

John Crane Deep Dive

John Crane: a powerful example of Smiths' strategy in action



Bernard Cicut, President, John Crane

John Crane President, April 2022 - present

3M - 38 years in multiple roles and divisions including:

- President of \$4.5bn Personal Safety Division
- Senior VP / Managing Director
East Europe, Middle East & Africa / France, Mexico
- Master Black Belt

MBA - Institut Supérieur de Gestion (ISG Paris)



Executive summary

We are a leading provider of mission-critical technologies

Highly-engineered products, technical service capabilities and customer intimacy create a sustainable competitive advantage

Leading positions in attractive markets with long-term growth opportunities

Global capabilities, extensive service network and large installed base underpinning deep customer relationships

Robust financial framework with a strong track record of revenue growth and high margins and returns

Well-positioned to deliver sustained growth over the long term



John Crane: improving our world with mission-critical technology

Key data

FY2023 revenue

£1,079m (36% of Smiths)

FY2023 organic revenue growth

+15.2%

FY2023 operating margin

22.6%

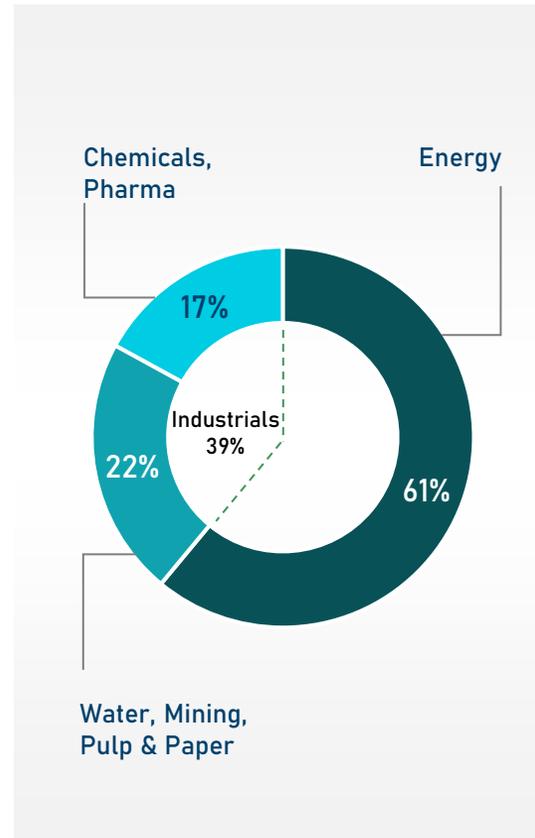
FY2023 operating profit

£244m

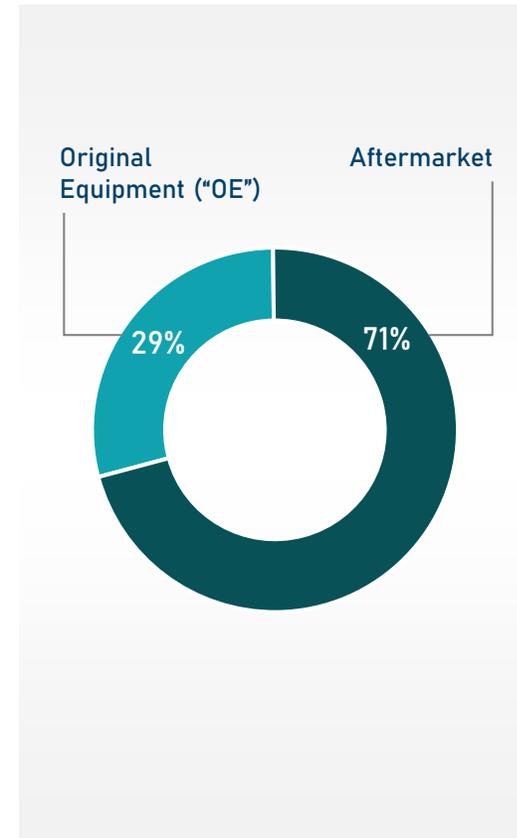
FY2023 ROCE

23.8%

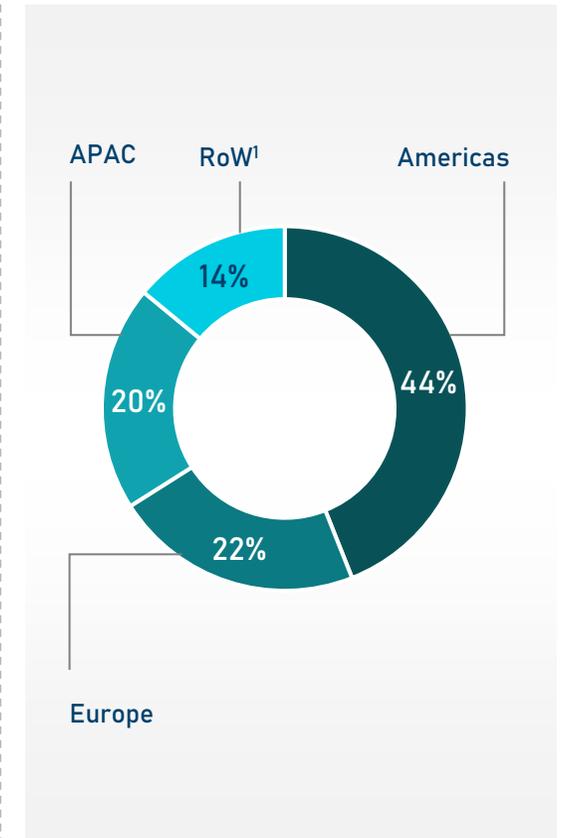
Revenue breakdown by end market



Revenue breakdown by type

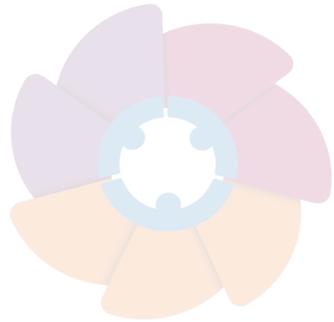


Revenue breakdown by geography



The Smiths Value Engine advancing John Crane

OUR PURPOSE



PIONEERS OF PROGRESS

Improving our world through smarter engineering

OUR STRENGTHS



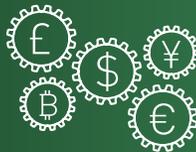
World-Class Engineering



Leading Positions in Critical Markets



Global Capabilities



Robust Financial Framework

OUR PRIORITIES



Growth



Execution



People

John Crane's fundamental strengths



World-Class Engineering

- Over 100 years of bringing highly engineered mission-critical products to market
- Unique expertise helping customers solve critical needs
- Engineered-to-order model creates sustainable competitive advantage



Leading Positions in Critical Markets

- Largest installed base, in secularly growing markets
- Distinctive and sustainable competitive advantage
- Increased demand for efficiency, decarbonisation and energy transition



Global Capabilities

- Unmatched customer proximity and local capabilities with over 200 sites in more than 50 countries
- Global technical talent with > 2,000 engineers
- Deep customer connection with global OEMs, EPCs and end users



Robust Financial Framework

- Resilient, repeatable revenues (71% aftermarket)
- Low asset intensity
- High margins and returns
- Excellent cash conversion



World-class engineering

Strong Original Equipment portfolio

Gas compression seal solutions



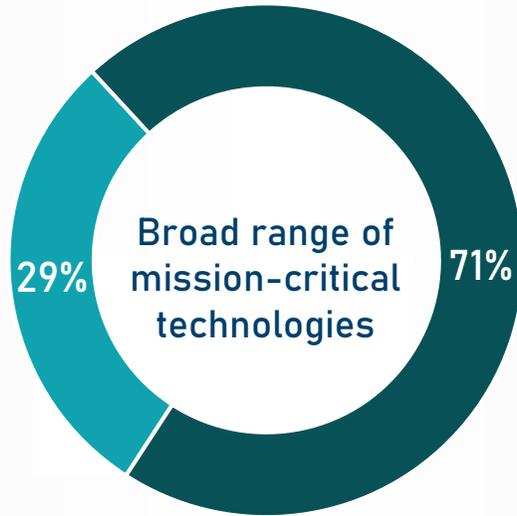
Wet seal solutions



Auxiliary systems



Filters and couplings



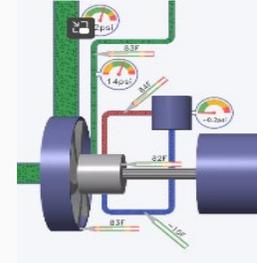
■ Original Equipment ■ Aftermarket

Aftermarket margins
 —————
 OE margins ~ 1.75x

Aftermarket revenue: 25+ years on each device

Differentiated Aftermarket services

Predictive maintenance



Training, education, certification



Field service



Repair and replace

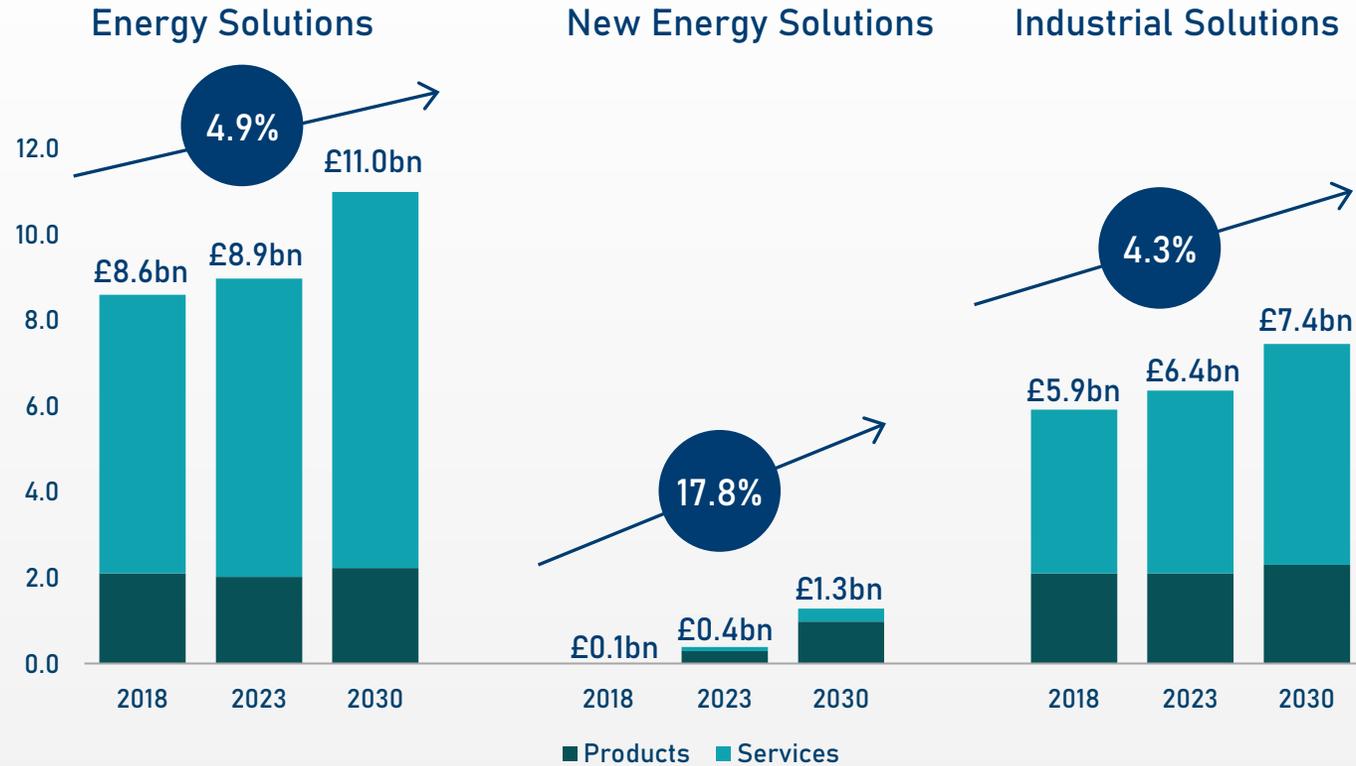




John Crane has built leading positions in critical markets



Total addressable market (£bn) and nominal growth (%)





Our industrial market segments have attractive growth opportunities

Industrial market segment	Market segment size	Market segment growth	John Crane opportunities
 Chemical/ pharmaceutical	✓✓	+++	<ul style="list-style-type: none">• Energy efficient products• Service to reduce emissions (decarbonisation)
 Mining	✓	++	<ul style="list-style-type: none">• Products to minimise environmental impact (e.g., water use)
 Pulp and paper	✓	++	<ul style="list-style-type: none">• Energy efficient/low emission products• Water reduction solutions
 Other industrial segments	✓✓✓	++	<ul style="list-style-type: none">• Energy efficient products• Decarbonisation



Global footprint enables unparalleled customer intimacy

Global Capabilities



Total locations ~200

Sales & Service Centres 163

Manufacturing Centres 35

Engineering and R&D Hubs 9

Installed base >3 million





John Crane enjoys a robust financial framework

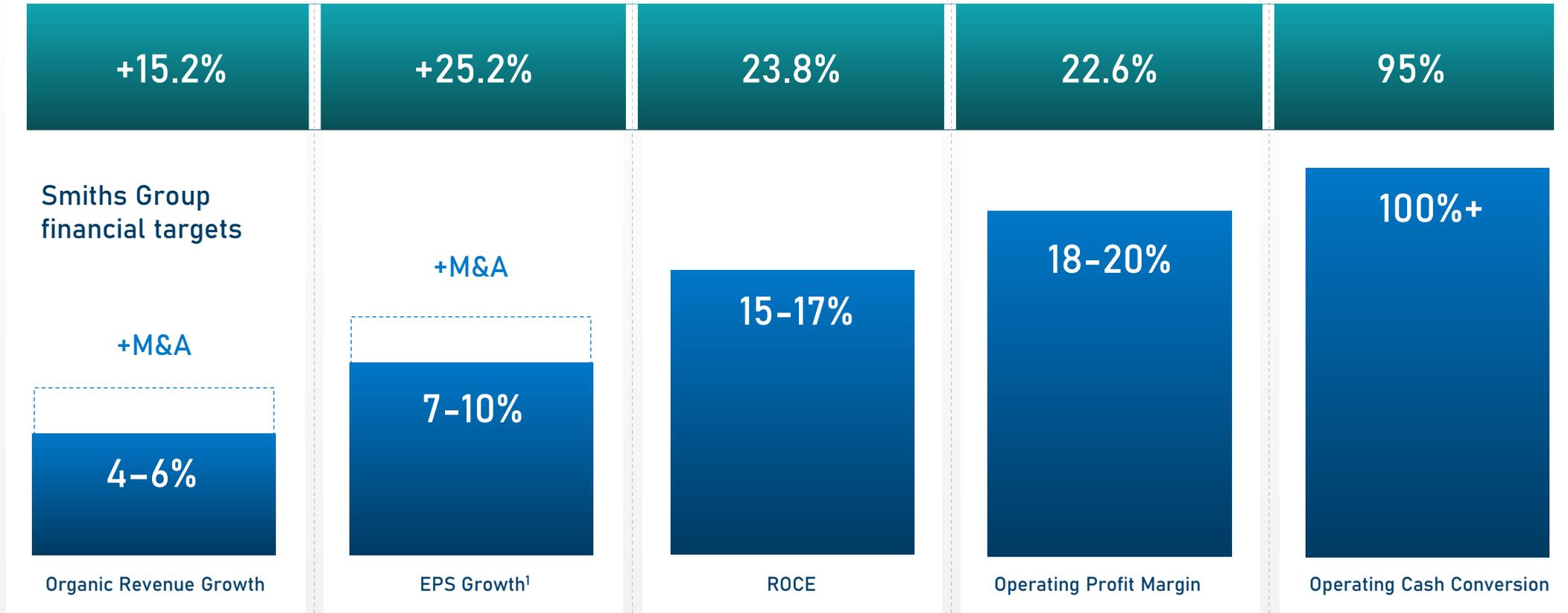
	FY2022	FY2023	Reported change	Organic change
Revenue	£901m	£1,079m	19.8%	15.2%
Original equipment revenue	£279m	£314m	12.5%	8.1%
Aftermarket revenue	£622m	£765m	23.0%	18.4%
Operating profit	£188m	£244m	29.7%	25.2%
Operating profit margin	20.9%	22.6%	+170bps	+180bps
Operating cash conversion ¹	91%	95%	+400bps	
ROCE	19.4%	23.8%	+440bps	

Summary:

- Strong organic revenue growth across all geographic and customer end markets
- FY2023 15.5% order growth and strong order book supports continued growth across FY2024 and beyond
- Attractive margins and returns
- Healthy cash conversion, with plans in place to improve further

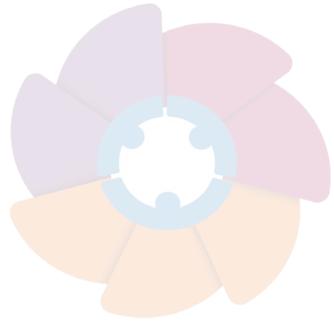
John Crane is accretive to Smith's medium-term financial targets

John Crane actuals FY2023



The Smiths Value Engine advancing John Crane

OUR PURPOSE



PIONEERS OF PROGRESS

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OUR STRENGTHS



World-Class Engineering



Leading Positions in Critical Markets



Global Capabilities



Robust Financial Framework

OUR PRIORITIES



Growth



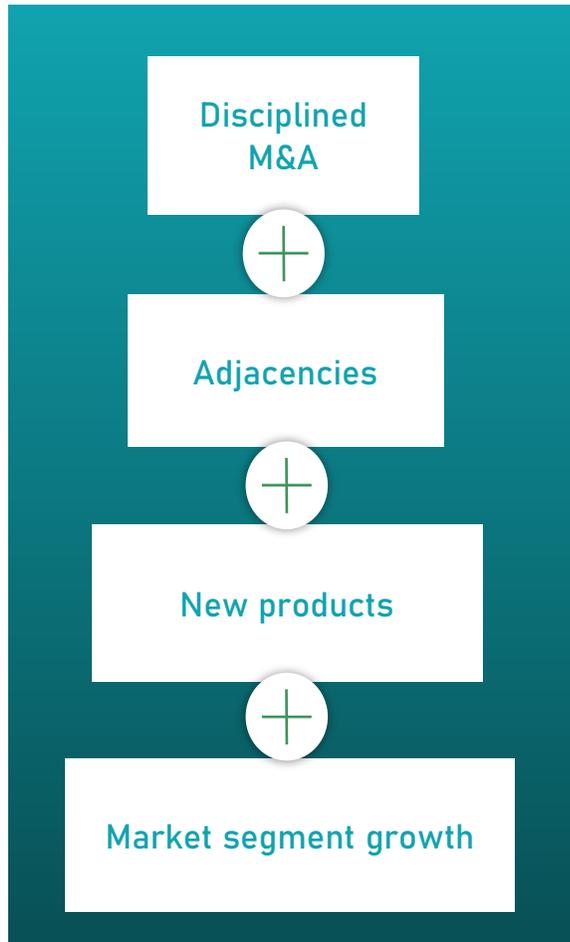
Execution



People



How John Crane is accelerating growth



Focus

- Accelerating access to new technology and products (e.g., in energy transition)
 - Geographical expansion
 - Helping support expanded services
-
- Supporting our customers through energy transition with existing technologies
 - Expanding services portfolio
-
- Enhancing performance to meet higher specification required by energy transition
 - Carbon LF seal platform for LNG applications
 - Digitisation of product and service portfolio
-
- Near-term global demand for stable energy supply
 - Secular growth in energy and primary resource demand
 - Increasing demand for enhanced efficiency, environmental safeguarding and cleaner processes
 - Supporting our customers through energy transition with existing products

Examples

- Acquired Advanced Diamond Technologies industrial division – superior diamond chemical deposition process for industrial applications
 - Acquired Seebach GmbH – highly-engineered filtration solutions
-
- Bioenergy, sustainable aviation fuel
 - Expanded services
-
- Seal gas recovery system
 - John Crane Sense product portfolio
-
- +19.5% growth in energy in FY2023
 - +9.2% growth in industrial end markets in FY2023
 - Double digit growth in all regions in FY2023
 - Active in over 70 hydrogen and CCUS projects



Executing our strategy to deliver success

	Priorities	Metrics
 Growth	New Product Commercialisation	% growth from new products
	Pricing	% growth from pricing, covering input inflation
	Sustainability	Energy efficiency GHG emissions reduction
	Portfolio	# of M&A opportunities reviewed
 Execution	Customer Service	On time, in full Back orders as % of orderbook
	Smiths Excellence System	£m profit and cash saving
	Productivity	Factory productivity/COPQ
	Inventory	Inventory turns
 People	Leadership Development	% promotions made internally
	Diversity & Inclusion	% of female employees % of leaders who are diverse
	Colleague Engagement	Voluntary attrition
	Safety	Recordable incident rate Safety leading indicators

- High levels of demand for our products and services
- Executing well to deliver for our customers
- Operating a highly engineered-to-order process
- Managed by optimising our supply chains
- Ensuring continuous improvement through SES
- Working closely with our customers to ensure a high-quality service, through the product life-cycle



Sustainable execution

Progress in sustainability

Growth



Commercialising high-value green technology

- Supporting hydrogen and CCUS projects globally
- ~30% of sales from products and services which provide decarbonisation benefits

Execution



Progress towards our Net Zero GHG emissions and natural resource targets

- Renewable energy
- Solar panel installations

People



Empowering our people

- Top quartile safety performance, RIR¹ of 0.25
- Developing internal talent
- Diverse leadership team

Our roadmap to achieve net zero

Our Commitment

Scope 1 & 2 by 2040

Scope 3 by 2050

Supported by our initiatives:

- Improving energy efficiency
- On-site renewables
- Green product initiatives
- Renewable energy supplies
- Fleet electrification
- Scope 3 supply chain





John Crane Senior Leadership Team

 Today's presenters



**President
Bernard Cicut**



**Sales &
Aftermarket
Sook Won Moon**



**Customer
Operations
Rob Sharman**



**Strategy,
Portfolios
& Marketing
Ruben Alvarez**



**Chief
Technology
Officer
Mike Eason**



**New Energy
Solutions
Frank Ma**



**Chief
Financial
Officer
Céline Boland**



**Engineering
Solutions
Philippe
Lambert**



**Human
Resources
Kini
Pathmanathan**



**General
Counsel
Vanya
Bromfield**



**Master
Black Belt
Alex Clothier**

Closing remarks

We are a leading provider of highly-engineered, mission-critical technologies with a sustainable, competitive advantage

We are well-positioned in markets with attractive, long-term growth drivers

We have global capabilities and service expertise, which supports deep customer relationships

We are delivering a strong financial performance

We are well-positioned to support growth over the long term

