Forward looking statements and non-IFRS measures

Cautionary Statement Regarding Forward Looking Statements

This document contains forward-looking information related to Smith & Nephew, Osiris and the proposed transaction that involves substantial risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. These forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as “believes,” “plans,” “anticipates,” “projects,” “estimates,” “expects,” “intends,” “strategy,” “future,” “opportunity,” “may,” “will,” “should,” “could,” “potential,” or similar expressions. Forward-looking statements in this document include, among other things, statements about the potential benefits of the proposed transaction, including expected synergies, the expected timing of completion of the proposed transaction, anticipated earnings accretion, as well as Smith & Nephew’s plans and expectations and Osiris’ financial condition, results of operations, products and businesses. These 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. These forward-looking statements may be affected by risks and uncertainties, including, without limitation, the risk that the proposed transaction will not close when expected or at all; the risk that the conditions to the tender offer will not be satisfied in the anticipated timeframe or at all, including uncertainties as to how many of Osiris’ stockholders will tender their shares in the tender offer; risks related to the ability to realize the anticipated benefits of the proposed transaction, including the possibility that its expected benefits and synergies will not be realized or will not be realized within the expected time period; negative effects of the announcement or consummation of the proposed transaction on the market price of Smith & Nephew shares and its operating results; the risk that Smith & Nephew’s and Osiris’ business will be adversely impacted during the pendency of the proposed transaction; the risk that the operations of the two companies will not be integrated successfully; unknown liabilities; and the risk of litigation and regulatory actions related to the proposed transaction. Additionally, 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 and 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 (the “SEC”) 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.

Additional Information about the Proposed Transaction and Where to Find It

The tender offer described in this document has not yet commenced. This document is provided for informational purposes only and does not constitute an offer to purchase or the solicitation of an offer to sell any securities. At the time the tender offer is commenced, Smith & Nephew, Smith & Nephew Consolidated, Inc. and a wholly owned subsidiary of Smith & Nephew intend to file with the SEC a Tender Offer Statement on Schedule TO containing an offer to purchase, a form of letter of transmittal and other documents relating to the tender offer, and Osiris intends to file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 with respect to the tender offer. Smith & Nephew and Osiris intend to mail these documents to the Osiris stockholders. Investors and stockholders should read those filings carefully when they become available as they will contain important information about the tender offer. Those documents may be obtained without charge at the SEC’s website at www.sec.gov or by contacting the information agent for the tender offer. INVESTORS AND SECURITY HOLDERS ARE ADVISED TO READ THESE DOCUMENTS WHEN THEY BECOME AVAILABLE, INCLUDING THE SOLICITATION/RECOMMENDATION STATEMENT OF OSIRIS AND ANY AMENDMENTS THERETO, AS WELL AS ANY OTHER DOCUMENTS RELATING TO THE PROPOSED TRANSACTION THAT ARE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY PRIOR TO MAKING ANY DECISIONS WITH RESPECT TO WHETHER TO TENDER THEIR SHARES PURSUANT TO THE PROPOSED TRANSACTION BECAUSE THEY CONTAIN IMPORTANT INFORMATION, INCLUDING THE TERMS AND CONDITIONS OF THE PROPOSED TRANSACTION.

Non IFRS Measures

Certain items included in ‘trading results’, such as trading profit, trading profit margin, tax rate on trading results, trading cash flow, trading profit to cash conversion ratio, EPSA, net debt to adjusted EBITDA ratio, and underlying growth are non-IFRS financial measures. The non-IFRS financial measures in this announcement are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS in our Fourth Quarter and Full Year 2018 Results announcement dated 7 February 2019.
Digital surgery and robotic eco-system
Namal Nawana, Chief Executive Officer

NAVIO° and robotic surgery
Skip Kiil, President of Orthopaedics

Osiris Therapeutics
Namal Nawana, Chief Executive Officer
Vision of a robotic ecosystem

- **Haptic feedback-enabled gloves** manipulate robotic arm with high surgical precision
- **Augmented reality goggles** to enhance surgeon's precision intraoperatively
- Next-gen **robotic arm** with surgical navigation capabilities (e.g., digital tissue segmentation)
### Moving from robotic-assisted surgery to a digital ecosystem

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
<th>Future developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlueBelt acquired by Smith &amp; Nephew in 2016</td>
<td>First launch of next-generation platform</td>
<td>Development incorporating stand-alone robotic arms, augmented reality</td>
</tr>
<tr>
<td>Launch of NAVIO 7.0 in H2 2019</td>
<td>Brainlab hip and knee software on both NAVIO and new platform</td>
<td>Compatibility with Brainlab’s Digital O.R. offering</td>
</tr>
<tr>
<td>Brainlab hip software on NAVIO</td>
<td>Introduction of robotic arms</td>
<td>Expansion into sports medicine and other clinical specialties</td>
</tr>
</tbody>
</table>

NAVIO 7.0 software has not been cleared by the FDA for distribution in the United States and is not yet commercially available.
The future robotic ecosystem in Sports Medicine

Module designed for seamless integration into arthroscopic tower for Sports Medicine and ENT surgery

Expansion to Ambulatory Surgery Centre outpatient procedure base
NAVIO and robotic surgery
Skip Kiil, President of Orthopaedics
### NAVIO Surgical System

<table>
<thead>
<tr>
<th><strong>Accuracy with only handheld technology</strong></th>
<th><strong>Indications</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Handheld Robotics</em></td>
<td><em>Unicompartmental knee, Total knee, Patellofemoral joint</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Simplified process with real-time imaging</strong></th>
<th><strong>Robotic Techniques</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>No CT or MRI</em></td>
<td><em>Cut Guide, Distal Bur, Bur All</em></td>
</tr>
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<thead>
<tr>
<th><strong>Unique, intra-operative 3D model based on the patient’s anatomy</strong></th>
<th><strong>Compact Footprint</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Custom Planning</em></td>
<td><em>Small footprint ideal for ASC and Hospitals, easily move as needed</em></td>
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<table>
<thead>
<tr>
<th><strong>Accuracy and balance through the range of motion</strong></th>
<th><strong>Control Modes</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>High Accuracy</em></td>
<td><em>Two robotic control modes: Exposure Control and Speed Control</em></td>
</tr>
</tbody>
</table>
Improving efficiency, in process simplification where speed matters in the OR.

Improved real-time inter-operative data in the OR with reduction of landmark points from 7 to 2.

Improved real-time planning with a single simplified user interface, Reducing inter-operative steps by 40%
NAVIO 7.0: Adding to the range of knee applications

**GENESIS II**
Total Knee System

**LEGION**
Total Knee System

**JOURNEY II**
Active Knee System

**ANTHEM**
Total Knee System

NAVIO 7.0 to bring Robotics-assisted support for the ANTHEM Knee system
Next generation platform

Reduced footprint console design for simple operating room integration.

Flexible configurations to fit into any operating room or multiple clinical specialities

Potential for this enabling technology to become the robotics platform of choice for ASCs
Next generation platform

More powerful computing capabilities and faster response rate between camera and drill

Reduced latency with new handset

Larger bur, rotatable tracker and integrated suction
Brainlab partnership to create multi-asset robotic ecosystem

- Purchase of Brainlab’s orthopaedic joint reconstruction business and installed base of >500 accounts, with intangible assets
- Used in >40,000 Orthopaedic cases each year
- Hip software from Brainlab to be installed onto NAVIO
- Exclusive co-development of additional digital surgery applications
- Initial focus on orthopaedic reconstruction and sports medicine
Vision of a robotic ecosystem

- Haptic feedback-enabled gloves manipulate robotic arm with high surgical precision
- Augmented reality goggles to enhance surgeon's precision intraoperatively
- Next-gen robotic arm with surgical navigation capabilities (e.g., digital tissue segmentation)
Osiris Therapeutics
Namal Nawana, Chief Executive Officer
Adding to recent bolt-on deals

Acquisition of Rotation Medical, Q4 2017

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

Acquisition of Ceterix, Q1 2019

- $50m initial consideration plus up to a further $55m over the next five years
- NOVOSTITCH™ PRO: a unique device for complex meniscal tear patterns
Osiris: high-growth company delivering regenerative medicine products

**Grafix®**
Cryopreserved placental membrane for acute and chronic wounds

- 9M 2018 sales: $75m
- 74% of total
- 9M 2018 growth: +20.5%

**Stravix®**
Cryopreserved placental tissue as wound covering or wrap for soft tissue repair

**BIO4**
Bone matrix for bone repair

- 9M 2018 sales: $20m
- Distributed by Stryker
- 9M 2018 growth: +16.8%

**Cartiform®**
Allograft for articular cartilage repair

- 9M 2018 sales: $7m
- Distributed by Arthrex
- 9M 2018 growth: +6.8%
Osiris deal financials

<table>
<thead>
<tr>
<th>9 months to 30 September</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>102.0</td>
<td>85.9</td>
</tr>
<tr>
<td>Growth</td>
<td>+18.7%</td>
<td></td>
</tr>
<tr>
<td>Net income before tax, continuing operations</td>
<td>4.2</td>
<td></td>
</tr>
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Source: Osiris 10-Q

- Purchase price of $19.00 per share in cash, 37% premium to 90-day average
- Total consideration of approximately $660m, financed from existing cash and debt facilities
- Transaction expected to complete in Q2 2019, subject to customary conditions
- Transaction to be EPSA accretive from 2020
- Expected to generate ROIC in excess of cost of capital in third year after closing; synergies driven by revenue and SG&A
Questions