

smiths

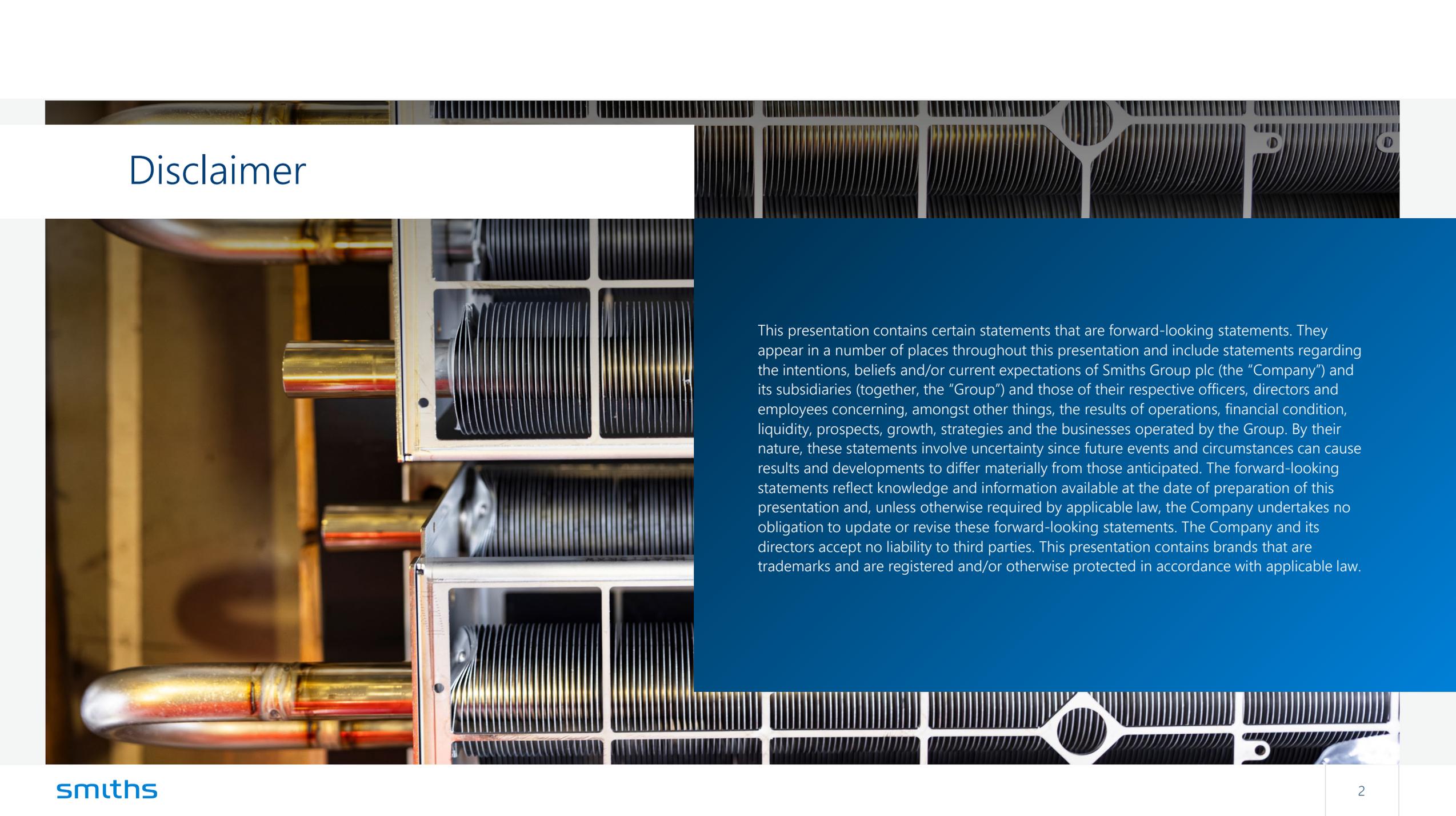
# ENGINEERING A BETTER FUTURE

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SMITHS GROUP PLC  
HY2026 RESULTS

20 MARCH 2026





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# Opening Remarks

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**ROLAND CARTER**

CHIEF EXECUTIVE OFFICER



# Agenda

> **Opening Remarks** - Roland Carter

> **HY2026 Financial Results** - Julian Fagge

> **Strategy Update** - Roland Carter

> **Q&A**



## Excellent strategic progress, strengthening focus on higher growth and margin

Strong execution delivering value through the sale of Smiths Interconnect and Smiths Detection for £3.3bn

Delivered a solid financial performance, consistent with expectations and with positive momentum into second half

Disciplined capital allocation – RD&E, bolt-on acquisition of DRC, ongoing £1bn share buyback and further £1.5bn return

Smiths rapidly repositioned as a focused, premium industrial engineering company with clearly defined growth pillars

Updated FY2026 outlook for Smiths<sup>1</sup>:  
Expect 3-4% organic revenue growth; H2 growth in medium-term target range; operating profit margin of c.20%

1. Outlook updated to reflect Smiths Detection and certain Flex-Tek general industrial businesses classified as discontinued operations

# HY2026 Financial Results

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**JULIAN FAGGE**

CHIEF FINANCIAL OFFICER



# HY2026 – solid financial performance

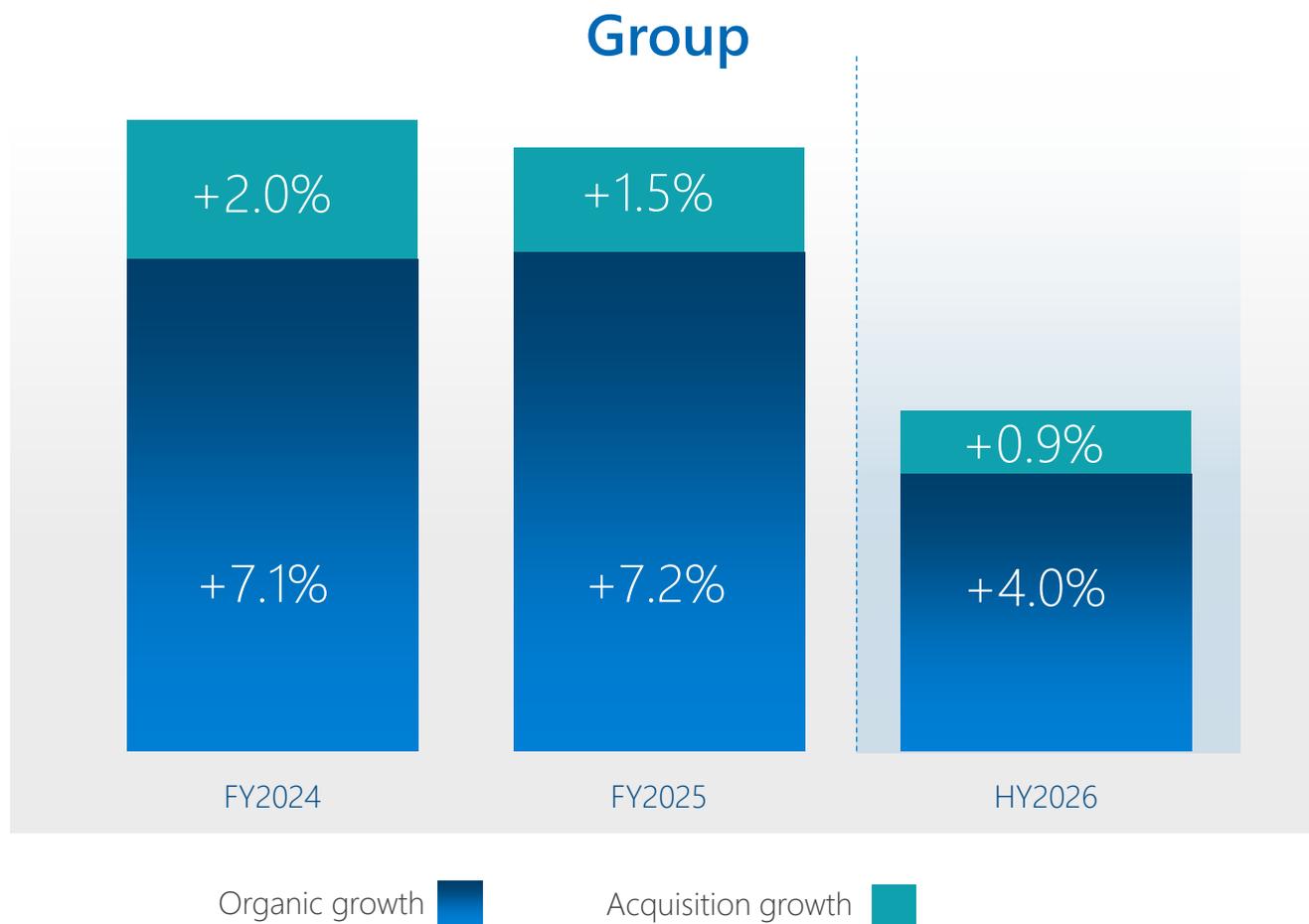
	HY2026	HY2025	Reported change	Organic <sup>3</sup> change
<b>Group<sup>1</sup> (Headline<sup>2</sup>)</b>				
Revenue	<b>£1,437m</b>	£1,406m	+2.2%	+4.0%
Operating profit	<b>£248m</b>	£234m	+5.6%	+7.2%
Operating profit margin	<b>17.2%</b>	16.7%	+50bps	+50bps
<b>Smiths<sup>1</sup> (Headline<sup>2</sup>)</b>				
Revenue	<b>£915m</b>	£924m	(1.0)%	+0.4%
Operating profit	<b>£181m</b>	£181m	(0.1)%	+1.6%
Operating profit margin	<b>19.8%</b>	19.6%	+20bps	+20bps
<b>Total Group<sup>1</sup> (Headline<sup>2</sup>)</b>				
Basic EPS	<b>62.0p</b>	55.5p	+11.7%	+8.4%
ROCE	<b>18.4%</b>	17.1%	+130bps	
Operating cash conversion	<b>78%</b>	94%	(16)pps	
Dividend	<b>15.00p</b>	14.23p	+5.4%	

## Summary

- Solid revenue growth with momentum building and continuing margin expansion
- EPS growth enhanced by operating profit growth and share buyback
- ROCE expansion driven by profit growth and efficient use of capital
- Cash conversion reflecting decision to increase inventory levels
- Dividend growth of +5.4%, alongside enhanced capital returns

1. Group refers to the combination of John Crane, Flex-Tek and Smiths Detection businesses (including certain Flex-Tek general industrial businesses now classified as held for sale); Smiths and/or continuing operations refers to the combination of John Crane and Flex-Tek (i.e. excludes Smiths Detection, Smiths Interconnect and certain Flex-Tek general industrial businesses); Total Group refers to all four businesses  
 2. Headline excludes items defined in note 3 of the financial statements  
 3. Organic is headline adjusted to exclude the effects of foreign exchange and acquisitions

# Solid organic<sup>1</sup> revenue growth, enhanced with acquisitions

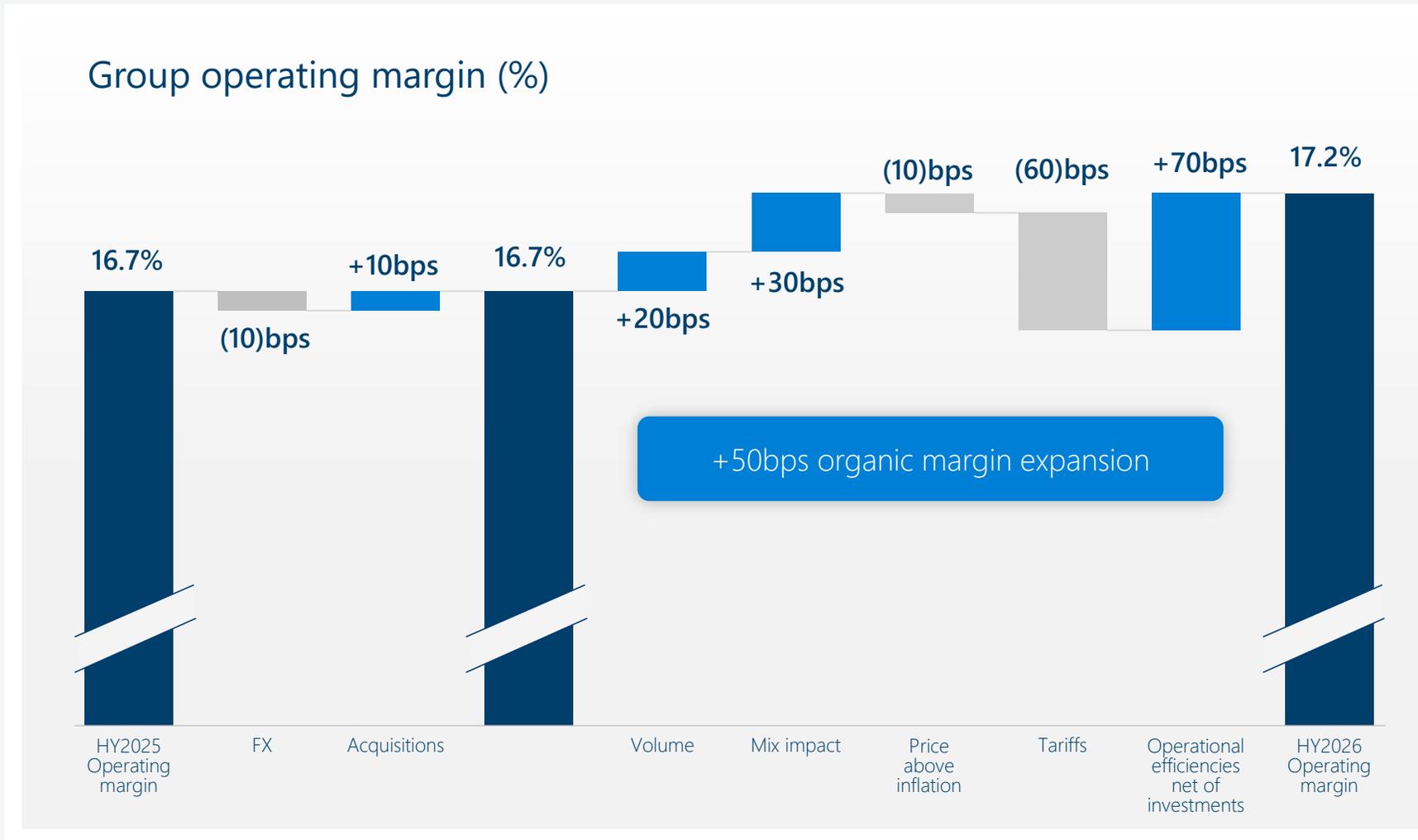


## Summary

- Momentum building in John Crane with strong Q2 energy performance
- Strong aerospace offset by weak US construction market at Flex-Tek
- Strong Smiths Detection delivery, driven by aviation
- Positive contribution from acquisitions

1. Organic is headline adjusted to exclude the effects of foreign exchange and acquisitions  
Note: Group H1 FY2026 organic revenue growth includes Flex-Tek's general industrial businesses classified as held for sale, previous periods not restated

# Continuing operating margin expansion

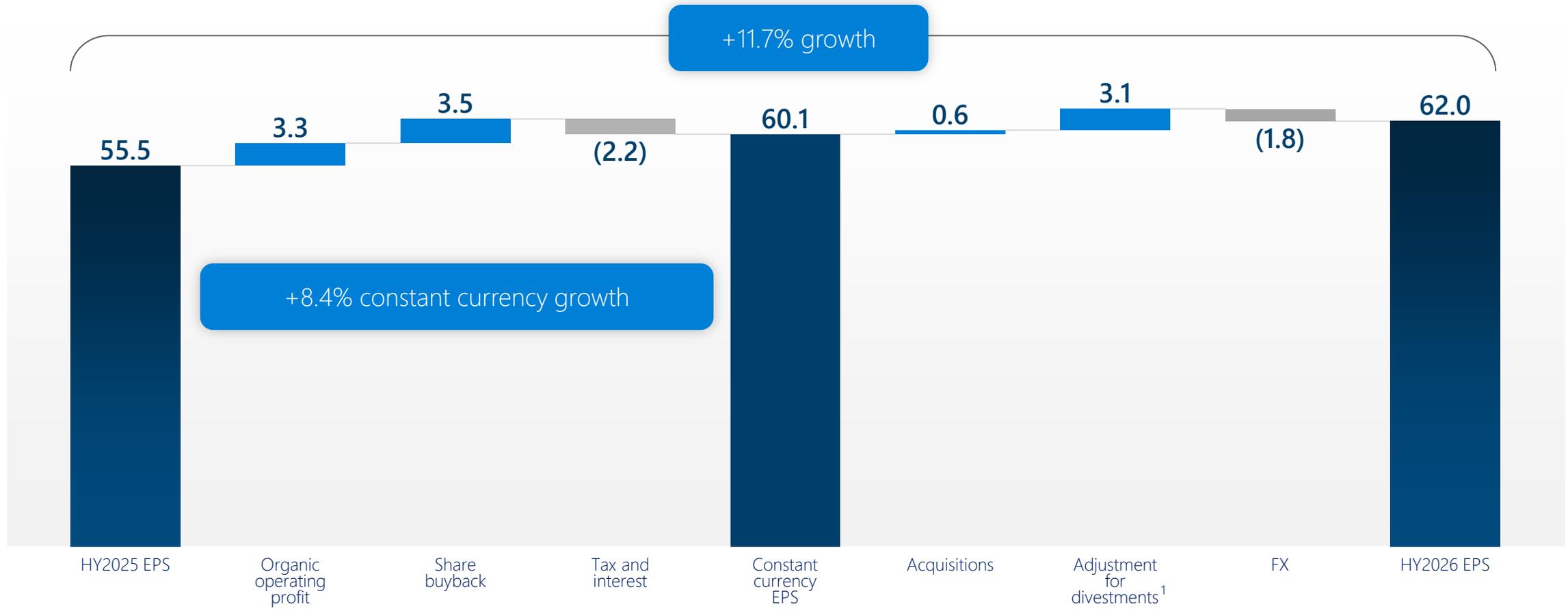


## Margin movements

- Operating leverage and mix benefits
- Positive pricing offsetting inflation in John Crane; more limited pricing in Flex-Tek
- Net impact from tariffs mostly in Smiths Detection
- Acceleration Plan benefits, Smiths Excellence and other efficiency savings

# EPS growth driven by operating profit growth and share buyback

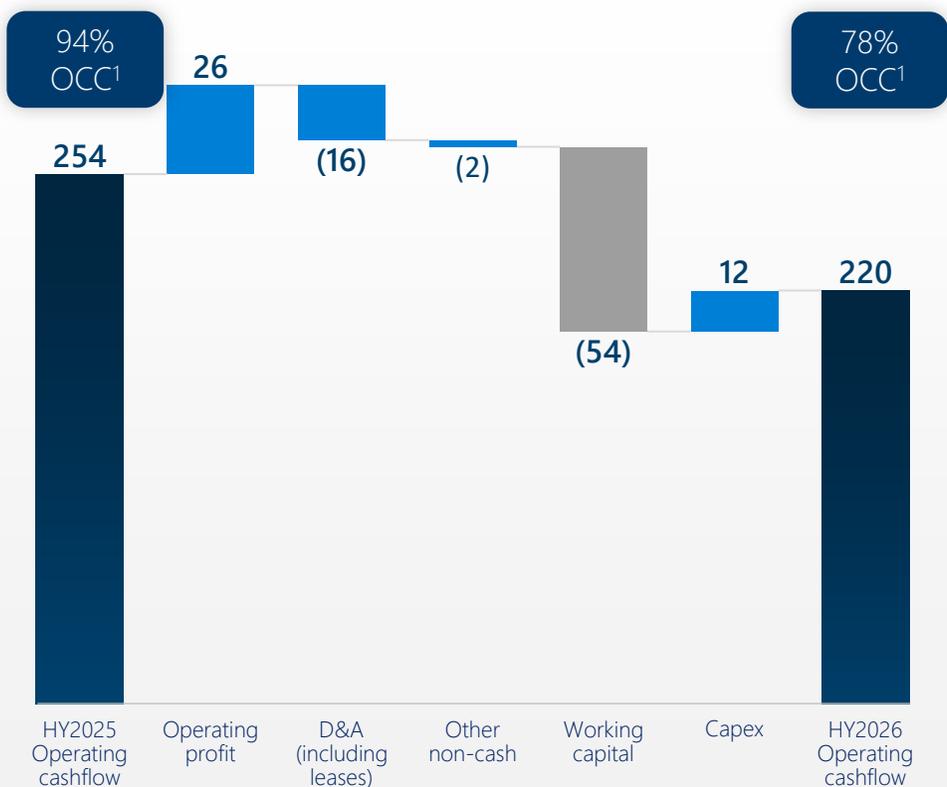
## Earnings per share (pence)



1. Predominantly relates to IFRS5 accounting – no depreciation or amortisation recorded for discontinued businesses, impacting EPS

# Good operating cash conversion reflects decision to increase inventory

## Operating cashflow



Actuals	HY2026 £m	HY2025 £m
Operating profit	295	269
D&A <sup>2</sup>	21	34
Lease depreciation	15	18
Other non-cash	10	12
Working capital	(92)	(38)
Capex	(29)	(41)
<b>Operating cashflow</b>	<b>220</b>	<b>254</b>

## Summary

- 78% operating cash conversion
- Working capital outflow driven by decision to increase inventory to support order delivery
- Lower capital expenditure following higher prior year capacity investments

1. Operating cash conversion

# Business Update

JOHN CRANE



FLEX-TEK



# John Crane – strong Q2 providing momentum and order book support mid-single-digit H2 growth

## Revenue

£551m

+2.0%<sup>1</sup>

Growth led by robust energy, especially aftermarket:

**Energy +3.9%:**

- Original equipment: +1.8%
- Aftermarket: +4.6%

**Industrial (1.1)%:**

- Original equipment: (0.9)%
- Aftermarket: (1.2)%

## Revenue breakdown

Aftermarket 71%

OE 29%

Energy 64%

Industrial 36%

## Operating profit

£128m

+4.2%<sup>1</sup>

## Operating margin

23.2%

+50bps<sup>1</sup>

### Solid operating profit growth and margin expansion reflects:

- Pricing actions and aftermarket mix benefits
- Productivity and cost efficiency savings
- Benefits from Acceleration Plan
- Impact from phasing of strategic projects
- Limited impact of US tariffs

## Business update

- Improving momentum through first half with mid-single-digit growth in Q2
- Growth led by Energy, especially LatAm, despite project phasing timing shifts in Europe and Asia
- Industrial performance reflects over-capacity in Chinese chemicals market
- Expanding strong order book and improved operational execution post capacity investments support H2 growth at similar level as Q2
- Launched Type 8628VL mechanical seal; positive uptake of Type 93AX Coaxial Separation Seal



Mission-critical technologies and services for energy and process industries

1. Reflects organic revenue, organic operating profit growth and organic operating margin movement

# Flex-Tek – strong aerospace growth offset by challenged construction market

## Revenue

£364m (2.0)%<sup>1</sup>

Continued weak construction market offset strong growth in aerospace.

Acquisitions added +3.4% to growth:

- Construction: (5.8)%
- Thermal Solutions: (7.8)%
- Aerospace: +10.1%

## Revenue breakdown

Construction	Thermal	Aerospace
47%	23%	30%

## Operating profit

£74m (4.6)%<sup>1</sup>

## Operating margin

20.4% (60)bps<sup>1</sup>

### Margin performance reflects:

- Positive pricing and efficiency savings
- Initial benefits from Acceleration Plan
- Accretive acquisitions, adding +20bps
- Mix impact following contract completion in Thermal Solutions

## Business update

- Construction decline reflects challenged market and strong comparator; well positioned to benefit when market recovers
- Thermal Solutions decline primarily reflects customer destocking of heat kits
- Strong Aerospace order book and long-term contract renewals supports H2 performance, and beyond
- Integration of Modular Metal and Wattco mostly complete, Duc-Pac proceeding to 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; and excludes certain general industrial businesses now classified as assets held for sale with HY2026 contribution of £25m revenue and £2m operating loss (FY2025: £54m revenue and £5m loss)

# Disciplined use of capital

## Our capital allocation framework

## Total Group HY2026 highlights



### Organic investment

- Capex £29m
- RD&E £72m<sup>1</sup>



### Value-accretive acquisitions

- £164m for DRC Heat Transfer acquisition post H1



### Progressive dividend policy

- Dividend spend of £104m
- Interim DPS +5.4% to 15.00p



### Enhanced shareholder returns

- Completed remaining £151m of £500m buyback
- Initiated £1bn buyback; £180m completed in H1; £127m H2 to date
- Further £1.5bn via a combination of structured return and share buyback post Smiths Detection completion

**Strong  
balance sheet**

**Net debt/EBITDA  
1.2x**

1. Including John Crane's customer-specific engineering-related projects

# FY2026 outlook updated to exclude discontinued operations

## SMITHS

- Organic revenue growth of 3-4%
- Expect H2 growth within medium-term 5-7% target range
- Headline operating profit margin c.20%
- Operating cash conversion of low to mid-nineties percent

*Impact of Iran conflict and heightened uncertainty yet to be determined*

## JOHN CRANE

- Momentum coming into H2
- Strong order book in OE and aftermarket and positive book to bill
- Improved execution following investments in advanced manufacturing and testing
- Expect mid-single-digit growth in H2

## FLEX-TEK

- Strong aerospace order book and long-term contract renewals
- Recovery of US construction market uncertain

FY2026 outlook relates to continuing operations, excluding Smiths Detection, Smiths Interconnect and certain Flex-Tek's general industrial businesses classified as held for sale

# Strategy Update

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**ROLAND CARTER**

CHIEF EXECUTIVE OFFICER



# Strategic actions to unlock significant value and enhance returns to shareholders

→ Excellent strategic processes

→ Well positioned to drive above market growth

→ Driving margin expansion

→ Leveraging our strong foundations



# Value-creating transactions for Smiths Interconnect and Smiths Detection

## smiths interconnect

Sale agreed for **£1.3bn** EV  
representing 15.1x FY2025 EBITDA



Sale approaching completion

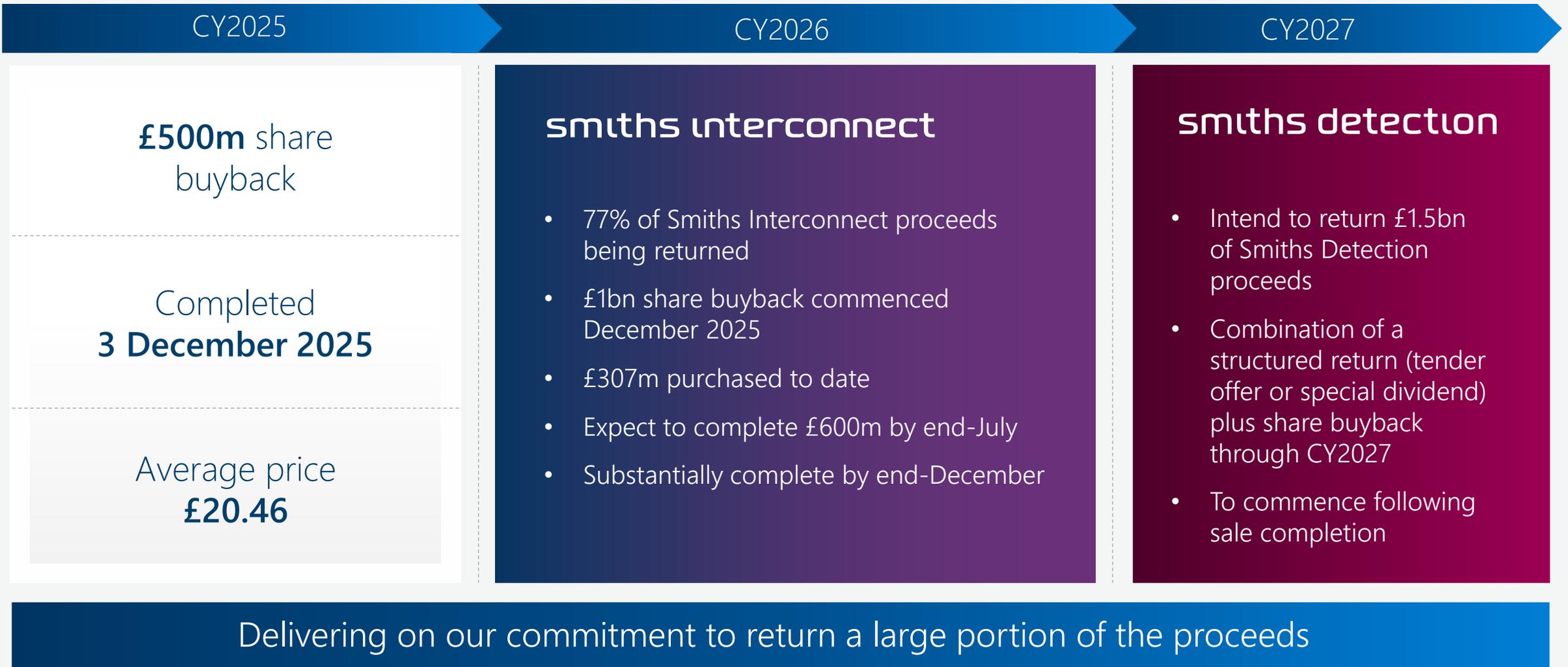
## smiths detection

Sale agreed for **£2bn** EV  
representing 12.5x FY2025 EBITDA



On track for completion by end CY2026

# Enabling enhanced returns to shareholders



Delivering on our commitment to return a large portion of the proceeds

# Smiths - a focused industrial engineering company

- Specialising in high-performance products in flow control and thermal solutions
- Positioned in attractive, growing markets supported by global megatrends
- Supplying leading products, services and solutions, underpinned by common capabilities with clear value creation potential



## Leading brands well positioned for growth

Strong reputation for quality and service. Experts in customisation, commercialisation and problem solving



## Innovation, new products, services and solutions

Product development and commercialisation to meet evolving customer needs



## Valued customer relationships that provide competitive advantage

Customised products and solutions: >70% aftermarket, recurring or repeatable revenue



## Underpinned by a high-performing culture

Centred on safety, our values, innovation and operational excellence



## Strong financial profile consistent with a premium-rated industrial

Sustainable growth, high returns and strong cash generation with clear capital allocation principles



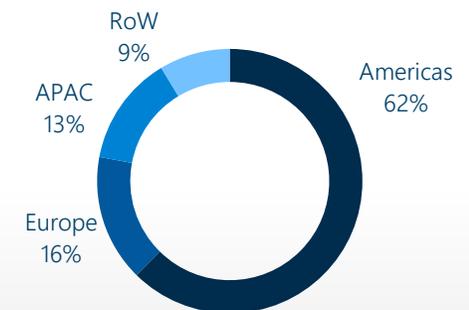
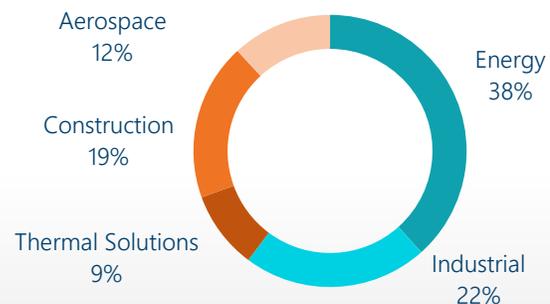
## Attractive expansion opportunities

Organic and inorganic – with balance sheet flexibility

Flex-Tek  
40%



John Crane  
60%



# Portfolio focused on strategic growth pillars supported by structural megatrends

## JOHN CRANE

### Flow Control

Highly engineered products and services for energy and process industries



Gas compression seals



Wet seal solutions



Auxiliary systems



Filters and couplings

- Growing demand for stable energy supply
- Energy transition
- Industrial process reliability and efficiency
- Environmental safeguarding, cleaner processes and emissions control

## FLEX-TEK

### Construction

Multi-ducting & tubing for HVAC in construction



Flexible duct



Metal duct

- Demand for US housing
- Emissions control
- Performance efficiency and ease of installation

### Thermal Solutions

Industrial process heating and cooling technologies



Specialty inline heaters



Skid systems



Heat kits

- Industrial electrification
- Customised engineered solutions
- Demand for higher performance heating and cooling
- Data centre expansion

### Aerospace

Hosing and tubing for fluid conveyance in commercial / defence aircraft



Rigid tubing



Flexible tubing



Hybrid assemblies

- Rising air travel demand
- Increasing defence spending

**Underpinned by:** Growth-led innovation | Operational excellence | High-performance culture | Smiths Values

# Driving above-market growth through strategic growth initiatives

## JOHN CRANE

### Flow Control

- Drive core portfolio and benefit from leadership position in gas investment projects
- Grow aftermarket services and solutions
- Selected initiatives in higher growth market sub-segments
  - Geographies
  - Energy transition
  - Key industrial markets
  - Existing product lines
- Accelerate new products and innovation deliverables
- Pricing

## FLEX-TEK

### Construction

- Drive the core portfolio
- Leverage strong distributor relationships
- Access higher growth market sub-segments
  - Geographies
  - Commercial channel
- New products and innovation
- Revenue synergies from acquisitions

### Thermal Solutions

- Grow in this fast growth market
- Develop customised solutions
- Access higher growth market sub-segments
  - Industrial electrification
  - Data centres
- New products and innovation
- Revenue synergies from acquisitions

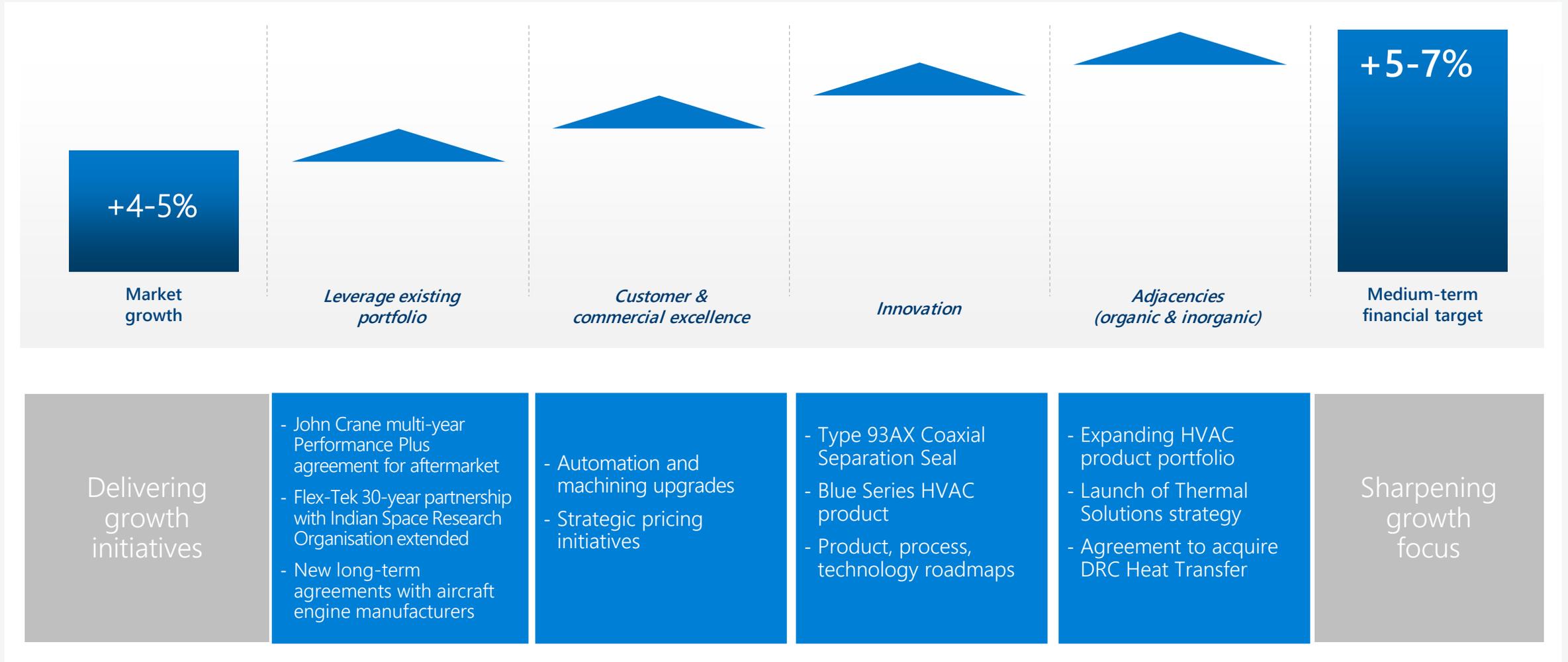
### Aerospace

- Target new aircraft / engine positions
- Access higher growth market sub-segments
  - Geographies
  - Defence applications
- Grow aftermarket / MRO<sup>1</sup>
- Pricing and contract renegotiation

Leverage existing portfolio | Innovation | Commercial and operational excellence | Adjacencies | Pricing

1. Maintenance, repair and overhaul

# Actioning our growth levers to drive above market growth



# Flex-Tek – expanding into high growth adjacencies with acquisition of DRC Heat Transfer

## Agreement to acquire DRC Heat Transfer

- Designer and manufacturer of custom heat transfer and cooling solutions, primarily for power generators in data centres
- Customers are blue-chip power generator companies
- Strong leadership and engineering team
- Engineering excellence and high-quality customer service
- Exposure to strongly growing attractive markets

Set-mounted cooling systems



Remote cooling systems



GK-line cooling systems



## Extends Flex-Tek offering into high growth adjacencies

- Adds heat removal and cooling technologies to Flex-Tek's industrial heat business
- Exposure to attractive markets underpinned by significant structural growth trends:
  - Data centre expansion
  - Power generation back-up applications
- Enables cross-selling opportunities for Flex-Tek heating technologies
- Aligned with strategy of building into high growth adjacencies and follows Wattco acquisition

£ 164 m  
purchase price

10 x  
adjusted EBITDA

£ 73 m  
CY2025 revenue

# Actioning our initiatives to drive margin expansion

## Updated Acceleration Plan for Smiths

**£30-35m** potential annualised benefits in FY2027 and beyond, of which around half expected in FY2026

**£40-45m** total cost

Maintain central costs at **1.5-1.7%** of revenue

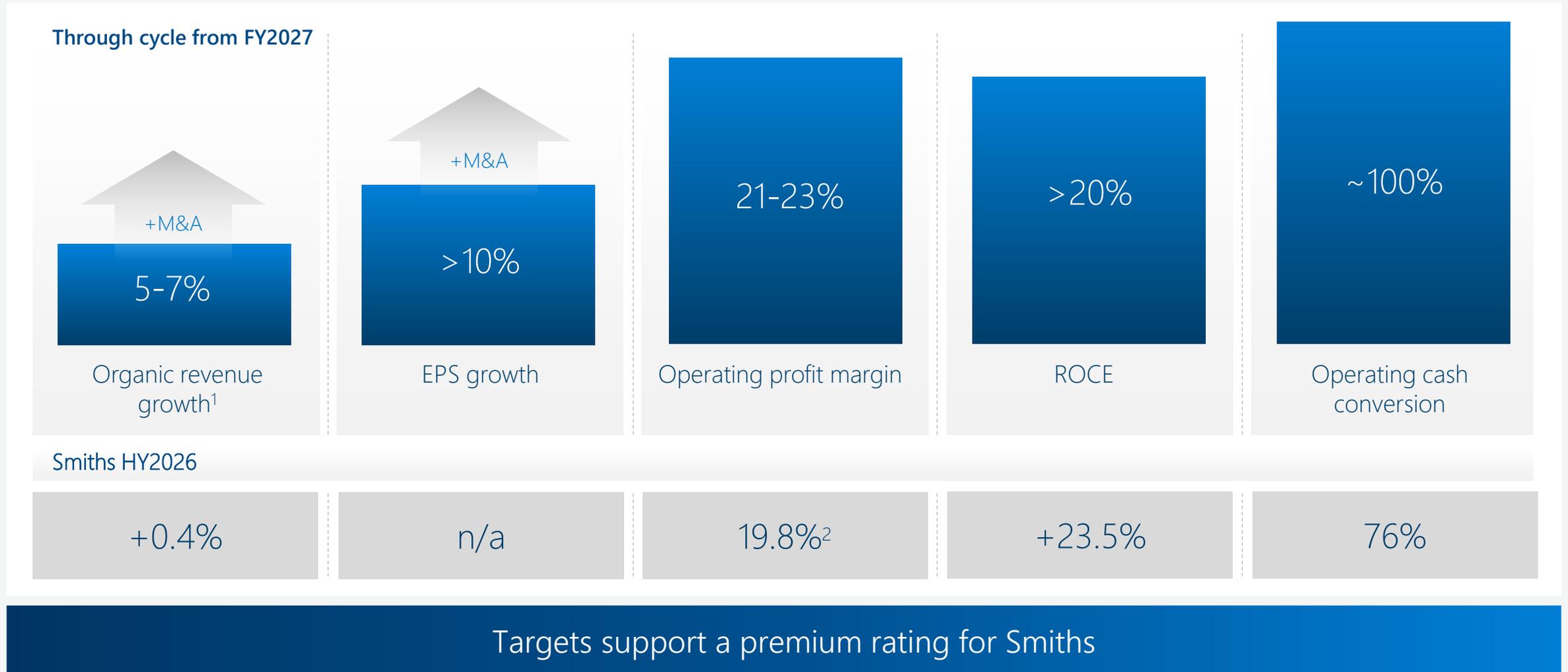
## John Crane initiatives

- Americas operations footprint rationalisation
- Global Business Services and processes
- Global ERP standardisation
- Supporting functions global alignment and optimisation

## Flex-Tek initiatives

- US aerospace site consolidation
- US construction site consolidations
- 'One Construction' process standardisation
- Automation

# Enhanced medium-term targets – reflecting further growth and higher return profile



Through-cycle medium-term targets apply to Smiths (ie combination of John Crane and Flex-Tek) | 1. Organic revenue growth excludes the effects of foreign exchange and acquisitions | 2. Including HY2026 central costs of £21m

# Enduring foundations underpin our success



Innovation-led growth



Committed to operational excellence



Driving a high-performing culture

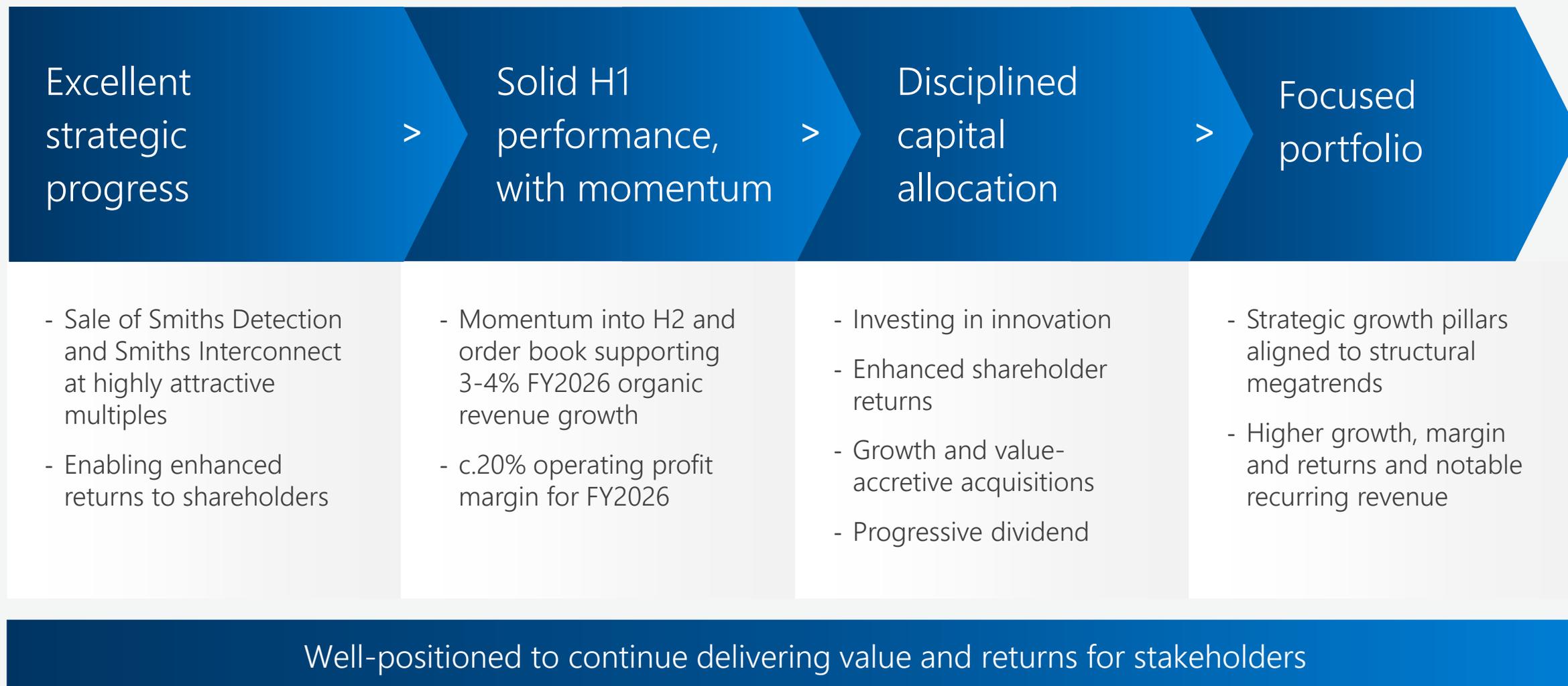


Underpinned by our Smiths Values

 **The Smiths Values**



# A growth and returns focused premium industrial engineering company



smiths

# Q&A

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# Appendix

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# Smiths – continuing operations: FY2026 technical guidance

Currency	Revenue exposure (Continued operations)	HY2026 average rate	HY2025 average rate	% change
USD	54%	1.34	1.28	+4.5%
EUR	11%	1.15	1.19	(3.8)%
Translation impact		HY2026		
Revenue		£(25)m or (2.8)%		
Operating profit		£(6)m or (3.5)%		
Financial guidance		Forecast FY2026		
Effective tax rate		24.5%		
Pension contributions		~£17m		
Net finance expense		~£30-35m		
Acquisition		HY2026 revenue contribution		
Modular Metal Fabricators		£6m		
Wattco		£9m		
Duc-Pac		£8m		

- Expect full-year FX headwind of ~3% on revenue and ~3.5% on operating profit<sup>1</sup>
- For each \$0.10 move, the annual operating profit impact is ~£14m
- For each €0.10 move, the annual operating profit impact is ~£3m

FY2026 outlook relates to continuing operations, excluding Smiths Detection, Smiths Interconnect and certain Flex-Tek's general industrial businesses | 1. Assuming FX rates as of end January 2026

## Bridge – reported to organic

£m	HY2025 Headline <sup>1</sup>	Foreign exchange	Divestment	HY2025 Organic <sup>2</sup>	Organic movement <sup>2</sup>	Acquisitions	HY2026 Headline <sup>1</sup>
John Crane	551	(11)	-	540	11	-	551
Flex-Tek	373	(14)	-	359	(7)	12	364
Smiths	924	(25)	-	899	4	12	915
Discontinued operations	684	(17)	(18)	649	62	-	711
<b>Total Group headline revenue</b>	<b>1,608</b>	<b>(42)</b>	<b>(18)</b>	<b>1,548</b>	<b>66</b>	<b>12</b>	<b>1,626</b>
John Crane	126	(3)	-	123	5	-	128
Flex-Tek	78	(3)	-	75	(4)	3	74
Central costs	(23)	0	-	(23)	2	-	(21)
Smiths	181	(6)	-	175	3	3	181
Discontinued operations	88	(2)	2	88	26	-	114
<b>Total Group headline operating profit</b>	<b>269</b>	<b>(8)</b>	<b>2</b>	<b>263</b>	<b>29</b>	<b>3</b>	<b>295</b>
John Crane	22.9%			22.7%			23.2%
Flex-Tek	20.8%			20.8%			20.4%
Smiths	19.6%			19.5%			19.8%
Discontinued operations	12.9%			13.6%			14.3%
<b>Total Group headline operating margin</b>	<b>16.7%</b>			<b>17.0%</b>			<b>17.4%</b>

1. Headline excludes non-headline items as defined in note 3 of the financial statements

2. Organic excludes the effects of foreign exchange, acquisitions and disposals.

# Total Group income statement

£m	HY2026	HY2025	Reported change
Revenue	1,626	1,608	+1.1%
<b>Total Group headline<sup>1</sup> operating profit</b>	<b>295</b>	<b>269</b>	<b>+9.6%</b>
Amortisation of acquisition related intangible assets	(21)	(27)	
Legacy pension scheme arrangements	(2)	(2)	
Non-headline litigation provision movements	4	15	
Restructuring costs	(14)	(7)	
Separation costs	(20)	-	
Impairments	(25)	-	
Other non-headline charges	2	(6)	
<b>Total non-headline items</b>	<b>(76)</b>	<b>(27)</b>	
<b>Total Group operating profit on a "statutory" basis</b>	<b>219</b>	<b>242</b>	<b>(9.2)%</b>

- Acceleration Plan costs of £14m (£8m Smiths)
- Separation costs of £20m
- £25m impairment related to classification of certain Flex-Tek's general industrial businesses as held for sale

Total Group refers to all four businesses | 1. Headline excludes non-headline items as defined in note 3 of the financial statements