

SMITHS GROUP PLC – Q1 FY2025 TRADING UPDATE

Pioneers of progress – engineering a better future

Outstanding Q1 driven by growth in all businesses Upgrading FY2025 growth and margin guidance Share buyback increased and resumed

Smiths Group plc ('Smiths' or 'the Group') today announces its trading statement for the first quarter to 1 November 2024.

Organic revenue growth¹ was +15.8% for the three months to 1 November 2024, against a Q1 FY2024 comparator of +3.5%. The first quarter period this year benefited from three extra trading days and adjusting for this, organic revenue growth on a comparable basis was +13.1%.

As a result of the strong start to the year and a record order book, the Group now expects full-year organic revenue growth of 5-7%, upgraded from the original 4-6% guidance. Growth in the first half of the year is heavily weighted to this first quarter reflecting delivery timings, and the double-digit contraction in Smiths Interconnect in the first quarter last year. Reflecting the higher growth outlook at this stage of the year and anticipated mix, the Group now expects a 40-60 basis point expansion in operating profit margin in FY2025, on a good trajectory towards its medium-term margin target.

The first quarter performance on the comparable basis reflected particularly strong organic revenue growth in Smiths Detection, alongside strong growth in John Crane and Flex-Tek aerospace. Smiths Interconnect was the stand-out performer in terms of organic revenue growth as semi-test activity significantly improved.

- John Crane continues to see strong demand and delivered high single-digit organic revenue growth in the quarter. Growth was broad-based by region and in both Energy and Industrial. Strong order intake in the quarter underpins our positive outlook for FY2025.
- Smiths Detection's organic revenue growth surpassed that posted in H2 FY2024, and it delivered strong double-digit organic revenue growth in the first quarter, reflecting the order book at the start of the year and the ongoing high levels of installation activity of its next generation detection technology.
- Flex-Tek posted low single-digit organic revenue growth reflecting continued strength in aerospace and low single-digit growth in its US construction business, with a more robust housing market backdrop anticipated in calendar 2025. The announced acquisitions of Modular Metal Fabricators, Inc. and Wattco, Inc. have now both been completed and integration is progressing to plan.
- Smiths Interconnect delivered organic revenue growth of more than 30% in the quarter given the very weak comparator period in FY2024, with growth supported by key programme wins in its semi-test business as semiconductor markets recover and reflecting its product innovation. Smiths Interconnect's revenue has now surpassed Q1 FY2023 levels. The semi-test orders and our pipeline support our view of an improved FY2025 performance, with first half growth weighted towards the first quarter.

Acceleration Plan

Following the launch in September of the Group's Acceleration Plan to deliver footprint and process improvements for resilience and scalability, each of the businesses has now initiated specific initiatives

under the programme. As examples, John Crane has appropriately consulted with works councils and internally announced its plan to move wet seal and couplings machining activity within the Americas, and to consolidate wet seal assembly from Thailand to its India hub to create scale economies closer to its customers. Smiths Detection has now dedicated a transformation team to drive the identified key process improvements in its end-to-end execution capability and to deliver the associated medium-term savings. Smiths Interconnect is investing in its semi-test business to expand local design and manufacturing capabilities in the USA.

Share buyback programme

Today, the Group is resuming its share buyback by initiating the second tranche of its previously announced programme, and reflecting the strong balance sheet, cashflow dynamics and considered approach to capital allocation, is increasing the total amount of the programme from £100 million to £150 million. The first tranche of £50 million was completed in September 2024, and the second tranche, now totalling £100 million, is expected to complete by the end of its financial year. The resumption of the buyback follows the Group's decision not to pursue a medium-sized acquisition it was closely evaluating in September and October, consistent with its disciplined approach to acquisitions. The Group's acquisition pipeline remains active beyond this opportunity. The additional buyback demonstrates a track record of returning excess capital, having returned more than £1.2 billion in the last three years through buyback and dividend. The Group will continue to use a progressive dividend and regular buyback alongside reviewing value-accretive acquisitions.

Roland Carter, Chief Executive Officer, commented:

"We entered our new financial year with a strong order book, driving a very positive first quarter and with all our businesses contributing to the double-digit organic revenue growth. This gives us the confidence to raise our full-year guidance for organic revenue growth and margin. We also announce today an increase in, and the resumption of, our share buyback programme.

"Innovation and execution remain a major focus as we advance our new product development and commercialisation capabilities, and our productivity improvements, which contributed to the strong quarter. We also benefited from a strong performance in our US business, which represents around 45% of revenue, and which was accretive to our overall growth.

"Our strategy to deliver profitable growth from secularly attractive markets continues to drive our performance. I would like to thank all my colleagues across the Group for your ongoing support and dedication, which demonstrates our depth of talent and exemplifies our enduring strengths."

HY2025 results

Smiths will publish its results for the six months ending 31 January 2025 on 25 March 2025.

¹Organic revenue growth excludes the effects of foreign exchange and M&A.

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About Smiths Group

For over 170 years, Smiths has been pioneering progress by engineering a better future. We serve millions of people every year, to help create a safer, more efficient and productive, and better-connected world across four global markets: energy, safety & security, aerospace & defence, and general industrial. Listed on the London Stock Exchange, Smiths employs c.15,000 colleagues in over 50 countries. For more information visit www.smiths.com.