



Smith+Nephew Q1 2026 Trading Update

Wednesday, 6th May 2026

Introduction

Deepak Nath

CEO, Smith+Nephew

Welcome

Good morning, and welcome to Smith+Nephew's First Quarter 2026 Trading Update. As just mentioned, I am Deepak Nath. I am the Chief Executive Officer. I am joined today by John Rogers, who is our Chief Financial Officer.

Summary

We have made a good start to the year. In the first quarter, we delivered 3.1% underlying revenue growth, or 4.7% on an adjusted daily sales basis, which was in line with our expectations.

Performance across the Group was positive overall, with growth across all business units and regions. We saw strong growth in Sports Medicine and resilient results in Advanced Wound Management despite the headwind from CMS changes to skin substitute reimbursement.

As expected, US knees were softer in the quarter, reflecting deliberate trade-offs and continued focus on disciplined execution. The rest of Orthopaedics delivered a solid performance. This underscores the strength of having a well-balanced, diversified portfolio.

Innovation continues to be a key driver of our performance, accounting for more than half of our growth. We saw strong momentum across a broad range of products, spanning all business units, including:

- CATALYSTEM;
- AETOS;
- Q-FIX;
- REGENETEN;
- CARTIHEAL AGILI-C;
- FASTSEAL;
- OASIS; and
- LEAF.

Overall, our Q1 performance supports our confidence in the full year outlook, which remains unchanged.

We expect growth to strengthen over the remainder of the year, driven by the ramp up of new product launches, stabilisation in US skin substitutes and an improving trajectory in US knees, as well as an additional trading day in the fourth quarter.

Today, we are also announcing that after seven years with the Group, including the last two as President of Orthopaedics, Craig Gaffin will be leaving Smith+Nephew to pursue a new opportunity. We have appointed a highly qualified successor, Nathan Folkert, who will join us later in the month. I will return to this later in the call.

Finally, I am pleased to announce a \$500 million share buyback. This reflects our strong balance sheet and confidence in our 2026 performance, and demonstrates our continued commitment to a balanced approach to capital deployment, supporting future growth while returning incremental value to shareholders.

With that, I will now hand over to John to take you through the financial performance in more detail.

Q1 2026 Revenue

John Rogers

CFO, Smith+Nephew

Q1 2026 summary revenue performance

Thank you, Deepak. Revenue for the quarter was \$1.5 billion, representing plus 3.1% underlying growth and plus 6.6% reported, including a 350 basis points tailwind from foreign exchange. Those growth rates include the effect of one fewer trading day compared to the first quarter of 2025. On an adjusted daily sales basis, underlying growth was 4.7%.

Geographically, the US grew 2.1% and Other Established Markets grew 1.0%. Emerging Markets grew 10.5%. Excluding China, growth was 2.9% on an underlying basis. We expect China to be broadly neutral to growth for the full year, making it the first time since 2021 that it will not be a major headwind to revenue growth.

Let me now take you through the business units in more detail.

Sports Medicine & ENT

Strong growth in Joint Repair and AET; ENT impacted by China VBP

I will start with Sports Medicine and ENT, which grew 6.7%. Within Sports Med, all regions contributed to growth. We saw double-digit growth in joint repair, driven by Q-FIX KNOTLESS and REGENETEN. CARTIHEAL AGILI-C also grew very strongly, albeit off a small base.

We continue to roll out these products in more geographies outside of the US, primarily across Europe. It is still very early for Tendon Seam, which we acquired with Integrity Orthopaedics earlier this year, but integration is progressing well.

AET growth was led by FASTSEAL and Services. In China, we had intentionally restricted inventory in the channel at the end of last year, and with the implementation of VBP delayed by a few months, we saw strong demand for our products there during the quarter. We now expect VBP to be implemented in the beginning of the second half.

As a result of this strong performance, our Sports Medicine revenue exceeded our Recon and Robotics revenue for the first time ever and we expect that to continue to be the case going forward.

Turning to ENT, we saw particular strength in Other Established Markets and Latin America, as well as in our ARIS COBLATION Wands for turbinate reduction. In China, we continued to reduce inventory in the channel ahead of VBP implementation which had a negative impact on our growth. We still expect the profit headwind from China VBP in 2026 to be around \$15 million to 20 million.

Advanced Wound Management

Solid growth across the business; AWB impacted by US reimbursement change and AWD by tough prior year comp

Let us now look at Advanced Wound Management, which grew plus 2.2% in the quarter. Within that, Advanced Wound Care grew 4.9%, with good growth overall, led by ALLEVYN LIFE and strength in Emerging Markets.

Our ALLEVYN COMPLETE CARE launch in the US is off to a strong start. It takes time to win new contracts, but we are pleased with what we are seeing so far and we will be expanding the launch into Europe in the second quarter.

Turning to Bioactives, which was down 1.7% for the quarter, we saw strong growth in Santyl, offset by a decline in skin substitutes. As a reminder, our skin substitutes business is facing headwinds in the US as a result of CMS reimbursement changes that came into effect at the start of the year. This is driving a decline in both volumes and pricing in non-surgical settings, particularly in Mobile, where we have limited exposure.

We have also seen reduced billing efficiency and elevated inventory clearing in the system. The market is adapting slowly to these changes but the impact we are seeing on our business is in line with our expectations. When we set our full year outlook, we contemplated a range of outcomes, and we continue to expect the trading profit headwind for the full year to remain within the \$20 million to \$40 million range we previously guided to.

Looking ahead, we remain convinced of the long-term attractiveness of the skin substitute segment beyond this transition year.

Advanced Wound Devices grew 1.9%, partly reflecting a strong prior year comparative. LEAF and PICO both performed well, reflecting good demand. PICO growth reflects our focussed efforts to improve penetration in the surgical setting.

Sales of RENASYS in the US continue to be soft in the acute care channel, while performance in the post-acute channel remained strong, and we are continuing to expand into Emerging Markets.

Orthopaedics

Continued good growth in Hips and T&E; weak performance in US Knees

Orthopaedics grew 0.8% on an underlying basis. In the US, hips grew above market for the fourth consecutive quarter, driven again by strong uptake of CATALYSTEM, particularly in competitive accounts.

Trauma and Extremities also grew strongly driven by EVOS, Shoulder and IM Nails. These results reflect sustained momentum in segments where we are benefiting from the combination of a strengthened commercial organisation and a differentiated portfolio. Where our portfolio aligns with underlying market trends, we are able to perform well.

US knees were weak in the quarter, consistent with the softness we had previously guided to for Q1. This reflects our continuing and deliberate trade-offs to balance growth, profit and asset efficiency ahead of the launch of our new kinematic knee system, LANDMARK.

We are being disciplined about set placement and in managing our customer tail to improve the quality of our base. At the same time, the market continues to shift from cemented towards

cementless knees. Our ability to compete effectively will increase when we launch the cementless version of LANDMARK, expected in Q3 of this year, which will be followed by the launch of the cemented version in Q2 of 2027. Additionally, as mentioned earlier, we had a headwind from one fewer trading day in the quarter.

Looking ahead, we continue to expect softness in US knee performance relative to the market this year as a result of these actions, but we anticipate an improving trajectory from here. We are stepping up set deployment for LEGION MS, enhancing the competitiveness of LEGION, which accounts for around half of our installed base.

MS is performing strongly in the market and only six months into the launch, 15% of procedures with LEGION implants now utilise MS inserts. This will, in turn, support incremental growth in LEGION CONCELOC, our cementless version of LEGION, which is currently growing double digits.

Outside of the US, both knees and hips grew above market. Knees were particularly strong in Emerging Markets, and Hips and Trauma and Extremities performed well overall, with some isolated weakness in specific markets that we are addressing.

Finally, other recon grew 6%, reflecting a strong prior year comparator and contract mix. During the quarter, we signed our largest ever multi-system CORI deal with a US teaching institution, and we continue to see encouraging trends in utilisation and penetration.

2026 guidance unchanged

I will finish now with the outlook. We continue to expect around 6% organic revenue growth and around 8% organic trading profit growth for the year, translating into approximately \$1.3 billion of trading profit, including marginal dilution from the Integrity acquisition. We remain on track to deliver around \$800 million of free cash flow and a return on invested capital above 10%.

We continue to expect a stronger second half to the year compared to the first half for both revenue and profit growth, with phasing now expected to be further weighted to the second half, driven by some commercial deals moving into the second half from the first.

Acceleration will be driven by the ramp up of product launches, stabilisation in skin substitutes and an improving trajectory in US Knee Implants as well as an extra trading day in the fourth quarter.

As Deepak mentioned earlier, today we announced a \$500 million share buyback to be completed over the next 12 months. This underscores the strength of our balance sheet and cash generation, as well as our confidence in the business, while remaining fully consistent with our capital allocation framework. The programme will be funded from free cash flow and existing cash balances and builds on the completion of our \$500 million buyback in 2025.

With that, I will hand back to Deepak.

Conclusion

Deepak Nath
CEO, Smith+Nephew

RISE Strategy: Q126

Thank you, John. We are now just one quarter into our new RISE strategy, which will accelerate growth and improve returns over the next three years. We are making good progress under each of the elements that will shape our performance in 2026 and beyond.

To reach more patients, we continue to drive adoption of our differentiated portfolio by accessing more indications and geographies. This quarter, we launched Shoulder execution on our latest generation of CORI and are receiving positive feedback on that. We also launched CATALYSTEM in Japan and the next generation LEAF 3.0, a cloud-based solution of our patient monitoring system.

To innovate to enhance the standard of care, I am pleased to share recently published compelling clinical evidence that supports our patient-first approach to innovation, focussed on areas with the greatest opportunity to improve outcomes.

First, the Orthopaedic Journal of Sports Medicine published data that compared REGENETEN implant patients who had partial-thickness rotator cuff tears with those who received traditional suture anchor repair. It showed early recovery time was cut in half. This is the third randomized clinical trial to demonstrate that the REGENETEN Bioinductive Implant improves outcomes versus traditional rotator cuff repair techniques.

Second, the American Journal of Sports Medicine published evidence showing that patients treated with CARTIHEAL AGILI-C reported significantly better knee pain relief and quality of life improvements over a five-year period.

To scale through strategic investment, we are deploying capital into high-return, high-growth categories and channels. This includes the acquisition of Integrity Orthopaedics, which we announced in January. With Tendon Seam's fundamentally novel biomechanical approach to rotator cuff repair, we are able to create one of the broadest, most advanced portfolios in shoulder pathology.

We also continue to invest in growing PICO across more wound segments, including to help prevent surgical site complications.

To execute efficiently, we are driving Group-wide productivity by being disciplined around cost control as well as executing our Ortho360 programme within Orthopaedics.

We are deploying AI and data analytics to drive improvements across the business. This quarter, we created a digital twin within our supply chain which we are integrating into our end-to-end workflows to drive process optimisation and enhance decision-making.

New Orthopaedic Leadership

As I have mentioned, we are pleased to announce that Nathan Folkert, that goes by Nate, will be joining us later this month to lead our Orthopaedics business. Nate brings with him more than two decades of global orthopaedics leadership experience, spanning commercial and operational roles across large medical technology organisations. He has held senior leadership roles at Stryker, CONMED and Zimmer, including as President of Zimmer's Trauma Division,

where he had end-to-end responsibility for large Orthopaedics businesses across multiple product lines and markets.

Most recently, Nate has served as CEO of Orchid Orthopedic Solutions, where he led a significant business turnaround delivering both profit growth and sustainable improvements. With his depth of experience, he is well positioned to continue to execute on our strategic priorities and we remain laser-focused on maintaining the good momentum we have across the majority of orthopaedics and building on the progress we are making to improve our US knee business.

I want to take a moment here and would like to thank Craig for his contributions to Smith+Nephew over seven years. He has made a real difference here and I wish him nothing but the best in his next venture. I look forward to welcoming Nate to Smith+Nephew as we work together to deliver our RISE strategy.

Key Messages

In summary, we have delivered a good first quarter, with performance in line with our expectations and keeping us on track to meet our full year guidance across all metrics.

Strong execution in Sports Medicine and solid performance in Advanced Wound Management and the rest of Orthopaedics have offset the anticipated softness in US knees, reflecting the resilience and balance of our portfolio.

We are just one quarter into our RISE, and we are already seeing progress across all four pillars, from innovation and clinical evidence to disciplined capital deployment and operational execution. The announcement of a \$500 million share buyback further reflects our confidence in the outlook, supported by strong cash generation and a balanced approach to capital allocation.

I look forward to seeing many of you at our Expert Surgeon Insights Event on 9th June. This will feature leading surgeons from major US healthcare institutions discussing the innovation platforms expected to drive our next phase of growth, including:

- REGENETEN;
- CARTIHEAL AGILI-C;
- TESSA;
- PICO;
- CORI;
- AETOS; and
- LANDMARK.

With that, we are now ready for your questions.

Q&A

Veronika Dubajova (Citigroup): I am going to keep it to two, please. One, just want to understand a little bit your thoughts on the US Ortho franchise. You have been very honest in flagging a softer Q1 in knees in particular. I do not think any of us expected minus 10%. I would love to understand to what extent things might maybe have not fully gone to plan in

there? It sounds like from the prepared remarks from John and you, Deepak, as well, that maybe you are having a slightly softer expectation now for US knees for the full year and maybe you sound a bit better on hips. I would love to get some colour and thoughts from you on that.

My second question is, look, I appreciate this is obviously a trading update, but inflation is becoming a big topic of conversation. It was a big headwind for Smith+Nephew back in 2022. Would love to get your thoughts, John, on how you are thinking about the pressure on margin from the higher oil price in some of the raw materials, and to what extent you see your ability to mitigate it in the current backdrop as protecting that \$1.3 billion of trading profit for the year?

Deepak Nath: Thanks for the questions, Veronika. On US Ortho, just taking a step back, I just wanted to acknowledge the tremendous progress we have made in this franchise over the last four years compared to where we were in 2022 and each year beyond that. We are in a place where we are operating OUS at or above market. US hips as you indicated in your question, we now know is leading the market, which, three years ago, we could never imagine that we would be doing that in US hips.

What that reflects is fundamental improvements in how we operate the business, commercial execution, supply, a product portfolio that is lined up with where the market is today.

In US knees, as we acknowledged, we have got some ways to go to get our product portfolio to where the market is, particularly when it comes to cementless. On this, ahead of the launch of LANDMARK, we expect this to address the gap that we have got on the JOURNEY platform with respect to cementless knees. LANDMARK represents the first new knee platform on the market in the new robotics era. It is the first implant that is designed with robotics integral to its design, in our case, CORI, and also a tray-efficient design that is really well suited for a range of settings, especially to the ASC.

We have got high hopes for what the LANDMARK will do for us. Ahead of that launch, we are making deliberate trade-off decisions on how much capital we want to deploy in which accounts and how we manage the tail of accounts. That is the impact that you see in Q1.

Is it a bit softer than we had thought originally? Yes, but we had flagged, as you acknowledged that Q1 was going to be soft. The reason we think it is going to get better from here on out is, on the LEGION platform, we are launching LEGION MS, and we indicated that we are already seeing traction in the market. It enhances the competitiveness of LEGION.

Not only are we seeing about 15% of our LEGION used with the MS inserts, actually LEGION is a way to convert competitive accounts and now have a stronger value proposition. We have got a good line of sight to the sets we are deploying, where we are deploying them in the balance of the year. This is the confidence that we have between now and ahead of the cementless launch of LANDMARK in Q3 that we will have an improving trajectory.

Hopefully, that gives you a bit of a colour around not only US knees, but also the context. As you indicated, US hips is actually ahead of the market. The offset of slightly softer US knees with slightly stronger US hips, puts us in a good position in terms of US recon, overall.

Hopefully, you see that being on balance, the improvement that we are seeing in the ortho franchise.

John, I will let you take the other.

John Rogers: Yes. Just to build a little bit on the ortho question as well. The reason why we have got quite good visibility, Veronika, because we are seeing in the LEGION sets that we are deploying that they mature over time. We are actually seeing the turn rates on the sets that we have already deployed increasing over time, which is what you naturally expect, and we are also deploying additional sets. We can take that data and extrapolate that data through the remainder of the year. That is what gives us the visibility on seeing an improving performance on knees as we progress quarter by quarter through this year.

In relation to your question on inflation. Look, obviously, we have got quite a lot of our costs hedged, particularly our fuel and our energy costs are very much hedged forward 12 months or so. We have obviously got supply contracts in place on a fixed price basis. We have got a very extensive savings programme that we talked about at the prelims, \$150 million within this year that enables us to offset inflation, and we can turn the dial up a little bit on that as well. We are very comfortable in confirming or reconfirming our guidance for the full year on both top line and the profit line for 2026.

Obviously, if the situation in the Middle East were to significantly worsen or indeed becomes more protracted, then that could change. As we sit here today, we are comfortable. We have got good visibility of managing our cost base and comfortable with our guidance for the full year.

Deepak Nath: Just to build real quick, Veronika. Going back to progress on the 12-point plan, as you also indicated, we faced significant inflation. Actually, as we recapped at the Capital Markets Day, the headline is that we were actually able to offset the very significant headwinds from inflation and all the other macro factors to still deliver about 240 bps of trading margin expansion during the 12-point plan. We feel very good about our ability to be agile, to be able to look for offsets to headwinds that may come. Just want to put that into perspective as well.

Jon Unwin (Barclays): My question is on competition actually. We are at AAOS, and we saw two showcases of products: one a handheld robot from one of your competitors and then also some autonomous and semiautonomous robots from another competitor. How are you thinking about increased competition maybe in the ASC space from another handheld robot in the market? On the autonomous side, do you see this is where the market is going anytime soon? That is my first question.

The second question is on nickel-free implants. We also saw a launch of nickel-free implants from one of your competitors at AAOS. Obviously, OXINIUM is already naturally nickel-free. Do you see any risk to US growth this year from customer attrition from OXINIUM to the new competitor launch? How are you thinking about that?

Deepak Nath: Great. Thanks for the great questions, John. Just on the handheld robot, obviously, we are aware of the competitor launches there. What I will say is this. We see that as validation of an approach that we took early on. We could have followed in others footsteps when we launched our robotic platform with a fixed arm. We did not do that. We took stock of market needs and unmet needs at the time, and we went down the paradigm of a handheld format, which, by the way, is not a solution just for the ASC, it is for a range of settings.

We are now quite a ways into our journey of fully featuring CORI across one platform for shoulder, for hips, for knees and through multiple iterations have really fleshed out its capabilities across each of those joints. We feel good about where we are positioned. The

choice we made quite ways back in time around handheld format and the progress we have made. We welcome the competition, but we also are quite a ways down the journey here.

In terms of autonomous, over time, perhaps there is a role for that. I do not think it is a near-term thing. Certainly, the way we are thinking about robotics is as an augment to what surgeons do. It is an enabler for surgeons to perform their procedures and achieve better outcomes through robotic enablement.

Surgeons are at the centre of the procedure still, and that is how we think the field is actually going to develop. Of course, we look forward to monitoring progress there.

In terms of nickel-free, of course, there is developments in the field, but there are quite a few nickel-free offerings already on the market. This is one more.

Just to double-click on OXINIUM. In terms of utilisation of OXINIUM, the vast majority of OXINIUM usage is actually for primary knees. It is how surgeons use it for their daily practice. A relatively small proportion of our OXINIUM knee for usage is a secondary knees, whether it is for nickel-free or for some other applications.

Given that composition of OXINIUM today, and given the clear differentiation of OXINIUM versus other alternatives for nickel-free, they are largely coating based, we feel very good about how we are positioned. We have got lots of data in everyday use of OXINIUM that really supports the appropriate use of OXINIUM in patients.

Rich data sets supporting the benefits of OXINIUM long-term use and the clear technical differentiation that OXINIUM has relative to other coatings. We feel very good about how we are positioned there.

Jack Reynolds-Clark (RBC Capital Markets): I had two as well, please. First on ortho and knees. I appreciate there is some deliberate management going on there. Could you talk directionally as to the impact of that decline on margins? Have your efforts been successful in supporting orthopaedic margins? Or actually, is there a risk that decline of double digits poses a risk to margin from negative operating leverage? If you could just talk, John, directionally as to how that is progressing?

Then on CORI shoulder. Has this started to come through in the numbers yet? If not, when would you expect it to? What has been the feedback from the launch?

Deepak Nath: Let me tee this up real quick on both these points. I will turn it over to John to take a deeper dive on margins. Just the headline level. First of all, we feel very good about margin coming through. The fundamental reason for that is the softness of knees are offset by the strength in hips. Fundamentally, as I said in the Capital Markets Day, we are agnostic to whether the volumes come from hips or knees in terms of our margin progression.

Even with the level of knees being where it was in Q1, in terms of how we set up for margin in the rest of the year, we feel very good about our ability to drive margin improvements.

At the Capital Markets Day, we have also given you a multiyear outlook as to how margin progression is going to actually happen. There is 2026 and then, of course, heading into 2027 with the inventory rebound turning into a tailwind for us in the back half of 2027. All of that remains intact. We feel really good about how we are positioned. I will let John double click that.

In terms of CORI Shoulder, we are in the very early innings today, still in limited release in terms of launch. Look for that to become more material, I would say, in the back half of the year and starting into 2027. There, we see clear synergies between not just our base ortho business, the recon side, but actually into our Sports Medicine as well. Because as you know, Jack, there are surgeons, particularly in the United States, who do both shoulder arthroplasty and arthroscopy. We see real benefits there. We are bringing multiple elements of our portfolio together to have a real solid value proposition for shoulder surgeons.

With that, John, do you want to pick up further on that?

John Rogers: Yes, I am not sure there is a great deal much to add further. I mean, as Deepak says, like within any portfolio and even looking just in the context of the ortho portfolio, the swings and roundabouts positives and negatives. In the round, in the context of our ortho business, we are very comfortable with the margin trajectory for the year, notwithstanding the softness in knees that we have called out.

Deepak calls out the slight overperformance in hips that compensates from margin point of view. Of course, when you look at the Group more broadly, you have seen outperformance in our sports business, which we also know is a very strong margin driven business. All of this gives us confidence in our ability to hit the guidance that we set out. There is always going to be some gives and takes. Overall, both the margin at the business unit level for ortho and the margin at the overall Group level, we are comfortable with the guidance that we set out.

Aisyah Noor (Morgan Stanley): My first one was on the share buyback. Just quickly, what drove the decision to deploy this soon in the year, given you just concluded the last programme? Would this preclude any other buybacks for the remainder of the year?

Second question was on Advanced Wound Care. One of your peers had called out softer market dynamics in Europe, specifically pricing reform in Germany and France. Just wondering if this development resonates with your business? If so, how exposed your wound business is to these countries currently?

John Rogers: Maybe I will take the question on the share buyback. Look, I mean, as I said a few times, we have got a very clear capital allocation policy, and that policy is to, first and foremost, ensure that we are driving our top line growth through the right investment internally and, of course, through M&A and we have got to pay a dividend.

Then if we have got line of sight then of our leverage with respect to our target, which is 2 times net debt-to-EBITDA, and we have got capacity, then we will take that cash and use that for share buybacks. The reality was we exited 2025 below our target. We have continued to generate cash through at our Q1 cash position this year.

Actually, all else being equal, we would end the year at significantly below our target leverage ratio, hence, why we feel very comfortable in announcing a share buyback. That does not in any way, shape or form exclude the opportunity for bolt-on M&A. We still got capacity on the balance sheet, and in line with our capital allocation policy to do bolt-on M&A. It just felt comfortable given the trajectory of the cash flow through the year to announce the buyback at the moment.

It does not necessarily exclude doing further buybacks. We will always revert back to our capital allocation policy. We will look at our future cash flows. Then we will take a view

depending on what opportunities we have available in front of us, but very comfortably announced the buyback today on the back of the \$500 million that we also did last year, of course.

Deepak Nath: Great. Just to pick up your second question in terms of the AWC. Of course, the pricing dynamic within Germany, especially, but also France, as you called out, it is not necessarily a new phenomenon. We have taken that into account in the guidance that we issued. Based on what we are seeing, we do not see a reason to update our guidance based on that. Yes, we do have exposure to it, but it is contemplated within our guidance.

John Rogers: Maybe it would be worth taking the opportunity to reemphasise the fact that we are also launching ALLEVYN COMPLETE CARE into the European market in the second quarter of this year. That would support our performance.

Graham Doyle (UBS): Just two hopefully quick questions. John, on the margins. Could you give us some colour just as we model the phasing for first half this year versus last year? I mean it feels like it should be down a little bit margin year-over-year, but good to get just to clarify that.

Then maybe one for Deepak. When we are modelling LANDMARK, how we model the ramp? Is it literally as that launches, we should expect knees to start doing better? Or is it a one, two quarter lag? Just to understand that as well, would be super helpful.

John Rogers: Graham, your comment just on the margins. Just to be clear, we are reiterating our guidance for the full year, which is pre Integrity, we are expecting our top line to grow 6% and our trading profit organically to grow around 8%. Obviously, there is some margin expansion implicit within those numbers.

If you then fully factor in the dilutive impact of Integrity, then I would say, broadly get to flat margin for the year. That gives you a guidance for the full year.

In terms of the half-one/half-two, as we called out on the call, we expect the phasing on the top line to be a little bit more weighted in the second half as couple of commercial contracts that we had forecast to land in our second quarter will now actually be just bumped into our third quarter, but we have got full visibility of those coming through. There will be a little bit shift in weighting towards the second half. We expect the profit to follow that.

Overall, we are comfortable with the guidance that we have given. It will be margin expansion on a pre-acquisition basis and broadly flat if you take account for the diluted impact of Integrity.

Deepak Nath: Right. Graham, on your LANDMARK question, just to anchor you on the time lines, just to recap from our CMD. Q3 of this year is when we launched our cementless and end of Q2 of 2027 is when the cemented version gets launched, that is when we have the full offering.

As with any orthopaedics launch, it is never a switch, right? If you do it right, which all the operational discipline we are driving with the organisation, the discipline around capital, you have got to be thoughtful about how you deploy sets, and we will bring that discipline into the LANDMARK launch as we have demonstrated with CATALYSTEM. If you look to what happened with CATALYSTEM, where it was a build over a few quarters, that is what you should expect in effect with LANDMARK.

Competitive dynamics is a little bit different in knees or hips, but you should look to that as directionally the shape of how we would launch LANDMARK. A couple of quarters after each of those time lines that I gave you would be the way to think about it.

Seb Jantet (Panmure Liberum): Just two, if I may. One, I just want to dig a little bit deeper on the input costs. Obviously, you have talked about 2026. I am thinking if this goes on for a bit longer, and we see elevated oil prices into 2027. I was wondering if you could help maybe give us a sense of what percentage of your COGS are exposed to petrochemicals and how that might flow into 2027?

Then the other one is just to delve a little bit more to Graham's question on the phasing. You have talked about perhaps a little bit more revenue phasing in the second half than the first half. Can you help us quantify that? Is that a couple of percentage point movements or something lower than that? Just to get a sense of what we are talking about.

John Rogers: I will take both of those. Look, on the input cost side, as I said earlier on, just to reiterate, we have got pretty good visibility for the 2026 year. If things got a lot worse, more protracted, then it could have an impact. We are pretty well hedged going in 2026.

Obviously, 2027. If things go on for longer, that could impact 2027. We are not overly exposed to the petrochemical side of our business. Obviously, it is embedded within our products to a degree, but it is not a huge exposure. It is relatively small in that regard.

The point I would say about 2027, like in any year, there is always puts and takes on the margin. I am not going to go about forecasting 2027 margins, but we have always said that 2026 was a tough year because there were a few headwinds. 2027 ought to be a little bit easier because things like the revaluation reserve and tariffs and so on reverse out. There may be some pressures coming through on the cost side. Again, there is some positive tailwinds to offset that. We will obviously set our guidance out for 2027 more clearly at the time.

In terms of the phasing, half-one/half-two, I do not want to call it out too specifically. I would say, for half one, we are probably looking at somewhere around 3.5 percentage growth and then probably in the second half, 8% or 8%-plus, and that gets us to around 6% for full year. That might be broadly the way we would see it shaping up. It is a little bit more weighted in the second half, as we said. We have got very good visibility on that. There is a couple of contracts that we know will shift from Q2 into Q3, so we are comfortable with the overall guidance we set out for the full year.

David Adlington (JP Morgan): Firstly, I am afraid, back to US knees. I just wondered how Q1 stacked up versus your internal expectations and what particular elements surprised you? Then just to confirm that you do expect Q1 to be the trough for US knee growth?

Second is just on skin substitutes. Just wondered how the performance there was relative to expectations with respect to both price and also volume?

Deepak Nath: Thanks, David, for the questions. US knees, as we acknowledged, a little bit softer than we had thought. The primary driver for that is the timing of where we chose to deploy LEGION MS sets, and that had an impact of the shape of it. The broader context for that is, as we have said, historically, we have not been very disciplined about how we have deployed capital into the business. We have acknowledged that and we have said during the whole 12-point plan journey, one of the things we have really worked on is being very

intentional about how we do that going forward and the steps we would take to try and address some of the places where we have too much capital deployed relative to the business opportunity.

We said there is a point in time, and we will start to address that. We have been at this now for a little while. The timing of that just depends on when the opportunity is to do this. Sometimes, it is hard to forecast that within a quarter, but it is the right thing to do to get the business reset and to be on more solid ground. This is part of our efforts to do that. There will be some quarterly shifts around when that actually occurs.

The broader thing in terms of softness is just the timing of when we chose to deploy sets. Also, as John indicated earlier on this call, because we have got line of sight to the sets that we do have and where we plan to deploy them in the context of when LANDMARK is launching and the discipline with which we are doing it and the discipline with which we are ensuring that those sets turn gives us some good confidence in terms of how the rest of the year are going to play out. That is the US knees part of it.

In terms of skin substitutes, we had contemplated a range of outcomes knowing that we were going into a very uncertain environment. The guidance of \$20 million to \$40 million trading profit impact on skin substitutes had a range of possible scenarios that we have taken into account.

What we are seeing play out is there is inventory in the channel. We had expected some level of that was going into it. It is maybe on the higher end of what we had expected. Then the system has taken some time to adapt in terms of how things get billed and how reimbursement actually occurs.

The WISeR model that the CMS has deployed and how that gets implemented within physician offices and healthcare settings and also how physician offices, for example, bill for these services, a very different type of model in the current era compared to what they are used to. That adaptation is taking a bit of time, right?

When you add these things together and you look at what is actually happening in not only how the quarter turned out, but also intra-quarter moves, what we see is contemplated within that range of \$20 million to \$40 million that we have set out. Bottom line, there are puts and takes within that, but we feel good about falling within the expected outcomes we have modelled. Anything, you want to add to that, John?

John Rogers: Yes. I mean, you covered it. Basically, David, bang in line with our expectations for the quarter. The market is pretty much performing as we expected. If you remember at the prelims, we gave the overarching yearly guidance of prices. For us, it has been down 20% to 25% and volumes being flat to positive.

Obviously, we would not expect to see that in the first quarter because there is a degree of this market is going to mature over time. Actually prices were actually down a little bit less than that 20% to 25% and volumes were down a little bit. The quarterly performance was actually bang in line with what we would expect to see as we see the market mature and transition through this state as we progress through the year. So very comfortable with where we are. To Deepak's point, the \$20 million to \$40 million guidance that we gave is reaffirmed.

David Adlington: Perfect. Sorry, just to fully quantify, the Q1 does represent the trough for US knee growth?

Deepak Nath: Yes.

John Rogers: Yes, it does. Sorry, I did not address that part of the question. Yes, we expect to see steady progression on US knees as we progress through each quarter of this year.

Susannah Ludwig (Bernstein): I guess, first, you guys had called out strong SANTYL growth on the back of distributor patterns. I am just wondering how long that impact is expected to last? Then second, you noted in AET that the China VBP has been delayed until the second half of the year. Just any commentary on how you expect that to impact phasing of AET throughout the year?

Deepak Nath: SANTYL, as you know, just the way the business works, flows through distribution, and there is a quarterly gyrations. Overall through the year on a year-on-year basis, a pretty consistent level of growth in SANTYL. That is the way to anchor how you think about SANTYL. There is no fundamental change to underlying demand and the growth that we see.

In Q1, the impact of distributor stocking patterns, the Q1 to Q1 comparator drove the numbers that we see. In terms of underlying demand, that seems steady. There is some perturbation with the whole skin substitutes thing and how the channel is adapting to things. There is some perturbation to that, but there is actually underlying strength in the demand. That is SANTYL.

In terms of AET, just to reinforce what we said earlier, which is that we are seeing a shift when AET is going to be implemented within the year because we have been through this now a number of times. We had basically worked on channel inventory ahead of the expected implementation at the end of last year, as John said. With the delay that has come, there was a greater level of demand in Q1, which we catered to.

Overall, for the year, at the beginning of the second half, we expect AET to be implemented, as follow the signs. There is no change to the fundamental assumption other than the timing shift to that. Also want to re-anchor you to China now, which is now a significantly smaller portion of our overall Group. Around about 2% or so of overall Group sales is now China. It is less material to the Group.

As John said, while China was not a headwind for us for the first time in quite some time. Overall, for the year, we expect China to be neutral in terms of growth.

Listen, do you have anything you want to cover there, John?

John Rogers: Just maybe a little bit detail on AET. The upside that we saw in Q1 and Q2, we expect to reverse in Q3 and Q4. Actually, for the full year, in China on AET, we expect to be roughly flat, but that will largely play a draw. Actually, as Deepak just said, for the business overall in China for the year, we expect to be roughly flat again. It is really neither dilutive nor accretive to our overall top line performance.

Just on the SANTYL piece. I mean, to Deepak's point there, because of the distributor stocking patterns, we have had a strong Q1. The corollary of that is we might see a slightly weaker Q2, but to Deepak's overarching point, when you look at the year overall, in line with expectations.

Oliver Metzger (ODDO BHF): First one is also about skin substitutes in the US. Do you have any view that apart from the CMS price cuts that also some market share shifts might occur on the back of the reform?

Second question about Advanced Wound Care. Some stronger growth for now the fourth consecutive quarter, which is above historic levels. Pretty often slower growth was initiated by some higher price pressure. Now we see the reforms in Germany and France. In Europe, these countries have often been the first mover with some more reforms to come. Do you expect that the overall environment shifts now again more towards higher price pressure?

Deepak Nath: Yes. Thanks, Oliver. In terms of CMS skin substitutes. First off, post the 2026 when clearly a year of transition, we believe this is fundamentally a great market and we are very well positioned within that market. There is a significant medical unmet need for this in a variety of applications. There is diabetic foot ulcers, venous leg ulcers. The clinical need for these products remains robust, and we have got a great portfolio backed up by strong clinical evidence, directing the appropriate use for these products.

What we expect to have happen is, over time, we believe utilisation will shift to those products that are backed up by clinical evidence and have the quality profile that customers and patients expect. There will be shifts that occur, and that will get played out during the course of 2026 as we get into 2027.

As Smith+Nephew, we feel very well-positioned within this sector over the longer term. That is the skin substitutes answer.

In terms of AWC, as you know, we have had a higher level of growth based on historical levels. There are some comps within that. Fundamentally, we have got new products that we are launching into this category. ALLEVYN AG has been a material driver of growth. We have got ACC or ALLEVYN COMPLETE CARE launching. It is launched in the US. It is coming as John said, middle part of the year within Europe. That we are expecting to take share within that category. Because it has got, from a product standpoint, unique features and benefits. It is a five-layer product that offers great opportunities for exudate management, which ALLEVYN has always been known for. Together with the new silicon that ALLEVYN COMPLETE CARE features, and the fact that you have got five layers that are not bonded together, that is great to defend against shear, it can be used in a variety of applications, makes for a very compelling value proposition for that category. We believe that product is differentiated, and we are poised to take share within that.

In terms of pricing pressure, as you rightly note, Germany often is the vanguard for something like this. As you also know, Oliver, that what happens in Germany does not necessarily translate in a like-for-like fashion in other markets because each market is different. The reimbursement patterns are different. The clinical practice is different.

Look, we are quite attuned to the dynamics of the market. We have been in the space for a long time. Our long-term plans take into account a dynamic market, but we also have a great product, we believe that will carry the day in a market that is dynamic. You put these pieces together, we are set up very nicely in an AWC category to actually be a challenger, which we have not been in quite some time.

Great. Thank you for the great questions. Just want to end with saying that we have delivered a great first quarter. This performance that was in line with our expectations. We feel very good about our ability to meet our full year guidance across all the metrics. We look forward to coming back to you and updating you on progress at the half. Thank you again for your attention and engagement today.

[END OF TRANSCRIPT]