

SMITHS GROUP FACT SHEET FY17

PUSHING BOUNDARIES TO DELIVER INNOVATIVE SOLUTIONS FOR THE WORLD'S CHALLENGES. OUR AMBITION IS TO ESTABLISH SMITHS AS ONE OF THE WORLD'S LEADING TECHNOLOGY COMPANIES.

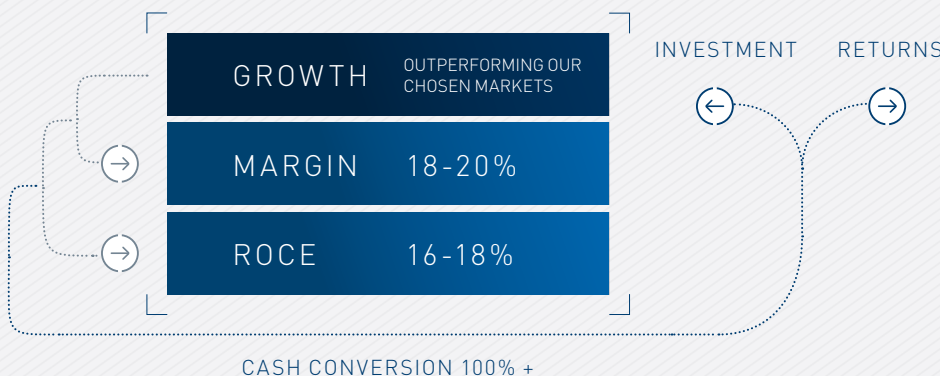
OUR STRATEGY



CHARACTERISTICS OF A SMITHS BUSINESS



FOCUSED ON GROWTH AND RETURNS



SMITHS IN NUMBERS

REVENUE
£3,280m

OPERATING PROFIT
£589m

MARGIN
18.0%

CASH CONVERSION
118%

ROCE
16.2%

EPS
97.6p

DPS
43.25p

JOHN CRANE	SMITHS MEDICAL	SMITHS DETECTION	SMITHS INTERCONNECT	FLEX-TEK
MISSION-CRITICAL SOLUTIONS FOR GLOBAL ENERGY AND PROCESS INDUSTRIES	HIGH-QUALITY, COST-EFFECTIVE MEDICAL DEVICES AND CONSUMABLES	A LEADER IN THE DETECTION OF SECURITY THREATS AND CONTRABAND	SOLUTIONS FOR HIGH-SPEED, SECURE CONNECTIVITY IN DEMANDING APPLICATIONS	INNOVATIVE COMPONENTS TO HEAT AND MOVE FLUIDS AND GASES
REVENUE £885m <small>(27% of Group revenue)</small>	REVENUE £951m <small>(29% of Group revenue)</small>	REVENUE £687m <small>(21% of Group revenue)</small>	REVENUE £419m <small>(13% of Group revenue)</small>	REVENUE £338m <small>(10% of Group revenue)</small>
HEADLINE OP £204m <small>(32% of Group OP)</small>	HEADLINE OP £209m <small>(33% of Group OP)</small>	HEADLINE OP £103m <small>(16% of Group OP)</small>	HEADLINE OP £56m <small>(9% of Group OP)</small>	HEADLINE OP £65m <small>(10% of Group OP)</small>
MARGIN 23.0%	MARGIN 22.0%	MARGIN 15.0%	MARGIN 13.4%	MARGIN 19.3%
AFTERMARKET 64%	AFTERMARKET 82%	AFTERMARKET 39%		
<p>COMPETITIVE STRENGTHS</p> <ul style="list-style-type: none"> Market leader in mechanical seals Broad installed base One of the largest global service networks, with c. 200 service centres Significant aftermarket stickiness and value over the product life-cycle Strong proprietary tech Expertise in applied engineering Strong customer relationships 	<p>COMPETITIVE STRENGTHS</p> <ul style="list-style-type: none"> Category leadership Trusted brands with a reputation for quality and safety Proprietary consumables Strong, defensible intellectual property Extensive global sales network Strong customer relationships 	<p>COMPETITIVE STRENGTHS</p> <ul style="list-style-type: none"> Global market leader Integrated solutions provider Unrivalled R&D capability Growing aftermarket revenue Operating in several regulated markets requiring product certification Differentiated technologies leveraged across markets 	<p>COMPETITIVE STRENGTHS</p> <ul style="list-style-type: none"> Innovative and technically differentiated offerings Ultra-high reliability solutions used in demanding applications Global presence, reach and support Customer intimacy, responsiveness and product customisation 	<p>COMPETITIVE STRENGTHS</p> <ul style="list-style-type: none"> High-performance products Market leading residential gas tubing products High performance flexible tubing for aerospace Leading capability in the design and manufacture Strong customer relationships
<p>GROWTH DRIVERS</p> <ul style="list-style-type: none"> Operational improvements in non-oil and gas process industries Pent-up demand for maintenance and upgrades in oil and gas and petrochemical Expansion in high-growth markets Material science advancements and digital transformation 	<p>GROWTH DRIVERS</p> <ul style="list-style-type: none"> Expansion of developing markets Ageing populations Increasing personalised medicine and patient expectations Rise of chronic diseases Increasing connectivity Growth of alternate site and home-based healthcare Clinically relevant innovation 	<p>GROWTH DRIVERS</p> <ul style="list-style-type: none"> Evolving threat environment Changing security regulations Recapitalisation cycles Security infrastructure growth in emerging markets Global trade and growing passengers numbers Software-driven solutions providing functionality, networking and systems integration 	<p>GROWTH DRIVERS</p> <ul style="list-style-type: none"> Growth in high data rate applications Continued proliferation of electronics Demand for greater connectivity and mobility Increasing sophistication of customer needs in high-growth markets Increasing geopolitical uncertainty 	<p>GROWTH DRIVERS</p> <ul style="list-style-type: none"> Steady growth of US housing construction market Continued increase in large commercial aircraft production Growth of medical devices and their increased use of flexible tubing Growing presence in Europe and Asia with further expansion potential

END MARKETS

MEDICAL TECHNOLOGY	SECURITY & DEFENCE	GENERAL INDUSTRIAL	OIL & GAS	SPACE & COMMERCIAL AEROSPACE
Market growth: 3-4% ¹	Market growth: 4-6% ²	Market growth: gdp+	Market growth: 1-2% ³	Market growth: 4-6% ⁴
Smiths Medical; Smiths Interconnect; Flex -Tek	Smiths Detection; Smiths Interconnect	John Crane; Smiths Interconnect; Flex-Tek	John Crane	Flex-Tek; Smiths Interconnect

OVERALL MARKET GROWTH RATE: 3-4%

(1) Health Research International 2016; BMI 2017; McKinsey analysis
(2) IHS Markit; Frost & Sullivan; Markets and Markets; Smiths Detection analysis

(3) BP Energy Outlook 2017
(4) Bishop Report, Markets and Markets, Boeing Current Market Outlook (2017-2036)

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