

Smith+Nephew

# JP Morgan Healthcare Conference January 2026

Deepak Nath Ph.D.  
Chief Executive Officer



# Forward looking statements and non-IFRS measures

This document may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading profit margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. For Smith+Nephew, these factors include: economic and financial conditions in the markets we serve, especially those affecting healthcare providers, payers and customers; price levels for established and innovative medical devices; developments in medical technology; regulatory approvals, reimbursement decisions or other government actions; product defects or recalls or other problems with quality management systems or failure to comply with related regulations; litigation relating to patent or other claims; legal compliance risks and related investigative, remedial or enforcement actions; disruption to our supply chain or operations or those of our suppliers; competition for qualified personnel; strategic actions, including acquisitions and dispositions, our success in performing due diligence, valuing and integrating acquired businesses; disruption that may result from transactions or other changes we make in our business plans or organisation to adapt to market developments; relationships with healthcare professionals; reliance on information technology and cybersecurity; and numerous other matters that affect us or our markets, including those of a political, economic, business, competitive or reputational nature. Please refer to the documents that Smith+Nephew has filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended, including Smith+Nephew's most recent annual report on Form 20-F, for a discussion of certain of these factors. Any forward-looking statement is based on information available to Smith+Nephew as of the date of the statement. All written or oral forward-looking statements attributable to Smith+Nephew are qualified by this caution. Smith+Nephew does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Smith+Nephew's expectations. The terms 'Group' and 'Smith+Nephew' are used for convenience to refer to Smith & Nephew plc and its consolidated subsidiaries, unless the context requires otherwise.

Certain items included in 'trading results', such as trading profit, trading profit margin, trading attributable profit, tax rate on trading results (trading tax expressed as a percentage of trading profit before tax), Adjusted Earnings Per Ordinary Share (EPSA), trading cash flow, free cash flow, trading profit to trading cash conversion ratio, leverage ratio, and underlying revenue growth are non-IFRS financial measures. The non-IFRS financial measures in this announcement are explained and, where applicable, reconciled to the most directly comparable financial measure prepared in accordance with IFRS in our Second Quarter and Half Year 2025 Results announcement dated 5 August 2025.

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# Well positioned with diversified portfolio in attractive markets worth c.\$50bn, growing 6%<sup>1</sup>

## Advanced Wound Management



\$13bn

S+N #2 player  
13% share

29% sales

## Orthopaedics<sup>2</sup>

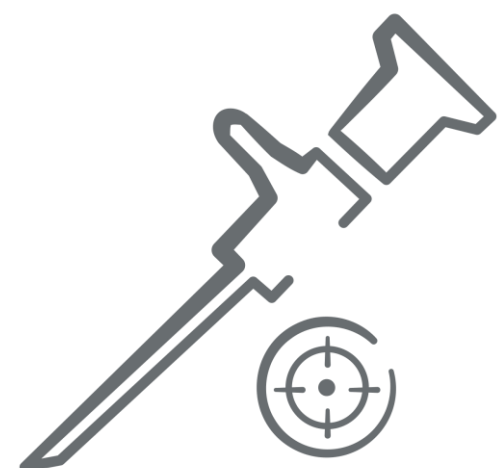


\$33bn

S+N #4 player  
7% share

39% sales

## Sports Medicine

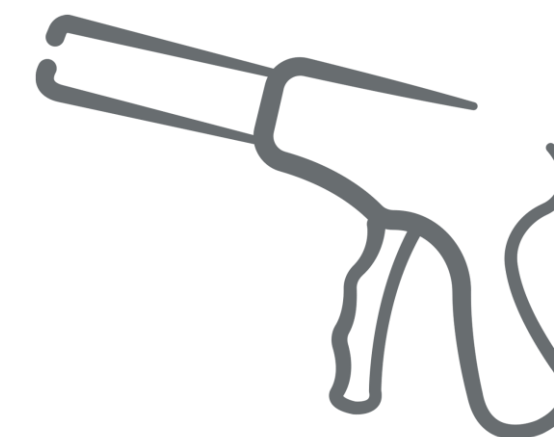


\$7bn

S+N #2 player  
25% share

28% sales

## Ear, Nose and Throat



\$2bn

S+N joint #4 player  
9% share

4% sales

# Delivered on 12-Point Plan actions

## Key achievements

### Fixing Orthopaedics

- Product availability issues addressed
- Capacity right-sized and Memphis facility significantly improved
- Operations re-wired
- Commercial engine revamped
- Accelerated hip, trauma & robotics pipeline

### Accelerating Sports & AWM

- Step up in growth delivered

### Improving productivity

- Productivity delivered - more than offsets additional headwinds

# Significantly strengthened the business

## Moved to a Business Unit led structure

- Simpler global structure
- Greater accountability
- Increased customer focus



## New ways of working

- Aligned performance measures
- Greater focus on KPIs
- Continuous improvement



## Increased focus on cash and capital returns

- Cost savings across the business
- Zero-based budgeting
- Disciplined capital allocation



# Successfully elevated our financial performance through 12-PP

**LSD to MSD**  
Revenue growth



**c.220bp**  
Increase in Group  
trading margin



**c.14x**  
Increase in FCF



**c.300bp**  
Increase in ROIC





# RISE: Our strategy to elevate Smith+Nephew

**E**

## Execute efficiently

Drive enterprise productivity and asset efficiency to expand margins and returns

**S**

## Scale through strategic investment

Allocate capital to high return and high growth opportunities aligned to our portfolio priorities

**I**

## Innovate to enhance the standard of care

Accelerate new product launches and rapidly scaling existing innovation platforms

**R**

## Reach more patients

Drive adoption of differentiated portfolio and take share across indications, settings and markets worldwide



# Our 2028 ambition to accelerate growth and improve returns

**6–7%**

Organic revenue  
CAGR



**9–10%**

Trading profit  
CAGR



**> \$1bn**

2028 FCF



**12–13%**

ROIC in 2028





# New strategy will drive revenue, profit and ROIC expansion across all Business Units

## Sports Medicine

HSD revenue growth  
Move to market leader  
Modest margin expansion

## Ear, Nose and Throat

Above market growth  
Modest margin expansion<sup>1</sup>

## Advanced Wound Management

HSD revenue growth  
Modest margin expansion  
Further ROIC expansion


## Orthopaedics

Return to market growth  
300-400bps margin step-up  
Significant ROIC expansion<sup>2</sup>


# Product launches across incremental and transformative innovations to drive revenue growth

2023-2025 Major launches driving growth


Orthopaedics  
Implants




AETOS<sup>◇</sup> Total Shoulder – Meta Stem & Stemless



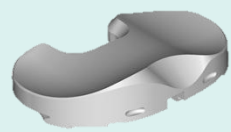
CATALYSTEM<sup>◇</sup> Primary Hip System and Impactor



TRIGEN MAX<sup>◇</sup> Next Gen IM Nail




EVOS<sup>◇</sup> Patella




LEGION<sup>◇</sup> Medial Stabilised Inserts

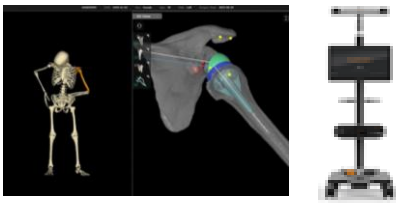
Orthopaedics  
Enabling Tech




Revision Knee



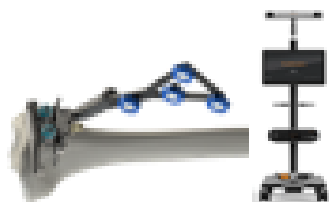
Surgical planning Powered by AI



CORIOGRAPH<sup>◇</sup> Pre-Op planning




CORI Digital Knee Tensioner




CORI Saw Solution


Sports Medicine  
& ENT




INTELLIO 4K




Foot and Ankle




REGENETEN Expansion




Q-FIX<sup>◇</sup> Knotless



INTELLIO Shift

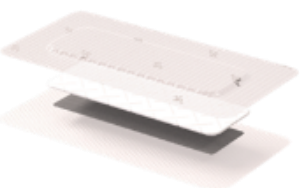


AGILI-C




ENT: TULA


Advanced  
Wound  
Management




ALLEVYN AG+




ALLEVYN Complete Care



Next Gen RENASYS<sup>◇</sup>



BIOBRANE<sup>◇</sup> US



GRAFIX<sup>◇</sup> PLUS

## 2026 and beyond



Round out **Ortho knee** implant portfolio



**M-TECH** including visualisation, AI based segmentation, navigation and robotics for surgical applications



**Biologics** transforming healing across wound and joint care

# New product launch highlights 2026 – 2028\*



- Orthopaedics Implants
- Orthopaedics Enabling Tech
- Sports Medicine
- ENT
- Advanced Wound Management

2026	2027	2028
<div><p>LANDMARK Knee Cementless CR</p><p>Catalyst Hip Japan</p><p>EVOS Pelvic</p><p>INTERTAN MAX Hip Fracture Nail</p></div>	<div><p>LANDMARK Knee Cemented PS CR</p><p>IM Nail - Antegrade &amp; Retrograde Femur</p></div>	<div><p>Revision Hip REDAPT Bi-body</p><p>AETOS Revision</p><p>LANDMARK Knee Revision System</p></div>
<div><p>CORI XT RI.Shoulder 1.0</p><p>CORI XT RI.Knee 3.x</p></div>	<div><p>CORI XT RI.HIP Robotics System Impactor 2.0</p><p>CORI XT Knee 4.0 CT</p></div>	<div><p>CORIOGRAPH Hip Revision</p><p>CORI XT 5.0 Knee Revision</p></div>
<div><p>TESSA ACL</p><p>Flow FLEXTEND</p></div>	<div><p>NextGENETEN</p><p>TESSA ACL 1.x</p></div>	<div><p>Next Gen Vis LUMOS 1.0</p><p>SHABLATOR</p><p>TESSA ACL 1.5</p></div>
<div><p>ENT LYNX Laryngeal</p></div>		<div><p>Next Gen Controller</p><p>AURA CIT Wand</p></div>
<div><p>PICO New Sizes</p><p>RENASYS Instil 1.0</p><p>RENASYS WOUND+</p><p>RENASYS Abdo Kit</p><p>NOVIX Cleanser</p><p>LEAF 3.0</p></div>	<div><p>RENASYS Instil 2.0</p><p>PICO Knee New Shape</p><p>LEAF 4.0</p></div>	<div><p>Next Gen ALLEVYN Gentle Border</p><p>Antimicrobial Scaffold</p><p>Next Gen PICO</p></div>

\* pending appropriate Regulatory clearance in defined jurisdictions



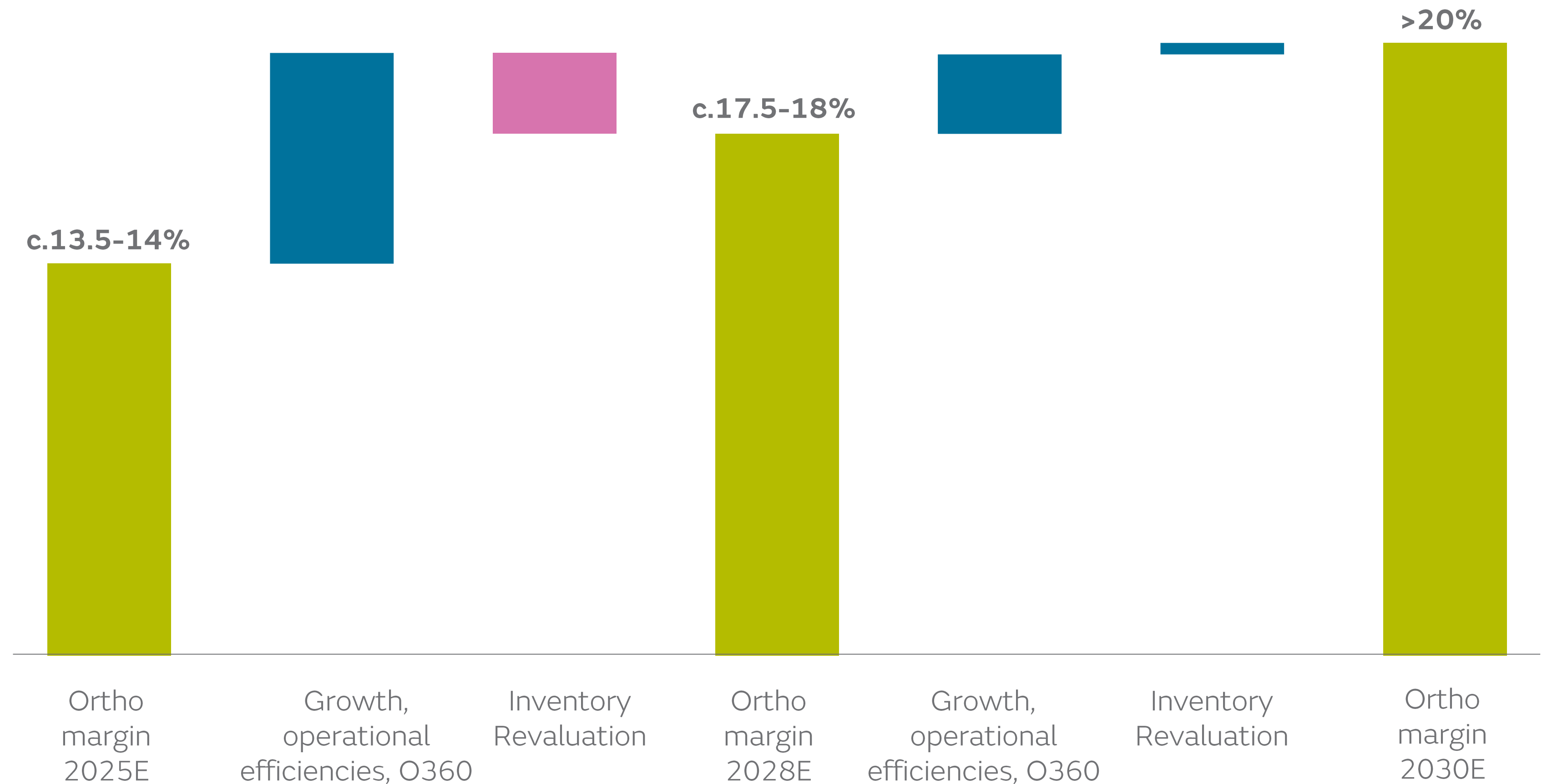
# Orthopaedics to be main driver of trading profit growth

**300-  
400bps**

Ortho margin  
improvement through  
2028

**750-  
850bps**

Ortho ROIC<sup>1</sup>  
improvement through  
2028



# Our capital allocation framework

## 1. Invest

- Innovation to drive a step-up in organic growth

## 4. Return

- Surplus capital to shareholders
- \$500m share buyback in 2025

## 2. Acquire

- New technologies and expand in high growth segments with strong strategic fit that meet our financial criteria
- Accretive to group revenue growth
- NPV positive

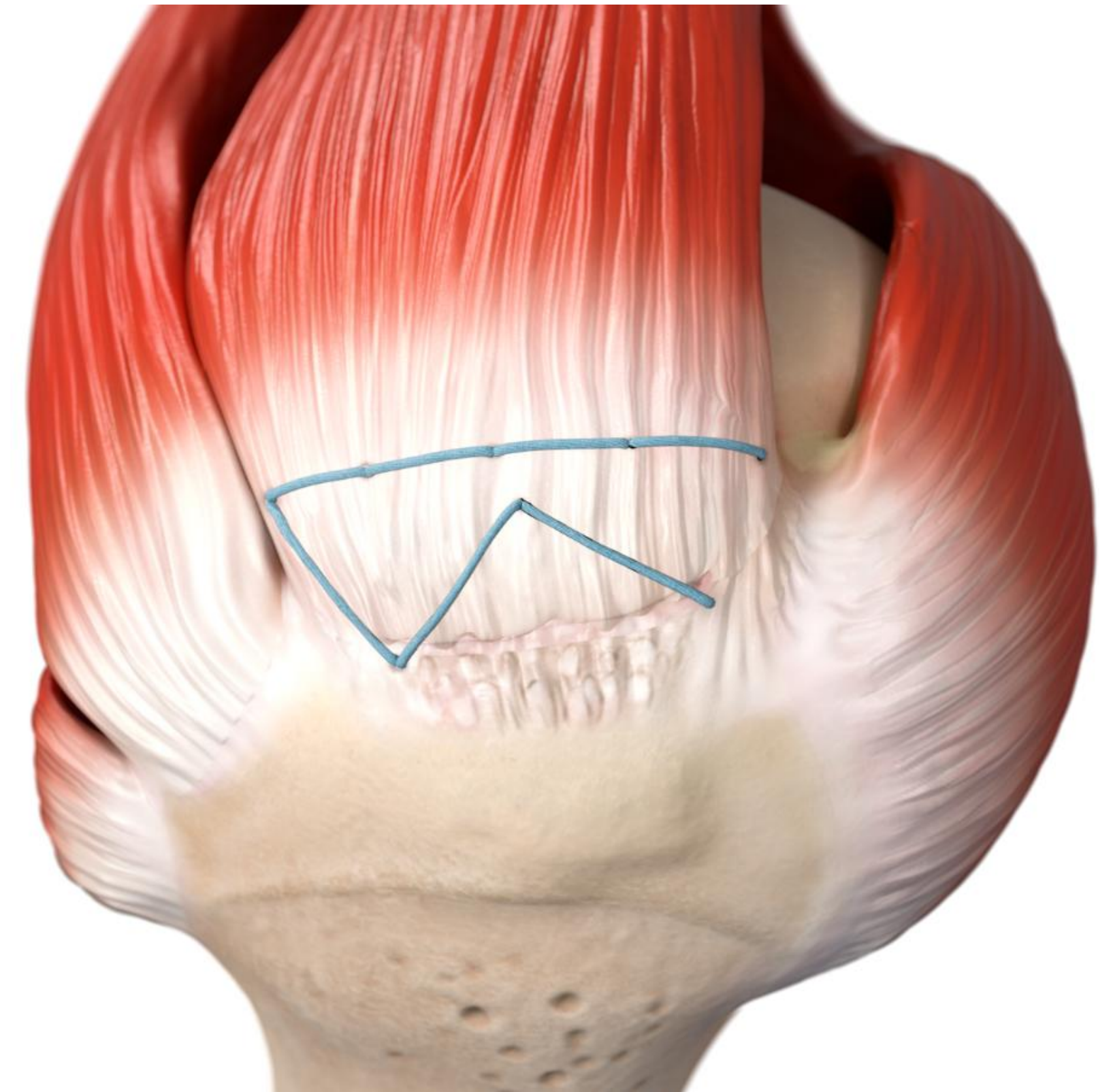
## 3. Maintain

- Optimal balance sheet position
- Investment grade credit ratings
- Target leverage ratio of around 2x
- Willing to accept higher leverage for acquisitions, returning to target within 18-24 months
- Dividend: Progressive with a payout ratio of around 35% - 40%



# Overview of Integrity Orthopaedics transaction

- + Agreement to acquire for an initial cash payment of \$225m, plus additional performance-based payments of up to \$225m
- + US-based early-stage commercial developer of Tendon Seam™, an innovative rotator cuff repair (RCR) system designed to significantly reduce re-tear rates and improve patient outcomes
- + RCR is an estimated \$875m<sup>1</sup> market, with 500,000 procedures performed annually in the US
- + Strengthens Smith & Nephew's extensive shoulder offering to provide surgeons with one of the broadest, most advanced portfolios for managing shoulder pathology
- + Expected to be accretive to Group trading profit margin by 2028
- + Financed from existing cash and debt facilities





# On track to meet 2025 guidance, narrowed margin range and raised FCF

**c.5%**

revenue growth



**$\geq 19.5\%$**

trading margin



**c.\$800m**

FCF



**$> 9\%$**

Increased ROIC<sup>1</sup>  
(above WACC)



# Provisional 2026 guidance

**c.6%**  
revenue growth



**Profit growth  
ahead of revenue  
growth**



**c.\$800m**  
FCF

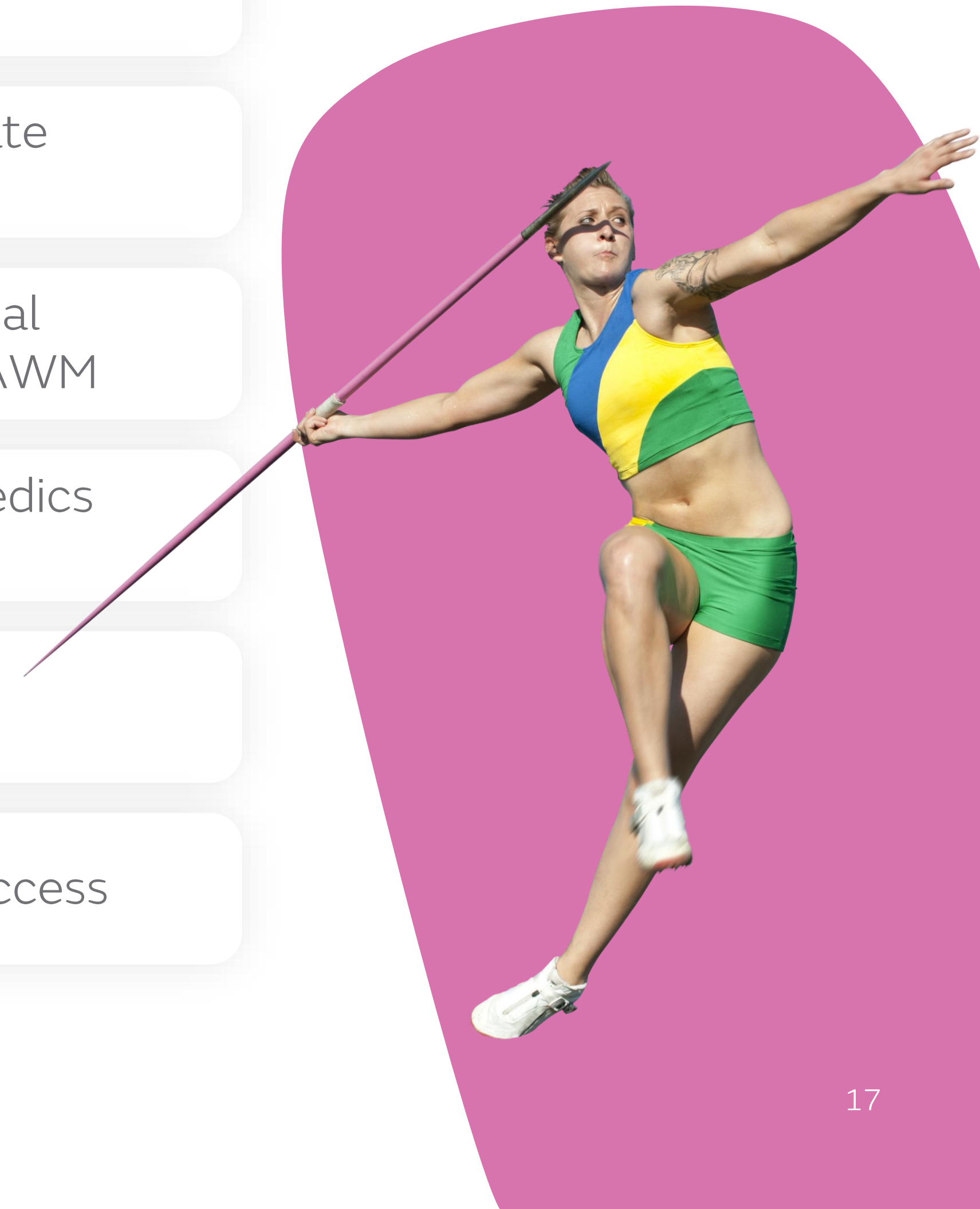


**>10%**  
ROIC



# Key messages

- + 12-Point Plan has delivered and provides a strong foundation for future
- + Ambitious new RISE strategy to reach 5m more patients in 2028 will accelerate growth and improve returns
- + Innovation, with step up in R&D for SPM<sup>1</sup> and AWM<sup>2</sup>, and improved commercial execution, will drive revenue growth moving us to market leader in SPM and AWM
- + Positive actions taken to normalise supply and right-size capacity in Orthopaedics sets us on a clear path to 20% margin in that business unit by 2030
- + Continued focus on group wide productivity and further operational efficiencies will deliver trading profit growth
- + Strong cash generation provides optionality for strategic M&A to reinforce success







**Smith+Nephew**