

# 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.

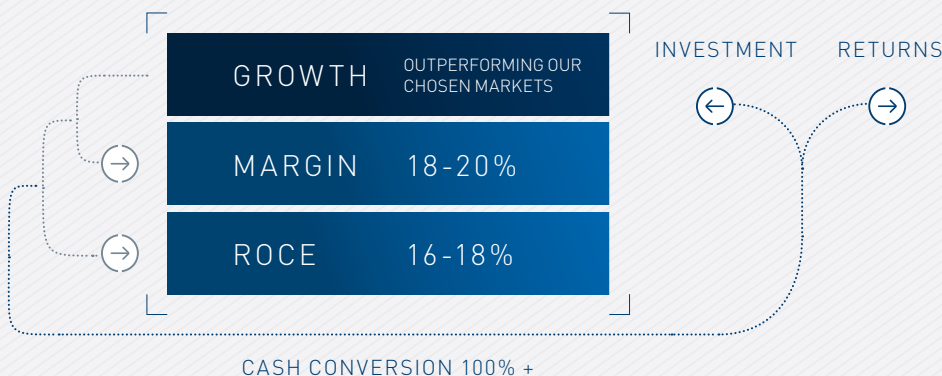
## OUR STRATEGY



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

## END MARKETS

MEDICAL TECHNOLOGY	SECURITY & DEFENCE	GENERAL INDUSTRIAL	OIL & GAS	SPACE & COMMERCIAL AEROSPACE
Market growth: 3-4% <sup>1</sup>	Market growth: 4-6% <sup>2</sup>	Market growth: gdp+	Market growth: 1-2% <sup>3</sup>	Market growth: 4-6% <sup>4</sup>
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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