

**Smith+Nephew**

**J.P. Morgan  
Healthcare Conference  
January 2024**

Deepak Nath  
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: 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 disposals, 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](http://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 Second Quarter and Half Year 2023 Results announcement dated 3 August 2023.

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



**+ 12-Point Plan driving improvement**

**+ Innovation as a pillar of S+N's growth strategy**

**+ Driving new value from existing assets**

**+ The next wave of innovation**

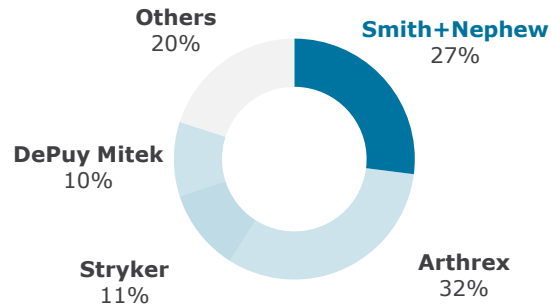
**+ Innovation beyond 2025**

**+ Summary**

# Leading positions and the right to win across all business units

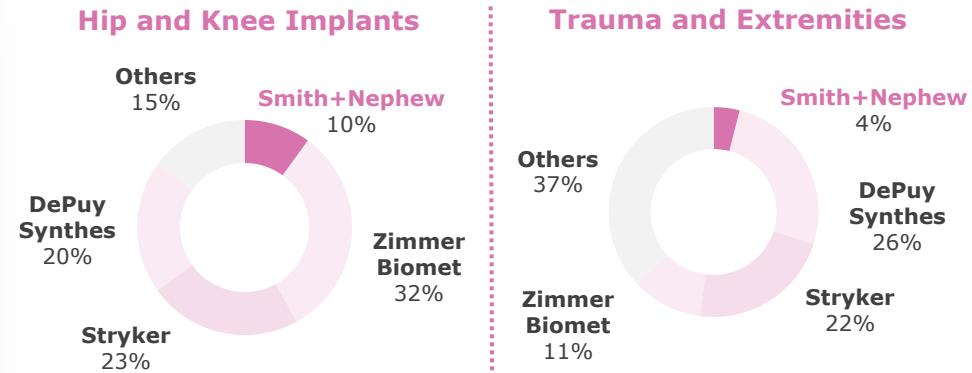


## Sports Medicine



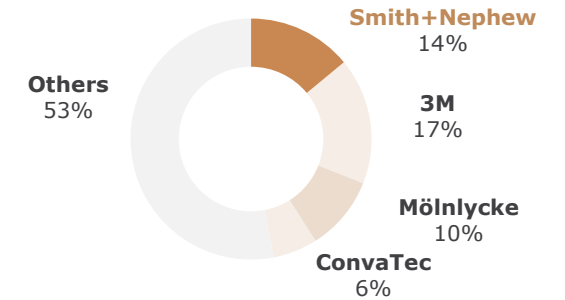
- + **Complete offering** of Joint Repair, Tower, customer service
- + **Leadership positions** across key Sports Medicine segments
- + **Scaleable synergies** with other areas, through CORI and ASCs

## Orthopaedics



- + **Full range** across hips and knees
- + **Differentiated implant technology**, e.g. JOURNEY<sup>◇</sup> II, OXINIUM<sup>◇</sup>, OR30<sup>◇</sup>, EVOS<sup>◇</sup>
- + **Robotic enabling technology**, CORI<sup>◇</sup> continuing to extend its functionality

## 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

All market 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

# Our 2025 mid-term targets



Mid-term

- + **Underlying revenue growth consistently 5%+**
- + **Trading margin of at least 20% in 2025**
- + **Beyond 2025:** Smith+Nephew fundamentally changed

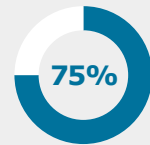
# 12-Point Plan initiatives continuing to advance\*



## Overall progress

c.65%

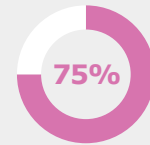
### Fixing Orthopaedics



1 point

Rewire Orthopaedics commercial delivery

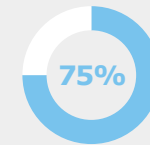
### Improving productivity



2 points

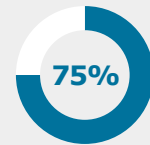
Improve value and cash processes

### Accelerating Sports & AWM



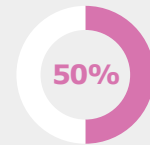
1 point

Scale Negative Pressure Wound Therapy



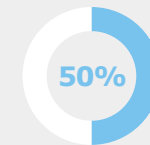
3 points

Win market share with our technology



1 point

Optimise procurement



1 point

Drive cross-selling in ASCs



1 point

Streamline our recon portfolio



2 points

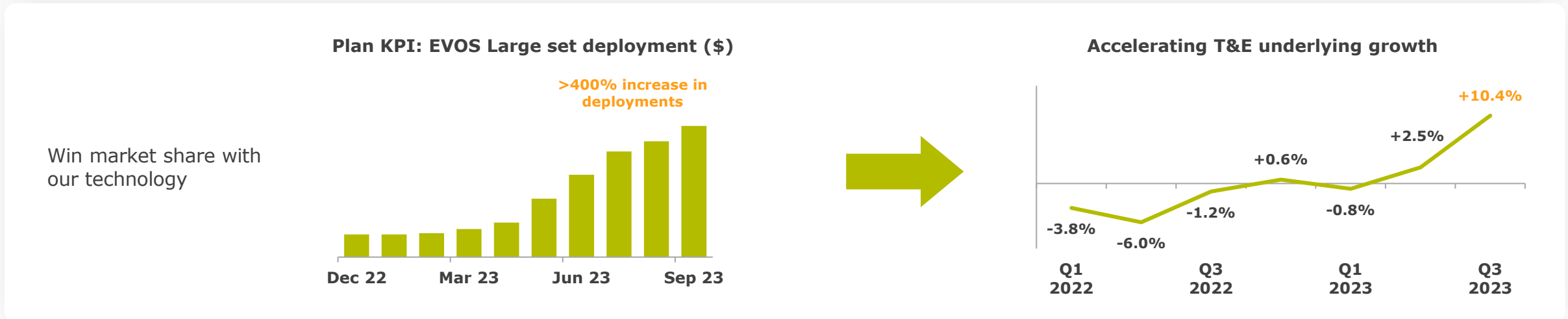
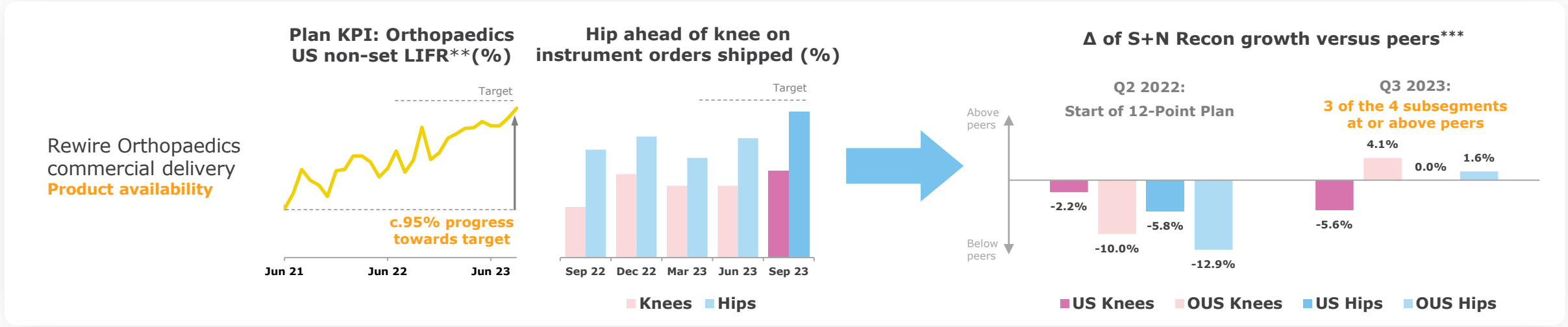
Manufacturing optimisation

\* Slide data indicates status as of November 2023

# 12-Point Plan elements driving improvements



Growth KPIs translating into revenue acceleration\*



Note: KPI data indicates progress up to September 2023

\*As at Q3 2023

\*\*LIFR = Line Item Fill Rate: percentage of customer order lines filled

\*\*\*Difference between Smith+Nephew's underlying revenue growth, and the weighted average growth of Zimmer Biomet, Stryker, Johnson & Johnson, and S+N



## Our starting point

- + Ineffective and poorly understood SIOP\* process
  - + Over ordering inventory
- + Capability gaps leading to poor decision making
- + Building capacity too far ahead of market demand



## Building market back

- + Established new SIOP process and launched supporting systems capability
- + New team members hired for industry and functional knowledge
- + Balanced scorecard thinking, focused on Revenue, Cost and Cash
  - + Completed full network review



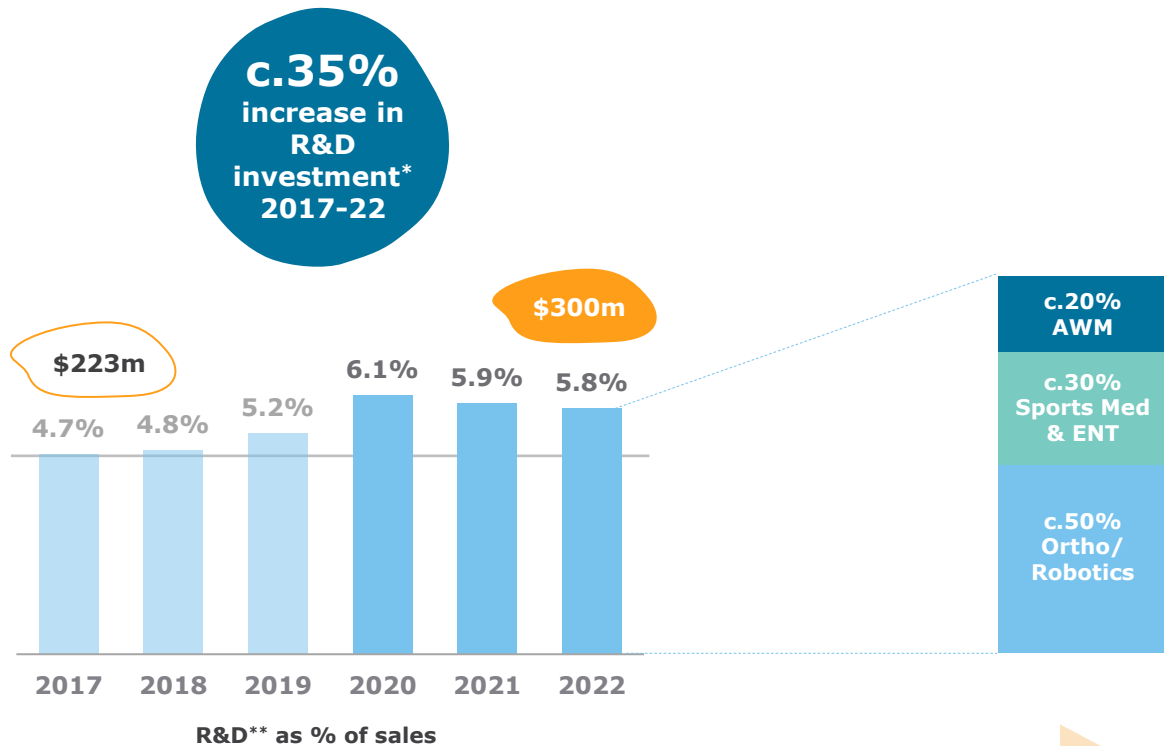
## Positioned for success

- + Significant production cut burning down excess inventory, with >70% reduction to overdue orders
- + Headcount actions in every facility, 2 plant closures in execution stage
- + Reduced budgeted ops capex by >40% in 2 years, no quality impact
- + Rolling out a comprehensive Lean / Operations excellence program

\*SIOP: Sales, Inventory and Operations Planning



# Investing in disruptive innovation in growth segments and aligned with technology trends



## Focus categories include:

<b>Negative Pressure</b>	13% sNPWT market CAGR 2022-7 <sup>1</sup>
<b>Biotissue</b>	>10% market growth in 2022
<b>Sports capital and consumables</b>	5-6% long-term market growth
<b>Robotics</b>	17% market procedure CAGR 2022-7
<b>AI-based products</b>	>500% patent application growth 2017-22 <sup>2</sup>

**Underpinned by clinical evidence generation**

**Broad pipeline of incremental innovation and transformative programmes**

\* Increase in trading basis dollar spend on R&D; \*\* R&D expense on a trading basis  
<sup>1</sup> SmartTRAK estimates; <sup>2</sup> Marks & Clerk AI Report 2023

**+ 12-Point Plan driving improvement**

**+ Innovation as a pillar of S+N's growth strategy**

**+ Driving new value from existing assets**

**+ The next wave of innovation**

**+ Innovation beyond 2025**

**+ Summary**

# Driving new value from existing assets



## CORI

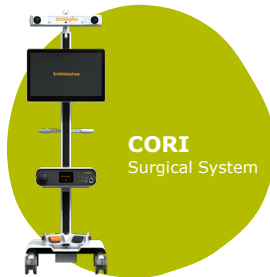
A fundamentally different robotics design concept

### Key features

- + Scalable: Portable device with small footprint, suited to any OR
- + Flexible: Ability to support varied cutting and hardware options
- + Image-free: Intra-operative planning – pre-op imaging not required

### Next wave drivers

- Additional options to support a range of surgeon preferences
- Further surgical applications

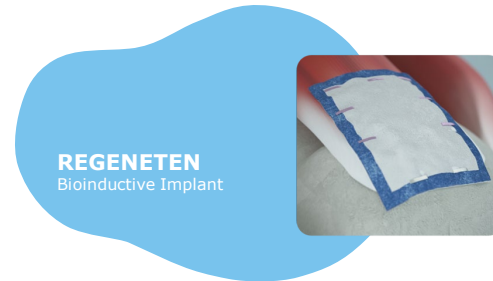


## REGENETEN

Continuing multi-year Sports Medicine growth driver

- + Stimulates the body's natural healing response to support new tendon growth
- + Implanted with a market-leading delivery system
- + Growing body of clinical evidence demonstrating transformative impact

- US market penetration and international expansion
- Investing in expanded indications

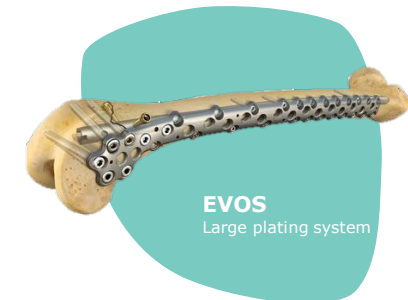


## EVOS

Complete trauma plating system aligned with customer needs

- + Addresses all key fragment surgical needs
- + Streamlined system providing ease-of-use to surgical team and inventory benefit to hospital
- + Anatomic fit and low profile design to aid proper placement and minimise tissue irritation

- Ongoing operational improvements
- Strong commercial execution on robust pipeline



## AETOS Shoulder System



### Entering high growth category of Total Shoulder

- Short-stem shoulder launched in June 2023, with reverse and anatomic options
- Unique stem designed for metaphyseal fixation, fit and stability
- Tray optimisation simplifies OR flow for Hospitals and ASCs
- Stemless version and CORI application in development

## RENASYS EDGE



### Next generation of traditional Negative Pressure Wound Therapy

- 510(k) clearance in late 2022; in early stages of launch
- Practitioner benefits: simpler to operate, less service burden
- Patient benefits: ease of use, patient-friendly design
- Opportunity to win share in c.\$1.7bn traditional NPWT market

## Agili-C

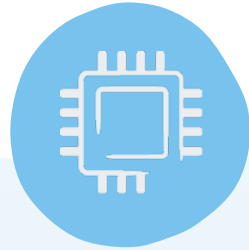


### Strengthening leadership in knee repair and biologics

- Agreement to acquire\* CartiHeal, developer of novel Agili-C™ implant for cartilage regeneration in knees
- First-in-class treatment for osteochondral lesions, with FDA Premarket Approval
- Indicated for a wide patient population, and addresses a significant unmet need
- Two-year RCT<sup>1</sup> confirmed superiority of Agili-C over current standard of care<sup>2</sup>

\* Smith+Nephew has entered into a conditional agreement to acquire CartiHeal. Until such time as the relevant conditions to the transaction are satisfied or waived, Smith+Nephew and CartiHeal remain separate and independent companies.

1. Altschuler N et al. Aragonite-Based Scaffold versus Microfracture and Debridement for the Treatment of Knee Chondral and Osteochondral Lesions Am J Sports Med. 2023 Mar;51(4):957-967; 2. Standard of care was defined as microfracture &/or debridement



## Enabling technology across our businesses

- + **Image based AI:** Segmentation and personalised image analysis for pre-operative planning
- + **Big data based AI:** Deep learning analysis for predictive insights on surgeon performance and patient outcomes
- + **Sensors:** Leveraging LEAF as our foundational sensor technology

### Key project in AET: AI-enabled Arthroscopy

**Planned features:** Adding video-based navigation to the tower, with enhanced visualisation and mixed reality

**Value proposition:** More consistent patient outcomes, more efficient surgeon decision-making



## Biologics to address complex unmet needs

**BioActives:** Substances that facilitate advanced healing

- + Tissue debridement
- + Joint repair

**Tissue-engineered:** Repair and replacement to accelerate return of activity

- + Cartilage repair and ligament augmentation
- + Next generation scaffolds

**Cell therapy:** complex pathway to induce autologous regeneration

- + Joint pain therapy
- + Wound healing

# Mid-term growth uplift across multiple segments



## Moving to higher mid-term growth vs history

	Performance drivers	Highlighted projects
<b>Trauma &amp; Extremities</b>	<ul style="list-style-type: none"> <li>+ Share gain in Plates &amp; Screws</li> <li>+ Expansion into Shoulder replacement</li> </ul>	EVOS, AETOS
<b>Other Reconstruction</b>	<ul style="list-style-type: none"> <li>+ Accelerated robotics adoption and deployments</li> </ul>	CORI
<b>ENT</b>	<ul style="list-style-type: none"> <li>+ COBLATION penetration in tonsillectomy</li> <li>+ Shift of tympanostomies to in-office</li> </ul>	
<b>Sports Medicine: Joint Repair &amp; AET (ex-VBP)</b>	<ul style="list-style-type: none"> <li>+ Continued launches across categories</li> </ul>	REGENETEN Agili-C
<b>Advanced Wound Devices</b>	<ul style="list-style-type: none"> <li>+ Contract wins in traditional negative pressure</li> <li>+ Continued single-use market expansion</li> </ul>	RENASYS EDGE

**c.50%**  
of group revenue  
in segments with  
outlook of higher  
growth

## Maintaining or recovering performance

	Performance drivers	Highlighted projects
<b>Knees &amp; Hips</b>	<ul style="list-style-type: none"> <li>+ Improved execution through 12-Point Plan</li> </ul>	
<b>Advanced Wound Care</b>	<ul style="list-style-type: none"> <li>+ Maintaining performance through continuous innovation</li> </ul>	Next-gen mechanisms
<b>Advanced Wound Bioactives</b>		Next-gen mechanisms

**+ 12-Point Plan driving improvement**

**+ Innovation as a pillar of S+N's growth strategy**

**+ Driving new value from existing assets**

**+ The next wave of innovation**

**+ Innovation beyond 2025**

**+ Summary**