State-of-the-art medical technology still needs a highly skilled pair of hands to use it.
Forward looking statements

This document contains certain 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, payors 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; litigation relating to patent or other claims; legal compliance risks and related investigative, remedial or enforcement actions; strategic actions, including acquisitions and dispositions, our success in integrating acquired businesses, and disruption that may result from 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 20F, 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.
Our business

- Advanced Wound Management
- Knee Implants
- Hip Implants
- Other
- Arthroscopic Enabling Technologies
- Sports Medicine (Joint Repair)
- Trauma

$4.1bn revenues (2012)

- RENASYS® GO: Negative Pressure Wound Therapy
- ALLEVYN®: Wound Dressings
- VISIONAIRE®: Patient Matched Instrumentation
- VERILAST®: 30-year wear claim
- ANTHOLOGY®: Primary Hip System
- BIRMINGHAM HIP®: Resurfacing System
- VISIONAIRE®: Patient Matched Instrumentation
- PERI-LOC®: Periarticular Locked Plating System
- FAST FIX 360®: Meniscal Repair System
- DYONICS® PLATINUM: Shaver Blades
- HEALICOIL® PK: Suture Anchor
- TRIGEN® INTERTAN: Intertrochanteric Antegrade Nail

Our business
Strategic Priorities

• Winning in Established Markets

• Accelerating development in Emerging Markets

• Innovating for value

• Simplifying and improving our operating model

• Supplement organic growth through acquisitions
Winning in Established Markets

• 2012 highlights
  – ASD restructuring
  – AWM realignment
  – Bioventus

• 2013 developments
  – Trauma and Extremities investment
  – continued NPWT expansion
  – integration of Healthpoint on track

2012 S&N revenues (geographic split)

- Established Markets (88%)
- EM/IM (12%)
Accelerating development in Emerging Markets

• 2012 highlights
  - China successful model
  - significant structural and talent investment

• 2013 developments
  - organic investment (e.g. Mexico)
  - acquisitions (Brazil, India, Turkey)
  - mid-tier portfolio development
Closer to the customer; developing critical mass

BRIC
- China
- India
- Brazil
- Russia

‘Next level’
- Turkey
- Mexico
- Saudi Arabia
- South Africa
## Product strategy and development

<table>
<thead>
<tr>
<th>Market</th>
<th>S&amp;N Strategy</th>
<th>Execution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upper tier</strong></td>
<td>“Lead” the Premium segments</td>
<td>• Registering more existing products</td>
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<tr>
<td><strong>Mid-tier</strong></td>
<td>“Champion”: address and create Mid-tier</td>
<td>• Acquisitions</td>
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<tr>
<td></td>
<td></td>
<td>• New product development</td>
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<td></td>
<td></td>
<td>• Launching AWM range</td>
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<tr>
<td><strong>Lower tier</strong></td>
<td>“Opportunistic”</td>
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</tbody>
</table>
Innovating for value

• 2012 highlights
  – 32 new AWM products
  – ASD launch new platforms

• 2013 developments
  – increased R&D investment
  – ASD: JOURNEY™ II, Foot & Ankle set, HEALICOIL™ anchors
  – AWM: continues launch momentum
  – HP-802 Phase III trials
  – mid-tier portfolio
Simplifying and improving our operating model

2012
Programme initiated Q4 2011
Expect total programme annual benefits of $150m
Ortho and Endo businesses combined

2013
Manufacturing asset review underway
Incurred costs of $127m to Sept 2013 ($112m cash and $15m non-cash)
Annualised benefits of over $127m delivered to date

2014
AWM manufacturing footprint complete
Total programme cost $160m cash & $40m non-cash
On track to deliver $150m annual benefits
Supplement organic growth through acquisition

<table>
<thead>
<tr>
<th>Scale</th>
<th>Acquisitions</th>
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</thead>
<tbody>
<tr>
<td>Large bolt-ons</td>
<td>HEALTHPOINT® BIOTHERAPEUTICS</td>
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<tr>
<td>Supplementing organic growth strategies</td>
<td>Sushrut-Adler Group</td>
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<td>Complementary technology</td>
<td>plato group</td>
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<td>Kalypto Medical</td>
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<td>LifeModeler®</td>
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<td>Surgical</td>
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</table>
Capital allocation framework

1. Reinvest for organic growth
2. Progressive dividend policy
3. Acquisitions in line with strategy
4. Return excess to shareholders

Maintain strong balance sheet to ensure solid investment grade credit metrics
Summary – making choices for the long term

• Strategic priorities progress
  – revenue and trading profit in-line with expectations
  – efficiency benefits evident
  – strong operational and financial platform
  – acquisitions

• Towards stronger portfolio, flexibility and predictability
  – invested in attractive high growth markets and segments
  – business profile balancing growth and efficiency