

smiths

# ENGINEERING A BETTER FUTURE

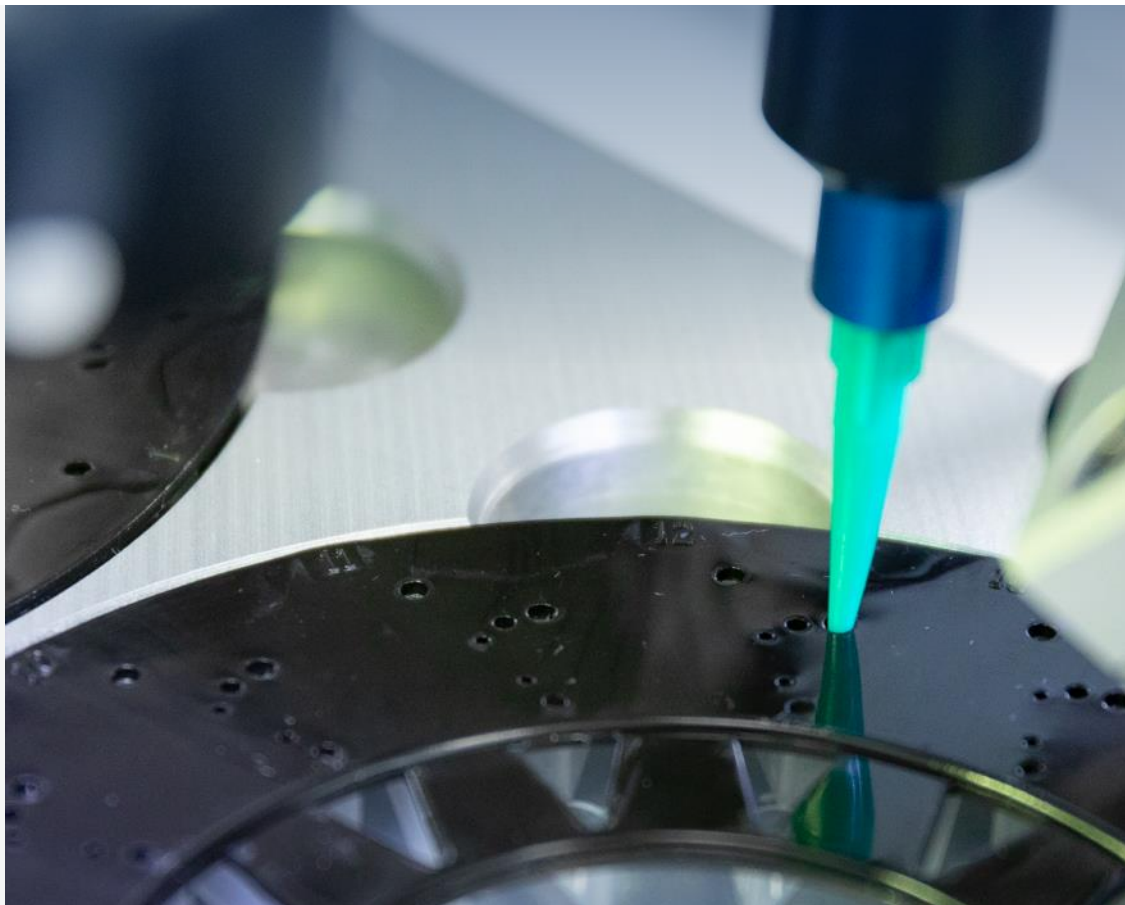
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SMITHS GROUP PLC  
FULL YEAR RESULTS FY2024

24 SEPTEMBER 2024



## Disclaimer



This presentation contains certain statements that are forward-looking statements. They appear in a number of places throughout this presentation and include statements regarding the intentions, beliefs and/or current expectations of Smiths Group plc (the “Company”) and its subsidiaries (together, the “Group”) and those of their respective officers, directors and employees concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses operated by 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 this presentation and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. The Company and its directors accept no liability to third parties. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.

The information relating to the Acceleration Plan is potential and approximate – further updates may be required. No decisions have been made at this stage in relation to any potential changes at any Smiths site in any jurisdiction and remain subject to local legislation and appropriate consultation.



# Agenda

- > Opening Remarks - Roland Carter
- > FY2024 Financial Results - Clare Scherrer
- > Strategy Update - Roland Carter
- > Q&A



# Opening Remarks

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ROLAND CARTER

CHIEF EXECUTIVE OFFICER



# Building on and out from solid foundations with momentum to create value



## Growth

Portfolio of leading businesses, which make the world safer, more energy efficient and productive, and better connected

- Secularly attractive end markets: megatrend responsive and with good growth prospects
- All businesses have significant further growth potential: innovation and adjacent opportunities



## People

15,750 colleagues dedicated to solving some of our customers' toughest challenges

- Purpose-based: high engagement – further evolving a culture where safety, inclusion and sustainability really matter
- Performance-oriented: committed to delivering against financial targets



## Execution

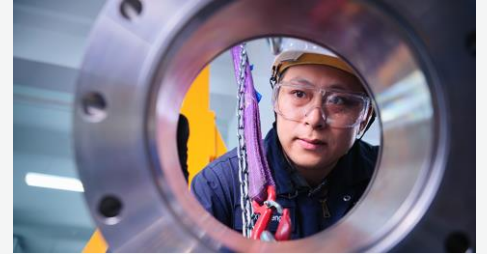
Clear path to improving profitability and productivity

- Each business has tangible opportunities to enhance margin and cashflow
- Group-wide Acceleration Plan will enhance profitability and productivity, as well as overall strategy execution: £60-65m costs; £30-35m annualised benefits

Pioneers of progress – engineering a better future

## FY2024 – continued good delivery against our strategy; well positioned for ongoing value creation

- > Good operational and financial performance
- > Delivered in line with guidance
- > Disciplined capital allocation
- > Strong and flexible balance sheet
- > Well positioned for FY2025, and beyond
- > Robust platform and focused strategy for continued growth and margin expansion





# FY2024 Financial Results

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CLARE SCHERRER

CHIEF FINANCIAL OFFICER



## FY2024 – Good results and progress in all key metrics

	FY2024 <sup>1</sup>	FY2023 <sup>1</sup>	Reported change	Organic <sup>2</sup> change
Smiths Group				
Revenue	£3,132m	£3,037m	+3.1%	+5.4%
Operating profit	£526m	£501m	+5.0%	+7.1%
Operating profit margin	16.8%	16.5%	+30bps	+34bps
Basic EPS	105.5p	97.5p	+8.3%	
Operating cash conversion	97%	86%	+11pps	
ROCE	16.4%	15.7%	+70bps	
Dividend	43.75p	41.60p	+5.2%	

<sup>1</sup> Headline excludes items defined in note 3 of the financial statements

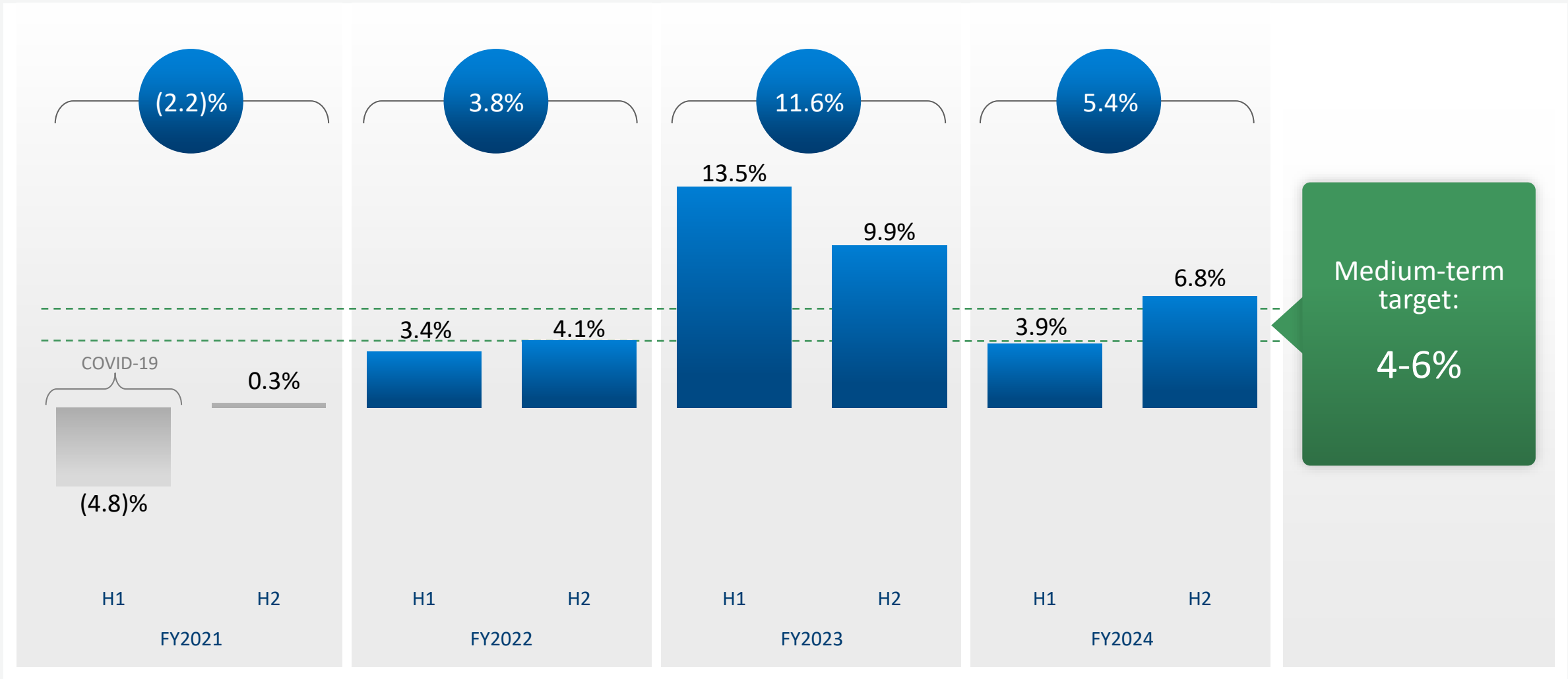
<sup>2</sup> Organic is headline adjusted to exclude the effects of foreign exchange and acquisitions

### Summary

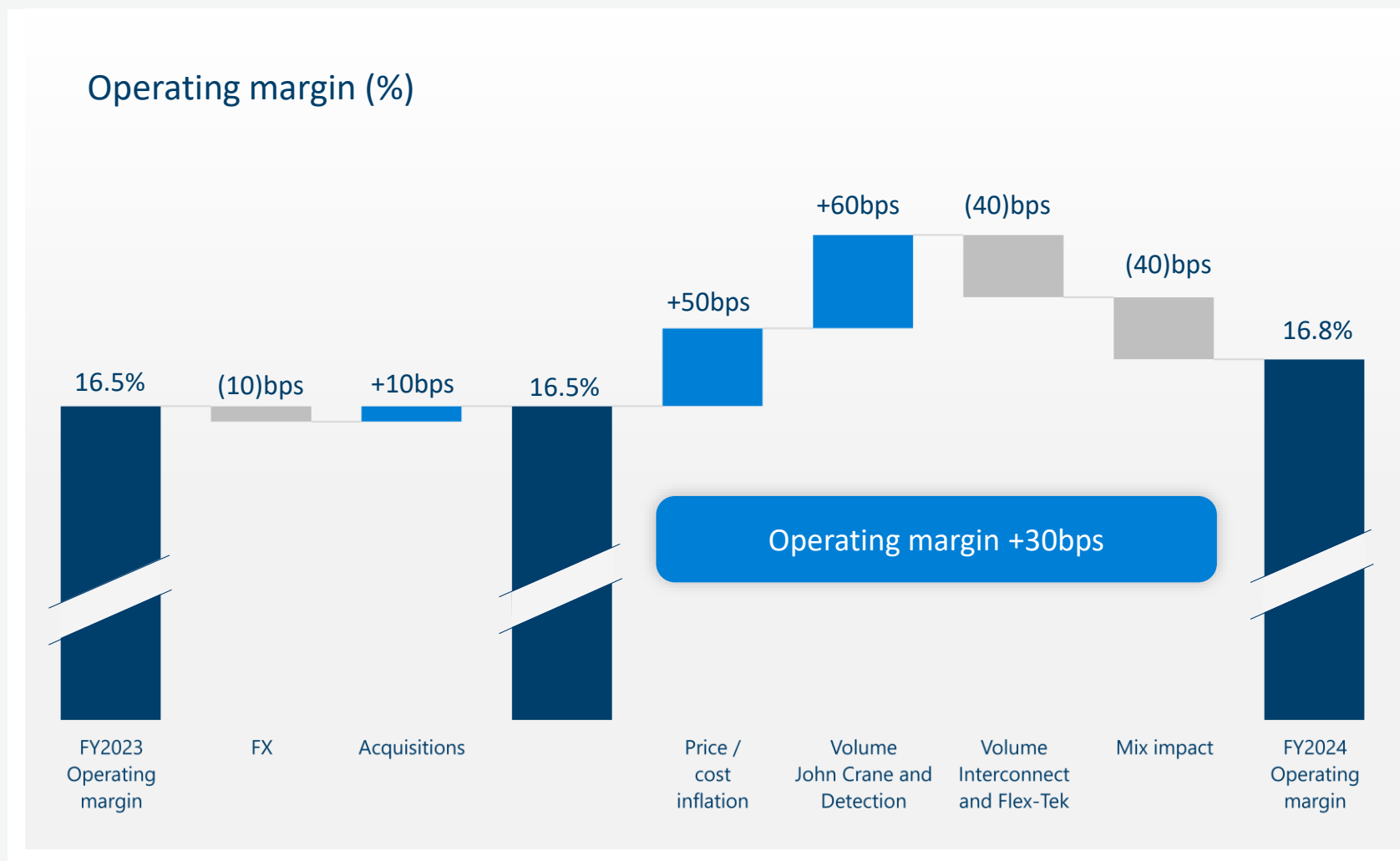
- Strong revenue growth in line with guidance
- Good operating profit growth; continued margin expansion, as guided
- EPS growth driven by operating profit growth, acquisitions and share buybacks
- Cash conversion increased +11pps to 97%, reflecting improved working capital
- ROCE expansion continued, driven by profit growth
- Dividend growth of +5.2%



# Three consecutive years of organic revenue growth



## Continued operating margin expansion as guided

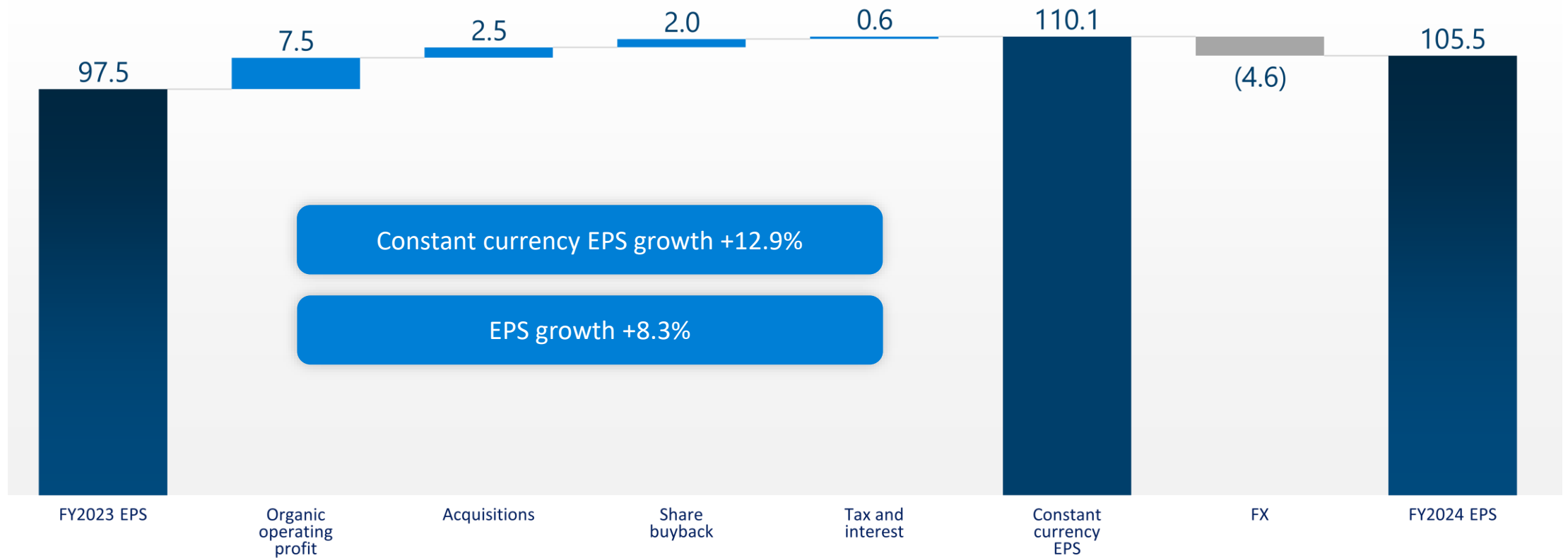


### Margin movements

- Operating leverage from volume growth at John Crane and Smiths Detection, partly offset by volume decline in Flex-Tek and Smiths Interconnect
- Capturing price in excess of input inflation
- Negative mix impact
- SES and other savings projects reinvested in growth – primarily capacity and automation in John Crane and service engineers at Smiths Detection

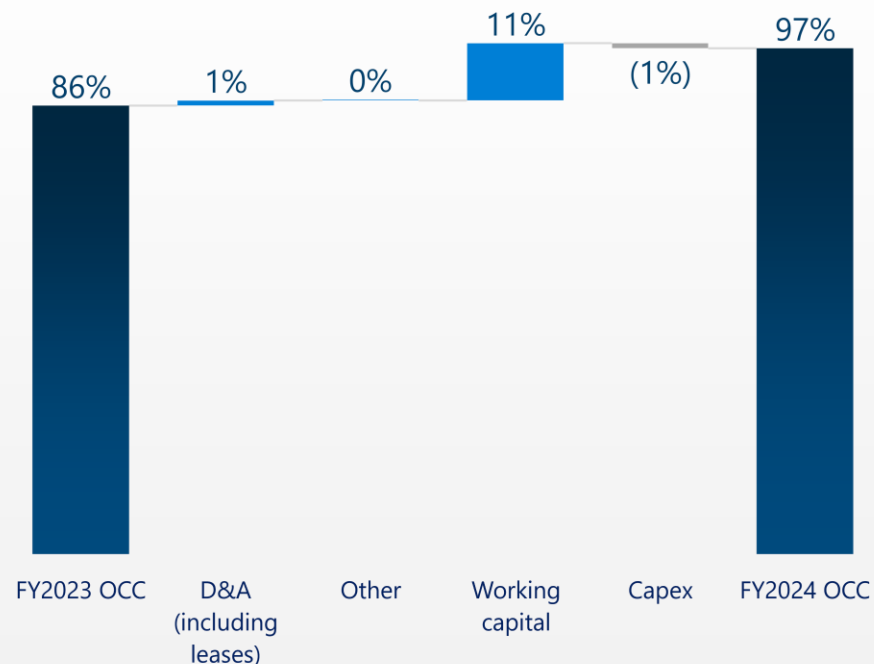
## Strong EPS growth driven by operating performance and effective capital allocation

Earnings per share (pence)



# Robust cash conversion while continuing to invest in capacity and automation

## Operating cash conversion (OCC)



Actuals	FY2024 £m	FY2023 £m
Operating profit	526	501
D&A	51	51
Lease depreciation	34	32
Other	21	20
Working capital	(37)	(90)
Capex	(86)	(81)
Operating cashflow	509	433

## Summary

- 97% operating cash conversion, up from 86%
- Improved working capital management
- Higher capital expenditure focused on increasing capacity and automation
- Investing for the future: FY2025 capital expenditure expected at ~£110m given planned automation and site investments
- £298m of free cashflow generated, +67% YoY



# Business Update

JOHN CRANE



SMITHS DETECTION



FLEX-TEK



SMITHS INTERCONNECT



# John Crane – strong order intake, organic revenue and operating profit growth

## Revenue

£1,133m    +9.8%<sup>1</sup>

Growth led by energy, particularly strong in Middle East and Latin America

Energy +15.9%:  
- Original equipment: +9.0%  
- Aftermarket: +18.3%

Industrial +0.3%:  
- Original equipment: +3.8%  
- Aftermarket: (1.6)%

## Revenue breakdown

Aftermarket 72%

OE 28%

Energy 64%

Industrial 36%

## Operating profit

£263m    +12.4%<sup>1</sup>

## Operating margin

23.2%    +60bps<sup>1</sup>

Strong operating profit growth and margin expansion:

- Good operating leverage, pricing actions offsetting cost inflation, and SES benefits
- Mix impact and higher investment in capacity, automation, and sales and service to support current and future growth

## Business update

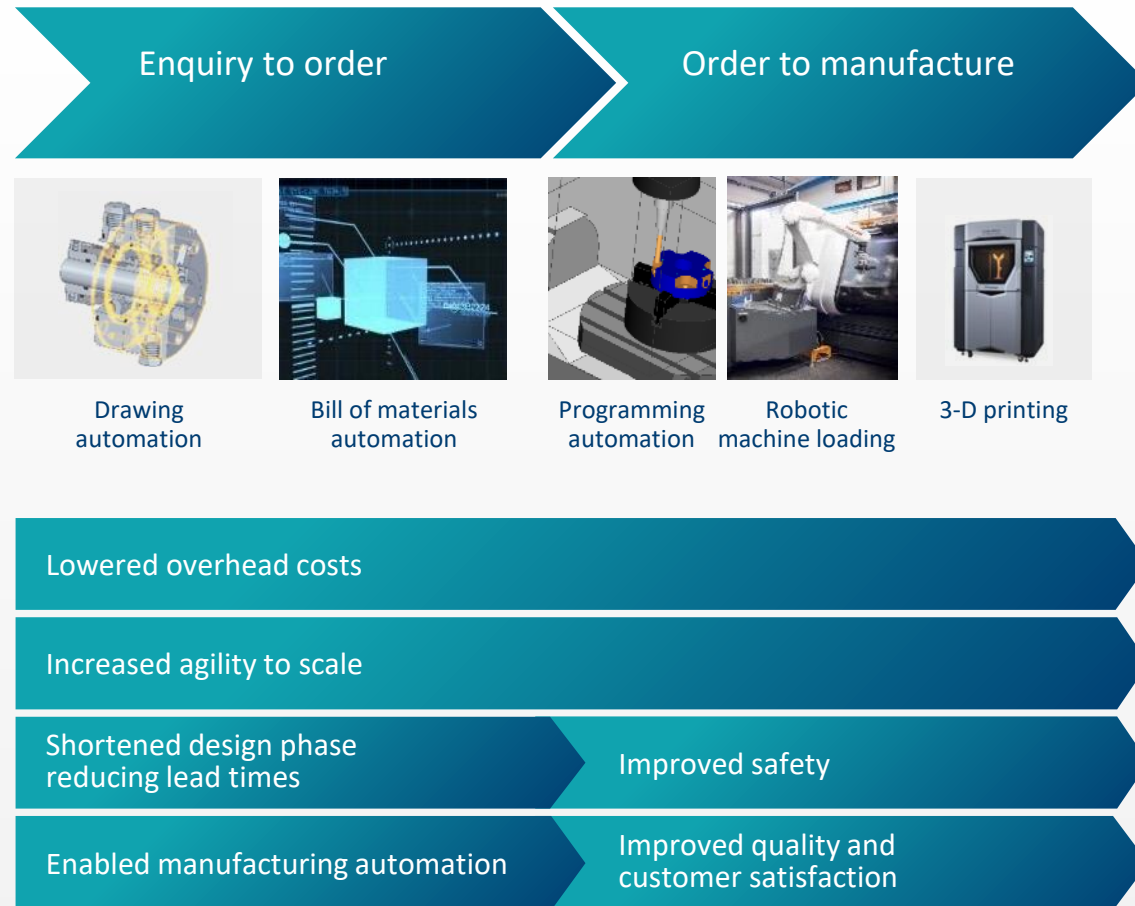
- Double-digit organic revenue growth in H1 moderated, as expected, in H2 (and vs record growth in FY2023)
- Increasing demand for energy efficiency and emissions reduction solutions
- H2 wins include a major service and repair contract with KPO in Kazakhstan and a seal services contract with a major energy company in Canada
- Order intake growth supports FY2025 outlook
- Capex investments continue in FY2025



Mission-critical technologies and services for energy, new energy and process industries

<sup>1</sup> Reflects organic revenue, organic operating profit growth and organic operating margin movement

# John Crane – improved productivity from SES, Lean and machine automation



## SES framework used to apply Lean principles

**Trialled:** Introduced machine data capture in our Czech plant

**Proved:** Enabled us to identify actionable productivity gains in our set-up, programming and operator scheduling and training

**Moved:** Rolled out learnings globally across an additional nine sites

**Standardised:** Best practice with single programming hub in India

### Benefits:

Productivity improvement across the value chain

- Improved labour efficiency and productivity
- Reduced time and cost in operations and supply chain
- Improved agility to meet market needs
- Best practice employed globally

# Smiths Detection – delivering against, and further building on, strong order book

## Revenue

£859m

+11.1%<sup>1</sup>

Strong growth led by Aviation:

**Aviation**  
+15.4%:

- Original equipment: +24.8%
- Aftermarket: +8.5%

**Other Security Systems (OSS)**  
+2.6%:

- Original equipment: (8.4)%
- Aftermarket: +20.0%

## Revenue breakdown

Aftermarket 52%

OE 48%

Aviation 69%

OSS 31%

## Operating profit

£102m

+18.0%<sup>1</sup>

## Operating margin

11.9%

+70bps<sup>1</sup>

Strong operating profit growth reflecting:

- Strong revenue growth
- SES benefits and savings from cost reduction programme
- Partially offset by additional field service engineers to support high installation activity, and more complex installations

## Business update

- OE aviation wins globally – now sold c.1,400 CTiX scanners, with >50% win rate
- Growth in OSS - strong defence and urban security, offset by weaker ports and borders reflecting contract timing
- Record multi-year order book supports growth
- Continuing to invest in innovation to meet the world's evolving security needs



Differentiated proprietary technologies for security screening and threat detection

<sup>1</sup> Reflects organic revenue, organic operating profit growth and organic operating margin movement



# Smiths Detection – innovating for customers with the introduction of X-ray diffraction

- > Pre-launch at Passenger Terminal Expo in April 2024
- > Working closely with regulators for approval
- > Early commercial sales expected in FY2026
- > Complements existing CT technology in hold baggage
- > Potential use in other commercial settings (e.g., cargo)
- > Highly accurate identification of an object's molecular structure



April 2024, Smiths Detection addresses Expo delegates

Improves screening accuracy and system efficiency

# Flex-Tek – resilient operating profit despite US construction market headwinds

## Revenue

£786m      (0.8)%<sup>1</sup>

Strong growth in aerospace with industrial affected by US construction:

- Industrial: (3.5)%
- Aerospace: +10.9%

## Revenue breakdown



## Operating profit

£161m      +4.2%<sup>1</sup>

## Operating margin

20.5%      +100bps<sup>1</sup>

Margin performance reflects:

- Tight cost control on lower volumes
- Mix benefit and favourable materials pricing

## Business update

- Organic revenue decline reflecting ongoing US construction market headwinds
- Continued aerospace expansion supported by strong order book
- Well placed for future energy efficient industrial heating projects
- HCP (acquired in August 2023) integration ahead of plan



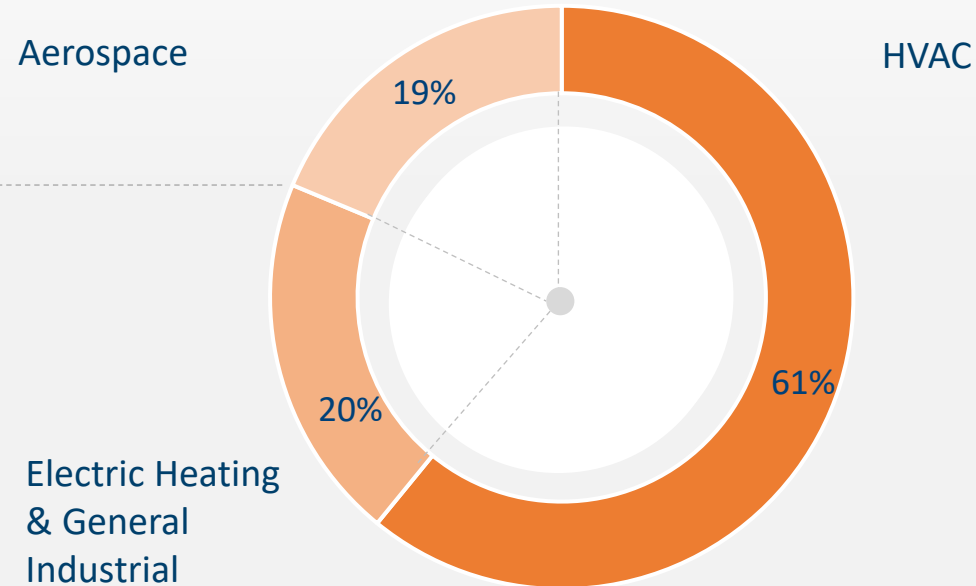
Innovation leader in the safe and efficient movement and temperature management of fluids

<sup>1</sup> Reflects organic revenue, organic operating profit growth and organic operating margin movement

## Two new acquisitions building on our successful acquisition track record

- Strategic and disciplined acquisitions building out two of Flex-Tek's core platforms
- Combined purchase price of up to £110m<sup>1</sup> (~8x EBITDA)

FY2024 pro-forma revenue breakdown



Prior acquisitions

**UNITED  
FLEXIBLE**

Announced today

**WATTCO**  
Manufacturer of Electric Heating Elements and Controls

Already completed in September

Prior acquisitions

**SureHeat**

Electric Heating  
& General  
Industrial

Announced today

**M M F Inc.**

Completing in Q1



Prior acquisitions

**HCP**  
HEATING & COOLING PRODUCTS

**Royal Metal  
Products**

<sup>1</sup> Combined purchase price of £95m, with an additional amount of up to £15m payable subject to the performance of one of the acquisitions over a three-year period

# Modular Metal Fabricators and Wattco acquisitions

	HVAC	Electrical heating
Company		 Manufacturer of Electric Heating Elements and Controls
Expected completion	Q1 FY2025	Completed in September
Headquarters	USA	Canada
Revenue	~\$32m (£24m) <sup>1</sup>	~C\$25m (£14m) <sup>1</sup>
Company overview	Manufactures HVAC solutions (sheet metal and flexible duct)	Manufactures electric heating products for industrial applications
Strategic rationale	Customer base, product and geographic expansion	Product range and engineering and technology

<sup>1</sup> TTM March 2024 for Modular Metal Fabricators and TTM June 2024 for Wattco; FX as of 18 September 2024



# Smiths Interconnect – stable H2 and well positioned for gradually improving markets

## Revenue

£354m      (6.5)%<sup>1</sup>

Industrial decline reflects weakness in connectors and the semiconductor test end market:

- Aerospace & Defence: (1.3)%
- Industrial: (11.9)%

## Revenue breakdown



## Operating profit

£49m      (17.8)%<sup>1</sup>

## Operating margin

13.9%      (190)bps<sup>1</sup>

Profit performance reflects:

- Lower year-on-year volumes
- Pricing actions offsetting inflation
- SES and cost control initiatives
- R&D investment maintained to advance new product pipeline

## Business update

- Double digit organic revenue decline in H1 improved to marginal revenue growth in H2
- Positive order outlook with good growth in semi-test, aerospace and defence programmes
- Gradually improving market backdrop and customer activity levels, plus new product pipeline underpin an improving performance through FY2025



Leading provider of technically differentiated connectivity solutions

<sup>1</sup> Reflects organic revenue, organic operating profit growth and organic operating margin movement

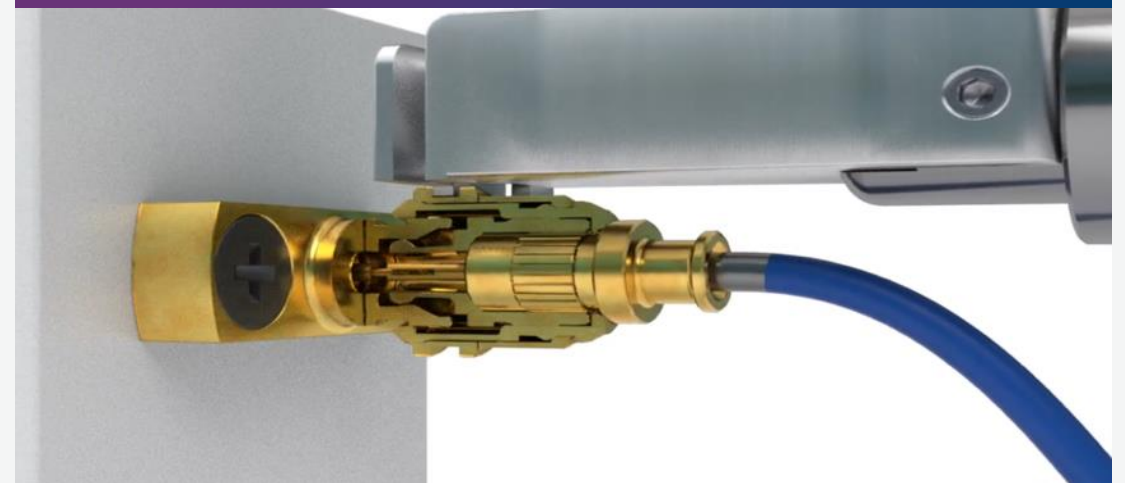
# Smiths Interconnect – product innovation for complex applications

## Next-generation semi-conductor testing



- Launched DaVinci 112, the latest generation of high-speed semiconductor test sockets
- Designed for testing some of the most complex functionality of integrated circuits at the highest speeds
- Used by the world's leading AI and GPU semiconductor manufacturers

## High-speed connectivity



- Launched the Mini-Lock Connector, the next generation radio-frequency connector
- Delivers high-reliability performance in mission-critical sectors
- Used in satellite, aerospace and defence applications

# Driving value through effective capital allocation

## Our priorities

1

Organic Investment



## FY2024

Capex £72m  
R&D £109m

2

Acquisitions



Acquisitions spend £65m  
(Additional £95m in Sep 2024<sup>1</sup>, with earnout of up to £15m over 3 years)

3

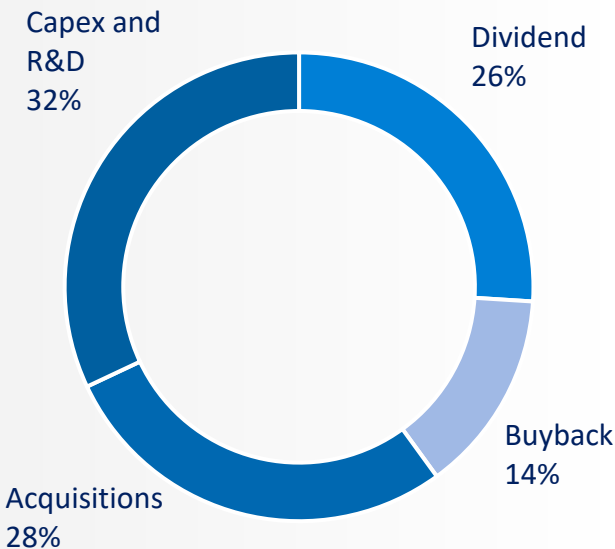
Shareholder returns



DPS +5.2% / Buyback<sup>2</sup> £70m  
(Additional £9m in Aug-Sep 2024)

## FY2024 pro-forma

Uses of cash including September's acquisitions and buyback<sup>3</sup>



FY24 leverage of 0.3x, pro-forma of 0.4x<sup>4</sup>

<sup>1</sup> Value of acquisitions announced in September 2024 with up to £15m earn out over three years  
<sup>2</sup> Final £29m from £742m buyback completed in Q1 FY2024, £41m from the first £50m tranche of the £100m buyback announced on 26 March 2024 and completed by 31 July 2024, and further £9m completed in August and September 2024  
<sup>3</sup> Reflects execution of £9m buyback programme in August and September 2024 as well as two acquisitions announced in September 2024  
<sup>4</sup> Pro-forma includes proceeds from July and August ICU Medical share sales and acquisitions announced today (using latest available 12-month EBITDA figures) for the acquisitions

# FY2025 outlook

## Tailwinds

- Strong order books in John Crane, Smiths Detection and Flex-Tek aerospace
- Recovery in Flex-Tek and Smiths Interconnect markets
- New product launches contributing to growth

## Headwinds

- Continued macro and geopolitical uncertainty
- Pricing growth moderating

## Investing for the future

- H1 operating cash conversion will reflect investment in John Crane's capacity and automation
- Launching our Acceleration Plan

## Culture and people

- SES Lean driving operational excellence at grass roots level
- Energised organisation executing at a sustained faster pace

## FY2025

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- Organic revenue growth within medium-term target range of 4-6%
- Continued margin expansion
- Operating cash conversion in the low 90%s



# Strategy Update

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ROLAND CARTER

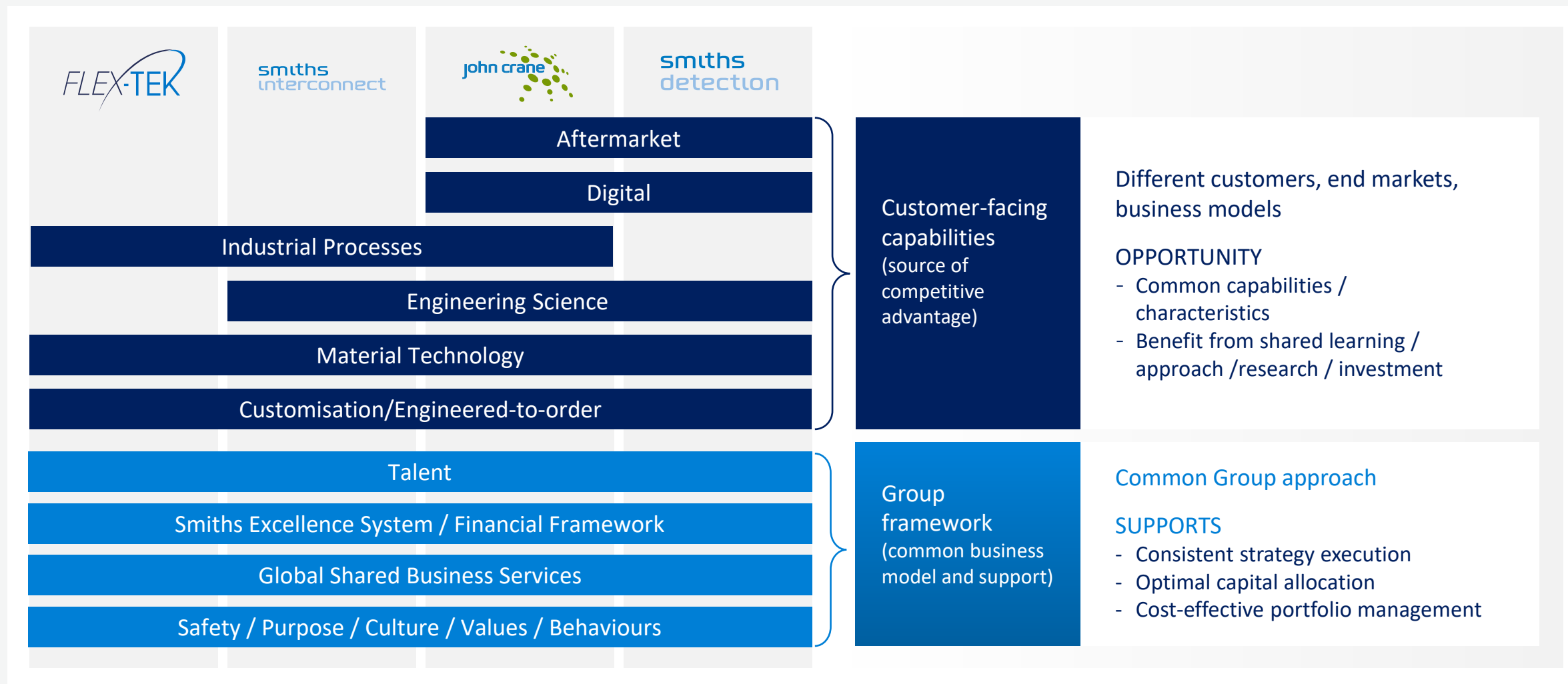
CHIEF EXECUTIVE OFFICER



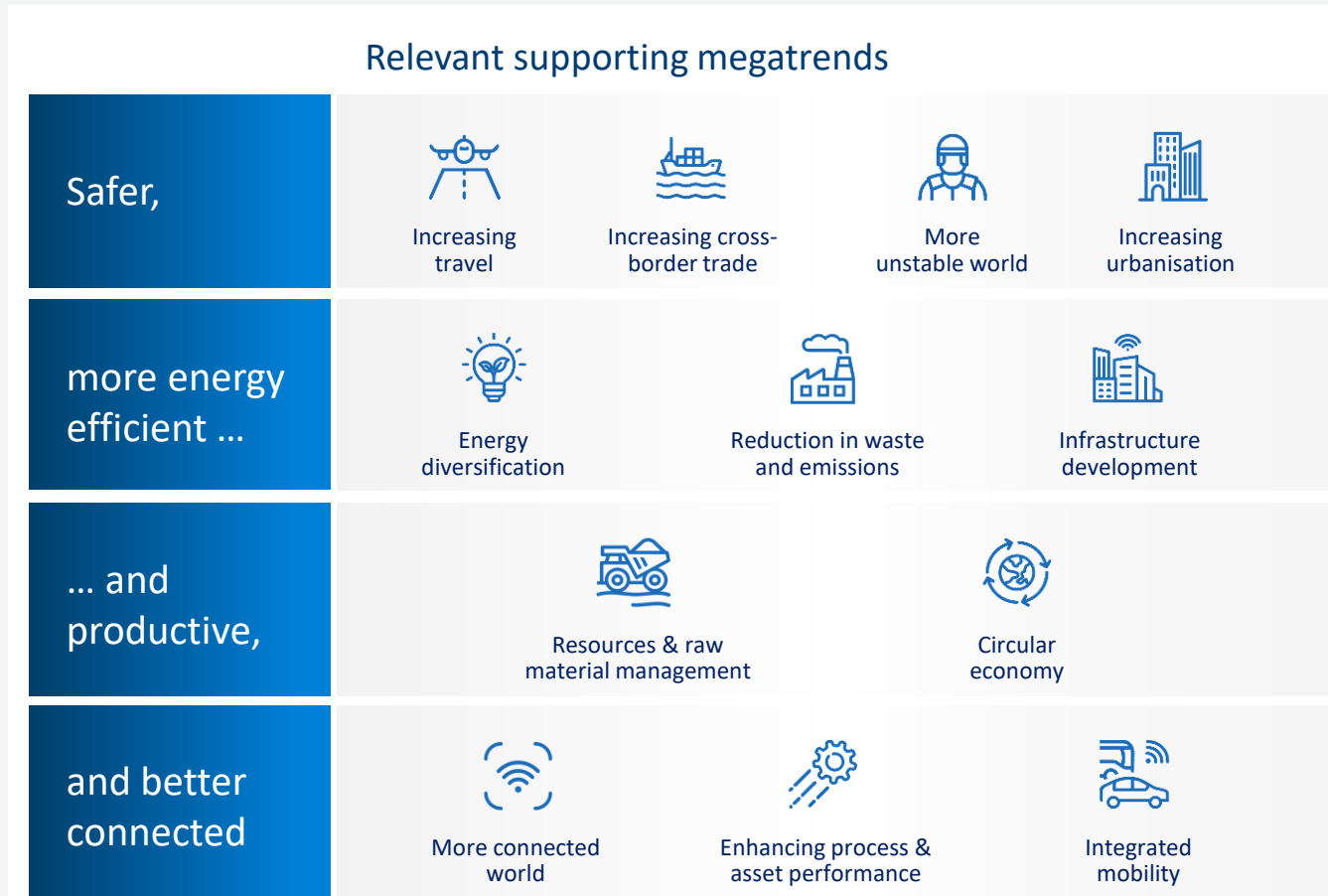
# Overview: taking the best of Smiths and making it better



# Our portfolio: supporting customers, delivering growth and optimising performance














# Powerful megatrends propel long-term growth, which Smiths is well positioned to access



Participation in attractive market adjacencies will accelerate growth

# Well positioned in secularly attractive markets

	% of FY2024 Group revenue <sup>1</sup>	Business	2024-2029 growth outlook <sup>2</sup>	What we are seeing
 <b>General Industrial</b>	39%	  	~4.5%	<ul style="list-style-type: none"> <li>- Softness in Flex-Tek's US construction and Smiths Interconnect's connectors and the semiconductor end market</li> </ul>
 <b>Safety &amp; Security</b>	27%		~5.5%	<ul style="list-style-type: none"> <li>- Strong growth in aviation security supported by ever-rising passenger/cargo volumes and mandated regulatory upgrades</li> <li>- New chemical detection awards</li> </ul>
 <b>Energy</b>	23%		~3.0%	<ul style="list-style-type: none"> <li>- Traditional energy markets strong, driven by energy security, efficiency and emissions reduction</li> <li>- Significant energy diversification activity although technology progress is uneven</li> </ul>
 <b>Aerospace &amp; Defence</b>	11%	 	~6.5%	<ul style="list-style-type: none"> <li>- Aircraft build rates growing mid to high single digits across next five years</li> <li>- Double-digit growth in Low Earth Orbit satellite markets and defence electronics markets</li> </ul>

<sup>1</sup> Our end market allocations have been revised such that Smiths Interconnect's revenue related to aerospace and defence has been moved from Safety & Security into Aerospace & Defence. FY2023 has been restated on this new basis. See note 1 to the financial statements for further information.

<sup>2</sup> Market growth estimate based on Smiths financial year to 31 July 2024 using data sourced from Oxford Economics



# Investment in proprietary technology and processes creates broad platform for innovation...

3.5%  
R&D spend as  
% sales

28.5%  
Gross vitality<sup>1</sup>

+200bps  
FY2024 revenue  
growth from new  
products

~3,000  
Engineers

~2,700  
patents

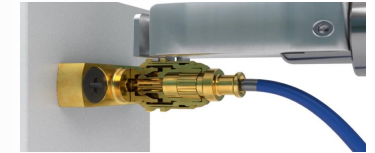
- Highly-skilled in engineered-to-order, new product development, operations and service
- Meaningful investment in developing differentiated, proprietary technologies
  - Consistent focus and spend ensures exciting new product/service pipeline
  - Innovation driving over one third of organic revenue growth and over a quarter of total revenues
- Leverage common capabilities on behalf of the customer e.g., digital, machining capability
- Partnerships with customers to develop solutions to demanding specifications



## Innovation in products and services



Flex-Tek  
HVAC products



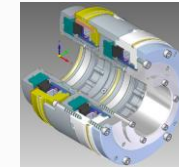
Smiths Interconnect  
Mini-Lock Connector



## Innovation in new technology



Smiths Detection next-gen  
chemical detection



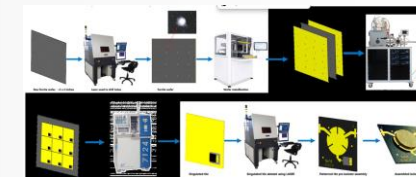
John Crane  
hydrogen seals



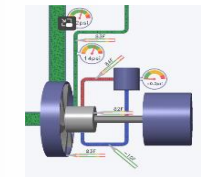
Smiths Detection  
X-ray diffraction



## Innovation in new processes



Smiths Interconnect CAD to FAB<sup>2</sup> isolator  
manufacture



John Crane reliability  
services

<sup>1</sup> Gross vitality measures the proportion of revenues coming from products launched in the last five years

<sup>2</sup> Computer aided design and digitised fabrication process to streamline production

... and global presence delivers real-time, mission-critical support for customers

Deep domain expertise

R&D to create differentiated solutions (customer co-funded/directed)

Customer proximity and trust

High level of recurring revenue

% FY2024 Revenue	Aftermarket
John Crane	72%
Smiths Detection	52%

Global service network  
~170 centres



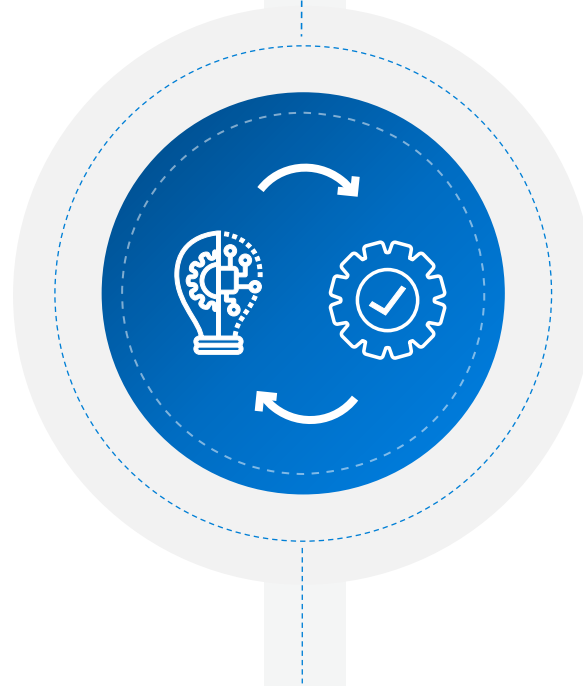
~75  
manufacturing / R&D sites

Valued and trusted partners: global presence creates competitive advantage

## SES is delivering more consistent performance – now driven at the site level

### Strong fundamentals

- Strong execution focus and commitment to operational excellence
- Site-level Lean leaders for major sites
- Master Black Belts (MBBs) and Black Belts (BBs) lead improvement projects and leverage activity deep in the businesses



### Delivering results, developing talent, advancing operational excellence

- Delivered FY2023 and FY2024 savings targets (£14m and £23m, respectively)
- First wave of talent re-entering the business in high-impact roles
- New MBBs and BBs appointed
- Continuous improvement, process enhancement and waste reduction driven from the grass roots

# Acceleration Plan – opportunity to enhance Group-wide productivity and capabilities

## Programme of targeted investment across the Group

- Enhance capabilities and competitiveness
- Deliver end-to-end-process improvement for resilience and scalability over the longer term
- Optimise operational footprint, improve operating leverage and enhance margin

## Accelerate delivery of medium-term financial targets

Processes	<ul style="list-style-type: none"><li>- Invest in core capabilities</li><li>- Process optimisation</li><li>- Selective shared business services</li></ul>		FY2025	FY2026	FY2027
		Cost (£m)	30-35	~30	-
		Capex (£m)	10	-	-
		Benefits (£m)	-	~7	30-35
Property	<ul style="list-style-type: none"><li>- Footprint optimisation review</li></ul>		FY2025	FY2026	FY2027
		Cost (£m)	30-35	~30	-
		Capex (£m)	10	-	-
		Benefits (£m)	-	~7	30-35

- Expect to deliver £30-35m potential annualised benefits in FY2027 and beyond, of which around a quarter is expected in FY2026
- ~£60-65m total cost, over FY2025 and FY2026
- ~£10m additional capex in FY2025
- Below the line treatment

The information in this slide is for discussion purposes only. No decisions have been made at this stage in relation to any potential changes at any Smiths site in any jurisdiction and remain subject to local legislation and appropriate consultation. All numbers stated are potential and approximate – further updates may be required.

# All businesses have a clear roadmap to improve profitability and enhance capability

	GROWTH			EXECUTION		
	Near Term → Medium Term			Near Term → Medium Term		
Medium-term financial target impact	Organic Revenue Growth   Operating Profit Margin			Operating Profit Margin   ROCE   Operating Cash Conversion		
	Core Market Opportunities	Innovation / New Products and Services	Adjacent Growth Opportunities	Operating Margin Improvement potential	SES/ Operational Excellence	Acceleration Plan
	- Efficiency and emissions reduction – industrial processes and energy	- Industrial - Hydrogen - CCUS - Digital-JC Sense	- New sealing solutions and services	- Growth	- Value stream optimisation - Automation	- Footprint optimisation - Shared services - Standardised work & processes
	- Equipment replacement cycles – aviation and other security systems	- Digital solutions - Next-gen chemical detection - X-ray diffraction	- Circular economy	Meaningful: - Growth - Mix - Innovation	- Supply chain optimisation (inventory management/ field service delivery improvement)	- Process improvement - Shared services - Standardised work & processes
	- Recovery in US construction	- New HVAC products - Python line sets - Industrial process heat	- Industrial process heat - Aerospace components	- Growth - Economies of scale from acquisitions	- Improve Overall Equipment Effectiveness (OEE) - 'One Aerospace' - 'One Construction'	- Automation - System improvements
	- Recovery in connectors & semi-test (underway)	- Fibre optics - RF products - Advanced semi-test products	- High speed space - Satellite communications	Meaningful: - Growth - Mix - Innovation	- Manufacturing process innovation and automation	- Footprint optimisation - Go-to-market reconfiguration



# A purpose-based and customer-oriented culture with innovation in its DNA

## Safety

- Committed to maintaining our top quartile performance
- Risk-managed, proactive approach
  - Culture of care
  - Risk reduction
  - Audit and Performance



## Engagement & Inclusion

- Recognition and teamwork
- Our strength is being both global and local
- Inclusive and engaged culture
- Progressive rewards – aligned to performance



## Leadership Development

- Learning environment
- Effective succession pipelines
- Focus on technology leadership

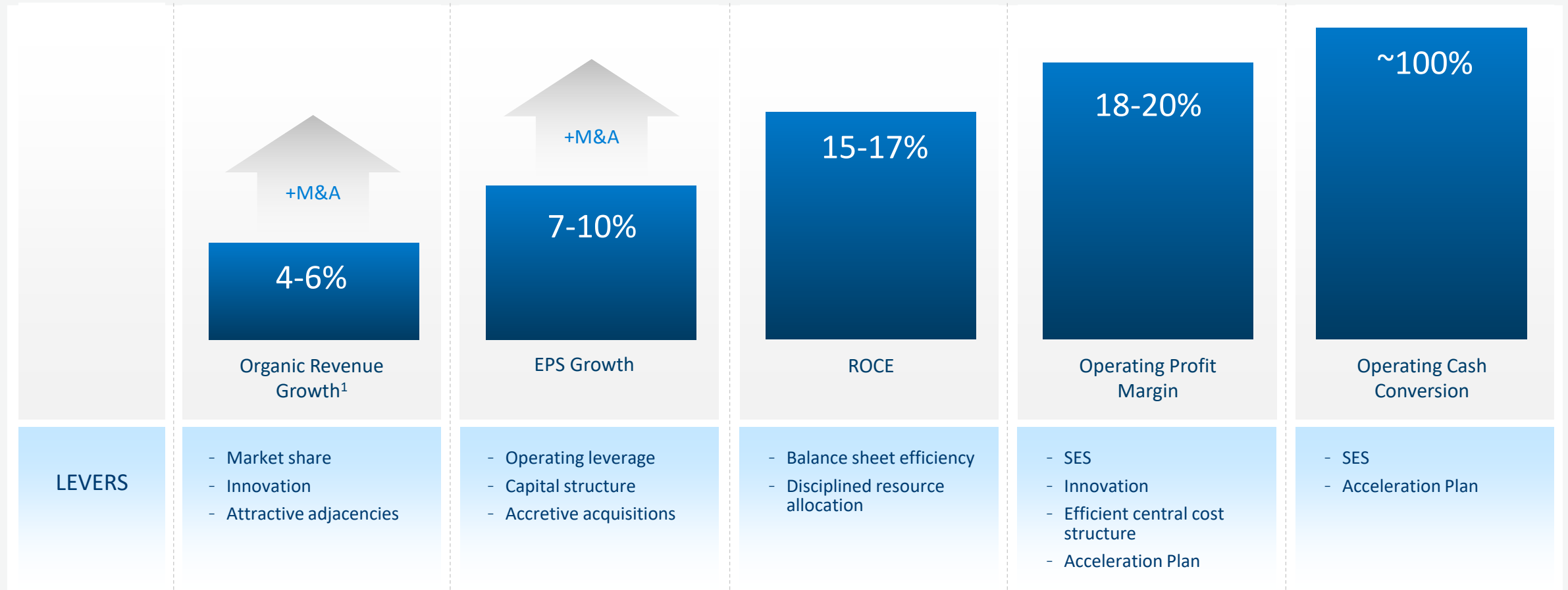


## Sustainability @ Smiths

- Shared customer and supplier commitment to sustainability and doing business the right way
- Improving our world with communities and colleagues
  - investing locally where we work
- Smiths Group Foundation
- Validated external targets (e.g., SBTi)



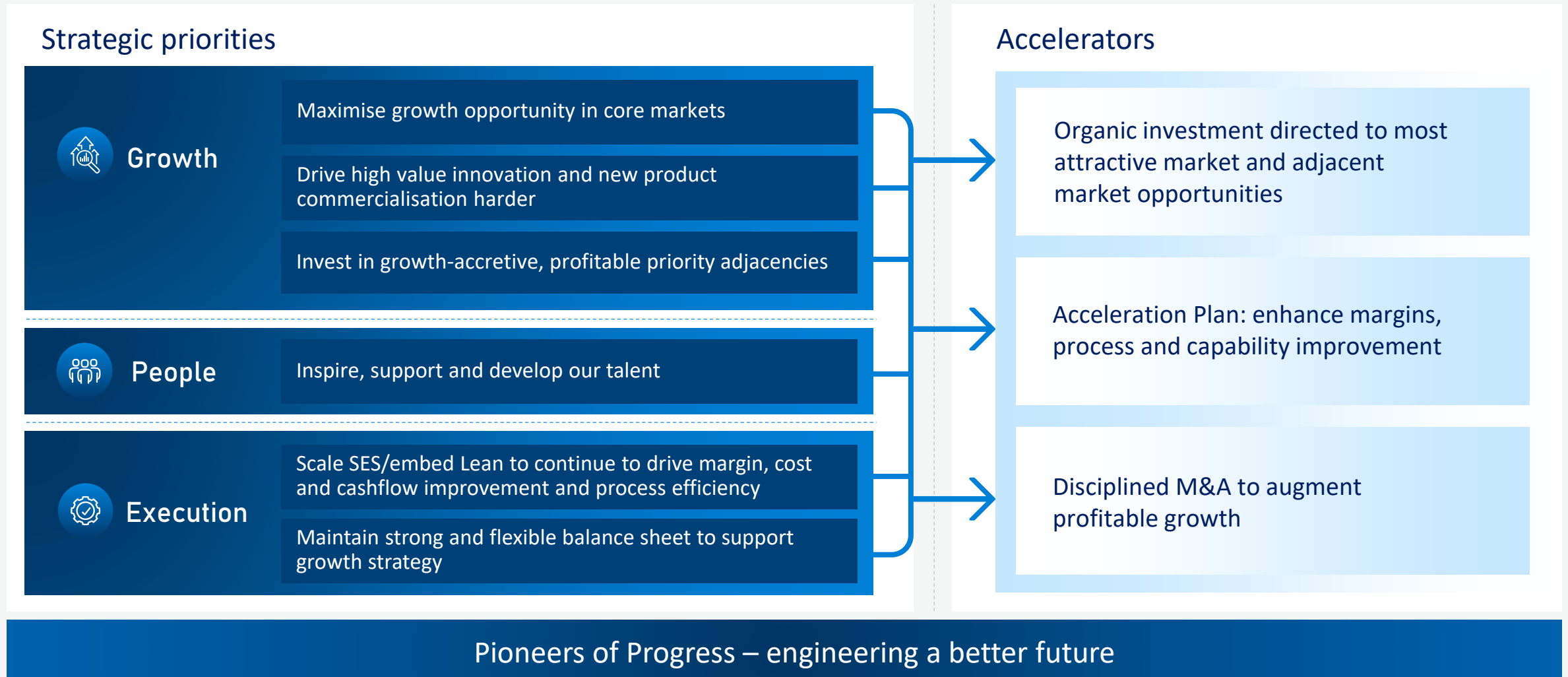
# Re-affirming medium-term financial targets, underpinned by our performance framework



Expect FY2025 organic revenue growth within 4-6% medium-term target, with continued margin expansion

<sup>1</sup> Organic revenue growth excludes the effects of foreign exchange and acquisitions

# Strategy builds on, and out from, solid foundations: clear plan & enhanced execution to increase value



# Appendix

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## Bridge – reported to organic

£m - Smiths Group	FY2023 Headline <sup>1</sup>	Foreign exchange	FY2023 Organic <sup>2</sup>	Organic movement <sup>2</sup>	Acquisitions	FY2024 Headline <sup>1</sup>
John Crane	1,079	(47)	1,032	101		1,133
Smiths Detection	803	(30)	773	86		859
Flex-Tek	768	(28)	740	(6)	52	786
Smiths Interconnect	387	(14)	373	(24)	5	354
<b>Headline revenue</b>	<b>3,037</b>	<b>(119)</b>	<b>2,918</b>	<b>157</b>	<b>57</b>	<b>3,132</b>
John Crane	244	(11)	233	30		263
Smiths Detection	90	(3)	87	15		102
Flex-Tek	149	(6)	143	6	12	161
Smiths Interconnect	62	(2)	60	(11)	(0)	49
Central costs	(44)	1	(43)	(6)		(49)
<b>Headline operating profit</b>	<b>501</b>	<b>(21)</b>	<b>480</b>	<b>34</b>	<b>12</b>	<b>526</b>
John Crane	22.6%		22.6%			23.2%
Smiths Detection	11.2%		11.2%			11.9%
Flex-Tek	19.4%		19.4%			20.5%
Smiths Interconnect	16.0%		16.1%			13.9%
<b>Headline operating margin</b>	<b>16.5%</b>		<b>16.4%</b>			<b>16.8%</b>

<sup>1</sup> Headline excludes non-headline items as defined in note 3 of the financial statements

<sup>2</sup> Organic excludes the effects of foreign exchange and acquisitions



# Income statement

£m	FY2024	FY2023	Reported change
Revenue	3,132	3,037	+3.1%
Headline <sup>1</sup> operating profit	526	501	+5.0%
Amortisation of acquisition related intangible assets	(49)	(52)	
Legacy pension scheme arrangements	(10)	1	
Non-headline litigation provision movements	(21)	(2)	
Restructuring costs	-	(36)	
Irrecoverable VAT on chain export transactions	-	(2)	
Funding of charitable foundation	(1)	-	
Post-transaction gains/(losses), integration costs and fair value adjustment unwind	(30)	(7)	
Total non-headline items	(111)	(98)	
Statutory operating profit	415	403	+3.0%

<sup>1</sup> Headline excludes non-headline items as defined in note 3 of the financial statements

## FX sensitivity







Currency	FY2024 average rate	FY2023 average rate	% change
USD	1.26	1.21	+3.9%
EUR	1.17	1.15	+1.5%

Translation impact	FY2024
Revenue	+£(119)m or (4.2)%
Operating profit	+£(21)m or (4.5)%

- For each \$0.10 move, the annual operating profit impact is ~£22m

- For each €0.10 move, the annual operating profit impact is ~£7m

# Significant sustainability progress

	FY2023	FY2024	FY2022-2024	FY2022-2024 Target	UN Sustainable Development Goals (SDGs)
> LINKED TO REMUNERATION					
Energy efficiency <sup>1</sup>	7.9% improvement	5.9% improvement	n/a	n/a	 7 AFFORDABLE AND CLEAN ENERGY
Normalised Scope 1 & 2 GHG <sup>2</sup> emissions reductions <sup>3</sup>	21% reduction	20% reduction	16.4% CAGR 42% reduction	5% CAGR	 13 CLIMATE ACTION
> OTHER					
Absolute Scope 1 & 2 GHG <sup>2</sup> emissions reductions	11.8% reduction	10.7% reduction	22% reduction	n/a	 13 CLIMATE ACTION
Proportion of electricity from renewable sources	70%	73%	12% increase	5% increase 3Y	 7 AFFORDABLE AND CLEAN ENERGY
Normalised non-recyclable waste <sup>4</sup>	9.8% reduction	0.1% increase	19% reduction	5% reduction 3Y	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Normalised water use in stressed areas <sup>4,5</sup>	13.3% reduction	0.6% increase	17% reduction	5% reduction 3Y	 6 CLEAN WATER AND SANITATION

<sup>1</sup> The energy efficiency ratio is expressed as the MWh energy consumed (excluding renewable electricity produced and consumed onsite), divided by revenue (excluding price growth within the measurement year), and excludes HCP

<sup>2</sup> Scope 1, 2 and 3 GHG emissions calculated in accordance with the WRI/WBCSD Greenhouse Gas Protocol

<sup>3</sup> Normalised for revenue excluding price increases and excluding HCP acquisition

<sup>4</sup> Normalised to reported revenue

<sup>5</sup> Across 10 identified water stressed areas

<sup>6</sup> Year on year reduction in absolute MWh consumed (target depending on revenue)

ENVIRONMENT GOALS		
NET ZERO		
2040	Scope 1 and 2 GHG <sup>2</sup> emissions	
2050	Scope 3 GHG <sup>2</sup> emissions	
FY2025-2027		
2%	Energy reduction <sup>6</sup> in FY2025	
80%	Proportion of electricity coming from renewable sources by FY2027	
17.5%	Reduction in Absolute Scope 1 & 2 GHG <sup>2</sup> by FY2027	
40%	Supplier spend on EcoVadis	Supplier engagement by FY2027
25%	Supplier spend committed to SBTi	Supplier engagement Scope 3 <sup>2</sup> by FY2027