

Smith+Nephew

**JP Morgan
Healthcare Conference
January 2025**

Deepak Nath
Chief Executive Officer



Forward looking statements and non-IFRS measures

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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 2024 Results announcement dated 1 August 2024.

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+ Transformation to sustainably higher growth company

- + Fixing the foundations of Orthopaedics

- + Continuing the strength of Sports Medicine and AWM

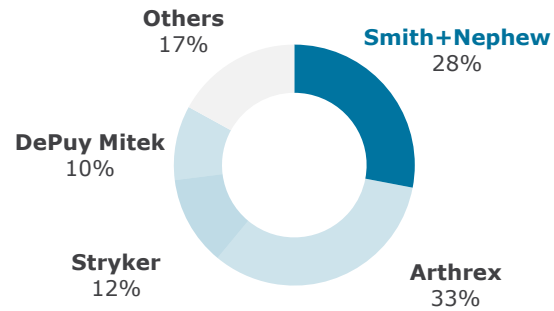
- + Innovation delivery across the portfolio

+ Commitment to improved profitability and value creation

Leading positions and the right to win across all business units



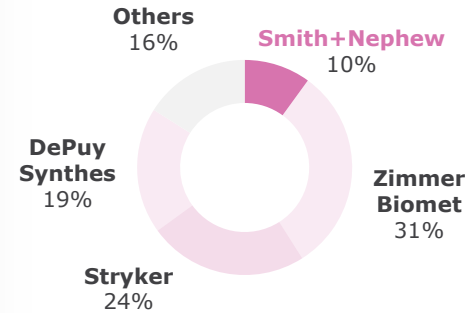
Sports Medicine



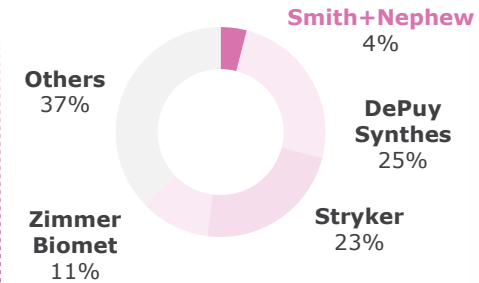
- + **Complete offering** of Joint Repair, Tower, customer service
- + **Leadership positions** across key Sports Medicine segments
- + **Scaleable synergies** with other areas, through CORI and ASCs

Orthopaedics

Hip and Knee Implants

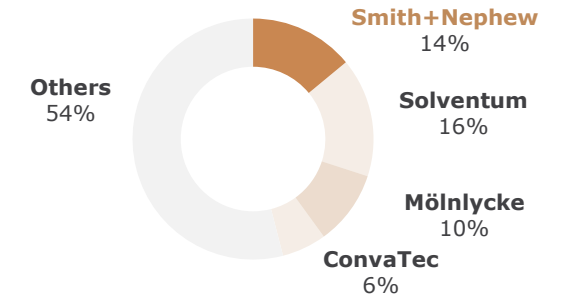


Trauma and Extremities



- + **Full range** across hips and knees
- + **Differentiated implant technology**, e.g. JOURNEY[◇] II, OXINIUM[◇], OR30[◇], EVOS[◇]
- + **Robotic enabling technology**, CORI[◇] 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

12-Point Plan as driver of growth and productivity



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^o 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

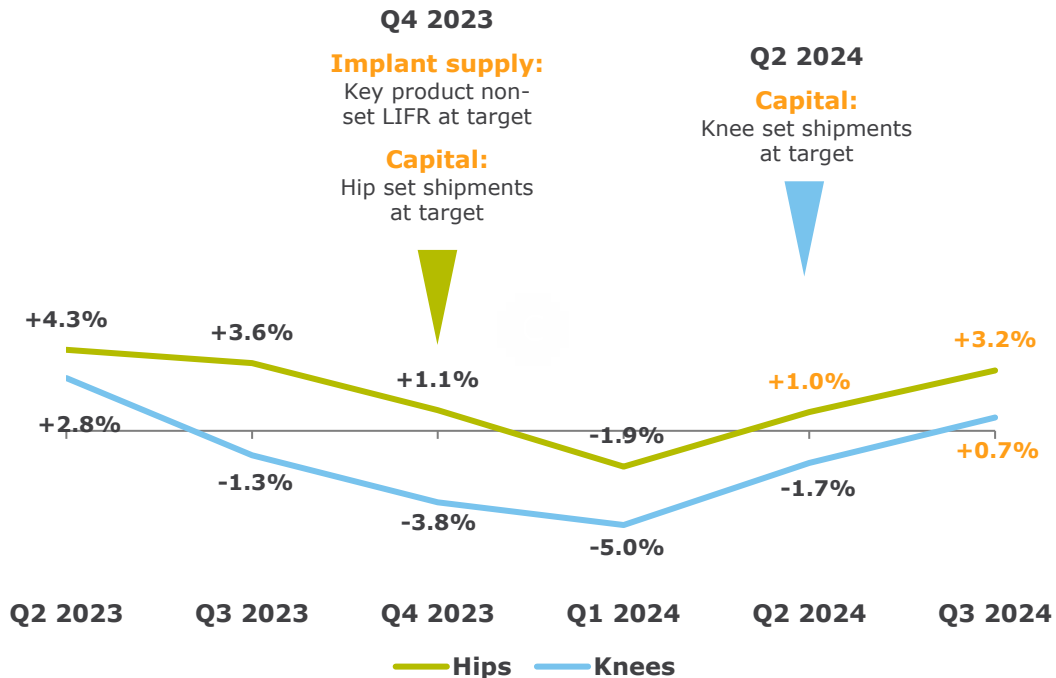
- Pursue cross-business unit deals with improved coordination, incentives and planning
- 1 initiative**

12-Point Plan driving growth in US Recon



Acceleration followed improvement in KPIs; progress beyond initial targets show new ways of working becoming embedded

US recon underlying growth



Continuous improvement culture becoming visible in KPIs:

- Implant availability**
 - + US Key product Non-set LIFR reached goal in Q4 2023
 - + Improved to **three percentage points above target** in Q3 2024
- Overdue orders**
 - + **85% reduction** in value of US overdue knee orders in 2023
 - + **Further 30% reduction** achieved up to Q3 2024
- Capital availability**
 - + **Target kit health** percentage reached in early 2024
 - + Improved to **five points above target** in Q3 2024

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

Continuing the strength of Sports Med and AWM



Sports Medicine underlying revenue growth*

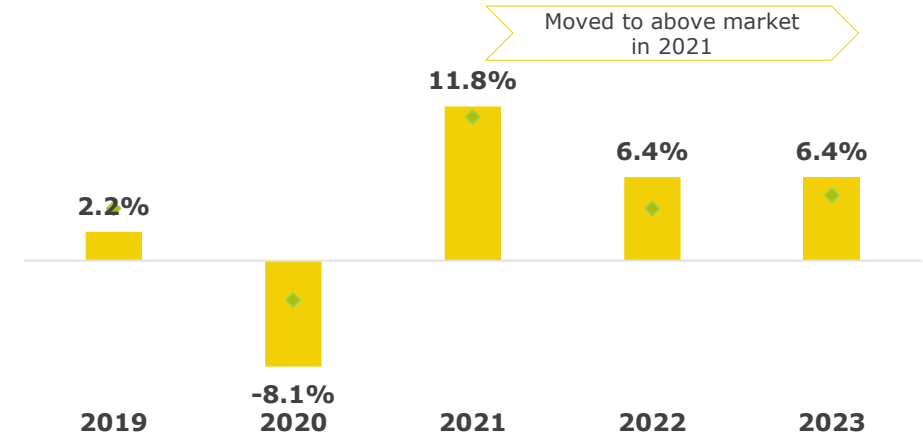


◆ Market growth rate

* Representing repair products and arthroscopic enabling technologies, excluding ENT

- Precise, targeted approach to engagement from deep understanding of customers
- Consistent innovation across procedures and capital
- Strong growth in Joint Repair in Q3 ex-China
- **Future drivers:** REGENETEN including expansion to Foot and Ankle; AGILI-C in cartilage repair; continued innovation across consumables and arthroscopic tower

AWM underlying revenue growth



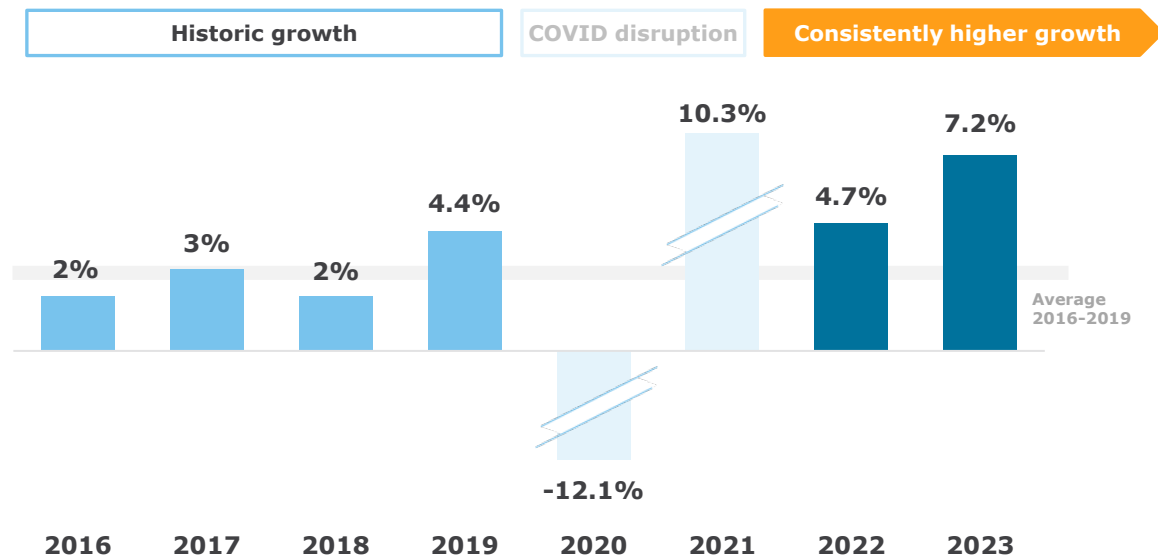
◆ Market growth rate

- Focus on portfolio breadth and evidence-based selling
- Continued strong performance in foams and anti-infectives
- Good growth in AWD led by our market leading single-use NPWT device, PICO
- **Future drivers:** Grafix PLUS; ongoing RENASYS EDGE roll out

Higher growth underpinned by innovation delivery



Underlying revenue growth 2016-23



2023: c.3.5 points of growth from products launched in the last five years
Innovation contribution alone driving group growth above history

Continued high cadence of product launches



CATALYSTEM

- + New short Hip stem, designed for the increasingly preferred direct anterior approach.
- + First cases completed during Q3 2024. Positive initial surgeon feedback on precision, efficiency and reproducibility



CORI CORIOGRAPH

- + Makes CORI the only orthopaedic robotic-assisted system to offer both image-free and image-based registration, according to surgeon preference

Adding next wave of innovative devices



Acquisition of CartiHeal completed in January 2024

- + Adds CARTIHEAL AGILI-C, a novel technology for cartilage regeneration
- + Indication including patients with mild to moderate OA, as well as the ~700,000 receiving cartilage repair annually in the US



Full US Commercial Launch of AETOS in Q2 2024

- + Allows S+N to compete in the \$1.7bn shoulder market, one of the fastest growing Ortho segments (9% CAGR)

Mid-term growth uplift across multiple segments



Moving to higher mid-term growth vs history

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

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

Maintaining or recovering performance

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

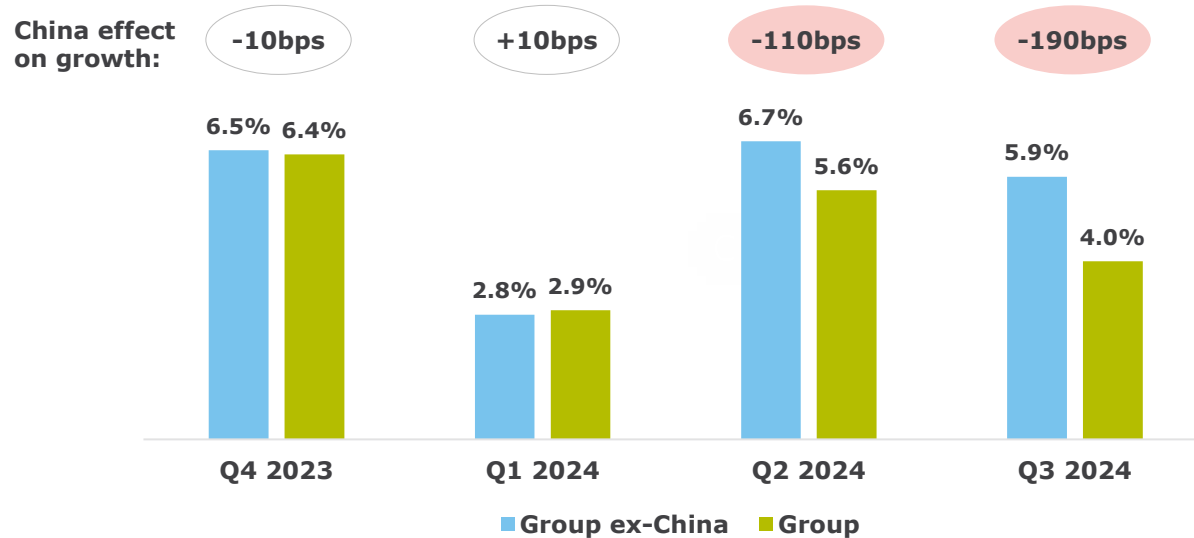
*Percentage based on 2023 group revenue mix

Structurally improved growth visible ex-China

China headwind from effects that roll off in 2025



Quarterly underlying revenue growth



+ China growth headwinds will roll off:

- VBP annualises in mid-2025
- Recon orders should converge with in-market sales as channel volume normalises

+ Higher growth in rest of world is underpinned by 12-Point Plan:

- Underlying growth ahead of Smith+Nephew history: +5.9% in Q3, +5.1% YTD
- Continued progress in Q3 on fixing Orthopaedics, and innovation delivery

Improving returns: key areas of focus



Efficiency

- + **Driving cost savings** to support margin expansion & re-invest for growth
- + Total gross run-rate savings* of **\$325-375m in 2027**

Visibility and accountability

- + Drive further cost accountability into the BUs through **allocation of attributable central costs**

Cash conversion

- + **Improve trading cash conversion**, including reducing inventory and DSI
- + **Reduce restructuring charges**

Focus on improving ROIC

- + Better visibility of capital returns & drive **improvement for Group and BUs**
- + Drive disciplined approach to **capital allocation**, in line with framework

*Gross savings before inflation and other potential margin headwinds.

Outlook given with Q3 2024 trading update

Growth and margin guidance updated for China headwind



+ 2024 underlying revenue growth of around 4.5%

- Q4 acceleration from continued Recon improvement (ex. China), stronger T&E, 2 extra trading days
- Below previous range, primarily reflecting China remaining slow

+ 2024 trading margin expansion of up to 50bps

- Margin expansion from 12-Point Plan savings, with reduced operating leverage from slower revenue growth
- Continuing to target around 85% trading cash conversion

+ 2025 trading margin of 19.0%-20.0%

- 2025 margin expansion from operating leverage, manufacturing and opex savings
- Updated view vs H1 reflects expected 2024 baseline, and uncertainty around ongoing China headwinds

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