

smiths

SMITHS GROUP PLC

ANNUAL GENERAL MEETING 2018



14 NOVEMBER 2018

www.smiths.com

DISCLAIMER

This presentation contains certain statements that are forward-looking statements. They appear in a number of places throughout this presentation and include statements regarding the intentions, beliefs and/or current expectations of Smiths Group plc (the “Company”) and its subsidiaries (together, the “Group”) and those of their respective officers, directors and employees concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and the businesses operated by the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this presentation and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this presentation should be construed as a profit forecast. The Company and its directors accept no liability to third parties. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.

TODAY'S AGENDA

- Chairman's address Sir George Buckley, Chairman
- Chief Executive review Andy Reynolds Smith, CEO
- Q&A

SIR GEORGE BUCKLEY
CHAIRMAN



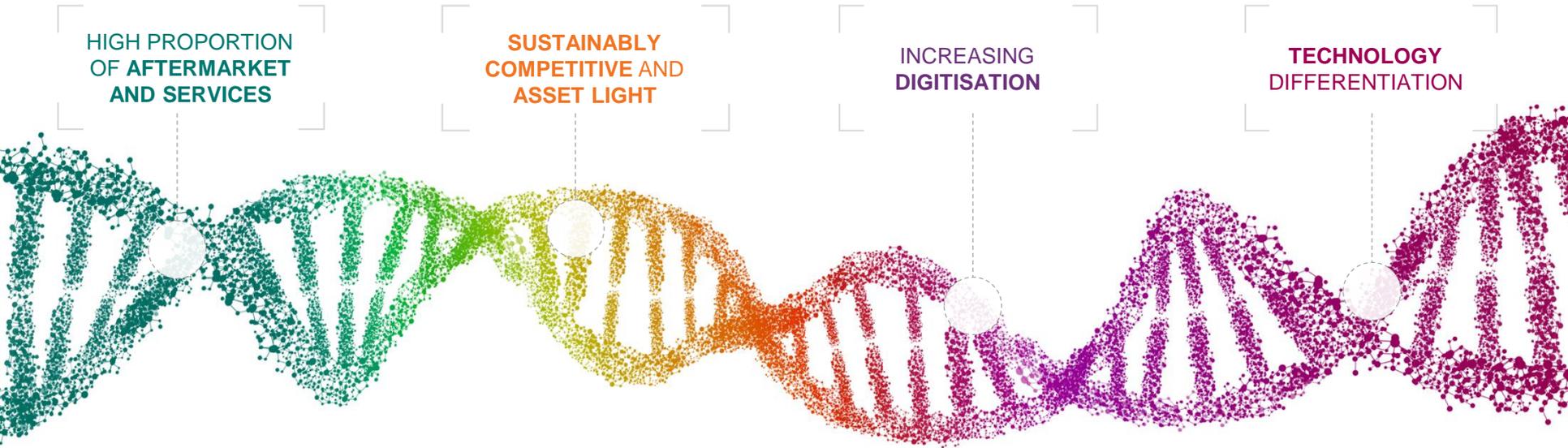
ANDY REYNOLDS SMITH
CHIEF EXECUTIVE



RETURN TO GROWTH



CHARACTERISTICS OF A SMITHS BUSINESS – OUR DNA



TARGETED IN GROWING MARKETS

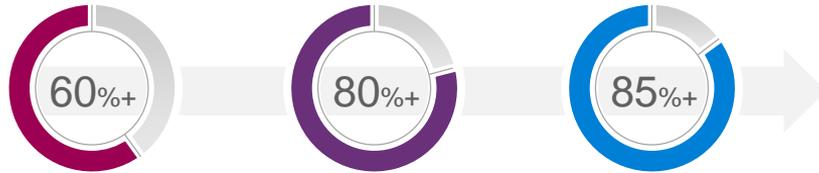
STRATEGIC PROGRESS

FY2016

FY2018

MEDIUM TERM

→ HIGH GRADING THE BUSINESSES



RISK OF EXECUTION

→ PORTFOLIO PRIORITISATION

CAPITAL ALLOCATION DECISIONS

RISK ASSESSMENT

9
DISPOSALS

c. £530m of
proceeds

- Disposal of Smiths Medical's sterile water business completed on 31 October 2018

4
ACQUISITIONS

for c. £620m

- Morpho synergies ahead of schedule
- Flex-Tek's heating solution acquisition successfully integrated

INNOVATION



John Crane
dry gas seal



Smiths Detection
Checkpoint CT
scanner



Smiths Medical
blood-draw safety
device



Smiths Medical
Smart
ambulatory
pump



Smiths Interconnect
edge card contact for
medical applications



Flex-Tek
floating core duct



DIGITAL FORGE

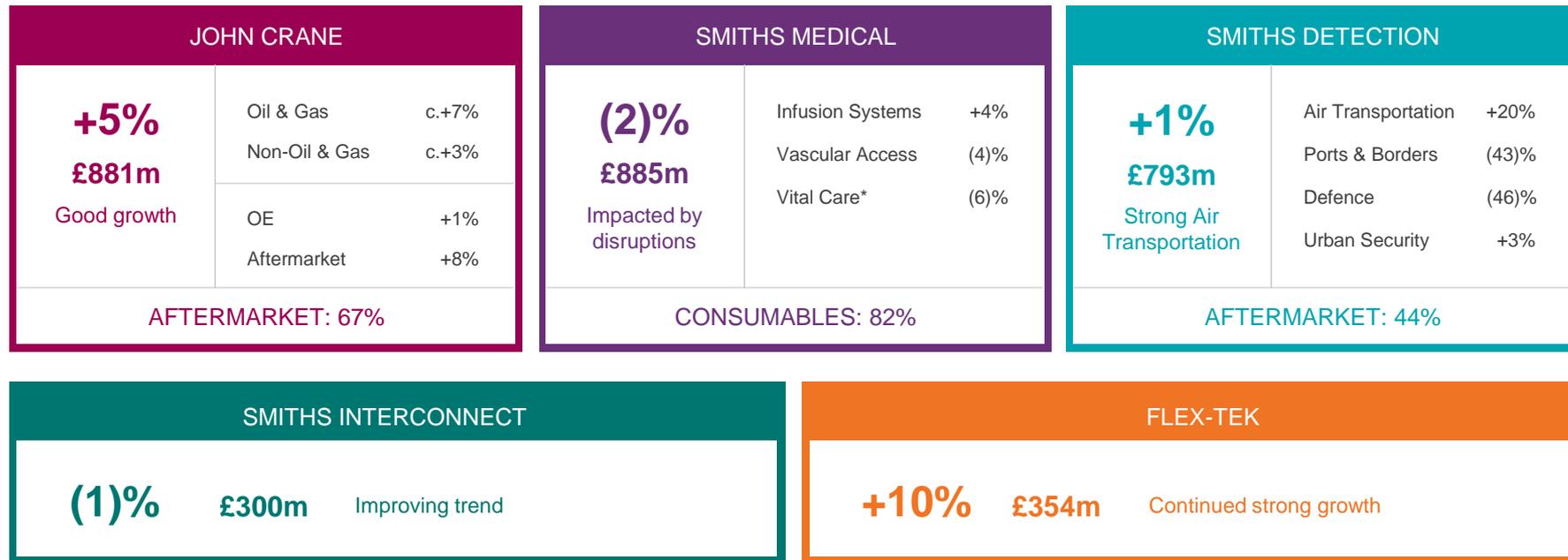


HEADLINE FINANCIAL RESULTS¹

£m	FY2018	FY2017	REPORTED CHANGE	
REVENUE	3,213	3,280	(2)%	+2% underlying
OPERATING PROFIT	544	589	(8)%	+3% underlying
OPERATING MARGIN	16.9%	18.0%	(110) bps	+10bps underlying
PROFIT BEFORE TAX	487	528	(8)%	
EPS	90.7p	97.6p	(7)%	+4% underlying
FREE CASH-FLOW*	302	370	(18)%	99% cash conversion
ROCE	14.6%	16.2%	(160)bps	(110)bps impact of Morpho
DIVIDEND PER SHARE	44.55p	43.25p	+3%	

¹ Headline excludes non operating items as defined in note 3 of the accounts. Underlying modifies headline performance to: adjust prior year to reflect an equivalent period of ownership for divested businesses; include restructuring and pension administration costs as headline for both years; and exclude the effects of foreign exchange, acquisitions and supplemental sales for divested businesses.

* Statutory

REVENUE¹ BY DIVISION

¹ Underlying modifies headline performance to: adjust prior year to reflect an equivalent period of ownership for divested businesses; include restructuring and pension administration costs as headline for both years; and exclude the effects of foreign exchange, acquisitions and supplemental sales for divested businesses.

* Vital Care includes Specialty Products

CASH-FLOW

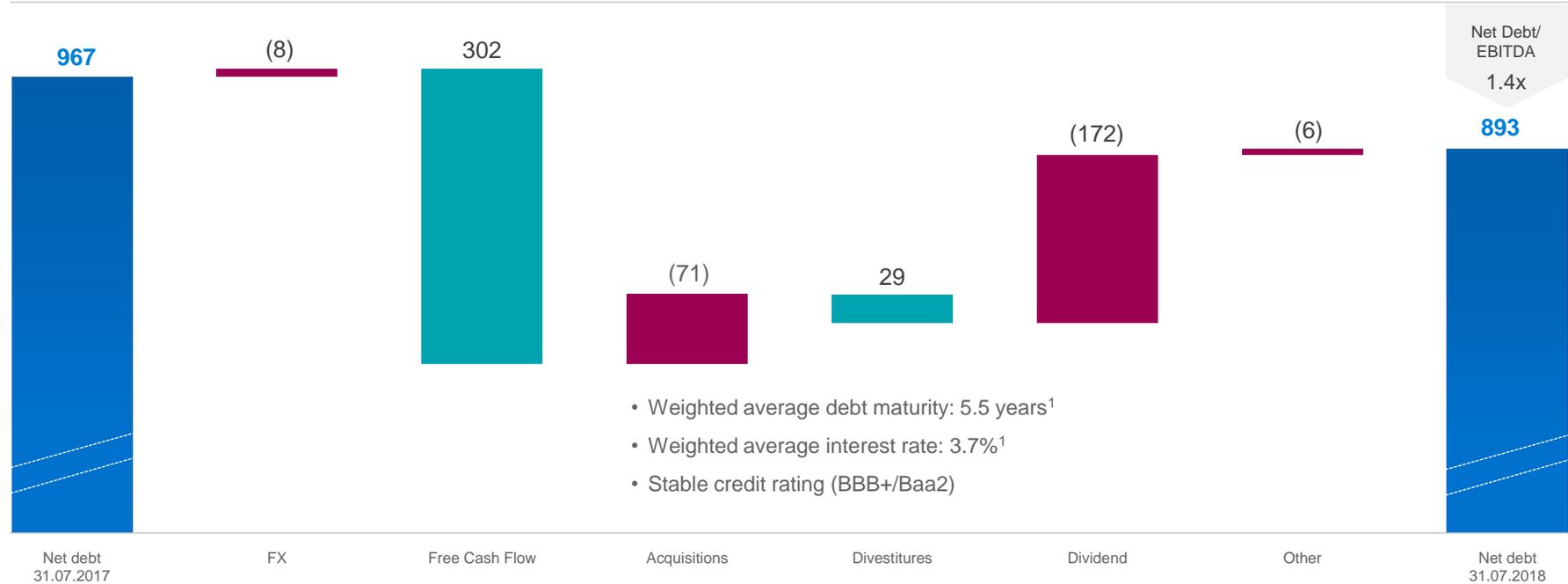
£m	FY2018	FY2017	Comments
OPERATING PROFIT ¹	544	589	
CAPEX & DEPRECIATION AND AMORTISATION	(8)	3	Asset light
WORKING CAPITAL	(16)	85	Working capital % sales ² : 26% (FY2017: 27%)
OTHER	18	18	
OPERATING CASH-FLOW¹	538	695	99% cash conversion
INTEREST & TAXATION ¹	(129)	(142)	Headline ETR 25.8% - FY2019 expected at c.25%
PENSION	(45)	(103)	
OTHER INVESTMENT AND NON-HEADLINE	(62)	(80)	
FREE CASH-FLOW	302	370	
DIVIDENDS	(172)	(167)	
ACQUISITIONS & DIVESTITURES	(42)	(118)	
FX AND OTHER	(14)	(74)	
MOVEMENT IN NET DEBT	74	11	

¹ Headline excludes non operating items as defined in note 3 of the accounts

² Working capital as a percentage of sales is calculated as the 12 month rolling average of inventory, trade receivables and associated provisions, unbilled receivables, trade payables and deferred revenue as a percentage of total annual sales

STRONG BALANCE SHEET

£m



¹ Refers to gross debt

2019 OUTLOOK

- Sustained growth
 - John Crane maintaining growth rate
 - Smiths Medical back to growth in H2
 - Growth in Smiths Detection driven by Air Transportation, further H2 weighted
 - Smiths Interconnect returning to growth
 - Flex-Tek continued good growth

- FX tailwind at current rates

- H2 weighted

- Continued focus on operational excellence and cash generation

INTENTION TO SEPARATE SMITHS MEDICAL

→ Smiths Group to concentrate in growing as an Industrial Technology group, united by shared business characteristics and a common operating model

→ Smiths Medical to deliver on its full potential, capitalising on its leading positions, large programme of new product launches and to exploit value creative opportunities in its rapidly changing market

MAXIMISING SHAREHOLDER VALUE

MEDIUM TERM AMBITION

OPERATIONAL PERFORMANCE

	FY2018		Ambition
Portfolio strength	~80%	→	85%+
R&D % sales	4.6%	→	5-6%
Vitality index	13%	→	~20%
Stock turns	3.7x	→	~6x
Aftermarket %	57%	→	60%+

FINANCIAL PERFORMANCE

	FY2018		Ambition
Underlying revenue growth	+2%	→	Outperform our chosen markets
Operating margin	16.9%	→	18-20%
ROCE	14.6%	→	16-18%
WC % sales	26%	→	~20%
Cash conversion	99%	→	100%+

Q&A



POLL VOTE - RESOLUTIONS

1. Receive the Report and Accounts
2. Approval of Directors' Remuneration Policy
3. Approval of Directors' Remuneration Report
4. Declaration of the final dividend
5. Re-election of Bruno Angelici as a director
6. Re-election of Sir George Buckley as a director
7. Re-election of Tanya Fratto as a director
8. Re-election of William Seeger as a director
9. Re-election of Mark Seligman as a director
10. Re-election of Andrew Reynolds Smith as a director
11. Re-election of Noel Tata as a director
12. Election of Olivier Bohuon as a director
13. Election of Dame Ann Dowling as a director
14. Election of John Shipsey as a director
15. Reappointment of PricewaterhouseCoopers LLP as auditors
16. Auditors' remuneration
17. Authority to allot shares
18. Authority to disapply pre-emption rights
19. Additional authority to disapply pre-emption rights
20. Authority to make market purchases of shares
21. Authority to call general meetings on short notice
22. Authority to make political donations and expenditure

PROXY VOTES CAST



306 million proxy votes cast



77.48 % of the issued share capital

POLL CLOSED



The final results of the poll will be announced and posted on our website shortly

THANK YOU FOR
ATTENDING

