

Investor Presentation April – June 2023



Smith+Nephew

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: risks related to the impact of Covid, such as the depth and longevity of its impact, government actions and other restrictive measures taken in response, material delays and cancellations of elective procedures, reduced procedure capacity at medical facilities, restricted access for sales representatives to medical facilities, or our ability to execute business continuity plans as a result of Covid; economic and financial conditions in the markets we serve, especially those affecting healthcare providers, payers and customers (including, without limitation, as a result of Covid); 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 and financial compliance risks and related investigative, remedial or enforcement actions; disruption to our supply chain or operations or those of our suppliers (including, without limitation, as a result of Covid); 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; disruptions due to natural disasters, weather and climate change related events; changes in customer and other stakeholder sustainability expectations; changes in taxation regulations; effects of foreign exchange volatility; 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, which is available on the SEC's website at www.sec.gov, 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 Fourth Quarter and Full Year 2022 Results announcement dated 21 February 2023, and our First Quarter 2023 trading report dated 26 April 2023.

♦ Trademark of Smith+Nephew. Certain marks registered in US Patent and Trademark Office.



Our history

S+N

1856
Smith+Nephew
established

1856
Thomas James Smith
opened a chemist shop in Hull, UK and develops a new method for refining cod liver oil



1896
Horatio Nelson Smith
entered into a partnership with his uncle forming TJ Smith & Nephew



1914
Days after the outbreak of WW1, we received an order to provide surgical and field dressing supplies to French army within 5 months



**From 50
To 1200**

During WW1, staff grew from 50 to 1,200

1986
Key acquisitions of **Richards Medical Company** in Memphis, specialists in orthopaedic products and **DYONICS**, an arthroscopy specialists based in Andover



1953

We developed a special low-temperature plaster for the Everest climbers on the 1953 expedition. It enabled them to send back their camera films, sealed and airtight!. This same research led to the development of important industrial products

1937

We were listed on the London stock exchange



1928

We produced an experimental bandage **Elastoplast™**

1995

Acquired **Acufex Microsurgical Inc**, making us a market leader in arthroscopic surgical devices



1999

We were listed on the New York Stock Exchange and in 2001 became a constituent member of the UK FTSE-100 index



2001

OXINIUM®, a new material that improves performance and increases the service life of total joint replacement systems, first introduced



2014

Acquired **Arthrocare Corp.** to expand our sports medicine portfolio



2013

JOURNEY® II BCS sets a new standard in knee implant performance, designed to empower patients to return to an active lifestyle



2011

PICO®, the first pocket-sized, single-use system, revolutionizes the negative pressure wound therapy market



2019

Expanding in technologies of the future, investing in Orthopaedics, Biologics and Digital Surgery.

17,500+



2020

We are proud of what we do and value our 17,500 employees who make this possible

We exist to restore people's bodies and their self-belief by using technologies to take the limits off living. We call this purpose "LifeUnlimited"



Over 100

**Today
and growing**

Smith+Nephew₃

100

Smith+Nephew is a portfolio medical technology business that has been trading for over 160 years, and operates in more than 100 countries

FTSE 100

A constituent of the UK's FTSE 100, with ADRs traded on the New York Stock Exchange

Shares

S+N has a progressive dividend policy, and has paid a dividend every year since 1937

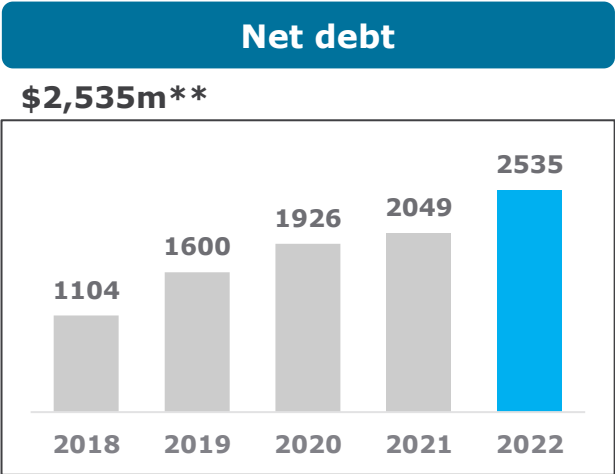
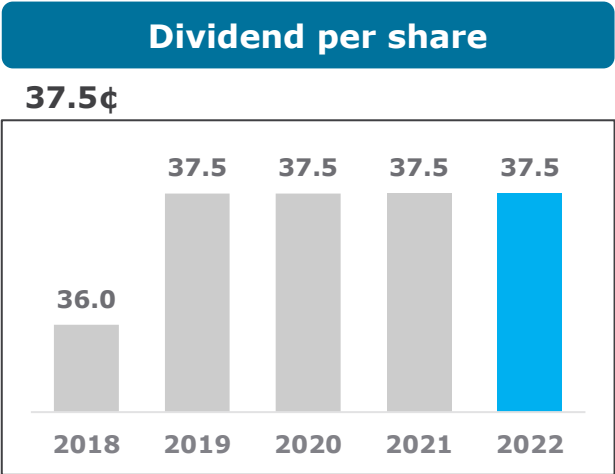
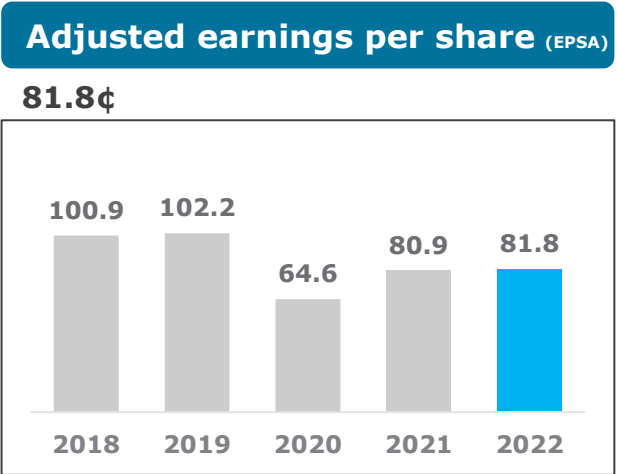
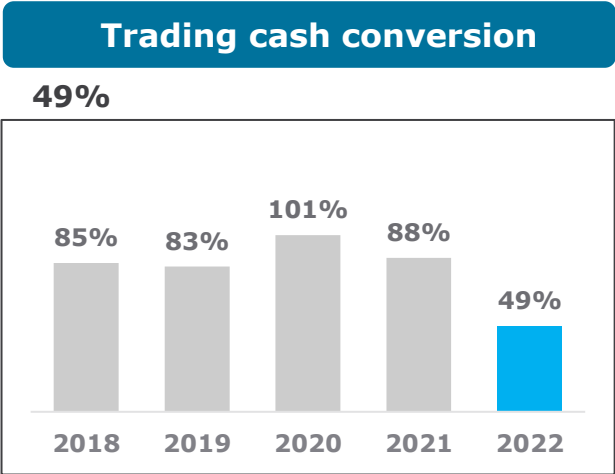
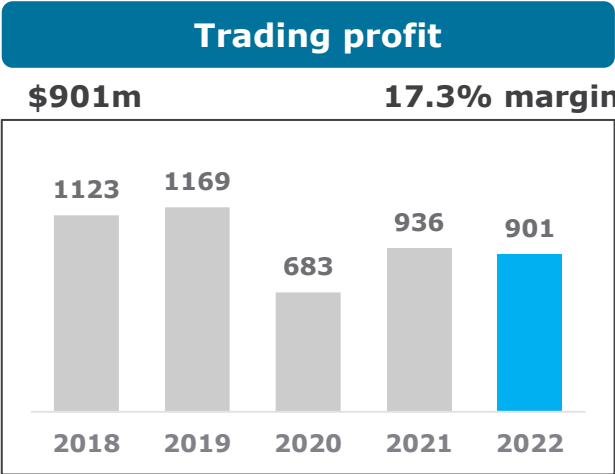
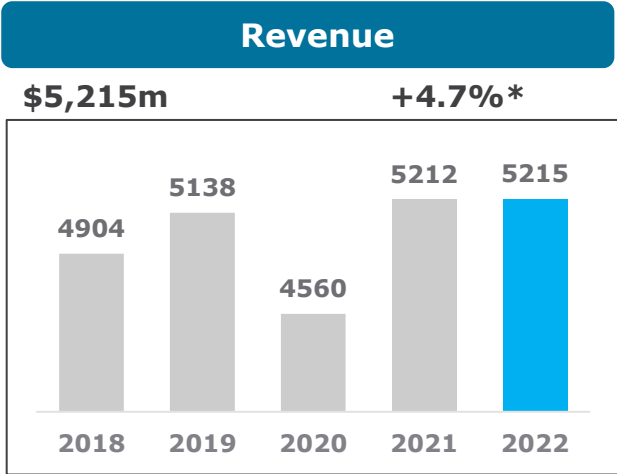
\$5.2bn

Annual sales in 2022 were \$5.2 billion

~19,000

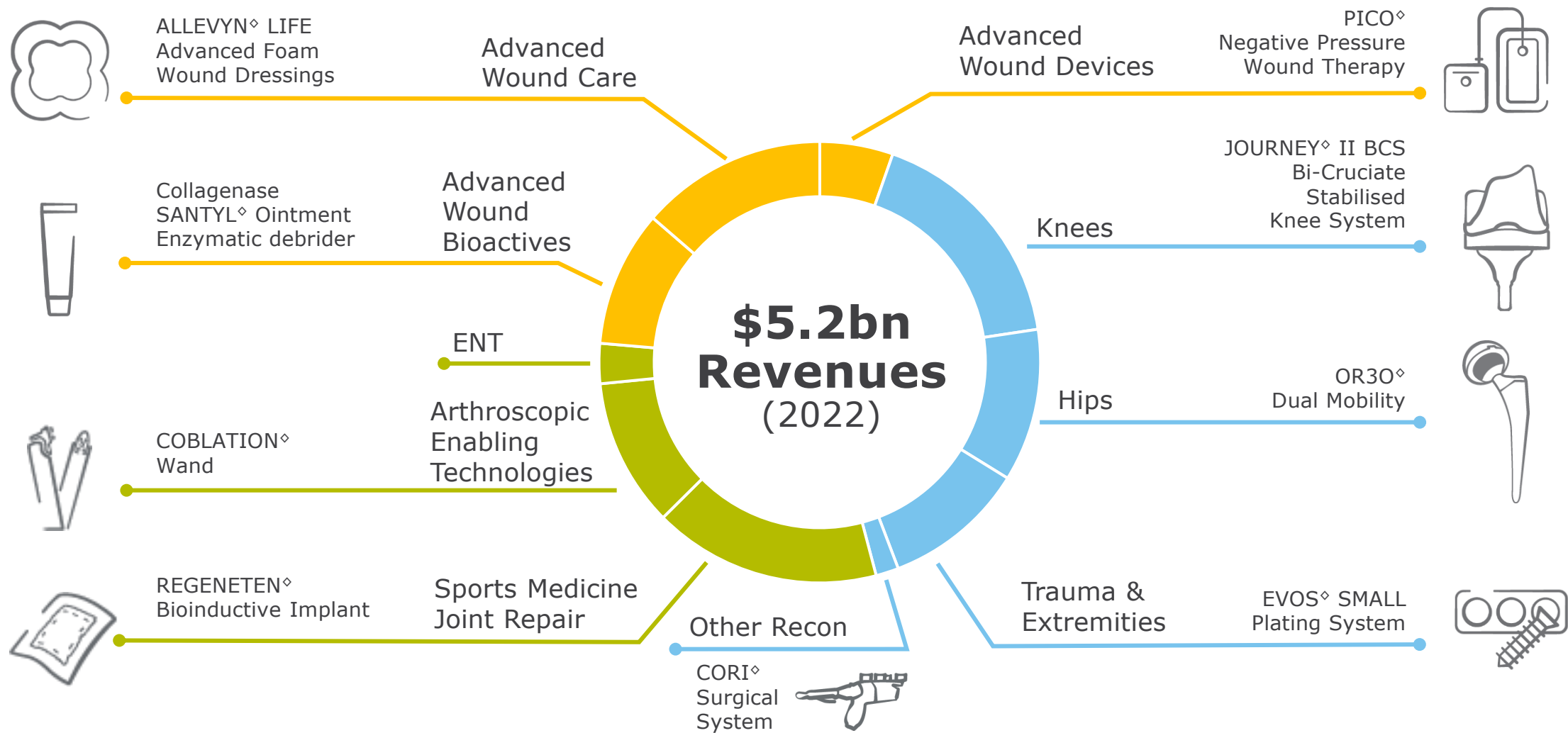
We have around 19,000 employees globally

Our performance



* Underlying growth percentage after adjusting for the effect of currency translation, acquisitions and disposals.
** 2020, 2021 and 2022 net debt includes lease liabilities.

A portfolio medical technology business



Leading positions in attractive markets

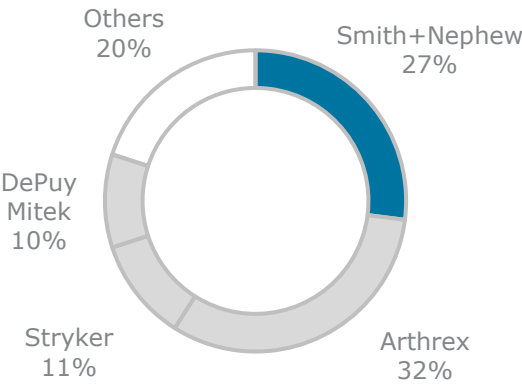


Sports Medicine

\$5.5bn

+4% 2022 growth rate

+5% 2017-19 average growth **+13%** 2020 growth



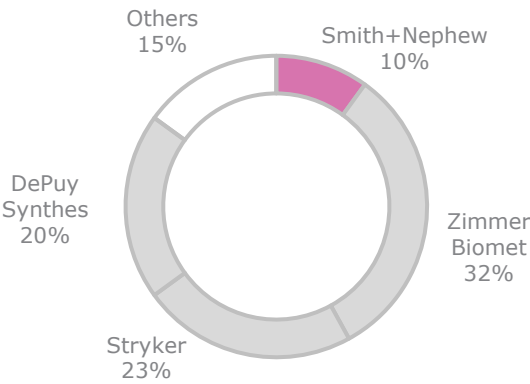
Orthopaedics

Hip and Knee Implants

\$14.7bn

+4% 2022 growth rate

+2% 2017-19 average growth **+11%** 2021 growth

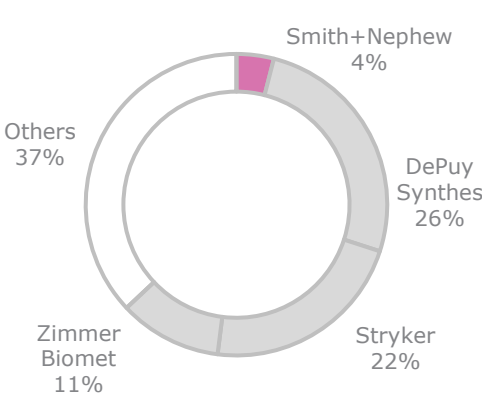


Trauma and Extremities

\$12.7bn

+3% 2022 growth rate

+5% 2017-19 average growth **+10%** 2021 growth

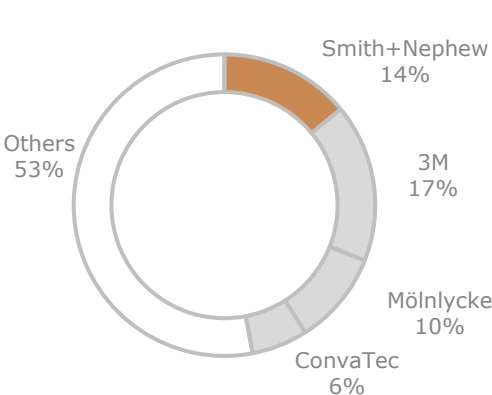


Advanced Wound Management

\$10.7bn

+4% 2022 growth rate

+5% 2017-19 average growth **+11%** 2021 growth



~4% Weighted Average Market Growth Rate*

*Weighted average based on 2017-19 growth rates
Market sizes and shares are 2022 estimates. These are generated by Smith+Nephew, based on publicly available sources and internal analysis, and represent an indication of market shares.

Solid long-term demand drivers intact



Prevalence

Growth in lifestyle related health conditions



Lifestyle

Higher levels of physical activity later in life



Demographics

More patients from better life expectancy



Emerging markets

Economic development driving healthcare access



Decentralised care

Shift to outpatient settings accelerated by COVID

The right to win across all three franchises

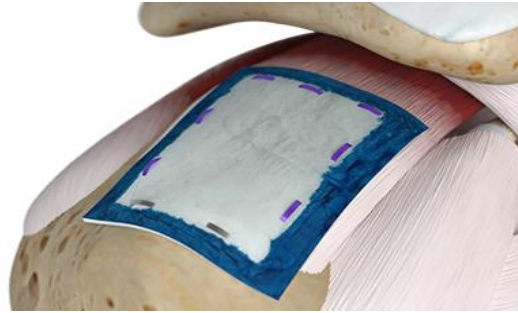


Orthopaedics



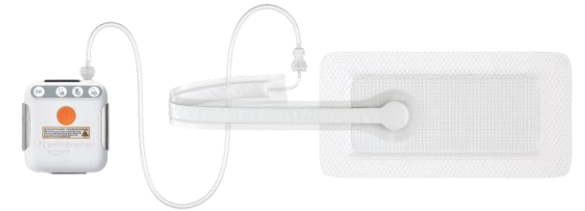
- + **Full range** across hips and knees, with unique cementless uni knee
- + **Differentiated implant technology**, e.g. JOURNEY[◇] II, OXINIUM[◇], OR30[◇], EVOS[◇]
- + **Robotic enabling technology**, CORI just at start of the planned functionality

Sports Medicine & ENT



- + **Complete offering** of Joint Repair, Tower, customer service
- + **Leadership positions**: across key Sports Medicine segments
- + **Scaleable synergies** with other areas, through CORI and ASCs

Advanced Wound Mgmt.

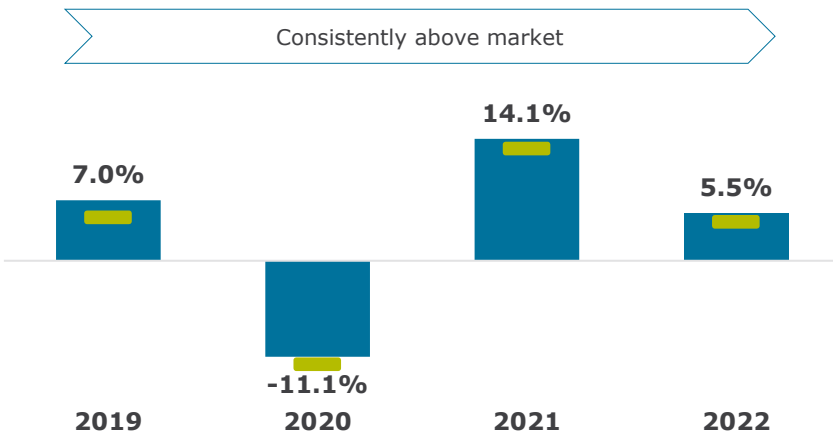


- + **Broadest portfolio of solutions** covering all key wound types
- + **Leading NPWT platform** with market expansion potential
- + **Strong evidence base**, distinguishing from value segment

Sports Medicine sustained by high cadence of innovation



Sports Medicine revenue growth*



◆ Market growth rate
* Representing repair products and arthroscopic enabling technologies, excluding ENT

Performance is based on sustainable, fundamental drivers:

- Precise, targeted approach to engagement from deep understanding of customers
- Consistent innovation across procedures and capital, new segment development in Biologics
- Successful integration of acquired assets e.g. REGENETEN

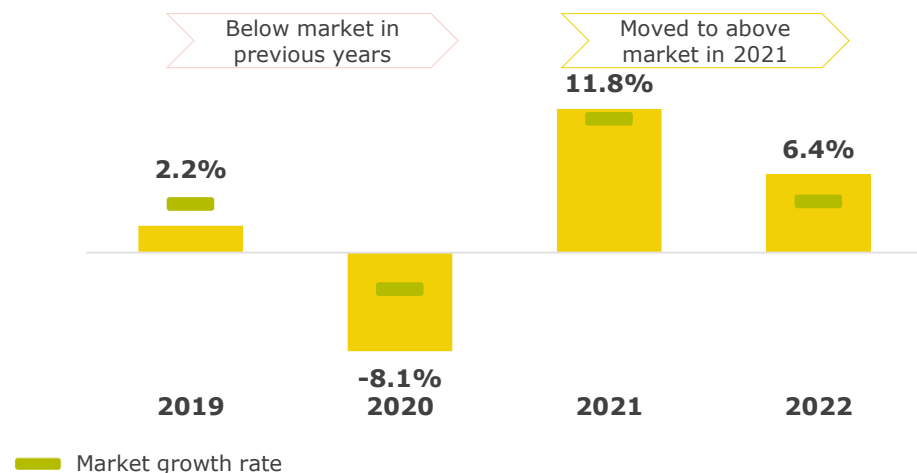
High cadence of new products across categories*:

Rotator cuff repair:		HEALICOIL [◇] KNOTLESS Suture Anchor
Meniscal repair:		FAST-FIX [◇] FLEX Meniscal Repair System
Knee ligament reconstruction:		ULTRABUTTON [◇] Adjustable fixation device
Biologics:		REGENETEN Bioinductive Implant <i>Expanded indications</i>
Tower and adjacencies:		WEREWOLF [◇] FASTSEAL 6.0 Hemostasis Wand

* All innovation launches coming after completing relevant regulatory review, clearance and approval processes

Step up from AWM already in place

AWM performance has stepped up since 2019



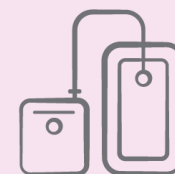
Performance is based on sustainable, fundamental drivers:

- Focus on portfolio breadth and evidence-based selling
- Leading position in high-growth NPWT category
- Improved portfolio mix, with skin substitutes driving higher bioactives growth

Further acceleration potential in NPWT:



- **c.\$1.7bn traditional NPWT market**, S+N share <10%
- **New opportunity to win with RENASYS EDGE**
- **510(K) clearance achieved**; preparing for launch



- Opportunity to expand **c.\$250m single use segment**, from PICO's #1 position
- **Potential to multiply current market size**, through increasing use on surgical incisions

12-point plan addressing the remaining challenges



Fixing Orthopaedics

Initiatives 1-5

Rewire Orthopaedics commercial delivery

- Rebuild demand planning process
- Improve asset utilisation
- Strengthen last-mile logistics

1 initiative

Win market share with our technology

- Expansion of CORI base and use
- Accelerate trauma through EVOS
- Launch of AETOS[®] shoulder

3 initiatives

Streamline our recon portfolio

- Sales focus on key brands
- Reduce number of implant systems in each category

1 initiative

Improving productivity

Initiatives 6-10

Improve value and cash processes

- Standardised order-to-cash process excellence
- Implementing company-wide product pricing process

2 initiatives

Optimise procurement

- More consistent purchase price management across company
- Building greater supply resilience

1 initiative

Manufacturing optimisation

- Driving lean across operations
- Further review of manufacturing network

2 initiatives

Accelerating Sports & AWM

Initiatives 11-12

Scale Negative Pressure Wound Therapy

- Drive competitive conversions in traditional NPWT
- Expand single use market globally

1 initiative

Drive cross-selling in ASCs

- Pursue cross-franchise deals with improved coordination, incentives and planning

1 initiative

YTD actions and progress

Fixing Orthopaedics

- Strengthening last mile logistics:**
 - **40%** improvement in Kit Cycle Time*
 - **>50%** reduction in sets not ready for surgery
- Improving sales force delivery:**
 - Embedding digital management platform
 - **Q1 launch** of new incentive structures
- Further development of CORI:**
 - Launch of CORI **Digital Tensioner**
 - **c.20%** of S+N US Knees now implanted with robotics

Improving productivity

- Cost actions:**
 - **Finalised associated costs** of manufacturing network and go-to-market optimisation workstream

* Kit Cycle Time refers to the time taken to process a set post-surgery and make it available for another procedure.



Mid-term

- + Consistent 5%+ underlying revenue growth**
 - Above historic levels from execution of 12 point plan, and return on higher innovation investments

- + Trading margin of at least 20% in 2025**
 - Improvements expected each year
 - Non-linear route, due to greater headwinds in 2023, and greater productivity gains in 2025

- + Beyond 2025:** Smith+Nephew fundamentally changed

Maintaining high cadence of launches in 2023



Robotics:

CORI Digital Tensioner

- **Adds differentiation to CORI** as only ligament tensioning device that can take measurements **before bone resection**
- Clinical case series showed **64% reduction in variability of tensioning** compared to manual techniques
- **First commercial procedure performed in Q1**



Sports Medicine:

New devices for ACL reconstruction

- **>350k US ACL** procedures expected in 2023, growing at **5.7% CAGR**
- Procedural solution expanding S+N's ability to **meet surgeon graft preferences**
- **Supports increasing popularity of quad tendon grafts**, and expands family of ULTRABUTTON[®] devices

Cost actions to deliver mid-term targets



- Series of cost levers over three years, across manufacturing, S&M, and G&A
- More than \$200m in annual savings targeted by 2025
- Around half of reduction to be delivered in final year, as fixed cost and network savings build

	Proportion of savings	Actions
COGS and Manufacturing levers	c. 50%	<ul style="list-style-type: none">• Driving lean across operations• Further network optimisation• Direct procurement savings
S&M and Markets levers	c. 40%	<ul style="list-style-type: none">• Commercial organisation savings• Selective exits from low-return markets
Corporate and G&A levers	c. 10%	<ul style="list-style-type: none">• Indirect and W&D procurement savings• G&A cost reductions

Around \$275m of one-time restructuring costs expected, of which c.50% in 2023

Q1 2023 Revenue



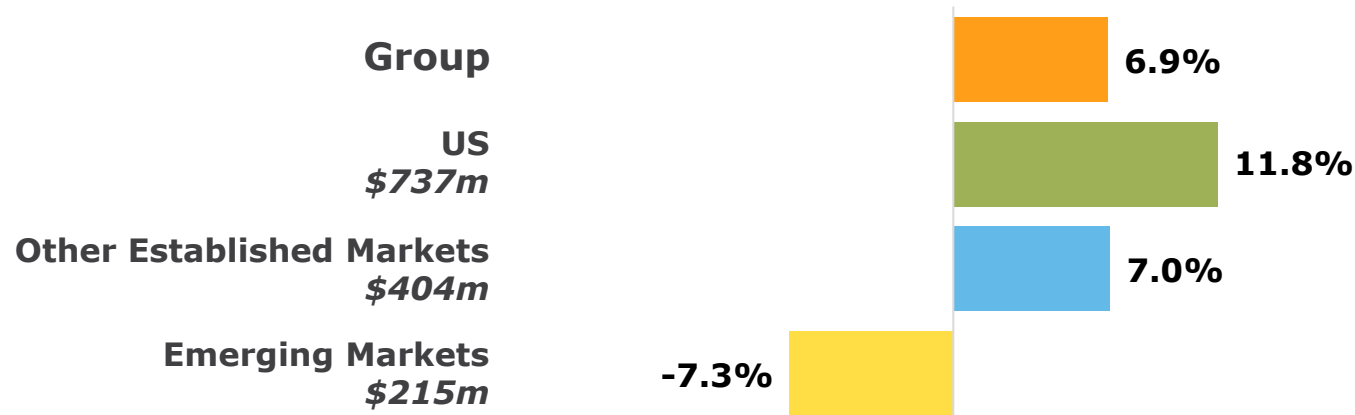
Q1 2023: Strong growth across Established Markets

\$1,356m, +6.9% underlying*
+3.8% reported

Franchise growth

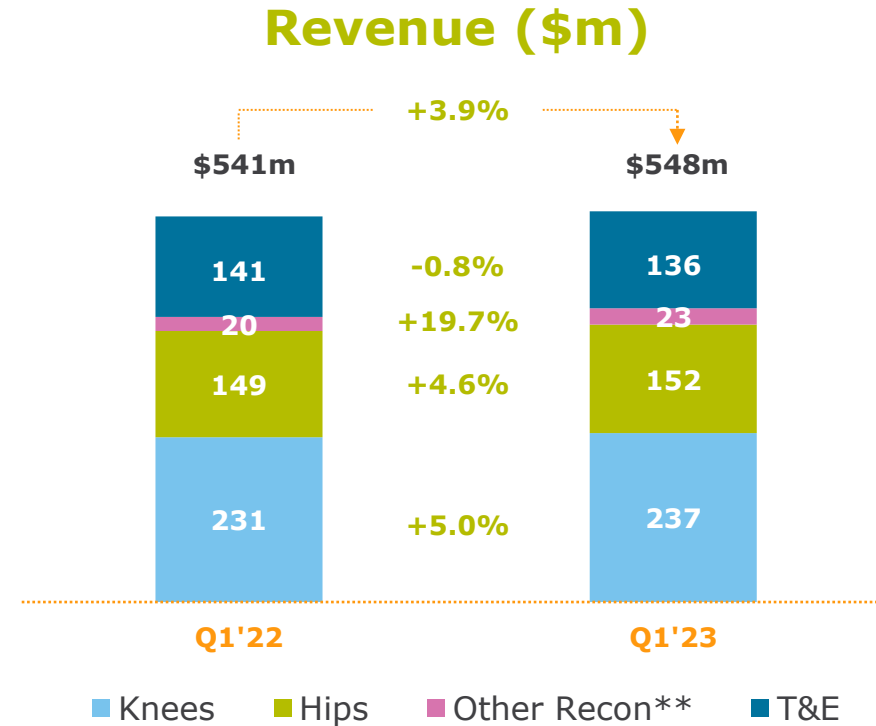


Geographical growth



Orthopaedics

\$548m: +3.9% underlying*,
+1.3% reported



Knees: US +10.1%, OUS -1.5%

Hips: US +8.5%, OUS +0.1%

Q1 sales factors

- Ongoing Knees & Hips VBP headwind, stronger volumes in Established Markets (*Excl. China: Knees +11.9%, Hips +10.2%*)
 - Other Recon driven by accelerating Robotics adoption
- Strong US performance in T&E offset by headwind from market exits (*Excl. China: +1.8%*)

Future drivers

- Launch of CORI[◇] Digital Tensioner, further robotics launches planned for 2023
- Differentiated Orthopaedics portfolio with CORI revision capability, cementless and EVOS[◇]

* Growth rates are versus Q1 2022

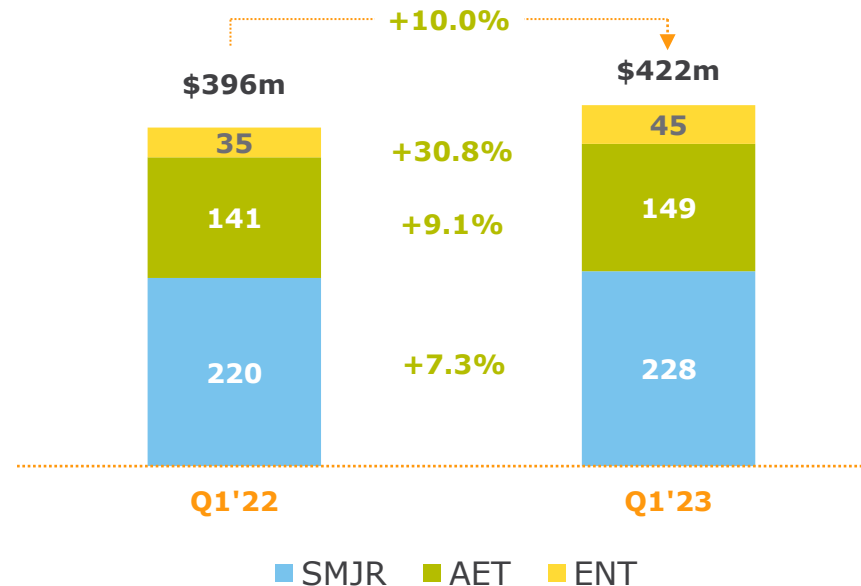
** Other reconstruction includes robotics capital sales, our joint navigation business, and bone cement

Sports Medicine & ENT

\$422m: +10.0% underlying*,
+6.5% reported



Revenue (\$m)



Q1 Sales factors

- Continued strong growth across both shoulder and knee repair
- AET growth from core COBLATION[◇] and WEREWOLF[◇] FASTSEAL
 - Continued recovery of ENT procedure volumes

Future drivers

- REGENETEN[◇] region and indication expansion – Asia-Pacific launches expected in 2023
- Continuing to increase payor coverage for TULA[®]

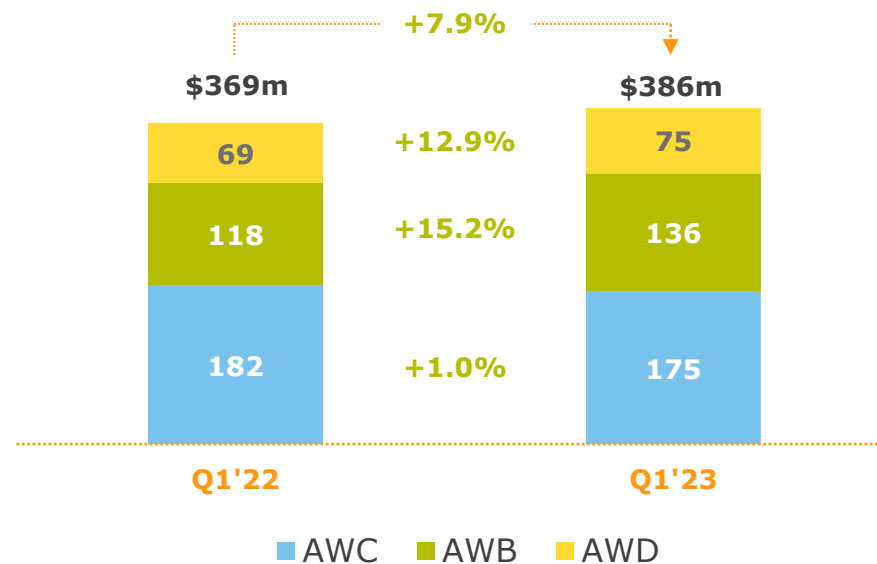
* Growth rates are versus Q1 2022

Advanced Wound Management

\$386m: +7.9% underlying*,
+4.7% reported



Revenue (\$m)



Q1 sales factors

- AWC solid across major regions, strong prior year comparator
- Bioactives growth driven by skin substitutes, SANTYL[◇] timing
 - Continued double-digit growth for PICO[◇] in AWD

Future drivers

- Ongoing focus on commercial execution and value demonstration
- Preparing for launch of next-generation NPWT device RENASYS EDGE[◇]

* Growth rates are versus Q1 2022

2023 outlook unchanged



- + Targeting underlying revenue growth of 5-6%:**
 - Continued above market growth from Sports Medicine and AWM;
 - Better execution and innovation delivery in Orthopaedics

- + Trading margin above 2022 and at least 17.5%:**
 - Headwind from raw materials and staff cost inflation; c.100bps of transactional fx
 - Margin expansion driven by operating leverage; productivity under 12-point plan



Summary

+ Growth momentum maintained in Q1

- Continued strength of Sports Medicine and AWM
- Stronger performance in Orthopaedics, with ongoing improvement in commercial execution and product availability

+ Strong elective procedure volumes at start of year

- Benefit from market recovery in US and Europe, offsetting the known China headwinds

+ Continuing to drive 12-Point Plan

- Progress in Q1 2023 on rewiring Orthopaedics and delivering innovation
- Ongoing work to improve productivity, associated costs finalised



Appendices

	April 2023
Foreign exchange and acquisitions	
Translational FX impact on revenue growth ⁽¹⁾	c. 0.1%
Acquisition impact on revenue growth	-
Non-trading items	
Restructuring costs	c. \$200m
Acquisition and integration costs	\$5-10m
European Medical Device Regulation (MDR) compliance costs	\$45-50m
Other	
Amortisation of acquisition intangibles	\$170-180m
Share of income/(loss) from associates	\$(20-30m)
Net interest ⁽²⁾	c. \$95m
Other finance costs	\$10-15m
Tax rate on trading results	c. 19%

(1) Based on the foreign exchange rates prevailing on 20 April 2023

(2) Includes interest associated with IFRS 16 Leases

Franchise revenue analysis



	2022					2023	
	Q1 Growth %	Q2 Growth %	Q3 Growth %	Q4 Growth %	Full Year Growth %	Q1 Growth %	Q1 Revenue \$m
Orthopaedics	2.6	(1.1)	2.1	4.1	1.9	3.9	548
Knee Implants	12.2	2.7	7.4	5.5	6.8	5.0	237
Hip Implants	(0.7)	(3.7)	(1.0)	4.9	(0.2)	4.6	152
Other Reconstruction	(19.0)	10.8	(6.0)	7.7	(1.8)	19.7	23
Trauma & Extremities	(3.8)	(6.0)	(1.2)	0.6	(2.6)	(0.8)	136
Sports Medicine & ENT	8.6	1.9	7.1	9.2	6.7	10.0	422
Sports Medicine Joint Repair	13.6	2.1	7.5	11.5	8.7	7.3	228
Arthroscopic Enabling Technologies	(0.8)	(0.5)	0.5	4.2	0.9	9.1	149
ENT	21.6	11.2	32.1	17.0	20.4	30.8	45
Advanced Wound Management	8.0	3.8	6.0	8.0	6.4	7.9	386
Advanced Wound Care	8.3	3.3	1.6	7.9	5.2	1.0	175
Advanced Wound Bioactives	2.3	2.4	12.7	4.3	5.4	15.2	136
Advanced Wound Devices	18.6	7.9	5.8	14.9	11.6	12.9	75
Total	5.9	1.2	4.8	6.8	4.7	6.9	1,356

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

Regional revenue analysis



	2022					2023	
	Q1 Growth %	Q2 Growth %	Q3 Growth %	Q4 Growth %	Full Year Growth %	Q1 Growth %	Q1 Revenue \$m
US	3.1	2.0	6.0	4.8	4.0	11.8	737
Other Established Markets ⁽¹⁾	5.9	0.0	0.4	7.3	3.3	7.0	404
Established Markets	4.1	1.2	3.9	5.7	3.7	10.0	1,141
Emerging Markets	14.3	0.8	8.6	12.1	9.1	(7.3)	215
Total	5.9	1.2	4.8	6.8	4.7	6.9	1,356

(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



Consolidated revenue by franchise	Q1 2023 \$m	Q1 2022 \$m	Reported growth %	Underlying growth %	Acquisitions/ disposals %	Currency impact %
Orthopaedics	548	541	1.3%	3.9%	-	(2.6%)
Knee Implants	237	231	2.3%	5.0%	-	(2.7%)
Hip Implants	152	149	1.8%	4.6%	-	(2.8%)
Other Reconstruction	23	20	16.3%	19.7%	-	(3.4%)
Trauma & Extremities	136	141	(3.2%)	(0.8%)	-	(2.4%)
Sports Medicine & ENT	422	396	6.5%	10.0%	-	(3.5%)
Sports Medicine Joint Repair	228	220	3.8%	7.3%	-	(3.5%)
Arthroscopic Enabling Technologies	149	141	5.6%	9.1%	-	(3.5%)
ENT	45	35	26.9%	30.8%	-	(3.9%)
Advanced Wound Management	386	369	4.7%	7.9%	-	(3.2%)
Advanced Wound Care	176	182	(3.4%)	1.0%	-	(4.4%)
Advanced Wound Bioactives	136	118	14.9%	15.2%	-	(0.3%)
Advanced Wound Devices	75	69	8.4%	12.9%	-	(4.5%)
Total	1,356	1,306	3.8%	6.9%	-	(3.1%)