

Smiths Group plc

Opportunities to create value

J P Morgan Capital Goods CEO Conference
11 June 2009

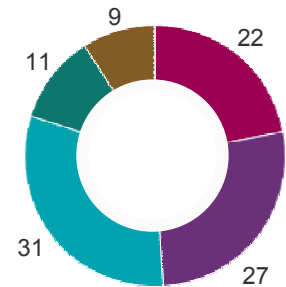
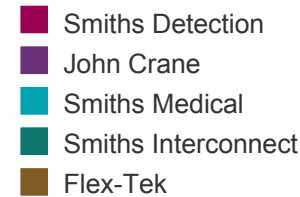


This presentation contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this presentation and the Company undertakes no obligation to update these forward-looking statements. Nothing in this presentation should be construed as a profit forecast.

Smiths Group at a glance

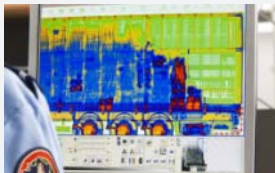
Smiths Group has five divisions: Smiths Detection, John Crane, Smiths Medical, Smiths Interconnect and Flex-Tek. Our businesses are highly competitive, with strong technology positions, and operate in sectors with excellent opportunities for growth. We bring technology to life.

Divisional sales % £2.3 bn



Analysis is based on revised operating structure for 2008/09

Smiths Detection



With governments seeking more advanced ways to counter terror threats, our world leading X-ray screening equipment is continuously evolving to help keep passengers safe across the globe.

John Crane



In the petrochemical industry, our advanced mechanical seals are deployed on oil and gas pipelines and refineries, helping to deliver energy efficiently to millions of homes and businesses around the world.

Smiths Medical



In healthcare, our products help prevent needlestick injuries and reduce the risk of cross infections, while our revolutionary medication delivery equipment helps to ease patients' pain and prevent accidental overdoses.

Smiths Interconnect



In communications, our sophisticated technology helps to keep people and systems connected and protected.

Flex-Tek



Our engineered components heat and move fluids in a wide range of different industries from aircraft and racing cars to medical devices.

Corporate strengths

- Global quality brands recognised by our customers
- Markets with long-term underlying defensive qualities
 - Security, energy, communication and healthcare
- Product engineering: practical application of advanced proprietary technology
- Lean and global manufacturing capability
- Low capital intensity and high operating cash conversion
- Strong relationships with blue chip customer base and governments



MOTOROLA



Opportunities to create value – key steps

Restructuring



Restructuring initiatives are already delivering savings

- Planned £47m annualised savings
- £8m delivered to date

Better systems



Made good progress with the deployment of better business systems

SKU review



Portfolio profitability review in Medical is underway - informed decision to exit diabetes

Procurement



Opportunities for procurement savings through leveraging scale

Opportunities to create value – key steps

Acquisitions



Extended our portfolio and presence through ten acquisitions

- Five in Asia Pacific

Increased R&D



Increased R&D to drive future growth

Targets/ incentives



Established medium-term divisional targets and new incentive scheme

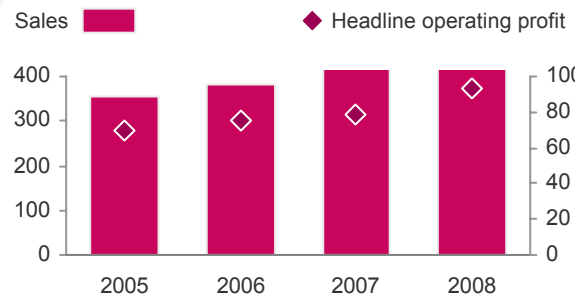
Financing



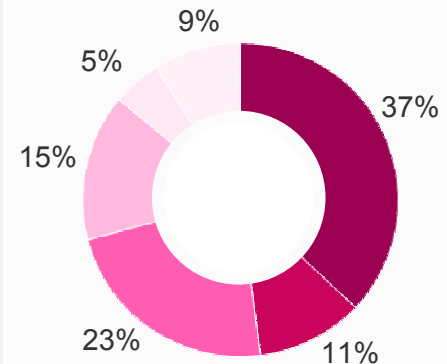
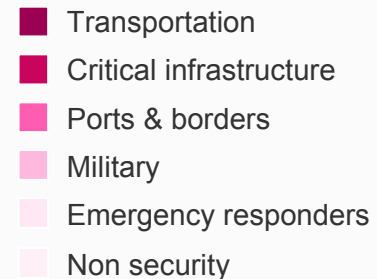
Successful issue of long-term debt capital extends debt maturity

Smiths Detection: A global leader with strong technology

2008
22% of Sales
£509m
Operating profit
£93m



FY 2008 sales by sector



Long-term market drivers:

- Threats, legislation and new technologies

Investing 6.5% of sales on R&D

- New product launches – mm wave body screening
- Veterinary diagnostics tool

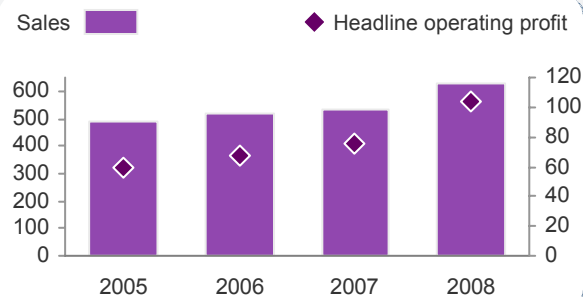
Recent trends:

- Airports – continued growth in US; slower elsewhere
- Ports & borders – sharp decline; tender activity high
- Military – strong growth; record year

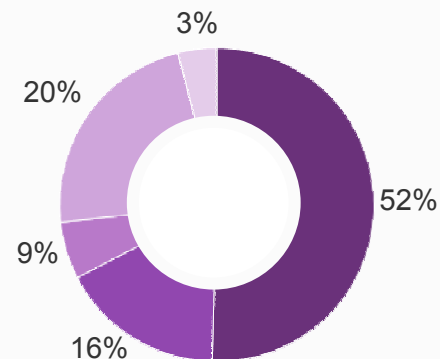
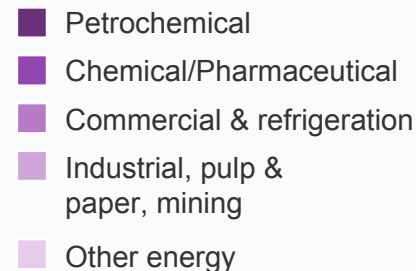
Restructured and Chief Operating Officer appointed

John Crane: A strong global brand and business model

2008
27% of Sales
£626m
Operating profit
£104m



FY 2008 sales by sector



Long-term market drivers:

- Demand for energy; aftermarket services

Expansion of global network of service centres

- Middle East and Asia Pacific

Bolt-on acquisitions expanding portfolio

- Bearings, filters, upstream energy

Restructuring programme on track

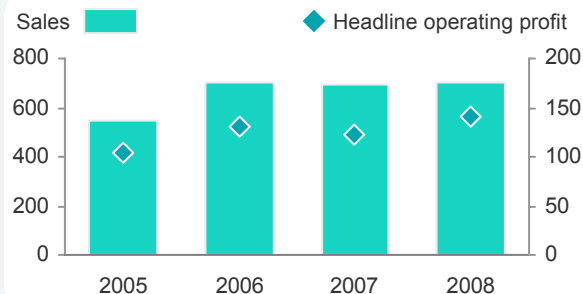
- £25m of annualised savings due

Recent trends:

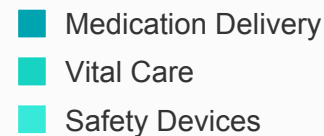
- Continued organic sales growth
- OEM order book softened since January

Smiths Medical: Driven by demographics and technology

2008
31% of Sales
£703m
Operating profit
£140m



FY 2008 sales by sector



Long-term market drivers:

- Ageing populations and disposable income

Investing 3.4% of sales on R&D:

- New product launches – CADD Solis

Supply chain improvements

- Customer back orders at five year low

Portfolio rationalisation programme:

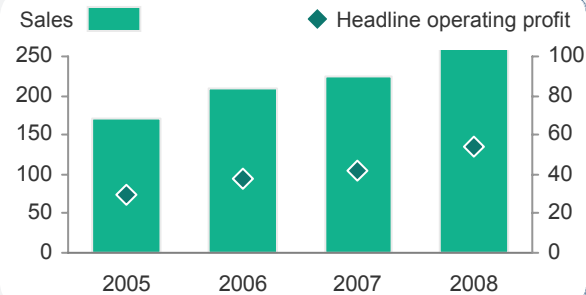
- Target 3,000 low margin, low volume SKUS

Recent trends:

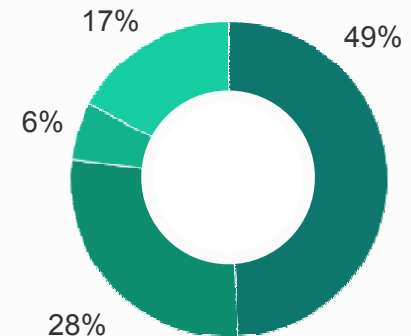
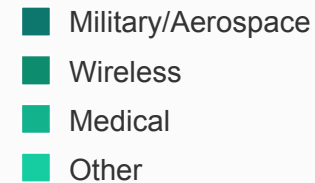
- Pressure on hospital capital budgets
- 80% of sales from disposables – better performance

Smiths Interconnect: Good growth from military; wireless slower

2008
11% of Sales
£261m
Operating profit
£54m



FY 2008 sales by sector



Long-term market drivers:

- Military spend on communications
- Wireless subscribers and infrastructure upgrades

Bolt-on acquisitions in Asia Pacific:

- Three acquisitions in past year to support wireless

Manufacturing in low cost markets:

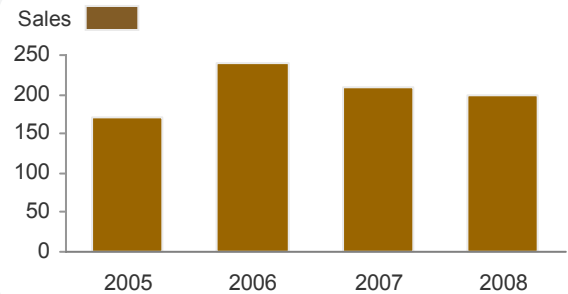
- Operations opened in Tunisia, India
- Existing base in China, Mexico and Costa Rica

Recent trends:

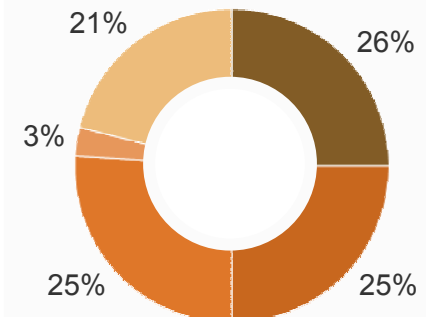
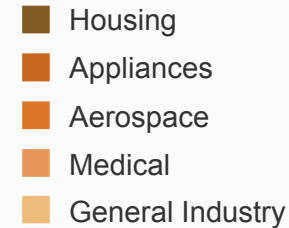
- Continued growth from military programmes
- Wireless and other sectors slower

Flex-Tek: Leveraged for a recovery in US housing

2008
9% of Sales
£206m
Operating profit
£24m



FY 2008 sales by sector



Long-term market drivers:

- US residential construction and GDP
- Aerospace

Restructuring programme:

- Closed two manufacturing sites
- £3m savings delivered to date – total £7m due

Expanded presence in Asia:

- China, Philippines and India

Recent trends:

- Continued weakness in US housing and appliances
- Aerospace performing better

Smiths Group: Opportunities to create value

Portfolio well-placed to withstand pressures of a downturn

Expand margins through a programme of self-help

Deliver restructuring programmes to improve margins

Upgrading our business systems to drive faster data-based decisions

Revenue growth opportunities – focus on innovation, developing markets

Investing in targeted R&D

Growing our technology and reach through bolt-on acquisitions

Questions

