

smiths

# ENGINEERING A BETTER FUTURE

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SMITHS GROUP PLC  
FY2025 RESULTS

23 SEPTEMBER 2025



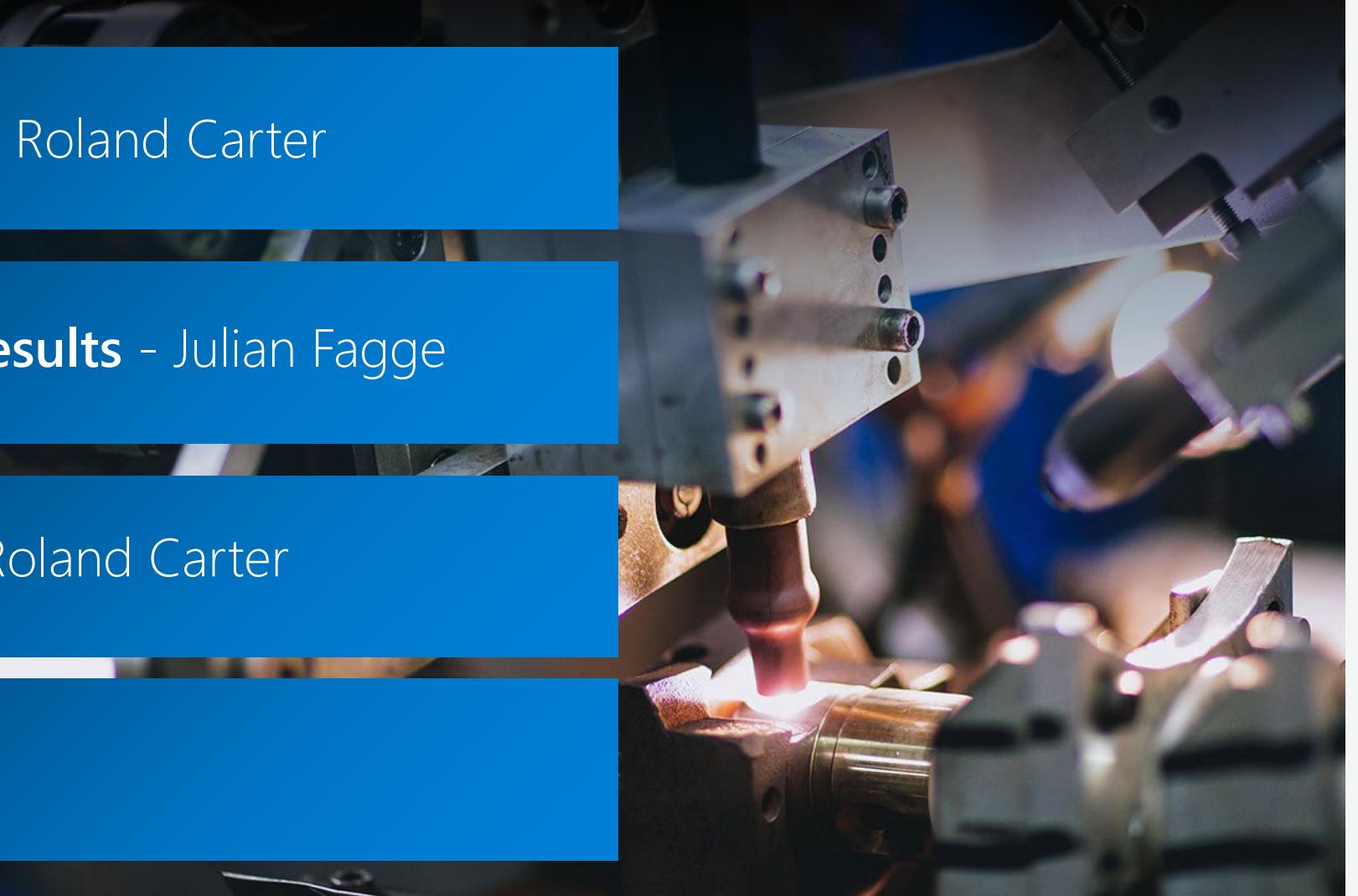


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# Agenda

- > **Opening Remarks** - Roland Carter
- > **FY2025 Financial Results** - Julian Fagge
- > **Strategy Update** - Roland Carter
- > **Q&A**



# Opening Remarks

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**ROLAND CARTER**

CHIEF EXECUTIVE OFFICER



## FY2025 – strong financial performance; strategic actions underway to maximise value creation

Strong performance, ahead of twice-raised growth guidance, extending our track record of growth & margin expansion

Deployed capital in line with our allocation framework, with three value-accretive acquisitions and enhanced share buyback

Progressing separation of Smiths Interconnect & Smiths Detection with pace and purpose to unlock value in our portfolio

Implementing Acceleration Plan and on track to deliver £40-45m annualised benefits in FY2027 and beyond

FY2026 outlook: 4-6% organic revenue growth and continuing margin expansion

# Progressing plan to focus Smiths as a high-performance industrial engineering company

High performance technologies in flow management and thermal solutions



Customer centric with leading positions in growing markets



Strong, through-cycle financial track record with momentum



Disciplined capital allocation with enhanced shareholder returns



Focused growth with margin expansion

Further value creation ahead

# Group FY2025 performance ahead of guidance

**0.28**

Recordable incident rate<sup>1</sup>

**+8.9%**

Organic<sup>2</sup> revenue growth

**+60 bps**

Organic<sup>2</sup> operating profit margin expansion to 17.4%

**18.1%**

ROCE

**+14.8%**

Basic EPS growth

**99%**

Operating cash conversion

**£121m**

Acquisitions

**£460m**

Cash returned to shareholders

Good progress towards our new medium-term financial targets

All Group metrics refer to Smiths Group including all four businesses. All financial measures are on a headline basis. Headline excludes items defined in note 3 of the financial statements.

1. Calculated as the number of recordable incidents – where an incident requires medical attention beyond first aid, per 100 colleagues, per year across Smiths

2. Organic is headline adjusted to exclude the effects of foreign exchange and acquisitions

# FY2025 Financial Results

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**JULIAN FAGGE**

CHIEF FINANCIAL OFFICER



# FY2025 – strong performance, ahead of guidance

	FY2025	FY2024	Reported change	Organic <sup>3</sup> change
<b>Group<sup>1</sup> (Headline<sup>2</sup>)</b>				
Revenue	<b>£3,336m</b>	£3,132m	+6.5%	+8.9%
Operating profit	<b>£580m</b>	£526m	+10.3%	+13.1%
Operating profit margin	<b>17.4%</b>	16.8%	+60bps	+60bps
Basic EPS	<b>121.2p</b>	105.5p	+14.8%	
ROCE	<b>18.1%</b>	16.4%	+170bps	
Operating cash conversion	<b>99%</b>	97%	+2pps	
Dividend	<b>46.0p</b>	43.75p	+5.1%	
<b>Continuing operations (Headline<sup>2</sup>)</b>				
Revenue	<b>£2,915m</b>	£2,778m	+5.0%	+7.2%
Operating profit	<b>£505m</b>	£477m	+6.0%	+8.5%
Operating profit margin	<b>17.3%</b>	17.1%	+20bps	+20bps

## Summary

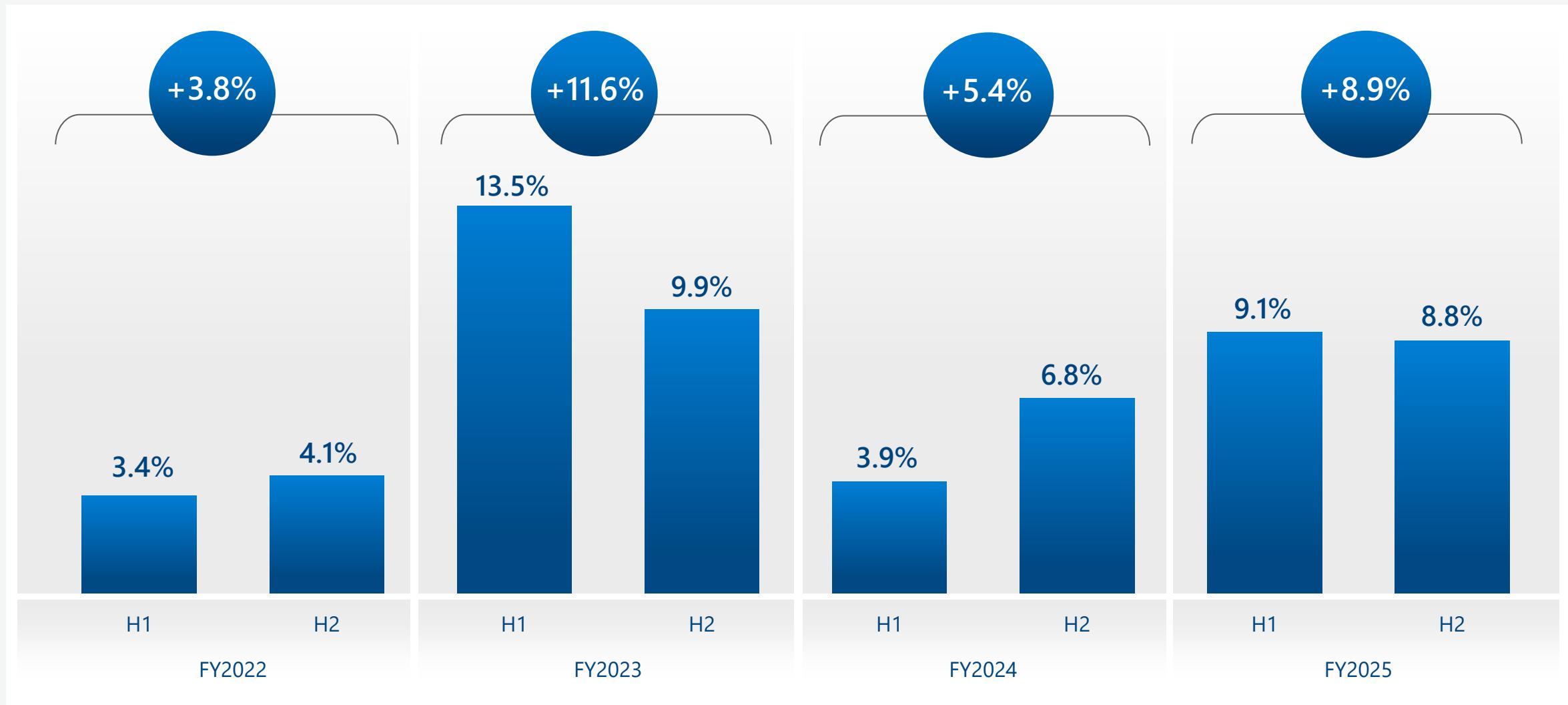
- Strong revenue and operating profit growth
- Margin expansion at top end of guided range
- EPS growth enhanced by acquisitions and share buyback
- ROCE expansion driven by profit growth and efficient use of capital
- Strong cash conversion of 99%
- Dividend growth of +5.1%, alongside enhanced capital returns

1. Group refers to Smiths Group including all four businesses; continuing operations refers to the combination of John Crane, Flex-Tek and Smiths Detection (i.e. excludes Smiths Interconnect) and Smiths refers to the combination of John Crane and Flex-Tek only

2. Headline excludes items defined in note 3 of the financial statements

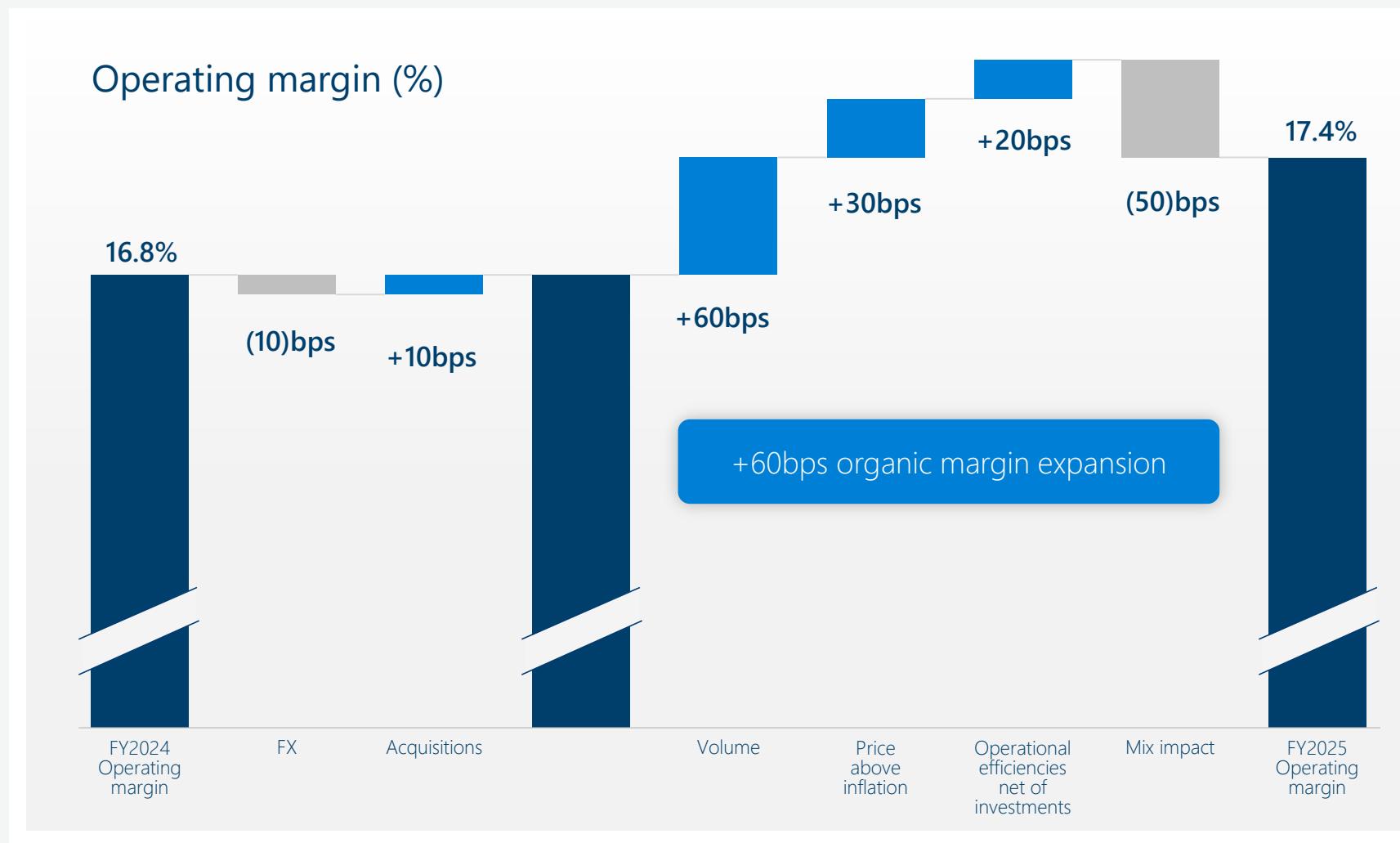
3. Organic is headline adjusted to exclude the effects of foreign exchange and acquisitions

Extending track record of Group organic<sup>1</sup> revenue growth, averaging +7.4% over four years



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

Continued operating margin expansion, at top end of guided range

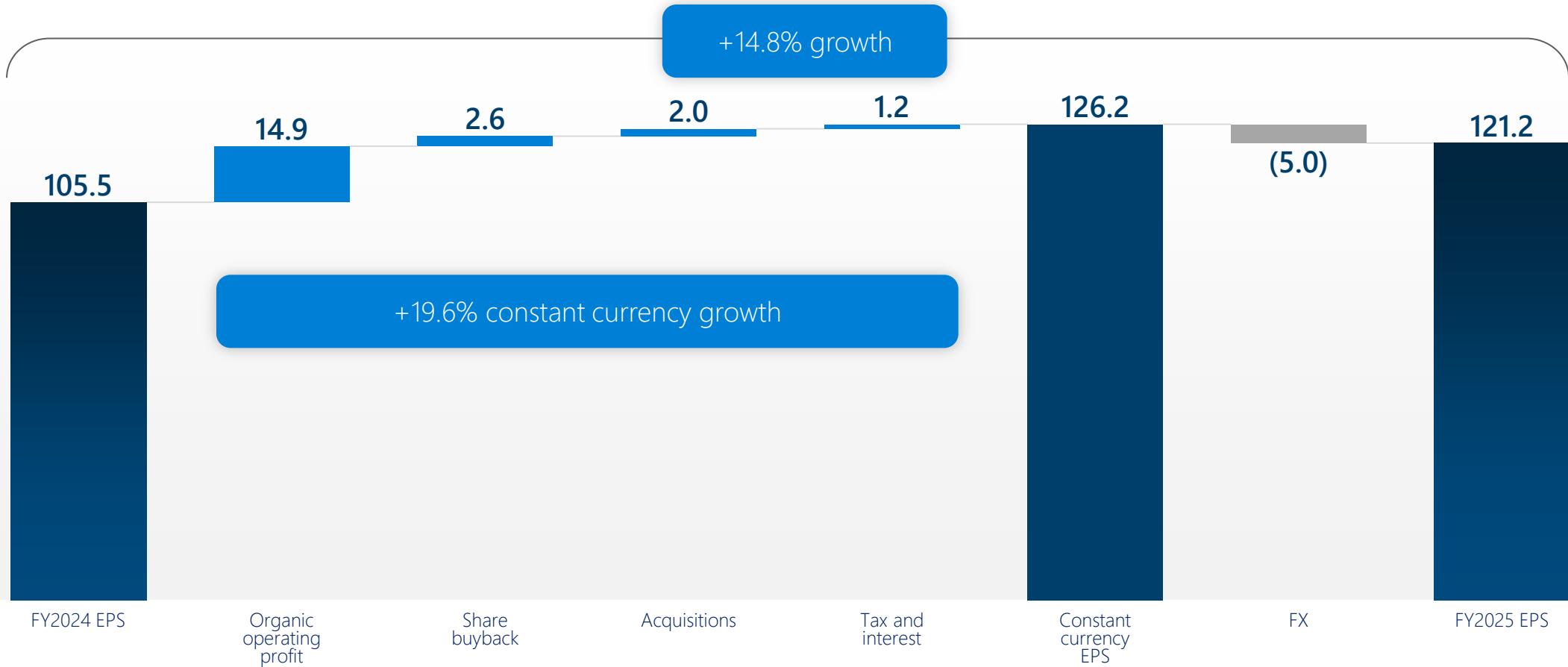


## Margin movements

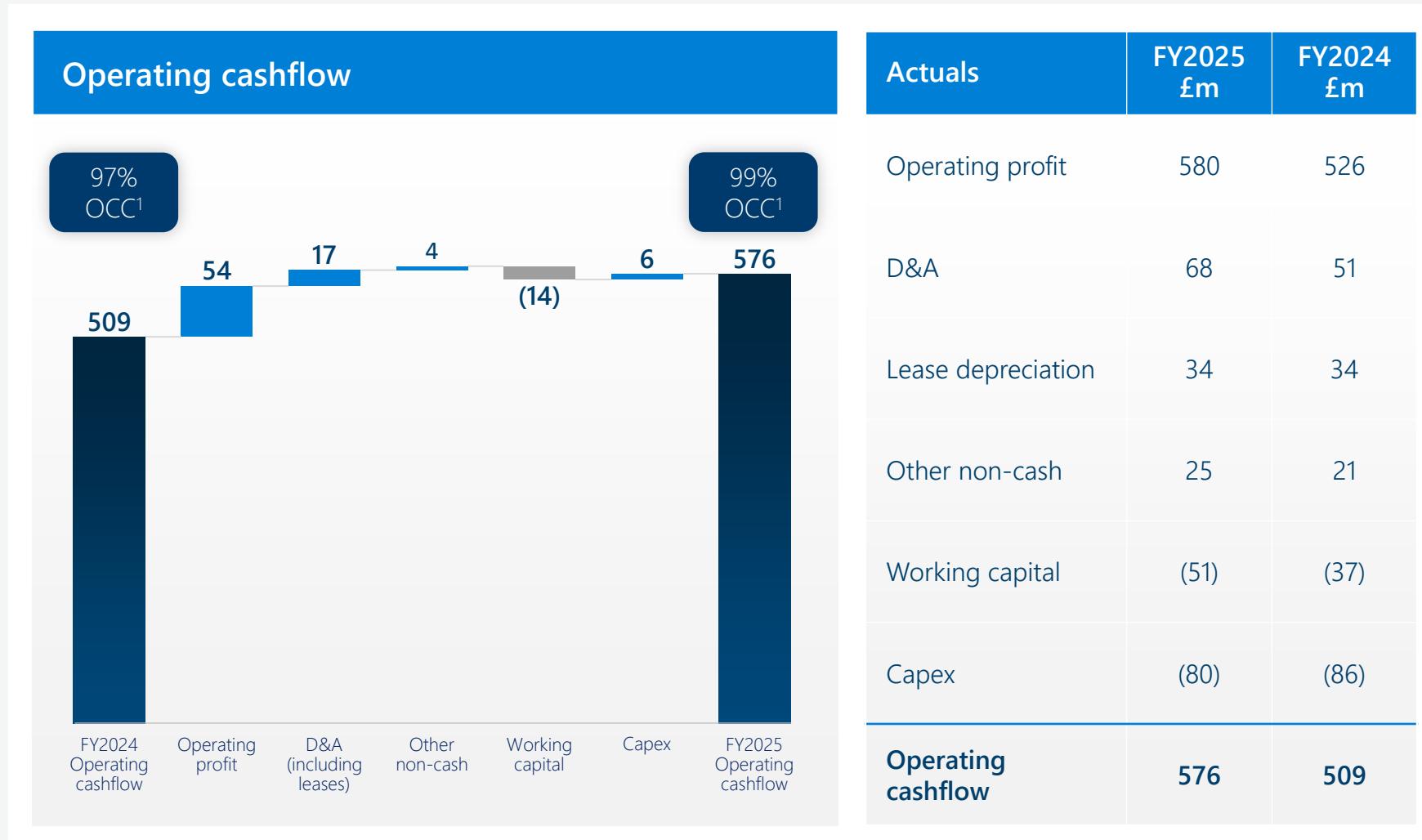
- Operating leverage
- Price in excess of inflation
- Smiths Excellence and other efficiency savings, partially reinvested in growth
- Impact from business and product mix

# Strong EPS growth driven by operating performance

## Earnings per share (pence)



# Strong operating cash conversion and free cashflow

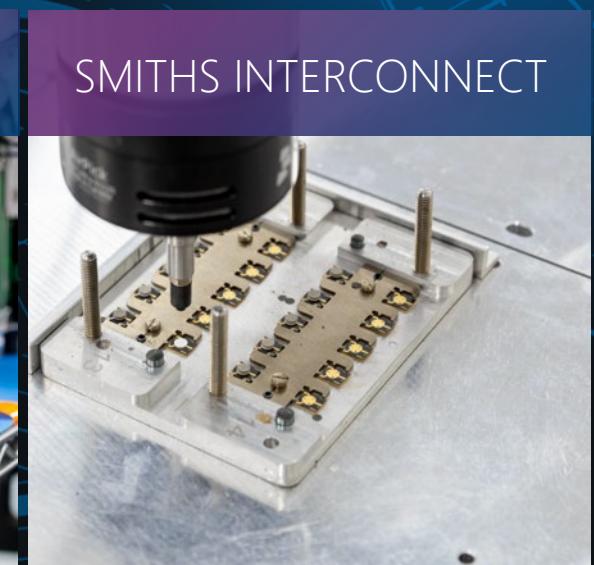
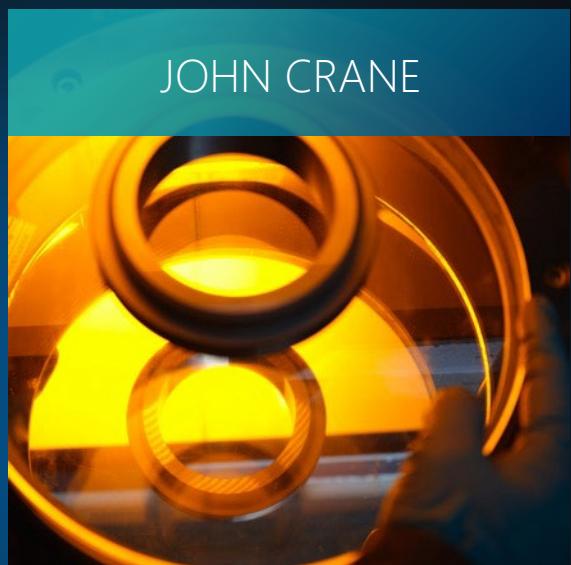


### Summary

- 99% operating cash conversion
- Disciplined working capital management
- Capital expenditure of £80m
- £336m of free cashflow, 58% conversion

1. Operating cash conversion

# Business Update



# John Crane – H2 growth constrained by operational challenges; Q4 and order book support outlook

Revenue	
£1,115m	+3.0% <sup>1</sup>
Growth against a strong comparator, led by robust OE sales:	

Energy +1.4%:	- Original equipment: +2.3% - Aftermarket: +1.2%
Industrial +5.6%:	- Original equipment: +6.2% - Aftermarket: 5.3%

Revenue breakdown	
Aftermarket 71%	OE 29%
Energy 63%	Industrial 37%



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

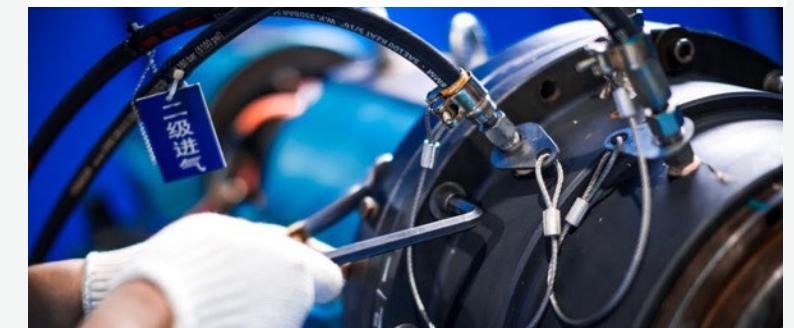
Operating profit	
£265m	+6.3% <sup>1</sup>
Operating margin	

23.8%	+80bps <sup>1</sup>
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Strong operating profit growth and margin expansion:	
- Productivity and cost efficiency improvements - Pricing actions - Investment in capacity and automation to support growth	

## Business update

- Revenue growth in H2 constrained by operational challenges, exacerbated by cyber incident
- Sequential quarterly improvement from Q2, with Q4 growth of +3.9%
- H2 wins include a large-scale diamond coated seals project in Middle East and large reliability contract in pulp & paper in Asia
- Launched new Coaxial Separation Dry Gas Seal
- Healthy demand and strong order intake and order book supports improved FY2026 outlook



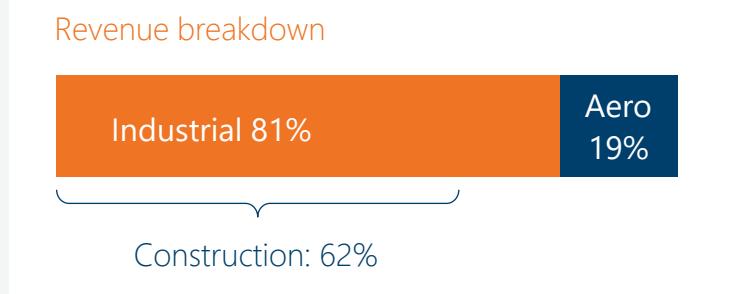
Mission-critical technologies and services for energy and process industries

# Flex-Tek – solid growth despite challenging US construction market

Revenue	
£837m	+4.4% <sup>1</sup>
Growth above market in construction, and strong growth in aerospace.	

Acquisitions added further +5.4% to growth:

- Industrial: +4.0%
- Aerospace: +6.3%



Operating profit	
£164m	(1.6)% <sup>1</sup>
Operating margin	

19.5% (120)bps<sup>1</sup>

## Margin performance reflects:

- Positive pricing and efficiency savings
- Accretive acquisitions, adding +20bps
- Mix impact
- Charge for a non-material balance sheet overstatement

## Business update

- Outperformed US construction market and well positioned to benefit when market recovers
- Industrial electrical heat revenue flat, reflecting project phasing
- Integration of Modular Metal, Duc-Pac and Wattco proceeding to plan
- Launched Blue Series redesigned sealed metal duct system ([see it in Engineering Explained](#))
- Strong aerospace order book supports FY2026 growth



Innovation leader in the safe and efficient movement and temperature management of fluids

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

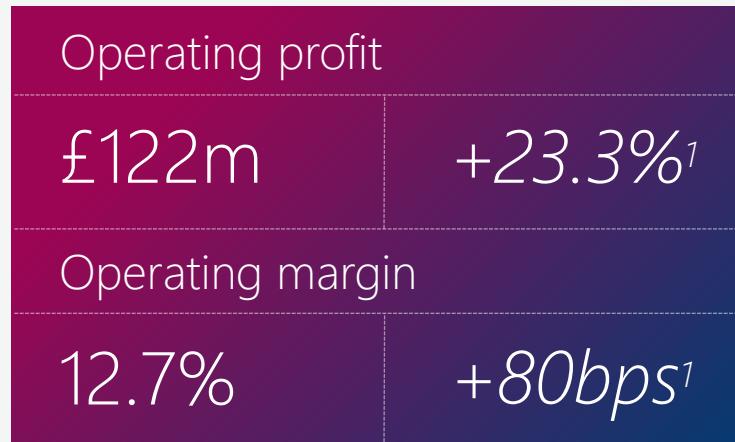
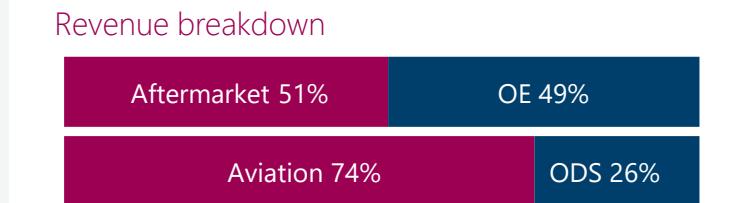
# Smiths Detection – significant volume growth in aviation; continued margin expansion



Strong growth led by aviation OE and aftermarket:

**Aviation**  
+23.4%:  
- Original equipment: +27.8%  
- Aftermarket: +19.6%

**Other Detection Systems (ODS)<sup>2</sup>**  
(3.3%):  
- Original equipment: (3.2%)  
- Aftermarket: (3.4%)

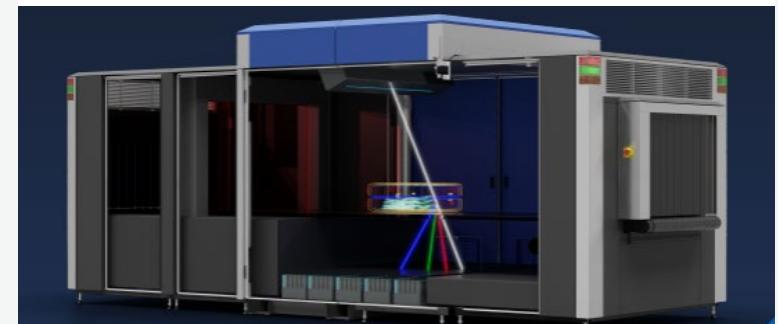


Strong operating profit growth and consistent margin expansion reflecting:

- Operating leverage
- Positive mix effects
- Efficiency savings

## Business update

- Aviation – now sold c.1,800 CTiX scanners with good win rate; FY2025 activity level to continue into FY2026, along with the aftermarket revenue stream
- ODS revenue returned to growth in H2, driven by ports & borders
- Strong order intake and multi-year order book supports growth into FY2026 and beyond
- First to receive certification for AI-based threat identification software ([see it in Engineering Explained](#))



Differentiated proprietary technologies for security screening and threat detection

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

2. Formerly 'Other Security Systems (OSS)'

# Smiths Interconnect – above expected growth driven by innovation and execution



Leading provider of technically differentiated connectivity solutions

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

# Disciplined use of capital

## Our capital allocation framework



### Organic investment



### Value-accretive acquisitions



### Progressive dividend policy



### Enhanced shareholder returns

## FY2025 highlights

- Capex £76m
- RD&E £143m<sup>1</sup>

- £121m for acquisitions
- Three acquisitions in Flex-Tek in FY2025

- DPS +5.1%
- Dividend spend of £152m
- 74 consecutive years of dividend payments

- Completed £398m of £500m buyback<sup>2</sup>
- £1.7bn returned via dividends and buybacks<sup>2</sup> in last 4 years

**Strong balance sheet**

**Net debt/EBITDA 0.6x**

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

2. £41m of total £500m share buyback programme returned in FY2024, £308m returned in FY2025 and a further £49m in August and September 2025 up to 10 September

# Clear capital allocation priorities with enhanced returns

## Our capital allocation framework



### Organic investment

- Ongoing capex to support growth and efficiency
- RD&E of 3-4% of sales



### Value-accretive acquisitions

- Disciplined M&A focused on core and adjacencies
- Accelerate growth and create scale

**Strong and efficient balance sheet supporting growth**



### Progressive dividend policy

- Continue progressive dividend policy
- Return large portion of disposal proceeds
- Return excess cash to shareholders

**Investment grade rating**



### Enhanced shareholder returns

## Continuing operations

- Organic revenue growth of 4-6%, noting strong Q1 comparator
- Continuing margin expansion
- Operating cash conversion of mid-nineties percent

JOHN CRANE	FLEX-TEK	SMITHS DETECTION
<ul style="list-style-type: none"><li>- Strong order book and book to bill</li><li>- Improved operational delivery</li></ul>	<ul style="list-style-type: none"><li>- Continued subdued US construction market</li><li>- Strong aerospace order book</li></ul>	<ul style="list-style-type: none"><li>- Strong order book supported by aviation upgrade programme, with more moderate growth</li></ul>

## Tailwinds

- Continued strength in end markets – energy, aviation, aerospace
- Strong order book and book to bill
- New product launches

## Headwinds

- Continued macro and geopolitical uncertainty
- Tariff uncertainty
- US construction market

# Strategy Update

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**ROLAND CARTER**

CHIEF EXECUTIVE OFFICER



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

- Progressing separation processes
- Delivering above market growth
- Driving margin expansion
- Leveraging our strong foundations



# Progressing separation of Smiths Interconnect and Smiths Detection, with pace and purpose



Separation workstreams underway; focus on maximising value creation and execution certainty

# Smiths - a focused high-performance industrial engineering company

## VALUE CREATING STRATEGY



### Focused industrial engineering company

Specialising in high-performance technologies in flow management and thermal solutions



### Clear competitive advantage

Leading brands, capabilities, resources and assets



### Innovation and new products

Product development and commercialisation to meet evolving customer needs



### Valued customer relationships

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



### High-performing culture

Centred on safety, values, innovation and excellence



### Strong financial profile

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



### Attractive expansion opportunities

Organic and inorganic

FY2025 revenue  
**£1,952m**

FY2025 headline operating profit  
**£383m**

FY2025 headline margin  
**19.6%**

FY2025 ROCE  
**22.8%**

FY2025 RD&E % sales  
**3.2%<sup>1</sup>**

## BUSINESSES

John Crane 57%

Flex-Tek 43%

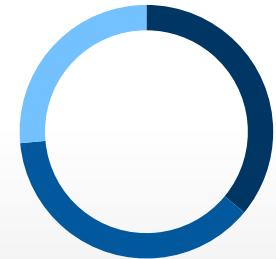


## END MARKETS

Energy 36%

Industrial 38%

Construction 26%



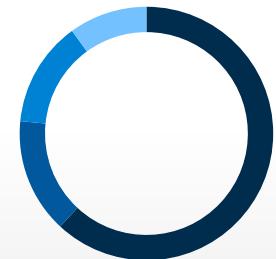
## GEOGRAPHY

Americas 62%

Europe 15%

APAC 13%

RoW 10%



1. RD&E includes customer-specific engineering

# Leading positions in attractive, large and structurally growing end markets

	Energy	Industrial	Construction
End market CAGR <sup>1</sup>	~4-5%	~4-5%	~4-5%
Smiths key sub-segments CAGR 2025-35 <sup>1</sup>	~5% Mechanical seals	~7% Industrial electric process heaters ~5% Mechanical seals and filters ~4% Aerospace components	~5% US residential and light commercial HVAC
Underlying drivers	<ul style="list-style-type: none"><li>- Demand for energy security and efficiency</li><li>- Continuing demand for traditional energy, alongside higher growth for new energy</li></ul>	<ul style="list-style-type: none"><li>- Demand for process efficiency</li><li>- New commercial and military aircraft build programmes</li><li>- Investment into industrial process heat electrification</li></ul>	<ul style="list-style-type: none"><li>- US housing inventory deficit</li><li>- Demand for efficient thermal solutions</li></ul>

Underpinned by structural megatrends



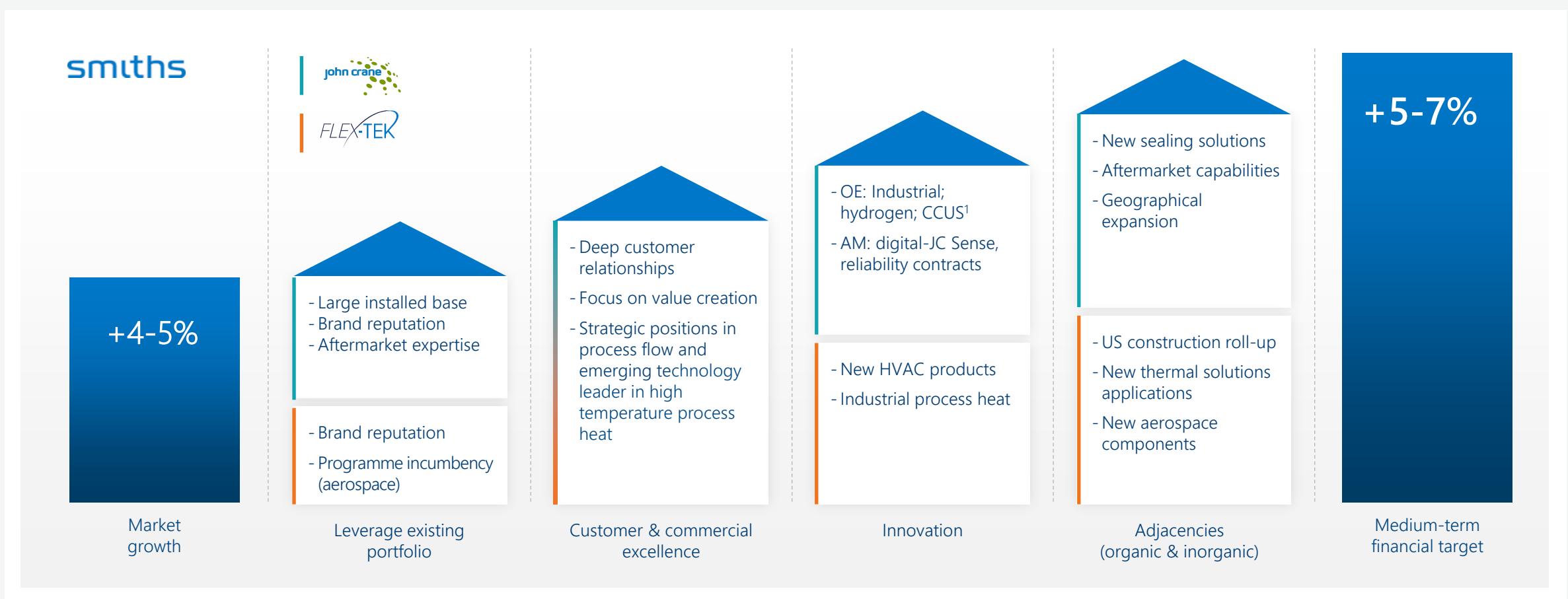
Energy security and efficiency



Productivity and sustainability

1. Source: McKinsey, weighted average market growth rate 2025-2035

Above market growth over the medium term, underpinned by significant recurring revenue



1. Carbon capture, utilisation and storage

>70% aftermarket, recurring or repeatable revenue

# Flex-Tek – delivered above-market growth in FY2025

## Leverage existing portfolio

- Increased sales of flexible ducting through widened distribution channels

## Customer and commercial excellence

- Increased demand for heat kits with key customer

## Innovation

- Launched new Blue Series redesigned sealed metal duct system
- Tailored electric heaters for ultra-low carbon emissions electro-fuel project

## Adjacencies – organic/inorganic

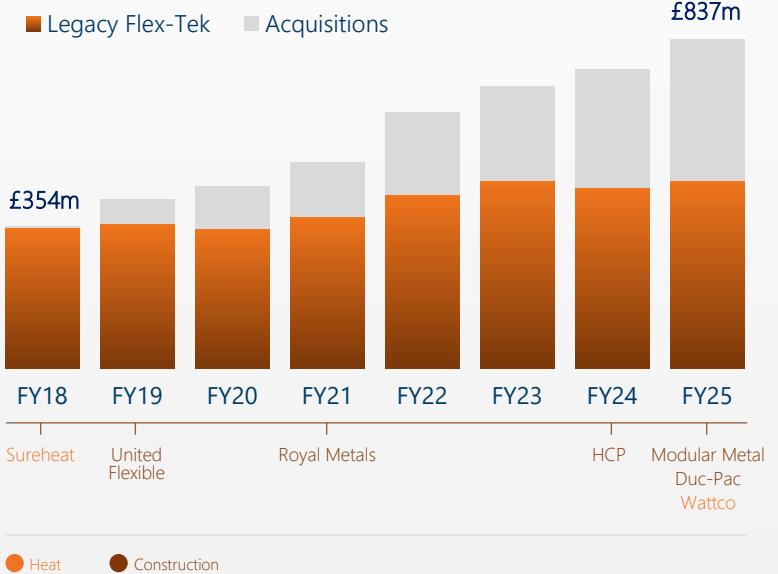
- Acquisition of metal ducting businesses widens geographic market for flexible ducting products



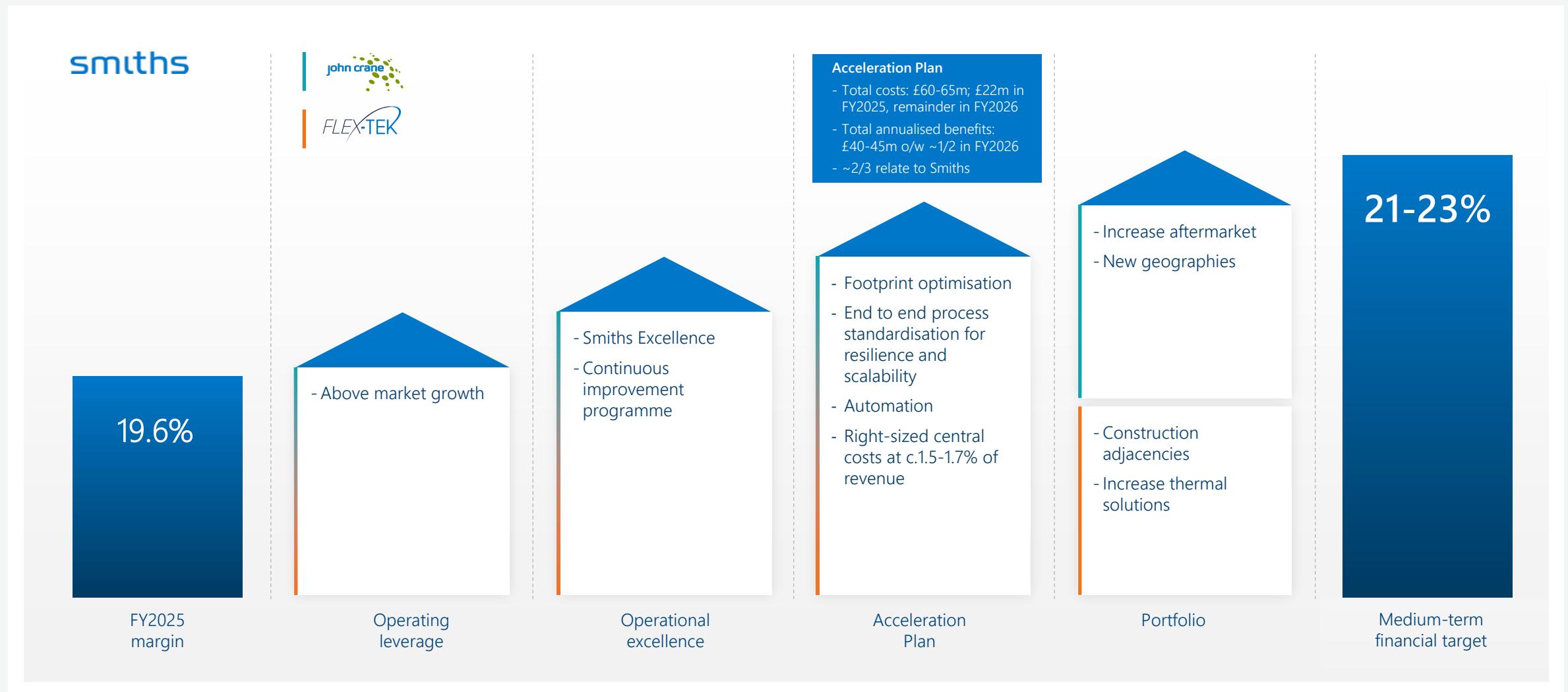
## Acquisitions compounding revenue growth

- Three acquisitions in FY2025 at ~25% operating profit margin
- Broadening geographic spread and expanding heat capabilities

13.1%  
CAGR



# Driving margins towards our medium-term target range



## Operational excellence

- Investing in automation and machining
- Standardising and automating technical applications and drawing creation
- Optimising global supply chain

## Acceleration Plan

- Optimising global footprint
- Centralising transactional procurement and finance

- Improved quality and customer satisfaction
- More streamlined and resilient supply chain, reducing risk and improving lead times
- Increased availability, resulting in reduced lead times
- Increased agility and flexibility to scale with market
- Enhanced value add and pricing
- Improved cost competitiveness

**Enhanced operating leverage to drive growth and margin expansion**



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



Through-cycle medium-term targets apply to Smiths (ie combination of John Crane and Flex-Tek)

1. Organic revenue growth excludes the effects of foreign exchange and acquisitions

2. Including FY2025 central costs of £46m

# Enduring foundations underpin our success

 <b>Our purpose</b>	<ul style="list-style-type: none"><li>- Pioneers of progress</li><li>- Engineering a better future: we drive efficiency for customers in mission-critical situations</li></ul>
 <b>Our people and culture</b>	<ul style="list-style-type: none"><li>- Continue to invest in, empower and support our teams</li></ul>
 <b>Our values</b>	<ul style="list-style-type: none"><li>- Focused on integrity, respect, excellence and customer focus</li></ul>
 <b>Our commitment to operational excellence</b>	<ul style="list-style-type: none"><li>- Recordable incident rate lowest in 3 years at 0.28</li><li>- &gt;9,000 employees completed Smiths Excellence Fundamentals training</li></ul>
 <b>Our support for our communities</b>	<ul style="list-style-type: none"><li>- Smiths Group Foundation – awarded £1.675m to 19 charities in 11 countries</li></ul>
 <b>Our approach to sustainability</b>	<ul style="list-style-type: none"><li>- Double materiality assessment supports our framework</li><li>- Notable progress in emissions reduction, energy efficiency and responsible sourcing</li></ul>



**SMITHS GROUP FOUNDATION**  
CONTRIBUTING TO OUR COMMUNITIES

**£1.675m funded to date**

Grants made to 19 different charities across 11 countries worldwide



AA



FTSE4Good



G: 1; E: 2; S: 2



Well positioned to deliver superior value over the medium and long term



Leveraging our strong foundations to drive long-term success

smiths

# Q&A

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# Appendix

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# Continuing operations FY2026 guidance

Currency	Revenue exposure (Continued operations)	FY2025 average rate	FY2024 average rate	% change			
USD	51%	1.30	1.26	+3.2%			
EUR	14%	1.19	1.17	+1.8%			
Translation impact		FY2025					
Revenue	£(108)m or (3.8)%						
Operating profit	£(22)m or (4.8)%						
Financial guidance		FY2026					
Effective tax rate	25.0%						
Pension contributions	~£17m						
Net finance expense	~£40-45m						
Acquisition		TTM revenue <sup>1</sup>	FY2025 revenue contribution				
Modular Metal Fabricators	£23m		£18m				
Wattco	£18m		£12m				
Duc-Pac	£15m		£6m				

- Expect FX headwind of ~3% on FY26 revenue and ~3% on operating profit<sup>2</sup>
- For each \$0.10 move, the annual operating profit impact is ~£24m
- For each €0.10 move, the annual operating profit impact is ~£2m

FY2026 outlook relates to continuing operations, excluding Smiths Interconnect

| 1. TTM to 31 July 2025

| 2. Assuming FX rates as of end August 2025

# Bridge – reported to organic

£m - Smiths Group	FY2024 Headline <sup>1</sup>	Foreign exchange	FY2024 Organic <sup>2</sup>	Organic movement <sup>2</sup>	Acquisitions	FY2025 Headline <sup>1</sup>
John Crane	1,133	(50)	1,083	32	-	1,115
Flex-Tek	786	(24)	762	34	41	837
Smiths Detection	859	(23)	836	127	-	963
Continuing operations	2,778	(97)	2,681	193	41	2,915
Smiths Interconnect	354	(11)	343	78	-	421
Group headline revenue	3,132	(108)	3,024	271	41	3,336
John Crane	263	(13)	250	15	-	265
Flex-Tek	161	(5)	156	(2)	10	164
Smiths Detection	102	(3)	99	23	-	122
Central costs	(49)	0	(49)	3	-	(46)
Continuing operations	477	(21)	456	39	10	505
Smiths Interconnect	49	(1)	48	27	-	75
Group headline operating profit	526	(22)	504	66	10	580
John Crane	23.2%		23.0%			23.8%
Flex-Tek	20.5%		20.5%			19.5%
Smiths Detection	11.9%		11.9%			12.7%
Continuing operations	17.1%		17.0%			17.3%
Smiths Interconnect	13.9%		13.9%			17.8%
Group headline operating margin	16.8%		16.7%			17.4%

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

2. Organic excludes the effects of foreign exchange and acquisitions

# Group income statement

£m	FY2025	FY2024	Reported change
Revenue	3,336	3,132	+6.5%
Group headline <sup>1</sup> operating profit	580	526	+10.3%
Amortisation of acquisition related intangible assets	(52)	(49)	
Legacy pension scheme arrangements	(4)	(10)	
Non-headline litigation provision movements	16	(21)	
Restructuring costs	(22)	-	
Separation costs	(18)	-	
Impairments	(45)	-	
Other non-headline charges	(10)	(31)	
Total non-headline items	(135)	(111)	
Group operating profit on a "statutory" basis	445	415	+7.2%

- Acceleration Plan costs of £22m
- Separation costs of £18m
- Impairments relate to:
  - £15m non-material balance sheet overstatement in Flex-Tek
  - £30m impairment from agreement to sell Smiths Interconnect's US sub-systems business unit

# Delivering results in sustainability

	FY2025	FY2025-2027 target	UN Sustainable Development Goals (SDGs)
<b>&gt; LINKED TO REMUNERATION</b>			
Energy reduction <sup>1</sup>	3.5%	2% in FY2025	 7 AFFORDABLE AND CLEAN ENERGY
Scope 1 & 2 GHG <sup>2</sup> emissions reductions <sup>3</sup>	9.7%	17.5% reduction	 13 CLIMATE ACTION
<b>&gt; OTHER</b>			
Supplier spend on Ecovadis	28%	40%	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Proportion of electricity from renewable sources	74% 1% increase	80% decrease	 7 AFFORDABLE AND CLEAN ENERGY
Normalised non-recyclable waste <sup>4</sup>	6% reduction	5% reduction	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Normalised water use in stressed areas <sup>4,5</sup>	1% reduction	5% reduction	 6 CLEAN WATER AND SANITATION

ENVIRONMENTAL GOALS	
<b>NET ZERO</b>	
2040	Scope 1 and 2 GHG <sup>2</sup> emissions
2050	Scope 3 GHG <sup>2</sup> emissions



1. Energy reduction target is expressed as MWh energy consumed (excluding renewable electricity produced and consumed onsite), compared to a revenue-adjusted MWh baseline (excluding price growth within the measurement year). Excludes acquisitions of Wattco, Modular Metal and Duc-Pac

2. Scope 1, 2 and 3 GHG emissions calculated in accordance with the WRI/WBCSD Greenhouse Gas Protocol

3. Excluding acquisitions of Wattco, Modular Metal and Duc-Pac

4. Normalised to reported revenue

5. Across 10 identified water stressed areas