TODAY’S AGENDA

CHAIRMAN’S ADDRESS  |  SIR GEORGE BUCKLEY, CHAIRMAN

CHIEF EXECUTIVE REVIEW  |  ANDY REYNOLDS SMITH, CEO

Q&A
CHAIRMAN’S ADDRESS

SIR GEORGE BUCKLEY
CHAIRMAN
EXECUTING OUR STRATEGY

STRATEGIC PRIORITIES

OUTPERFORMING OUR CHOSEN MARKETS
- Focused investment for organic growth
- Significant portfolio upgrading

ACHIEVING WORLD-CLASS COMPETITIVENESS
- Smiths Excellence System implemented Group-wide
- Innovation driving technological and digital transformation
- Global leadership development plan

STRONG FINANCIAL FRAMEWORK
- Relentless focus on cash generation
- Supporting further investment capacity

TO DELIVER SUSTAINABLE GROWTH AND ATTRACTIVE RETURNS
STRATEGIC PORTFOLIO REPOSITIONING

- TECHNOLOGY DIFFERENTIATION
- HIGH PROPORTION OF AFTERMARKET AND RECURRING REVENUES
- POSITIONED IN GROWING MARKETS
- INCREASING DIGITISATION
- SUSTAINABLY COMPETITIVE AND ASSET LIGHT
Businesses that need improvement or are in non-core markets

2016: 60%+
of our businesses are well positioned

2017: 75%+
of our businesses are well positioned

Significant Progress in 2017

- Fix
- Sell
- Build
NEW PRODUCT LAUNCHES

**Medical**
- ViaValve
- DeltaVen
- Jelco
- CADD Solis
- MedFusion programming

**Interconnect**
- DaVinci
- ThermoPad

**Detection**
- CORSYS

**Flex-Tek**
- E series
- Heater

**John Crane**
- • TSKS Coupling
- • Co-Planar Coupling
- • Single Use Seal
- • Seal for Crude Oil pumps
KEY WINS

**Detection**
- Frankfurt (Germany)
- Amsterdam (Netherlands)
- Gatwick (UK)
- EL AL (Israel airlines)

**Medical**
- Cochin (India)
- Narita (Japan)
- TSA (USA)
- Munich (Germany)

**Flex-Tek**
- Successful acquisition of Osram Heating elements
- Additional Gastite wholesale locations added

**John Crane**
**Aftermarket:** Oil and gas: OCENSA (Colombia), Non oil & gas: Boleo Mining (Mexico).

**OE:** KNPC New Refinery Project (Kuwait)

**Interconnect**
- GE Aviation, F-35 LRIP 11 Award (Joint Strike Fighter)
- GE Aviation, Gulfstream frame contract
- Siemens Medical prototypes for future MRI system
## 2017 FINANCIAL RESULTS

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,280</td>
<td>2,949</td>
<td></td>
<td>+11%</td>
</tr>
<tr>
<td>Underlying decline</td>
<td>(1)%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit¹</td>
<td>589</td>
<td>510</td>
<td></td>
<td>+16%</td>
</tr>
<tr>
<td>Underlying growth²</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating margin¹</td>
<td>18.0%</td>
<td>17.3%</td>
<td></td>
<td>+70bps</td>
</tr>
<tr>
<td>Profit before tax¹</td>
<td>528</td>
<td>451</td>
<td></td>
<td>+17%</td>
</tr>
<tr>
<td>ROCE¹</td>
<td>16.2%</td>
<td>15.3%</td>
<td></td>
<td>+90bps</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>370</td>
<td>243</td>
<td></td>
<td>+52%</td>
</tr>
<tr>
<td>Strong cash flow</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS¹</td>
<td>97.6p</td>
<td>85.2p</td>
<td></td>
<td>+15%</td>
</tr>
<tr>
<td>EPS up 15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend per share</td>
<td>43.25p</td>
<td>42.00p</td>
<td></td>
<td>+3%</td>
</tr>
<tr>
<td>DPS up 3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Headline excludes non operating items as defined in note 3 of the accounts
2. Underlying excludes the effects of foreign exchange translation and acquisitions but includes divested business for the period they were owned in the reported financial year and adjusts the prior financial year comparator as if the divested business were owned for the same period in that financial year to aid comparability
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### STRONG CASH FLOW CONVERSION

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit[^1]</td>
<td>589</td>
<td>510</td>
<td></td>
</tr>
<tr>
<td>Capex including capitalised R&amp;D</td>
<td>(98)</td>
<td>(108)</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>101</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Working capital</td>
<td>85</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td><strong>Operating cash flow[^1]</strong></td>
<td><strong>695</strong></td>
<td><strong>520</strong></td>
<td><strong>+34%</strong></td>
</tr>
<tr>
<td>Interest</td>
<td>(60)</td>
<td>(58)</td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(82)</td>
<td>(62)</td>
<td></td>
</tr>
<tr>
<td>Pension</td>
<td>(103)</td>
<td>(129)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(80)</td>
<td>(28)</td>
<td></td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>370</td>
<td>243</td>
<td><strong>+52%</strong></td>
</tr>
<tr>
<td>Dividends</td>
<td>(167)</td>
<td>(163)</td>
<td></td>
</tr>
<tr>
<td>Acquisitions &amp; Divestitures</td>
<td>(118)</td>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>FX and other</td>
<td>(74)</td>
<td>(232)</td>
<td></td>
</tr>
<tr>
<td>Movement in net debt</td>
<td>11</td>
<td>(160)</td>
<td></td>
</tr>
</tbody>
</table>

[^1]: Headline excludes non operating items as defined in note 3 of the accounts
**BALANCE SHEET REMAINS STRONG**

<table>
<thead>
<tr>
<th>£m</th>
<th>Net debt 31.07.2016</th>
<th>FX</th>
<th>Free Cash Flow</th>
<th>Acquisitions</th>
<th>Divestitures</th>
<th>Dividend</th>
<th>Other</th>
<th>Net debt 31.07.2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>978</td>
<td>61</td>
<td>370</td>
<td>580</td>
<td>462</td>
<td>167</td>
<td>13</td>
<td></td>
<td>967</td>
</tr>
</tbody>
</table>

- Morpho self-funded
- FCF covers dividend

- Weighted average debt maturity: 6.5 years
- Weighted average interest rate: 3.2%
- Stable credit rating (BBB+/Baa2)

1. Reflects the 2018 $175m notes that were prepaid in August 2017
2018 OUTLOOK

RETURN TO GROWTH

- John Crane: growth in non-oil & gas and aftermarket more than offset challenges in oil & gas
- Medical: gradual improvement driven by new product launches during the year
- Detection: good growth driven by air transportation – H2 weighted
- Interconnect: further progress in high technology applications
- Flex-Tek: continued steady growth

STRONG CASH FLOW GENERATION
SOLID PROGRESS IN 2017 - BUILDING FOR THE FUTURE

STRATEGIC PRIORITIES

OUTPERFORMING OUR CHOSEN MARKETS
- Structure in place to drive sustainable growth
- Building on 75% well positioned businesses

ACHIEVING WORLD-CLASS COMPETITIVENESS
- Strong, sustainable margins supported by operational excellence
- Further investment capacity

STRONG FINANCIAL FRAMEWORK
- Maintaining strict financial discipline
- Delivering long-term, attractive returns
DISCLAIMER

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. 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 this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.
Q&A
PROXY VOTES

• 294,741,558 million proxy votes cast
• 74.49% of the issued share capital
1. Receive the Report and Accounts
2. Approval of Directors’ Remuneration Report
3. Declaration of the final dividend
4. Re-election of Bruno Angelici as a director
5. Re-election of Sir George Buckley as a director
6. Re-election of Tanya Fratto as a director
7. Re-election of Anne Quinn as a director
8. Re-election of William Seeger as a director
9. Re-election of Mark Seligman as a director
10. Re-election of Andrew Reynolds Smith as a director
11. Re-election of Sir Kevin Tebbit as a director
12. Election of Noel Tata as a director
13. Reappointment of PricewaterhouseCoopers LLP as auditors
14. Auditors’ remuneration
15. Authority to allot shares
16. Authority to disapply pre-emption rights
17. Additional authority to disapply pre-emption rights
18. Authority to make market purchases of shares
19. Authority to call general meetings on short notice
20. Authority to make political donations and expenditure
21. Adoption of new Articles of Association
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The final results of the poll will be announced via the Regulatory News Service to the London Stock Exchange and posted on our www.smiths.com corporate website shortly.
THANK YOU FOR ATTENDING