Investor Presentation
January – March 2020
Forward looking statements and non-IFRS measures

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. The terms 'Group' and 'Smith+Nephew' are used for convenience to refer to Smith & Nephew plc and its consolidated subsidiaries, unless the context requires otherwise.

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, leverage 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 2019 Results announcement dated 20 February 2020.
Our history

1856
Smith+Nephew established

1856
Thomas James Smith opened a chemist shop in Hull, UK and develops a new method for refining cod liver oil

1896
Horatio Nelson Smith entered into partnership with his uncle forming TJ Smith & Nephew

1914
Days after the outbreak of WW1, we received an order to provide surgical and field dressing supplies to the French army within 5 months

1937
We were listed on the London stock exchange

1945
Key acquisitions of Richards Medical Company in Memphis, specialists in orthopaedic products and DYONICS, an arthroscopy specialists based in Andover

1953
We developed a special low-temperature plaster for the Everest climbers on the 1953 expedition. It enabled them to send back their camera films, sealed and airtight. This same research led to the development of important industrial products

1959
We produced an experimental bandage Elastoplast™

1962
We were listed on the New York Stock Exchange and in 2001 became a constituent member of the UK FTSE-100 index

1978
We are proud of what we do and value our 17,500 employees who make this possible

1986
1995
Acquired Acufex Microsurgical Inc, making us a market leader in arthroscopic surgical devices

1999
We developed a special low-temperature plaster for the Everest climbers on the 1953 expedition. It enabled them to send back their camera films, sealed and airtight. This same research led to the development of important industrial products

2001
OXINIUM®, a new material that improves performance and increases the service life of total joint replacement systems, first introduced

2011
PICO®, the first pocket-sized, single-use system, revolutionizes the negative pressure wound therapy market

2014
Acquired Arthrocare Corp. to expand our sports medicine portfolio

2019
Expanding in technologies of the future, investing in Orthopaedics, Biologics and Digital Surgery

2019
17,500+

2020
We exist to restore people's bodies and their self-belief by using technologies to take the limits off living. We call this purpose "Life Unlimited"

Trademark of Smith & Nephew. ©2020 Smith & Nephew
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.

$5.1bn
Annual sales in 2019 were $5.1 billion.

Shares
S&N has a progressive dividend policy, and has paid a dividend every year since 1937.

~17,500
We have around 17,500 employees globally.
A portfolio medical device company

- ALLEVYN® LIFE
  - Advanced Foam Wound Dressings
- Collagenase
  - SANTYL® Ointment
  - Enzymatic debrider
- COBLATION®
  - Wand
- REGENETEN®
  - Bioinductive Implant

Advanced Wound Care

- Advanced Wound Bioactives
- Arthroscopic Enabling Technologies
- Sports Medicine Joint Repair

Advanced Wound Devices

- PICO®
  - Negative Pressure Wound Therapy
- JOURNEY® II BCS
  - Bi-Cruciate Stabilised Knee System
- POLAR3®
  - Total Hip Solution
- EVOS® SMALL
  - Plating System

Revenues

$5.1bn

(2019)
Leading positions in stable growing markets

**Hip & Knee Implants**

- $14.8bn market (growth +3%)
  - Zimmer Biomet: 32%
  - Stryker: 22%
  - DePuy Synthes: 19%
  - Smith+Nephew: 12%
  - Others: 15%

**Sports Medicine**

- $5.3bn market (growth +5%)
  - Smith+Nephew: 26%
  - Stryker: 11%
  - DePuy Synthes: 13%
  - Arthrex: 33%
  - Others: 17%

**Advanced Wound Management**

- $9.4bn market (growth +4%)
  - Smith+Nephew: 14%
  - 3M: 19%
  - Molnlycke: 9%
  - Convatec: 7%
  - Others: 51%

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1) Data used in 2019 estimates generated by Smith & Nephew is based on publicly available sources and internal analysis and represents an indication of market shares.
2) DePuy Synthes is a division of Johnson & Johnson.
Our performance

<table>
<thead>
<tr>
<th>Revenue</th>
<th>$5,138m</th>
<th>+4.4%*</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>4634</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>4669</td>
<td></td>
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<tr>
<td>2017</td>
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<tr>
<td>2018</td>
<td>4904</td>
<td></td>
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<tr>
<td>2019</td>
<td>5138</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Adjusted earnings per share (EPSA)</th>
<th>102.2¢</th>
<th>+5% CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>85.1</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>82.6</td>
<td></td>
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<td>2017</td>
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<td>2018</td>
<td>100.9</td>
<td></td>
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<tr>
<td>2019</td>
<td>102.2</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Trading profit</th>
<th>$1,169m</th>
<th>22.8% margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1099</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>1020</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>1048</td>
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<td>2018</td>
<td>1123</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>1169</td>
<td></td>
</tr>
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<table>
<thead>
<tr>
<th>Dividend per share</th>
<th>37.5¢</th>
<th>+5% CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>30.8</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>30.8</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>35.0</td>
<td></td>
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<tr>
<td>2018</td>
<td>36.0</td>
<td></td>
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<tr>
<td>2019</td>
<td>37.5</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Trading cash conversion</th>
<th>83%</th>
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<tr>
<td>2015</td>
<td>85%</td>
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<tr>
<td>2016</td>
<td>75%</td>
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<tr>
<td>2017</td>
<td>90%</td>
</tr>
<tr>
<td>2018</td>
<td>85%</td>
</tr>
<tr>
<td>2019</td>
<td>83%</td>
</tr>
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<table>
<thead>
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<th>Net debt</th>
<th>$1,600m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1361</td>
</tr>
<tr>
<td>2016</td>
<td>1550</td>
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<tr>
<td>2017</td>
<td>1281</td>
</tr>
<tr>
<td>2018</td>
<td>1104</td>
</tr>
<tr>
<td>2019</td>
<td>1600</td>
</tr>
</tbody>
</table>

* Underlying growth percentage after adjusting for the effect of currency translation, acquisitions and disposals.
Q4 2019 revenue: $1,407m, 5.6% underlying, 8.7% reported

Revenue split
- Emerging Markets $252m
- Other Established Markets $431m
- US $724m

Geographical growth
- Global 5.6%
- Established Markets 3.5%
- US 4.2%
- Other Established Markets 2.4%
- Emerging Markets 16.6%

Product franchise growth

Orthopaedics
- Knees 5.1%
- Hips 4.7%
- Other Recon 0.7%
- Trauma 7.0%

Sports Medicine, ENT
- Sports Medicine Joint Repair 31.6%
- Arthroscopic Enabling Technologies 14.0%
- ENT 10.7%

Advanced Wound Management
- AWC 10.1%
- AWB 10.1%
- AWD 15.2%

16.6%
Full Year revenue: $5,138m, 4.4% underlying, 4.8% reported

**Revenue split**
- Emerging Markets $957m
- Other Established Markets $1,630m
- US $2,551m

**Geographical growth**
- Global 4.4%
- Established Markets 2.1%
- US 3.3%
- Other Established Markets 0.2%
- Emerging Markets 16.1%

**Product franchise growth**

**Orthopaedics**
- Knees 4.0%
- Hips 4.4%
- Other Recon 2.1%
- Trauma 4.3%

**Sports Medicine, ENT**
- Sports Medicine Joint Repair 12.6%
- Arthroscopic Enabling Technologies 12.3%
- ENT 6.7%
- ENT 0.8%

**Advanced Wound Management**
- AWC -0.2%
- AWB -0.4%
- AWD 15.7%
Updated APEX targets

**APEX – Jan 2018**

**Initial targets:**
Benefits of $160m p.a. by 2022
Total one-off costs of $240m
~75% of benefits, >75% of costs by 2020

**APEX – 2020 update**

**Updated targets:**
Benefits of $190m p.a.
Total one-off costs of $290m
Closing in full by end of 2020
## 2020 Guidance

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales growth:</th>
<th>Trading profit margin:</th>
<th>Tax rate:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020</strong></td>
<td><strong>Underlying:</strong> 3.5% to 4.5%</td>
<td><strong>At or slightly above 2019 level</strong></td>
<td><strong>18.5% to 19.5%</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Reported:</strong> 4.0% to 5.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Medium Term</strong></td>
<td><strong>Sales growth:</strong> Consistent growth above market</td>
<td><strong>Trading profit margin:</strong> Ongoing improvement</td>
<td><strong>Tax rate:</strong> 18.0% to 20.0%</td>
</tr>
</tbody>
</table>

2020 guidance assumes COVID-19 outbreak situation normalises early in Q2

(1) Based on the foreign exchange rates prevailing on 14 February 2020
(2) Tax rate on trading result
Delivering on strategic imperatives

- Achieve the full potential of our portfolio
- Transform the business through enabling technologies
- Expand in high-growth segments
- Strengthen talent and capabilities
- Become the best owner

GROW TOGETHER EFFECTIVELY
Priorities for 2020: Commercial execution

Achieve the full potential of our portfolio

US sales

2017: $2,306m +1%
2018: $2,354m
2019: $2,551m +3.3%

Other Established Markets sales

2017: $1,658m
2018: $1,693m +3%
2019: $1,630m +0.2%

Emerging Markets sales

2017: $801m
2018: $857m +8%
2019: $957m +16.1%

All percentage changes indicate underlying growth
Priorities for 2020: New generation of enabling technologies

Transform the business through enabling technologies

Next generation robotics platform

Biologics

Stravix®

REGENETEN®
Bioinductive Implant

Connected arthroscopic tower

*These devices are not cleared by the US FDA for distribution in the United States.
Priorities for 2020: Commitment to innovation

- Launch key products
  - Next generation robotics platform
  - OR30° Dual Mobility
  - COBLATION® HALO Wand
  - HIP 7+NAVIO°

- Increase R&D investment
  - 2017: 4.7%
  - 2018: 4.8%
  - 2019: 5.2%
  - Medium term: Increasing

- Continue with tuck-in M&A

*This device is not cleared by the US FDA for distribution in the United States.

**R&D as % of sales excludes non-trading items
Priorities for 2020: Talent and engagement

Strengthen talent and capabilities

Build on franchise model and leadership team

Embed the new behaviours

Life Unlimited

<table>
<thead>
<tr>
<th>Care</th>
<th>Collaboration</th>
<th>Courage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A culture of empathy and understanding for each other, our customers and patients</td>
<td>A culture of team, based on mutual trust and respect</td>
<td>A culture of continuous learning, innovation and accountability</td>
</tr>
</tbody>
</table>
Priorities for 2020: Excellence through the value chain

**Operations transformation**

**Key initiatives:**
- Optimised manufacturing network
- Rollout of lean methodology
- Distribution network and supply chain opportunities

**Commercial transformation**

**Key initiatives:**
- Increasing share of direct distribution
- Sales training and excellence
- Enhancing professional education
Appendices
### Technical guidance

**Foreign exchange and other revenue impact**

| Impact of translational FX on revenue<sup>(1)</sup> | (0.8%) |
| Acquisition impact on revenue | +1.3% |

### Non-trading items

| Restructuring costs | c. $130-140m |
| Acquisition and integration costs | c. $15-25m |
| European Medical Device Regulation (MDR) compliance costs | c. $60m |

### Other

| Amortisation of acquisition intangibles | c. $160-170m |
| Income from associates | c. $5m |
| Net interest<sup>(2)</sup> | c. $55-60m |
| Other finance costs | c. $15m |
| Tax rate on trading result | 18.5-19.5% |

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<sup>(1)</sup> Based on the foreign exchange rates prevailing on 14 February 2020

<sup>(2)</sup> Includes interest associated with IFRS 16 Leases
## Franchise revenue analysis

<table>
<thead>
<tr>
<th>Franchise</th>
<th>2018 Q1</th>
<th>2018 Q2</th>
<th>2018 Q3</th>
<th>2018 Q4</th>
<th>Full Year</th>
<th>2019 Q1</th>
<th>2019 Q2</th>
<th>2019 Q3</th>
<th>2019 Q4</th>
<th>Full Year</th>
<th>Full Year Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orthopaedics</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>3.9</td>
<td>3.6</td>
<td>3.4</td>
<td>5.1</td>
<td>2,222</td>
<td>4.0</td>
</tr>
<tr>
<td>Knee Implants</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>4.1</td>
<td>4.3</td>
<td>4.6</td>
<td>4.7</td>
<td>1,042</td>
<td>4.4</td>
</tr>
<tr>
<td>Hip Implants</td>
<td>(2)</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>2.4</td>
<td>2.9</td>
<td>2.6</td>
<td>0.7</td>
<td>613</td>
<td>2.1</td>
</tr>
<tr>
<td>Other Reconstruction</td>
<td>30</td>
<td>27</td>
<td>43</td>
<td>45</td>
<td>36</td>
<td>6.9</td>
<td>3.5</td>
<td>1.5</td>
<td>31.6</td>
<td>79</td>
<td>12.6</td>
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<tr>
<td>Trauma</td>
<td>(2)</td>
<td>(5)</td>
<td>3</td>
<td>1</td>
<td>(1)</td>
<td>4.8</td>
<td>2.8</td>
<td>2.2</td>
<td>7.0</td>
<td>488</td>
<td>4.3</td>
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<tr>
<td><strong>Sports Medicine &amp; ENT</strong></td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>5.3</td>
<td>5.6</td>
<td>6.9</td>
<td>10.1</td>
<td>1,536</td>
<td>7.0</td>
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<tr>
<td>Sports Medicine Joint Repair</td>
<td>5</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>11.0</td>
<td>11.9</td>
<td>12.2</td>
<td>14.0</td>
<td>794</td>
<td>12.3</td>
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<tr>
<td>Arthroscopic Enabling Tech</td>
<td>(5)</td>
<td>(1)</td>
<td>(2)</td>
<td>(4)</td>
<td>(3)</td>
<td>(1.1)</td>
<td>(2.1)</td>
<td>0.8</td>
<td>5.1</td>
<td>591</td>
<td>0.8</td>
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<tr>
<td>ENT</td>
<td>6</td>
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<td>4.2</td>
<td>6.3</td>
<td>5.3</td>
<td>10.7</td>
<td>151</td>
<td>6.7</td>
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<tr>
<td><strong>Advanced Wound Management</strong></td>
<td>(2)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>4.1</td>
<td>1.2</td>
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<td>2</td>
<td>1</td>
<td>2.0</td>
<td>(1.7)</td>
<td>(1.8)</td>
<td>0.7</td>
<td>714</td>
<td>(0.2)</td>
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<tr>
<td>Advanced Wound Bioactives</td>
<td>(12)</td>
<td>(6)</td>
<td>(7)</td>
<td>(3)</td>
<td>(6)</td>
<td>0.4</td>
<td>(1.2)</td>
<td>2.1</td>
<td>(2.2)</td>
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<td>(0.4)</td>
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<td>9</td>
<td>11</td>
<td>14</td>
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<td><strong>Total</strong></td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>4.4</td>
<td>3.5</td>
<td>4.0</td>
<td>5.6</td>
<td>5,138</td>
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</table>

All revenue growth rates are on an underlying basis and without adjustment for number of selling days. 2018 growth by franchise has been re-presented to align with the new global franchise structure effective from 1 January 2019. There has been no change in total growth for any period presented.
## Regional revenue analysis

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
<th>2019</th>
<th></th>
<th>Full Year Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1 Growth %</td>
<td>Q2 Growth %</td>
<td>Q3 Growth %</td>
<td>Q4 Growth %</td>
<td>Full Year Growth %</td>
</tr>
<tr>
<td>US</td>
<td>(2)</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Other Established Markets(1)</td>
<td>(2)</td>
<td>1</td>
<td>(1)</td>
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<td>0</td>
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<td>Established Markets</td>
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<td>2</td>
<td>2</td>
<td>1</td>
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<tr>
<td>Total</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
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</tbody>
</table>

(1) Other Established Markets’ are Australia, Canada, Europe, Japan and New Zealand.
All revenue growth rates are on an underlying basis and without adjustment for number of selling days.
## Trading days per quarter

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Full year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>63</td>
<td>64</td>
<td>63</td>
<td>61</td>
<td>251</td>
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<tr>
<td>2019</td>
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<td>2020</td>
<td>62</td>
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<td>64</td>
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<td>2021</td>
<td>64</td>
<td>64</td>
<td>63</td>
<td>60</td>
<td>251</td>
</tr>
</tbody>
</table>
Creating an lasting positive impact on our communities

Between 2020 and 2030, contribute 1 million volunteer hours to the communities in which we live and work.

Empower and promote the inclusion of all.

A medical technology business with a positive impact

Achieve an 80% absolute reduction in total life cycle greenhouse gas emissions by 2050, beginning by implementing 100% renewable electricity (e.g. solar or wind) plans at our facilities in Memphis (US) and Malaysia by 2022, and at all of our strategic manufacturing facilities by 2025.

Achieve zero waste to landfill at our facilities in Memphis (US) and Malaysia by 2025 and at all of our strategic manufacturing facilities by 2030.

Innovating sustainably

By 2022, include sustainability review in New Product Development phase reviews for all new products and product acquisitions.

By 2025, incorporate at least 30% post-consumer recycled content into all packaging materials.

By 2025, complete supply chain assessment of all suppliers and subsequent tier levels to assure compliance with our sustainability requirements.