



smiths

# IMPROVING OUR WORLD THROUGH SMARTER ENGINEERING

SMITHS GROUP PLC  
ANNUAL GENERAL MEETING

16 NOVEMBER 2023



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# Chairman's address

SIR GEORGE BUCKLEY

CHAIRMAN



# CEO Review

PAUL KEEL

CHIEF EXECUTIVE OFFICER



# Agenda



Our strategy

Our progress

Our potential

# Our strategy - the Smiths Value Engine

## OUR PURPOSE



## PIONEERS OF PROGRESS

Improving our world through smarter engineering

## OUR STRENGTHS



World-Class Engineering



Leading Positions in Critical Markets



Global Capabilities



Robust Financial Framework

## OUR PRIORITIES



Growth



Execution



People

# Agenda

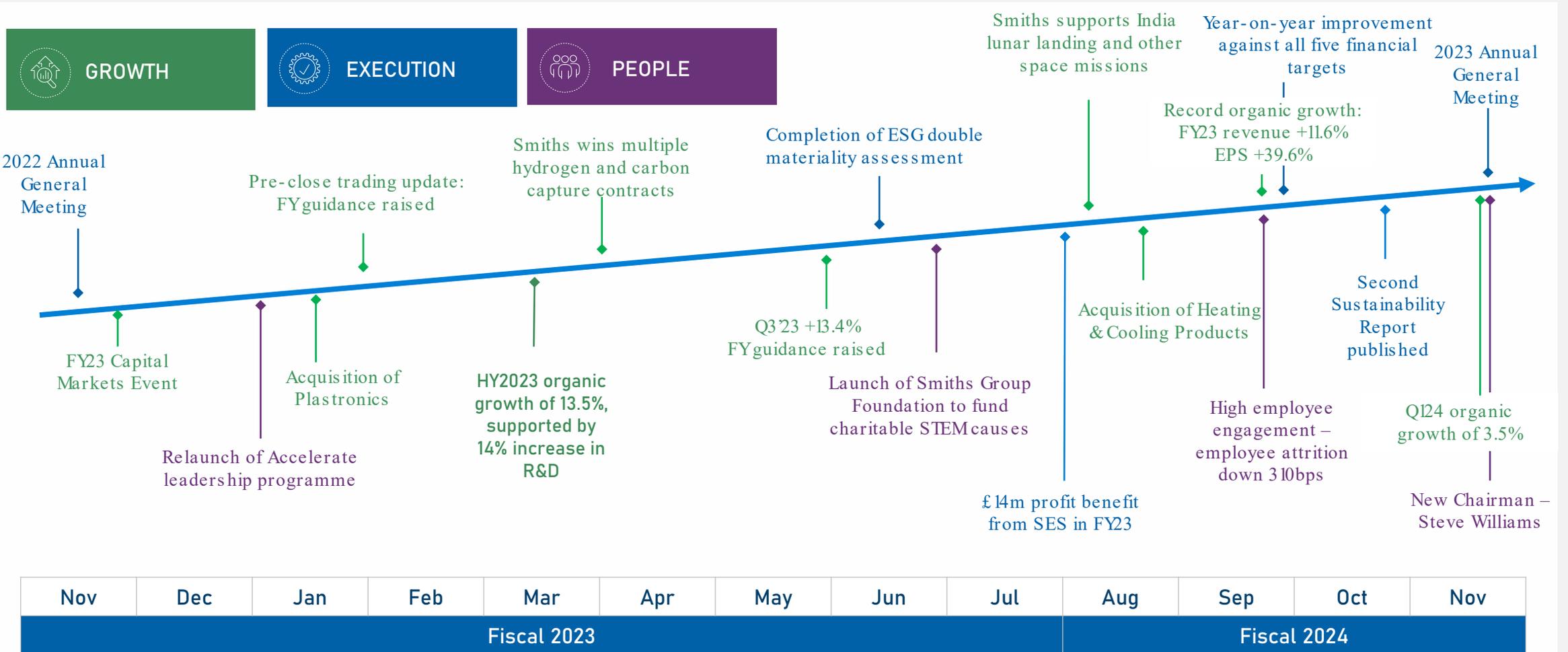


Our strategy

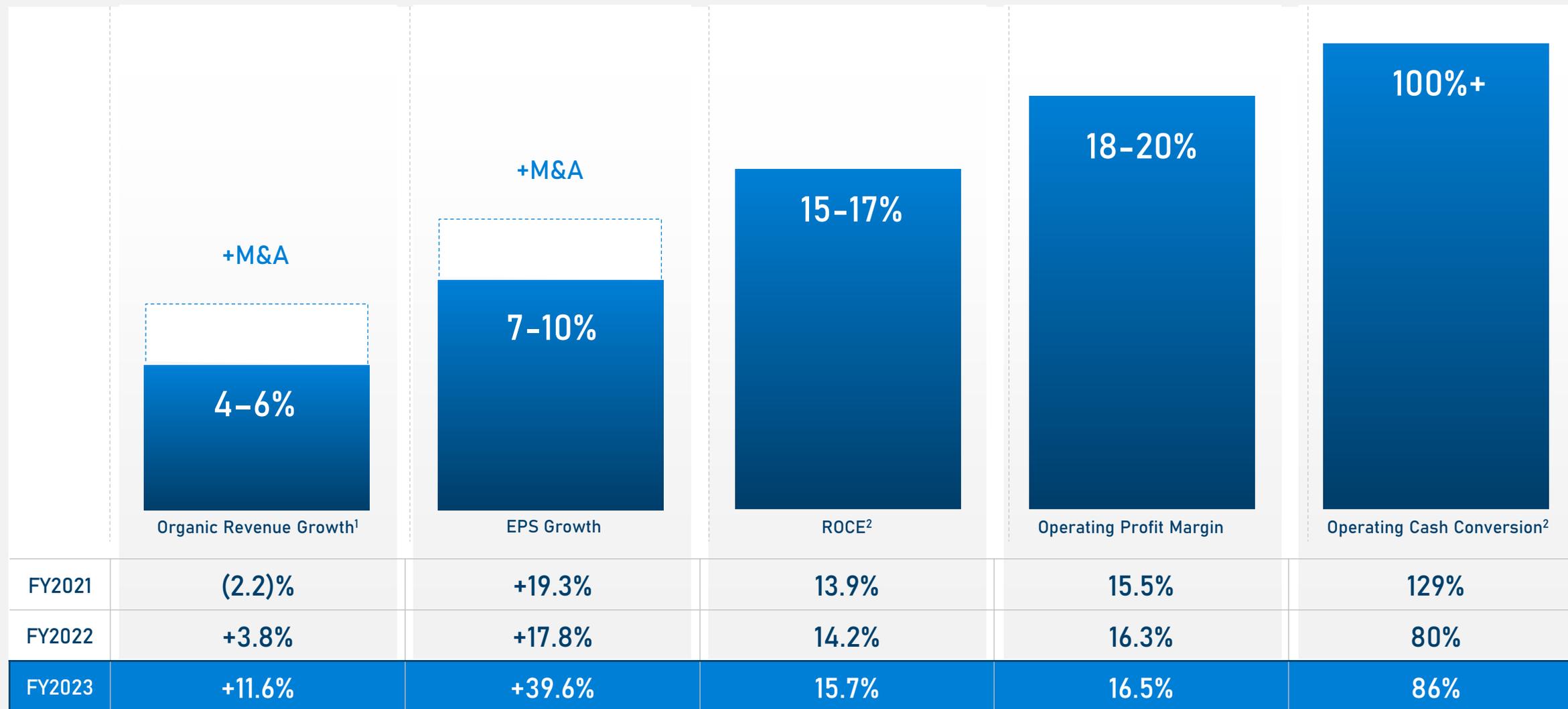
**Our progress**

Our potential

# Progress since our 2022 Annual General Meeting



## Significant progress against all medium-term targets



# Agenda



Our strategy

Our progress

**Our potential**

# Our fundamental strengths underpin achievement of our potential

## OUR STRENGTHS



### World-Class Engineering

- 172-year track record of innovating across multiple markets
- R&D investment and new product development supporting growth
- Unmatched global service network



### Leading Positions in Critical Markets

- Top 3 position in most key segments
- Serving securely attractive, long-term growth markets
- Sophisticated global customers reward differentiation



### Global Capabilities

- Presence in more than 50 countries
- 1,300 sales reps, 1,900 service technicians and 3,000 engineers
- Sales balanced by geography as well as business, providing stability and growth

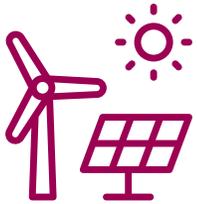


### Robust Financial Framework

- Recurring, higher margin after-market revenues (>50%)
- High margins and ROCE
- Low asset intensity, strong balance sheet and consistently good cash generation
- Track record of returning surplus capital to investors (>£1bn returned in FY2022-23)

# Long-term megatrends and adjacencies support sustainable growth

## Energy transition



Supporting the move to low carbon fuels and reducing our customers' emissions

Examples:

- Won tender for one of the world's largest offshore CCS<sup>1</sup> projects in Malaysia
- UK government award for CCS innovation & development

## Sustainability



Consistent focus on delivering solutions to improve our customers' energy efficiency

Examples:

- Partnership with Midrex and H2 Green Steel to build the world's first zero emission steel mill
- Rheia air distribution system improving building efficiency

## Insatiable data demand



Innovation at the forefront of connectivity

Examples:

- Enabling India Moon and NASA Dart missions
- Optical transceivers supporting higher speed satellite connectivity

## Ever-rising security needs



Continually innovating to meet the world's security needs

Examples:

- Record demand for Smith Detection's CT<sup>2</sup> machine with >1,000 sold, making air travel safer and more efficient
- Very strong order intake in defence, including US DoD and UK MoD contracts

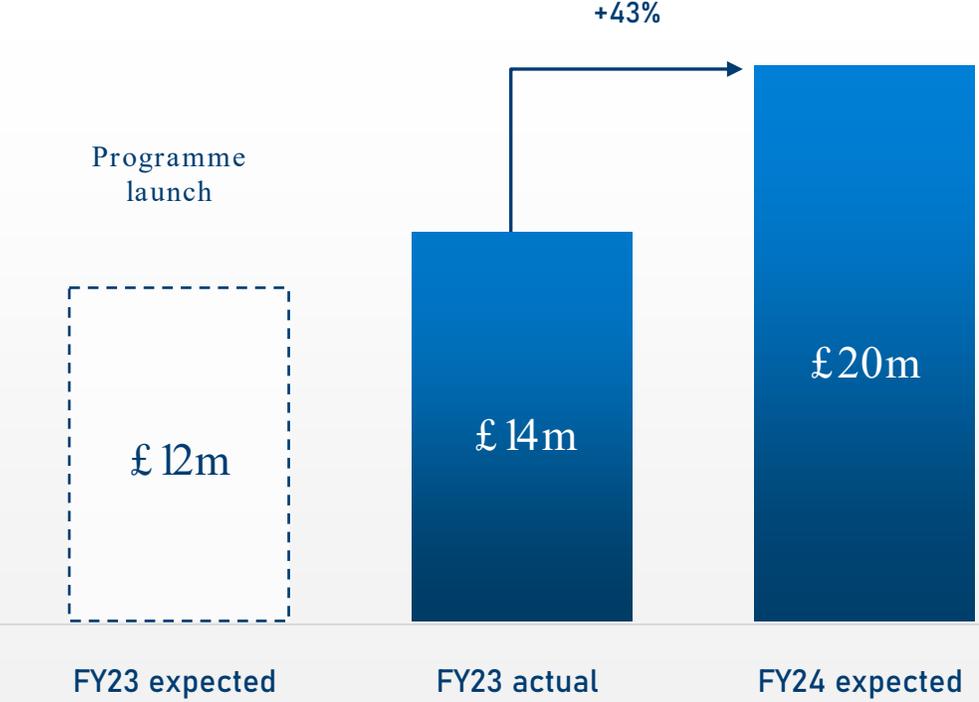
# The Smiths Excellence System is driving value for all our stakeholders

## Smiths Excellence System

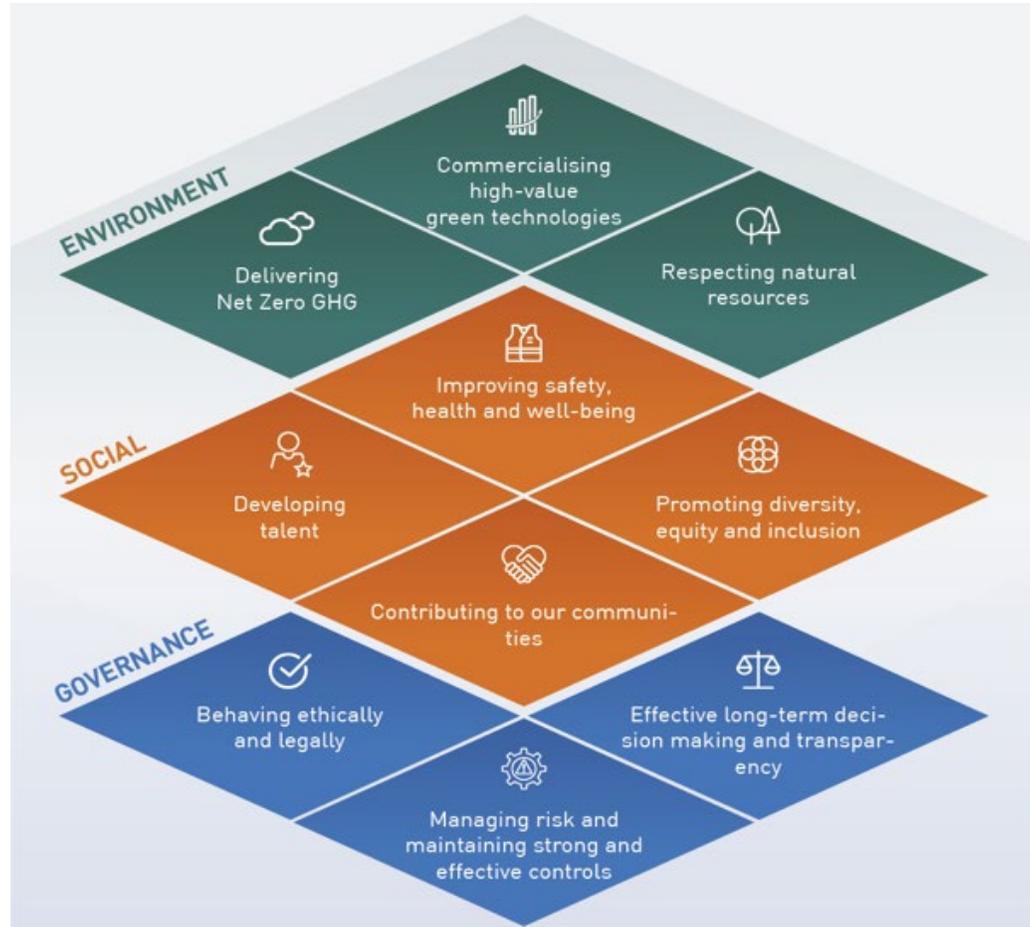
- SES continues to scale across Smiths
- 70 projects completed or underway
- Dedicated Master Black Belts in each business
- Adding additional Black Belts in key operational areas



## SES operating profit contribution



# Sustainability is central to our Purpose and our potential



## Growth

- Commercialising high-value green technology
  - Supporting numerous hydrogen and CCS customer projects around the world
  - Supplying high-performance electric heating elements for customer decarbonisation projects
  - Continue to increase investment in green innovation

## Execution

- Delivering Net Zero GHG emissions & natural resource targets
  - Published second Sustainability Report
  - Submitted Science Based Targets
  - Completed ESG Double Materiality Assessment

## People

- Modified both annual and long-term incentive programmes to include specific ESG performance metrics
- Launched Smiths Foundation committing to £10m of grants
- Achieved top quartile safety performance with RIR down 26% to 0.41 and LTIR at record lows of 0.14

Improving our world through smarter engineering

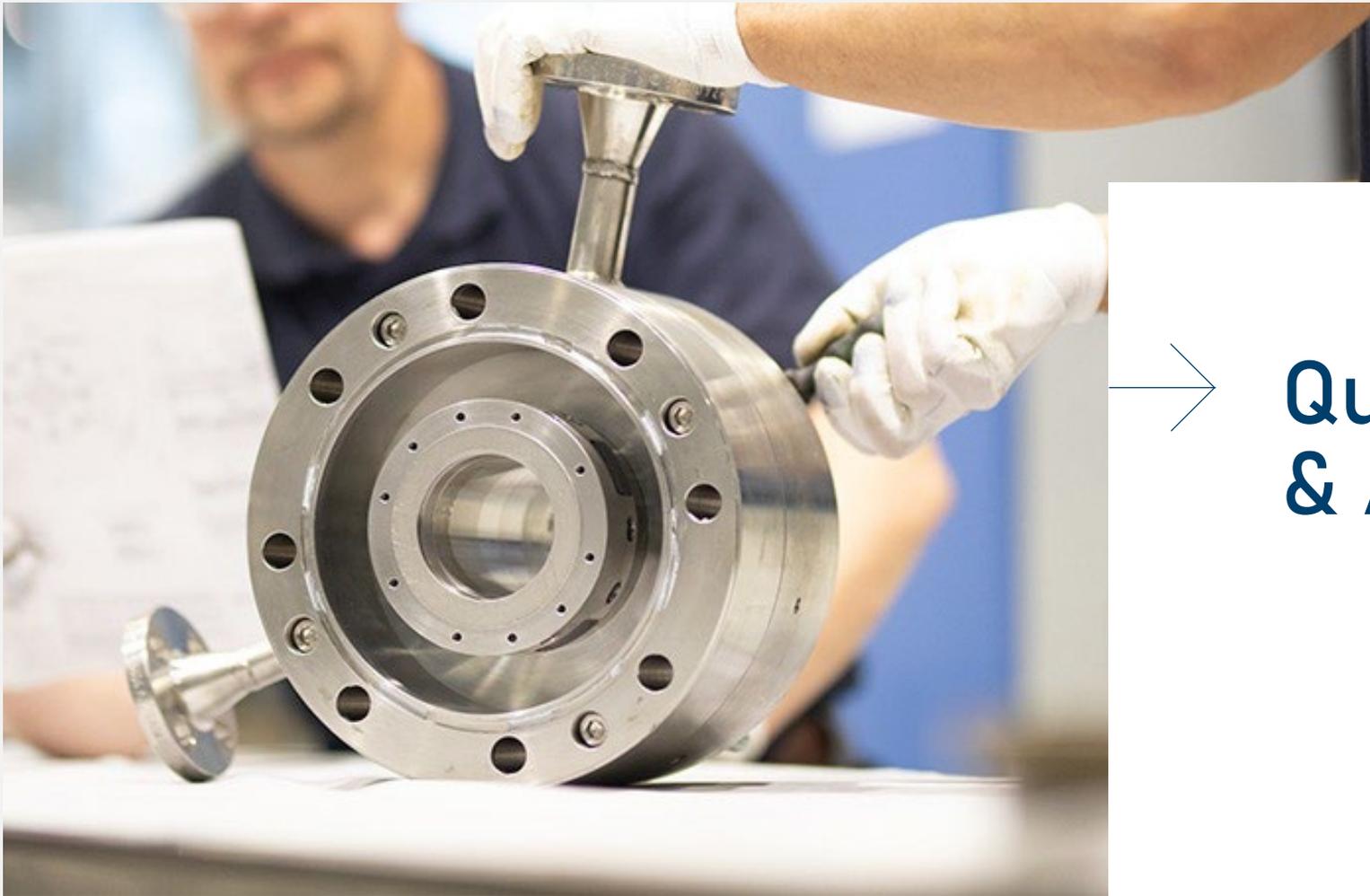
## Strong performance in FY2023, good momentum into FY2024

### FY2023

- Good progress advancing our strategy
- Year-on-year improvement against all five medium-term financial targets, including organic revenue growth of +12% and EPS growth of +40%
- Strong and flexible balance sheet with net debt to EBITDA of 0.7x; £1bn capital returned in last two years; 72<sup>nd</sup> straight year of dividends
- Good progress across all our ESG targets - reducing emissions, improving safety, engaging our people

### FY2024

- Q1 performance in line with expectations
- Full-year organic revenue growth within our medium-term target range of 4-6%, with continued margin expansion



## Questions & Answers

# Poll vote resolutions

1. Receipt of Annual Report FY2023
2. Approval of Directors' Remuneration Report
3. Declaration of a final dividend
4. Election of Steve Williams as a director
5. Re-election of Pam Cheng as a director
6. Re-election of Dame Ann Dowling as a director
7. Re-election of Karin Hoeing as a director
8. Re-election of Richard Howes as a director
9. Re-election of Paul Keel as a director
10. Re-election of Clare Scherrer as a director
11. Re-election of William Seeger as a director

12. Re-election of Mark Seligman as a director
13. Re-election of Noel Tata as a director
14. Re-appointment of KPMG LLP as auditors
15. Auditors' remuneration
16. Authority to issue shares
17. Authority to disapply pre-emption rights
18. Additional authority to disapply pre-emption rights
19. Authority to make market purchases of shares
20. Authority to call general meetings on short notice
21. Authority to make political donations and expenditure

# Proxy votes cast

- 273 million proxy votes cast

- 78% of the issued share capital

- Continued strong support - full results will be available on the website





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# IMPROVING OUR WORLD THROUGH SMARTER ENGINEERING

Thank you for attending Smiths  
109<sup>th</sup> Annual General Meeting

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