



## 37<sup>th</sup> Annual JP Morgan Healthcare Conference

**Namal Nawana, CEO**

This document may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. For Smith & Nephew, these factors include: economic and financial conditions in the markets we serve, especially those affecting health care providers, payers and customers; price levels for established and innovative medical devices; developments in medical technology; regulatory approvals, reimbursement decisions or other government actions; product defects or recalls or other problems with quality management systems or failure to comply with related regulations; litigation relating to patent or other claims; legal compliance risks and related investigative, remedial or enforcement actions; disruption to our supply chain or operations or those of our suppliers; competition for qualified personnel; strategic actions, including acquisitions and dispositions, our success in performing due diligence, valuing and integrating acquired businesses; disruption that may result from transactions or other changes we make in our business plans or organisation to adapt to market developments; and numerous other matters that affect us or our markets, including those of a political, economic, business, competitive or reputational nature. Please refer to the documents that Smith & Nephew has filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended, including Smith & Nephew's most recent annual report on Form 20-F, for a discussion of certain of these factors. Any forward-looking statement is based on information available to Smith & Nephew as of the date of the statement. All written or oral forward-looking statements attributable to Smith & Nephew are qualified by this caution. Smith & Nephew does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Smith & Nephew's expectations.

# 100

Smith & Nephew is a global Medical Device portfolio company, that has been trading for over 160 years, and operates in more than 100 countries

# FTSE100

A constituent of the UK's FTSE100, 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

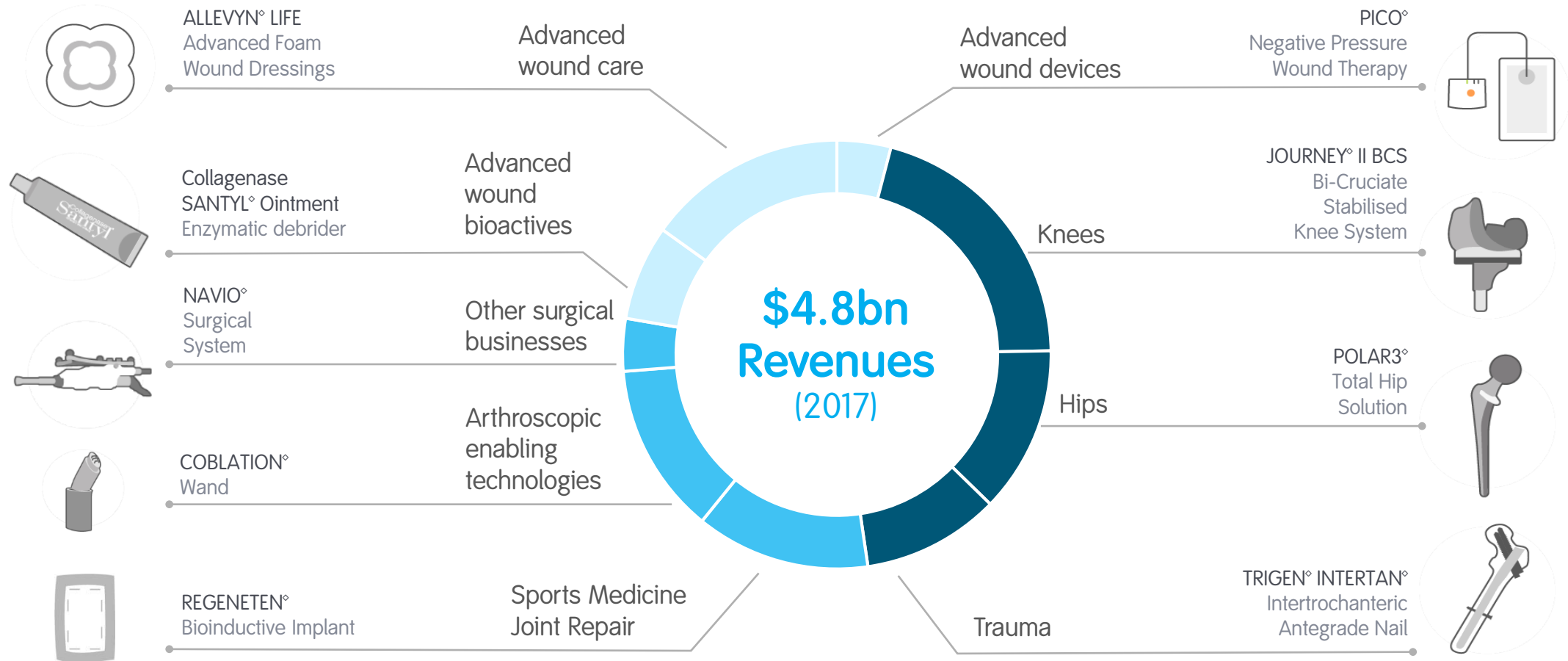
# \$4.8bn

Annual sales in 2017 were \$4.8 billion

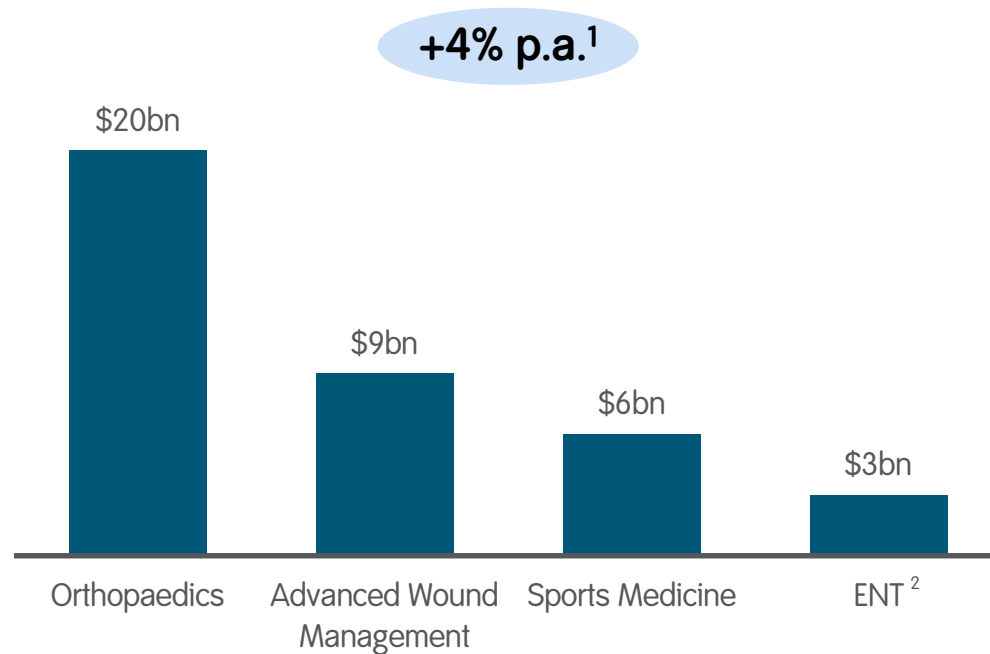
# ~16,500

We have around 16,500 employees globally

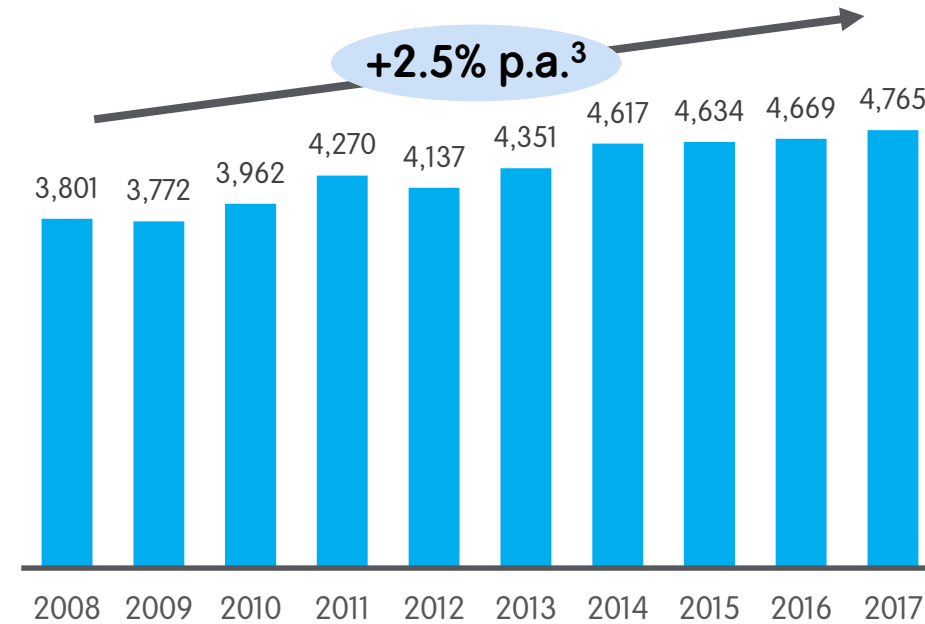
# A portfolio medical device company



Global market size estimates, 2018



Smith & Nephew revenue, \$M



1 Aggregate market sales CAGR 2017-22, estimated  
 2 Includes ENT surgical devices, Nasal Stents/ Packing, and, Ear Tubes  
 Source: S&N estimates  
 3 CAGR, reported revenue

# Strategic imperatives for the company

## Grow

## Together

## Effectively

1



**Achieve the full potential of our portfolio**

2



Transform the business through enabling technologies

3



Expand in high-growth segments

4



Strengthen talent and capabilities

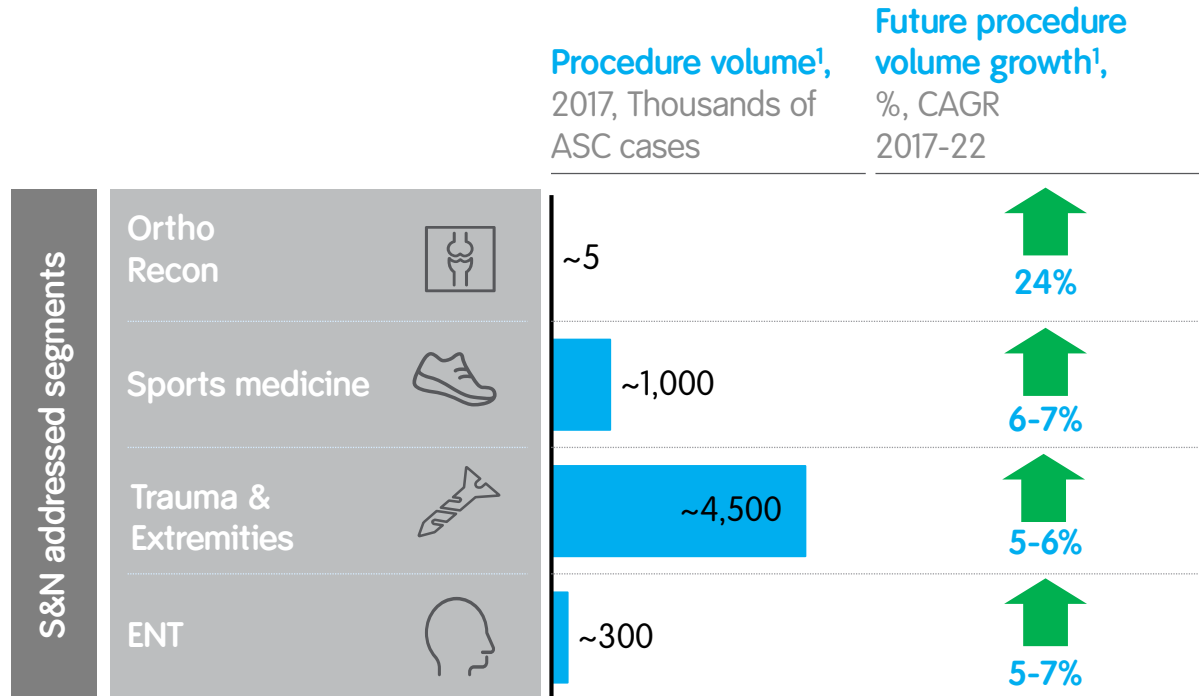
5



Become the best owner

# Structural shift of procedures towards ASCs

## US ASC market



### Drivers

#### Economics



- Key procedures being considered for reimbursement by Medicare in ASCs



- Attractive physician economics

#### Technology



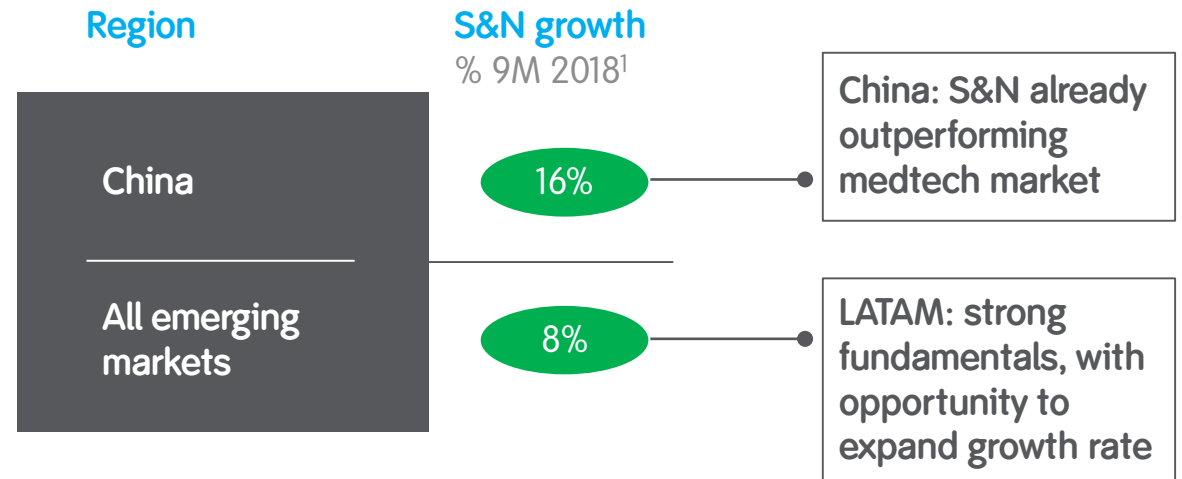
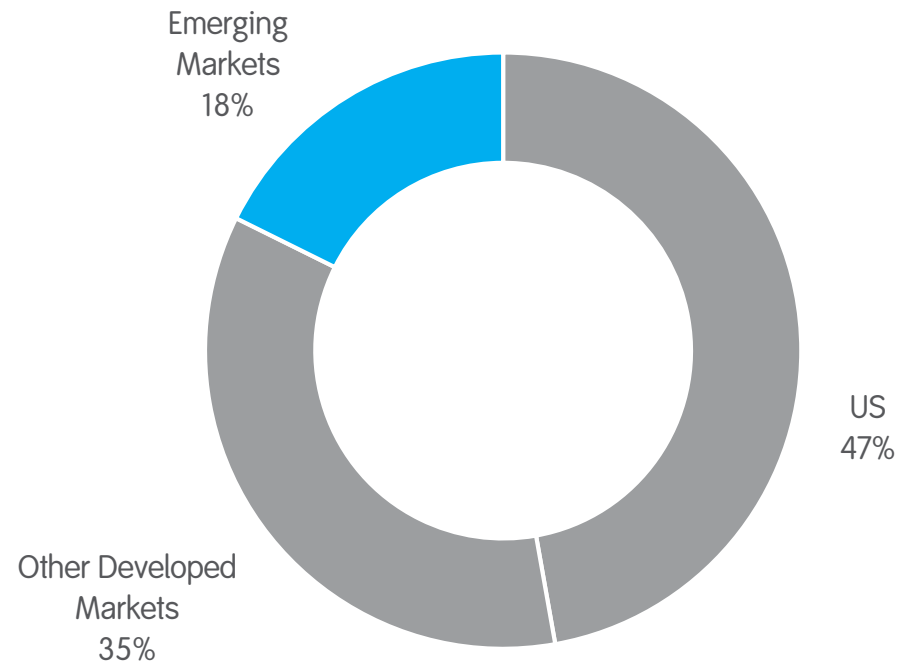
- Advances in anesthesia and MIS facilitate outpatient procedures

<sup>1</sup> Includes S&N addressable procedures only: Ortho Recon (all procedures excluding spine), Sports (all procedures), T&E (Lower/ upper extremity, fracture/ dislocation, podiatry), ENT (Tonsils)

Source: S&N ASC team, Advisory Board

# Opportunity in select higher growth emerging markets

## Smith & Nephew 9M 2018 Sales



<sup>1</sup> Underlying growth rates



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## TKA example

Past



Current



**VISIONAIRE<sup>°</sup>**  
Patient Matched Technology

Simplified surgery.  
Personalized performance.

Future



**NAVIO<sup>°</sup>**  
Surgical System

- Robotic implant placement
- Remote capabilities
- Further innovation waves: enabled by AR/AI/big data

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## Acquisition of Rotation Medical, Q4 2017



- \$125m initial consideration, plus up to \$85m in milestone payments
- REGENETEN<sup>®</sup>: a novel tissue regeneration technology for shoulder rotator cuff repair
- >100% REGENETEN sales growth in 9M 2018

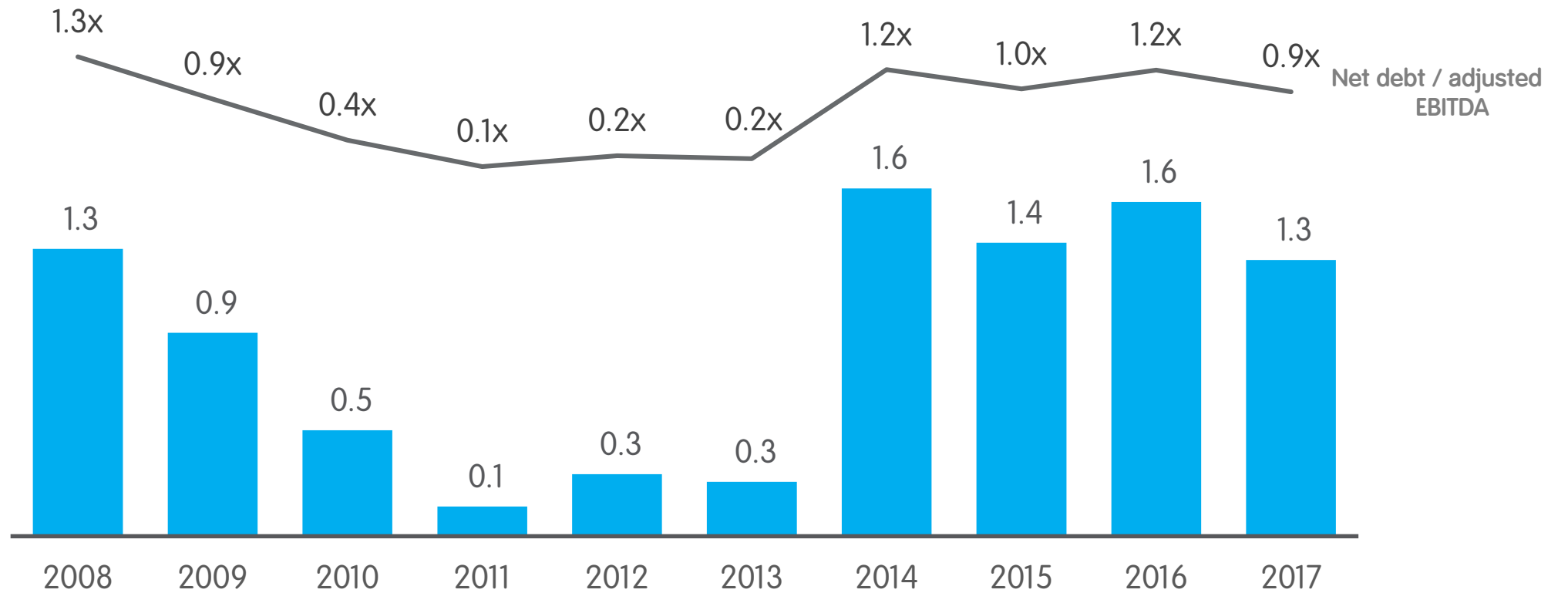
## Agreement to acquire Ceterix, Q4 2018



- \$50m initial consideration plus up to a further \$55m over the next five years
- NovoStitch Pro: a unique device for complex meniscal tear patterns

# Significant balance-sheet capacity

Smith & Nephew net debt, \$bn



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# Smith & Nephew Executive Committee

**Namal Nawana**  
Chief Executive  
Officer



**Graham Baker**  
Chief Financial Officer,  
GBS & IT



**Skip Kiil**  
President,  
Orthopaedics



**Brad Cannon**  
President,  
Sports Medicine & ENT



**Simon Fraser**  
President, Advanced  
Wound Management



**Max Colella**  
President,  
EMEA



**Mark Gladwell**  
President, Global  
Operations



**Melissa Guerdan**  
Chief RA/QA  
Officer



**Vasant Padmanabhan**  
President,  
R&D



**Phil Cowdy**  
EVP, Business Dev. and  
Corp. Affairs



**Elga Lohler**  
Chief Human Resources  
Officer



**Cathy O'Rourke**  
Chief Legal and  
Compliance Officer



## Life Unlimited

### Care

A culture of empathy and understanding for each other, our customers and patients

### Collaboration

A culture of team, based on mutual trust and respect

### Courage

A culture of continuous learning, innovation and accountability



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# Why invest in Smith & Nephew today?

## Key drivers

- **Portfolio of leading technologies** in attractive markets
- Shift to specialised commercial model for **stronger organic growth**
- Pillars of **new winning culture** being embedded
- **New strategic imperatives** for value creation established
- **Balance sheet capacity** for a step-up in business development

