

Annual General Meeting

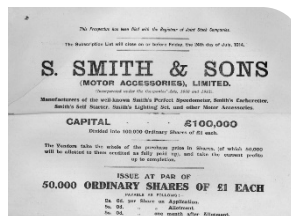
18 November 2014

Celebrating 100 years on the London Stock Exchange



1851

Samuel Smith opens his first jewellery shop in south London



1914

S. Smith & Sons floats on the LSE only days before WW1 breaks out



2014

Smiths now employs over 23,000 people in 50 countries

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. 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 document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law. This presentation contains brands that are trademarks and are registered and/or otherwise protected in accordance with applicable law.



Philip Bowman
Chief Executive

Results overview

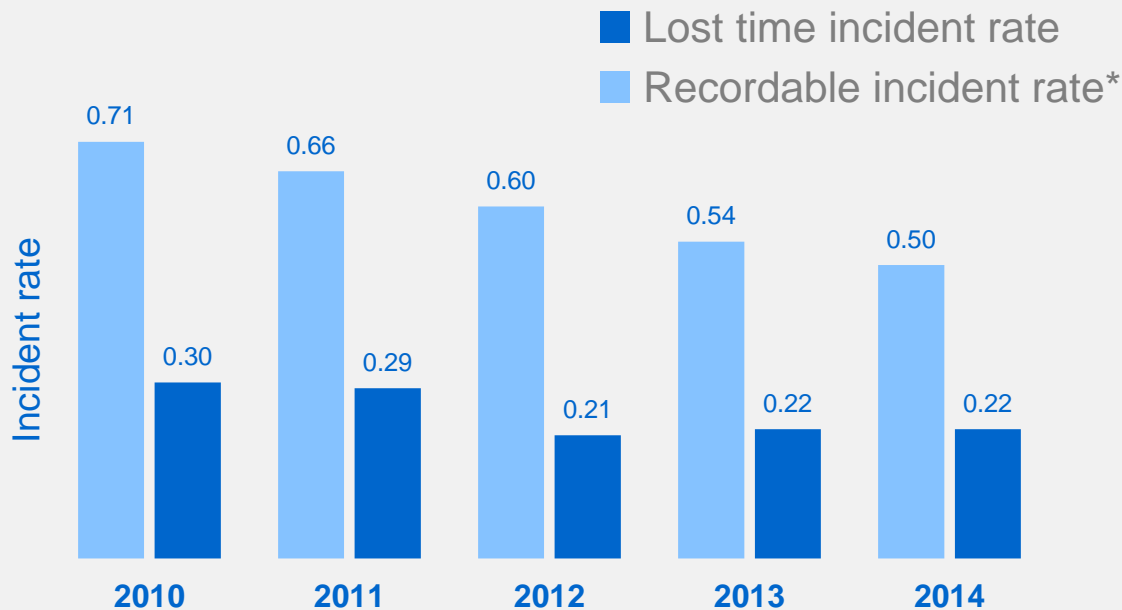
- Reported headline revenue down 5%; underlying up £2m
- Headline operating profit down 10%, underlying down 6%
- Headline EPS down 12% to 81.8p
- Cash conversion remains strong at 97% - free cash flow of £143m
- Return on capital employed down 90 bps at 15.7%
- Dividend up 2% to 40.25 pence

Key messages

- Continued progress in commercial markets, tough in medical and defence
 - Growth in John Crane, Smiths Interconnect and Flex-Tek
 - Difficult trading environment in Smiths Medical and Smiths Detection
- Adverse FX hit to profit of £43m (c. 8%): translation £27m & transaction £16m
- Group is better positioned today as a result of our initiatives
 - Our continued drive to reposition the business to accelerate the growth prospects
 - Frustratingly, benefits to date have been obscured by tough trading in some markets
- Continued focus on investment in growth drivers
 - Company-funded R&D investment up 5% at constant currencies
 - Emerging market sales flat – significant opportunities remain
- Focus on operational efficiencies to fund growth and enhance returns
 - *Fuel for Growth* restructuring programme is now underway across all divisions
 - Targeting £60m of savings by end of FY17; £10m delivered to date

Promoting responsibility: Delivering continued improvements on key metrics

Recordable & lost time incident rates continue to improve



* Measured per 100 employees per year using US OSHA definition

Environmental metrics

- New five-year environmental targets
- FY2014* performance:
 - Energy: 1% increase
 - Greenhouse gas: 4% reduction
 - Water: 1% increase
 - Non-recycled waste: 5% reduction

* Calculated over rolling 12-month period to Jul 2014 compared to goal baseline of FY2013. Normalised to revenue at FY2014 closing exchange rates.

John Crane: Delivering revenue growth and enhanced margins and returns

Underlying revenue

+2%

Underlying headline profit

+8%

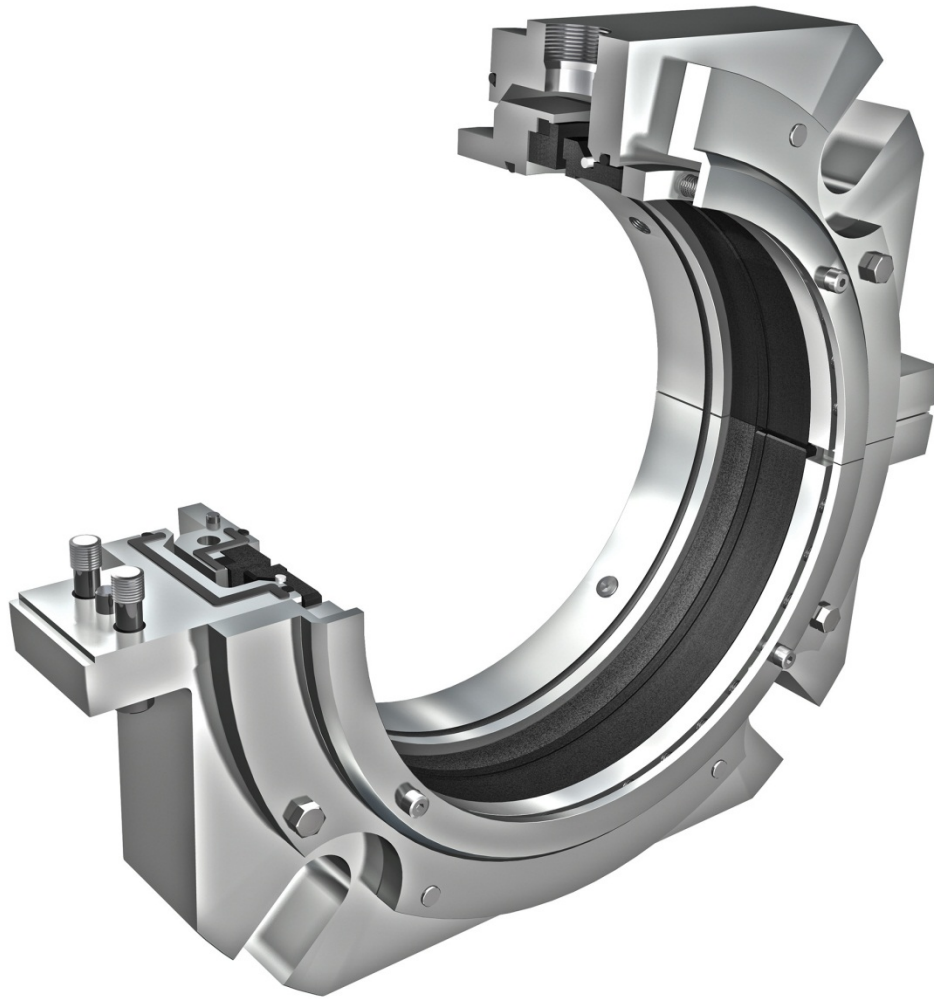
Headline operating margin

**+150 bps
24.9%**

- Sales growth driven by oil & gas – mid & downstream
- Margins at record highs with higher revenue and productivity initiatives
- Aftermarket sales grew 4% – excluding upstream
- First-fit OEM sales up 4% – new capital projects in oil & gas
- Strong order book supports growth in FY15



John Crane: Launching new products to reduce installation time and costs



Type 3740 split seal

Suited for large, difficult to maintain pumps, mixers and rotating equipment

Unique technology allows the seal to be installed without dismantling the equipment, cutting installation time by more than 50%

Used in power facilities, waste water & desalination plants, pulp and paper mills

Smiths Medical: Strong second half, but overall tough trading environment

Underlying revenue

(1)%

Underlying headline profit

(12)%

Headline operating margin

(240) bps
19.8%

- Second half improved after challenging first half
- Consumables flat; hardware down 3%
- Margins affected by transactional FX, price erosion and medical device tax
- Medication delivery - sales up 7%
- Vital care - sales down 2%
- Safety devices - sales down 4%



Smiths Medical: Initiatives to drive medium-term growth

Continue to build presence in higher growth markets

- Brazil (up 12%) and India (up 74%); China down 7%
- Launching new products in China market

Improve service levels and productivity

Investing in new products – reached a new high – 5% of revenues

Strong growth in infusion pumps driven by new products

CADD-Solis PIB infusion pump
- launched in USA this year



Smiths Medical: Launching new products to help children breathe



Bivona Flex-Tend

Special tracheostomy tube to help children breathe

Flexible design helps keep connections away from the neck and chin – enhancing patient mobility and comfort

Special coating aids insertion and removal. Wire insert reinforces tube and is visible on MRI scans

Smiths Detection: Tough trading environment; margins under pressure

Underlying revenue

(5)%

Underlying headline profit

(57)%

Headline operating margin

(560) bps
4.8%

- Revenue down against tough comparator
- Margins affected by working capital adjustments, programme delivery costs, lower volumes and price
- Transportation underlying sales down 5%
- Ports & borders underlying sales down 16%
- Military underlying sales down 10%
- Critical infrastructure underlying sales up 11%



Smiths Detection: A prioritised action plan to deliver improved performance

Build on our installed base and expand our aftermarket

- Reduce cost base and improve competitiveness
- Greater focus on growth markets e.g. Asia, Middle East

Improve our programme delivery

- New programme review process in place

Reduce our cost base

- Global footprint reduction; three site closures announced
- Value engineering programme to deliver savings

Deliver enhanced customer service

- A smarter approach to customer engagement
- Launch new products



Smiths Detection: Launch new products that meet customer needs



ACE-ID

Advanced, handheld chemical identifier for explosives, toxic industrial chemicals and narcotics

Uses a laser-based technique to identify unknown solids and water-based solutions in 20 seconds or less

Smiths Interconnect: Return to growth; margins benefit from productivity initiatives

Underlying revenue

+1%

Underlying headline profit

+9%

Headline operating margin

+110 bps
16.0%



- Sales growth from Microwave offset by decline in Connectors
- Margins benefited from on-going productivity initiatives
- Connectors – sales down 2%
- Microwave – sales up 5% - cable assemblies and PIM test
- Power – underlying sales flat – data centres positive



Smiths Interconnect: Emerging market growth and product innovation



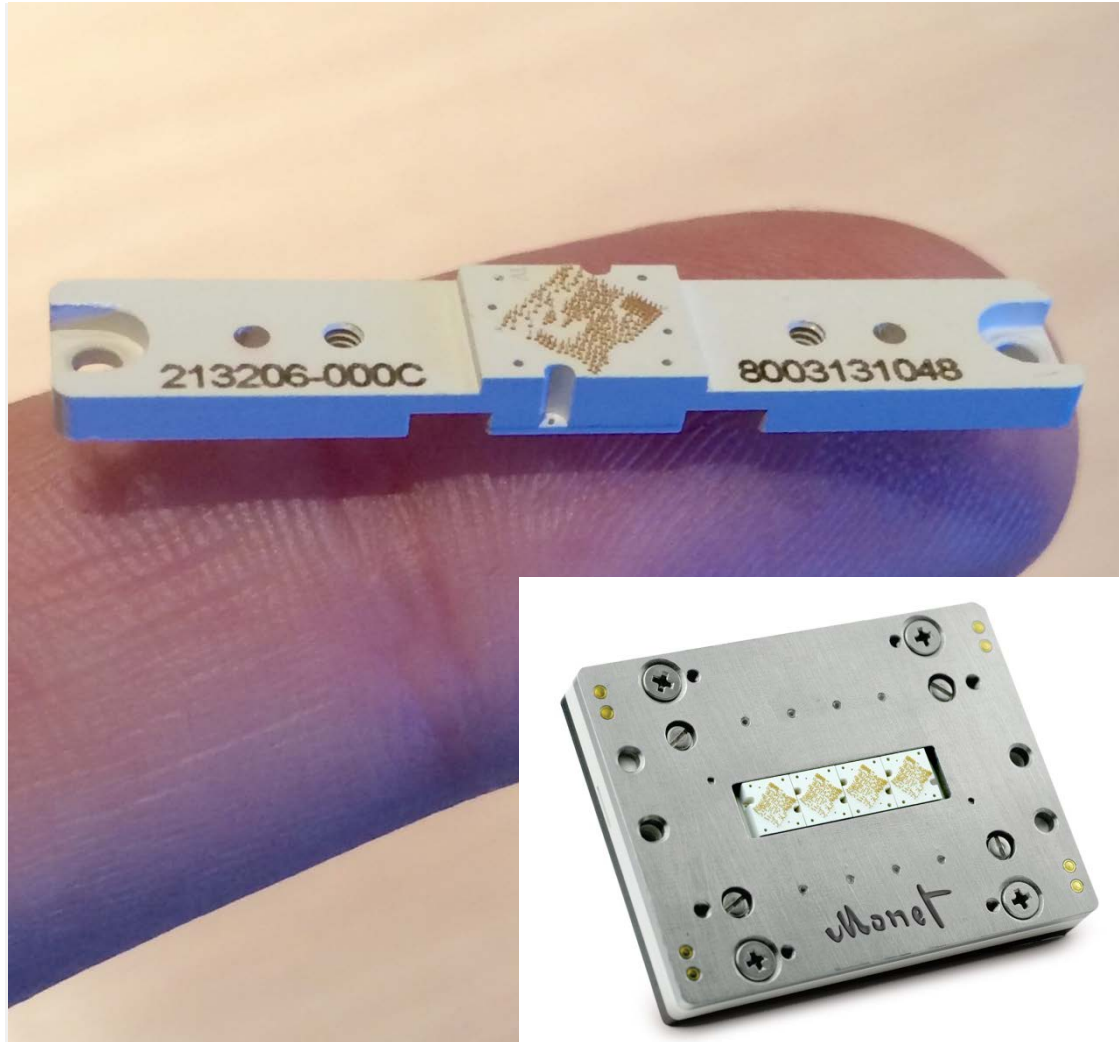
Expansion in emerging markets

- Emerging market sales up 15% to represent 18% of sales, up 220 bps

New product development focused on high growth markets

- Company-funded R&D increased 5%; vitality index >30%
- New products include:
 - New connector applications
 - Launch of JCOMM, a new branch circuit monitoring system for data centres
 - Improved capabilities for PIM testing and airborne satellite antenna communications

Smiths Interconnect: New spring probe connector for testing semiconductors



Monet

For testing semiconductors used in latest generation mobile phones

Tiny spring probe connectors that can test contacts just 200 microns apart – twice the width of a human hair

Provides a more reliable way of repeatedly testing multiple arrays of semiconductors at the same time

Flex-Tek: Growth from US construction and specialty heating; strong margin boost

Underlying revenue

+3%

Underlying headline profit

+14%

Headline operating margin

+180 bps
18.9%

- Strong sales growth from US residential construction, specialty heating and medical hoses
- Margins up 180 bps from higher volumes, better price
- Fluid Management – sales down 2%
- Construction – sales up 8%
- Heat Solutions – sales up 7%
- Flexible Solutions – sales up 1%



Flex-Tek: New hose delivers savings in the transfer of compressed natural gas



Virtual pipeline hose

Hose can withstand immense pressure while its advanced polymer lining maintains flexibility at temperatures as low as 100°F (70°C)

Allows easy transfer of CNG from trucks to major customers such as hospitals, paper mills and asphalt plants

Delivers savings of up to 40% on energy bills

Operational priorities for 2015

> Continue to reposition the business profile to accelerate sales growth

> Implement the divisional improvement plans – particularly in Detection

> Increase investment in growth drivers: new products, emerging markets

> Deliver the benefits of *Fuel for Growth*

smiths

bringing technology to life



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