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.

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 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 2017 Results announcement dated 8 February 2018.
Smith & Nephew is a diversified advanced medical technology business that supports healthcare professionals in more than 100 countries to improve the quality of life for their patients.

**100**

**FTSE100**
A constituent of the UK’s FTSE100, our shares are traded in London and New York.

**Shares**
S&N has paid a dividend to shareholders on its ordinary shares every year since 1937.

**$4.8bn**
Annual sales in 2017 were $4.8 billion.

**15,000**
We have more than 15,000 employees around the world.
Smith & Nephew is a company of pioneers, extending access to advanced medical technologies and enabling better outcomes for patients globally. We’ve been doing this for over 150 years.

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 a 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

1953
we produced an experimental bandage – Elastoplast™

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

1986
key acquisitions of Richards Medical Company in Memphis, specialists in orthopaedic products and Dyonics, an arthroscopy specialist based in Andover

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

1999
we were listed on the New York Stock Exchange and in 2001 became a constituent member of the UK FTSE-100 index

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

2013
JOURNEY™ II BCS sets a new standard in knee implant performance, designed to restore more normal motion

15,000+
PRESENT DAY

Today, we are proud of what we do and value our 15,000 employees who make this possible.

©2017 Smith & Nephew
Our markets...

We have a balanced global footprint...

1856 Smith & Nephew starts off with presence in the UK

- Albania
- Austria
- Belarus
- Belgium
- Bulgaria
- Croatia
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Georgia
- Germany
- Greece
- Hungary
- Italy
- Latvia
- Lithuania
- Moldova
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey

- Brunei
- China
- Hong Kong
- India
- Indonesia
- Japan
- Korea, South
- Korea, North
- Malaysia
- Pakistan
- Philippines
- Singapore
- South Africa
- Sri Lanka
- Taiwan
- Thailand
- Vietnam

- Australia
- New Zealand
Our leading position

**Hip & Knee Implant**
- Zimmer Biomet: 33%
- Stryker: 20%
- DePuy Synthes**: 16%
- Other: 11%
- Smith & Nephew: 21%

**Sports Medicine**
- Stryker: 32%
- Arthrex: 14%
- Other: 21%
- Smith & Nephew: 11%

**Advanced Wound Management**
- Convatec: 51%
- Molnlycke: 17%
- Acelity: 15%
- Other: 7%
- Smith & Nephew: 10%

*Data: 2017 Estimates generated by Smith & Nephew based upon public sources and internal analysis
** A division of Johnson & Johnson
Our market growth drivers

- Emerging markets
- Demographics
- Technology
- Prevalence
- Economics
- Lifestyle
Market realities and opportunities

- Procedure demand continues to increase
  - Demographic and disease led
  - Fuelled by expanded access in emerging markets

- Still room for innovation
  - Demonstrate clinical benefit or cost reduction

- Ability to pay continues to decrease in established markets
  - Austerity, reduced prices
  - Alternative, less costly solutions

- New business models slowly emerging, but fragmented
  - Value solutions
  - Mid-tier model to access emerging markets

- Environment Complexities
  - Regulatory, clinical data, manufacturing know-how, patents
  - Customer relationships, distribution channels, capital

- Values solutions
  - Demonstrates clinical benefit or cost reduction
  - Austerity, reduced prices
  - Alternative, less costly solutions
  - Value solutions
  - Mid-tier model to access emerging markets
  - Regulatory, clinical data, manufacturing know-how, patents
  - Customer relationships, distribution channels, capital
Our performance

<table>
<thead>
<tr>
<th>Revenue</th>
<th>$4,765m</th>
<th>+3%*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4351</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>4617</td>
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</tr>
<tr>
<td>2015</td>
<td>4634</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>4669</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>4765</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Trading Profit</th>
<th>$1,048m</th>
<th>22.0% margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>987</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1055</td>
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</tr>
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<td>2015</td>
<td>1099</td>
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<td>2016</td>
<td>1020</td>
<td></td>
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<tr>
<td>2017</td>
<td>1048</td>
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<table>
<thead>
<tr>
<th>Trading cash conversion</th>
<th>90%</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>89%</td>
</tr>
<tr>
<td>2014</td>
<td>74%</td>
</tr>
<tr>
<td>2015</td>
<td>85%</td>
</tr>
<tr>
<td>2016</td>
<td>75%</td>
</tr>
<tr>
<td>2017</td>
<td>90%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted earnings per share (EPSA)</th>
<th>94.5¢</th>
<th>+5% CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>76.9</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>83.2</td>
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<td>2015</td>
<td>85.1</td>
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<td>2016</td>
<td>82.6</td>
<td></td>
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<tr>
<td>2017</td>
<td>94.5</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Dividend per share</th>
<th>35.0¢</th>
<th>+6% CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>27.4</td>
<td></td>
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<tr>
<td>2014</td>
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<tr>
<td>2015</td>
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<tr>
<td>2016</td>
<td>30.8</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>35.0</td>
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</table>

<table>
<thead>
<tr>
<th>Net Debt</th>
<th>$1,281m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>253</td>
</tr>
<tr>
<td>2014</td>
<td>1613</td>
</tr>
<tr>
<td>2015</td>
<td>1361</td>
</tr>
<tr>
<td>2016</td>
<td>1550</td>
</tr>
<tr>
<td>2017</td>
<td>1281</td>
</tr>
</tbody>
</table>

* Underlying growth percentage after adjusting for the effect of currency translation, acquisitions and disposals.
Our customers

- Retail consumers, Patients
- Payers, Administrators
- Healthcare systems, Procurement groups
- Surgeons
- Physicians, GPs
- Nurses, Nurse specialists
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
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
Q1 revenue of $1,196m; flat underlying growth

Geographical growth

-2% 0% 5% 10%

Emerging 9%

Other Est -2%

Revenue split

US

Other surgical

Arthroscopic Enabling Tech

Trauma & Extremities

Hips

AWC

AWB

AWD

Product franchise growth

Emerging 9%

Other Est -2%

US 0%

Other surgical 2%

Arthroscopic Enabling Tech -2%

Trauma & Extremities -2%

Hips -12%

AWC -5%

AWB 6%

AWD 0%

"Other Est" is Australia, Canada, Europe, Japan and New Zealand

"Other Surgical" includes ENT and robotics sales (excluding implant sales)

All revenue growth rates in the presentation are on an underlying basis and without adjustment for number of selling days, unless otherwise stated.
FY 2017 revenue of $4,765m; growth of 3% underlying

Geographical growth

Revenue split

Product franchise growth

US

Other Est

Emerging

-3%

6%

4%

7%

5%

13%

0%

0%

0%

0%

Sports Medicine
Joint Repair
Arthroscopic Enabling Tech
Trauma & Extremities
Other surgical
Knees
Hips
AWC
AWB
AWD

‘Other Est’ is Australia, Canada, Europe, Japan and New Zealand
‘Other Surgical’ includes ENT and robotics sales (excluding implant sales)
2018 Guidance update & medium term outlook

2018

**Sales growth:**
- Underlying: 2% to 3%
- Reported<sup>(1)</sup>: around 5% to 6%

**Trading profit margin:**
- At or above 2017 levels

**Tax rate<sup>(2)</sup>:**
- 20-21%

Medium-term

**Underlying sales growth:**
- Consistent growth above market

**Trading profit margin:**
- Ongoing improvement

**Tax rate<sup>(2)</sup>:**
- 20-21%

---

<sup>(1)</sup> Based on exchange rates prevailing on 30th April 2018

<sup>(2)</sup> Tax rate on trading result
### Accelerating Performance and Execution (APEX)

#### Manufacturing, Warehousing & Distribution

Simplify and streamline, while meeting future volume demand and maintaining focus on quality:
- rationalisation of manufacturing footprint
- multiple initiatives to simplify and optimise Supply Chain

#### General & Administration expenses

Leverage investments in systems and functions to improve efficiency:
- expansion of our Global Business Services platform to accommodate relocations and insourcing of services
- further consolidation, relocation and standardisation of Global Functions
- rationalisation of legacy IT systems and ‘cloud-first’ strategy

#### Commercial effectiveness

Increase efficiency through sales force effectiveness while maintaining customer focus with dedicated sales teams:
- enhance segmentation and targeting
- increase customer facing time by reducing/simplifying non-selling tasks
- optimize resource allocation
Summary of APEX financial guidance

- Benefits of $160m p.a. by 2022
- Total one-off costs (mainly cash) up to $240m (c.150% of annualised run-rate benefits)
- Period: 2018 – 2022, with around 75% of benefits and >75% of costs by 2020
- Benefits underpin medium-term margin guidance
- CAPEX ratio around 8-9% of sales expected during the first two years
Innovation: Launching differentiated products

Important 2017 launches

- NAVIO° TKA
- LENS° Mobile App
- JOURNEY° II XR
- EVOS° SMALL Straight Plate and Lower Extremity
- WEREWOLF° / FLOW 50
- REDAPT° Monolithic Sleeved Stem
- ALLEVYN° LIFE Non-bordered

Starting 2018 with PICO° 7

- Single Use Negative Pressure Wound Therapy
  - available in Europe* and Australia
  - enhanced vacuum and leak management**
  - dressing-full indicator**
  - 25% quieter**
  - patient-friendly user interface and belt clip**

* Not yet available in UK
** Improvements compared to PICO
Continuously improving

2016 and before

Building strong platforms

2017

Delivering on commitments

2018 and beyond

Continuously improving
**2018 technical guidance**

<table>
<thead>
<tr>
<th>Guidance</th>
<th>April 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foreign exchange and other revenue impact</strong></td>
<td></td>
</tr>
<tr>
<td>Impact of translational FX* on revenue</td>
<td>+2.4%</td>
</tr>
<tr>
<td>Acquisition impact on revenue</td>
<td>+0.3%</td>
</tr>
<tr>
<td><strong>Exceptional items</strong></td>
<td></td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>c. $100m</td>
</tr>
<tr>
<td>Acquisition and integration costs</td>
<td>c. $5m</td>
</tr>
<tr>
<td>European Medical Device Regulation (MDR) compliance costs</td>
<td>$20m-$30m</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td>Amortisation of acquisition intangibles</td>
<td>c. $110m</td>
</tr>
<tr>
<td>Income from associates</td>
<td>c. $5m</td>
</tr>
<tr>
<td>Net interest</td>
<td>$52m - $57m</td>
</tr>
<tr>
<td>Other finance costs</td>
<td>c. $15m</td>
</tr>
<tr>
<td>Tax rate on Trading result</td>
<td>20-21%</td>
</tr>
</tbody>
</table>

*Based on the foreign exchange rates prevailing on 30th April 2018*
### Franchise revenue analysis

All revenue growth rates are on an underlying basis and without adjustment for number of selling days

|                             | 2017 | 2018 |     |     |     | Stock | 2018
|-----------------------------|------|------|-----|-----|-----|-------|------
|                             | Q1   | Q2   | Q3  | Q4  | Full Year | Q1 | Growth
|                             | %    | %    | %   | %   | %         | %   | $m
| Sports Medicine, Trauma & OSB | 4    | 3    | 2   | 2   | 3          | 492 | 1
| Sports Medicine Joint Repair | 7    | 5    | 8   | 6   | 6          | 170 | 6
| Arthroscopic Enabling Technologies | (1) | (4) | (3) | (3) | (3) | 152 | (5)
| Trauma & Extremities        | 5    | 7    | (2) | 5   | 4          | 121 | (2)
| Other Surgical Businesses   | 7    | 11   | 6   | 4   | 7          | 49  | 9
| Reconstruction              | 3    | 2    | 4   | 4   | 3          | 414 | 0
| Knee Implants               | 5    | 4    | 6   | 6   | 5          | 259 | 2
| Hip Implants                | 0    | (1)  | 1   | 1   | 0          | 155 | (2)
| Advanced Wound Management   | 1    | 3    | 2   | 0   | 2          | 290 | (2)
| Advanced Wound Care         | 1    | 2    | (1) | (3) | 0          | 183 | 0
| Advanced Wound Bioactives   | (8)  | 0    | 7   | 0   | 0          | 59  | (12)
| Advanced Wound Devices      | 16   | 14   | 8   | 14  | 13         | 48  | 2
| Group                       | 3    | 3    | 3   | 2   | 3          | 1,196 | 0

All revenue growth rates are on an underlying basis and without adjustment for number of selling days.
Regional revenue analysis

<table>
<thead>
<tr>
<th>Geographic regions</th>
<th>2017 Q1</th>
<th>2017 Q2</th>
<th>2017 Q3</th>
<th>2017 Q4</th>
<th>2017 Full Year</th>
<th>2018 Q1</th>
</tr>
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<tbody>
<tr>
<td>US</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>545</td>
</tr>
<tr>
<td>Other Established Markets</td>
<td>1</td>
<td>(1)</td>
<td>0</td>
<td>(1)</td>
<td>0</td>
<td>446</td>
</tr>
<tr>
<td>Established Markets</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>991</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>12</td>
<td>13</td>
<td>9</td>
<td>14</td>
<td>12</td>
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<tr>
<td>Group</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>1,196</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Growth %</th>
<th>Growth %</th>
<th>Growth %</th>
<th>Growth %</th>
<th>Growth %</th>
<th>Revenue $m</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>545</td>
<td>(2)</td>
</tr>
<tr>
<td>Other Established Markets</td>
<td>1</td>
<td>(1)</td>
<td>0</td>
<td>(1)</td>
<td>0</td>
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<td>(2)</td>
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<td>991</td>
<td>(2)</td>
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<td>13</td>
<td>9</td>
<td>14</td>
<td>12</td>
<td>205</td>
<td>9</td>
</tr>
<tr>
<td>Group</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>1,196</td>
<td>0</td>
</tr>
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"Other Established Markets" is Australia, Canada, Europe, Japan and New Zealand.
All revenue growth rates are on an underlying basis and without adjustment for number of selling days.
## 2017 Full year trading income statement

<table>
<thead>
<tr>
<th></th>
<th>Full Year</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td><strong>2017</strong></td>
<td><strong>2016</strong></td>
<td></td>
</tr>
<tr>
<td><strong>$m</strong></td>
<td><strong>$m</strong></td>
<td></td>
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</tr>
<tr>
<td>Revenue</td>
<td>4,765</td>
<td>4,669</td>
<td></td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>(1,248)</td>
<td>(1,272)</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>3,517</td>
<td>3,397</td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit margin</strong></td>
<td>73.8%</td>
<td>72.8%</td>
<td></td>
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<tr>
<td>Selling, general and admin</td>
<td>(2,246)</td>
<td>(2,147)</td>
<td></td>
</tr>
<tr>
<td>Research and development</td>
<td>(223)</td>
<td>(230)</td>
<td></td>
</tr>
<tr>
<td>Trading profit</td>
<td>1,048</td>
<td>1,020</td>
<td></td>
</tr>
<tr>
<td><strong>Trading profit margin</strong></td>
<td>22.0%</td>
<td>21.8%</td>
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</table>

3% underlying growth

+20bps growth
## 2017 Full year EPSA and EPS

<table>
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<tr>
<th></th>
<th>Full Year</th>
<th></th>
<th>Growth</th>
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<tbody>
<tr>
<td></td>
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<td>2016</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td></td>
</tr>
<tr>
<td>Trading profit</td>
<td>1,048</td>
<td>1,020</td>
<td>3%</td>
</tr>
<tr>
<td>Net interest payable</td>
<td>(51)</td>
<td>(46)</td>
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<tr>
<td>Other finance costs</td>
<td>(7)</td>
<td>(11)</td>
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<tr>
<td>Share of results from associate</td>
<td>6</td>
<td>2</td>
<td></td>
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<tr>
<td>Adjusted profit before tax</td>
<td>996</td>
<td>965</td>
<td>3%</td>
</tr>
<tr>
<td>Taxation on trading result</td>
<td>(170)</td>
<td>(230)</td>
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<tr>
<td>Adjusted attributable profit</td>
<td>826</td>
<td>735</td>
<td>12%</td>
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<tr>
<td>Weighted average number of shares (m)</td>
<td>874</td>
<td>890</td>
<td></td>
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<tr>
<td>Adjusted earnings per share (&quot;EPSA&quot;)</td>
<td>94.5¢</td>
<td>82.6¢</td>
<td>14%</td>
</tr>
<tr>
<td>Earnings per share (&quot;EPS&quot;)</td>
<td>87.8¢</td>
<td>88.1¢</td>
<td>0%</td>
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</table>

Tax rate*: 17% including one-off credit
## 2017 Full year IFRS reconciliation

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<th></th>
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<th>Growth</th>
</tr>
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<td>2017 $m</td>
<td>2016 $m</td>
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</tr>
<tr>
<td><strong>Trading profit</strong></td>
<td>1,048</td>
<td>1,020</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td><em>Trading margin</em></td>
<td>22.0%</td>
<td>21.8%</td>
<td>+20bps</td>
<td></td>
</tr>
<tr>
<td>Acquisition related costs</td>
<td>10</td>
<td>(9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring and rationalisation</td>
<td>-</td>
<td>(62)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of acquisition intangibles</td>
<td>(140)</td>
<td>(178)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal and other items</td>
<td>16</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>IFRS Operating profit</strong></td>
<td>934</td>
<td>801</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td><em>Operating margin</em></td>
<td>19.6%</td>
<td>17.2%</td>
<td>+240bps</td>
<td></td>
</tr>
</tbody>
</table>
## 2017 Full year free cash flow

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td><strong>Trading profit</strong></td>
<td>1,048</td>
<td>1,020</td>
</tr>
<tr>
<td>Share based payment</td>
<td>31</td>
<td>27</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>320</td>
<td>300</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(376)</td>
<td>(392)</td>
</tr>
<tr>
<td>Movements in working capital and other</td>
<td>(83)</td>
<td>(190)</td>
</tr>
<tr>
<td><strong>Trading cash flow</strong></td>
<td>940</td>
<td>765</td>
</tr>
<tr>
<td><strong>Trading cash conversion</strong></td>
<td>90%</td>
<td>75%</td>
</tr>
<tr>
<td>Restructuring, acquisition, legal &amp; other</td>
<td>(44)</td>
<td>(122)</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>(48)</td>
<td>(45)</td>
</tr>
<tr>
<td>Taxation paid</td>
<td>(135)</td>
<td>(141)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td>713</td>
<td>457</td>
</tr>
</tbody>
</table>
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>2016</td>
<td>64</td>
<td>64</td>
<td>63</td>
<td>60</td>
<td>251</td>
</tr>
<tr>
<td>2017</td>
<td>64</td>
<td>63</td>
<td>63</td>
<td>60</td>
<td>250</td>
</tr>
<tr>
<td>2018</td>
<td>63</td>
<td>64</td>
<td>63</td>
<td>61</td>
<td>251</td>
</tr>
</tbody>
</table>

- Year-on-year differences in the number of trading days typically impacts our surgical businesses in the Established Markets more than our wholesaler and distributor-supported businesses.
- We define trading days as week days adjusted for significant holidays in our principal countries.
Olivier Bohuon
Chief Executive Officer

Olivier joined the Board and was appointed Chief Executive Officer in April 2011. He resigned as a Member of the Nomination & Governance Committee on 3 February 2016. Olivier holds a doctorate from the University of Paris and an MBA from HEC, Paris. He started his career in Morocco with Roussel Uclaf S.A. and then, with the same company, held a number of positions in the Middle East with increasing levels of responsibility. He joined Abbott in Chicago as head of their anti-infective franchise with Abbott International, before becoming Pharmaceutical General Manager in Spain. He subsequently joined GlaxoSmithKline, rising to Senior Vice President & Director for European Commercial Operations. He then re-joined Abbott as President for Europe, became President of Abbott International, and then President of their Pharmaceutical Division. He joined Smith & Nephew from Pierre Fabre, where he was Chief Executive. Olivier has extensive international healthcare leadership experience within a number of significant pharmaceutical and healthcare companies. His global experience provides the skillset required to innovate a FTSE 100 company with a deep heritage and provide inspiring leadership. He is a Non-Executive Director of Virbac group and Shire plc, where he is also a member of the Remuneration Committee.

Graham Baker
Chief Financial Officer

Graham joined the Board as Chief Financial Officer in March 2017. He holds an MA degree in Economics from Cambridge University and qualified as a Chartered Accountant and Chartered Tax Advisor with Arthur Andersen. In 1995, he joined AstraZeneca PLC where he worked for 20 years, holding multiple senior roles, including Vice President, Finance, International (2013-2015) with responsibility for all emerging markets, Vice President, Global Financial Services (2011-2013) and Vice President Finance & Chief Financial Officer, North America (2008-10). Most recently, Graham was Chief Financial Officer of generic pharmaceuticals company Alvogen. Graham has deep sector knowledge and has had extensive exposure to established and emerging markets which is extremely relevant to his role at Smith & Nephew. He has a strong track record of delivering operational excellence and has relevant experience across major finance roles and geographic markets, leading large teams responsible for significant budgets.
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