

Serving £4B market … with decades of experience in key segments
Well positioned in core markets … poised to grow

Target market ~£4B

<table>
<thead>
<tr>
<th>Market size</th>
<th>Market growth</th>
<th>Smiths Medical sales FY09</th>
<th>Smiths Medical approx share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medication Delivery</td>
<td>~£1.2B</td>
<td>3-5%</td>
<td>~£205M</td>
</tr>
<tr>
<td>Vital Care</td>
<td>~£1.7B</td>
<td>2-4%</td>
<td>~£335M</td>
</tr>
<tr>
<td>Safety Devices</td>
<td>~£1.2B</td>
<td>3-5%</td>
<td>~£260M</td>
</tr>
<tr>
<td>Total</td>
<td>~£4B</td>
<td>3-4%</td>
<td>~£800M</td>
</tr>
</tbody>
</table>

Smiths Medical sales & margin

- 2% Sales & 9% Margin Growth (underlying)

Key growth drivers
- New product introductions
- Leveraging sales channels
- Improved marketing
- Productivity programs
- ERP driven transformation
- Building on China M&A
Broad product portfolio ... relevant to multiple call points inside and outside the hospital

- Hospitals & Clinics
  - Oncology
  - Intensive medicine
  - Anaesthesiology
  - Respiratory therapy
  - Risk management
  - Emergency rooms
  - 75% of sales

- Surgery Centres & Home Care Providers
  - Homecare distributors
  - Homecare providers
  - Surgery centres
  - First responders
  - 20% of sales

- OEM Companies
  - Pharma companies
  - Monitoring companies
  - 5% of sales
Smiths Medical: Bringing Technology to Life

Our mission is to help healthcare professionals make every intervention successful. We focus on improved outcomes. We help deliver medication, provide vital care and keep people safe so that every intervention can succeed.

Deliver Medication
- Relieve acute & chronic pain with drug delivery systems
- Treat cancer through chemotherapy delivery devices
- Reduce programming & delivery errors with intelligent pumps

From standalone devices to networked systems

Provide Vital Care
- Manage the airway during & after surgical procedures
- Help those with breathing difficulties
- Maintain correct body temperature
- Monitor vital signs such as blood pressure & heart rate
- Assist reproduction through IVF

From standalone products to integrated solutions

Keep People Safe
- Prevent injuries & reduce cross infections through safety devices for:
  - drawing blood samples
  - injections / vaccinations
  - delivering intravenous drugs
  - longer term drug delivery

From manual to automatic safety
Smiths Medical: A well balanced portfolio of technology & capital intensive product lines

Deliver Medication
- Hardware & long cycle proprietary consumables stream
- Excellent SW & services growth
- Technology intensive: drug delivery precision, medication error reduction, hospital IT systems interface, wireless connectivity
- Complex sell, multi-department decision, big end-user influence
- Huge focus by FDA today

Provide Vital Care
- Mix of hardware / long cycle proprietary consumables & single use disposable consumables
- Proprietary IP & design secrets
- Effectiveness, reliability, patient comfort & safety driven – key to user preference & brand loyalty

Keep People Safe
- 100% single use disposable products
- Significant IP & automated manufacturing process technology
- Patient/user safety, patient comfort & user preference driven – key to user preference & brand loyalty

R&D as % of sales
- ✓ ✓ ✓
- Capital Intensity
  - ✓ ✓ ✓ ✓
Drivers
- Growth of chronic conditions (e.g. pain, cancer)
- Integration with hospital IT systems
- Evolution to new sites of care

Market size:
~ £1.2bn

Trends
- Wireless information flow
- High quality displays
- Standardization: technology, platforms & protocols

Market growth:
~ 3-5%
Deliver Medication: Key brands

FY09 Sales: ~£205m

**CADD**
- Drug delivery systems that allow complete patient mobility
- Customers: Anaesthesia, Oncology & Pain Management
- Key Competitors: Baxter & Hospira

**medfusion**
- Superior accuracy makes it No.1 for neonatal drug delivery
- Customers: Anaesthesia & Paediatrics
- Key competitors: Alaris (Carefusion) & B.Braun

**GRASEBY**
- Comprehensive range of low cost, high quality infusion pumps
- Customers: Value tier ROW hospitals
- Key Competitors: Multiple, small, Chinese competitors
Provide Vital Care: Market dynamics

Drivers
- Operations & intensive care beds growing
- Rapid increase in respiratory diseases & obesity
- Increasing demand for single use products

Market size:
~ £1.7bn

Trends
- Increasing adoption of minimally invasive procedures
- Cost/benefit justifications required for new products
- Technology driving interest in antimicrobial coatings

Market growth:
~ 2-4%
Provide Vital Care: Key brands

**PORTEX**
- Life saving products that keep you breathing
- Customers: Anaesthesia & Intensive Care
- Key Competitors: Covidien (Tyco), Teleflex & LMA Company

**LEVEL1**
- Delivers life saving fluids at the correct temperature
- Customers: Anaesthesia, Intensive Care & Emergency Rooms
- Key Competitors: Covidien (Tyco) & Arizant

**medex**
- Modular systems for invasive blood pressure monitoring
- Customers: Anaesthesia, Intensive Care & Cath Labs
- Key Competitors: Edwards, Hospira & Codan
Keep People Safe: Market dynamics

Drivers
• Cross selling with other IV & infusion systems
• New markets: e.g. dental & pharmaceutical
• Growth of HIV & other infectious diseases

Market size:
~ £1.2bn

Trends
• Market moving towards passive, intuitive devices
• Countries adopting safety legislation
• Shorter product life cycles, speed of innovation

Market growth:
~ 3-5%
Keep People Safe: Key brands

- Comprehensive range that saves lives by preventing cross infections
- Helps reduce estimated 2 million needle-stick injuries per year
- Customers: Anaesthesia, Intensive Care & Infection Control
- Key Competitors: Becton Dickinson, Covidien & B.Braun

FY09 Sales: ~£260m
Depth & breadth in global medical company competencies

**R&D**
- 350 engineers with design expertise in SW, electro-mechanical HW, single use polymeric & high volume automated assembly devices
- Strong design & process IP in tracheostomy, temp mgt, infusion, safety IV catheters

**Sales & Marketing**
- Sales in 120 countries with ~1200 sales & marketing personnel + ~500 distributors
- Strong clinical understanding
- Brand equity based on quality, inception of key niches & 30-50 years of global customer relationships

**Financial Management**
- Consistent global Oracle based financial system
- Strong ROI & cost management track record
- Excellent cash conversion via inventory & DSO control
- Expertise in centralized shared service management

**Operations**
- Integrated, global team of 4,800 personnel in 15 manufacturing sites with single ERP system & operating process
- Competence in lean, kaizen, plastics moulding & extrusion, automated & HW/SW systems assembly

**Supply Chain**
- Integrated, global team of 250 personnel in 13 distribution sites with one operating system
- Deliver 136M shipments to 73K global customers annually
- Great strides in scientifically balancing customer delivery & inventory turns improvements

**Regulatory & Quality Assurance**
- Integrated, global team of 300 employees with decades of working closely with authorities around the world
- Common, global quality system & management processes
- Track record of reducing issue severity & cost of remediation
Smiths Medical management team ... combination of domain expertise, Smiths leadership development & new talent

- 100% of leadership team new to Smiths or new in role since 2008
- Attracting top talent from leading companies
- Diverse team with global operating experience in multiple regions
- Strong domain knowledge in key functional areas and medical market segments

Driving business transformation & global growth
How we run the business ... customer focus, product specialization, global processes

Consistent change management ... continuous improvement
Smiths Medical
Achieving Operational Excellence
23 June 2010
Multiple strategic initiatives in 2004 – 2007 period stretched the business to the limit.

Vital Care & Safety backorders
High SKU Count & Product Variety
- Oracle implementation
- Manufacturing rationalization
- Medex integration
- Organizational Restructures
FY05 FY06 FY07 FY08 FY09

Medication Delivery backorders
Low SKU Count & Modest Product Variety
- Oracle implementation done FY09
- Minimal Manufacturing rationalization
- Minimal Medex integration
- Stable Management Team
FY05 FY06 FY07 FY08 FY09

Single-minded focus reduced backorders by 90% from peak
Strategic priorities communicated to all employees … and relentlessly executed

Consistent focus from FY07-FY10

- Add critical leadership, then streamline operations & supply chain organization
- Stop all Oracle rollouts, stabilize, then execute business transformation plan
- Design & execute multi-phase operational excellence game plan
- Create & drive sustainable variable & base cost reduction game plan
- Implement common R&D process … target investment towards highest ROI
- Drive new product introductions & expansion in developing markets

Status today

- One global ops team with significant talent upgrades in place to drive further success
- All issues fixed … business transformation benefits delivered above investment case
- Executed on plan … KPIs in place … heading towards best in class performance
- Delivered … Well resourced team, project management tools and processes in place
- Done … rigorous prioritization methodology has ↓ # of projects and ↑ Impact
- % of sales from new products ↑ 53% … China, India, MEA now engines for growth
Designed and executed an operations excellence game plan

Our vision was to achieve operations excellence ... 

- Global Chain streamlined to link Supply to Customer Demand
- Optimized set of resources designed to achieve competitive advantage through operational performance (Quality, Delivery and Cost).
- Customer service driven organization that consistently delivers on its commitments

... by breaking problems down through phased projects

Operations Excellence

Optimize

Stability

12 – 24 months

4 – 12 months

3 – 4 months

Operations Challenges

July 2007

Today

© 2010 by Smiths Medical: Proprietary Data
Implemented major programs to drive operational efficiency

Poor Linkage between Demand & Supply

Multiple ERP systems

Low Stock Turns & Service Levels

Strengthen Linkage between Demand & Supply

Prior Region 1
Product Demand -> Supply Chain
Product Supply -> Factory A

Region 2
Product Demand -> Supply Chain
Product Supply -> Factory B

Today Global
Factory A
Supply Chain
Product Demand
Factory B
Supply Chain
Product Supply
Region 3

# of ERP Systems

Inventory Turns

Service Levels

'06 '09 '10

'06 '09 '10

'06 '09 '10

Enabled by Oracle

Simplification → Operating Efficiency
Reduced business complexity from P&L down to SKU level

- **# of P&Ls**
  - 1H '08: 4
  - 1H '10: 2

- **# of SKUs**
  - 1H '08: 53%
  - 1H '10: 47%
  - Deleted: 53%

Programs
- **Price**
  - +£5M

- **Variable Cost**
  - Productivity +8%

- **Base Cost**
  - Productivity +5%

Simplification efforts tied to bottom line improvements

- **# Stocking Locations**
  - 1H '05: 52%
  - 1H '10: 30%

- **# of Mfg Locations**
  - 1H '05: 12%

- **Manufacturing Headcount**
  - 1H '05: 12%
  - 1H '10: 12%
Drove common global ERP System to tie 40+ sites & established scalable growth platform

Project completed March ’10 on time & under budget
Inventory turns trending favourably

- Continuous improvement targeting finished goods and raw materials
- ERP provides global visibility of inventory holdings
- Driving raw materials down through vendor-managed purchasing
- Further finished goods optimization targeted with new systems tools and analytics

At industry-competitive position … aiming to be best in class
Resilience in difficult credit climate

- Consistent improvement in DSO both in North America and Internationally
- More scope ahead as we support system enhancements with global processes
- Minimal credit losses, even through integration of acquired businesses
- Inventory optimization and receivables management driving consistently strong cash conversion

Days Sales Outstanding

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
<th>H1 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSO</td>
<td>65</td>
<td>59</td>
<td>57</td>
</tr>
</tbody>
</table>
Executing on G&A reduction to reinvest in sales & marketing

G&A

- Sales force optimization & territory realignment
- Back office / shared services consolidation
- Business unit / P&L reductions
- Streamlining of support functions

Sales & Marketing

- Created and strengthened Global Product Management team
- Focus on key account management
- Expanded marketing communications
- Increased sales headcount in North America and International … especially China
- Revamped and boosted sales training and development
- Invested in sales & marketing driven Business Intelligence

Further opportunities
Created a Single Company, Global Brand Coherence

From 100+ company & product names → 12 brand families
Consolidated, functionalized and streamlined RAQA organization globally

Regions

Global Alignment
- One RAQA Organization
- Common Policies & Procedures
- Centralized Audits
- Global Compliance Metrics
- Common Technical Files
- Registration Dossiers

Organized Around Global Themes

Compliance
- Common Global Quality System

Regulatory & Design Assurance
- New Product Introduction & Market Access

Product Quality
- Incoming & Factory Quality
Summary: Transformed the business in 3 years

- Leadership changes complete … focusing on next generation succession plan
- Operations optimized … working on “best in class”
- Manufacturing rationalizations stabilized … optimization potential
- Medex integration successful … benefits delivered
- Oracle implementation finished … leveraging global systems & data
- Global brand strategy in place … 12 flagships with strong recognition
- Value engineering process established … productivity is a way of life
- Common product development process complete … leverage globally
- Consolidated North American commercial organization … leveraging globally
Focused on creating value

- Increasing technology spend effectiveness
- Growth initiatives in all three key segments
- Regional presence, customer relationships, China investment
- Investing to expand the core
- Reducing G&A to reinvest in sales & marketing
Increasing technology spend effectiveness

**Initiative: Focus resources on key portfolios**

**Action**
- Common global NPI process
- Clear prioritization process and metrics to measure NPI effectiveness
- Reduction in number of projects
- Investing at front end to increase likelihood of success
- Investing in launch phase to maximize impact

**Planned Outcome**
- Consistent approach to developing global new products
- Improved speed to market
- Higher % of sales from new products
- Increased profitability & reduced complexity
- Global, not phased, product launches

**Initiative: Reducing cost and time to market**

**Action**
- Building R&D capability in China
- Outsourcing to development partners
- Partnerships to access adjacencies

**Planned Outcome**
- Regionally tailored products
- More efficient use of funds
- Flexible R&D resource pool
- Focus internal resource on high value add activity
“R&D As % of sales” metric belies significant achievements

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D As % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3.6%</td>
</tr>
<tr>
<td>2009</td>
<td>3.4%</td>
</tr>
<tr>
<td>2010</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

- Improved technology spend effectiveness
- Funded Value & Quality Engineering and prioritized new product development
- Delivered 8% variable cost productivity
- Delivered £5m in “Unquality” cost reductions

+50% New Product Sales

© 2010 by Smiths Medical: Proprietary Data
Growth Initiatives: Deliver medication

Value Proposition

**CADD**
Ambulatory Infusion

- Hospital and homecare applications
- Multi-therapy ‘smart’ infusion
- Enhanced med error reduction
- Improved user interface
- Fast track global rollout

**medfusion**
Hospital Infusion

- Wireless connectivity to Hospital IT systems
- Enhanced med error reduction
- Most accurate method of infusion
- Applications in Paediatric and adult ICU

**GRASEBY**

- High quality, lower cost infusion platform
- Multi-channel syringe and volumetric systems
- Upgraded safety features
- Targeting emerging market opportunities

© 2010 by Smiths Medical: Proprietary Data | 49
Growth Initiatives: Provide Vital Care

**Value Proposition**

**Airway**
- Reduction of Hospital Acquired Infections
- Part of Airway solution to minimize VAP
- Extended usage times reduce cost
- Percutaneous tracheostomy for larger necks
- Cost savings from simplified procedure
- Award winning innovation
- Lower priced with badge of quality
- Affordability for emerging markets

**Regional Anaesthesia**
- Life-saving safety solution
- Minimizes medication administration errors
- Broader applications across infusion range

**Portex**

SuctionPro72 & SACET

UniPerc

Low cost ET and Laryngeal Mask

Correct Inject
Growth Initiatives: Keep people safe

**Value Proposition**

**Deltec**

Vascular Access

- Low profile port access for patient comfort
- Safety mechanism to avoid needle-sticks
- Smallest on the market – size of a dime

- CT identifier to confirm safe for pressure injection
- Power injectability allows more rapid diagnostics for critically ill patients
- Withstands up to 2,000 sticks

**Jelco**

Needle Safety

- Easy to use, one handed activation
- Reduced drug wastage
- Applications across needle range

© 2010 by Smiths Medical: Proprietary Data
Regional game plan … be local in all key markets

**Americas**
- Enhanced NPI impact
- Investment in sales effectiveness
- Increased focus outside Hospital
- Partnering to address adjacencies

**EMEA**
- Enhanced NPI impact
- Conversion to Safety
- Investment in sales effectiveness
- Distributor to Direct Strategy

**Asia Pacific**
- Focus on China & India
- Acquisitions
- Right products for the markets
- Direct presence to support local distributors

FY09 Smiths Medical sales (c.£800M)

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>54%</td>
</tr>
<tr>
<td>EMEA</td>
<td>34%</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>12%</td>
</tr>
</tbody>
</table>
Strong customer positions – ability to leverage portfolio

In 97% of the Top US Hospitals

Supplier to healthcare systems globally

Strong relationships with major distributors

Regional Sales Teams

Key Account Management

Corporate Account Mgt

Product Specialists

Clinical Ed Specialists
Investment in China acquisition paying off

**Acquired an excellent platform**

- Leading share position in China for infusion
- Excellent value tier technology
- Strong sales, marketing, R&D and mfg base

<table>
<thead>
<tr>
<th></th>
<th>FY’08</th>
<th>FY’09</th>
<th>FY’11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investing in headcount locally</td>
<td>8</td>
<td>~140</td>
<td>~250</td>
</tr>
<tr>
<td>To drive in-China &amp; global sales growth</td>
<td>3</td>
<td>~10</td>
<td>~25</td>
</tr>
</tbody>
</table>

- Performing above expectations
- Continued strong domestic sales
- Successful launch of new volumetric pump
- Integration project on plan
- R&D upgrade program

© 2010 by Smiths Medical: Proprietary Data
Investing to expand the core

Current Core

Expanded Core

~£4bn

~£9bn

Safety

VC

MD

Target adjacencies

CVCs & PICCs
Anti-microbials
EU Safety

Humidification
Chronic Respiratory
Patient Cooling

Vital Care

Medication Delivery

Volumetric Infusion
Informatics
Lower cost infusion

Significant headroom in near adjacencies
Already making inroads in higher growth segments

Target adjacencies

- CVCs & PICCs
- Anti-microbials
- EU Safety

- Humidification
- Chronic Respiratory
- Patient Cooling

- Volumetric Infusion
- Informatics
- Lower cost infusion

Examples of Market Entry

AgTiv
- Anti-microbial CVC
- First move into anti-microbial
- Expanding to other applications

Theraheat
- Active Humidification System
- Hardware + disposables model
- Leverages Acute Care call points

SMZ Volumetric
- Lower cost volumetric pump
- Targeting emerging markets
- Potential for upgrades

Reshaping Smiths Medical to exploit adjacencies
Margin improvement opportunities

**Current margin:** 21%

**Opportunities**
- New products
- Leveraging the portfolio
- Sales Effectiveness
- Emerging Markets penetration
- VAVE and sourcing initiatives
- G&A productivity

**Pressures**
- Reinvesting in sales & marketing
- Accelerating research & development

**Target margin range:** 20% to 24%

**Opportunities**
- Demographics
- Emerging Markets Spend Growth
- Healthcare Reform
- Safety and HAI prevention

**Pressures**
- Government healthcare economics
- Input costs: material and labor inflation
- Regulatory: new product technology

© 2010 by Smiths Medical: Proprietary Data
Solid game plan in place for next 3 years … continuous improvement, building on stable platform

- Regional marketing, sales effectiveness & key account focus
- Value tier portfolio for emerging markets growth
- Step change in global new products impact
- Drive operational excellence to best in class standards
- Leverage data for profitability & business transformation
- Total variable & base cost improvement focus
Smiths Medical … The investment case

- Sustained global demand for healthcare driven by age demographics, key diseases, rise in middle class
- Smiths Medical well placed in lower risk, short residency, interventional devices
- A broad portfolio: hardware & consumables, hospital & alternate care, new SW & services
- Flagship brands supported by technology and IP gives competitive advantage
- International business with increasing presence in growth markets, e.g. Asia
- Robust operational platform well positioned to deliver strong margins and cash flow
- Strong, experienced, diverse & global leadership team with track record of execution … and attracting terrific new talent

Sales Growth 3-5%
Net Margin 20-24%

Strong fundamentals … poised for consistent profit and cash growth
Questions?