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CREATING THE FUTURE

CAPITAL MARKETS DAY / 6 DECEMBER 2017

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ANDY REYNOLDS SMITH

CHIEF EXECUTIVE

WHAT IT MEANS TO BE SMITHS

LEADING POSITIONS IN ATTRACTIVE MARKETS

STRONG OPERATIONAL PERFORMANCE

STRONG FINANCIAL PERFORMANCE

TARGETING

EXECUTION

FINANCIAL DISCIPLINE

STRONG GROWTH & RETURNS

A HIGH PERFORMING, DIVERSIFIED TECHNOLOGY COMPANY

CREATING THE FUTURE OF SMITHS

2016	2017	**2018**	2019	AMBITION
A NEW DIRECTION	SIGNIFICANT PROGRESS	**RETURN TO GROWTH**	SUSTAINABLE GROWTH	OUTPERFORMING OUR CHOSEN MARKETS

A SMITHS BUSINESS

TARGETED IN GROWING MARKETS

MEDICAL TECHNOLOGY

- Market growth: 3-4%[1]
- Smiths Medical; Smiths Interconnect; Flex -Tek

SECURITY & DEFENCE

- Market growth: 4-6%[2]
- Smiths Detection; Smiths Interconnect

GENERAL INDUSTRIAL

- Market growth: GDP+
- John Crane; Smiths Interconnect; Flex-Tek

OIL & GAS

- Market growth: 1-2%[3]
- John Crane

SPACE & COMMERCIAL AEROSPACE

- Market growth: 4-6%[4]
- Flex-Tek; Smiths Interconnect

OVERALL MARKET GROWTH RATE: 3-4%

Source:
(1) Health Research International 2016; BMI 2017; McKinsey analysis
(2) IHS Markit; Frost & Sullivan; Markets and Markets; Smiths Detection analysis
(3) BP Energy Outlook 2017
(4) Bishop Report, Markets and Markets, Boeing Current Market Outlook (2017-2036)

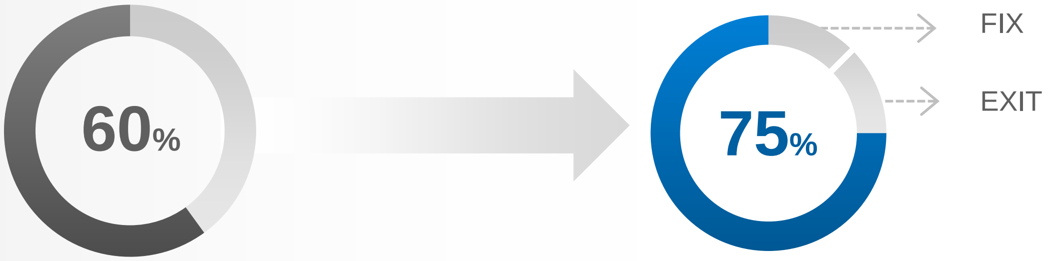
TOP 3 LEADERSHIP IN TARGETED MARKET SEGMENTS

MARKET ATTRACTIVENESS

- Size
- Growth
- Segment profitability
- Competitor landscape

COMPETITIVE POSITION

- Relative market share
- Relative growth
- Relative profitability



MEDICAL TECHNOLOGY

- Infusion systems
- Vascular access
- Vital care

SECURITY & DEFENCE

- Air transportation
- Ports and borders
- Military
- Urban security

GENERAL INDUSTRIAL

- Pharma
- Chemical
- Processing
- Rail
- Semiconductor test
- Construction

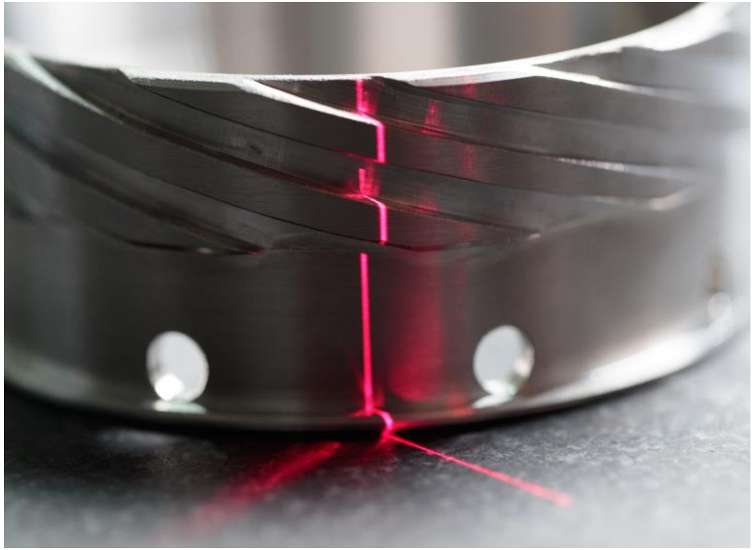
OIL & GAS

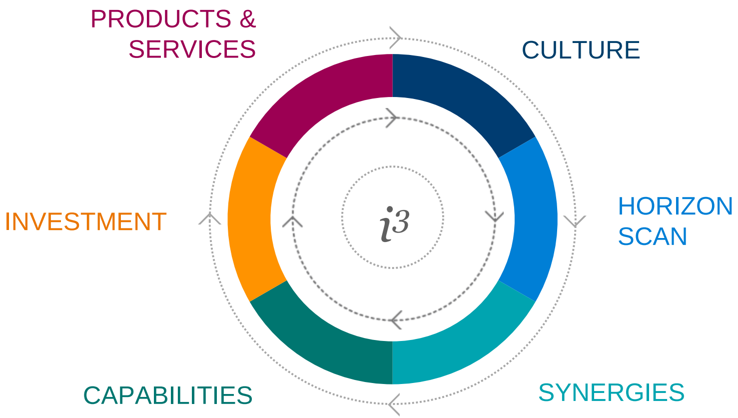
- Oil refineries
- Gas processing
- Pipelines

SPACE & COMMERCIAL AEROSPACE

- Aircraft
- Satellites

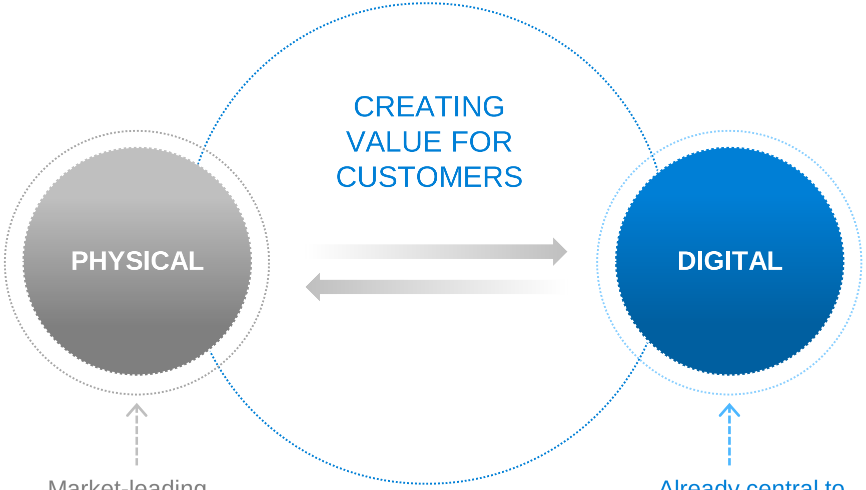
TECHNOLOGY DIFFERENTIATION





TARGETING R&D INVESTMENT 5% SALES + AND INCREASING VITALITY

INCREASING DIGITISATION



Market-leading installed base

COMPETITIVE ADVANTAGE

Already central to many Smiths products

CORE COMPETENCIES

- AI & MACHINE LEARNING
- DATA ANALYTICS
- CONNECTIVITY
- DATA SECURITY

DEFINING FUTURE BUSINESS MODELS

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HIGH PROPORTION OF AFTERMARKET AND SERVICES

ATTRACTIVENESS

- CUSTOMER INTIMACY
- PROFITABLE
- SUSTAINABLE
- TECHNOLOGY DIFFERENTIATION

GROWTH DRIVERS

- SELLING INTEGRATED SOLUTIONS
- PREDICTIVE DIAGNOSTICS
- PROPRIETARY CONSUMABLES
- HARDWARE SPECIFIC SOFTWARE

TARGETING AFTERMARKET SALES 60%+

SUSTAINABLY COMPETITIVE AND ASSET LIGHT

A CULTURE OF CONTINUOUS IMPROVEMENT – SPEED AND EFFICIENCY

- Shared operating model to deliver world-class competitiveness
  - Faster product development
  - ~ 6x stock turns
  - ~20% working capital % sales
  - Robust program execution
- Aligned incentives
- Attracting, retaining, inspiring the best people

ASSET LIGHT

- Focused on value added activities
- Flexibility

ATTRACTIVE, SUSTAINABLE MARGINS AND RETURNS

PARALLEL PATH

2016	2017	Medium term

HIGH GRADING THE BUSINESSES

60%	75%	85%

RISK OF EXECUTION

PORTFOLIO PRIORITISATION

CAPITAL ALLOCATION DECISIONS

RISK ASSESSMENT

A WORLD LEADING TECHNOLOGY COMPANY

A WORLD LEADING TECHNOLOGY COMPANY

KEY PRIORITIES

- Organic growth above markets
- Strong margins
- Accelerated intensity in disciplined capital deployment
- Merging leading physical positions with digital

STRATEGY

- Innovation driving sustainable growth and competitive differentiation
- World class operational execution
- The best people and leadership globally
- Portfolio high grading for growth and capability

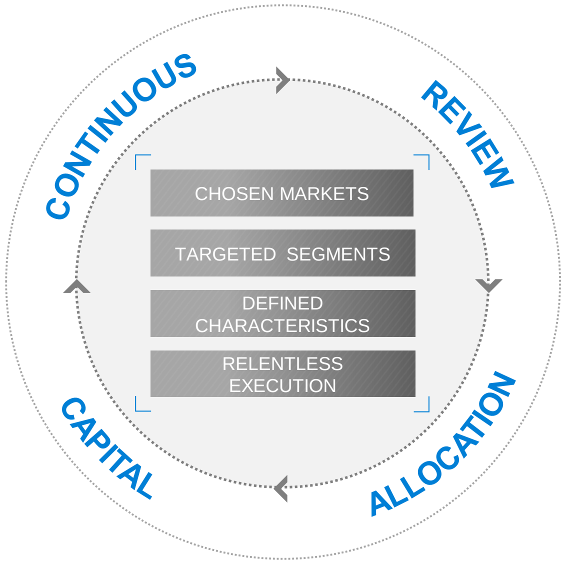
OPERATIONAL EXCELLENCE

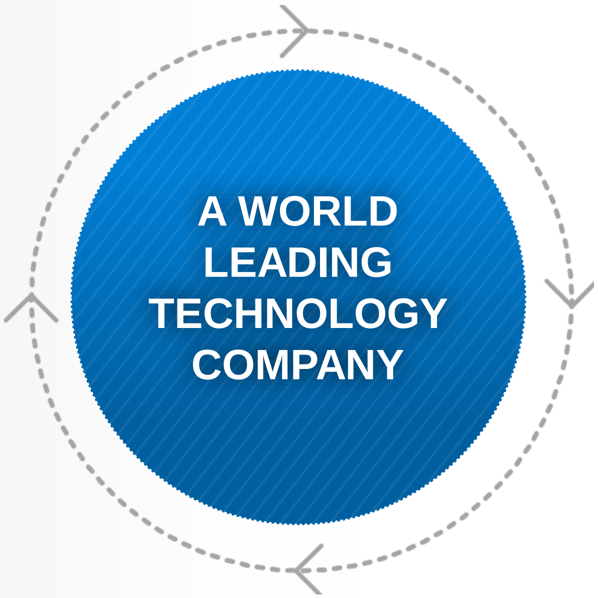
- One Smiths Excellence System driving relentless continuous improvement, consistent execution and the ability to extract maximum value

STRONG FINANCIAL FRAMEWORK

- Outperforming our chosen markets
- Margin 18-20% in the short term with ROCE of 16%-18%
- Strong cash generation of 100%+ and balance sheet strength

CREATING THE FUTURE OF SMITHS





SUSTAINABLE GROWTH AND ATTRACTIVE RETURNS

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MEASURING OUR SUCCESS

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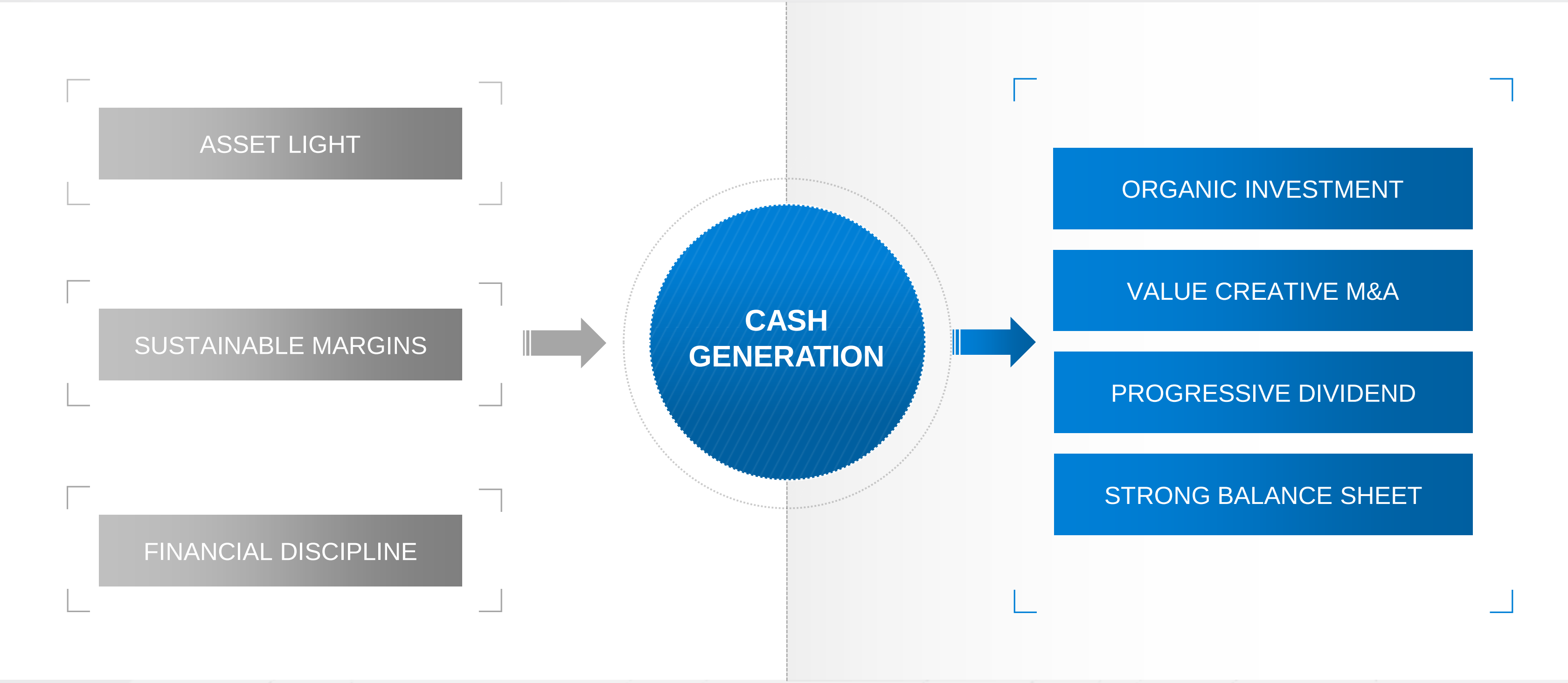
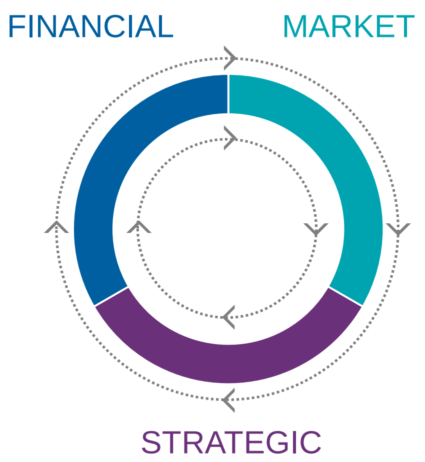
BILL SEEGER

CHIEF FINANCIAL OFFICER

FINANCIAL FRAMEWORK



CAPITAL ALLOCATION CRITERIA



MARKET
- Long term growth
- Role of technology
- Aftermarket potential
- Geographic coverage
- Regulation impact
- Cyclicality

STRATEGIC
- Competitive landscape
- Barriers to entry
- Category leadership
- Talent development
- Product differentiation
- Core vs adjacencies

FINANCIAL
- Growth
- Return
- Cash payback
- Risk profile
- Capital intensity
- Synergy – cost and revenue

ALIGNED WITH THE CHARACTERISTICS OF A SMITHS BUSINESS

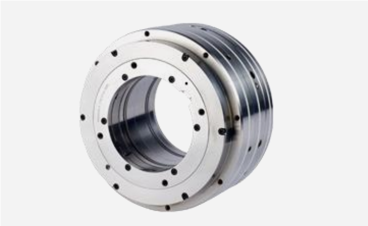
ORGANIC INVESTMENTS

CORSYS™

CADD®
SOLIS NCS

VOLTA

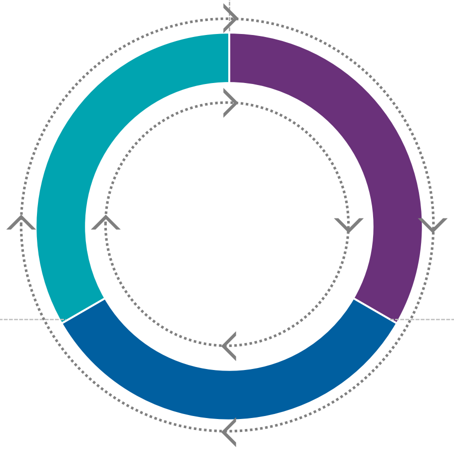
AURA™ SEAL



CASE STUDY: MORPHO ACQUISITION

MARKET

- Attractive growing market
- Consolidated industry
- Developing technology
- Upgrade cycle in Europe
- Regulation knowledge



STRATEGIC

- Product and market complementary
- Aftermarket opportunity
- Talent development
- Economies of scale

FINANCIAL

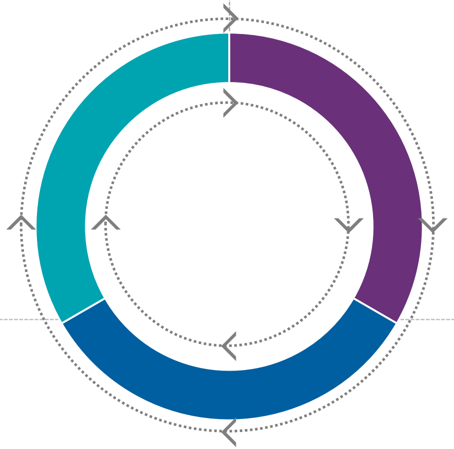
- Accelerates growth
- Strong cost synergies
- Positive to EPS
- IRR > WACC

CASE STUDY: WALLACE DIVESTITURE

MARKET

KEEP - Market leading position

EXIT
- **Niche sub-segment**
- **Narrow product range**
- **Increasing competition**



STRATEGIC

KEEP - Brand

EXIT
- **Required investment**
- **Lacked synergies with Medical**
- **Limited product pipeline**

FINANCIAL

KEEP - Attractive margins

EXIT - **Cash for investment**

MEDIUM TERM AMBITION

OPERATIONAL PERFORMANCE

Competitive position	Top 3
R&D % sales	5-6%
Vitality index	~20%
Stock turns	~6x
Aftermarket %	60%+

FINANCIAL PERFORMANCE

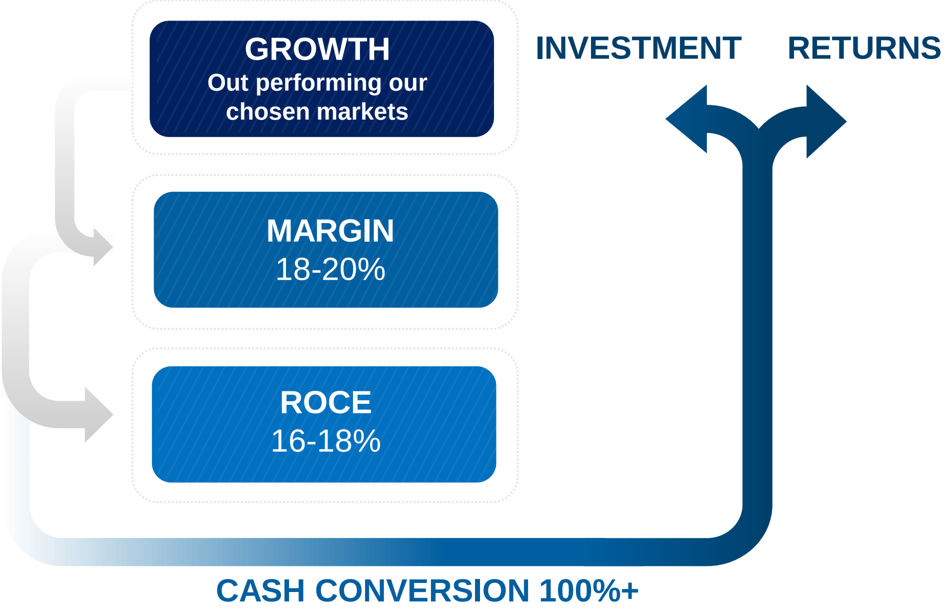
Organic revenue growth	Outperforming our chosen markets
Operating margin	18-20%
ROCE	16-18%
WC % sales	~20%
Cash conversion	100%+

A WORLD LEADING TECHNOLOGY COMPANY

Outperforming our chosen markets

Achieving world-class competitiveness

Strong financial framework



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SMITHS DETECTION

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RICHARD INGRAM

PRESIDENT - SMITHS DETECTION

DETECTION DRIVING GROWTH

STRONG LONG-TERM GROWTH MARKETS

- Evolving threat environment
    - Regulatory response
- Growing number of passengers
- Globalisation of trade
- Re-capitalisation cycles

SMITHS DETECTION IS WELL-POSITIONED

- Global market leader
- Total integrated solutions provider
- Morpho acquisition
    - Unrivalled R&D capability
    - Aftermarket content
- Technology differentiation

DETECTION MARKETS

		Market size (2016)	Market growth CAGR 2017-2022	CHARACTERISTICS: Technology differentiation	Increasing digitisation	Aftermarket
58%*	AIR TRANSPORTATION	£1.4bn	6%	◕	◑	◕
13%*	PORTS & BORDERS	£0.9bn	5%	◑	◕	◕
8%*	MILITARY	£0.4bn	5%	◕	◔	◔
21%*	URBAN SECURITY	£0.9bn	4%	◑	◑	◕
		£3.6bn	**4-6%**	>50% of revenue from repeatable sources		

** Pro forma (includes 12 months of Morpho Detection ownership)*

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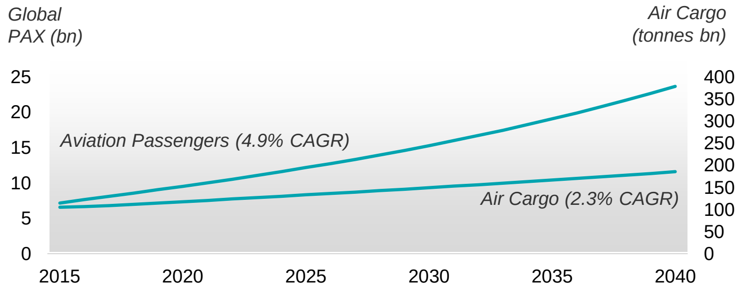
Source: Smiths Detection analysis; IHSJanes; Frost & Sullivan; MarketsandMarkets

AIR TRANSPORTATION:
GROWTH DRIVERS AND COMPETITIVE LANDSCAPE



COMPETITIVE LANDSCAPE	HOLD BAGGAGE	CHECKPOINT
Smiths Detection	◕	◕
Rapiscan	◑	◕
Nuctech	◑	◑
L-3 SDS	◕	◕
Leidos/Reveal	◑	○

VOLUME GROWTH IS GDP+

DEMAND GROWTH DRIVERS

- GDP/capita expansion and growing urbanisation
- Global trade and e-commerce

HOLD BAGGAGE UPGRADE CYCLE

- c.40% upgrade to CT completed in Europe, remainder to be completed by 2022
- US/RoW: no fixed cycle

OVERALL R&D SCALE AND SPECIFIC AVIATION CAPABILITY

MORPHO ACQUISITION IMPROVES MARKET POSITION

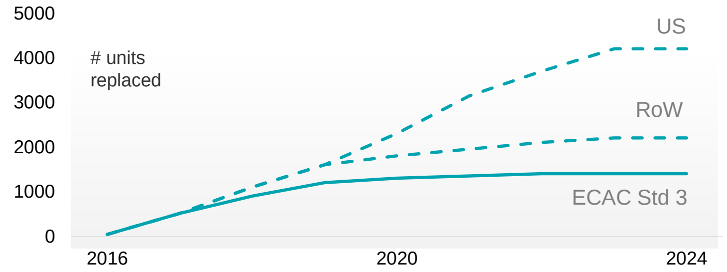
- US hold baggage market
- Complementary CT capability
- Predictive maintenance and diagnostic tool – CORAL ®

Leading position in long-term growth markets

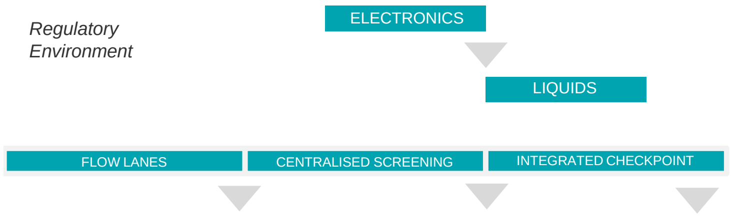
Source: ACI, IATA, Boeing

AIR TRANSPORTATION: INNOVATION AND CYCLE

HOLD BAGGAGE

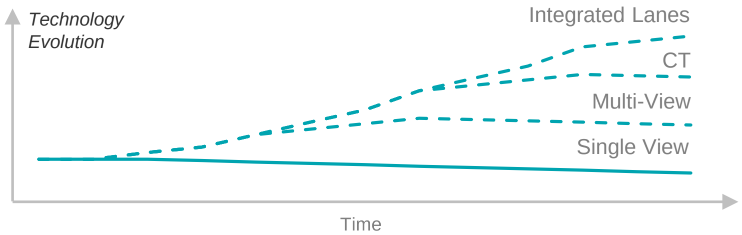


CHECKPOINT



CUSTOMER-NEED DRIVEN SEGMENTATION

- Strong product portfolio
- Unrivalled service network
- Software-driven service solutions (e.g. Coral) and digital upgrades reduce total cost of ownership



Maintained market share through early phase of EU Std 3 re-capitalisation

- CTiX launch 2018 followed by lower cost next-generation
- i-Lane solutions to drive operational efficiency

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Source: Smiths Detection analysis

MORPHO INTEGRATION

SUPPORTS FUTURE GROWTH

- Improved commercial positioning
- New structure in place and business processes re-designed
- Combined technology roadmap: focus and remove overlap
- Common aftermarket processes and cross-train engineers

SYNERGIES ON TRACK

- Footprint rationalisation to rebalance manufacturing sites
- Remove overlaps and duplication of effort

Well-positioned to benefit from global aviation market growth

PORTS & BORDERS

Width of line = Illustrative Trade Volumes

GROWTH DRIVERS

- Seaborne trade volume more than doubles 2010 - 2030
- Traditional East-West trading patterns are being replaced with increased intra-regional trade East-East
- Ports & Borders are potential terrorist targets and an entry point for terrorists

New and replacement market

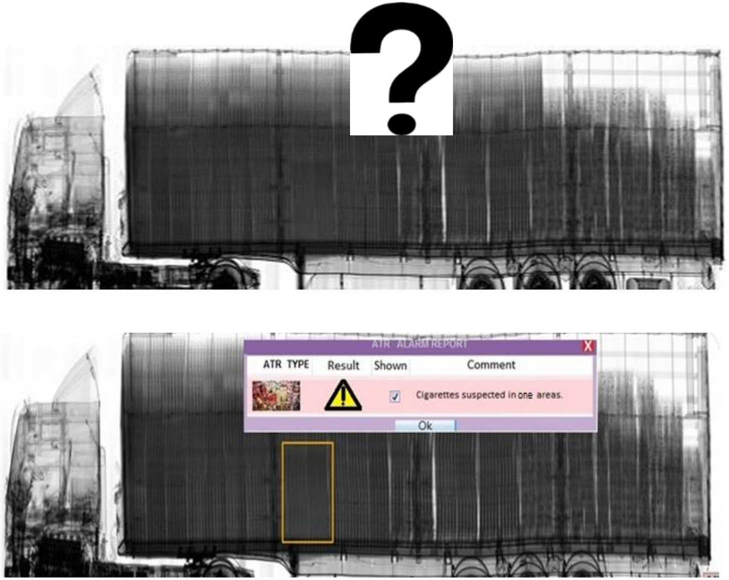
SMITHS DETECTION

- Focused investment in mobile and portal hardware
  - Highest future demand
  - Software enhancements to the installed base
- Improve end-to-end customs screening process
  - Digital solutions to enhance physical screening performance (image analysis)
  - Digital systems to improve pre-screening decision making processes

Digitisation of ports - opportunity for security upgrades

Source: Qinetiq/Lloyd's Register/Frost & Sullivan

PORTS & BORDERS



CORSYS™

Single-window intelligent security operations

Case Creation
Utilizing Blockchain to encrypt each target's data security

Profiler
Leveraging advanced machine learning to drive efficiency

Additional Screening
Creating a smarter level of physical screening

Machine Learning
Advanced analytics to drive intelligence for 100% inspection

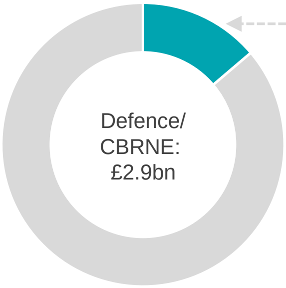
Decision Centre
Turning data into information through augmented intelligence

Dashboard Analytics
Real-time metrics drives real-time knowledge

iC More: image enhancement to improve screening efficiency

CORSYS: radical improvement in pre-screening decision making

MILITARY



CHEMICAL WARFARE AGENT DETECTION: £0.4bn

Smiths Detection addresses only niche segments of the defence CBRNE market

BUSINESS CHARACTERISTICS

- Key Customers: US DoD, UK MoD and NATO allies
- Technical expertise
- Owned/controlled IP
- High R&D investment with funding support
- Limited competition

SMITHS DETECTION

- Invest in DoD programmes of record
  - Next generation development in investment phase 2015-2020 ahead of new procurement cycle from 2022 onwards
- Exploit existing technology to develop variants
  - Extends “sunset” phase of key programmes
  - Funds next investment cycle
- Explore adjacencies which use/licence core IP

Source: Smiths Detection analysis; IHSJanes, Frost & Sullivan; MarketsandMarkets

URBAN SECURITY

HIGH SECURITY FACILITIES	EVENTS & VENUES	MASS TRANSIT HUBS	PUBLIC AREAS

GROWTH DRIVERS

- Growing urbanisation
- Increasing threat environment and need to protect - or be seen to protect - people and assets
- Possible regulation

SMITHS DETECTION

- Mass Transit - especially in China
- Securing mass gatherings / open spaces
- Developing Smiths Detection response to the Safe Cities concept
- Urban Security as a testing ground for new technology

Fragmented and event-driven

Partner with key customers and expand route to market

CREATING THE FUTURE: SMITHS DETECTION

TECHNOLOGY DIFFERENTIATION

- Unrivalled R&D capability
- Integrated solutions

INCREASING DIGITISATION

- Software and digital solutions deliver revenue growth with enhanced margins and low working capital requirement

GROWING MARKET 4-6%

HIGH PROPORTION OF AFTERMARKET AND SERVICES

- Aftermarket revenues are repeatable and predictable (quality of earnings)

SUSTAINABLY COMPETITIVE AND ASSET LIGHT

- Track record of driving competitiveness
- SES powering continuous improvement

SMITHS MEDICAL

CAPITAL MARKETS DAY / 6 DECEMBER 2017

CHRIS HOLMES

PRESIDENT - SMITHS MEDICAL

MEDICAL DEVICE INDUSTRY OVERVIEW

AN ATTRACTIVE MARKET WITH STRONG GROWTH DRIVERS

	% revenue	Market size: Served market	Market size: Total market	Products
Infusion systems	32%	£1.5bn	£20bn	Ambulatory and syringe infusion pumps, PharmGuard software, disposables, gravity infusion sets, epidural and spinal anaesthesia disposable products
Vascular access	33%	£3.3bn	£5.5bn	PIVC catheters, central venous catheters, ports & cannulas, intravenous pressure monitoring systems, arterial blood gas sampling, blood draw, sharps safety needles
Vital care	35%	£1.7bn	£5.0bn	Airway management products, tracheostomy tubes and kits, anaesthesia intubation, breathing circuits and masks, temperature management, convective and fluid warmers
		£6.5bn	**£30.5bn**	

GROWTH DRIVERS

- **Expansion of developing markets**
- **Ageing populations**
- Increase in personalised medicine and patient expectation/quality of life
- Rise of chronic diseases
- **Increasing need for connected systems and data analytics**
- **Growth of alternate site and home-based healthcare**
- **Innovation**

WHERE WE HAVE COMPETITIVE STRENGTHS

WE'LL LEVERAGE THESE STRENGTHS AS WE INTRODUCE A STRONG NEW PRODUCT PIPELINE

- **Trusted brands and quality products**
- **82% of revenue is from single-use devices** used in everyday hospital procedures
- **Proprietary consumables**
- **Strong relationship** with both Integrated Delivery Networks (IDN's) and non-governmental organizations (NGO's)
- **Strong, defensible intellectual property**
- Clinically relevant R&D
- Experience of regulatory approval process

In >95% of the top US hospitals

Strong presence with GPOs / IDNs / tenders

Supplier to healthcare systems globally

Strong relationships with major distributors

WINNING TAKES CATEGORY LEADERSHIP MORE THAN PORTFOLIO BREADTH

WE'RE MAKING THE CHANGES REQUIRED TO REVITALISE THE BUSINESS AND DRIVE GROWTH

- **Leadership within categories is more important than scale across categories,** and will drive advantaged performance & results.
- Achieving category leadership in **Infusion Systems** is key to our strategy
  - Smiths is well positioned today and has premium products in our new product pipeline
- Appropriate category leadership in Vascular Access and Vital Care builds **targeted growth investments and differentiated technology**
- To win, we must support customers in their move towards **value based healthcare**

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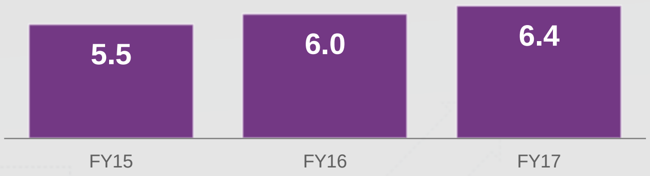
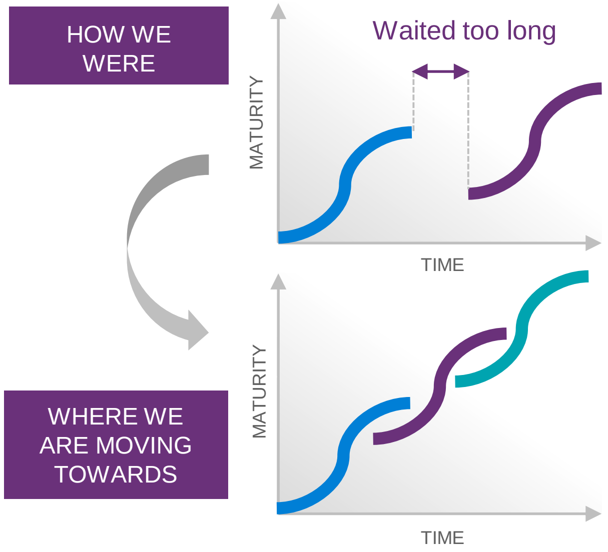
INCREASED R&D INVESTMENT IS DRIVING A NEW FUTURE

WE ARE FOCUSED ON DELIVERING RESULTS AND INTRODUCING INNOVATIVE NEW PRODUCTS ACROSS THE PORTFOLIO

- **Investing smarter in Research & Development each year**
- **Development of innovative, commercially focused products**
- Internal processes have been improved for **enhanced execution**:
  - Simpler Class II devices, 2-3 years
  - More complex devices, 3-5 years
  - Added fast cycle changes, 3 months

R&D AS % OF SALES





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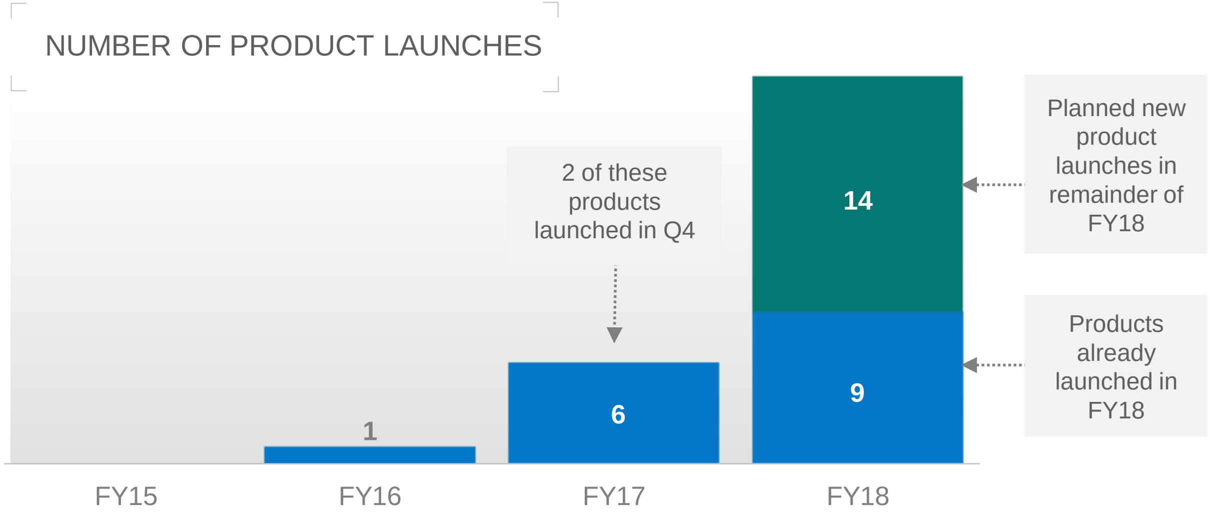
ROBUST PIPELINE OF NEW PRODUCT INTRODUCTIONS

SUBSTANTIAL PRODUCTS THAT ARE ALIGNED WITH INDUSTRY TRENDS AND INNOVATIONS

50%

We will refresh 50% of our current product portfolio over the next few years



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PRODUCT LAUNCHES

MARKET KNOWLEDGE OF WHAT IS VALUED BY CUSTOMERS AND HOW TO GET THERE

RECENT LAUNCHES

AMBULATORY INFUSION

- £0.4bn market
- We are a leading player

ENHANCED DIGITAL AND INFORMATION SECURITY CAPABILITIES

smiths medical
cadd

VASCULAR ACCESS

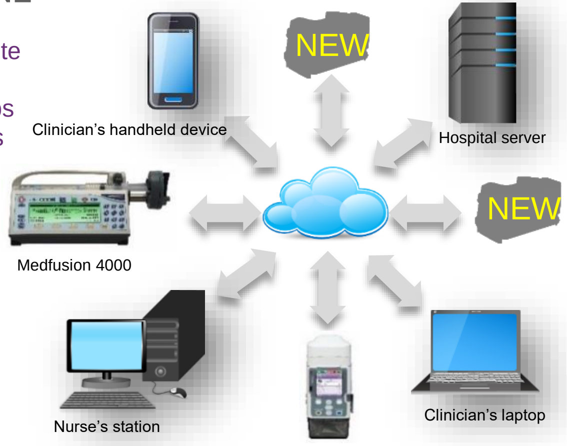
- £3.3bn market
- We are one of the top 3 manufacturers

DIFFERENTIATED TECHNOLOGY DEVELOPMENTS

smiths medical
medex

IN THE PIPELINE

Comprehensive suite of connected interoperable pumps for hospitals, clinics and homes



Served Infusion market will expand from £1.5bn to £2.4bn

RESHAPING OUR PORTFOLIO TO HIGHER GROWTH SEGMENTS

MOVING TO THE BEST OPPORTUNITIES TO ENHANCE FUTURE GROWTH

TARGET ADJACENCIES

- Complementary growth technologies
- Key category gaps
- High growth segments

Infusion Systems
- Large volume infusion
- Non-acute ambulatory
- Disposable pumps

Vascular Access
- Hybrid solutions
- Solving real problems
- Advanced coatings

Vital Care
- Clinical effectiveness
- Chronic respiratory
- Airway management

STRONG RELATIONSHIPS WITH KEY CUSTOMERS AND STAKEHOLDERS

THE RIGHT CONNECTIONS IN THE RIGHT PLACES TO MAKE A DIFFERENCE

SALES CHANNELS		RELATIONSHIP MAP WITH KEY STAKEHOLDERS		
		Corporate Account Manager	Distributor Business Manager	Account Manager
Hospital Acute Care (80% of sales)	• Intensive Care • Anesthesiology • Respiratory therapy • NICU/PICU • Emergency room	Group Purchasing Organisations or Purchasing Entities; Integrated Delivery Networks	Distributors	Hospitals
Non-Acute Care (15% of sales)	• Clinics • Homecare providers • Surgery centers • First responders • Home infusion providers	Group Purchasing Organisations or Purchasing Entities	Distributors	Various care settings clinics, surgery centers, etc.
OEM (5% of sales)	• Pharmaceutical companies • Industry manufacturers • Kit packers		Distributors; B2B	

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SALES FORCE EFFECTIVENESS EVOLUTION

MONITORING EFFECTIVENESS AND MAKING THE REQUIRED ADJUSTMENTS

ROBUST SALESFORCE ACROSS REGIONS

Conventional sales structure
- Regional
- Call point

Clinical Support

Corporate & Key Accounts

Software, Service & Repair

CONTINUOUS MONITORING OF RESULTS & EFFECTIVENESS

Performance results

Rankings

Sales Funnel Health

Training Scores
- Initial knowledge
- Retention

COMPREHENSIVE SALES TRAINING PROGRAMS

Content
- Product Knowledge
- New Products

Skills
- Effectiveness
- Personal Development

CREATING THE FUTURE: SMITHS MEDICAL

TECHNOLOGY DIFFERENTIATION

- Proactive product life cycle
- Increase customer intimacy
- Drive value to providers and clinicians

INCREASING DIGITISATION

- Connected systems
- Operating systems interactions
- Data analytics

GROWING MARKET 3-4%*

HIGH PROPORTION OF AFTERMARKET AND SERVICES

- High value and differentiated consumables
- Stream of software-enabled features

SUSTAINABLY COMPETITIVE AND ASSET LIGHT

- SES powering continuous improvement
- Improved manufacturing technology
- Changing processes to the speed of the customer

**Source: Health Research International 2016; BMI 2017; McKinsey analysis*


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SMITHS INTERCONNECT
CAPITAL MARKETS DAY / 6 DECEMBER 2017


KAREN BOMBA
PRESIDENT -
SMITHS INTERCONNECT

INTERCONNECT – 2017

FOCUS → CHANGE → PREPARE

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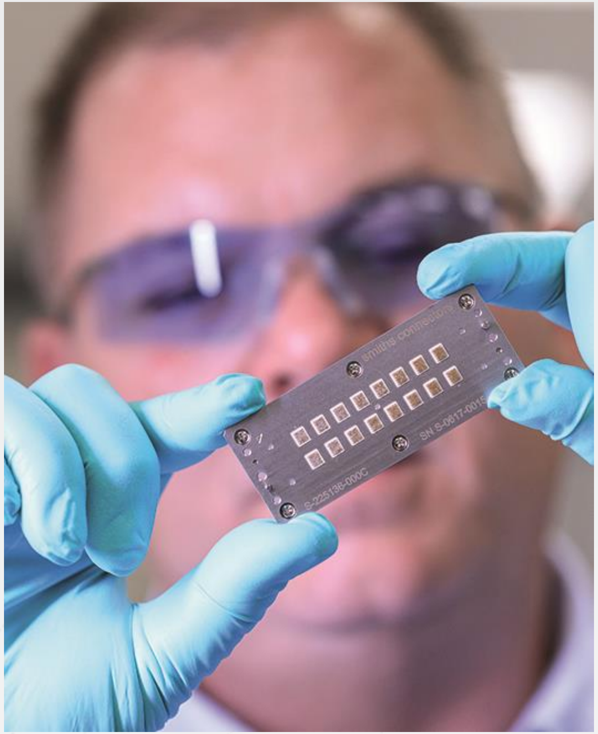
POSITION FOR GROWTH

SIX FOCUS MARKETS

- With higher growth profile
- Where our enabling technologies drive differentiation
- Where Tech-Seekers and Tech-Partners are market leaders

TACTICS

- Transition to functional professionalised organisation
- Implement Key Account Management
- Rationalise distribution channel
- Invest in enabling technologies
- Focus on execution excellence



INTERCONNECT APPLICATIONS WITHIN 6 FOCUS MARKETS

COMMERCIAL AEROSPACE

£660m served market

- Avionics equipment
- Engine systems
- Power distribution
- SATCOM connectivity

MEDICAL

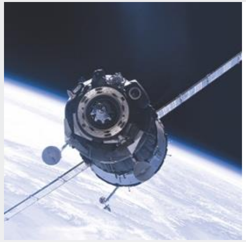
£640m served market

- Surgical and monitoring systems
- Imaging systems
- Disposables

DEFENCE

£1.7bn served market

- Radar
- Electronic warfare
- Intelligence, surveillance & reconnaissance
- Communications



SPACE

£460m served market

- GEO/MEO satellites
- LEO satellites
- Launchers
- Manned space flight
- Ground support equipment

SEMICONDUCTOR TEST

£270m served market

- Electronics testing
- Automotive testing
- Telecommunications

RAIL

£135m served market

- Rolling stock
- Signaling
- Infrastructures

STRATEGY VALIDATED

FOCUS ON 6 VERTICAL MARKETS

- Divested businesses impact: ROCE, revenue & margin growth improvement in retained business versus prior perimeter (FY16 v FY17)

TECHNOLOGY-SEEKERS/ TECHNOLOGY-PARTNERS

- KAM

CHANNEL RATIONALISATION

- Decreased number of distributors from 114 to 56 – significantly reducing complexity of the indirect channel

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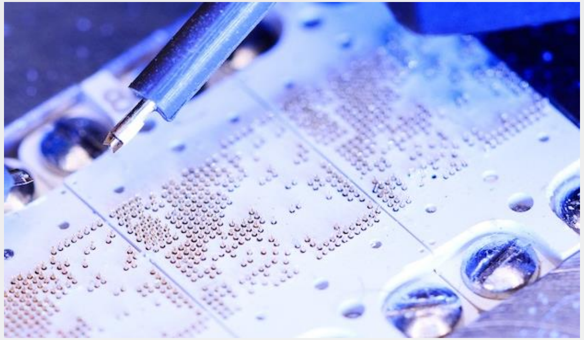
EXECUTION DELIVERING RESULTS

GLOBAL ORGANISATION STRUCTURE AROUND FUNCTIONS REDUCED COMPLEXITY AND PROFESSIONALISED

- Footprint from 28 to 23 sites
- Selling full suite of Interconnect products
- Operational excellence: 30% reduction in suppliers
- Engineering talents redirected to key projects globally rather than locally

INCREASED INVESTMENT IN R&D - DRIVE NEW TECHNOLOGY AND PRODUCTS FOR THE FUTURE

- Spend into next generation and transformational programs
- Focus on Vitality
- R&D investment at c. 6% of revenue
- Standing up an independent enabling technology organisation

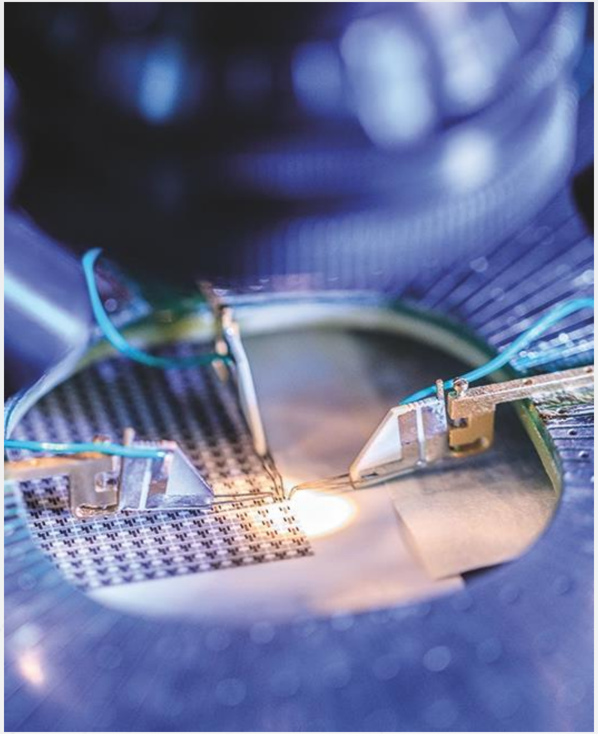


New product launch: VOLTA with increased performance and efficiency, quick installation and easy maintenance

FUTURE

- Viewed as a partner of choice – making the way possible
  - Aviation, Defence, Space, Medical, Rail, and Semiconductor Test markets
  - Solutions for high speed, secure connectivity in demanding applications
- Increase vitality index
  - 50% of R&D spend in next generation and transformational programs
- Expand Served Addressable Market
- Grow revenue from focus markets >90%
- Strengthen Asian presence

SIGNED MOU FOR A JOINT VENTURE WITH HUAFENG IN CHINA



CREATING THE FUTURE: SMITHS INTERCONNECT

TECHNOLOGY DIFFERENTIATION

- R&D focused on next generation and transformative innovation
- Technology partner customers
- Customer intimacy (KAMs)

INCREASING DIGITISATION

- An enabler of digitisation across industries
- Solutions for high speed, secure connectivity in demanding applications

GROWING MARKET 3-4%

HIGH PROPORTION OF AFTERMARKET AND SERVICES

- Recurring revenues in high technology refresh markets

SUSTAINABLY COMPETITIVE AND ASSET LIGHT

- Development and production in region for region
- SES powering continuous improvement

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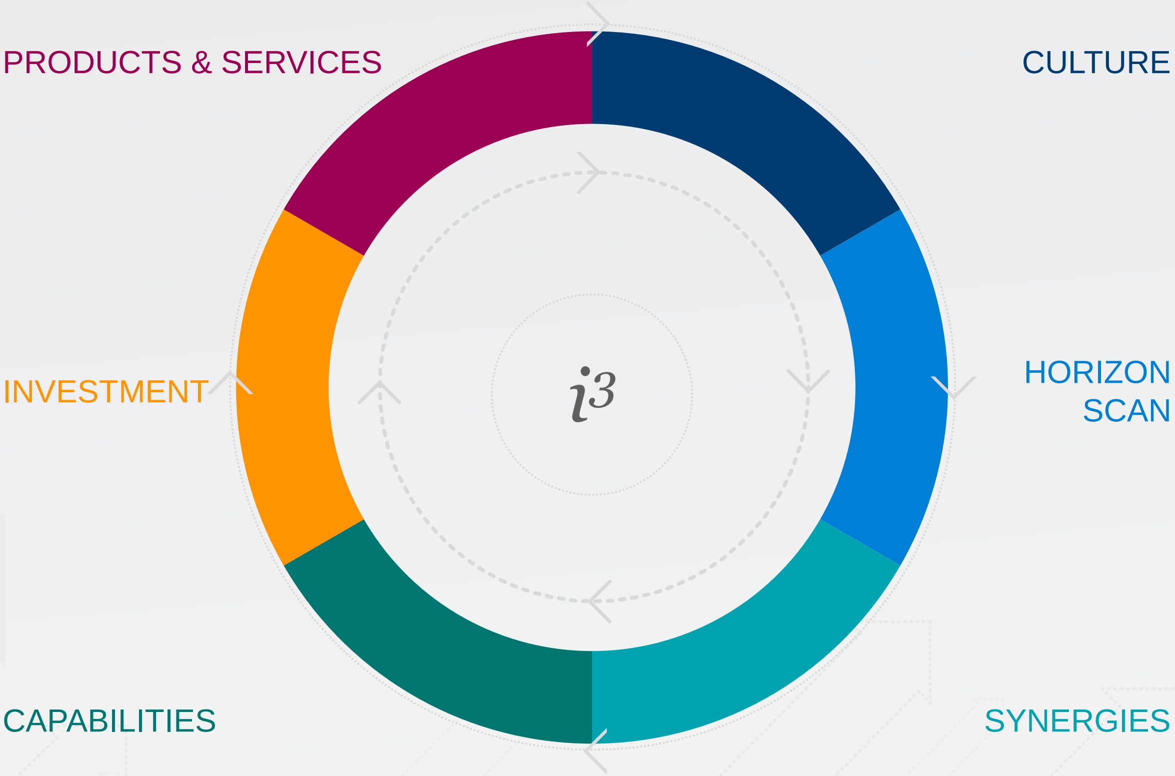
SMITHS INNOVATION i^3

CAPITAL MARKETS DAY / 6 DECEMBER 2017

KEIR BOXSHALL

HEAD OF INNOVATION

i3 THE SMITHS GROUP INNOVATION FRAMEWORK



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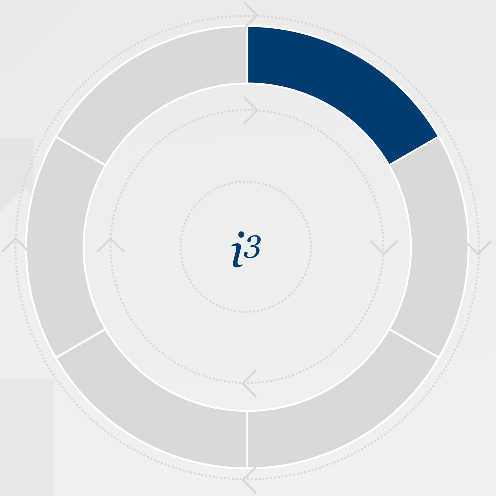
i3 THE SMITHS GROUP INNOVATION FRAMEWORK

CULTURE



- INNOVATIVE
- CUSTOMER CENTRIC
- COLLABORATIVE

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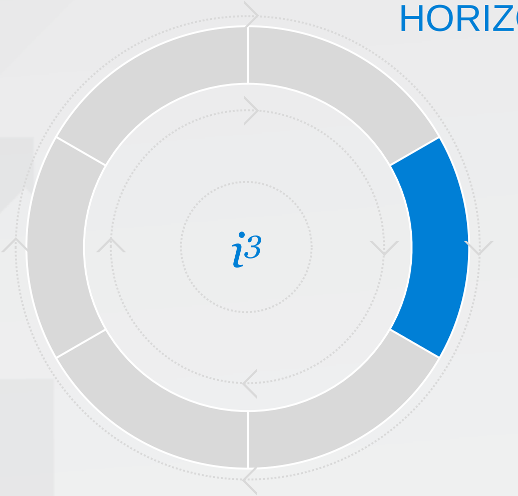
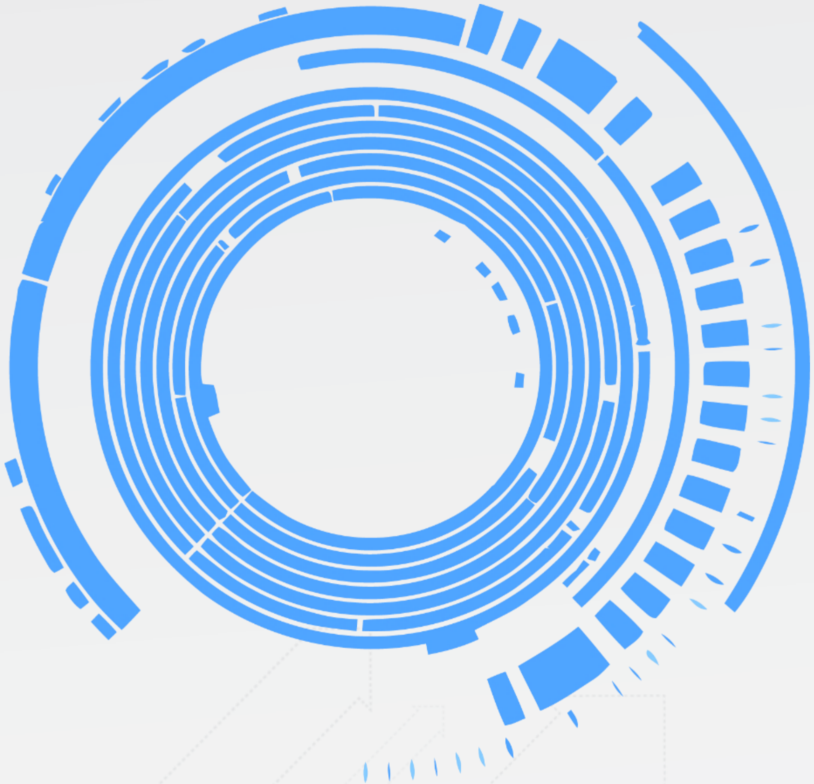


HORIZON SCAN

- MEGATRENDS
- EMERGING TECHNOLOGIES
- LONG RANGE PLANNING



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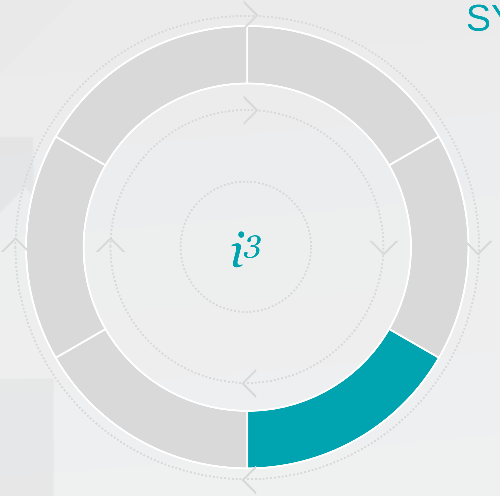
i^3 THE SMITHS GROUP INNOVATION FRAMEWORK

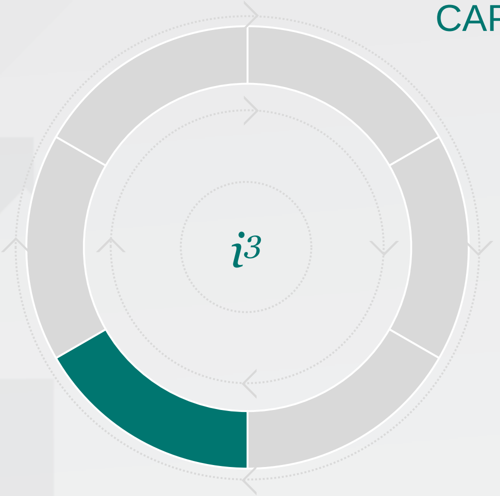


SYNERGIES

- DIGITAL & IoT
- ADDITIVE MANUFACTURING
- MATERIALS & NANOTECHNOLOGY

i3 THE SMITHS GROUP INNOVATION FRAMEWORK

CAPABILITIES



- PEOPLE
- COMMERCIAL PARTNERS
- ACADEMIC PARTNERS

Microsoft

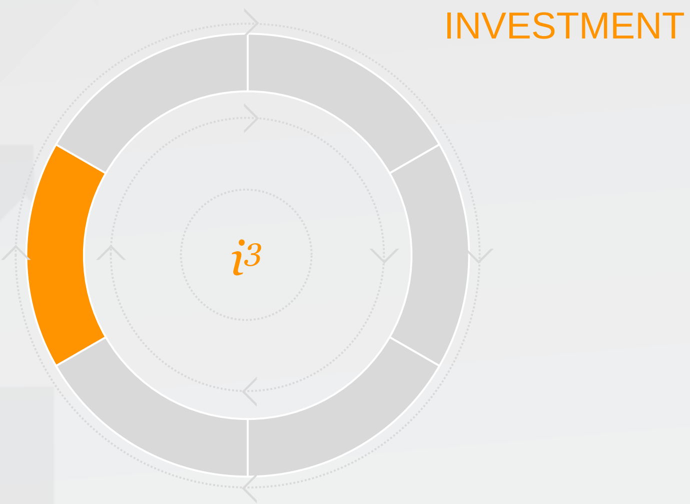
UCLA Anderson SCHOOL of MANAGEMENT

stratasys

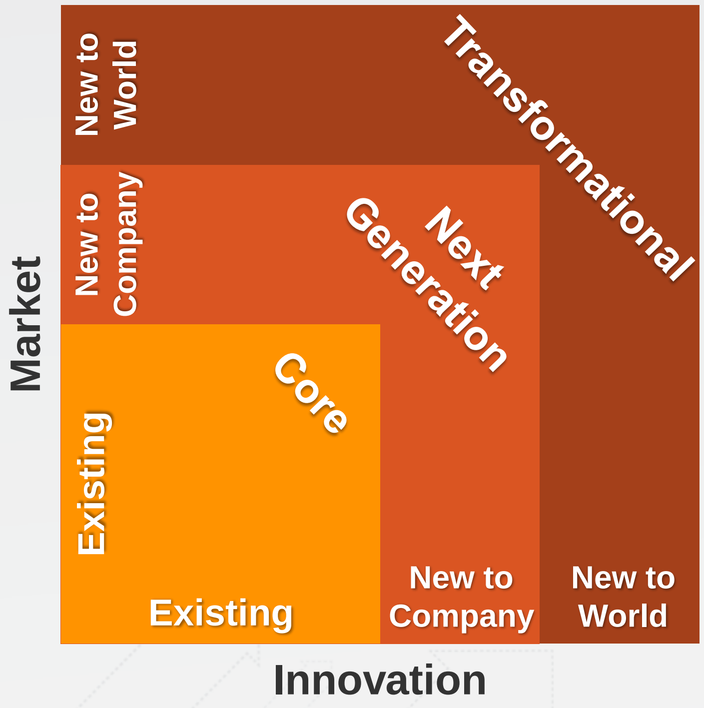
HITACHI

smiths

i3 THE SMITHS GROUP INNOVATION FRAMEWORK



- INCREASED R&D
- SMARTER R&D
- SUPPORTING METRICS



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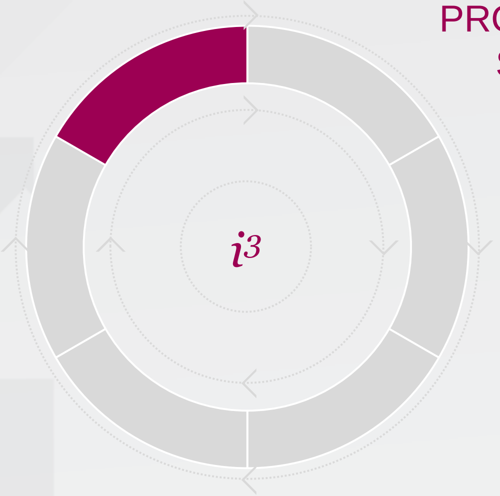
i3 THE SMITHS GROUP INNOVATION FRAMEWORK



PRODUCTS & SERVICES

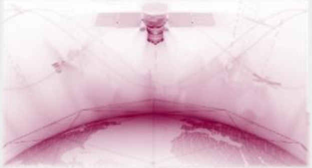
- NEW REVENUE STREAMS
- NEW BUSINESS MODELS
- ENABLED BY THE FORGES

CORSYS

DIGITAL & IoT

NEXT GEN CONNECTIVITY

DIGITAL & IoT



MACHINE LEARNING

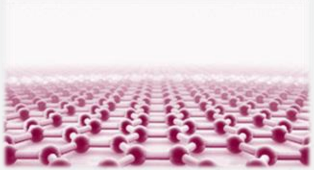
DIGITAL & IoT

IOT PLATFORM

DIGITAL & IoT

ADVANCED CERAMICS

NANOTECHNOLOGY



A.M. CONSORTIUM

ADDITIVE MANUFACTURING

DIGITAL

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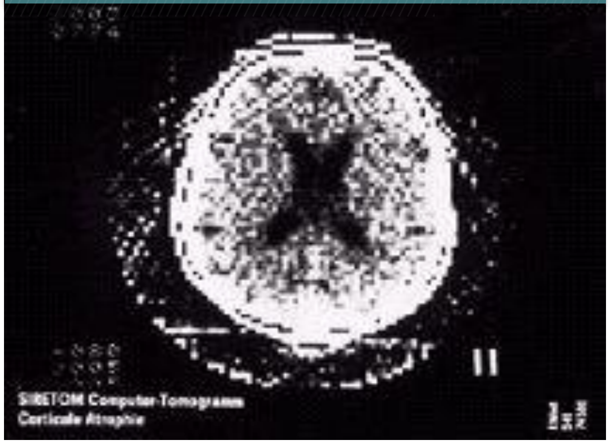
SAMIT BASU

CHIEF DIGITAL OFFICER

1975

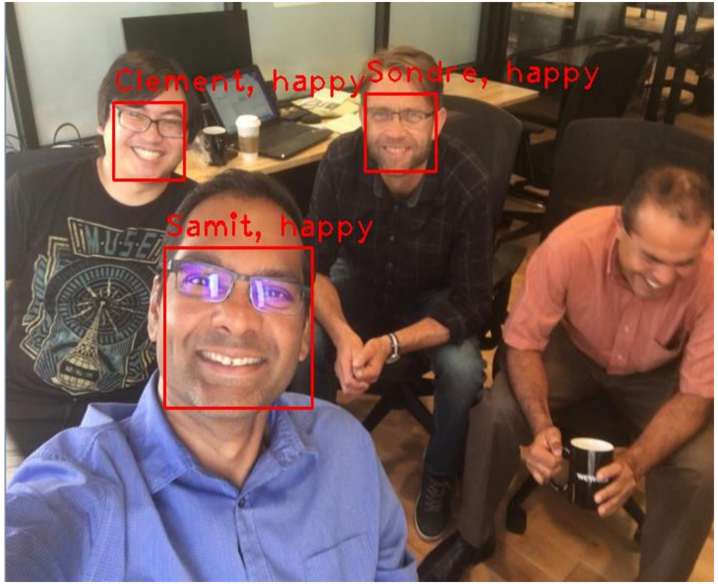


Today

DIGITAL FORGES

FIRST DIGITAL FORGE ESTABLISHED IN SILICON VALLEY

2 DIGITAL FORGES TO OPEN IN LONDON AND ASIA



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DIGITAL FORGE FOCUS

SMITHS

ALGORITHMS, HIGH PERFORMANCE COMPUTING, ARTIFICAL INTELLIGENCE, DATA SECURITY

JOHN CRANE

- Predictive maintenance

MEDICAL

- Connectivity
- Operating systems interactions

DETECTION

- Predictive maintenance
- Integrated checkpoints

INTERCONNECT

- Transformational connectivity

FLEX-TEK

- Monitoring and smart products

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SES IN ACTION JOHN CRANE

CAPITAL MARKETS DAY / 6 DECEMBER 2017

JEAN VERNET

PRESIDENT - JOHN CRANE

JOHN CRANE: GLOBAL LEADER IN FLOW CONTROL FOR ROTATING EQUIPMENT

WE SOLVE COMPLEX CUSTOMER PROBLEMS, INCREASING THEIR PRODUCTIVITY THROUGH HIGHER RELIABILITY AND EFFICIENCY OF CRITICAL EQUIPMENT

- 100 years of bringing technology to market
- Unmatched proximity, services and expertise
- Broad installed base in O&G and non O&G verticals
- Value of aftermarket over the life of the products
- Capabilities spanning life cycle of customer plants; 90% aftermarket stickiness
- Long term customer relationships
- Global technical talent with >2,000 engineers
- Growth driven by technology and value-added services

LARGEST FOOTPRINT IN THE INDUSTRY WITH MORE THAN 200 LOCATIONS IN 50 COUNTRIES

OPERATIONAL EXCELLENCE

JOHN CRANE GROWTH STRATEGY

GROW THE CORE

- Increase first-tier share in core O&G markets
- Expand in non O&G verticals
- Accelerate our growth in Asia

CREATE MORE VALUE

- End to end differentiated products and services
- Digitisation
- New product portfolio and disruptive technologies

DRIVE OPERATIONAL EXCELLENCE

- Smiths Excellence System
- Deploy advanced manufacturing technologies
- Optimise our footprint

OPERATIONAL EXCELLENCE

SES@JOHN CRANE: TECHNOLOGY

Heritage of game-changing technology

Digital solutions — John Crane Sense™

- Sensors and machine learning/artificial intelligence

Advanced materials and nanotechnology

New Seal Products

- Aura™ gas seals family
- Crude oil pipeline seal
- Single use seal

Additive manufacturing

Spark plasma sintering

SES@JOHN CRANE: PRODUCTION

Drive collaboration between Engineering and Operations to standardize parts production across entire global network

FY 17 ACTIONS

- Evaluate feasibility to use 3D CAD models and CAM to program machine tools
- Create proof of concept and plan for pilot program

FUTURE BENEFITS

- Reduce setups and changeover times; Save 10-15% of working hours
- Eliminate human programming error
- 25% scrap reduction
- Improve quality, global consistency

SES@JOHN CRANE: SUPPLY CHAIN

Supply Chain

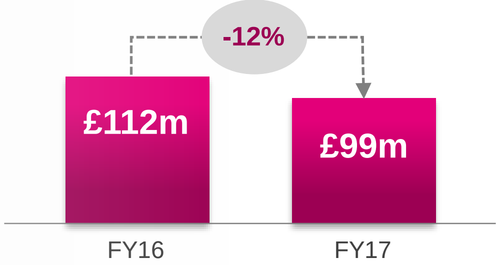
Reduce inventory without impacting customer service (50% in Manufacturing, 50% in Service network)

FY 17 ACTIONS

- Developed and executed a multi-pronged inventory reduction
- Leveraged Demand Connect to balance supply at multiple nodes with demand

FY 17 RESULTS

- £13m liberated from business for reinvestment



CREATING THE FUTURE: JOHN CRANE

TECHNOLOGY DIFFERENTIATION

- Bespoke solutions
- Disruptive technologies
- Additive manufacturing

INCREASING DIGITISATION

- Leveraging large installed base
- Big data and artificial intelligence
- Multi service across prognostics and maintenance optimisation

GROWING MARKETS

Oil & gas: 1-2%

Non-oil & gas: GDP+

HIGH PROPORTION OF AFTERMARKET AND SERVICES

- Proximity and trust will increase aftermarket
- Serving end-users evolving needs via new technologies
- End to end services

SUSTAINABLY COMPETITIVE AND ASSET LIGHT

- Talent development
- Expert services
- SES powering continuous improvement

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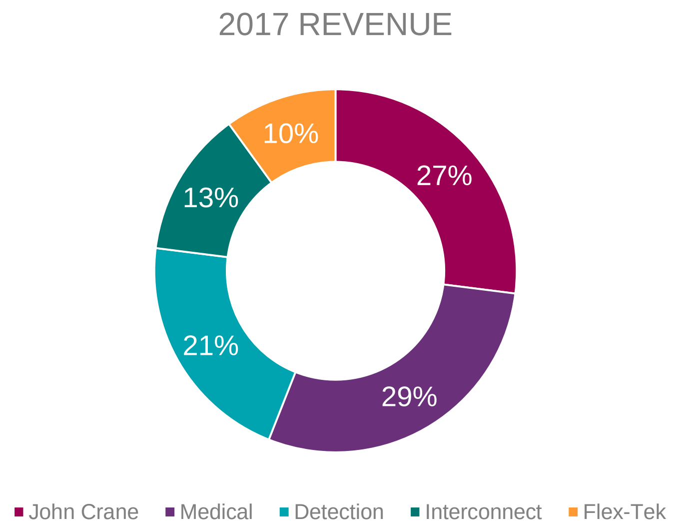
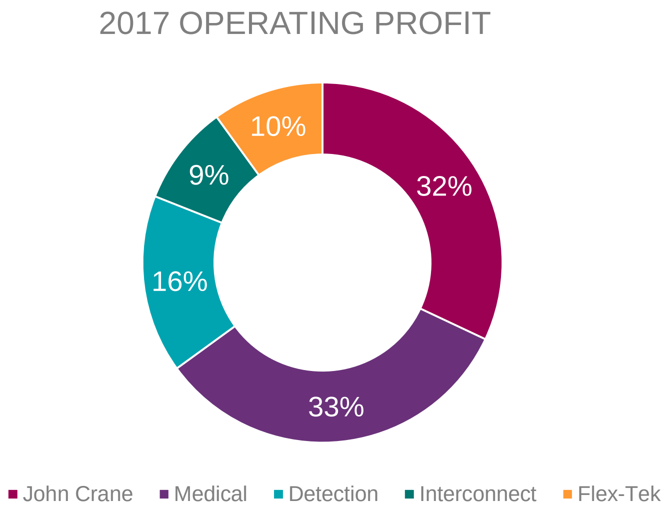
APPENDIX

CAPITAL MARKETS DAY / 6 DECEMBER 2017

SMITHS GROUP





Based on reported FY 2017 numbers

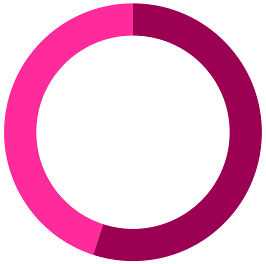
SMITHS GROUP - 2017

	JOHN CRANE	SMITHS MEDICAL	SMITHS DETECTION	SMITHS INTERCONNECT	FLEX-TEK	GROUP
Revenue (£'m)	£885m	£951m	£687m	£419m	£338m	**£3,280m**
Revenue growth* (%)	(4)%	(3)%	+4%	+1%	+3%	**(1)%**
Operating profit (£'m)	£204m	£209m	£103m	£56m	£65m	**£589m****
Operating margin (%)	23.0%	22.0%	15.0%	13.4%	19.3%	**18.0%**
ROCE	22.9%	16.7%	12.6%	11.4%	35.8%	**16.2%**
Aftermarket % of revenue	64%	82%	39%	n/a	n/a	**55%**
R&D % sales	1.1%	6.4%	7.1%	6.7%	0.6%	**4.6%**

** On an underlying basis. 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. ** Includes £(48)m of corporate costs*

REVENUE ANALYSIS*

JOHN CRANE



- Oil & gas
- Non-oil & gas

SMITHS MEDICAL

- Infusion systems
- Vascular access
- Vital Care

SMITHS DETECTION

- Air transportation
- Ports and borders
- Military
- Urban security

SMITHS INTERCONNECT

- Defence
- Semi-Conductor
- Medical
- Space
- Commercial aerospace
- Rail, Industrial, Other

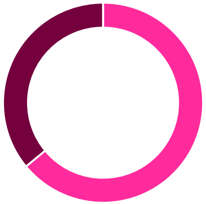
FLEX-TEK

- Construction
- Fluid Management
- Heat Solutions
- Flexible Solutions

*Pro-forma

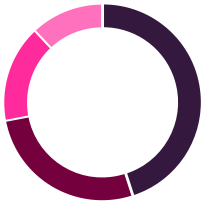
JOHN CRANE

OE/AM



- Aftermarket 64%
- OE 36%

GEOGRAPHIES



- Americas 45%
- Europe 27%
- APAC 16%
- RoW 12%

COMPETITIVE LANDSCAPE

- Flowserve
- EagleBurgmann

END MARKETS

- c.55% oil & gas
  - 85% downstream
  - 15% midstream
- c.45% non-oil & gas
  - Pharmaceutical
  - Chemicals
  - Pulp & paper
  - Water treatment

**Pro-forma (i.e excludes Artificial lift)*

SMITHS MEDICAL

SEGMENTS

- Infusion systems 32%
- Vascular access 33%
- Vital Care and Specialty products 35%

GEOGRAPHIES

- Americas 58%
- Europe 24%
- APAC 16%
- RoW 2%

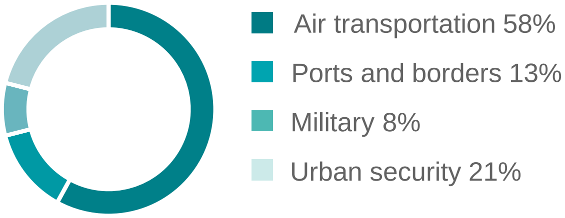
COMPETITIVE LANDSCAPE

- Becton-Dickinson (BD)
- B Braun
- Teleflex
- ICU
- Fresenius
- Vyaire
- AngioDynamics

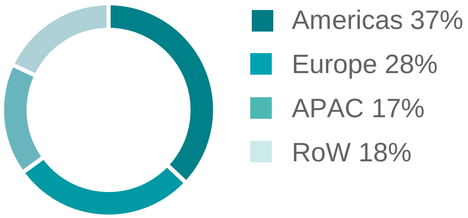
**Pro-forma (i.e excludes Wallace)*

SMITHS DETECTION*

SEGMENTS



GEOGRAPHIES



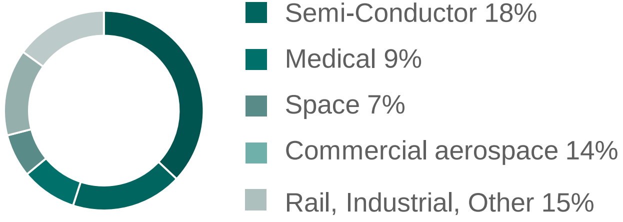
COMPETITIVE LANDSCAPE

- L3
- Rapiscan
- Nuctech
- Leidos (Reveal)

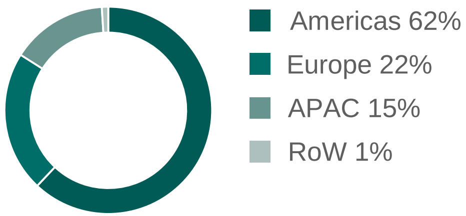
** Proforma (i.e. includes 12 months of Morpho Detection)*

SMITHS INTERCONNECT*

END MARKETS



GEOGRAPHIES



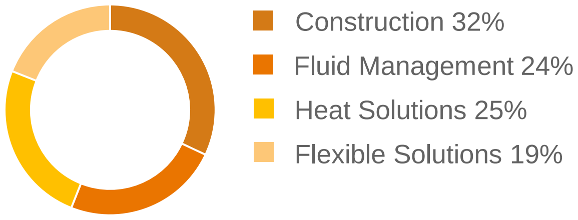
COMPETITIVE LANDSCAPE

- Our competitors range from large multinationals through to small, more focused companies across our product portfolio.
- Examples include Amphenol, TE Connectivity, Yokowo and Cobham.

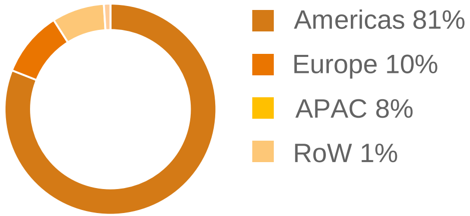
** Proforma (i.e. excludes 12 months of Power and MicrowaveTelecoms)*

FLEX-TEK

SEGMENTS



GEOGRAPHIES



COMPETITIVE LANDSCAPE

- Fluid management - Parker and Eaton for flex assemblies and numerous smaller competitors for metal products.
- Construction – c.7-8 competitors.
- Flexible solutions – c.5-6 competitors for industrial ducting and medical.
- Heat - numerous smaller competitors for specialty products including Zoppas and Nibe.