SMITHS GROUP PLC – HALF YEAR RESULTS FOR 6 MONTHS ENDED 31 JANUARY 2025

Pioneers of progress – engineering a better future

Strong financial results; executing value creation strategy

- Continued strong financial performance: +9.1% organic[1] revenue growth, +50bps organic operating profit margin expansion to 16.7% and +14.0% headline[2] EPS growth
- Reaffirming full year guidance, raised twice this fiscal year, of 6-8% organic revenue growth and margin expansion of 40-60bps
- Disciplined capital allocation with enhanced returns: +5% increase in dividend; £150m of £500m share buyback completed, £97m invested in accretive acquisitions, with a further £32m bolt-on acquisition announced today
- Strategic actions to unlock significant value announced in January. Separation processes for Smiths Interconnect and Smiths Detection underway. Continued execution of the Acceleration Plan
- Focus on high-performance industrial technology businesses of John Crane and Flex-Tek with significant opportunities to enhance growth, improve the financial profile and deliver strong returns
- New, enhanced medium-term financial targets for FutureSmiths[3] with higher growth, margin and returns

Roland Carter, Chief Executive Officer, commented:

"We have delivered another strong financial performance which, combined with ongoing strategic and operational progress, underpins our confidence in achieving our twice-raised full year guidance.

"The portfolio actions that we announced in January 2025 are being advanced with pace and purpose, with the separation processes for Smiths Interconnect and Smiths Detection underway.

"The attraction of FutureSmiths is compelling. By focusing on our world-class, high-performance John Crane and Flex-Tek businesses we will deliver sustainable growth, higher margins, returns and earnings growth, as reflected in our new enhanced medium-term financial targets. Our strong cash generation enables us to continue to invest in the business organically, and inorganically, whilst being able to distribute significant capital to shareholders. We believe this will deliver substantial value creation.

"My thanks to all our Smiths colleagues across the world for your ongoing dedication and commitment as we work through these plans. We remain focused on achieving our purpose of engineering a better future, for the benefit of all our stakeholders."

Headline[2]	HY2025	HY2024	Reported	Organic[1]
Revenue	£1,608m	£1,507m	+6.7%	**+9.1%**
Operating profit	£269m	£246m	+9.5%	**+12.6%**
Operating profit margin[4]	16.7%	16.3%	+40bps	**+50bps**
Basic EPS	55.5p	48.7p	+14.0%	
ROCE[4]	17.1%	15.7%	+140bps	
Operating cash conversion[4]	94%	89%	+5pps	

Statutory	HY2025	HY2024	Reported
Revenue	£1,608m	£1,507m	+6.7%
Operating profit	£242m	£192m	+26.0%
Profit for the half year (after tax)	£168m	£111m	+51.4%
Basic EPS	48.8p	32.0p	+52.5%
Dividend per share	14.23p	13.55p	+5.0%

Statutory reporting and definitions

Statutory reporting takes account of all items excluded from headline performance. See accounting policies for an explanation of the presentation of results and note 3 to the financial statements for an analysis of non-headline items. The following definitions are applied throughout the financial report:

[1] Organic is headline adjusted to exclude the effects of foreign exchange and acquisitions.

[2] Headline: In addition to statutory reporting, the Group reports on a headline basis. Definitions of headline metrics, and information about the adjustments to statutory measures, are provided in note 3 to the financial statements.

[3] FutureSmiths refers to Smiths Group excluding Smiths Detection and Smiths Interconnect.

[4] Alternative Performance Measures (APMs) and Key Performance Indicators (KPIs) are defined in note 19 to the financial statements.

Presentation

A webcast presentation and Q&A will begin at 08.00 (UK time) today at: https://smiths.com/investors/results-reports-and-presentations. A recording will be available from 13.00 (UK time).

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Our Purpose

We are pioneers of progress – engineering a better future. We are focused on solving the toughest problems for our customers, helping address critical global needs such as safety and security, decarbonisation and the ever-increasing demand for connectivity. At the same time, we are building the long-term strength and resilience of Smiths Group and our global operations. We are united by our purpose. It is what we do, how we think, and how we will continue to use our passion for innovative technology and engineering.

Legal Entity Identifier (LEI): 213800MJL6IPZS3ASA11

UPCOMING EVENTS

Date	Event
20 May 2025	Q3 Trading Update
23 September 2025	FY2025 Full Year Results
19 November 2025	Q1 Trading Update and Annual General Meeting

SUMMARY

We are pleased to report another period of strong financial performance. Organic revenue grew +9.1%, with operating profit growth of +12.6% and a +50bps margin expansion, both on an organic basis, and headline EPS growth of +14.0%. First half operating cash conversion was good at 94%.

We deployed capital in line with our allocation framework. We enhanced returns to shareholders with £213m returned year to date through both the dividend in the first half and the completion of the first £150m of the £500m share buyback. We also made two value-accretive acquisitions for a total of £97m in the first half and announced today the bolt-on acquisition of Duc-Pac Corporation ("Duc-Pac") for £32m. Our balance sheet remains strong and we enter the next phase of our growth and value creation journey from a position of strength.

We are today reaffirming our twice-raised FY2025 outlook for the Group of 6-8% organic revenue growth and margin expansion of 40-60bps, as well as announcing new medium-term financial targets for FutureSmiths.

STRATEGY UPDATE

In the first half, we focused on driving the performance of our businesses, reflected in today's results, and implementing our Group-wide Acceleration Plan, which is progressing well. We also concluded an evaluation of our strategic options to address the persistent discount to the significant value embedded within the Group. This review culminated in the strategic actions announced on 31 January 2025, designed to maximise value creation and enhance returns to shareholders. As a result, going forward, Smiths will focus on our world-class, high performance industrial technology businesses of John Crane and Flex-Tek, with the sale of Smiths Interconnect, followed by the separation of Smiths Detection by way of a UK demerger or sale. We also announced a substantial increase in our share buyback from £150m to £500m, to be completed by the end of calendar year 2025.

FutureSmiths – focusing on our world-class John Crane and Flex-Tek businesses

Smiths will be a global specialist engineering company, delivering high performance technologies for efficient flow and heat management. A simplified and efficient structure will unlock significant value for all stakeholders and enable greater strategic focus, financial flexibility and operational efficiency.

John Crane and Flex-Tek are high quality industrial engineering businesses, and each is well-positioned to deliver sustainable and resilient growth with high returns. John Crane's product technology, strong customer relationships and global presence positions it as a leader in its field and as a reliable and trusted partner. The large installed base provides a high margin revenue stream from the aftermarket (>70% of revenue) over the long term.

These attractive characteristics position John Crane well to maximise attractive growth opportunities across both energy and industrial markets. Key demand drivers include the global demand for secure energy supply and the increased demand for more efficient and cleaner industrial processes. Market growth is forecast at a compound annual growth rate ("CAGR") of 3-4% in energy and 4-5% in industrial from 2024-2029.

Flex-Tek's strong market position is derived from deep customer relationships based on reliable, high-quality products and customer-led innovation. Flex-Tek is well-placed to meet the ongoing customer demand for efficiency and performance improvement, and emissions reduction in its main product markets of HVAC systems, aerospace tubing and ducting, industrial process heat and specialist industrial tubing. From an end market perspective, construction is predicted to grow 3-4% CAGR, industrial 4-5% CAGR and aerospace 5-6% CAGR over the 2024-2029 period.

We expect to deliver growth above that of our markets, and this organic growth in both businesses will be augmented with disciplined bolt-on M&A, as has been demonstrated by Flex-Tek's strong track record of acquisitions.

On a combined, pro-forma basis, FutureSmiths revenue totals £1,919m (FY2024) with a headline operating profit margin of 19.5% (including FY2024 central costs of £49m). It has a strong track record of financial performance, above that of Smiths Group. Going forward, there are significant opportunities to enhance growth, improve profitability and expand capabilities, supported by our Acceleration Plan.

Acceleration Plan to enhance performance and drive margin expansion

We have made good progress on our Group-wide Acceleration Plan, announced with our FY2024 results. The Acceleration Plan initiatives are focused on productivity and capability enhancements, including delivering end-to-end process improvements, optimising operational footprint and enhancing margin. This will further improve our businesses and create a streamlined cost base.

In the first half, we incurred £7m of cost and now expect FY2025 costs to be £20-25m, following refinements to the programme. The remainder of the total £60-65m costs will be incurred in FY2026. We now expect the Acceleration Plan to deliver £40-45m annualised benefits in FY2027 and beyond. Around two-thirds of both costs and benefits relate to FutureSmiths.

As part of the Acceleration Plan, we have committed to right-sizing the Group central costs in line with the portfolio changes. Following completion of the separation processes, we aim for central costs to remain around 1.5-1.7% of revenue, below the median of our UK industrial peers.

New enhanced medium-term targets

We are announcing today enhanced medium-term financial targets reflecting the attractive financial profiles and growth potential of FutureSmiths. These new targets are through-cycle under the FutureSmiths structure, following the completion of both separation processes, with FY2026 being a transition year.

We have raised our organic revenue growth target from 4-6% to 5-7%. This reflects the growth opportunities in both our core markets and adjacencies, as well as from new products and services. As detailed below, EPS growth, operating profit margin and ROCE are all increased, reflecting the high returns of these businesses, and the further improvement to be delivered through operational excellence and the Acceleration Plan. The operating cash conversion target is unchanged at ~100%, allowing for the opportunity to invest in future growth whilst maintaining a high level of cash generation.

Medium-term targets (through-cycle)	Current target	New target
Organic revenue growth	**4-6%** *(+ M&A)*	**5-7%** *(+ M&A)*
Headline EPS growth	**7-10%** *(+ M&A)*	**>10%** *(+ M&A)*
Headline operating profit margin	**18-20%**	**21-23%**
ROCE	**15-17%**	**>20%**
Headline operating cash conversion	**~100%**	**~100%**

Smiths Interconnect and Smiths Detection separation processes initiated

The separation processes have both started and are progressing with pace and rigour. We remain on track to announce a sale of Smiths Interconnect by the end of calendar year 2025 and a UK demerger or sale of Smiths Detection will follow. Advisers have been appointed and governance committees established to provide oversight and robust execution to deliver the best value for shareholders.

Since the announcement, we have engaged with our employees and other stakeholders, recognising the impact such changes will have, and we remain committed to respectful and timely engagement as we progress.

Enhanced shareholder returns

As announced on 31 January 2025, we have increased the previously announced £150m buyback to £500m. As at 24 March 2025, we have completed £150m and expect to complete the remaining £350m by the end of calendar year 2025. As previously guided, we will return a large portion of proceeds from divestments to shareholders via buyback, while aiming to maintain an investment grade rating.

Update on cyber incident

Our strong first half results were delivered despite a cyber security incident at the end of January. Due to our rapid response in isolating our systems and activating business continuity plans, we were able to minimise disruption to our operations. The most notable financial impact in the half was in John Crane where recovery took longer due to the number of systems involved. This affected John Crane's revenue and orders in January which continued into Q3, moderating our full year growth expectations for this business. In FY2025, we expect to recognise costs of £4-5m in relation to the cyber incident. All critical systems across the Group are now fully recovered and operating as usual.

FY2025 outlook – guidance reaffirmed

We reaffirm our FY2025 guidance of 6-8% organic revenue growth and margin expansion of 40-60bps for the Group. This guidance reflects continued strength in our end markets, with the exception of US construction for Flex-Tek where the market remains subdued. It also incorporates the potential impact of US tariffs currently in place and we continue to monitor how the landscape evolves. The second half outlook is supported by good order book visibility and also reflects the tougher year-on-year comparator (H2 2024: +6.8%).

We expect the 40-60bps of margin expansion to be achieved through operating leverage and continued savings driven through the Smiths Excellence System ("SES") in the second half, whilst continuing to invest in the business. We expect cash conversion to be in the low nineties percent, as previously guided, and which we now expect to be more evenly spread between the first and the second half of the year, reflecting the timing of increased capital investment, particularly in John Crane.

HY2025 BUSINESS PERFORMANCE

Current medium-term targets

In the first half, Smiths delivered strong growth, margin expansion and returns. We exceeded our current Group medium-term financial targets for organic revenue growth, EPS and ROCE, with operating profit margin and operating cash conversion both showing year-on-year improvement in line with our FY2025 guidance.

Targets	Medium-term target	HY2024	HY2025
Organic revenue growth	**4-6%** *(+ M&A)*	+3.9%	**+9.1%**
Headline EPS growth	**7-10%** *(+ M&A)*	+4.5%	**+14.0%**
ROCE	**15-17%**	15.7%	**17.1%**
Headline operating profit margin	**18-20%**	16.3%	**16.7%**
Headline operating cash conversion	**~100%**	89%	**94%**

Growth

Revenue grew +6.7% on a reported basis to £1,608m (HY2024: £1,507m). This included £(48)m of negative foreign exchange translation and +£16m from acquisitions, including the first half acquisitions of Modular Metal Fabricators, Inc ("Modular Metal") and Wattco, Inc ("Wattco") and £4m from the Heating and Cooling Products ("HCP") acquisition made in August 2023.

£m	HY2024	Foreign exchange	Acquisitions	Organic movement	HY2025
Revenue	1,507	(48)	16	**133**	**1,608**
Headline operating profit	246	(11)	4	**30**	**269**
Headline operating profit margin	16.3%				**16.7%**

We continue to extend a track record of consistent organic growth, and first half growth was delivered by all four businesses.

Organic revenue growth (by business)	H1 2024	H2 2024	HY2025
John Crane	+12.7%	+7.1%	**+3.8%**
Flex-Tek	(4.1)%	+2.6%	**+2.5%**
Smiths Detection	+8.9%	+13.2%	**+15.3%**
Smiths Interconnect	(13.7)%	+0.4%	**+26.8%**
Smiths Group	**+3.9%**	**+6.8%**	**+9.1%**
FutureSmiths	**+5.5%**	**+5.3%**	**+3.3%**

- John Crane's growth was led by original equipment sales ("OE") across both energy and industrial. The moderation in growth reflects the strong prior year comparator of +12.7%, and the impact of the cyber incident in January;

- Flex-Tek delivered growth in its construction business despite a subdued US construction market, with continued good growth in aerospace;
- Smiths Detection's growth reflected strength in aviation, particularly for computed tomography for airport checkpoints; and
- Smiths Interconnect's performance reflected strong growth in semi-conductor, and good growth in fibre-optic, radio-frequency and connector products reflecting market recovery and product innovation.

Our business currently operates across four major global end markets: General Industrial, Safety & Security, Energy and Aerospace & Defence.

Organic revenue growth (by end market)	% of Smiths revenue	**H1 2024**	**H2 2024**	**HY2025**
General Industrial	39%	(5.5)%	(1.5)%	**+7.7%**
Safety & Security	28%	+8.9%	+13.2%	**+15.3%**
Energy	22%	+16.6%	+15.3%	**+3.3%**
Aerospace & Defence	11%	+2.9%	+4.8%	**+10.9%**
Smiths Group	**100%**	**+3.9%**	**+6.8%**	**+9.1%**

- In General Industrial, growth was driven by John Crane most notably in water treatment and marine markets, above market growth in Flex-Tek, and strong growth for Smiths Interconnect semi-test products;
- Safety & Security growth reflected Smiths Detection's continued strong delivery of its order book;
- Energy growth reflected demand for John Crane's OE offering; and
- In Aerospace & Defence, growth was driven by new aircraft build programmes at Flex-Tek, and strong demand and new programme wins in Smiths Interconnect.

Organic growth is supported by new product development and commercialisation. In the first half, +80bps of growth was delivered from new products including the continued expansion of John Crane's unique Diamond® Seal Face technology portfolio, Flex-Tek's heating solution supporting the production of commercial green steel, the broadening of Smith Detection's digital solutions and next generation high-speed test sockets in Smiths Interconnect.

Execution

We continue to focus on driving efficient execution throughout our operations with the support of SES. Headline operating profit rose +12.6% (+£30m) on an organic basis, and +9.5% (+£23m) on a reported basis, to £269m (HY2024: £246m). Acquisitions contributed £4m to operating profit.

£m	HY2024	Foreign exchange	Acquisitions	**Organic movement**	**HY2025**
Headline operating profit	246	(11)	4	**30**	**269**
Headline operating profit margin	16.3%	(20)bps	+10bps	**+50bps**	**16.7%**

Headline operating profit margin was 16.7%, up +50bps on an organic basis, reflecting volume growth, pricing ahead of inflation, benefits of efficiency savings, including SES, partially offset by product and business mix. On a reported basis, margin expanded +40bps including the impact of FX and acquisitions.

Headline operating profit margin (by business)	**HY2024**	**HY2025**
John Crane	23.0%	**22.9%**
Flex-Tek	21.2%	**19.8%**
Smiths Detection	10.7%	**11.3%**
Smiths Interconnect	12.2%	**17.2%**
Smiths Group	**16.3%**	**16.7%**

By business, operating margin expansion reflected:

- Pricing and benefits of SES offset by adverse FX and unfavourable mix from strong OE growth in John Crane, noting this supports future aftermarket revenue;
- Adverse mix partly due to high margin industrial heating contracts in the prior year comparator for Flex-Tek;
- Higher volumes and pricing improvement, as well as continued enhancement in operational efficiency in Smiths Detection; and
- Strong operating leverage from the higher volumes in Smiths Interconnect.

ROCE increased +140 bps to 17.1% (HY2024: 15.7%), above our medium-term target, reflecting the higher profitability and efficient use of capital.

Headline EPS grew +14.0% to 55.5p. This reflected a headline tax charge of £65m (25.5% effective tax rate) (HY2024: £59m, 26.0%), a £5m reduction in headline finance costs and the benefit of the share buyback programme, partially offset by foreign exchange impact. We expect the full year tax rate to be 25.5%.

Headline operating cash conversion was 94% (HY2024: 89%), supported by a year-on-year improvement in working capital. Headline operating cashflow was £254m (HY2024: £218m) and free cashflow generation increased +27.7% to £143m (HY2024: £112m) or 53% of headline operating profit (HY2024: 45%).

Sustainability, Excellence and People

In the first half, we continued to drive sustainable practices throughout the business and are progressing well towards all our FY2025 and FY2027 targets, as outlined in our latest *Sustainability at Smiths* report. SES, now fully embedded throughout the organisation, continues to yield benefits, as evidenced by our profit margin expansion.

The safety, health and well-being of our people remain an essential foundation of our success at Smiths. Our HY2025 recordable incident rate improved to 0.23 (HY2024: 0.46), an industry top quartile ranking, driven by our continued focus on delivering a zero-harm culture.

Executive Committee and Board changes

Our focus on talent development and succession planning was demonstrated in the half as we announced a number of changes at the Board and Executive Committee level. In January, we announced Clare Scherrer’s decision to retire as Chief Financial Officer, being succeeded by Julian Fagge, formerly President of Smiths Interconnect, from 1 February. Julian has been at Smiths for over 12 years in financial, strategic and operational roles including Group Financial Controller, M&A and Strategy Director and President of Flex-Tek. Julian’s experience positions him well to deliver on the strategic actions currently underway.

As a result of the CFO change, there were other changes to the Executive Committee, with Vera Parker, previously Chief People Officer, replacing Julian as President of Smiths Interconnect. Kini Pathmanathan’s role was expanded to include People in addition to Sustainability and Excellence. We also announced that Bernard Cicut decided to retire as President of John Crane, being succeeded by Ruben Álvarez, a 27-year veteran of John Crane whose prior role was Vice President of Portfolios and Customer Operations.

At Board level, we announced the appointment of Simon Pryce as an independent Non-executive Director, and as a member of both the Audit & Risk Committee and the Separation Oversight Committee, with effect from 1 February 2025. Simon is a highly experienced business leader of customer focused, global, industrial manufacturing and service businesses, with experience that is directly relevant to Smiths Group's key end markets, customers and supply chains.

CAPITAL ALLOCATION

We take a disciplined approach to our use of capital; investing in our businesses to fuel organic growth, pursuing strategic and disciplined bolt-on acquisitions and returning excess capital to shareholders. As announced in January, we are accelerating execution against this with enhanced returns to shareholders through our increased share buyback programme.

Organic investment

In the first half, we invested £48m in R&D (HY2024: £52m), of which £35m (HY2024: £35m) was an income statement charge, £3m was capitalised (HY2024: £7m) all in Smiths Detection, primarily next-generation hold and cabin baggage screening, and £10m (HY2024: £10m) was funded by customers in Smiths Detection and Smiths Interconnect. In addition, there was a further £20m spend (HY2024: £20m) on customer-specific engineering-related projects in John Crane, taking total spend for HY2025 from 3.0% to 4.3% of sales.

Capex increased by £3m to £41m (HY2024: £38m), reflecting planned investment in capacity and automation at John Crane. Further spend on this, as well as capex related to the Acceleration Plan, is forecast in the second half with FY2025 capex expected of ~£100m (FY2024: £86m).

M&A

In the first half, consistent with our strategic and disciplined M&A approach, we completed the acquisitions of Modular Metal and Wattco with a combined value of £97m at an EBITDA multiple of c.8x, expanding Flex-Tek's HVAC and electrical heating solutions platforms. An additional amount of up to £15m is payable subject to the performance of one of the acquisitions over a three-year period.

After the period end, in February 2025, we completed the acquisition of Duc-Pac, a US-based metal ducting manufacturer. This acquisition further builds on the acquisitions of HCP and Modular Metal in expanding our geographical coverage for metal and flexible ducting products to include the north-eastern US through its established brand, deep customer relationships and strong operational business model. Duc-Pac was acquired for $40.5m (~£32m), at a 12-month trailing EBITDA multiple of 7.2x, and with an operating margin accretive to that of Flex-Tek.

Share buyback and dividend

As announced on 31 January 2025, we increased our share buyback programme to £500m (from £150m announced on 13 November 2024), with the first £150m having now been completed. The remaining £350m will be launched imminently and is expected to be completed by the end of calendar year 2025.

The Board is declaring an interim dividend of 14.23p, a year-on-year increase of +5.0% (HY2024: 13.55p). The interim dividend will be paid on 14 May 2025 to shareholders on the register at close of business on 4 April 2025.

Net debt

Net debt at 31 January 2025 was £299m (FY2024: £213m) with a net debt to headline EBITDA ratio of 0.5x (FY2024: 0.3x). Net headline finance costs for the half decreased by £5m to £13m (HY2024: £18m), principally due to higher average cash balances.

As at 31 January 2025, borrowings were £675m (FY2024: £659m) comprising a €650m bond which matures in February 2027 and £131m of lease liabilities. There are no financial covenants associated with these borrowings. Cash and cash equivalents as at 31 January 2025 were £392m (FY2024: £459m). Together with a $800m (£642m at the half-year end exchange rate) revolving credit facility, which matures in May 2029, total liquidity was £1bn at the end of the period.

Following the sale of Smiths Medical in January 2022, the Group held a financial asset reflecting our equity ownership in ICU Medical, Inc ("ICU"). During FY2024, we sold 2,030,000 ICU shares (8.34% of ICU's issued share capital), with net proceeds of $240m (£187m). During the first half of this year, we sold the remaining shareholding with net proceeds of $68m (£53m).

STATUTORY RESULTS

Income statement and cashflow

The £27m difference (HY2024: £54m) between headline operating profit of £269m and statutory operating profit of £242m is non-headline items. The largest of these relate to the amortisation of acquired intangible assets of £27m, a £12m net credit for asbestos litigation provision in John Crane Inc, and £7m of cost in relation to the Acceleration Plan, with a total of £5m relating to the fair value movement on sale of ICU shares and acquisition-related costs in Flex-Tek. Statutory finance costs were £14m, £7m lower than prior year (HY2024: £21m).

The statutory effective tax rate was 26.1% (HY2024: 35.0%) and includes a non-headline tax credit of £5m (HY2024: £1m charge). Statutory profit after tax for the Group was £168m (HY2024: £111m) and statutory basic EPS was 48.8p (HY2024: 32.0p).

Statutory net cash inflow from operating activities for the Group was £205m (HY2024: £168m).

Pensions

During the first half, £7m of pension contributions (HY2024: £3m) were made, which relate to funded, unfunded and overseas schemes and healthcare arrangements. Of this, £5m related to the US defined benefit pension plan.

No contributions were made in the first half to either the TI Group Pension Scheme ("TIGPS") or the Smiths Industries Pension Scheme ("SIPS") and it is not anticipated that any further contributions will be made. For the TIGPS, the liabilities have now been insured via a series of buy-in annuities with Smiths and the TIGPS Trustee working toward final buy-out of the scheme. The SIPS is in surplus on the Technical Provisions funding basis, and Smiths and the SIPS Trustee continue to work together to progress towards the long-term funding target of full buy-out funding.

These two UK schemes and the US pension plan are well hedged against changes in interest and inflation rates. Their assets are invested in third-party annuities, government bonds, investment grade credit or cash, with a small proportion of equity investments held by the US pension plan. As at 31 January 2025, 60% of the UK liabilities had been de-risked through the purchase of annuities from third party insurers.

Foreign exchange

The results of overseas operations are translated into sterling at average exchange rates. Net assets are translated at period-end rates. The Group is exposed to foreign exchange movements, mainly US Dollar and Euro. The principal exchange rates, expressed in terms of the value of Sterling, are as follows:

	Average rates		Period-end rates	
	31 Jan 2025 (6 months)	31 Jan 2024 (6 months)	**31 Jan 2025**	31 Jan 2024
USD	**1.28**	1.25	**1.25**	1.27
EUR	**1.19**	1.16	**1.20**	1.17

BUSINESS REVIEW

JOHN CRANE

John Crane is a global leader in mission-critical technologies for the energy and process industries and an innovator in rotating equipment, encompassing mechanical seals, couplings, filtration systems and cutting-edge asset management and digital diagnostics solutions. 63% of revenue is derived from the energy sector (downstream and midstream oil & gas and power generation, including renewable and sustainable energy sources). 37% is from other process industries including chemical, life sciences, mining, water treatment and pulp & paper. 71% of John Crane revenue is from aftermarket sales. John Crane represents 34% of Group revenue.

	HY2025 £m	HY2024 £m	Reported growth	**Organic growth**
Revenue	**551**	**555**	**(0.9)%**	**+3.8%**
Original Equipment ("OE")	87	80	+7.8%	+12.2%
Aftermarket	258	271	(4.4)%	+0.6%
Energy	**345**	**351**	**(1.6)%**	**+3.3%**
Original Equipment	74	72	+2.2%	+5.8%
Aftermarket	132	132	(0.6)%	+4.0%
Industrial	**206**	**204**	**+0.4%**	**+4.6%**
Headline operating profit	126	**128**	**(1.4)%**	**+3.9%**
Headline operating profit margin	**22.9%**	**23.0%**	**(10)bps**	**+10bps**
Statutory operating profit	129	106	+21.7%	
Return on capital employed	24.9%	25.1%	(20)bps	
R&D cash costs as % of sales[1]	5.2%	5.2%	-	

1 Includes cash R&D expenditure (1.5% of sales) and spend on customer-specific engineering-related projects (3.7%)

Revenue

£m	HY2024 reported	Foreign exchange	**Organic movement**	**HY2025 reported**
Revenue	555	(24)	**20**	**551**

John Crane delivered organic revenue growth of +3.8% in the first half, against a strong prior year growth comparator of +12.7%. Growth was partly constrained by the cyber incident where recovery took longer due to the number of systems involved.

Reported revenue was down marginally year-on-year at £551m, reflecting the organic growth, offset by a negative (4.7)% foreign exchange impact.

In Energy, organic revenue grew +3.3% (HY2024: +16.6%) benefiting from a continued focus on energy security and efficiency, as well as emissions reduction solutions, supporting medium-term growth. OE sales were particularly strong, up +12.2%, especially for John Crane's gas compression and systems offerings. Aftermarket organic revenue was flat year-on-year, partly reflecting large one-off orders in the prior year. During the period, a significant new asset management contract was signed to provide asset management and predictive maintenance technologies to a customer in Saudi Arabia, the third of such contracts in the Kingdom.

Within energy transition, the pipeline of opportunities John Crane is pursuing in CCUS, hydrogen and biofuels continues to expand, currently at 170 projects. A recent example is a strategic partnership to supply dry gas seals and a gas seal system for a groundbreaking supercritical CO_2 ("sCO_2") pilot project to develop an innovative, economically viable and easily replicable sCO_2 power block to enhance the flexibility of concentrated solar power plants.

In Industrial, organic revenue grew +4.6% with growth in both OE and aftermarket. Regionally, growth was largely driven by the Americas and by industry, in water treatment and marine markets. Notable contract wins in the first six months included a multi-year gas seal management programme contract with SK Advanced, a major producer and seller of propylene, located in South Korea.

Growth in the second half is expected to improve compared to the first half supported by a robust order book and market demand. However, the cyber incident disrupted orders in January which continued into Q3, moderating our growth expectations for the full year.

Operating profit and ROCE

£m	HY2024 reported	Foreign exchange	**Organic movement**	**HY2025 reported**
Headline operating profit	128	(7)	**5**	**126**
Headline operating profit margin	23.0%			**22.9%**

Headline operating profit of £126m grew +3.9% on an organic basis, resulting in a margin of 22.9%, a +10bps improvement on an organic basis, albeit 10bps lower on a reported basis reflecting a negative FX translation impact. This organic improvement was driven by increased pricing and SES benefits partly offset by a negative mix impact from strong OE sales and higher investment in growth. This investment to increase capacity and efficiency, including marketing and commercial, are both key to service current demand and propel future growth.

On a reported basis, headline operating profit was down (1.4)%, with the organic improvement offset by a (5.3)% negative foreign exchange impact. The difference between statutory and headline operating profit includes the net changes in relation to the provision for John Crane, Inc. asbestos litigation and costs incurred in relation to the Acceleration Plan.

ROCE was 24.9%, with the headline operating profit growth, offset by a higher capital base and the impact of FX.

R&D and new product development

Cash R&D expenditure was 1.5% of sales (HY2024: 1.6%). In addition, the business spent a further 3.7% of sales (HY2024: 3.6%) on customer-specific engineering-related projects for a total investment in product development of 5.2% of sales (HY2024: 5.2%).

John Crane's R&D is primarily focused on gas compression projects and enhancing the efficiency, performance and sustainability of heavy-duty seals and hydrogen compressors. John Crane is also well placed to support energy transition projects with its extreme temperatures and high-pressure sealing solutions and continues to work with universities and customers to develop and bring to market these innovative solutions. In the first half, it announced a strategic multi-year partnership and collaboration agreement with the University of Sheffield to advance high-performance sealing technologies, crucial for the energy transition.

Data services products are also an area of focus and in August 2024, it launched its John Crane Sense® Monitor solution. This enables customers to track the health of their assets remotely using near real-time data, notifying them of potential faults and helping to minimise unplanned downtime.

FLEX-TEK

Flex-Tek is a global provider of engineered components that heat and move liquids and gases for the construction, industrial and aerospace markets. 81% of Flex-Tek's revenue is derived from the Industrial sector and 19% from the Aerospace sector. Flex-Tek represents 25% of Group revenue.

	HY2025 £m	HY2024 £m	Reported growth	Organic growth
Revenue	**401**	**384**	**+4.4%**	**+2.5%**
Industrial	325	310	+4.9%	+2.0%
Aerospace	76	74	+2.2%	+4.8%
Headline operating profit	**80**	**81**	**(2.3)%**	**(5.1)%**
Headline operating profit margin	**19.8%**	**21.2%**	**(140)bps**	**(160)bps**
Statutory operating profit	64	74	(13.5)%	
Return on capital employed	24.8%	26.1%	(130)bps	
R&D cash costs as % of sales	0.3%	0.4%	(10)bps	

Revenue

£m	HY2024 reported	Foreign exchange	Acquisitions	Organic movement	HY2025 reported
Revenue	384	(9)	16	**10**	**401**

Organic revenue grew +2.5% in the first half, with growth across both Industrial and Aerospace. Revenue on a reported basis grew +4.4%, supported by +£16m from acquisitions, primarily related to the acquisitions of Modular Metal and Wattco (acquired in the first quarter of FY2025), and despite a negative foreign exchange translation effect.

In Industrial, organic revenue was up +2.0%, a result of a good performance in our HVAC business, ahead of a subdued US housing market. HVAC growth for the second half will reflect the pace of market recovery in US housing, the timing for which remains uncertain.

Flex-Tek's solutions for industrial applications includes the partnership with Midrex to deliver electrical heating solutions that enable the production of commercial green steel. Organic revenue declined, as expected, reflecting contract timing. Revenue was helped by a positive contribution from the Wattco acquisition and the business is well placed to capitalise from the transition to electrical industrial heat.

In Aerospace, organic revenue grew +4.8% in the first half, with the second quarter reflecting a slight moderation in growth largely related to customer contract scheduling. A continued strong order book supports a positive outlook for FY2025 and beyond.

Operating profit and ROCE

£m	HY2024 reported	Foreign exchange	Acquisitions	Organic movement	HY2025 reported
Headline operating profit	81	(2)	4	**(3)**	**80**
Headline operating profit margin	21.2%				**19.8%**

Headline operating profit declined (5.1)% on an organic basis. Despite positive pricing and SES savings, organic operating margin declined (160)bps to 19.8% partly as a result of a strong comparator in the prior year related to mix benefits from high margin industrial heating contracts. On a reported basis, headline operating profit declined (2.3)% whilst operating margin declined (140)bps.

The difference between statutory and headline operating profit reflects the amortisation of acquired intangible assets and the provision for Titeflex Corporation subrogation claims.

ROCE declined (130)bps to 24.8%, reflecting the headline operating profit decline and the impact of acquisitions.

The integration of Modular Metal is progressing well, with increased revenue in the year against the challenging construction market background. The acquisition expanded Flex-Tek's presence in the North American HVAC market by extending its customer base and product offering of Modular Metal's sealed flexible duct solution.

The integration of Wattco is also progressing well, with revenue contributing positively to the electrical industrial heating business. The acquisition expanded our portfolio to a wider range of industrial electric heating products, including medium temperature immersion and circulation heating, which are highly complementary to our existing open coil electrical heating products.

Building on recent acquisitions, in February, Flex-Tek acquired Duc-Pac, expanding its HVAC presence into the north-eastern US market. The purchase price was $40.5m (~£32m), equating to a 7.2x 12-month trailing EBITDA multiple. Duc-Pac generated revenue of ~£16m in the last twelve months, with an operating margin accretive to that of Flex-Tek.

R&D and new product development

Cash R&D expenditure was 0.3% of sales (HY2024: 0.4%). R&D is focused on developing new products for the aerospace markets and construction and new electrification opportunities within industrial markets.

SMITHS DETECTION

Smiths Detection is a global leader in threat detection and screening technologies for aviation, ports and borders, urban security and defence. Smiths Detection delivers the solutions needed to protect society from the threat and illegal passage of explosives, prohibited weapons, contraband, toxic chemicals, biological agents and narcotics – helping make the world a safer place. 52% of Smiths Detection's sales are derived from the aftermarket. Smiths Detection represents 28% of Group revenue.

	HY2025 £m	HY2024 £m	Reported growth	Organic growth
Revenue	**454**	**404**	**+12.5%**	**+15.3%**
Original Equipment	156	112	+39.9%	+43.2%
Aftermarket	181	157	+15.4%	+18.4%
Aviation	**337**	**269**	**+25.6%**	**+28.7%**
Original Equipment	63	74	(15.5)%	(13.4)%
Aftermarket	54	61	(11.1)%	(8.8)%
Other Security Systems ("OSS")	**117**	**135**	**(13.5)%**	**(11.3)%**
Headline operating profit	**51**	**43**	**+19.3%**	**+23.2%**
Headline operating profit margin	**11.3%**	**10.7%**	**+60bps**	**+70bps**
Statutory operating profit	39	33	+18.2%	
Return on capital employed	10.0%	7.9%	+210bps	
R&D cash costs as % of sales	5.8%	7.6%	(180)bps	

Revenue

£m	HY2024 reported	Foreign exchange	**Organic movement**	**HY2025 reported**
Revenue	404	(10)	**60**	**454**

Smiths Detection delivered +15.3% organic revenue growth, converting its strong order book into revenue. This included significant growth in Aviation, driven by both strong OE and aftermarket sales, partly offset by a decline in OSS revenue.

Reported revenue was up +12.5% reflecting the strong organic growth, partially offset by a (2.8)% unfavourable foreign exchange impact.

Order intake during the period continued to reflect the ongoing demand for airport scanner upgrades. In aftermarket, Smiths Detection announced the award of a contract to service hold baggage X-ray inspection systems at airports across the United States.

In Aviation, organic revenue grew +28.7%, with OE growth of +43.2%, reflecting the continued strong demand for Smiths Detection's latest range of 3D-image computed tomography machines for cabin baggage, CTiX. Smiths Detection has now sold more than 1,600 CTiX scanners and has secured a good win rate of the contracts awarded to date, which cover around half of the units that it anticipates will be upgraded. Notable wins during the first half included airports in Australia, Germany, Japan, Poland and the UAE. Contracts awarded to date support production through FY2025 and into FY2026, and it is expected that the airports' upgrade programme will continue for the next 2-3 years.

OSS sales declined (11.3)% organically, primarily reflecting a tough comparator last year (HY2024 +12.8%), as well as the phasing of service contracts and defence programmes, with OE growth in ports and borders offset by declines in defence and urban security.

In defence, Smiths Detection generated revenue from its multi-year chemical detection contract with the UK Ministry of Defence. It also announced a contract to supply LCD 4 personal chemical detectors to the Japanese Ministry of Defence, for delivery in 2025 and 2026.

Operating profit and ROCE

£m	HY2024 reported	Foreign exchange	Organic movement	HY2025 reported
Headline operating profit	43	(1)	**9**	**51**
Headline operating profit margin	10.7%			**11.3%**

Headline operating profit increased +23.2% on an organic basis for the year, reflecting the strong volume growth and pricing improvement, as well as benefits from SES savings and cost actions. Headline operating profit margin increased to 11.3%, +70bps on an organic and +60bps on a reported basis.

On a reported basis, headline operating profit increased +19.3%, including a negative foreign exchange translation, with the difference between statutory and headline operating profit reflecting amortisation of acquired intangibles.

ROCE increased +210bps to 10.0%, reflecting the growth in operating profit.

R&D and new product development

Cash R&D was £26m (HY2024: £30m), representing 5.8% of sales (HY2024: 7.6%), to support Smiths Detection investment in next-generation detection capabilities. Spend included £9m in customer funded projects (HY2024: £9m).

Following the pre-launch last year of its X-ray scanner utilising diffraction technology, the SDX 10060 XDi is currently undergoing certification in Europe.

Smiths Detection is also advancing its software offering. Its iCMORE Automated Prohibited Items Detection Systems ('APIDS') algorithm received approval from the Netherlands' National Coordinator for Security and Counter-terrorism. Smiths Detection becomes the first and only supplier to receive this approval. iCMORE APIDS uses AI to identify a wide range of prohibited objects at airport security checkpoints, automating the detection of an extensive list of prohibited items while bags pass through CT security screening machines. It enhances security, creating a faster and more seamless experience for passengers and is a major step towards full automation and alarm-only viewing, enabling airports to achieve substantial operational savings.

SMITHS INTERCONNECT

Smiths Interconnect is a leading provider of high reliability connectivity products and solutions serving segments of aerospace and defence, medical, semiconductor test and industrial markets. Smiths Interconnect represents 13% of Group revenue.

	HY2025 £m	HY2024 £m	Reported growth	Organic growth
Revenue	**202**	**164**	**+23.5%**	**+26.8%**
Headline operating profit	**35**	**20**	**+74.6%**	**+80.3%**
Headline operating profit margin	**17.2%**	**12.2%**	**+500bps**	**+510bps**
Statutory operating profit	34	19	+78.9%	
Return on capital employed	13.8%	10.5%	+330bps	
R&D cash costs as % of sales	6.1%	6.8%	(70)bps	

Revenue

£m	HY2024 reported	Foreign exchange	Organic movement	HY2025 reported
Revenue	164	(5)	**43**	**202**

Smiths Interconnect's organic revenue growth was very strong, up +26.8% in the first half, with growth across all business units, albeit against a weak comparator in HY2024 of (13.7)%.

Reported revenue increased +23.5% reflecting a (3.3)% negative foreign exchange impact.

Growth in Industrial was broad based across businesses demonstrating the strength of our innovative product offering, particularly in semi-test markets. We delivered outstanding growth in semi-test reflecting key programme wins, particularly in high-speed GPUs and AI, and end market recovery. Strong growth in Aerospace and Defence reflected high demand for our fibre-optic, radio-frequency and connector products.

The improvement in market activity, together with our view of orders and upcoming pipeline underpin our second half outlook where we expect the growth to continue, albeit at a lower rate given the marginal growth booked in the second half of last year.

Operating profit and ROCE

£m	HY2024 reported	Foreign exchange	Organic movement	HY2025 reported
Headline operating profit	20	(1)	**16**	**35**
Headline operating profit margin	12.2%			**17.2%**

Headline operating profit increased +80.3% on an organic basis, resulting in a +510bps organic improvement in headline operating profit margin to 17.2%. This primarily reflected the notably higher volume alongside pricing, positive mix effects and benefits from SES and automation. On a reported basis, headline operating profit increased +74.6% and statutory operating profit rose +78.9%.

The difference between statutory and headline operating profit reflects the amortisation of acquired intangibles and acquisition-related costs.

ROCE increased +330bps to 13.8%, driven by the notably higher operating profit.

R&D and new product development

Cash R&D expenditure was £13m (HY2024:£11m) representing 6.1% as a percentage of sales (HY2024: 6.8%). R&D is focused on developing and customising new products that improve connectivity and product integrity in demanding operating environments.

Within Aerospace and Defence, space grade products in particular are a key development focus especially in radio frequency and optical products. During the period, Smiths Interconnect's products supported several high-profile space campaigns, including the forthcoming Europa Clipper mission to explore one of Jupiter's moons and the Sentinel-1C satellite, the EU's leading Earth observation initiative. Smiths Interconnect provided cutting-edge connectivity solutions – supplying isolators, hyperboloid and spring probe solutions, and circulators, which are designed to withstand the harsh conditions of space and ensure consistent performance.

The success of DaVinci 112, the next generation of Smiths Interconnect's high-speed semiconductor test sockets, has been noted by industry with the receipt of several awards, recognising its significant impact on electronics innovation. Smiths Interconnect received the prestigious *Best Test Measurement Award of the Year* at the Global Electronics Achievement Awards and *Emerging Technology of the Year* at the UK's Institution of Engineering and Technology Excellence and Innovation Awards. The DaVinci 112 technology is engineered to meet the high-speed demands of IC chips driven by advancement in AI, data centres, high speed computing and self-driving vehicles.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has a risk management structure and internal controls in place which are designed to identify, manage and mitigate business risks. Smiths faces a number of risks and uncertainties which could have a material impact on the Group's long-term performance. The Group's principal risks and uncertainties are detailed on pages 42 to 48 of the 2024 Annual Report. The principal risks and uncertainties affecting the Group for the second half of the financial year continue to be those set out briefly below and more fully in the Annual Report.

- **Economy and geopolitics:** The challenging economic and geopolitical environment in which we operate may have an adverse effect on demand for our products, our cost structure, pricing strategies, profitability and market share. External adverse events could cause an unanticipated and sudden disruption to our business. The US government has recently proposed new tariffs on international trade, which could affect our profits if we are unable to fully pass-through this cost.
- **Cyber security**: Cyber-attacks attempting to compromise the confidentiality, integrity and availability of IT systems and the data held on them are a continuing risk. We operate in markets and product areas which are known to be of interest to cyber criminals. Digitalisation and increased interconnectivity of our products intensifies the risk. We were affected by a cyber security incident at the end of January 2025. However, due to our rapid response in isolating our systems and activating business continuity plans, there was minimal disruption to our operations. Our cyber risk remains elevated, with an increased likelihood of a cyber event occurring.
- **Business continuity**: Disruption to our supply chain, manufacturing or service operations, or customers' operations could impact our financial performance.
- **Technology**: If we fail to maintain our technological differentiation and our innovation pipeline does not meet customers' evolving requirements, we may lose market share to a new or existing competitor. This could impact our financial performance and our ability to attract and retain talent.
- **Product quality**: Failure of one of our products, including failure due to non-compliance with product regulation, may result in financial loss and reputational damage. In the ordinary course of business, we could be subject to material product liability claims and lawsuits, including potential class actions from customers or third parties.
- **Commercial**: Failure to act in a timely manner and adapt our market strategy in response to changes in the commercial environment in which we operate may result in an adverse effect on our financial performance and market share.
- **People**: Failing to attract, develop, and retain the right people with the right skills may affect our ability to achieve our commercial ambitions.
- **Legal and compliance**: We have c. 15,750 colleagues in more than 50 countries. Individuals may not all behave in accordance with the Group's Values and in accordance with ethical and legal requirements. We operate within increasingly complex legal regimes, often in highly regulated markets and with governments, customers and suppliers requiring strict adherence to laws. We may fail to deliver contracted products and services or fail in our contractual execution due to delays or breaches by our suppliers or other counterparties.
- **Climate change**: Failure to identify and act on the significant opportunities arising from the world's transition to a low-carbon economy and/or failure to respond appropriately to climate change risks and regulation. We operate in more than 50 countries, each with varying levels of vulnerability to extreme weather events, which could potentially lead to disruptions at one or more of our sites.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that, to the best of our knowledge:
the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and

- the interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

For and on behalf of the Board of directors:

Roland Carter
Chief Executive Officer

Julian Fagge
Chief Financial Officer

24 March 2025

INDEPENDENT REVIEW REPORT TO SMITHS GROUP PLC

Conclusion

We have been engaged by Smiths Group Plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2025 which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash-flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2025 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Mike Barradell

for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

24 March 2025

Consolidated income statement (unaudited)

		Six months ended 31 January 2025			Six months ended 31 January 2024		
	Notes	Headline £m	Non-headline (note 3) £m	Total £m	Headline £m	Non-headline (note 3) £m	Total £m
Revenue	2	1,608	–	1,608	1,507	–	1,507
Operating costs	2	(1,339)	(27)	(1,366)	(1,261)	(54)	(1,315)
Operating profit/(loss)		**269**	**(27)**	**242**	**246**	**(54)**	**192**
Interest receivable		19	–	19	11	–	11
Interest payable		(32)	–	(32)	(29)	–	(29)
Other financing losses		–	(3)	(3)	–	(6)	(6)
Other finance income – retirement benefits		–	2	2	–	3	3
Finance costs		(13)	(1)	(14)	(18)	(3)	(21)
Profit/(loss) before taxation		**256**	**(28)**	**228**	**228**	**(57)**	**171**
Taxation	5	(65)	5	(60)	(59)	(1)	(60)
PROFIT/(LOSS) FOR THE PERIOD		**191**	**(23)**	**168**	**169**	**(58)**	**111**
Earnings per share	4						
Basic				48.8p			32.0p
Diluted				48.7p			32.0p
Dividends per share (declared)	14			**14.23p**			**13.55p**

Consolidated statement of comprehensive income (unaudited)

	Notes	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Profit for the period		**168**	**111**
Other comprehensive income (OCI)			
OCI which will not be reclassified to the income statement:			
Re-measurement of post-retirement benefits assets and obligations		(8)	(100)
Taxation on post-retirement benefits movements		1	12
Fair value movements on financial assets at fair value through OCI		8	(167)
		1	(255)
OCI which will be reclassified and reclassifications:			
Fair value gains and reclassification adjustments:			
– deferred in the period on cash-flow and net investment hedges		(7)	(2)
– reclassified to income statement on cash-flow hedges		1	–
		(6)	(2)
Foreign exchange movements net of recycling:			
Exchange gains on translation of foreign operations		42	5
Total other comprehensive expenditure for the period, net of taxation		**37**	**(252)**
TOTAL COMPREHENSIVE INCOME		**205**	**(141)**

Attributable to:		
Smiths Group shareholders	204	(141)
Non-controlling interests	1	–
	205	**(141)**

Consolidated balance sheet (unaudited)

	Notes	31 January 2025 £m	31 July 2024 £m
Non-current assets			
Intangible assets	7	1,622	1,521
Property, plant and equipment	8	288	270
Right of use assets	9	117	110
Financial assets – other investments	10	6	53
Retirement benefit assets	6	122	132
Deferred tax assets		99	94
Trade and other receivables		97	96
		2,351	**2,276**
Current assets			
Inventories		709	643
Current tax receivable		35	24
Trade and other receivables		801	826
Cash and cash equivalents	11	392	459
Financial derivatives	11	3	4
		1,940	**1,956**
Total assets		**4,291**	**4,232**
Current liabilities			
Financial liabilities:			
– short-term borrowings	11	(8)	(2)
– lease liabilities	11	(35)	(32)
– financial derivatives	11	(5)	(4)
Provisions	13	(67)	(75)
Trade and other payables		(761)	(764)
Current tax payable		(83)	(70)
		(959)	**(947)**
Non-current liabilities			
Financial liabilities:			
– long-term borrowings	11	(536)	(534)
– lease liabilities	11	(96)	(91)
– financial derivatives	11	(16)	(13)
Provisions	13	(217)	(219)
Retirement benefit obligations	6	(97)	(103)
Deferred tax liabilities		(43)	(32)
Trade and other payables		(32)	(41)
		(1,037)	**(1,033)**
Total liabilities		**(1,996)**	**(1,980)**
Net assets		**2,295**	**2,252**
Shareholders' equity			
Share capital	18	129	130
Share premium account		365	365
Capital redemption reserve		26	25
Merger reserve		235	235
Cumulative translation adjustments		395	353
Retained earnings		1,313	1,306
Hedge reserve		(191)	(184)
Total shareholders' equity		**2,272**	**2,230**
Non-controlling interest equity		23	22
Total equity		**2,295**	**2,252**

Consolidated statement of changes in equity (unaudited)

	Notes	Share capital and share premium £m	Other reserves £m	Cumulative translation adjustments £m	Retained earnings £m	Hedge reserve £m	Equity shareholders' funds £m	Non-controlling Interest £m	Total equity £m
At 31 July 2024		495	260	353	1,306	(184)	2,230	22	2,252
Profit for the period		–	–	–	167	–	167	1	168
Other comprehensive income:									
– foreign exchange movements net of recycling		–	–	42	–	–	42	–	42
– re-measurement of post-retirement benefits and related tax		–	–	–	(7)	–	(7)	–	(7)
– fair value losses and related tax		–	–	–	9	(7)	2	–	2
Total comprehensive income for the period		**–**	**–**	**42**	**169**	**(7)**	**204**	**1**	**205**
Transactions relating to ownership interests									
Purchase of shares by Employee Benefit Trust		–	–	–	(22)	–	(22)	–	(22)
Share buybacks	18	(1)	1	–	(44)	–	(44)	–	(44)
Dividends:									
– equity shareholders	14	–	–	–	(104)	–	(104)	–	(104)
Share-based payment		–	–	–	8	–	8	–	8
At 31 January 2025		**494**	**261**	**395**	**1,313**	**(191)**	**2,272**	**23**	**2,295**

	Notes	Share capital and share premium £m	Other reserves £m	Cumulative translation adjustments £m	Retained earnings £m	Hedge reserve £m	Equity shareholders' funds £m	Non-controlling Interest £m	Total equity £m
At 31 July 2023		496	259	386	1,431	(188)	2,384	22	2,406
Profit for the period		–	–	–	111	–	111	–	111
Other comprehensive income:									
– foreign exchange movements net of recycling		–	–	5	–	–	5	–	5
– re-measurement of post-retirement benefits and related tax		–	–	–	(88)	–	(88)	–	(88)
– fair value losses and related tax		–	–	–	(167)	(2)	(169)	–	(169)
Total comprehensive income for the period		**–**	**–**	**5**	**(144)**	**(2)**	**(141)**	**–**	**(141)**
Transactions relating to ownership interests									
Purchase of shares by Employee Benefit Trust		–	–	–	(16)	–	(16)	–	(16)
Share buybacks	18	(1)	1	–	(29)	–	(29)	–	(29)
Dividends:									
– equity shareholders	14	–	–	–	(100)	–	(100)	–	(100)
Share-based payment		–	–	–	6	–	6	–	6
At 31 January 2024		**495**	**260**	**391**	**1,148**	**(190)**	**2,104**	**22**	**2,126**

Consolidated cash-flow statement (unaudited)

	Notes	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Net cash inflow from operating activities	16	**205**	**168**
Cash-flows from investing activities			
Expenditure on capitalised development		(3)	(7)
Expenditure on other intangible assets		(1)	(1)
Purchase of property, plant and equipment		(37)	(30)
Disposal of financial assets		53	1
Acquisition of businesses (net of £8m of cash acquired with businesses)	15	(89)	(65)
Disposal of subsidiaries – post-sale expenses		(12)	–
Net cash-flow used in investing activities		**(89)**	**(102)**
Cash-flows from financing activities			
Share buybacks	18	(44)	(29)
Purchase of shares by Employee Benefit Trust		(22)	(16)
Settlement of share awards in cash		–	(2)
Dividends paid to equity shareholders and non-controlling interests		(104)	(100)
Cash inflow/(outflow) from matured derivative financial instruments		2	1
Lease payments		(21)	(19)
Net cash-flow used in financing activities		**(189)**	**(165)**
Decrease in cash and cash equivalents		(73)	(99)
Cash and cash equivalents at beginning of the period		459	285
Exchange differences		6	(6)
Cash and cash equivalents at end of the period		**392**	**180**
Cash and cash equivalents at end of the period comprise:			
– cash at bank and in hand		193	111
– short-term deposits		199	69
		392	**180**

Notes to the condensed interim financial statements (unaudited)

1 Basis of preparation

The financial information for the period ended 31 January 2025 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 July 2024 has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial report for the half-year reporting period ended 31 January 2025 included in this announcement has been prepared on a going concern basis using accounting policies consistent with UK-adopted International Accounting Standards, in accordance with IAS 34 Interim Financial Reporting, and in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 July 2024, which has been prepared in accordance with UK-adopted International Accounting Standards.

The interim financial statements are prepared on a going concern basis. The Directors have assessed the principal risks discussed on page 18. The Directors believe that the Group is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least 12 months from the signing date of these condensed consolidated interim financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The interim financial information was approved by the Board on 24 March 2025.

Accounting policies

The same accounting policies, estimates, presentation and methods of computation are followed in the condensed interim financial statements as applied in the Group's latest annual audited financial statements.

New standards and interpretations not yet adopted

No new standards, new interpretations, or amendments to standards or interpretations have been published which are expected to have a significant impact on the Group's financial statements.

Presentation of results

In order to provide users of the accounts with a clear and consistent presentation of the performance of the Group's ongoing trading activity, the income statement is presented in a three column format with 'headline' profits shown separately from non-headline items in a form consistent with the prior year.

Judgement is required in determining which items should be included as non-headline. The amortisation of acquired intangibles, legacy liabilities, material one-off items and certain re-measurements are included in a separate column of the income statement. See note 3 for a breakdown of the items excluded from headline profit.

Performance measures for the Group's ongoing trading activity are described as 'headline' and used by management to measure and monitor performance. See note 2 for disclosures of headline operating profit and note 19 for more information about the alternative performance measures ('APMs') used by the Group.

In addition, the Group reports organic growth rates for revenue and underlying growth rates for profit where the determination of adjustments requires judgement. See note 19 for more information about the key performance indicators (KPIs) used by the Group.

2 Analysis of revenue, operating costs and segment information

Analysis by operating segment

The Group is organised into four major business segments: John Crane, Flex-Tek, Smiths Detection and Smiths Interconnect. These business segment design and manufacture the following products:

- **John Crane** – mechanical seals, seal support systems, power transmission couplings and specialised filtration systems;
- **Flex-Tek** – engineered components, flexible hosing and rigid tubing that heat and move fluids and gases; and
- **Smiths Detection** – sensors and systems that detect and identify explosives, narcotics, weapons, chemical agents, biohazards and contraband;
- **Smiths Interconnect** – specialised electronic and radio frequency board-level and waveguide devices, connectors, cables, test sockets and sub-systems used in high-speed, high reliability, secure connectivity applications.

The position and performance of each business segment is reported at each Board meeting to the Board of Directors. This information is prepared using the same accounting policies as the consolidated financial information, except that the Group uses headline operating profit to monitor segmental results and operating assets to monitor segmental position. See note 3 and note 19 for more information on which items are excluded from headline profit measures.

Intersegment sales and transfers are charged at arm's-length prices.

Segment trading performance

	John Crane £m	Flex-Tek £m	Smiths Detection £m	Smiths Interconnect £m	Corporate costs £m	Total £m
						Six months ended 31 January 2025
Revenue	551	401	454	202	–	1,608
Segmental headline operating profit	126	80	51	35	–	292
Corporate headline operating costs	–	–	–	–	(23)	(23)
Headline operating profit/(loss)	**126**	**80**	**51**	**35**	**(23)**	**269**
Items excluded from headline measures (note 3)	3	(16)	(12)	(1)	(1)	(27)
Operating profit/(loss) for the period	**129**	**64**	**39**	**34**	**(24)**	**242**
Headline operating margin	22.9%	19.8%	11.3%	17.2%		16.7%

	John Crane £m	Flex-Tek £m	Smiths Detection £m	Smiths Interconnect £m	Corporate costs £m	Total £m
						Six months ended 31 January 2024
Revenue	555	384	404	164	–	1,507
Segmental headline operating profit	128	81	43	20	–	272
Corporate headline operating costs	–	–	–	–	(26)	(26)
Headline operating profit/(loss)	**128**	**81**	**43**	**20**	**(26)**	**246**
Items excluded from headline measures (note 3)	(22)	(7)	(10)	(1)	(14)	(54)
Operating profit/(loss) for the period	**106**	**74**	**33**	**19**	**(40)**	**192**
Headline operating margin	23.0%	21.2%	10.7%	12.2%		16.3%

Segment assets and liabilities

Segment assets

	John Crane £m	Flex-Tek £m	Smiths Detection £m	Smiths Interconnect £m	Corporate and non-headline £m	Total £m
						31 January 2025
Property, plant, equipment, right of use assets, development projects, other intangibles and investments	184	116	142	65	12	519
Inventory, trade and other receivables	522	280	636	157	12	1,607
Segment assets	**706**	**396**	**778**	**222**	**24**	**2,126**

	John Crane £m	Flex-Tek £m	Smiths Detection £m	Smiths Interconnect £m	Corporate and non-headline £m	Total £m
						31 July 2024
Property, plant, equipment, right of use assets, development projects, other intangibles and investments	168	103	153	65	61	550
Inventory, trade and other receivables	528	254	612	153	18	1,565
Segment assets	**696**	**357**	**765**	**218**	**79**	**2,115**

Non-headline assets comprise receivables relating to non-headline items, acquisitions and disposals.

Segment liabilities

	John Crane £m	Flex-Tek £m	Smiths Detection £m	Smiths Interconnect £m	Corporate and non-headline £m	Total £m
						31 January 2025
Segmental liabilities	(197)	(102)	(389)	(68)	–	(756)
Corporate and non-headline liabilities	–	–	–	–	(321)	(321)
Segment liabilities	**(197)**	**(102)**	**(389)**	**(68)**	**(321)**	**(1,077)**

	John Crane £m	Flex-Tek £m	Smiths Detection £m	Smiths Interconnect £m	Corporate and non-headline £m	Total £m
						31 July 2024
Segmental liabilities	(202)	(99)	(398)	(59)	–	(758)
Corporate and non-headline liabilities	–	–	–	–	(341)	(341)
Segment liabilities	**(202)**	**(99)**	**(398)**	**(59)**	**(341)**	**(1,099)**

Non-headline liabilities comprise provisions and accruals relating to non-headline items, acquisitions and disposals.

Reconciliation of segment assets and liabilities to statutory assets and liabilities

	Assets		Liabilities	
	31 January 2025 £m	31 July 2024 £m	31 January 2025 £m	31 July 2024 £m
Segment assets and liabilities	**2,126**	**2,115**	**(1,077)**	**(1,099)**
Goodwill and acquired intangibles	1,514	1,404	–	–
Derivatives	3	4	(21)	(17)
Current and deferred tax	134	118	(126)	(102)
Retirement benefit assets and obligations	122	132	(97)	(103)
Cash and borrowings	392	459	(675)	(659)
Statutory assets and liabilities	**4,291**	**4,232**	**(1,996)**	**(1,980)**

Segment capital employed

Capital employed is a non-statutory measure of invested resources. It comprises statutory net assets adjusted to add goodwill recognised directly in reserves in respect of subsidiaries acquired before 1 August 1998 of £478m (31 July 2024: £478m), and eliminate post-retirement benefit assets and liabilities and litigation provisions relating to non-headline items, both net of related tax, and net debt. See note 19 for additional details.

The 12-month rolling average capital employed by business segment, which Smiths uses to calculate segmental return on capital employed, is set out below:

	31 January 2025				
	John Crane £m	Flex-Tek £m	Smiths Detection £m	Smiths Interconnect £m	Total £m
Average segmental capital employed	1,048	641	1,098	463	3,250
Average corporate capital employed					(34)
Average total capital employed					**3,216**

	31 January 2024				
	John Crane £m	Flex-Tek £m	Smiths Detection £m	Smiths Interconnect £m	Total £m
Average segmental capital employed	1,026	587	1,158	477	3,248
Average corporate capital employed					(30)
Average total capital employed					**3,218**

Analysis of revenue

The revenue for the main product and service lines for each business segment is:

John Crane	Original equipment £m	Aftermarket £m	Total £m
Revenue six months ended 31 January 2025	161	390	551
Revenue six months ended 31 January 2024	152	403	555

Flex-Tek	Aerospace £m	Industrials £m	Total £m
Revenue six months ended 31 January 2025	76	325	401
Revenue six months ended 31 January 2024	74	310	384

Smiths Detection	Aviation £m	Other security systems £m	Total £m
Revenue six months ended 31 January 2025	337	117	454
Revenue six months ended 31 January 2024	269	135	404

Smiths Interconnect	Components, Connectors & Subsystems £m
Revenue six months ended 31 January 2025	202
Revenue six months ended 31 January 2024	164

Segmental revenue is analysed by the Smiths Group key global markets as follows:

John Crane	General Industrial £m	Safety & Security £m	Energy £m	Aerospace & Defence £m	Total £m
Revenue six months ended 31 January 2025	206	–	345	–	551
Revenue six months ended 31 January 2024	204	–	351	–	555
Flex-Tek					
Revenue six months ended 31 January 2025	325	–	–	76	401
Revenue six months ended 31 January 2024	310	–	–	74	384
Smiths Detection					
Revenue six months ended 31 January 2025	–	454	–	–	454
Revenue six months ended 31 January 2024	–	404	–	–	404
Smiths Interconnect *					
Revenue six months ended 31 January 2025	101	–	–	101	202
Revenue six months ended 31 January 2024	74	66	–	24	164
Total					
Revenue six months ended 31 January 2025	632	454	345	177	1,608
Revenue six months ended 31 January 2024	588	470	351	98	1,507

* Following a review of the Smiths Interconnect segmental revenue reporting in August 2024, the Group has reanalysed this segment's revenue by key global market. The driver of this reanalysis is to better align Smiths Interconnect's reporting with how the business is run and the revenue reporting of Smiths Interconnect's peer group. The updated revenue analysis has been applied prospectively from August 2024 onwards. The Aerospace key global market has been renamed Aerospace & Defence and £79m of HY25 revenue that would have previously been reported as Safety & Security revenue is now reported as Aerospace & Defence revenue.

The Group's statutory revenue is analysed as follows:

	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Sale of goods recognised at a point in time	1,177	1,093
Sale of goods recognised over time	26	28
Services recognised over time	405	386
Revenue	**1,608**	**1,507**

Operating costs

Headline operating costs are analysed as follows:

	Six months ended 31 January 2025			Six months ended 31 January 2024		
	Headline £m	Non-headline (note 3) £m	Total £m	Headline £m	Non-headline (note 3) £m	Total £m
Cost of sales - direct materials, labour, production and distribution overheads	1,011	–	1,011	945	–	945
Selling costs	109	–	109	107	–	107
Administrative expenses	219	27	246	209	54	263
Operating costs	**1,339**	**27**	**1,366**	**1,261**	**54**	**1,315**

3 Non-statutory profit measures

Headline profit measures

The Group seeks to present a measure of performance which is not impacted by material non-recurring items or items considered non-operational in nature. This measure of profit is described as 'headline' and is used by management to measure and monitor performance. See the disclosures on presentation of results in accounting policies for an explanation of the adjustments. The items excluded from 'headline' are referred to as 'non-headline' items.

Non-headline operating profit items

The non-headline items included in statutory operating profit are as follows:

	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Acquisition and disposal related transaction costs		
Post-acquisition integration costs and fair value adjustment unwind	(1)	–
Business acquisition costs	(2)	(1)
Fair value loss on contingent consideration	–	(10)
Loss on disposal of financial asset	(3)	–
Legacy pension scheme arrangements		
Scheme administration costs	(2)	(3)
Non-headline litigation provision movements		
Provision for John Crane, Inc. asbestos litigation	12	(22)
Movement in provision held against Titeflex Corporation subrogation claims	3	7
Other items		
Amortisation of acquisition related intangible assets	(27)	(25)
Corporate restructuring costs	(7)	–
Non-headline items in operating profit	**(27)**	**(54)**

Acquisition and disposal related costs

The £1m (31 January 2024: £nil) of post-acquisition integration costs and fair value adjustment unwind relate to Flex-Tek's acquisitions of HCP, Wattco and Modular Metal Fabricators (Modular Metal). These include £1m of defined project costs for the integration of these businesses into the existing Flex-Tek business and the unwinding of the acquisition balance sheet fair value adjustments required by IFRS 3 'Business Combinations'. These have been recognised as a non-headline as the charge did not relate to trading activity.

The £2m (31 January 2024: £1m) of business acquisition costs represent incremental costs related to the Group's Mergers & Acquisitions (M&A) activity. These items do not include the cost of employees working on transactions and are reported as non-headline because they are dependent on the level of M&A activity being undertaken and do not relate to trading activity.

In the prior year, the £10m fair value loss on contingent consideration represents the write down of the remaining fair value of the Group's contingent consideration from the sale of the Smiths Medical to ICU Medical, Inc. (ICU).

In the current year, the Group sold the remainder of its equity investment in ICU. The £3m loss (31 January 2024: £nil) on disposal of financial assets relates to the block sale discount on the disposal of these remaining ICU shares. This is considered a non-headline charge as it did not relate to trading activity.

Legacy pension scheme arrangements

Scheme administration costs of £2m (31 January 2024: £3m) relates to the TIGPS legacy pension scheme and SIPS 'path to buy-in' costs. As the Group has no expectation of receiving a refund from the scheme, an economic benefit value of zero has been placed on the TIGPS surplus. These are non-headline charges as the Smiths Group effectively has no economic exposure to these costs and they are paid from cash retained within the scheme.

Non-headline litigation provision movements

The following litigation costs and recoveries have been treated as non-headline items because the provisions were treated as non-headline when originally recognised and the subrogation claims and litigation relate to products that the Group no longer sells in these markets:

- The £12m credit (31 January 2024: £22m charge) in respect of John Crane, Inc. asbestos litigation is principally driven by a reduction in future expected indemnity costs; and
- The £3m credit (31 January 2024: £7m credit) recognised by Titeflex Corporation is principally driven by a continued reduction in the number of claimants.

Other items

Acquisition related intangible asset amortisation costs of £27m (31 January 2024: £25m) were recognised in the current period. This is considered to be a non-headline item on the basis that these charges result from acquisition accounting and do not relate to current trading activity.

Corporate restructuring charges of £7m (31 January 2024: £nil) were incurred on the previously announced Group-wide Acceleration Plan and are treated as non-headline due to being material and part of a pre-approved programme.

Non-headline finance (costs)/income items

The non-headline items included in finance (costs)/income are as follows:

	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Other financing gains/(losses)	2	(2)
Unwind of discount on provisions	(5)	(4)
Other finance income – retirement benefits	2	3
Non-headline items in finance (costs)/income	**(1)**	**(3)**
Non-headline loss before taxation	**(28)**	**(57)**

The £2m of other financing gains (31 January 2024: £2m losses) represent foreign exchange movements on borrowings and fair value movements on financial instruments. The current period gain includes £1m (31 January 2024: £1m loss) due to foreign exchange translation gains and £1m gain (31 January 2024: £1m loss) due to hedge ineffectiveness on the Group's 2027 Eurobonds, which will reverse over the remaining period to maturity. These foreign exchange and fair value movements are excluded from headline net finance costs when the following requirements are met:

- Fair value gains and losses on the interest element of derivative financial instruments hedging the Group's net debt exposures are excluded from headline, as they will either reverse over time or be matched in future periods by interest charges.
- Fair value gains and losses on the currency element of derivative financial instruments hedging the Group's net debt and exposures, and exchange gains and losses on borrowings are excluded, as the relevant foreign exchange gains and losses on the commercially hedged items are recognised as a separate component of other comprehensive income, in accordance with the Group's foreign currencies accounting policy.

The financing elements of non-headline legacy liabilities, including the £5m (31 January 2024: £4m) unwind of discount on provisions, are excluded from headline finance costs because these provisions were originally recognised as non-headline and this treatment has been maintained for ongoing costs and credits.

Other finance income comprises £2m (31 January 2024: £3m) of financing credits relating to retirement benefits. These are excluded from headline finance costs because the ongoing costs and credits are a legacy of previous employee pension arrangements.

Non-headline taxation items

The non-headline items included in taxation are as follows:

	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Increase in unrecognised UK deferred tax asset	6	(12)
Tax credit on non-headline loss	(1)	11
Non-headline taxation (charge)/credit	**5**	(1)
Continuing operations – non-headline gain/(loss) for the year	**(23)**	**(58)**

The £5m non-headline taxation credit (31 January 2024: £1m charge) comprises a charge of £1m (31 January 2024: £12m charge), being a reduction in the UK deferred tax asset. This is offset by credits for the non-headline items above.

4 Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders of the Company by the average number of ordinary shares in issue during the period.

	Six months ended 31 January 2025	Six months ended 31 January 2024
Profit attributable to equity shareholders for the period - £m	167	111
Weighted average number of shares in issue for basic earnings per share	342,492,542	346,626,154
Adjustment for potentially dilutive shares	142,927	161,251
Weighted average number of shares in issue for diluted earnings per share	342,635,469	346,787,405
Statutory earnings per share total – basic	48.8p	32.0p
Statutory earnings per share total – diluted	48.7p	32.0p

A reconciliation of statutory and headline earnings per share is as follows:

	Six months ended 31 January 2025			Six months ended 31 January 2024		
	£m	Basic EPS (p)	Diluted EPS (p)	£m	Basic EPS (p)	Diluted EPS (p)
Basic earnings per share:						
Total profit attributable to equity shareholders of the Parent Company	167	48.8p	48.7p	111	32.0p	32.0p
Exclude: Non-headline items (note 3)	23			58		
Headline earnings per share	190	55.5p	55.5p	169	48.7p	48.7p

5 Taxation

The interim tax rate of 26.1% (31 January 2024: 35.0%) is calculated by applying the estimated effective headline tax rate of 25.5% (31 January 2024: 26.0%) for the year ended 31 July 2025 to headline profit before tax and then taking into account the tax effect of non-headline items in the interim period.

A reconciliation of headline and total tax charge is as follows:

	Six months ended 31 January 2025		Six months ended 31 January 2024	
	£m	Tax rate	£m	Tax rate
Headline tax rate				
Headline profit before taxation	256		228	
Taxation on headline profit	(65)	25.5%	(59)	26.0%
Adjustments				
Non-headline items excluded from profit before taxation (note 3)	(28)		(57)	
Taxation on non-headline items and non-headline tax adjustment	5		(1)	
Total interim tax rate				
Profit before taxation	228		171	
Taxation	(60)	26.1%	(60)	35.0%

The changes in the value of the net tax asset in the period were:

	Current tax £m	Deferred tax £m	Net tax balance £m
At 31 July 2024	(46)	62	16
Foreign exchange gains/(losses)	–	2	2
Charge to income statement	(60)	–	(60)
Charge to other comprehensive income	–	2	2
Acquisitions	–	(10)	(10)
Tax paid	58	–	58
At 31 January 2025	**(48)**	**56**	**8**

Developments in the Group tax position

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates and the legislation will be effective for the Group's financial year beginning 1 January 2024. On 11 July 2023, the UK government enacted Pillar Two legislation and Smiths Group plc, a UK incorporated company falls within the scope of the legislation. The rules apply to Smiths Group from 1 August 2024.

A Pillar Two impact assessment using financial data for year ended 31 July 2024, has been carried out, taking into account known changes impacting the constituent entities within Smiths Group. The impact assessment included considering eligibility for the Transitional Country by County Reporting Safe Harbours on a jurisdiction by jurisdiction basis. The Group considers that implementation of Pillar Two income taxes by countries with qualified domestic minimum top-up taxes and the income inclusion rule in the UK will not have a material impact on the Group's ETR for the Year Ended 31 July 2025.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on future financial performance.

6 Post-retirement benefits

The Group provides post-retirement benefits to employees in a number of countries throughout the world. The arrangements include defined benefit and defined contribution plans and, mainly in the United Kingdom (UK) and United States of America (US), post-retirement healthcare. The principal defined benefit pension plans are in the UK and US, and these have been closed so that no future benefits are accrued.

Where any individual scheme shows a post restriction surplus under IAS 19, this is disclosed on the balance sheet as a retirement benefit asset. The IAS 19 surplus of any one scheme is not available to fund the IAS 19 deficit of another scheme. The surplus is recognised as a retirement benefit asset to the extent the employers have the right to recover the surplus at the end of the life of the scheme, assuming all liabilities have been extinguished. The schemes are mature with a duration averaged over all scheme participants of 11 years (HY24: 12 years).

The amounts recognised in the balance sheet are as follows:

	31 January 2025 £m	31 July 2024 £m
Market value of scheme assets	2,458	2,583
Present value of funded scheme liabilities	(2,339)	(2,456)
Surplus restriction	(9)	(11)
Surplus	110	**116**
Unfunded pension plans	(81)	(81)
Post-retirement healthcare	(4)	(6)
Present value of unfunded obligations	(85)	(87)
Net retirement benefit asset	**25**	**29**
Post-retirement assets	122	132
Post-retirement liabilities	(97)	(103)
Net retirement benefit asset	**25**	**29**

The decrease in the value of scheme liabilities is principally due to changes in market conditions and the resulting increase in the discount rate assumptions. The changes in market conditions also led to a corresponding decrease in the value of scheme assets which was broadly in line with the decrease in liabilities, leading to a small reduction in the surplus recognised in the balance sheet at 31 January 2025.

The changes in market conditions has had no impact on any funding arrangements.

The principal assumptions used in updating the valuations are set out below:

	31 January 2025		31 July 2024	
	UK	US	UK	US
Weighted average rate of increase in benefits for active deferred members	4.1%	n/a	4.0%	n/a
Rate of increase in pensions in payment	3.4%	n/a	3.3%	n/a
Rate of increase in deferred pensions	3.4%	n/a	3.3%	n/a
Discount rate	5.4%	5.6%	5.0%	5.2%

The methods for setting the assumptions are consistent with those used for the 31 July 2024 valuation. The UK discount rate has been set based on the weighted average duration across the two key pension arrangements.

Present value of funded scheme liabilities and assets for the main UK and US schemes

	31 January 2025 – £m			31 July 2024 – £m		
	SIPS	TIGPS	US schemes	SIPS	TIGPS	US schemes
Present value of funded scheme liabilities						
– Active deferred members	(12)	(9)	(26)	(13)	(9)	(28)
– Deferred members	(360)	(287)	(79)	(379)	(304)	(80)
– Pensioners	(871)	(575)	(92)	(915)	(609)	(93)
Present value of funded scheme liabilities	**(1,243)**	**(871)**	**(197)**	**(1,307)**	**(922)**	**(201)**
Market value of scheme assets	1,365	880	191	1,439	933	190
Surplus restriction	–	(9)	–	–	(11)	–
Surplus/(deficit)	**122**	**–**	**(6)**	**132**	**–**	**(11)**

Contributions

Company contributions to funded and unfunded defined benefit pension and post-retirement healthcare plans totalled £7m (HY24: £3m), which included a planned £5m (HY24: £nil) contribution to the US funded pension scheme.

The changes in the present value of the net pension balance in the period were:

	Six months ended 31 January 2025 £m	Year ended 31 July 2024 £m
At beginning of period	29	89
Foreign exchange rate movements	–	1
Current service cost	(1)	(4)
Headline scheme administration costs	(2)	(3)
Non-headline scheme administration costs	(2)	(6)
Past service costs, curtailments and settlements – benefit equalisations	–	(4)
Finance income – retirement benefits	2	6
Contributions by employer	7	16
Actuarial losses	(10)	(66)
Unrecognised assets due to surplus restriction	2	–
Net retirement benefit asset at end of period	**25**	**29**

Recent legal rulings

In July 2024, the UK Court of Appeal upheld the High Court's ruling in the Virgin Media v NTL Pension Trustees II court case relating to section 37 of the Pension Schemes Act 1993 and amendments to benefits for contracted-out defined benefit schemes, such as SIPS and TIGPS. The ruling confirmed the need for an actuarial certificate where such schemes made changes to benefits between 6 April 1997 and 5 April 2016, and any amendments that affected relevant benefits were void without the appropriate certificate. The Trustees of SIPS and TIGPS have sought legal advice on what actions, if any, should be taken and are awaiting the outcome of further legal cases associated with this matter, which are expected to be heard later in 2025. In the meantime, SIPS and TIGPS will continue to be administered on the current basis until the legal position has been clarified.

7 Intangible assets

	Goodwill £m	Development costs £m	Acquired intangibles £m	Software, patents and intellectual property £m	Total £m
Cost					
At 31 July 2024	1,276	205	645	162	2,288
Exchange adjustments	23	1	18	1	43
Additions	–	3	–	1	4
Business combinations	67	–	40	–	107
At 31 January 2025	**1,366**	**209**	**703**	**164**	**2,442**
Amortisation					
At 31 July 2024	64	124	453	126	767
Exchange adjustments	–	1	11	1	13
Charge for the period	–	6	27	7	40
At 31 January 2025	**64**	**131**	**491**	**134**	**820**
Net book value at 31 January 2025	**1,302**	**78**	**212**	**30**	**1,622**
Net book value at 31 July 2024	1,212	81	192	36	1,521

Review for impairment assessment trigger events

In accordance with IAS 34 'Interim financial reporting', management has undertaken a review for indications of impairment and concluded that no impairment assessment trigger events have occurred in the half year.

8 Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Total £m
Cost or valuation				
At 31 July 2024	181	496	114	791
Exchange adjustments	3	8	1	12
Additions	2	33	2	37
Business combinations	–	1	–	1
Disposals	(3)	(5)	(4)	(12)
At 31 January 2025	**183**	**533**	**113**	**829**
Depreciation				
At 31 July 2024	113	314	94	521
Exchange adjustments	2	5	1	8
Charge for the period	4	15	2	21
Disposals	(2)	(4)	(3)	(9)
At 31 January 2025	**117**	**330**	**94**	**541**
Net book value at 31 January 2025	**66**	**203**	**19**	**288**
Net book value at 31 July 2024	68	182	20	270

9 Right of use assets

	Properties £m	Vehicles £m	Equipment £m	Total £m
Cost				
At 31 July 2024	212	36	2	250
Foreign exchange rate movements	3	–	–	3
Business combinations	4	–	–	4
Recognition of right of use assets	17	3	–	20
Derecognition of right of use assets	(6)	–	–	(6)
At 31 January 2025	**230**	**39**	**2**	**271**
Depreciation				
At 31 July 2024	116	23	1	140
Foreign exchange rate movements	2	–	–	2
Charge for the year	15	3	–	18
Derecognition of right of use assets	(6)	–	–	(6)
At 31 January 2025	**127**	**26**	**1**	**154**
Net book value at 31 January 2025	**103**	**13**	**1**	**117**
Net book value at 31 July 2024	96	13	1	110

10 Financial assets – other investments

	Investment in ICU Medical, Inc equity £m	Investments in early stage businesses £m	Cash collateral deposit £m	Total £m
At 31 July 2024	47	5	1	53
Fair value change through Other Comprehensive Income	8	–	–	8
Disposals	(55)	–	–	(55)
At 31 January 2025	**–**	**5**	**1**	**6**

11 Borrowings and net debt

This note sets out the calculation of net debt, an important measure in explaining our financing position. The net debt figure includes accrued interest and fair value adjustments to debt relating to hedge accounting.

	31 January 2025 £m	31 July 2024 £m
Cash and cash equivalents		
Net cash and cash equivalents	**392**	**459**
Short-term borrowings		
Lease liabilities	(35)	(32)
Interest accrual	(8)	(2)
	(43)	**(34)**
Long-term borrowings		
€650m 2.00% Eurobond 2027	(536)	(534)
Lease liabilities	(96)	(91)
	(632)	**(625)**
Borrowings/gross debt	**(675)**	**(659)**
Derivatives managing interest rate risk and currency profile of the debt	(16)	(13)
Net debt	**(299)**	**(213)**

Analysis of financial derivatives on balance sheet

	Non-current assets £m	Current assets £m	Current liabilities £m	Non-current liabilities £m	Net balance £m
Derivatives managing interest rate risk and currency profile of the debt	–	–	–	(16)	(16)
Foreign exchange forward contracts	–	3	(5)	–	(2)
At 31 January 2025	**–**	**3**	**(5)**	**(16)**	**(18)**
Derivatives managing interest rate risk and currency profile of the debt	–	–	–	(13)	(13)
Foreign exchange forward contracts	–	4	(4)	–	–
At 31 July 2024	**–**	**4**	**(4)**	**(13)**	**(13)**

Movements in net debt

	Cash and cash equivalents £m	Short-term borrowings £m	Long-term borrowings £m	Interest rate and cross currency swaps £m	Net debt £m
At 31 July 2024	459	(34)	(625)	(13)	(213)
Foreign exchange gains/(losses)	6	(1)	2	–	7
Net decrease in cash and cash equivalents	(73)	–	–	–	(73)
Lease payments	–	21	–	–	21
Interest paid	–	23	–	–	23
Interest expense	–	(32)	–	–	(32)
Fair value movements	–	–	(5)	(3)	(8)
Lease liabilities acquired	–	(4)	–	–	(4)
Net movement from new leases and modifications	–	(20)	–	–	(20)
Reclassifications	–	4	(4)	–	–
At 31 January 2025	**392**	**(43)**	**(632)**	**(16)**	**(299)**

12 Fair value of financial instruments

	Basis for determining fair value	As at 31 January 2025 At amortised cost £m	At fair value through profit or loss £m	At fair value through OCI £m	Total carrying value £m	Total fair value £m	As at 31 July 2024 At amortised cost £m	At fair value through profit or loss £m	At fair value through OCI £m	Total carrying value £m	Total fair value £m
Financial assets											
Other investments	A	–	1	–	1	1	–	1	47	48	48
Other investments	F	–	–	5	5	5	–	–	5	5	5
Cash and cash equivalents	A	392	–	–	392	392	459	–	–	459	459
Trade and other financial receivables	B/C	784	–	–	784	784	797	–	–	797	797
Derivative financial instruments	C	–	3	–	3	3	–	4	–	4	4
Total financial assets		**1,176**	**4**	**5**	**1,185**	**1,185**	**1,256**	**5**	**52**	**1,313**	**1,313**
Financial liabilities											
Trade and other financial payables	B	(486)	–	–	(486)	(486)	(495)	–	–	(495)	(495)
Short-term borrowings	B/D	(8)	–	–	(8)	(8)	(2)	–	–	(2)	(2)
Long-term borrowings	D	(536)	–	–	(536)	(535)	(534)	–	–	(534)	(529)
Lease liabilities	E	(131)	–	–	(131)	(131)	(123)	–	–	(123)	(123)
Derivative financial instruments	C	–	(21)	–	(21)	(21)	–	(17)	–	(17)	(17)
Total financial liabilities		**(1,161)**	**(21)**	–	**(1,182)**	**(1,181)**	**(1,154)**	**(17)**	**–**	**(1,171)**	**(1,166)**

The fair value of a financial instrument is the price at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. Fair values have been determined with reference to available market information at the balance sheet date, using the methodologies described below:

A Carrying value is assumed to be a reasonable approximation to fair value for all of these assets and liabilities (Level 1 as defined by IFRS 13 Fair Value Measurement).

B Carrying value is assumed to be a reasonable approximation to fair value for all of these assets and liabilities (Level 2 as defined by IFRS 13 Fair Value Measurement).

C Fair values of derivative financial assets and liabilities and trade receivables held to collect or sell are estimated by discounting expected future contractual cash-flows using prevailing interest rate curves. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the balance sheet date. These financial instruments are included on the balance sheet at fair value, derived from observable market prices (Level 2 as defined by IFRS 13 Fair Value Measurement).

D Borrowings are carried at amortised cost. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the balance sheet date. The fair value of borrowings is estimated using quoted prices (Level 1 as defined by IFRS 13).

E Leases are carried at amortised cost. Amounts denominated in foreign currencies are valued at the exchange rate prevailing at the balance sheet date. The fair value of the lease contract is estimated by discounting contractual future cash-flows (Level 2 as defined by IFRS 13).

F The fair value of instruments is estimated by using unobservable inputs to the extent that relevant observable inputs are not available. Unobservable inputs are developed using the best information available in the circumstances, which may include the Group's own data, taking into account all information about market participation assumptions that is reliably available (Level 3 as defined by IFRS 13).

IFRS 13 defines a three level valuation hierarchy:

Level 1 - quoted prices for similar instruments
Level 2 - directly observable market inputs other than Level 1 inputs
Level 3 - inputs not based on observable market data

13 Provisions and contingent liabilities

	Headline £m	Non-headline and legacy John Crane, Inc. litigation £m	Titeflex Corporation litigation £m	Other £m	Total £m
Current liabilities	10	32	13	20	75
Non-current liabilities	3	188	23	5	219
At 31 July 2024	13	220	36	25	294
Foreign exchange rate movements	–	6	–	–	6
Business combinations	–	–	–	17	17
Provision charged	6	–	1	–	7
Provision released	(2)	(12)	(3)	–	(17)
Unwind of provision discount	–	4	1	–	5
Utilisation	(3)	(8)	(4)	(13)	(28)
At 31 January 2025	**14**	**210**	**31**	**29**	**284**
Current liabilities	12	28	10	17	67
Non-current liabilities	2	182	21	12	217
At 31 January 2025	**14**	**210**	**31**	**29**	**284**

The John Crane, Inc. and Titeflex Corporation litigation provisions are the only provisions which are discounted.

Headline provisions and contingent liabilities:

Warranty provision and product liability

At 31 January 2025 there are warranty and product liability provisions of £9m (31 July 2024: £9m). Warranties over the Group's products typically cover periods of between one and three years. Provision is made for the likely cost of after-sales support based on the recent past experience of individual businesses.

Commercial disputes and litigation in respect of ongoing business activities

The Group has on occasion been required to take legal action to protect its intellectual property and other rights against infringement. It has also had to defend itself against proceedings brought by other parties, including product liability and insurance subrogation claims. Provision is made for any expected costs and liabilities in relation to these proceedings where appropriate, although there can be no guarantee that such provisions (which may be subject to potentially material revision from time to time) will accurately predict the actual costs and liabilities that may be incurred.

Contingent liabilities

In the ordinary course of its business, the Group is subject to commercial disputes and litigation such as government price audits, product liability claims, employee disputes and other kinds of lawsuits, and faces different types of legal issues in different jurisdictions. The high level of activity in the US, for example, exposes the Group to the likelihood of various types of litigation commonplace in that country, such as 'mass tort' and 'class action' litigation, legal challenges to the scope and validity of patents, and product liability and insurance subrogation claims. These types of proceedings (or the threat of them) are also used to create pressure to encourage negotiated settlement of disputes. Any claim brought against the Group (with or without merit) could be costly to defend. These matters are inherently difficult to quantify. In appropriate cases a provision is recognised based on best estimates and management judgement, but there can be no guarantee that these provisions (which may be subject to potentially material revision from time to time) will result in an accurate prediction of the actual costs and liabilities that may be incurred. There are also contingent liabilities in respect of litigation for which no provisions are made.

The Group operates in some markets where the risk of unethical or corrupt behaviour is material and has procedures, including an employee 'Ethics Alertline', to help it identify potential issues. Such procedures will, from time to time, give rise to internal investigations, sometimes conducted with external support, to ensure that the Group properly understands risks and concerns and can take steps both to manage immediate issues and to improve its practices and procedures for the future. The Group is not aware of any issues which are expected to generate material financial exposures.

Non-headline and legacy provisions and contingent liabilities:

John Crane, Inc.

John Crane, Inc. ("JCI") is one of many co-defendants in numerous lawsuits pending in the US in which plaintiffs are claiming damages arising from alleged exposure to, or use of, products previously manufactured which contained asbestos. The JCI products generally referred to in these cases consist of industrial sealing product, primarily packing and gaskets. The asbestos was encapsulated within these products in such a manner that causes JCI to believe, based on tests conducted on its behalf, that the products were safe. JCI ceased manufacturing products containing asbestos in 1985.

The table below summarises the JCI claims experience over the last 40 years since the start of this litigation:

	31 January 2025	31 July 2024	31 July 2023	31 July 2022	31 July 2021
JCI claims experience					
Claims against JCI that have been dismissed	312,000	312,000	310,000	306,000	305,000
Claims in which JCI is currently a defendant	21,000	20,000	20,000	22,000	22,000
Cumulative final judgments, after appeals, against JCI since 1979	156	156	154	149	149
Cumulative value of awards ($m) since 1979	191	191	190	175	175

John Crane, Inc. litigation insurance recoveries

JCI has certain excess liability insurance which may provide coverage for certain asbestos claims. JCI has also collected recoveries from its insurers in settlement of now concluded litigation in the US. JCI meets its asbestos defence costs directly. The calculation of the provision does not take account of any recoveries from insurers. See table below for the cost recovery achieved in both the current and prior periods.

John Crane, Inc. litigation provision

The provision is based on past history and published tables of asbestos incidence projections and is determined using asbestos valuation experts, Bates White LLC. The assumptions made in assessing the appropriate level of provision include: the period over which the expenditure can be reliably estimated; the future trend of legal costs; the rate of future claims filed; the rate of successful resolution of claims; and the average amount of judgments awarded.

The JCI asbestos litigation provision has developed in the period as follows:

	Six months ended 31 January 2025 £m	Year ended 31 July 2024 £m	Year ended 31 July 2023 £m	Year ended 31 July 2022 £m	Year ended 31 July 2021 £m
John Crane, Inc. litigation provision					
Gross provision	255	261	246	258	220
Discount	(45)	(41)	(42)	(29)	(8)
Discounted provision	210	220	204	229	212
Taxation	(52)	(54)	(51)	(57)	(54)
Discounted post-tax provision	**158**	**166**	**153**	**172**	**158**
Operating profit (credit)/charge					
(Decreased)/Increased provision for adverse judgments and legal defence costs	(8)	28	28	24	10
Change in US risk free rates	(4)	1	(15)	(18)	(5)
Subtotal – items (released)/charged to the provision	(12)	29	13	6	5
Litigation management expense - legal fees in connection with litigation against insurers and defence strategy	–	–	2	1	1
Recoveries from insurers	–	(3)	(7)	–	(9)
Total operating profit (credit)/charge	**(12)**	**26**	**8**	**7**	**(3)**
Cash-flow					
Provision utilisation - legal defence costs and adverse judgements	(8)	(21)	(32)	(21)	(13)
Litigation management expense	–	–	(2)	(1)	–
Recoveries from insurers	–	3	7	–	9
Net cash outflow	**(8)**	**(18)**	**(27)**	**(22)**	**(4)**

John Crane, Inc. litigation provision sensitivities

The provision may be subject to potentially material revision from time to time if new information becomes available as a result of future events. There can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may be incurred because of the significant uncertainty associated with the future level of asbestos claims and of the costs arising out of related litigation.

Statistical reliability of projections over the ten year time horizon

In order to evaluate the statistical reliability of the projections, a population of outcomes is modelled using randomised verdict outcomes. This generated a distribution of outcomes with future spend at the 5th percentile of £187m and future spend at the 95th percentile of £251m (31 July 2024: £200m and £258m, respectively). Statistical analysis of the distribution of these outcomes indicates that there is a 50% probability that the total future spend will fall between £237m and £268m (31 July 2024: between £245m and £271m), compared with the gross provision value of £255m (31 July 2024: £261m).

Sensitivity of the projections to changes in the time horizon used

If the asbestos litigation environment becomes more volatile and uncertain, the time horizon over which the provision can be calculated may reduce. Conversely, if the environment became more stable, or JCI changed approach and committed to long term settlement arrangements, the time period covered by the provision might be extended.

The projections use a 10 year time horizon. Reducing the time horizon by one year would reduce the discounted pre-tax provision by £15m (31 July 2024: £16m) and reducing it by five years would reduce the discounted pre-tax provision by £86m (31 July 2024: £87m).

We consider, after obtaining advice from Bates White LLC, that to forecast beyond ten years requires that the litigation environment remains largely unchanged with respect to the historical experience used for estimating future asbestos expenditures. Historically, the asbestos litigation environment has undergone significant changes more often than every ten years. If one assumed that the asbestos litigation environment would remain unchanged for longer and extended the time horizon by one year, it would increase the discounted pre-tax provision by £13m (31 July 2024: £13m); extending it by five years would increase the discounted pre-tax provision by £45m (31 July 2024: £47m). However, there are also reasonable scenarios that, given certain recent events in the US asbestos litigation environment, would result in no additional asbestos litigation for JCI beyond ten years. At this time, how the asbestos litigation environment may evolve beyond 10 years is not reasonably estimable.

John Crane, Inc. contingent liabilities

Provision has been made for future defence costs and the cost of adverse judgments expected to occur. JCI's claims experience is significantly impacted by other factors which influence the US litigation environment. These include: changing approaches on the part of the plaintiffs' bar; changing attitudes amongst the judiciary at both trial and appellate levels; and legislative and procedural changes in both the state and federal court systems. As a result, whilst the Group anticipates that asbestos litigation will continue beyond the period covered by the provision, the uncertainty surrounding the US litigation environment beyond this point is such that the costs cannot be reliably estimated.

Although the methodology used to calculate the JCI litigation provision can in theory be applied to show claims and costs for longer periods, the directors consider, based on advice from Bates White LLC, that the level of uncertainty regarding the factors used in estimating future costs is too great to provide for reasonable estimation of the number of future claims, the nature of such claims or the cost to resolve them for years beyond the 10 year time horizon.

Titeflex Corporation litigation

In recent years Titeflex Corporation, a subsidiary of the Group in the Flex-Tek business segment, has received a number of claims from insurance companies seeking recompense on a subrogated basis for the effects of damage allegedly caused by lightning strikes in relation to its flexible gas piping product. It has also received a number of product liability claims regarding this product, some in the form of purported class actions. Titeflex Corporation believes that its products are a safe and effective means of delivering gas when installed in accordance with the manufacturer's instructions and local and national codes; however some claims have been settled on an individual basis without admission of liability. Equivalent third-party products in the US marketplace face similar challenges.

Titeflex Corporation litigation provision

The continuing progress of claims and the pattern of settlement provide sufficient evidence to recognise a liability in the accounts. Therefore provision has been made for the costs which the Group is expected to incur in respect of future claims to the extent that such costs can be reliably estimated. Titeflex Corporation sells flexible gas piping with extensive installation and safety guidance (revised in 2008) designed to assure the safety of the product and minimise the risk of damage associated with lightning strikes.

The assumptions made in assessing the appropriate level of provision, which are based on past experience, include: the period over which expenditure can be reliably estimated; the number of future settlements; the average amount of settlements; and the impact of statutes of repose and safe installation initiatives on the expected number of future claims. The assumptions relating to the number of future settlements exclude FY21 claims history as the number of claims arising in this financial year is considered to be artificially deflated due to the impact of COVID-19 lockdowns.

The provision of £31m (31 July 2024: £36m) is a discounted pre-tax provision using discount rates, being the risk-free rate on US debt instruments for the appropriate period. The deferred tax asset related to this provision is shown within the deferred tax balance.

	31 January 2025 £m	31 July 2024 £m
Gross provision	63	69
Discount	(32)	(33)
Discounted pre-tax provision	**31**	**36**
Taxation	(7)	(9)
Discounted post-tax provision	**24**	**27**

Titeflex Corporation litigation provision sensitivities

The significant uncertainty associated with the future level of claims and of the costs arising out of related litigation means that there can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may be incurred. Therefore the provision may be subject to potentially material revision from time to time, if new information becomes available as a result of future events.

The projections incorporate a long-term assumption regarding the impact of safe installation initiatives on the level of future claims. If the assumed annual benefit of bonding and grounding initiatives were 0.5% higher, the discounted pre-tax provision would be £1m (31 July 2024: £2m) lower, and if the benefit were 0.5% lower, the discounted pre-tax provision would be £2m (31 July 2024: £2m) higher.

The projections use assumptions of future claims that are based on both the number of future settlements and the average amount of those settlements. If the assumed average number of future settlements increased 10%, the discounted pre-tax provision would rise by £2m (31 July 2024: £2m), with an equivalent fall for a reduction of 10%. If the assumed amount of those settlements increased 10%, the discounted pre-tax provision would rise by £2m (31 July 2024: £2m), also with an equivalent fall for a reduction of 10%.

Other non-headline and legacy

Legacy provisions comprise provisions relating to former business activities and properties no longer used by Smiths. Non-headline provisions comprise provisions that were disclosed as non-headline items when they were charged to the consolidated income statement and provisions recognised as a result of business acquisition. These provisions include non-headline reorganisation, separation expenses, acquisition earnouts, disposal indemnities and litigation in respect of old products and discontinued business activities.

14 Dividends

The following dividends were declared and paid in the period:

	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Dividends paid in the period	**104**	**100**

In the current period an ordinary final dividend of 30.2p (31 January 2024: 28.7p) was paid on 22 November 2024.

An interim dividend of 14.23 pence per share was declared by the Board on 24 March 2025 and will be paid to shareholders on 14 May 2025. This dividend has not been included as a liability in these accounts and is payable to all shareholders on the register of members at close of business on 4 April 2025.

The Company offers a Dividend Reinvestment Plan ("DRIP") enabling shareholders to use their cash dividend to buy further shares in the Company – see www.shareview.co.uk/info/drip and our website for details. The DRIP is provided by Equiniti Financial Services Limited. To participate in the DRIP, shareholders must submit their election notice to be received by 22 April 2025 ("the Election Date"). Elections received after the Election Date will apply to dividends paid after 14 May 2025. Purchases under the DRIP are made on, or as soon as practicable after, the dividend payment date and at prevailing market prices.

15 Acquisitions

During September 2024, the Group acquired 100% of the share capital of Wattco, Inc. (19th September 2024) and acquired 100% of the share capital of Modular Metal (1st October 2024).

Wattco is a manufacturer of industrial heating solutions and control panels which will expand Flex-Tek's industrial heat business. The total cash consideration for this acquisition was £66m, with deferred contingent consideration valued at £12m. The deferred consideration is contingent on the post-acquisition performance of the business and has been valued using a probability weighted expected return model.

Modular Metal is a manufacturer of metal and flexible duct which will expand Flex-Tek's HVAC business. The total cash consideration for this acquisition was £31m, with deferred consideration being circa £4m.

Both acquisitions were financed using the Group's own cash resources. The intangible assets recognised on acquisition comprise customer relationships, trade names and non-compete agreements. Goodwill represents the expected synergies from the strategic fit of the acquisition and the value of the expertise in the assembled workforce.

From the date of acquisition to 31 January 2025, Wattco contributed £5m to revenue and £1m to profit before taxation and amortisation. If the Group had acquired Wattco at the beginning of the financial year, the acquisition would have contributed an additional £6m to revenue and £2m to profit before taxation and amortisation.

From the date of acquisition to 31 January 2025, Modular Metal contributed £7m to revenue and £2m to profit before taxation and amortisation. If the Group had acquired Modular Metal at the beginning of the financial year, the acquisition would have contributed an additional £5m to revenue and £1m to profit before taxation and amortisation.

The provisional balance sheets at the dates of acquisition are:

		Wattco £m	Modular Metal £m	**Total £m**
Non-current assets	- acquired intangible assets	23	17	40
	- plant and machinery	1	–	1
	- right of use assets	3	1	4
Current assets	- inventory	3	8	11
	- trade and other receivables	1	–	1
	- cash and cash equivalents	2	6	8
Current liabilities	- trade and other payables	(5)	(1)	(6)
Non-current liabilities	- deferred tax	(6)	(3)	(9)
	- lease liability	(3)	(1)	(4)
Net assets acquired		**19**	**27**	**46**
Goodwill on current period acquisitions		59	8	67
Cash paid during the period		66	31	97
Deferred/contingent consideration		12	4	16
Total consideration		**78**	**35**	**113**

Post balance sheet date acquisition

On 28 February 2025, the Group acquired 100% of the share capital of Duc-Pac, for consideration of approximately £32m, financed using the Group's own cash resources. Duc-Pac is a manufacturer of metal and flexible ducting products, and will expand Flex-Tek's presence in the North-Eastern American HVAC market.

The acquisition has historically contributed £16m of annualised revenue and £5m of annualised earnings before interest, tax, depreciation and amortisation. Due to the short time between the completion of the acquisition and the announcement date, it has not been possible to complete the determination of the fair values of the acquired balance sheet.

16 Cash-flow from operating activities

	Six months ended 31 January 2025			Six months ended 31 January 2024		
	Headline £m	Non-headline (note 3) £m	Total £m	Headline £m	Non-headline (note 3) £m	Total £m
Operating profit/(loss)	269	(27)	242	246	(54)	192
Amortisation of intangible assets	13	27	40	4	25	29
Depreciation of property, plant and equipment	21	–	21	22	–	22
Depreciation of right of use assets	18	–	18	17	–	17
Loss/(gain) on fair value of contingent consideration	–	–	–	–	10	10
Loss on disposal of property, plant and equipment	2	–	2	–	–	–
Loss on disposal of financial asset	–	3	3	–	–	–
Share-based payment expense	8	–	8	8	–	8
Retirement benefits	2	(5)	(3)	4	–	4
(Increase) in inventories	(48)	–	(48)	(2)	–	(2)
(Increase)/decrease in trade and other receivables	35	1	36	(7)	3	(4)
(Decrease)/increase in trade and other payables	(27)	2	(25)	(38)	(8)	(46)
Increase/(decrease) in provisions	2	(29)	(27)	2	(1)	1
Cash generated from operations	**295**	**(28)**	**267**	**256**	**(25)**	**231**
Interest paid	(23)	–	(23)	(22)	–	(22)
Interest received	19	–	19	11	–	11
Tax paid	(58)	–	(58)	(63)	11	(52)
Net cash inflow/(outflow) from operating activities	**233**	**(28)**	**205**	**182**	**(14)**	**168**

The split of tax payments between headline and non-headline only considers the nature of payments made. No adjustment has been made for reductions in tax payments required as a result of tax relief received on non-headline items.

Headline cash measures – continuing operations

The Group measure of headline operating cash excludes interest and tax, and includes capital expenditure supporting organic growth. The Group uses operating cash-flow for the calculation of cash conversion and free cash-flow for management of capital purposes. See note 19 for additional details.

The table below reconciles the Group's net cash-flow from operating activities to headline operating cash-flow and free cash-flow:

	Six months ended 31 January 2025			Six months ended 31 January 2024		
	Headline £m	Non-headline £m	Total £m	Headline £m	Non-headline £m	Total £m
Net cash inflow/(outflow) from operating activities	**233**	**(28)**	**205**	**182**	**(14)**	**168**
Include:						
Expenditure on capitalised development, other intangible assets and property, plant and equipment	(41)	–	(41)	(38)	–	(38)
Repayment of lease liabilities	(21)	–	(21)	(19)	–	(19)
Investment in financial assets relating to operating activities	–	–	–	1	–	1
Free cash-flow			**143**			**112**
Exclude:						
Investment in financial assets relating to operating activities	–	–	–	(1)	–	(1)
Repayment of lease liabilities	21	–	21	19	–	19
Interest paid	23	–	23	22	–	22
Interest received	(19)	–	(19)	(11)	–	(11)
Tax paid	58	–	58	63	–	63
Operating cash-flow	**254**	**(28)**	**226**	**218**	**(14)**	**204**

Headline cash conversion

Headline operating cash conversion for continuing operations is calculated as follows:

	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Headline operating profit	269	246
Headline operating cash-flow	254	218
Headline operating cash conversion	**94%**	**89%**

Reconciliation of free cash-flow to total movement in cash and cash equivalents

	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Free cash-flow	**143**	**112**
Acquisition of businesses	(89)	(65)
Disposal of subsidiaries – post-sale expenses	(12)	–
Disposal of financial assets	53	–
Other net cash-flows used in financing activities (note: repayment of lease liability is included in free cash-flow)	(168)	(146)
Decrease in cash and cash equivalents	**(73)**	**(99)**

17 Related party transactions

The related party transactions in the period were consistent with the nature and size of transactions disclosed in the Annual Report for the year ended 31 July 2024.

18 Share capital and share premium

	Number of shares	Issued capital £m	Consideration £m
Ordinary shares of 37.5p each			
At 31 July 2023	349,302,990	131	
Share buybacks	(1,764,660)	(1)	(29)
At 31 January 2024	**347,538,330**	**130**	
At 31 July 2024	345,097,794	130	
Share buybacks	(2,485,179)	(1)	(44)
At 31 January 2025	**342,612,615**	**129**	

Share buybacks

On 26 March 2024, the Company announced a £10 0m share buyback programme to purchase ordinary shares in the capital of the Company. The first £50m tranche completed on 6 September 2024. Under this scheme, 534,006 ordinary shares of 37.5p were repurchased during the period, for a total consideration of £9,389,882.

On 13 November 2024, the Company announced the increase in its original March 2024 share buyback programme from £100m to £150m. Under the second £100m tranche, 1,951,173 ordinary shares of 37.5p each were repurchased during the period, for a total consideration £34,083,668, of which 27,000 shares with a value of £504,207 were yet to settle and be cancelled.

A further 2,281,502 ordinary shares have been repurchased during the period of 1 February 2025 to 7 March 2025. The programme completed on 21 March 2025.

On 31 January 2025, the Company announced an increase in the £150m share buyback programme to £500m. Following completion of the previous £150m tranche, the additional £350m will commence and is expected to be completed by the end of calendar year 2025.

19 Alternative performance measures

The Group uses several alternative performance measures ('APMs') in order to provide additional useful information on underlying trends and the performance and position of the Group. APMs are non-GAAP and not defined by IFRS; therefore they may not be directly comparable with other companies' APMs and should not be considered a substitute for IFRS measures.

The Group uses APMs which are common across the industry, in both planning and reporting, to enhance the comparability of information between reporting periods and business units. The measures are also used in discussions with the investment analyst community and by credit rating agencies.

We have identified and defined the following key measures which are used within the business by management to assess the performance of the Group's businesses:

APM term	Definition and purpose
Capital employed	Capital employed is a non-statutory measure of invested resources. It comprises statutory net assets and is adjusted as follows: • to add goodwill recognised directly in reserves in respect of subsidiaries acquired before 1 August 1998; • to eliminate the Group's investment in ICU Medical, Inc equity and deferred consideration contingent on the future share price performance of ICU Medical, Inc; and • to eliminate post-retirement benefit assets and liabilities and non-headline litigation provisions related to John Crane, Inc. and Titeflex Corporation, both net of deferred tax, and net debt. It is used to monitor capital allocation within the Group. See below for a reconciliation from net assets to capital employed.
Capital expenditure	Comprises additions to property, plant and equipment, capitalised development and other intangible assets, excluding assets acquired through business combinations; see notes 7 & 8 for an analysis of capital expenditure. This measure quantifies the level of capital investment into ongoing operations.
Divisional headline operating profit ('DHOP')	DHOP comprises divisional earnings before central costs, finance costs and taxation. DHOP is used to monitor divisional performance. A reconciliation of DHOP to operating profit is shown in note 2.
Free cash-flow	Free cash-flow is calculated by adjusting the net cash inflow from operating activities to include capital expenditure, the repayment of lease liabilities, the proceeds from the disposal of property, plant and equipment and the investment in financial assets relating to operating activities and pensions financing outstanding at the balance sheet date. The measure shows cash generated by the Group before discretionary expenditure on acquisitions and returns to shareholders. A reconciliation of free cash-flow is shown in note 16.
Gross debt	Gross debt is total borrowings (bank, bonds and lease liabilities). It is used to provide an indication of the Group's overall level of indebtedness. See note 11 for an analysis of gross debt.
Headline	The Group has defined a 'headline' measure of performance that excludes material non-recurring items or items considered non-operational/trading in nature. Items excluded from headline are referred to as non-headline items. This measure is used by the Group to measure and monitor performance excluding material non-recurring items or items considered non-operational. See note 3 for an analysis of non-headline items.
Headline EBITDA	EBITDA is a widely used profit measure, not defined by IFRS, being earnings before interest, taxation, depreciation and amortisation. See below for a reconciliation of headline operating profit to headline EBITDA.
Net debt	Net debt is total borrowings (bank, bonds and lease liabilities) less cash balances and derivatives used to manage the interest rate risk and currency profile of the debt. This measure is used to provide an indication of the Group's overall level of indebtedness and is widely used by investors and credit rating agencies. See note 11 for an analysis of net debt.
Non-headline	The Group has defined a 'headline' measure of performance that excludes material non-recurring items or items considered non-operational/trading in nature. Items excluded from headline are referred to as non-headline items. This is used by the Group to measure and monitor material non-recurring items or items considered non-operational. See note 3 for an analysis of non-headline items.
Operating cash-flow	Comprises free cash-flow and excludes cash-flows relating to the repayment of lease liabilities, interest and taxation. The measure shows how cash is generated from operations in the Group. A reconciliation of operating cash-flow is shown in note 16.
Operating profit	Operating profit is earnings before finance costs and tax. A reconciliation of operating profit to profit before tax is shown on the consolidated income statement. This common measure is used by the Group to measure and monitor performance.
Return on capital employed ('ROCE')	Smiths ROCE is calculated over a rolling 12-month period and is the percentage that headline operating profit represents of the monthly average capital employed on a rolling 12-month basis. This measure of return on invested resources is used to monitor performance and capital allocation within the Group. See below for Group ROCE and note 2 for divisional headline operating profit and divisional capital employed.

The key performance indicators ('KPIs') used by management to assess the performance of the Group's businesses are as follows:

KPI term	Definition and purpose
Dividend cover – headline	Dividend cover is the ratio of headline earnings per share (see note 4) to dividend per share (see note 14). This commonly used measure indicates the number of times the dividend in a financial year is covered by headline earnings.
Earnings per share ('EPS') growth	EPS growth is the growth in headline basic EPS (see note 4), on a reported basis. EPS growth is used to measure and monitor performance.
Free cash-flow (as a % of operating profit)	This measure is defined as free cash-flow divided by headline operating profit averaged over a three-year performance period. This cash generation measure is used by the Group as a performance measure for remuneration purposes.
Greenhouse Gas (GHG) Emissions Reduction	GHG reduction is calculated as the percentage change in normalised Scope 1 & 2 GHG emissions. Normalised is calculated as tCO_2e per £m of revenue. This measure is used to monitor environmental performance.
Gross Vitality	Gross Vitality is calculated as the percentage of revenue derived from new products and services launched in the last five years. This measure is used to monitor the effectiveness of the Group's new product development and commercialisation.
My Say Engagement Score	The overall score in our My Say employee engagement survey. The biannual survey is undertaken Group-wide. This measure is used by the Group to monitor employee engagement.
Operating cash conversion	Comprises cash-flow from operations before non-headline items, as a percentage of headline operating profit. This measure is used to show the proportion of headline operating profit converted into cash-flow from operations before investment, finance costs, non-headline items and taxation. The calculation is shown in note 16.
Operating profit margin	Headline operating profit margin is calculated by dividing headline operating profit by revenue. This measure is used to monitor the Group's ability to drive profitable growth and control costs.
Organic growth	Organic growth adjusts the movement in headline performance to exclude the impact of foreign exchange and acquisitions. Organic growth is used by the Group to aid comparability when monitoring performance.
Organic revenue growth (Remuneration)	Organic revenue growth (remuneration) is compounded annualised growth in revenue after excluding the impact of foreign exchange and acquisitions. The measure used for remuneration differs from organic revenue growth in that it is calculated on a compounded annualised basis. This measure has historically been used by the Group for aligning remuneration with business performance.
Percentage of senior leadership positions taken by females	Percentage of senior leadership positions taken by females is calculated as the percentage of senior leadership roles (G14+ group) held by females. This measure is used by the Group to monitor diversity performance.
R&D cash costs as a % of sales	This measure is defined as the cash cost of research and development activities (including capitalised R&D, R&D directly charged to the P&L and customer-funded projects) as a percentage of revenue. Innovation is an important driver of sustainable growth for the Group and this measures our investment in research and development to drive innovation.
Recordable Incident Rate (RIR)	Recordable Incident Rate is calculated as the number of recordable incidents – where an incident requires medical attention beyond first aid – per 100 colleagues, per year across Smiths. This measure is used by the Group to monitor health and safety performance.

Capital employed

Capital employed is a non-statutory measure of invested resources. It comprises statutory net assets adjusted to add goodwill recognised directly in reserves in respect of subsidiaries acquired before 1 August 1998 of £478m (31 January 2024: £478m), and to eliminate post-retirement benefit assets and liabilities, litigation provisions relating to John Crane, Inc. and Titeflex Corporation, both net of related tax, the investment in ICU Medical, Inc. equity, the deferred consideration contingent on ICU Medical, Inc's share price and net debt.

	Notes	31 January 2025 £m	31 January 2024 £m
Net assets		**2,295**	**2,126**
Adjust for:			
Goodwill recognised directly in reserves		478	478
Retirement benefit assets and obligations	6	(25)	13
Tax related to retirement benefit assets and obligations		18	19
John Crane, Inc. litigation provisions and related tax		158	167
Titeflex Corporation litigation provisions and related tax		24	26
Investment in ICU Medical, Inc equity		–	(180)
Deferred contingent consideration		–	(3)
Net debt		299	505
Capital employed		**3,247**	**3,151**

Return on capital employed

	Notes	31 January 2025 £m	31 January 2024 £m
Headline operating profit for previous 12 months		549	506
Average capital employed		3,216	3,218
Return on capital employed ("ROCE")		**17.1%**	**15.7%**

Credit metrics

The Group monitors the ratio of net debt to headline earnings before interest, tax, depreciation and amortisation as part of its management of credit ratings. This ratio is calculated as follows:

Headline earnings before interest, tax, depreciation and amortisation ("headline EBITDA")

	Notes	Six months ended 31 January 2025 £m	Six months ended 31 January 2024 £m
Headline operating profit	2	**269**	**246**
Exclude:			
– depreciation of property, plant and equipment	8	21	22
– depreciation of right of use assets	9	18	17
– amortisation of development costs	7	6	1
– amortisation of software, patents and intellectual property	7	7	3
Headline EBITDA		**321**	**289**

Annualised headline EBITDA

		Notes	Year ended 31 January 2025 £m	Year ended 31 January 2024 £m
Headline EBITDA for the period			**321**	**289**
Add:	Headline EBITDA for the previous year		611	584
Exclude:	Headline EBITDA for the first six months of the previous year		(289)	(284)
Annualised headline EBITDA			**643**	**589**

Ratio of net debt to annualised headline EBITDA

	Year ended 31 January 2025 £m	Year ended 31 January 2024 £m
Annualised headline EBITDA	643	589
Net debt	299	505
Ratio of net debt to headline EBITDA	**0.5**	**0.9**

20 Post balance sheet events

On 28 February 2025, the Group completed the acquisition of Duc-Pac, see note 15 for details.