

Smiths Group plc

Opportunities to Create Value

Annual General Meeting 2008



This presentation 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 these Annual Results and the Company undertakes no obligation to update these forward-looking statements. Nothing in this presentation should be construed as a profit forecast.

Philip Bowman, Chief Executive

Opportunities to create value

- Strong positions in growing and resilient markets
- Reservoir of technology and intellectual property
- Employees with good knowledge base
- Opportunities to enhance revenue and margins
- Improve data accuracy and availability
- Leverage scale and best practice

Focus for next two years is to improve performance

2008 Financial highlights

- Sales increased by 7%; underlying 6% to £2.3bn
- Drivers of sales growth:
 - New Detection contracts in airports and cargo screening
 - John Crane benefits from strong petrochemical demand
 - Interconnect sales to wireless and military customers
- Headline operating and pre-tax profit up by 10%
- Pro-forma increase in earnings per share of 15%
- Dividend unchanged at 34.0p – reflects opportunities to invest to generate value

Opportunities to create value - key developments in 2008

Restructuring & performance improvement

- Restructuring programme: annualised benefits of £47m
- Creation of five divisions – disband Specialty Engineering
 - Management moved closer to customers and markets
 - Greater divisional accountability
- Divisional reorganisation: reduce cost; improve customer service and delegate accountability
- Reduce size and cost of corporate centre
 - Lean HQ of 40 heads

Opportunities to create value - key developments in 2008

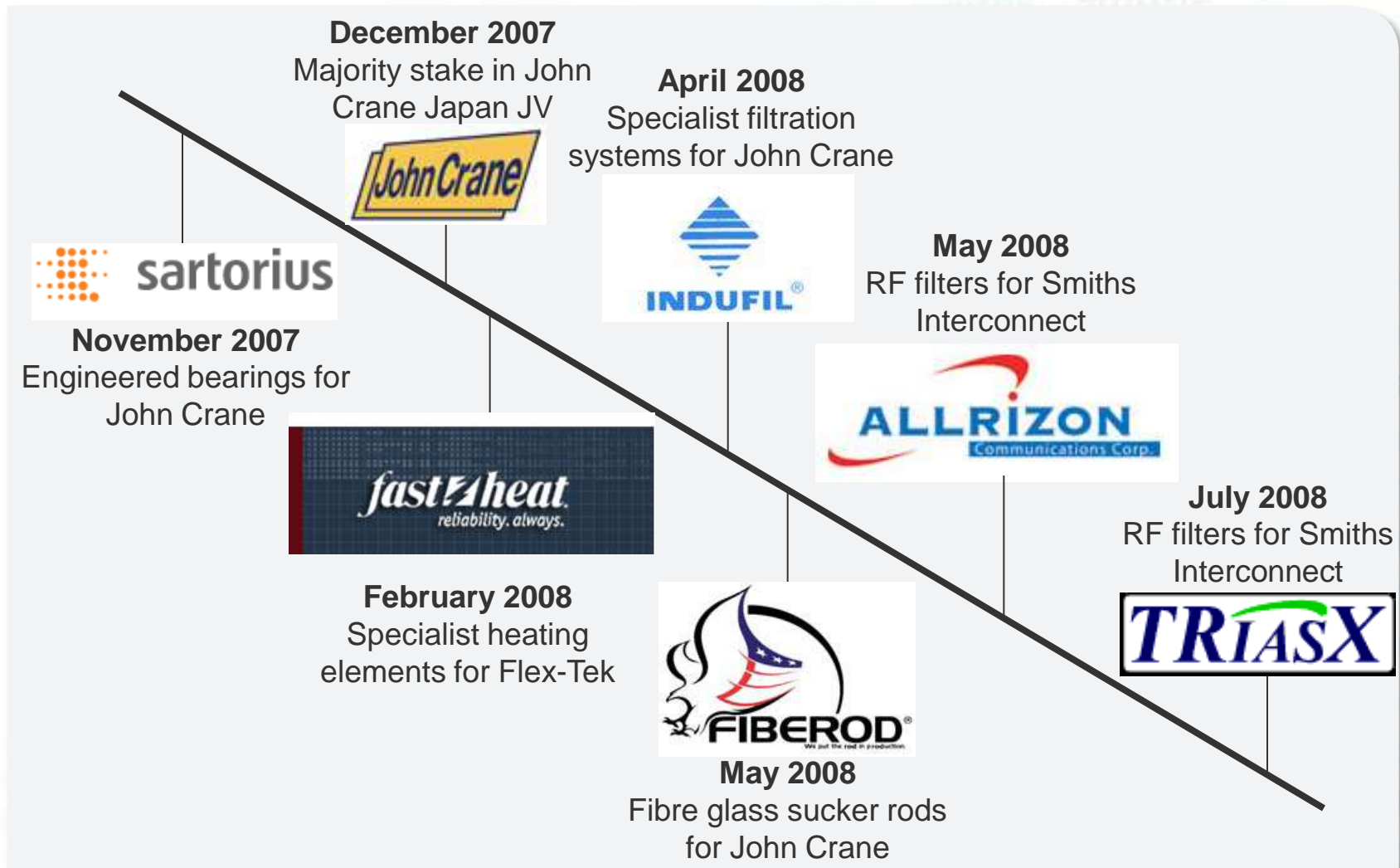
Setting targets with incentives

- Divisional range targets for sales growth/margins
- New incentive scheme to reinforce delivery

Investment in growth

- Increased R&D by 8% to drive future growth
- Investing in better information systems
- Building businesses through acquisition

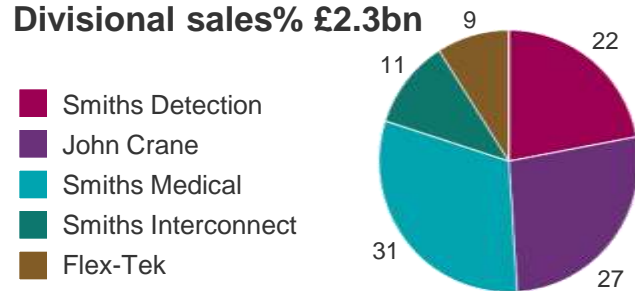
Acquisition timeline – investment in growth



Smiths Group at a glance

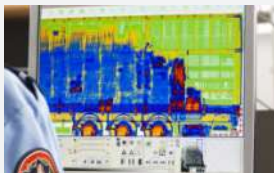
Smiths Group has five divisions: Smiths Detection, John Crane, Smiths Medical, Smiths Interconnect and Flex-Tek. Our businesses are highly competitive, with strong technology positions, and operate in sectors with excellent opportunities for growth. We bring technology to life.

Divisional sales% £2.3bn



Analysis is based on revised operating structure for 2008/9

Smiths
Detection



John Crane



Smiths
Medical



Smiths
Interconnect



Flex-Tek



Smiths Detection: Delivering strong sales growth

2008 Sales*

£509m

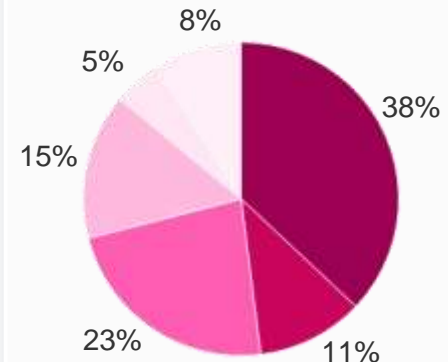
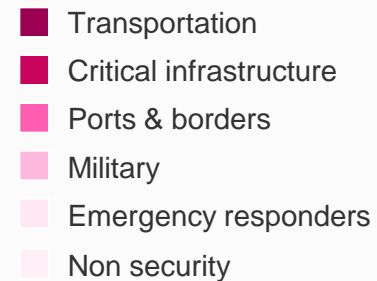
12% growth

2008 Op. profit*

£93m

18% margin

Sales by sector %



Transportation - 17% sales growth

- Key wins: UK, US and Dubai
- Roll-out of new technology for explosive detection
- Working to identify liquids in hand baggage

Ports & borders - 22% sales growth

- Large contracts in US and Russia

Military & emergency responders - 7% sales growth

- Safeguard military personnel against chemical attack

R&D increased by 15% - maintain leadership

* Organic growth at constant currency

John Crane: Strong growth driven by oil and gas

2008 Sales*

£626m

8% growth

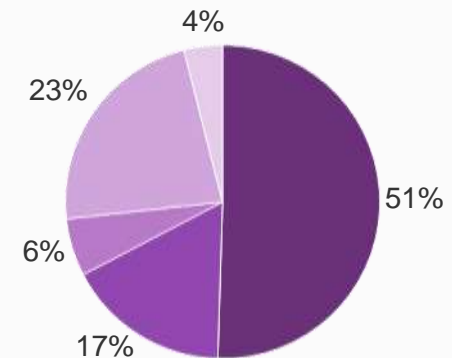
2008 Op. profit*

£104m

17% margin

Sales by sector %

- Petrochemical
- Chemical/Pharmaceutical
- Commercial & refrigeration
- Industrial, pulp & paper, mining
- Other energy



High demand from petrochemical sector

Record level of OEM orders

Expansion of global network of service centres

- Saudi Arabia – Jubail and Dammam
- Mexico – new manufacturing facility
- China – new facility in Tianjin

Building the business through four acquisitions

Begun a major restructuring programme

* Organic growth at constant currency

Smiths Medical: Addressing the supply chain issues

2008 Sales*

£703m

0% growth

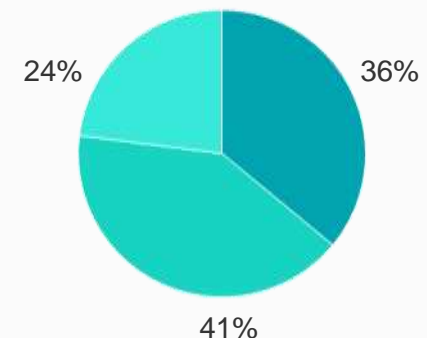
2008 Op. profit*

£140m

20% margin

Sales by sector %

- Medication Delivery
- Vital Care
- Safety Devices



Medication Delivery – sales up 3.4%

- Driven by infusion, access and diabetes

Vital Care – sales down 1.0%

- Managing airways, maintain body temperature, monitor vital signs, assist reproduction

Safety Devices – sales down 2.9%

- Devices to prevent needlestick injuries and protect healthcare workers from infection

Reduced customer back orders by 90%

R&D driving new product launches

* Organic growth at constant currency

Smiths Interconnect: Good growth from wireless and military

2008 Sales*

£261m

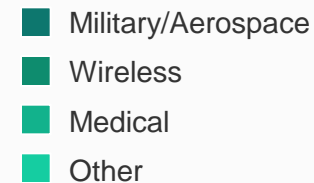
13% growth

2008 Op. profit*

£54m

21% margin

Sales by sector %



Strong sales of lightning and surge protection solutions

Microwave Sub-systems - benefiting from US military programmes

Connectors - new contract wins

- NASA space applications
- MRI scanners, aerospace and rail traction

Acquisitions to increase presence in Asia Pacific

* Organic growth at constant currency

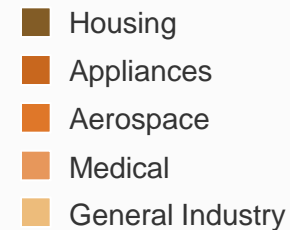
Flex-Tek: Growth in aerospace offsetting challenging markets

2008 Sales*
£206m
(4)% growth

2008 Op. profit*
£24m
12% margin

- Aerospace fuel hoses - delivered strong growth in sales and profit
- Rest of business - affected by declines in US housing and household appliance markets
- Well-placed for a recovery in the housing market

Sales by sector %



* Organic growth at constant currency

Smiths Group: A growth opportunity

- Portfolio well-placed to resist pressures of a downturn
- Improve performance through tight cost control
- Expand margins through a programme of self-help
- Growing our technology and reach through bolt-on acquisitions
- Generate value for shareholders