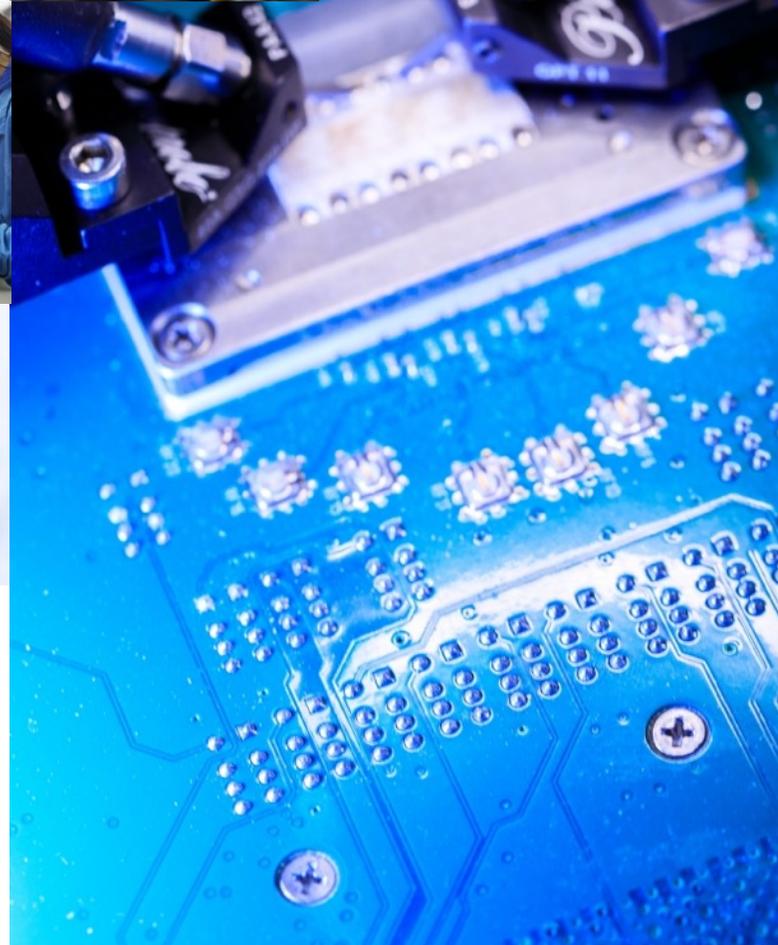
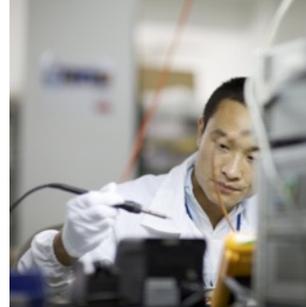


smiths interconnect

[www.smiths.com](http://www.smiths.com)



**SMITHS INTERCONNECT**

CAPITAL MARKETS EVENT – 17 NOVEMBER 2021



PRESIDENT  
SMITHS INTERCONNECT

JULIAN FAGGE

## Executive summary

- Smiths Interconnect is at the forefront of “cutting edge connectivity” and has a tremendous opportunity to deliver accelerating growth
- Over the past 5 years we have transformed the business delivering +7% organic revenue growth in FY21 and reaching a 17% operating margin in the second half<sup>1</sup>
- We are well positioned in attractive, fast-growing space, aerospace & defence, industrial and semi-conductor end-markets
- We have world-leading products, capabilities, and technologies in areas such as fibre-optic components, hyperboloid connectors and fine wire termination
- We have the operational capability and talent to execute flawlessly



# Smiths Interconnect: cutting-edge connectivity

## Key Metrics (FY2021)

REVENUE

**£312m** (13% of Cont. Group)

HEADLINE OPERATING PROFIT

**£35m** (8% of Cont. Group)

HEADLINE OPERATING MARGIN

**11.2%**

ROCE

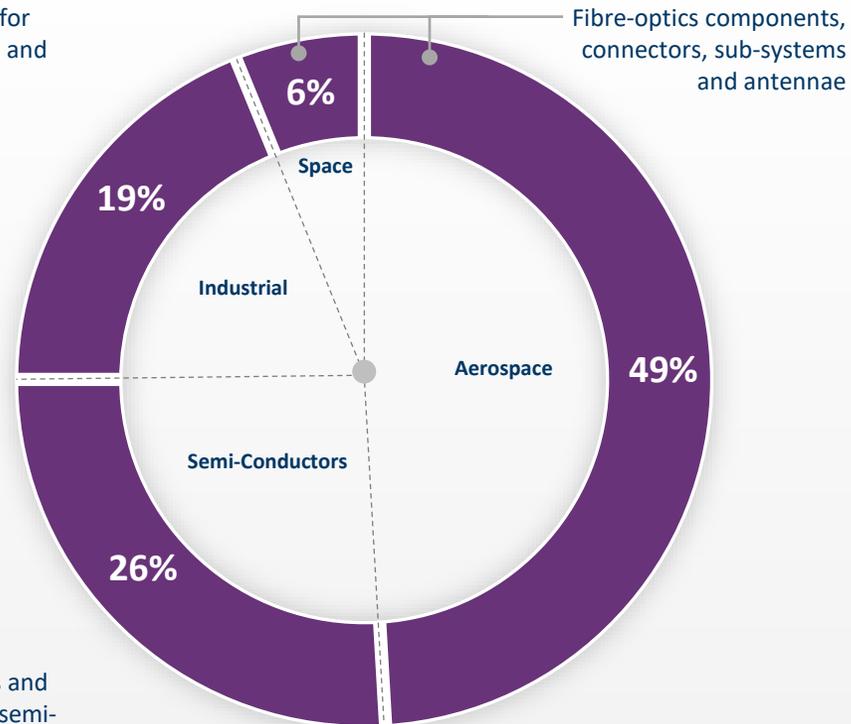
**8.8%**

CASH CONVERSION<sup>1</sup>

**126%**

## Revenue by Sector

Connectors for medical, rail and industrial



Fibre-optics components, connectors, sub-systems and antennae

Space

Industrial

Aerospace

Semi-Conductors

Test probes and sockets for semi-conductor test

## Market Growth Drivers

- Megatrends such as the Internet of Things, Big Data, Industry 4.0
- High demand for fast, reliable connectivity
- Space and satellite communication expansion
- Faster processing speed driving semi-conductor market segment growth

# 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

# Smiths Interconnect: fundamental strengths

## OUR STRENGTHS



World-Class  
Engineering

- Strong capabilities in fibre-optic, hyperboloid connectors, fine wire termination and spring probe technologies
- We deliver a fast pace of innovation in areas such as fibre-optic transceivers, high density connectors for space and medical, and semi-conductor test



Leading Positions in  
Critical Markets

- Strong positions in fast-growing markets such as space, medical and semi-conductor
- Partnerships with customers to develop solutions to demanding specifications



Global  
Capabilities

- Proximity to customers to take a lead role in design and product development
- Global reach with 20% in Asia, 20% in EMEA and 60% in North America



Robust Financial  
Framework

- 7% organic revenue growth in FY21 with 17% operating margin in the second half<sup>1</sup>
- Attractive gross margins ~40%
- Strong cash conversion delivering greater than 100% average over the last 5 years

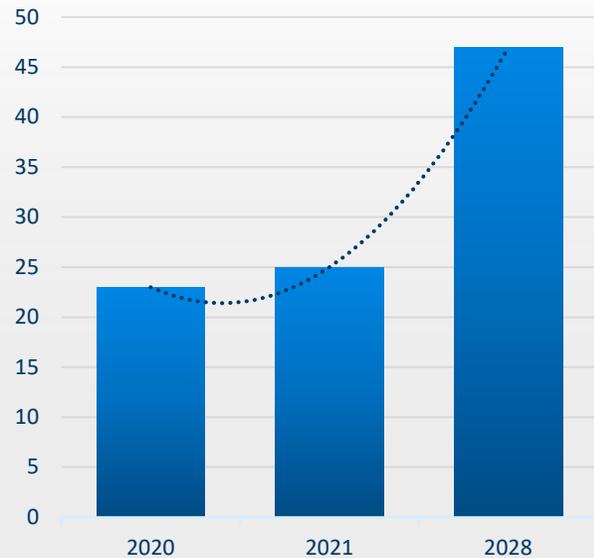
# How Smiths Interconnect accelerates growth

	Focus	Examples
Disciplined M&A	<ul style="list-style-type: none"><li>- Acquire new capabilities and technologies</li><li>- Access new adjacencies</li></ul>	<ul style="list-style-type: none"><li>- Fibre optics (Reflex Photonics - 2019)</li></ul>
Adjacencies	<ul style="list-style-type: none"><li>- Adjacent platforms</li><li>- Adjacent products</li></ul>	<ul style="list-style-type: none"><li>- Fibre optic applications for Sat-Com</li><li>- Medical cables</li></ul>
New products	<ul style="list-style-type: none"><li>- A high rate of new product development</li><li>- High level of product customisation</li></ul>	<ul style="list-style-type: none"><li>- High pace semi-conductor test innovation</li><li>- High density connectors for space</li><li>- Tail-mounted antennae for business jets</li></ul>
Market growth	<ul style="list-style-type: none"><li>- Fast-growing attractive markets</li><li>- Significant opportunity to drive growth</li></ul>	<ul style="list-style-type: none"><li>- A number of core markets growing at more than 6% per year</li></ul>

# Accelerating growth in our core markets

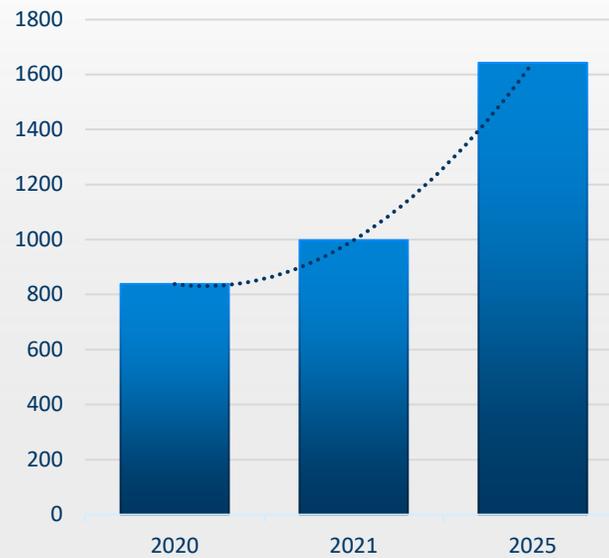
## Space (including Satcom)<sup>1</sup> growth +14% per year

Market size \$bn



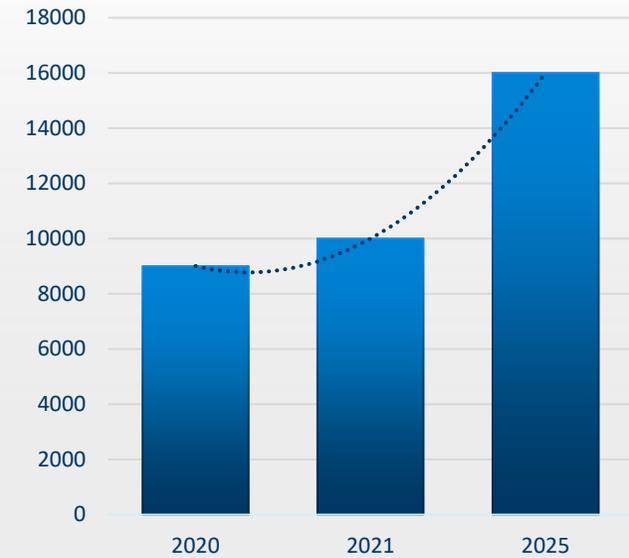
## Semi-conductor test<sup>2</sup> growth +7% per year

Market size \$m



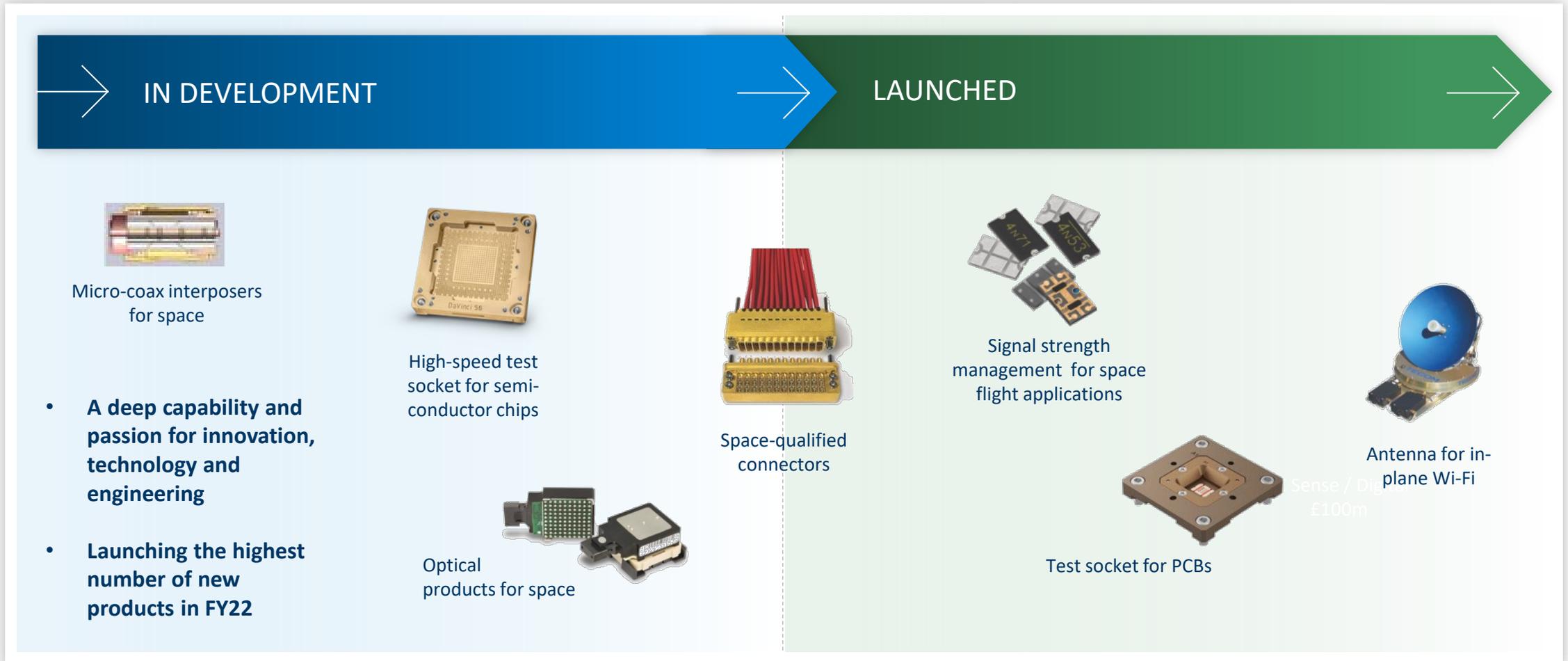
## Number of IoT connected devices<sup>3</sup> growth +13% per year

Connected devices (millions)



- Space (+14%) - growing fast behind LEO and GEO satellite launches driven by growing demand for data and connectivity
- Aerospace & defence (+5%) - growth coming from the return of commercial aerospace and continuation of major defence programmes
- Semi-conductor test (+7%) - strong growth in semi-conductor driving strong demand for test sockets and probes
- Industrial (+5%) - good growth expected from rail and medical markets as global consumption increases

# New products



Products are optimised for speed, weight and power

## Adjacencies: New fibre optic products for fast growing satellite communications

Market: Space (growth +14% per year)

Application: Satellite communication

- Next generation satellites need to communicate faster and handle more data as global demand for connectivity increases
- We have a range of products including radio frequency components, filters, robust connectors interposers and optical transceivers
- Our products are small and lightweight, and able to operate in the harsh environment of space
- Our optical transceiver technology enables communication speeds and data rates to triple from ~10 to ~28 gigabytes/second
- This demand for speed will increase with future generation satellites anticipating demand up to 50gb/s. These speeds require fibre-optic technologies
- Strong demand from customers for our products and innovation partnership on next generation satellites

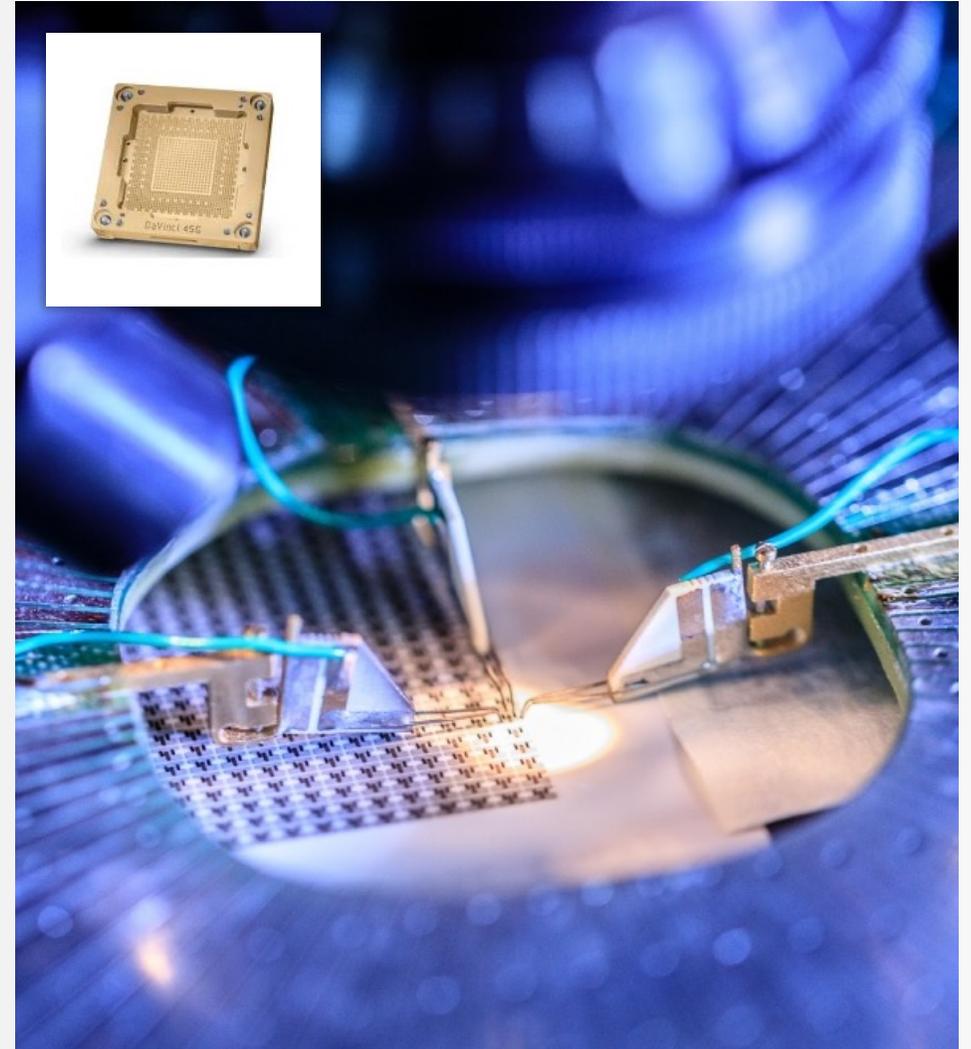


## New Products: semi-conductor test

Market: Semi-conductor Test (growth +7% per year)

Applications: Chips for gaming, computing, IoT etc.

- Next generation technologies such as 5G, artificial intelligence, deep cognitive learning, vehicle-to-vehicle communication and self-driving vehicles are driving demand for high-speed semi-conductors, data transfer and processing technologies
- Smiths Interconnect designs and manufactures advanced test socket solutions used to test the most advanced semi-conductor chips
- Smiths Interconnect's test sockets provide high-performance, high-reliability testing of the integrated circuits
- The DaVinci™ series utilises specialised engineering to allow reliable testing of high frequency signals for the fastest and smallest semi-conductor chips
- The next generation of DaVinci™ products currently under development allow testing of even smaller higher density chip technology



## New Products: aviation communication

**Market:** Aviation communication (growth +5% per year)

**End-application:** Antennae for Satellite Communication

- The fast-growing business jet market is stimulating demand for advanced onboard antenna units
- Size, weight and power is critical as the antenna unit needs to be small, light weight yet extremely robust
- We have launched a lightweight antenna system to be used in tail-mount installations combining the radio frequency electronics, antenna aperture and positioning system in a single unit
- Antenna provides always-available, reliable, secure connectivity, anytime and anywhere
- The system has been validated by the Federal Aviation Administration and has received Inmarsat approval for use over the Inmarsat Global Xpress Ka-band network



# Smiths Interconnect: Closing Remarks

- Smiths Interconnect has enormous potential and a tremendous opportunity to accelerate growth
- We are well positioned to take advantage of this opportunity with our leading products, know-how, technologies and leadership in innovation
- We are well positioned in attractive fast-growing end-markets including space, aerospace and semi-conductor test
- We have the capability and the talent to execute



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THANK YOU