

smiths

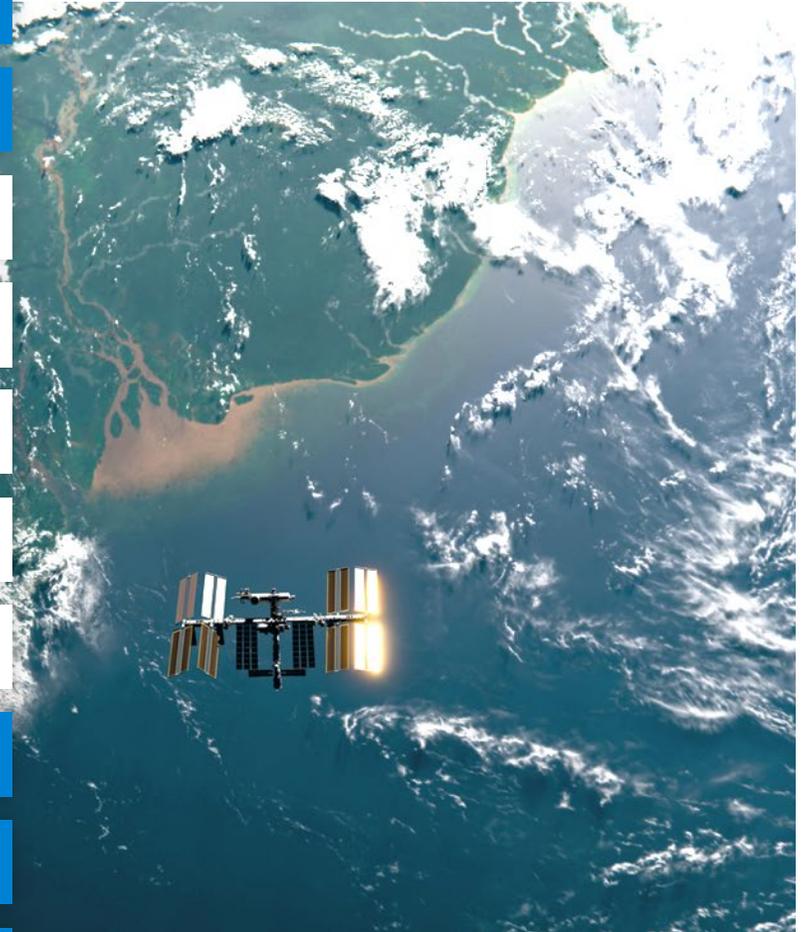


CAPITAL MARKETS EVENT

17-18 NOVEMBER 2021

Capital Markets Event: Agenda

- Smiths Value Engine – Paul Keel
- Financial Framework – John Shipsey
- Smiths Interconnect – Julian Fagge
- Smiths Detection – Roland Carter
- Sustainability – Amy Simpson
- Flex-Tek – Pat McCaffrey
- John Crane – Jean Vernet
- Closing Remarks – Paul Keel
- Q&A – webcast live at 16.00 GMT, 18 November
- Technology expo – live: segments recorded for future viewing



smiths

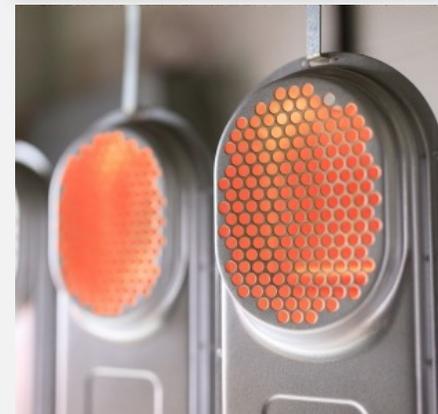
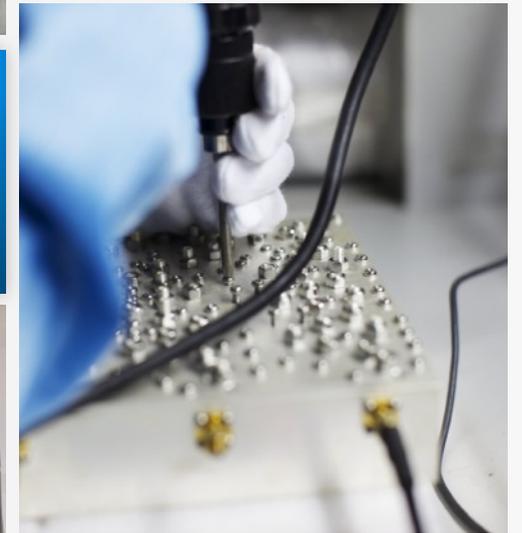
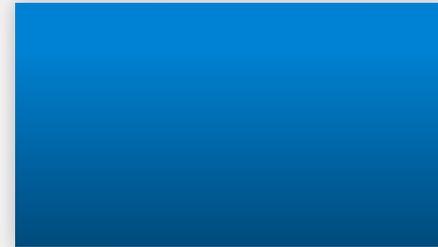
SMITHS VALUE ENGINE

Paul Keel

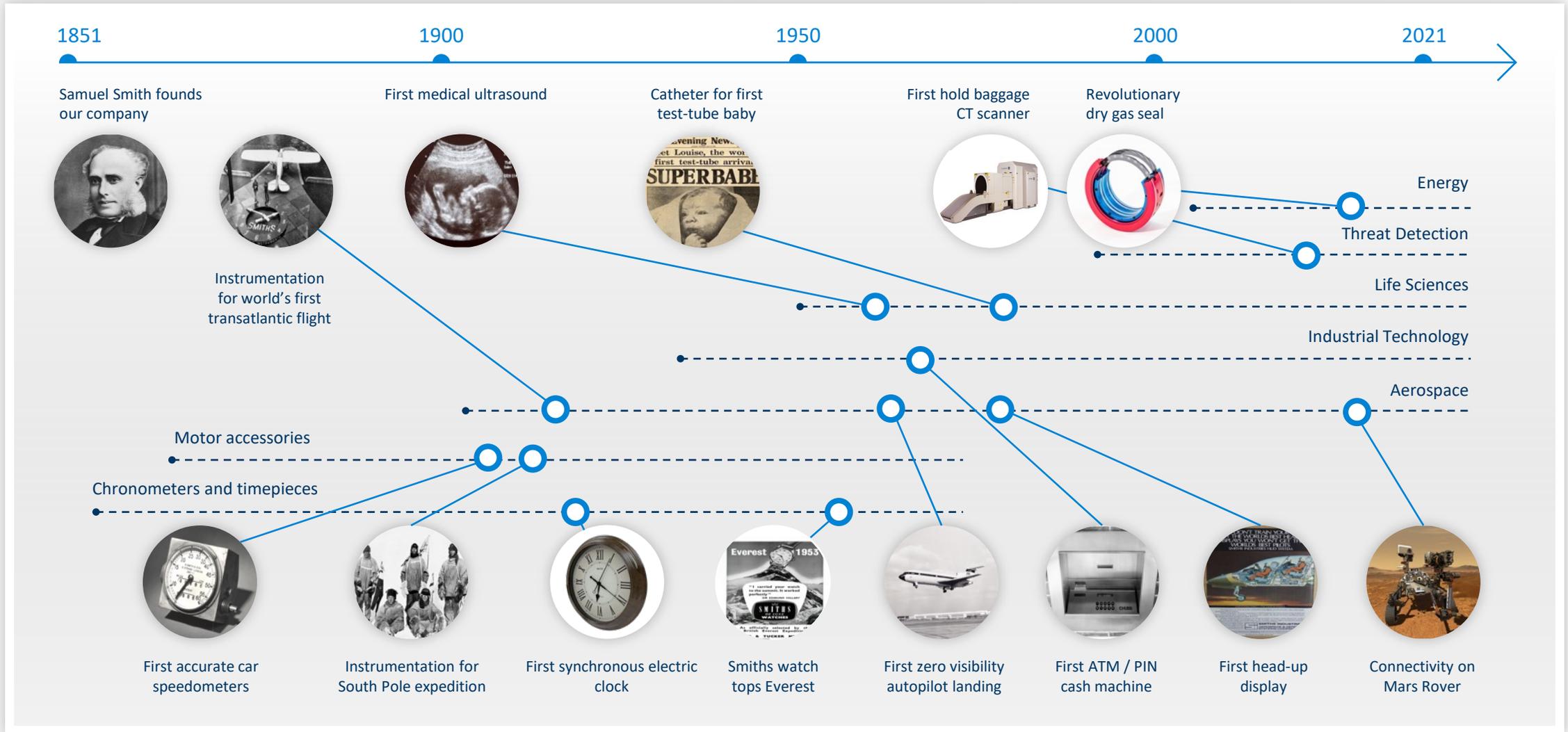


Opening Thoughts

- We have an exciting opportunity to guide an intrinsically strong business to its full potential
- Across our history, Smiths achievements are notable, but too variable. Closing the gap between performance and potential centres on three main things:
 - Growing faster
 - Executing better at pace
 - Doing more to inspire and empower our people
- Smiths Value Engine connects our capabilities to our potential. The Engine has three key components: Our Values and Purpose, Our Strengths, and Our Priorities
- The financial output of the Engine is powerful:
 - Recurring revenue growth
 - Fuelled by high margins
 - Converting through low asset intensity into exceptional cash generation



170 years of pioneering across technologies, markets and geographies



Accelerating pace to deliver growth and consistency



What's Working

- Balanced industrial technology portfolio, made even stronger by the sale of Medical
- Well-established positions in attractive end markets
- Proprietary technologies founded on decades of R&D investment
- Experienced, engaged and expert people
- Robust financial framework
- Momentum building
 - New leadership
 - Quickly recovering end markets
 - Strong FY21 results
 - Sale of Smiths Medical underway



What's Changing

- Moving with greater pace and urgency
- Accelerating growth with four actionable and well-funded levers:
 - Execution to take full advantage of market recovery
 - Focused new product development and commercialisation
 - Building out priority adjacencies
 - Disciplined M&A
- Improving our speed and execution by implementing a new phase of the Smiths Excellence System
- Inspiring and empowering our people through listening, action and accountability
- Heightened focus on diversity & inclusion
- More urgently building on our ESG foundation
- More consistent delivery of financial results

Smiths Value Engine

OUR PURPOSE



PIONEERS OF PROGRESS

Improving our world through smarter engineering

OUR STRENGTHS



World-Class Engineering



Leading Positions in Critical Markets



Global Capabilities



Robust Financial Framework

OUR PRIORITIES



Growth



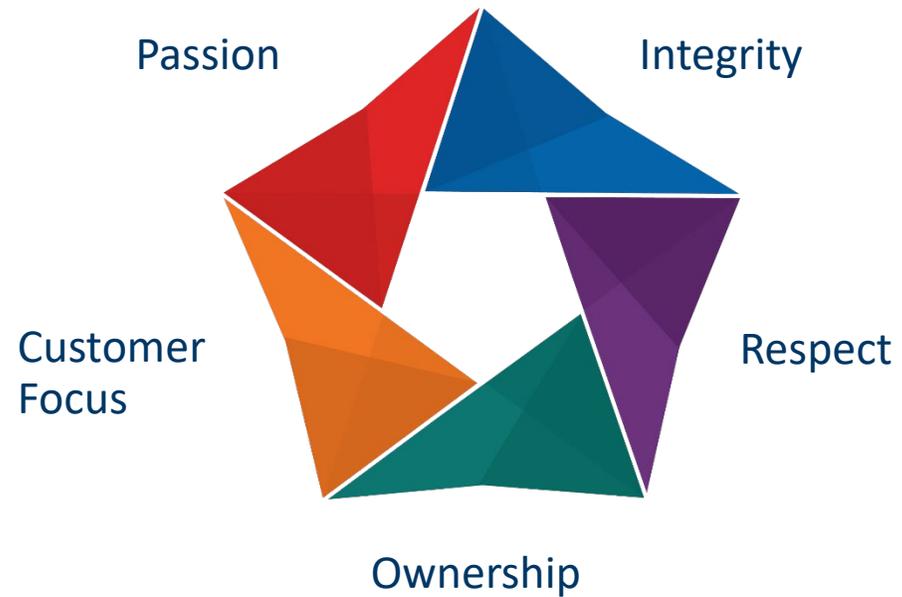
Execution



People

Our Values and Purpose

OUR VALUES



OUR PURPOSE

PIONEERS OF PROGRESS

Improving our world
through smarter
engineering

Our Strengths



World-Class Engineering

Pioneers across multiple geographies and industries over time



Leading Positions in Critical Markets

Valued partners supplying mission-critical products and services



Global Capabilities

The depth and reach to think globally while acting locally



Robust Financial Framework

Resilient, repeatable revenues with low asset intensity and high cash generation

Our Priorities



Growth



Execution



People

Our Priorities – accelerating growth



Growth

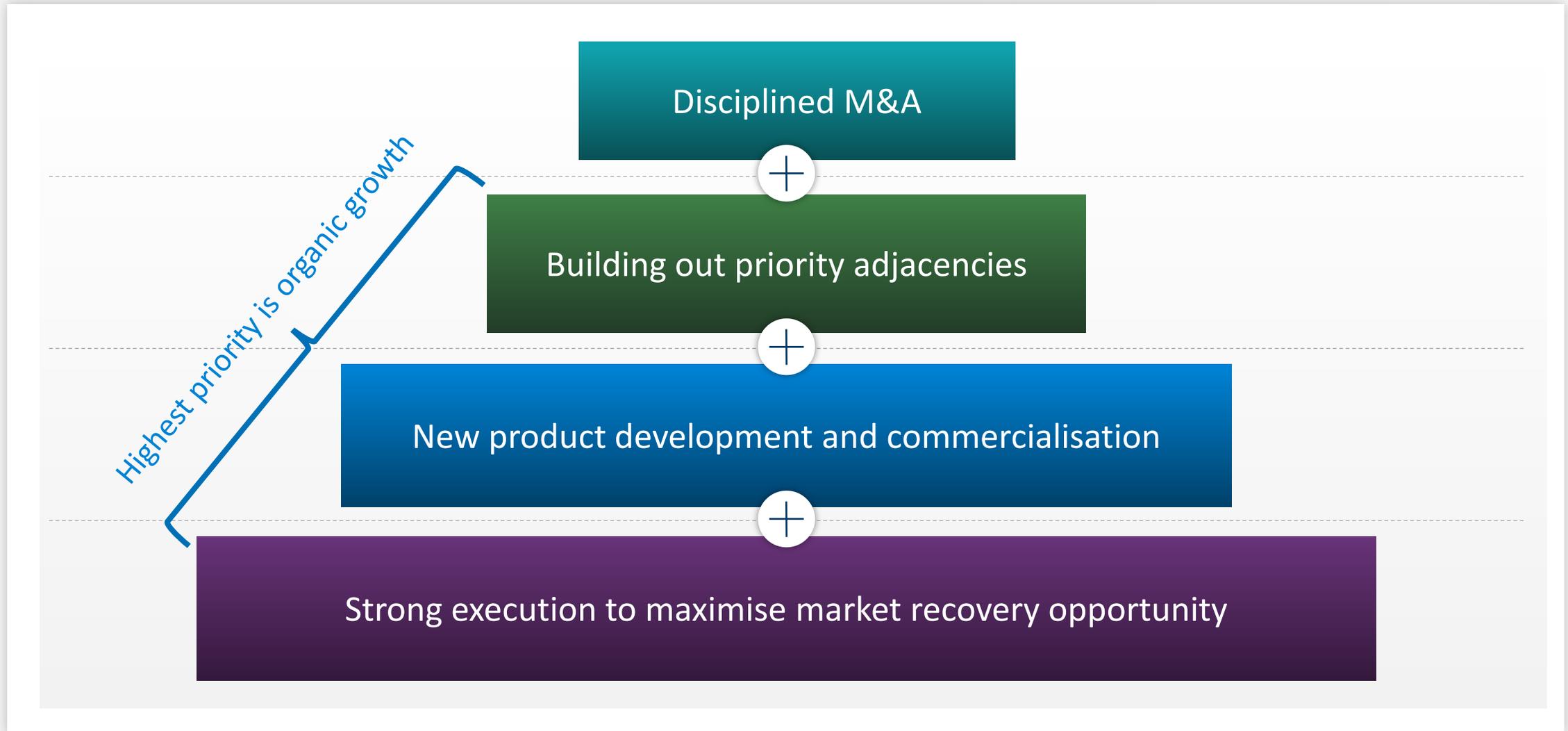


Execution



People

We're accelerating growth with four actionable levers



Balanced portfolio positions us to maximise growth through broad market recovery



End markets are recovering in a balanced fashion; orders strong across most of the portfolio

Strong revenue growth

Flex-Tek Organic Revenue Growth¹, 2019 – 2021

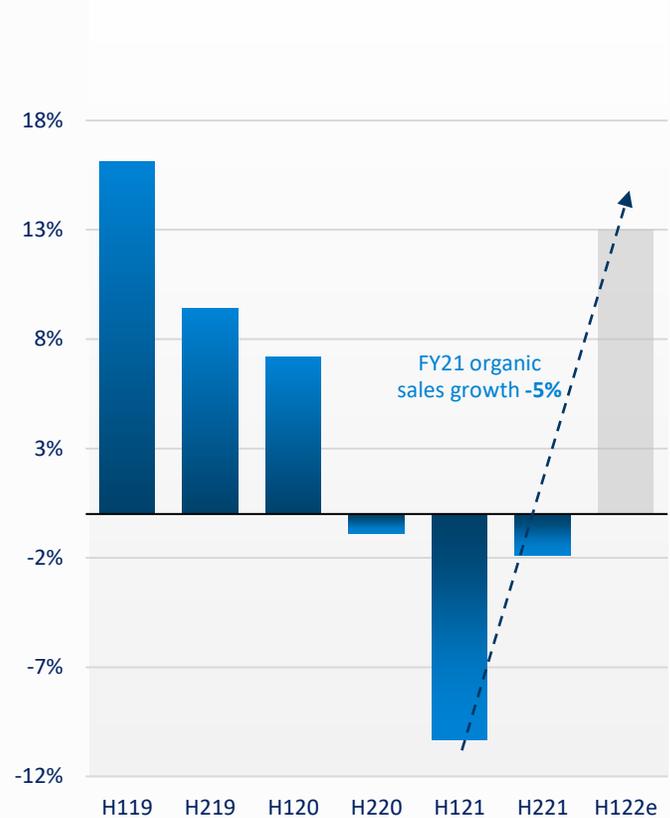


Smiths Interconnect Organic Revenue Growth¹, 2019 – 2021



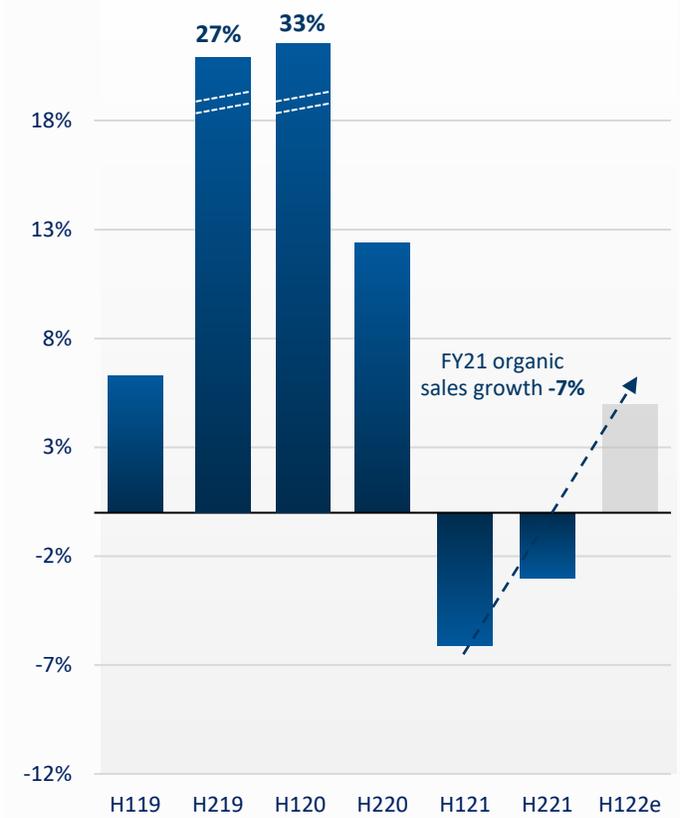
Orders strong, revenues building

John Crane Order Growth, 2019 – H1 2022e



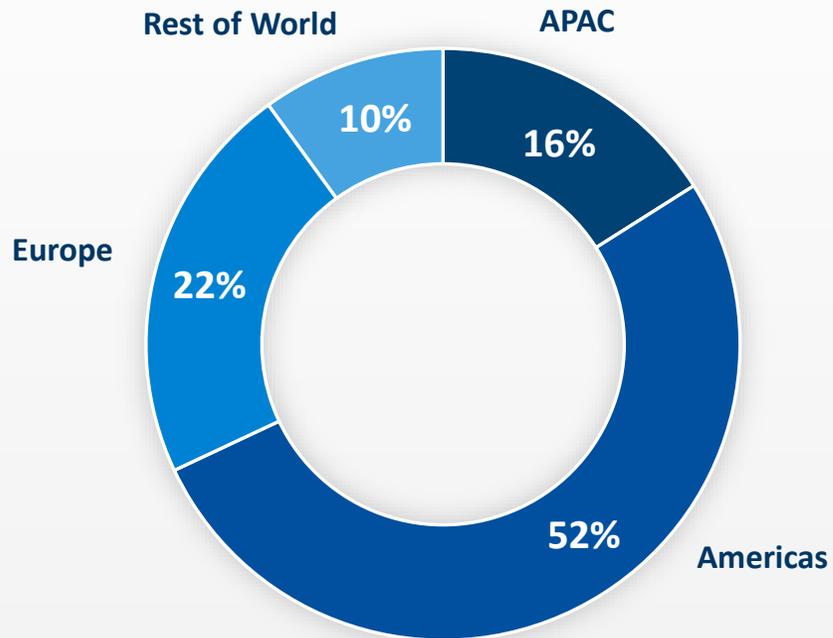
Orders returning, revenues stabilising

Smiths Detection Order Growth, 2019 – H1 2022e

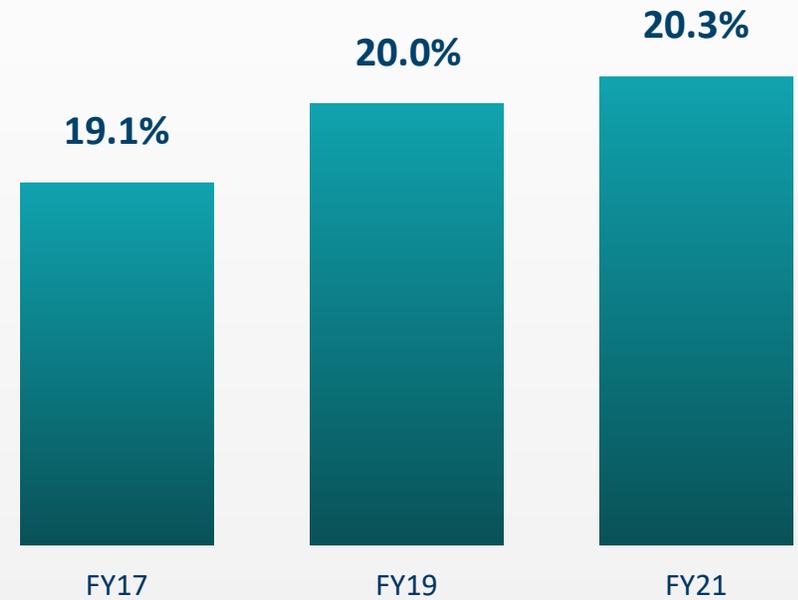


Balanced geographical portfolio with expanding penetration of fast-growth markets

Smiths Revenues by Geography, FY21



Smiths Developing Markets Revenues as % Total, FY17-FY21



China FY17-21 CAGR 16.4% | **India** FY17-21 CAGR 7.0%

Strong pipeline...we can make it work harder

IN DEVELOPMENT

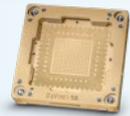
LAUNCHED



X-Ray diffraction



Micro-coax interposers



High speed test socket for semi-conductor chips



Cabin baggage management



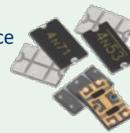
Rail freight X-ray



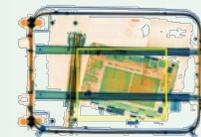
High temperature, flexible aerospace hoses



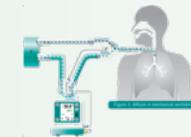
Multi-layer refrigerant line sets



Signal strength management for space flight applications



Automatic threat recognition algorithms



Heated wire CPAP hoses



Easy-to-install fault-resistant tubing



Indoor air quality HVAC products



Next-gen chemical detection



Space-qualified connectors



Next-gen pipeline seals

JC Sense / Digital



Access From Multiple Devices



Third-party Systems Data Sharing



Cabin baggage CT scanner



Food safety (pathogen detection)

Dry gas seals for very light hydrocarbons



Optical products for space



Varnish removal filter



Zero emission seal



Industrial heat



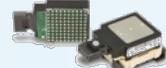
X-Ray for urban security (e.g. court houses)



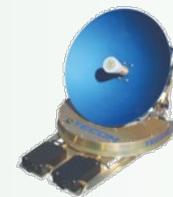
Test socket for PCBs



Urban detection portfolio expansion



Next-gen X-ray for hold baggage



Antenna for in-flight Wi-Fi

£200-250m annual revenue opportunity over next 3-5 years

Moving at pace to build out priority adjacencies

JOHN CRANE



Environmental Protection



Maintenance Engineering
Spares & Inventory Optimization
Condition-based Maintenance & Monitoring
Asset Life Cycle Management

Asset Management

SMITHS DETECTION



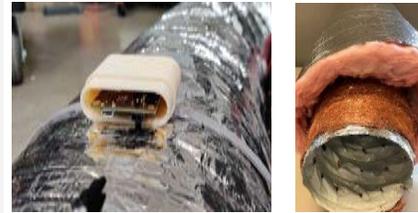
Advanced Chemical and Biological Detection



iCMORE

Artificial Intelligence
Threat Identification Software

FLEX-TEK



Environmental Air Quality



Sustainable Industrial Heating

SMITHS INTERCONNECT



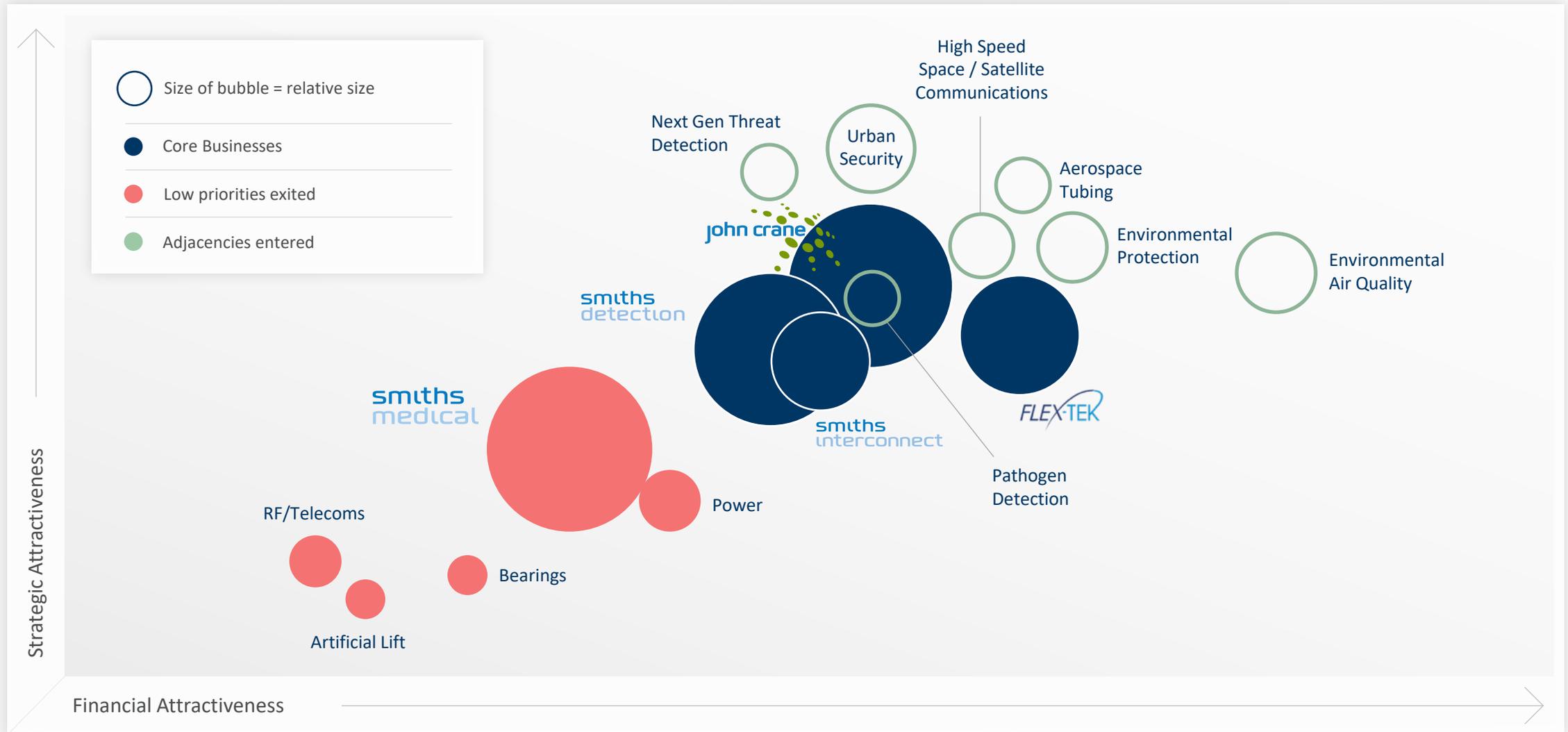
High Speed Satellite Communications



Advanced Connectors for Life Sciences

£200-250m annual revenue opportunity over next 3-5 years

Portfolio optimisation advances our strong competitive positions; M&A accelerates this strategy

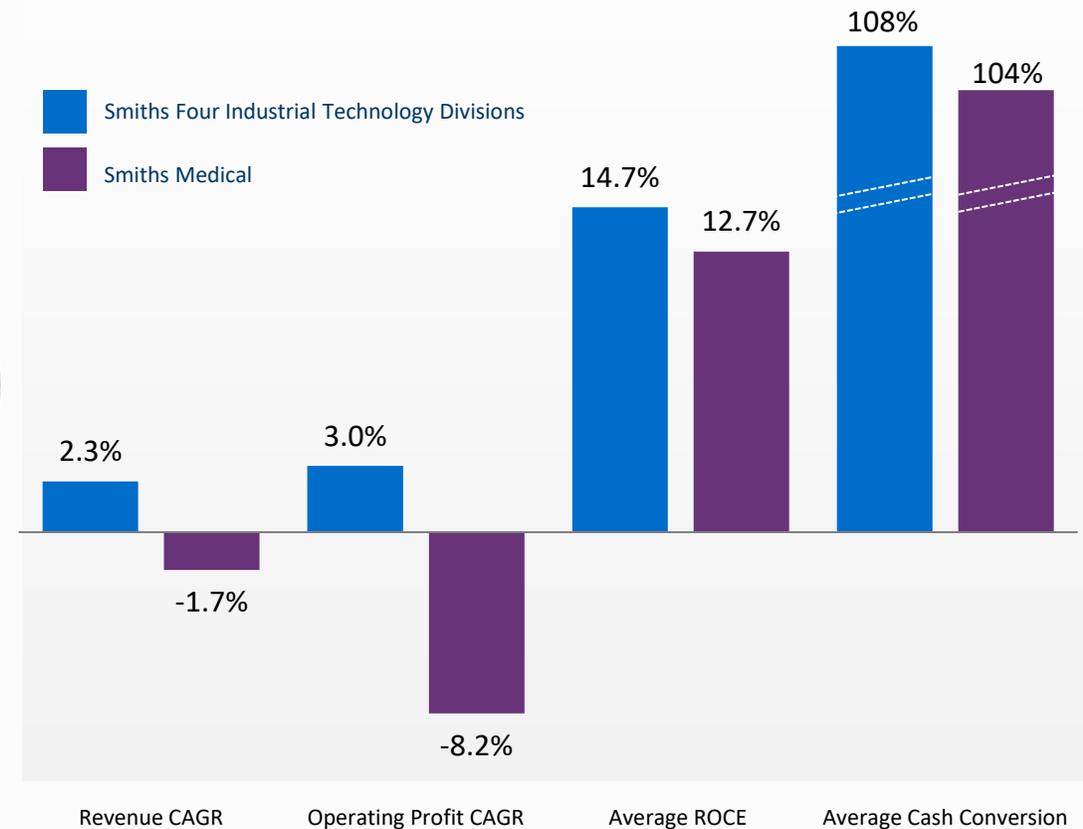


Smiths competitive position is made even stronger by the separation of Smiths Medical

Status of Smiths Medical Sale

- Sale to ICU Medical announced 8 September
- Enterprise value \$2.7bn, expected value including earnout and equity stake ~\$3bn
- Shareholder approval and US anti-trust condition satisfied; expect to close early 2022
- Return ~\$1bn of proceeds to shareholders; buybacks to begin immediately
- Benefits of selling Smiths Medical:
 - Reallocate attention, resources and capital to industrial technology core
 - Further strengthen balance sheet
 - Fund acceleration of our growth strategy
 - Significantly strengthen our portfolio

Smiths Financial Performance¹, FY17 – FY21 Industrial Technology Core vs. Smiths Medical



Priorities – executing better



Growth



Execution



People

Executing for our customers - our global service network allows us to deliver real-time, mission-critical support in demanding operating environments



Smiths Excellence System 2.0 - advancing from learning to doing

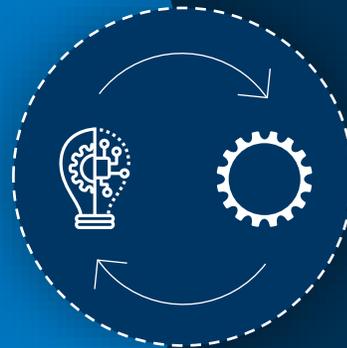
Laying the groundwork (*FY18-FY21*)

→ OBJECTIVES

- Lay the foundation for continuous improvement
- Establish common language across enterprise
- Build global network for best practice sharing

→ RESULTS

- Launched SES Academy
- Certified 350 green belts and 70 black belts through Oxford University
- Introduced Lean in 40% of our plants globally
- Aligned key metrics across the business
- Delivered FY21 procurement cost savings of 4.1%



SES 2.0 (*FY22 and beyond*) Advancing from learning to doing

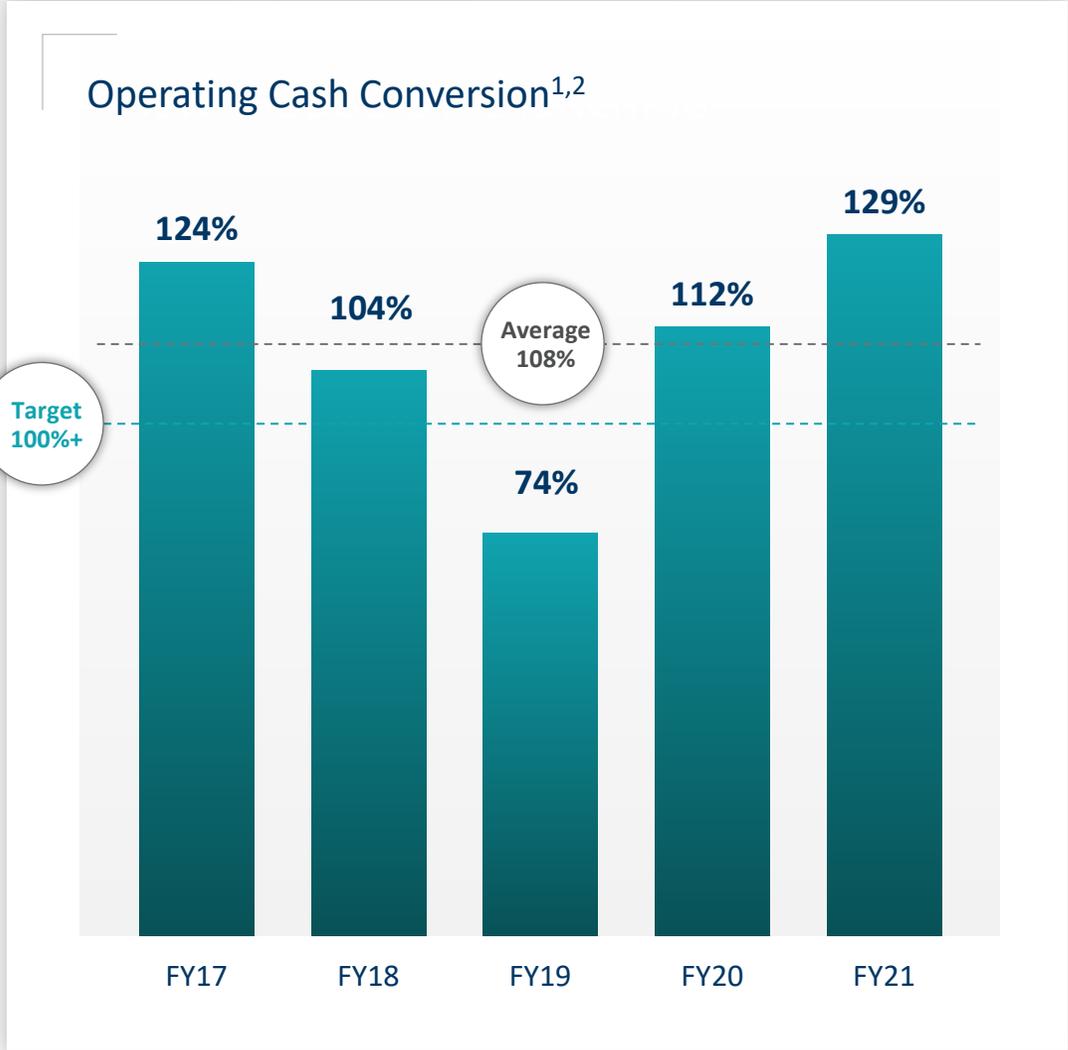
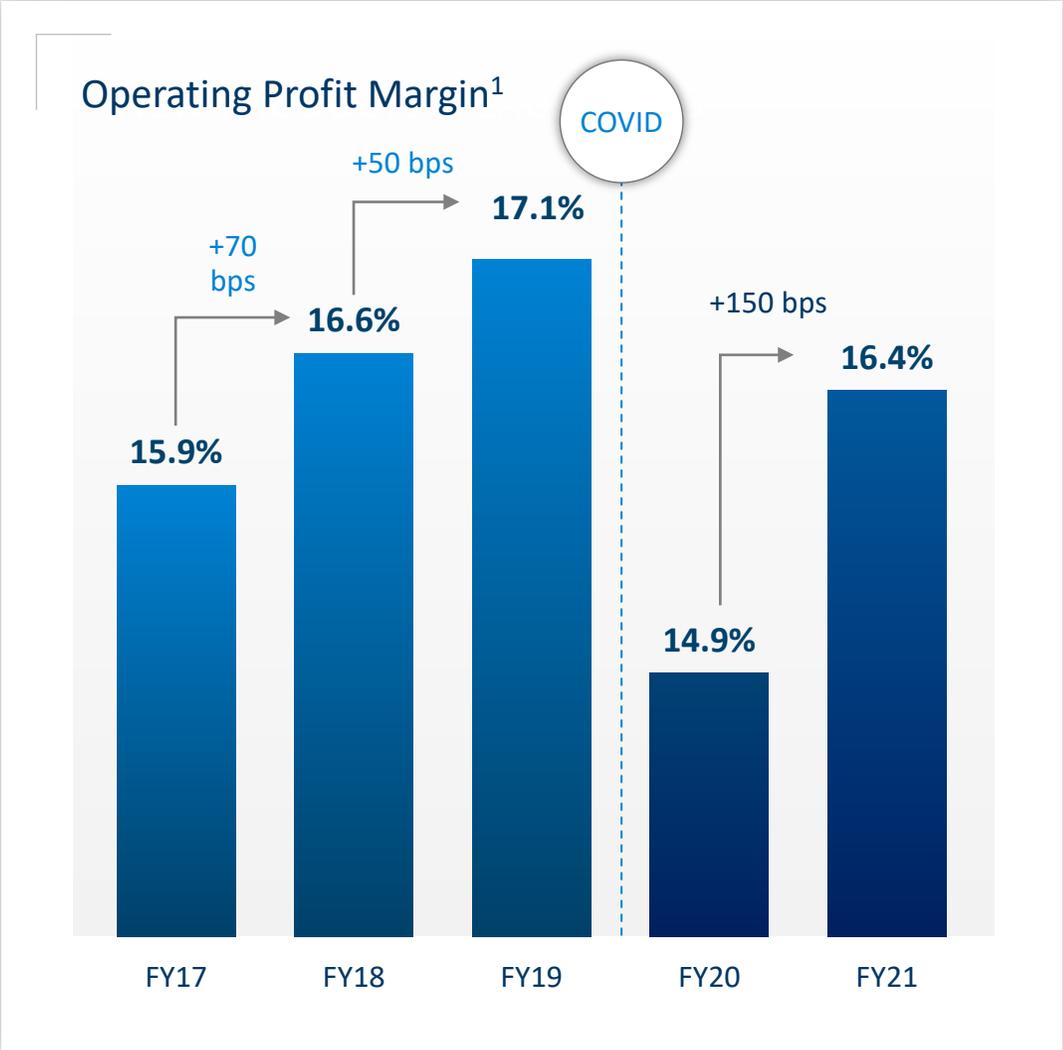
→ PLAN

- Set delivery targets tied directly to external commitments
- Resource full-time Black Belts and Master Black Belts in key businesses and functions
- Leverage Lean Six Sigma as talent development accelerator

→ FOCUS AREAS

- Growth
- Cost
- Cash

Consistent operating profit margin expansion and cash flow conversion demonstrate our execution capabilities



Priorities – inspiring and empowering our people



Growth



Execution



People

Investing in our people – engaged, experienced, expert and diverse



Engaged

- 84% Employee Survey participation
- 73 My Say composite engagement score
- 600 submissions for annual SES Awards
- World class safety performance

Experienced

- Average tenure 9.3 years
- 50% of our team 5+ years service
- 14% with 20+ years, 5% with 30+ years
- 80% of leadership appointments internal

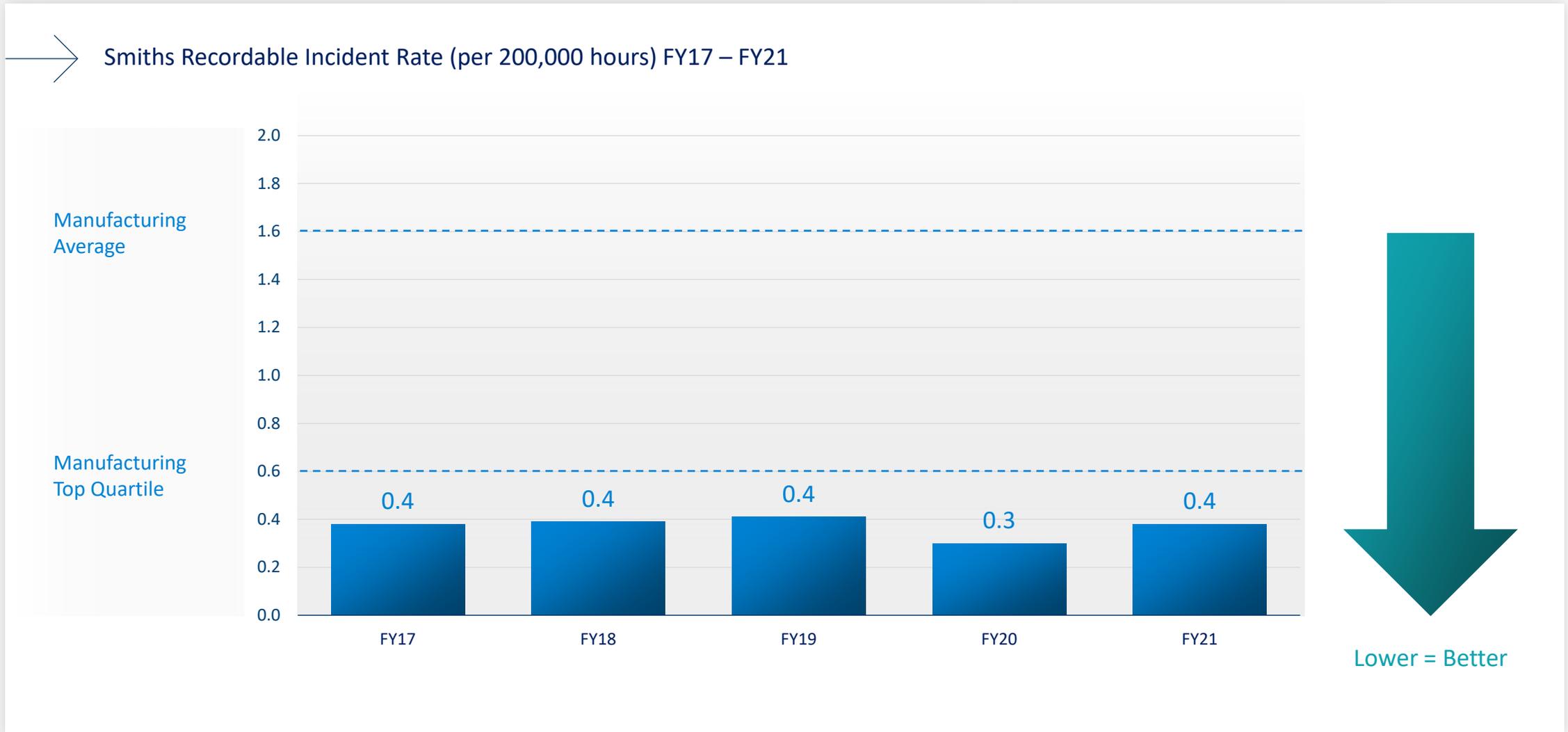
Expert

- 350 Oxford University certified Green Belts and 70 certified Black Belts
- 93% of employees have completed Lean training
- 54,000 hours of on-line training annually
- 841 employees complete Smiths Leadership Programme annually

Diverse & Inclusive

- 29% of leadership roles held by women
- 25% of Board is ethnically diverse, 50% are female
- Active employee resource groups (e.g. Women's Leadership, LGBTQ+)
- Restart@Smiths for career break returners

Smiths safety record is consistently ahead of even top quartile peers



Moving swiftly to build on our strong foundation in ESG

ENVIRONMENTAL

Strong base; progress since 2007:

- Energy usage -38%
- Water usage -53%
- Green House Gas emissions -60%
- Non-recyclable waste -63%
- Renewable energy use 58%

Moving quickly to build; in last 5 months:

- Committed to Net Zero by 2040
- Signed up to the UN Race to Zero
- Established Board Committee
- Tied compensation to ESG metrics
- Appointed Chief Sustainability Officer



SOCIAL

World Class Safety Record. Five straight years of Recordable Incidence Rate at or below 0.4

Front-line role in battling pandemic:

- Leader of UK's ventilator challenge, contributing over 5,000 units to the effort
- Acquired PathSensors to accelerate our pathogen detection programme
- Executing through pandemic supply constraints without major interruptions to customers

Our Communities:

- £2.5bn in direct economic contribution to communities around the world
- Launching Beyond Boundaries community outreach programme



GOVERNANCE

Culture of Transparency

- 24/7 Speak Out hotline in all countries of operation in place for more than a decade
- Regular ethics conversations with employees; 95% ratings for living our code of ethics
- 21,000 hours of annual training and multiple regional workshops to advance programmes

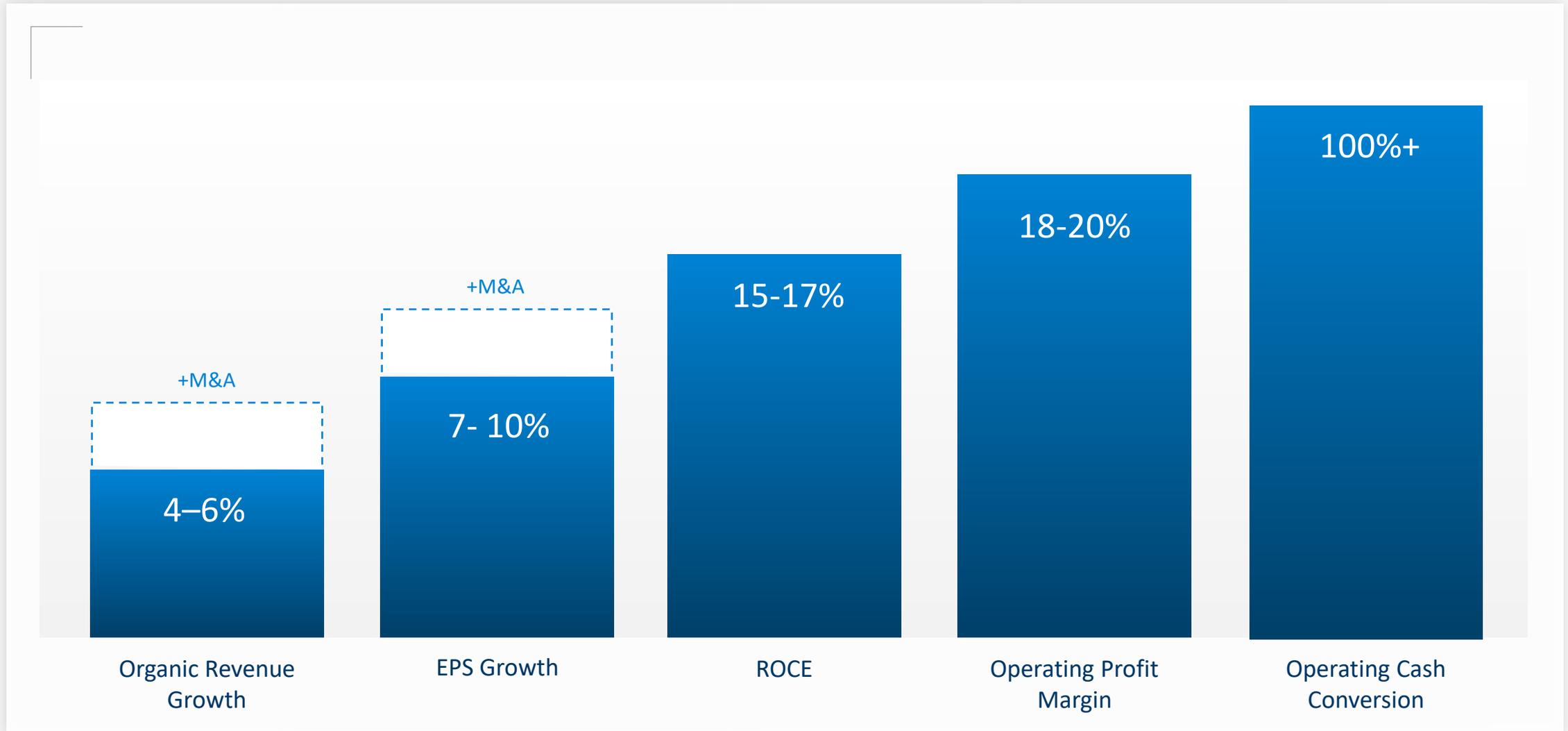
Committed to Diversity & Inclusion: diverse slates for all leadership roles; active employee resource groups

Active engagement with stakeholders: 84% participation in annual employee survey

Board of Directors: Significant breadth and depth of experience. 50% of NEDs are women



Medium-Term Financial Targets



Smiths Value Engine

OUR PURPOSE



PIONEERS OF PROGRESS

Improving our world through smarter engineering

OUR STRENGTHS



World-Class Engineering



Leading Positions in Critical Markets



Global Capabilities



Robust Financial Framework

OUR PRIORITIES



Growth



Execution



People

OUR COMMITMENTS

Organic Revenue Growth

4-6% (+M&A)

EPS Growth

7-10% (+M&A)

ROCE

15-17%

Operating Profit Margin

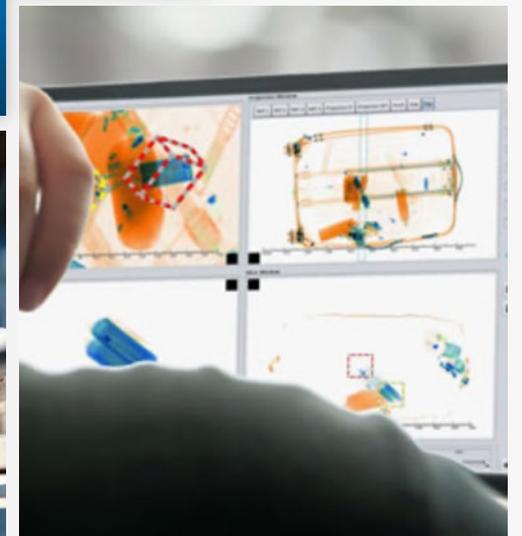
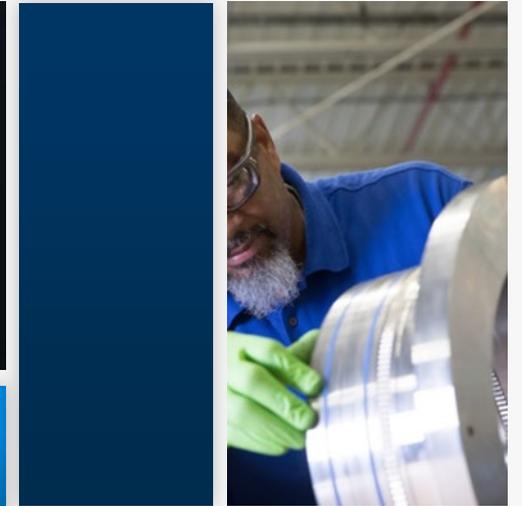
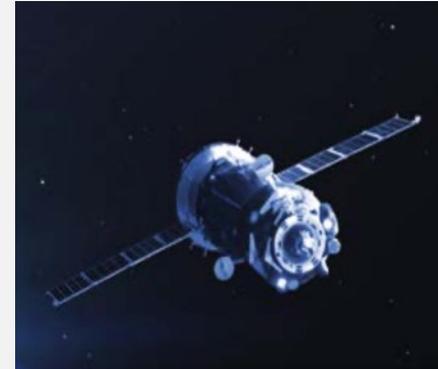
18-20%

Operating Cash Conversion

100%+

Closing Thoughts

- Smiths is an intrinsically strong company with the potential for significant near and longer-term value creation
- The key to unlocking this value is moving with greater pace and urgency, delivering performance reflective of our capabilities
- The Smiths Value Engine outlines how we do this by connecting Our Purpose, Our Strengths and Our Priorities of Growth, Execution and People
- The financial output of the Engine is powerful - recurring revenue growth fuelled by high margins and returns, converting through our low asset intensity model into exceptional cash generation





THANK YOU