

## First Quarter 2024

1 May 2024



# 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, 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 First Quarter 2024 Results announcement dated 1 May 2024.

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- + Revenue growth of 2.9%, in line with 2024 phasing communicated at FY 2023 results**
- + Mid-single-digit growth in Orthopaedics and Sports Medicine & ENT, partially offset by expected negative growth in Advanced Wound Bioactives**
- + Full-year guidance maintained**

# Q1 2024 Revenue Performance



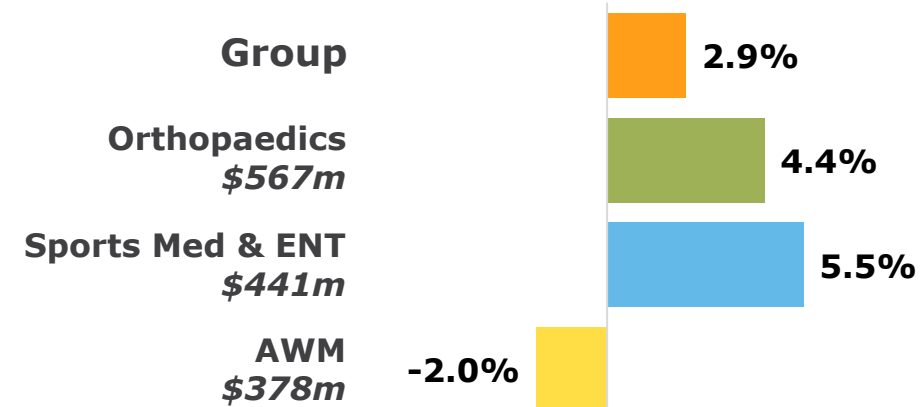
# Q1 2024 summary revenue performance



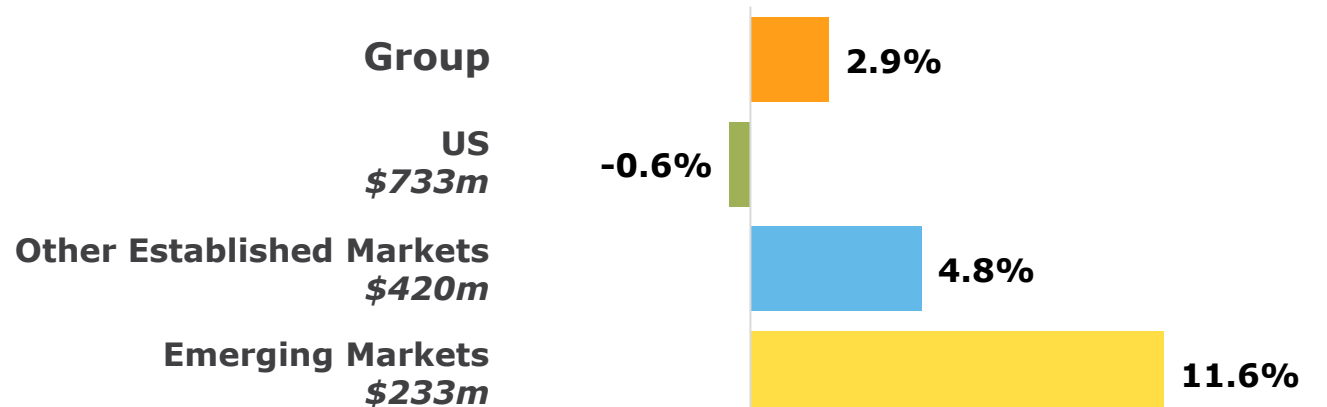
## Total revenues of \$1,386m

- Underlying revenue growth **+2.9%**, **+2.2%** reported
- 70 bps headwind from FX on reported growth
- One less trading day, representing approx. **1.5%** headwind in the quarter

## Growth by Business Unit\*



## Growth by Region\*



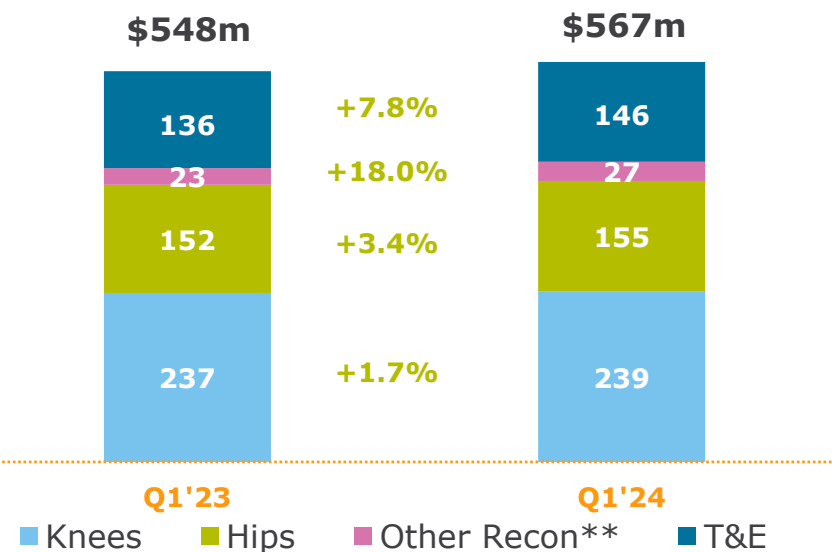
\*Growth rates are versus Q1 2023. Business Unit and Regional growth figures are on an underlying basis and without adjustments for number of selling days

# Orthopaedics



Strong growth in T&E, OUS Knees and Hips and Other Recon, partially offset by US Knees and Hips

Revenue of \$567m:  
+4.4% underlying\*  
+3.6% reported



## Q1 sales factors

- Global Knees and Hips +1.7% and 3.4%:
  - OUS Knees and Hips +10.9% and +10.1%, benefiting from improved product supply and good commercial execution following implementation of 12-Point Plan
  - US Knees and Hips -5.0% and -1.9%. Product supply issues resolved, focus on sharper commercial execution
- Other Reconstruction +18.0%, reflecting good growth in Robotics
- Trauma & Extremities +7.8%:
  - Strong growth in EVOS<sup>◇</sup> plating system
  - Full US commercial launch of AETOS<sup>◇</sup> Shoulder, strong pipeline of opportunities

## Near-term growth drivers

- Flow through of 12-Point Plan improvements in US Recon
- Further CORI and AETOS Shoulder expansion

\* Growth rates are versus Q1 2023

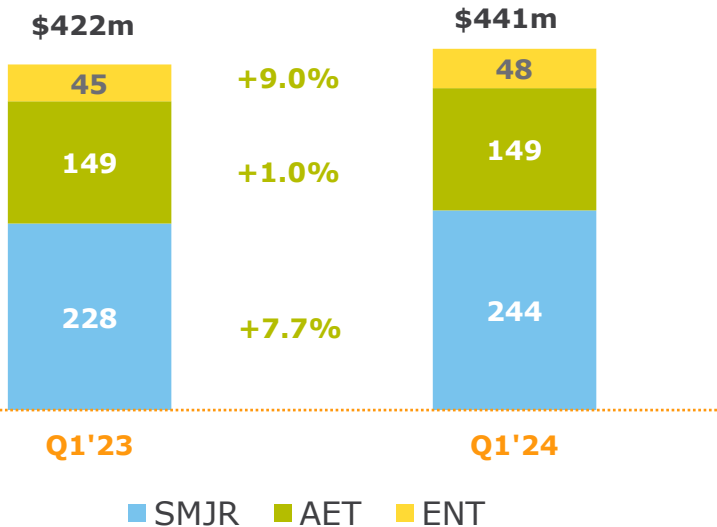
\*\* Other Recon includes robotics capital sales, joint navigation and bone cement

# Sports Medicine & ENT

Robust Joint Repair growth: prior-year product launches and REGENETEN<sup>◇</sup> market penetration



Revenue of \$441m:  
+5.5% underlying\*  
+4.5% reported



## Q1 sales factors

- Robust performance from Sports Medicine Joint Repair, +7.7%:
  - Growth in Knee Repair aided by prior-year product launches
  - Strong global growth in REGENETEN following increased market penetration
  - Continued China headwind, VBP implementation from Q2
- AET +1.0%: good growth in COBLATION resection and patient positioning, offset by softness in video capital sales due to third-party supply issues now resolved
- ENT revenue +9.0% in Q1, led by tonsil and adenoid business; more normalised procedure volumes

## Near-term growth drivers

- Further market penetration of REGENETEN and product expansion to foot and ankle
- Integration of CartiHeal on track, commercialisation plans and sales rep training underway
- Full commercial launch of ARIS<sup>◇</sup> COBLATION<sup>◇</sup> Turbinate Reduction Wand, building on early launches in US and ANZ

\* Growth rates are versus Q1 2023

# Advanced Wound Management

Good growth in AWD offset by negative growth in AWB



Revenue of \$378m:

-2.0% underlying\*

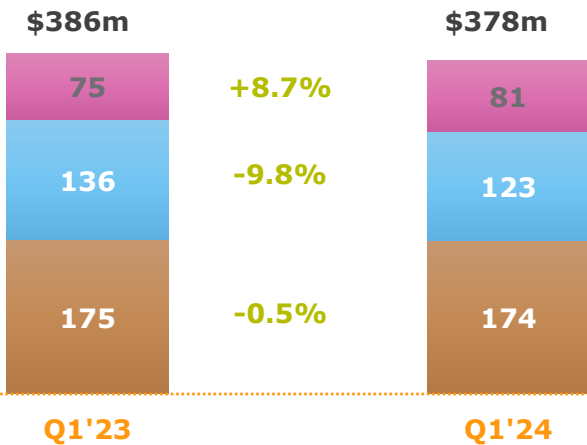
-2.3% reported

## Q1 sales factors

- Advanced Wound Care -0.5%:
  - Mid-single-digit growth from core foams and infection management segments
  - Offset by negative growth in skin care and films
- Advanced Wound Bioactives -9.8%:
  - Impacted by expected quarterly volatility in SANTYL and strong prior-year comparatives
- Advanced Wound Devices +8.7%, led by PICO<sup>◇</sup> single-use Negative Pressure Wound Therapy (NPWT) system

## Near-term growth drivers

- Full US roll out of next-generation NPWT device RENASYS EDGE<sup>◇</sup>



■ AWC ■ AWB ■ AWD

\* Growth rates are versus Q1 2023



# Outlook

Full year guidance unchanged



## + Underlying revenue growth of 5.0% - 6.0%

- Orthopaedics improvement from better execution in US Recon and rollout of key product launches
- Continued strong performance in Sports Medicine (ex-China, headwind from Sports VBP) and recovery in AWM

## + Trading margin of at least 18.0%

- Margin expansion driven by continued operating leverage and productivity under 12-Point Plan
- Headwind of around 70bps expected from Sports VBP unchanged from previous guidance

## + Phasing considerations for 2024:

- **Revenue:** one more trading day in Q2, Q3 unchanged year on year, 2 more trading days in Q4 to give 2 extra days for the year
- **Margins:** as in prior years, trading margin expected to be higher in H2 than H1, although with less marked step up than in 2023. For H1, expected range of 75 bps to 125 bps increase on H1 2023

# Update on 12-Point Plan



# Driving sharper commercial execution in Orthopaedics



OUS Hips and Knees delivering market outperformance, US Hips and Knees operational improvements yet to translate into financial performance

## Focus areas

## Progress

### + Leadership

- New leadership, proven US commercial execution experience

### + Supply issues

- Implants: good supply, availability and deployment
- Sets: continued improvement in capital availability and deployment; time lag to full utilisation
- S&OP process embedded across the Group, matching manufacturing production & supply with demand
- Manufacturing optimisation programme on track

### + Commercial team

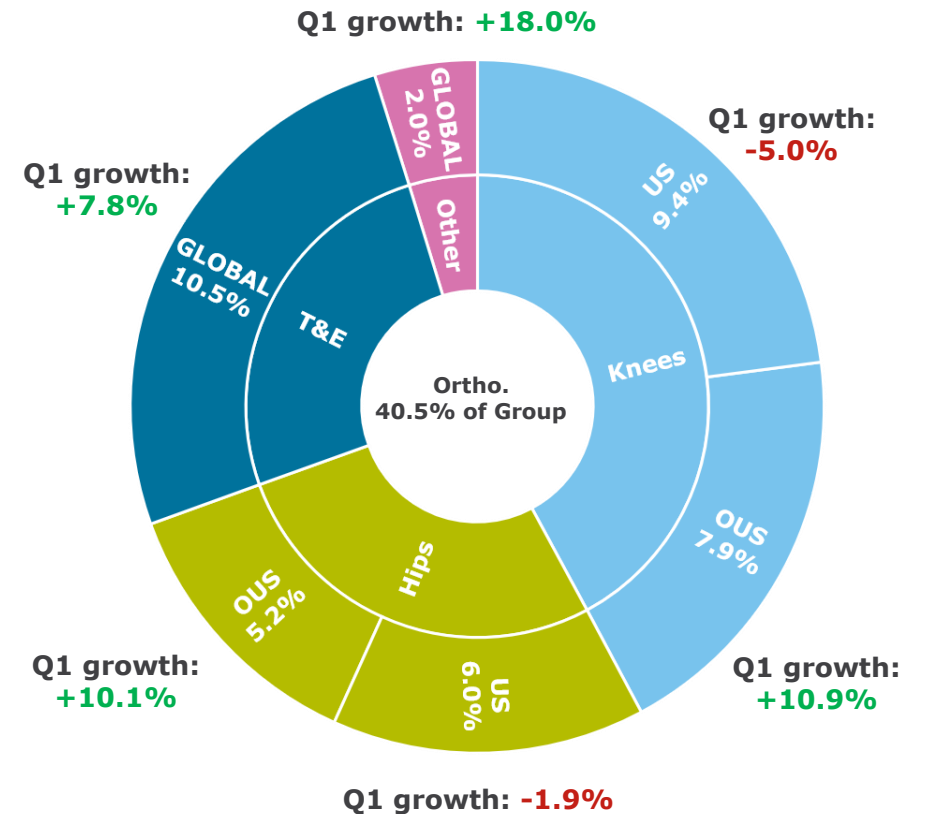
- Strengthening commercial team to cover gaps in territory
- Growth-oriented compensation plan rolled out
- Customer satisfaction surveys demonstrating quarterly sequential improvements

### + Product development

- Enhanced CORI functionality
- New product cadence:
  - Robotics:** CORI CORIOGRAPH<sup>◇</sup> Pre-op Planning
  - Recon:** CATALYST<sup>◇</sup> Stem implant
  - Trauma:** LEOS cannulated screws, AETOS<sup>◇</sup> Stemless, Ankle PSI<sup>◇</sup>

## Financial outcomes

Orthopaedics segmental share as % of total Group revenue and Q1 revenue growth



Numbers in circle, % share as part of Group revenue  
Numbers outside circle, % revenue growth in Q1 2024

# Further progress on 12-Point Plan in Q1

Further improvements in Q1 – overall plan on track

## Fixing Orthopaedics

Initiatives 1-5

Rewire Orthopaedics commercial delivery

1 initiative

Win market share with our technology

3 initiatives

Streamline our recon portfolio

1 initiative

## Improving productivity

Initiatives 6-10

Improve value and cash processes

2 initiatives

Optimise procurement

1 initiative

Manufacturing optimisation

2 initiatives

## Accelerating Sports & AWM

Initiatives 11-12

Scale Negative Pressure Wound Therapy

1 initiative

Drive cross-selling in ASCs

1 initiative

## Delivery at end March 2024

- Above-target implant supply performance
- Sets supply improving
- Set asset utilisation on target
- Continued AETOS launch on track
- US Recon lagging peers
- Improved manufacturing conversion costs; footprint optimisation on track
- Better price discipline and controls across portfolio
- Acceleration in procurement savings
- Launch of RENASYS EDGE
- Accelerated pace of cross-business unit deals in ASCs

# Product and commercial developments

Continued cadence of new product launches and clinical evidence contributing to growth



## Recent product launches



### New CORI features at AAOS 2024

- + Showcased RI.KNEE ROBOTICS 2.0 – personalised knee planning software powered by AI



### Launch of RENASYS EDGE Negative Pressure Wound Therapy System in the US

- + Patient-centric, lightweight and compact option for treating chronic wounds

## New evidence for existing platforms



### NICE review of PICO Single Use Negative Pressure Wound Therapy System (sNPWT)

- + Confirming guidance that PICO sNPWT provides better clinical outcomes than standard dressings in patients at high risk of surgical site infections



### New evidence supporting ALLEVYN<sup>◇</sup> LIFE Foam Dressing's role in pressure injury prevention

## Adding the next wave of innovative devices



### Foot and Ankle Sports Medicine portfolio refresh

- + Solutions suite for treatment of soft-tissue F&A conditions, ankle instability, Achilles Tendon ruptures



### CATALYST Hip Stem System

- + Short stem implant, designed to address the popular direct anterior approach hip replacement
- + Designed to simplify procedure and workflow planning and surgery in all primary hip surgical approaches

## Sports Medicine sponsorships

### Partnership with UFC



- + Smith+Nephew named as Preferred Sports Medicine Technology Partner of UFC – the world's premier mixed martial arts organisation
- + Multi-year partnership, benefiting from UFC's global presence to promote the repair, regeneration and recovery of sports medicine injuries

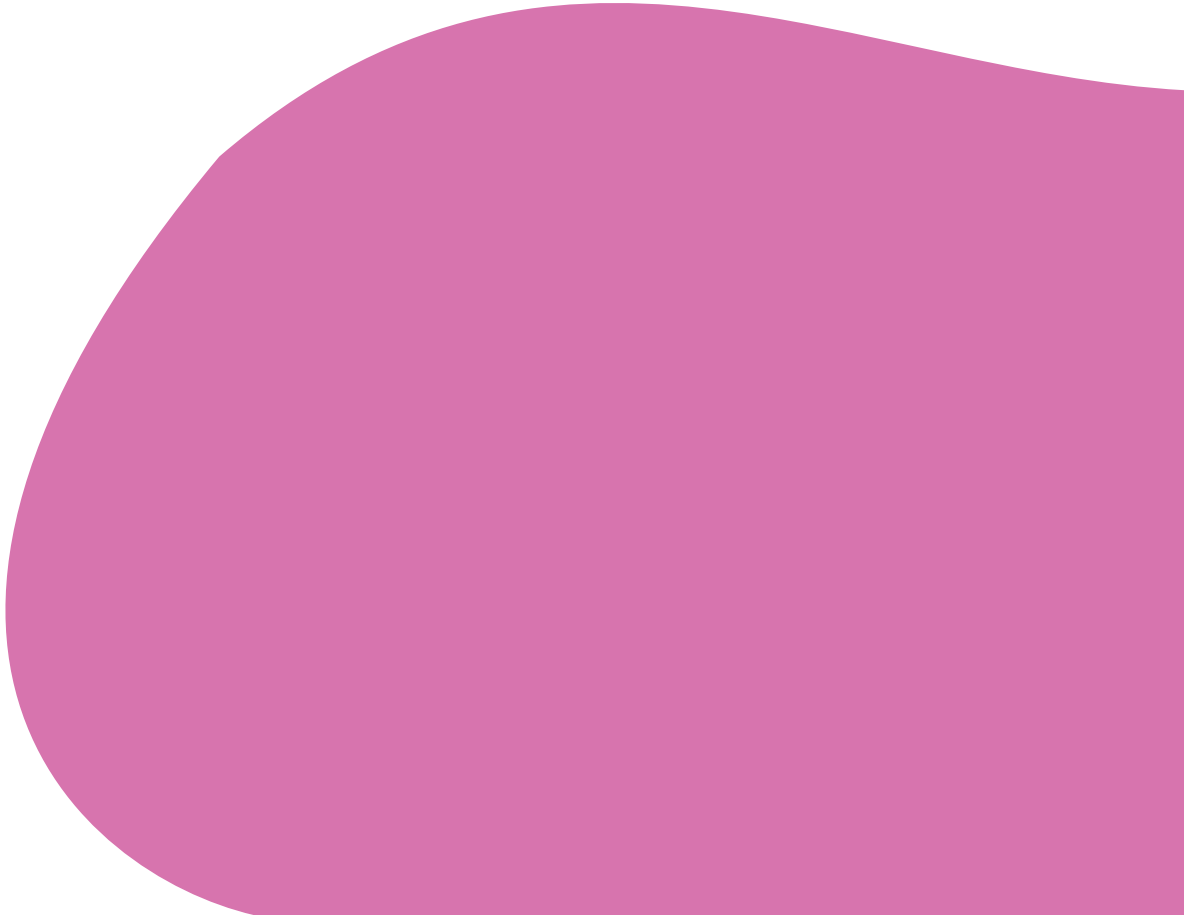
### Wimbledon sponsorship



- + Smith+Nephew sponsoring players at The Championships, Wimbledon
- + Includes logo placement at some of the biggest matches, social media from players and image rights

- + Revenue growth of 2.9%, in line with 2024 phasing communicated at FY2023 results**
- + Mid-single-digit growth in Orthopaedics and Sports Medicine & ENT, partially offset by expected negative growth in Advanced Wound Bioactives**
- + Full-year guidance maintained**

# Appendices



# Technical guidance for FY 2024



	March 2024	
<b>Foreign exchange and acquisitions</b>		
Translational FX impact on revenue growth <sup>(1)</sup>	c.(0.7)%	
Acquisition impact on revenue growth	-	
<b>Non-trading items</b>		
Restructuring costs	c. \$95-100m	
Acquisition and integration	\$5-10m	
European Medical Device Regulation (MDR) compliance costs	\$10-15m	
<b>Other</b>	<b>Adjusted</b>	<b>Reported</b>
Amortisation of acquisition intangibles	\$170-175m	\$170-175m
Income/(loss) from associates <sup>(2)</sup>	\$5-10m	\$(10-15)m
Net interest <sup>(3)</sup>	c. \$125m	c. \$125m
Other finance costs	\$5-10m	\$10-15m
Tax rate on trading result	19-20%	

- (1) Based on the foreign exchange rates prevailing on 26 April 2024  
 (2) Based on Bioventus management guidance issued on 12 March 2024  
 (3) Includes interest associated with IFRS 16 Leases



# Revenue analysis by business unit



	2023					2024	
	Q1 Growth %	Q2 Growth %	Q3 Growth %	Q4 Growth %	Full Year Growth %	Q1 Growth %	Q1 Revenue \$m
<b>Orthopaedics</b>	<b>3.9</b>	<b>5.8</b>	<b>8.3</b>	<b>4.9</b>	<b>5.7</b>	<b>4.4</b>	<b>567</b>
Knee Implants	5.0	7.8	5.7	3.6	5.5	1.7	239
Hip Implants	4.6	3.4	3.5	3.6	3.8	3.4	155
Other Reconstruction	19.7	21.0	58.5	19.0	28.0	18.0	27
Trauma & Extremities	(0.8)	2.5	10.4	5.8	4.4	7.8	146
<b>Sports Medicine &amp; ENT</b>	<b>10.0</b>	<b>12.0</b>	<b>11.1</b>	<b>7.1</b>	<b>10.0</b>	<b>5.5</b>	<b>441</b>
Sports Medicine Joint Repair	7.3	12.5	11.3	8.8	9.9	7.7	244
Arthroscopic Enabling Technologies	9.1	4.6	1.7	3.7	4.7	1.0	149
ENT	30.8	38.9	40.2	10.7	29.8	9.0	48
<b>Advanced Wound Management</b>	<b>7.9</b>	<b>6.2</b>	<b>3.6</b>	<b>7.8</b>	<b>6.4</b>	<b>(2.0)</b>	<b>378</b>
Advanced Wound Care	1.0	2.7	3.2	1.4	2.1	(0.5)	174
Advanced Wound Bioactives	15.2	3.1	(4.8)	12.5	6.2	(9.8)	123
Advanced Wound Devices	12.9	21.4	21.3	14.9	17.6	8.7	81
<b>Total</b>	<b>6.9</b>	<b>7.8</b>	<b>7.7</b>	<b>6.4</b>	<b>7.2</b>	<b>2.9</b>	<b>1,386</b>

All revenue growth rates are on an underlying basis and without adjustment for number of selling days.

# Revenue analysis by region



	2023					2024	
	Q1 Growth %	Q2 Growth %	Q3 Growth %	Q4 Growth %	Full Year Growth %	Q1 Growth %	Q1 Revenue \$m
US	11.8	6.3	7.2	6.2	7.8	(0.6)	733
Other Established Markets <sup>(1)</sup>	7.0	8.5	7.8	6.1	7.3	4.8	420
<b>Established Markets</b>	<b>10.0</b>	<b>7.1</b>	<b>7.4</b>	<b>6.2</b>	<b>7.6</b>	<b>1.3</b>	<b>1,153</b>
Emerging Markets	(7.3)	11.0	9.2	7.6	5.1	11.6	233
<b>Total</b>	<b>6.9</b>	<b>7.8</b>	<b>7.7</b>	<b>6.4</b>	<b>7.2</b>	<b>2.9</b>	<b>1,386</b>

(1) Other Established Markets are Australia, Canada, Europe, Japan and New Zealand.  
All revenue growth rates are on an underlying basis and without adjustment for number of selling days

# Q1 consolidated revenue analysis by business unit



	Q1 2024 \$m	Q1 2023 \$m	Reported growth %	Underlying growth %	Acquisitions/ disposals %	Currency impact %
<b>Orthopaedics</b>	<b>567</b>	<b>548</b>	<b>3.6</b>	<b>4.4</b>	-	<b>(0.8)</b>
Knee Implants	239	237	1.0	1.7	-	(0.7)
Hip Implants	155	152	2.1	3.4	-	(1.3)
Other Reconstruction	27	23	17.3	18.0	-	(0.7)
Trauma & Extremities	146	136	7.3	7.8	-	(0.5)
<b>Sports Medicine &amp; ENT</b>	<b>441</b>	<b>422</b>	<b>4.5</b>	<b>5.5</b>	-	<b>(1.0)</b>
Sports Medicine Joint Repair	244	228	6.8	7.7	-	(0.9)
Arthroscopic Enabling Technologies	149	149	0.0	1.0	-	(1.0)
ENT	48	45	7.9	9.0	-	(1.1)
<b>Advanced Wound Management</b>	<b>378</b>	<b>386</b>	<b>(2.3)</b>	<b>(2.0)</b>	-	<b>(0.3)</b>
Advanced Wound Care	174	175	(0.9)	(0.5)	-	(0.4)
Advanced Wound Bioactives	123	136	(9.7)	(9.8)	-	0.1
Advanced Wound Devices	81	75	8.1	8.7	-	(0.6)
<b>Total</b>	<b>1,386</b>	<b>1,356</b>	<b>2.2</b>	<b>2.9</b>	-	<b>(0.7)</b>

# Trading days per quarter

	Q1	Q2	Q3	Q4	Full year
2021	64	64	63	60	251
2022	64	63	63	60	250
2023	64	63	63	60	250
<b>2024</b>	<b>63</b>	<b>64</b>	<b>63</b>	<b>62</b>	<b>252</b>
2025	62	63	63	63	251