Focus on Innovation
Investor Presentation

Tuesday, 8th September 2020
Operator’s Introduction
Operator

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Introduction to the first speaker
And right now I would like to hand the conference over to your first speaker today: Mr Roland Diggelmann. Please go ahead, sir.

Innovation in Focus
Roland Diggelmann
Chief Executive Officer, Smith & Nephew PLC

Welcome
Yes, good afternoon, this is Roland speaking. Before I get going, I have an echo here. Can you just quickly confirm that the line is clear? Okay, it seems to be the clear.

Thank you very much. Good afternoon again. Good morning to those of you calling in from the United States. Welcome to the Smith & Nephew Investor Event, focusing on Innovation.

Introduction to the speakers
Here today with me on the call and speaking from a range of locations around the world are Skip Kiil, our President of Orthopaedics; Brad Cannon, our President of Sports Medicine and ENT and Vasant Padmanabhan, President of R&D.

I am very excited to be with you all today, albeit virtually, but I do hope that you’re all well and safe. As you may recall, we had planned a technology event at AAOS earlier this year. Unfortunately, AAOS had to be cancelled, but we have certainly used the time to further advance our technology and our R&D efforts, and I’m very excited to present our progress to you today.

Agenda
Shifting to the agenda slide, we’re going to start with a Focus on Innovation introduction, and as you know, innovation is a broad topic. We have exciting projects across the whole of our portfolio. We’re focusing today on the particular area of enabling technology and digital surgery. We’re in the early stages of some really important and strategically connected launches.

You’ll hear from Skip about the Real Intelligence ecosystem, then Vasant will take you through the detail of our next-generation robotics platform, called CORI and Real Intelligence HIP navigation software.
Brad and Vasant will talk about our advances in Sports Medicine, enabling technology and in particular about the INTELLIO Connected Tower.

And then, of course, we look forward to your questions.

**Delivering on strategic imperatives**

First, I’ll talk about the strategic context. I’m sure this slide is familiar to you by now. This is the strategy we embarked on in 2019, with the primary goal of sustainably accelerating Smith & Nephew’s underlying growth. The early results have been very encouraging. We delivered on a broad-based acceleration across the businesses as we went through 2019. All regions, actually and all franchises contributed and that included clear progress in some of the sub-segments that had headwinds in the recent past.

So, the task as we came into 2020, was to build on that. And in February, we announced specific priorities for the year.

**Commitment to innovation**

One of those priorities – and moving to the next slide – was a renewed commitment to innovation. I think you’ve heard me on this, along with the entire management team. We want to accelerate the cadence of launches across our franchises in the medium term and that, of course, means continued investment in R&D. You saw, in our first-half results, that we chose to protect R&D spending, even as the COVID outbreak impacted industry revenue.

Also, our work on accessing external innovation through M&A has continued. The Tusker Medical acquisition in January is a further example of bringing a commercial-stage asset into the portfolio and rolling it into our existing commercial teams, in this case, into our ENT business.

The route to value creation from this style of tuck-in deals is well established and the CE Marks granted for REGENETEN and NovoStitch Pro this year are important milestones from two other recent examples.

We’ve also been acquiring digital technology, adding MiJourney to the Atracsys and Brainlab transactions in 2019. Here the concept is actually quite different to a more traditional style of a deal. The technology we’ve acquired has provided components to other key regulatory clearances this year, with the Atracsys camera built into CORI and the Real Intelligence.HIP navigation software an early deliverable from the Brainlab partnership.

Importantly, though, these products are also part of a developing ecosystem of fully-integrated digital assets, positioning Smith & Nephew to address key trends in our target markets. So we’re effectively moving from a product company to a delivery of integrated healthcare solutions company, and you will see we are very well positioned to do so, with our combined strength in Orthopaedics and in Sports Medicine.

This is, of course, supported by market trends, and we’ll talk more about those market trends and decentralisation of care and specialisations of interventions and delivery.

**Aligning Innovation With Key Market Trends**

On the next slide, we see some of these trends in a bit more detail. One, of course, is of a greater share of procedures that take place in outpatient settings around the world, including ASCs, of course. In the US, we’re seeing further expansion of reimbursement, with Medicare
now proposing to cover total hip replacements in ASCs from 2021 and parts of the US and other healthcare systems’ responses to COVID has been to actually further accelerate the shift of procedures. New products will actually need to be suited to a wider range of clinical settings than in the past.

A second trend is around outcomes. Healthcare payers are increasingly using outcomes data to inform decision-making. Digital technology offers new ways to collect data, both during and after procedures, with potential to improve processes and help reimbursement.

A further trend is an increased focus on cost. Healthcare systems already face the challenge of demand growing faster than society’s ability to pay; the specific financial pressures of the COVID pandemic will only add to that challenge. Solutions that can demonstrate improved efficiency, cost-effectiveness and even reduce costs for providers will become more and more compelling.

And fourth, advancing technology and connectivity and data analytics make it possible to engage more closely with patients, all the way from preoperative preparation to outcomes measurement. We see a growing provider interest in the whole episode of care for a patient and being at the forefront of this development means going beyond just providing devices.

New Generation Of Enabling Technologies

Now, the new generation of enabling technologies that we’re presenting today is built to address those trends and importantly, it is in a way that is fully scalable. The aim is to provide tools that are essential for every surgeon in every operating room. Robotics, we believe, is still at an early stage of adoption in our market. We think only around 2–3% of joint replacement procedures globally are currently performed with a robot. In other areas, though – and other suppliers have shown that robotics technology is valuable and it will be used, and we have a great opportunity today to get our systems in place, as adoption in orthopaedics also accelerates.

The arthroscopic tower, actually, is an example of what a scalable solution can look like and today you’ll find a tower anywhere that sports medicine procedures are being performed. Smith & Nephew is uniquely positioned for the next generation, and it is actually the only company that can combine the tower with navigation and with robotics.

Our expert specialists will take you through the details of our new launches in a moment, and you’ll see across the products the simplicity, the ease of use and the small footprint that we believe are positioning us to win. We’ll begin with Real Intelligence, which is our digital surgery platform, which brings all of this together, and for that, I’ll hand over to Skip Kiil. Skip, please.

Real Intelligence

Skip Kiil

President of Orthopaedics, Smith & Nephew PLC

Our vision

Thank you very much, Roland. I appreciate the opportunity here. We’re going to take you through kind of the sub-segments of Real Intelligence, and so we’re on the side with our
vision, and really here at Smith & Nephew we think and drive innovation in how we’re reimagining surgery, and that’s really what Real Intelligence is. It’s a symphony of solutions for the future that is robotics and Roland mentioned the opportunity with sports and just so much more in regards to what we’re doing.

**A Seamless Solution Through The Continuum Of Care**

The next slide here: as we think about, kind of, Real Intelligence and our vision and strategy and the digital surgical ecosystem, it’s really the creation of the digital surgical ecosystem, of a seamless solution throughout the continuum of care, and if you see the chart on the right-hand side there, this graphic shows how we will connect the patient’s journey in both pre-op, inter-op and throughout post-operative care, and learning from each stage of this process really helps improve the overall patient care pathway and the information that is transformed throughout that cycle. And ultimately we’re going to be taking advantage of all the technologies that Smith & Nephew offers, such as VISIONAIRE surgical navigation, our robotics platform that Vasant will take you through and ARIA.

And ARIA is really an opportunity for us to help our customers utilise that digital connectivity with patients and the referral network to break down traditional barriers, improve patient compliance and mitigate readmission risk using very objective data.

**What are we building?**

And so what are we building? Really this is a connected ecosystem of clinical solutions and Real Intelligence supports post-acute cost reduction, clinical efficiency improvements and value-based dataset generation. The platform aims to help clinicians shorten the patient’s post-acute recovery time, develop efficiencies that reduce costs and generate key patient-reported outcome measurements or PROMs. And this satisfaction data is to better define value for both the patient and the site of care.

The platform contains customisable patient engagement pathways and enables connected, automated communication between the care navigator and the patient. We also have displays and dashboards through ARIA that provide visibility for the patient and provider to help reduce variability in those clinical outcomes.

**Robotics And Digital Surgery Ecosystem**

And so I’ve shared this chart previously at AAOS events, and this is how we see the convergence of technology and data transmitting through the digital surgical ecosystem, with CORI, which is really the Core of Real Intelligence, as well as the integration of smart tools, the future generation of robotic arms, augmented reality, enhancing the interoperative data flow for clinicians. You know, in summary, we’re very excited about the possibilities in the evolution of Real Intelligence and where this is going, and with that, I’ll hand it over to Vasant to walk you through the specifics of CORI. Thank you.
CORI Surgical System RI.HIP
Vasant Padmanabhan
President of Research & Development, Smith & Nephew PLC

Smith & Nephew Robotics
Thanks, Skip, it’s great to be here today to discuss innovation with everybody. Before I get into the specifics of our next-generation surgical robotics system, CORI, I’d like to share with you highlights of just some of the clinical and economic evidence that we’ve collected with our robotics systems thus far. Let’s start off with patient-reported outcomes.

*Improved Patient-Reported Outcomes*
Seven studies with our robotics platform have shown an improvement in PROMs. And in one competitive study, the Kennedy study, the study showed that the post-op Knee Society Score was 97.2, approximately six points higher than the conventional arm. And you all know that even getting a single point—a whole point of score increase—is pretty significant to patient-reported outcomes.

*Significantly Shortened Length Of Stay*
When you look at length of stay, the benefits are quite impressive. The Shearman study describes a significant reduction in length of stay, from 74 to 45 hours, using robotics. Even more compelling is a study demonstrating that patients could be safely discharged within 24 hours with proper patient selection and education, which further supports the use of our robotics platform in ASC settings, like Roland and Skip talked about.

*Significantly Faster Return To Sport*
 Returning to an active lifestyle, including sports, is very important to our patients. And the paper by Dr. Kennedy and others, comparing robotic surgeries to conventional surgeries showed that the mean time to return to sport was reduced from ten months to approximately four months, again a significant improvement for our patients.

*Cost Reduction Through Avoided Revision*
Cost-effectiveness of robotics has also been described in a recent publication through an analysis of revisions avoided by using robotics. In this five-year economic model, it’s estimated that high-volume centres can avoid costs of approximately $14,000 per patient over a five-year period.

*High Survivorship*
And finally, survivorship is a critical factor for success of robotic procedures as well, and the Battenberg data show that the revision rate for our robotic procedures, using NAVIO, is 99.2% at two years, which is yet another compelling story for outcomes.

In summary, I believe that our clinical and economic evidence continues to grow, and it shows improved outcomes for patients, surgeons and payers.

**CORI**
And now on to CORI. Building on the success we have had globally with NAVIO; today we are delighted to speak to our recent launch of CORI. As Skip pointed out, this platform will serve as the core of our Real Intelligence digital surgery ecosystem.
CORI is smarter, CORI is more efficient, CORI provides handheld robotics for position milling, and it offers all of these benefits that I’m going to get in more detail in a significantly smaller footprint, lending itself to both operating rooms and outpatient surgery centres. As Roland mentioned earlier, we received FDA 510k clearance earlier this year and have launched CORI in the US and a few other countries globally.

The next video will highlight the key features of CORI that we’re very excited to bring into the hands of our customers. Can we play the video, please?

[VIDEO 00.18.33–00.20.05]

**Smarter**

As you saw in the video, with CORI, a surgeon can easily and efficiently use our handheld technology, along with a small tablet, to navigate through the entire procedure and this is possible because we have made our software smarter. We have enhanced the processing capabilities of the system, and doing that allows us to offer a solution for knees and hips that doesn’t require CTs or X-rays. It allows us to offer real-time bone and soft tissue balancing before any cuts are made, and it allows us to, real-time, optimise a patient-specific plan.

**More Efficient**

Speaking to efficiency, in partnership with Atracsys, that Roland and Skip talked about, we’ve upgraded our camera for CORI, and our camera is five times faster than other cameras available in the market. And this capability, faster camera, when combined with our more powerful processing capabilities, allows us to have a fast, easy to use, intuitive workflow, which in turn leads to efficient procedures.

**Handheld Robotics**

While the improved workflow plays an important role in speed of surgery, the ability to prepare bone is equally important. And to support faster bone preparations, we have completely redesigned the handheld system from the ground up to work with the faster camera, allowing the surgeon to prepare bone almost 30% faster compared to NAVIO.

In addition, as you can see, we have also significantly improved the ergonomics, with a handle and rotatable trackers, as you’ve also seen in the video.

Taken together – the faster software, the faster camera, the completely redesigned handheld – these improvements allow for faster and more efficient procedures, which we believe will help the adoption of the technology.

**Precision Milling**

And finally, to talk about precision milling. In addition to improving the camera and in addition to improving the handpiece and the interfaces, we have redesigned what I call the business end of the handheld, the precision milling burrs. Our newer and faster burrs can precisely mill twice the volume of bone in the same time. In addition, we have three new burr geometry options – a six-millimetre cylindrical burr, a six-millimetre bullet burr and a five-millimetre cylindrical burr – that cater uniquely to enhanced preparation for our portfolio of implants. And with precision milling, we get a much smoother surface finish as well.
RI.KNEE Applications For Robotics
Now I’d like to talk about the applications that are supported by CORI. As shown on this page, we already have FDA clearance for the full range of primary knee replacement applications. This includes our LEGION, GEN II, ANTHEM and JOURNEY II knees for both UNI and total knee arthroscopic procedures.

In addition, we are the only robotic system that supports a bi-cruciate-retaining total knee with JOURNEY II XR. As you know, JOURNEY II XR preserves all the critical ligaments for all our patients.

Sizing Up The Competition
When you take a look at the market and the other systems that are out there, you can see we have taken a very different approach in bringing robotics and enabling technology into the hands of our customers.

Portable robotics with the smallest footprint in orthopaedics
As Roland pointed out, with respect to the trends, we recognise the value of being efficient and small in footprint, as operating theatres all across the world look to optimise their surgical workflow. We believe we have the most modular platform, that can support modern-day ORs, while enhancing the features that make clinical sense in this world of robotics and digital surgery.

In summary, we are very excited to introduce the next generation of robotics for our customers. With this modular and small-footprint system, we have started our Real Intelligence journey that Skip talked about of creating a digital surgery platform in this new age of surgery.

RI.KNEE and RI.HIP on Kick Platform (2020)
Going beyond CORI, as you know, we acquired Brainlab’s orthopaedic joint reconstruction business in early 2019, with the goal to develop new technologies for digital surgery. We are very happy to share that RI.HIP, our Brainlab hip navigation software, is now available on the Kick platform, in addition to the Brainlab RI.KNEE application that we launched recently. And as you know, the Kick platform is already in use in more than 500 hospitals globally. This is a good example of our early success with our Brainlab partnership.

RI.KNEE and RI.HIP applications (2021)
And looking to the future, there’s more to come. We will bring the Brainlab knee and hip applications on CORI over the next 12–18 months. We will continue to expand our indications on CORI to include revision knee arthroplasty, in addition to UNI knee and total knee and thereby completing the knee portfolio. And beyond software indications, we’re also developing surgical enablers and tools, such as knee tensioners, that can help our surgeons precisely balance patient joints throughout the range of motion, and we’re also developing robotic arm platforms for applications across our broad portfolio.

That completes our remarks today on the robotics technology, and I’ll hand over to Brad to discuss enabling technologies in Sports Medicine, and I’ll be back to cover our exciting innovation in Sports Medicine. Brad?
Enabling Technology in Sports Medicine

Brad Cannon
President of Sports Medicine & ENT, Smith & Nephew PLC

Thank you, Vasant. It’s really exciting to see our approach to enabling technologies in Orthopaedics and how well it complements our overall approach in Sports Medicine. In fact, in 2019, our refocusing, both commercially and also through innovation, on our enabling technology business is what drove our acceleration throughout the year, including our double-digit growth in the fourth quarter of 2019.

The reality is that AET is the base of our entire Sports Medicine business.

Sports Medicine Portfolio

At its foundation, Sports Medicine is about minimally-invasive arthroscopic surgery to repair soft tissue injuries. We use this pyramid to represent the framework we use to communicate our strategy Sports Medicine – for Sports Medicine globally across all functions and also to guide our portfolio decisions. It all begins with having a strong foundation of arthroscopic-enabling technologies.

Over the last few years, we have made significant commitment to enabling technologies and enhance every single platform on our arthroscopic tower. The future for AET holds even greater promise, as we introduce advanced connectivity, simplicity and capabilities. Building on a strong foundation of AET, our focus in joint repair remains on developing comprehensive solutions, procedural solutions, for knee, shoulder, hip and also small joint procedures. We continue to pursue unmet needs and opportunities to redefine the standard of care with differentiated technologies and surgical techniques.

You can see, at the top of the pyramid, is biologics, and globally we are now ascending the tip of our strategic pyramid with game-changing products like REGENETEN, that can enhance the body’s own ability to heal, restore function and allow patients to truly live life unlimited. But as the pyramid reflects, our portfolio strategy is based on having a strong foundation in AET, which is why we’ve placed an emphasis on enhancing our arthroscopic tower.

Disruptive Innovation To Transform The Tower

Now that we’ve returned to market level performance, it’s no time to take our foot off the gas. We’re investing to extend the capabilities of our enabling technologies to meet evolving customer needs. Our customers, both in the OR and incorporated areas, are looking to improve both outcomes and productivity. Enabling technologies gives us the opportunity to address both traditional needs, like enhanced interoperative performance and emerging ones, like cloud-based data management. In 2019 we launched LENS 4K and extended the reach of the WEREWOLF COBLATION platform. And in 2020 we launched the INTELLIO Connected Tower. We have an aggressive cadence of additional tower enhancements which Vasant and his team are planning and which he’ll cover in greater detail.

This cadence of improvements is important to our overall customer – current customer base and installed base and also to expanding that as our market continues to expand.
**Installed Base Positions Smith & Nephew For Growth**

Overall, if you look globally, there are over ten – 5,000 customers utilising Smith & Nephew AET platforms in the top ten clinical markets. As we continue to innovate, innovation and compatible enabling technologies, designed to complement our current tower design, gives us a great opportunity to be the preferred supplier for leading customers, delivering a powerful technical and economic story, both within and across our franchises. So, let me hand it off to Vasant, who’s going to cover all of the exciting technologies that his team is working on now.

**INTELLIO Connected Tower**

Vasant Padmanabhan

*President of Research & Development, Smith & Nephew PLC*

**Sports Medicine Arthroscopic Tower**

Thanks, Brad. I’d like to start off by describing the different components of our Sports Med arthroscopic tower and review some of the recent launches with you. As you know, the tower includes four different systems or four different components that collectively support the surgeon’s overall goal: to reliably and efficiently treat soft tissue injuries arthroscopically.

*Visualisation*

First, visualisation. The visualisation system is the window into the joint for the surgeon. Here image quality and user experience are paramount. That’s why you’ve seen a regular cadence of innovation from Smith & Nephew in this space. A recent example is the launch of the LENS 4K surgical imaging system in 2019 that Brad alluded to. This system delivers a premium image and enhanced user experience, with the tablet application that accompanies the system. The feedback from the field has been outstanding with respect to image quality and usability.

*Mechanical Resection*

Next, mechanical resection. Often during an arthroscopic procedure, there is frayed or damaged tissue that must be removed, and our mechanical resection blades represent the cutting edge of technology in this space. Our recent launches of the PLATINUM line of blades deliver superior resection, debris evacuation and sharpness relative to our competitors.

*COBLATION Technology*

COBLATION technology: beyond blades for tissue removal, we also offer a proprietary COBLATION technology called WEREWOLF that Brad talked about. This is an incredible technology and has equally incredible clinical outcomes. In short, for those of you that love technology, COBLATION uses radiofrequency energy to generate a plasma field that dissociates molecular bonds within the targeted tissue and clinical studies have shown that patients recover faster with the use of COBLATION and clinical results also have shown better long-term patient outcomes and that this technology is safe for use with all soft-tissue types.

In 2019, we launched, along with the WEREWOLF system, the COBLATION FLOW90 Wand, which represents an exciting step forward with this technology. The FLOW90 Wand has been designed to enable faster tissue removal, with more safety features for all tissue types within
the shoulder and the FLOW90 Wand follows the FLOW50 Wand, that we had launched prior to that, for all tissue types within the knee.

**Fluid management**

And finally, there’s fluid management. Fluid management is used to maintain the visual field of view for the surgeon and also help with debris evaluation. We’ll come back to this platform and our planned innovation here when we talk about future plans.

**INTELLIO Connected Tower Solution**

And now, onto INTELLIO Connected Tower, our most recent innovation, that we launched just a few months ago. Let’s play this video, though, first, to see how this innovation helps surgeons to be more efficient and connected.

[VIDEO 00.34.13–00.35.45]

As you saw in the video, the INTELLIO Connected Tower Solution enables improved operating room efficiency by ensuring that the different systems in the arthroscopic tower are wirelessly connected and also remotely controlled from outside the sterile field. Further, the solution has added an onscreen display functionality for the connected devices to support the surgeon’s workflow.

The MY.INTELLIO Cloud is Sports Medicine’s first cloud-based solution for our visualisation platform. The cloud expands the functionality of the LENS 4K app that I talked about earlier, with secure, HIPAA-compliant storage of patient images and video captured during the cases.

MY.INTELLIO Cloud will help with post-surgical workflows for surgeons by allowing easy post-op data access, as well as a digital platform for the surgeon to share content with their patients.

Sports Medicine is embarking on the digital surgery journey as well and embracing the digital surgery ecosystem that Skip alluded to earlier and Brad alluded to earlier. Within this ecosystem, we’ll be building additional capabilities to serve the surgeon in new ways, with digitally-enabled, data-driven insights.

**Disruptive Innovation To Transform The Tower**

Looking beyond 2020, we are very excited about our tower for the future. We see a world where the connected tower can enable both arthroscopic and orthopaedic procedures. We see a world where new innovations and tower capabilities in navigation, robotics, machine vision, artificial intelligence, as well as data-driven insights, will yield more efficiency and procedure innovation.

And finally, our cloud technology will help us own the episode of care for the patient through integration with the digital surgery ecosystem and our newly-acquired assets, that Skip talked about.

With that, I’d like to hand over to Roland for a summary.
Summary
Roland Diggelmann
Chief Executive Officer, Smith & Nephew PLC

Thank you very much, Vasant. I’m very excited about what we’ve been able to show you today. As you can see, innovation and enabling technologies are key pillars of our growth strategy, and these new launches bring truly differentiated functionalities. They also bring solutions aligned with key healthcare trends, and of course, these platforms will and can be further developed.

This is only, actually, one part of the picture. We’re also working on other high-potential projects across the portfolio, and you will hear more from us as we continue to evolve and develop.

So, with that, we’ve come to the end of the presentation. Thank you for your attention, and we look forward to your questions.

Q&A

Operator: Okay, ladies and gentlemen, we will now begin the question and answer session. As a reminder, if you wish to ask a question, please press star and one on your telephone and wait for your name to be announced. And our first question comes from the line of Veronika Dubajova from Goldman Sachs. Your line is now open.

Veronika Dubajova (Goldman Sachs): Excellent, thank you and good afternoon. I will keep it to two questions if I can. One is I just want to kind of get a sense for any initial feedback that you’re getting on the CORI launch. You’ve taken a very different direction from all your other peers in terms of robotics, and I think folks either love or hate the handheld piece. Obviously, with NAVIO, it’s not had a great amount of traction. So, Roland, maybe if you can share a little bit of feedback from customers so far and how they’re thinking about CORI and whether it’s likely to be a bit more successful than NAVIO and kind of maybe what some of your internal goals and expectations are for placements or market share, would be helpful.

And then my second question is also about CORI, just a timeline for when you expect some of the non-ortho applications, or non-large-joint applications, to be available. Thank you.

Roland Diggelmann: Thank you, Veronika; thanks for the questions. I will also hand over to Skip in a moment. Just from a high-level perspective, I think obviously you pointed out a major difference, which is handheld. This is a different approach that we’ve deliberately chosen. We’ve chosen that because we believe it can deliver better performance. I would actually say that we were quite successful with NAVIO but remember we came after others onto the market.

There is a market to be developed on one end. I think it takes education and practice to use a handheld, but the feedback we’ve had so far has been just outstanding, just because it gives this very haptic feeling to the physicians, to the surgeons. So I think it’s been very successful, but again, we’re at the very early stages. We would have loved to put that in the hands of more physicians initially, but we’ve had to deal with – like everybody else – with the
COVID situation. But then again, I am excited. I think this is a really differentiating technology.

Skip, do you want to talk a little bit in more detail around surgeon feedback and then maybe also some of the timelines, as much as we disclose them?

Skip Kiil: Sure, thank you, Veronika, I appreciate the question and I would give you kind of two points of reference. If you think about handheld robotics, yes, it’s a very differentiated approach, but it’s one that is creating an adoption curve; an opportunity to really transition the traditional way of thinking around removing bone, right? When you think about the use of a blade or a saw versus precision milling, you know, again we feel confident that the level of competency there is moving in the right direction, and it is a changing workflow.

Keep in mind that we don’t have a – the requirement for a CT or an MRI. This is very translatable when you start thinking about the reduction in inventory and implants and as the site of care changes towards moving from the inpatient to the outpatient setting, where there’s limited space and when you think about, you know, kind of the comparators relative to the size, scope and scale of those products, just in orders of magnitude, you know, you think about the size of a CORI versus the competitive footprint of products, again, you’re talking about 400–500 kilos versus 9 kilos. So it’s almost a half a tonne of robotics equipment that are sitting in an OR versus ours, that weighs about 25 pounds, that can be moved from OR to OR. So when you start thinking about the adoption curve, I think that’s pretty dramatic, in regards to, you know, our ability to convert both current surgeons and competitors’ surgeons.

The other piece of this that’s really important is really the setup time. If you think about the setup time with our product, which is about five minutes, versus the competitors’ products are anywhere from 20–45 minutes, depending on what procedure they’re doing. And when you add all those things together, we feel like there’s a pretty nice opportunity to create some disruption in the marketplace and we’re looking forward to competing throughout those segments.

Veronika Dubajova: And the timeline for the non-large-joint applications?

Skip Kiil: Yes, thank you, Veronika, sorry, I’m having some feedback on the line here. So, we are not going to disclose relative to the timelines, but again, we’ve shared a cadence of the new product software introductions that Vasant went through, and you know, we’ll kind of leave it at there, but we’re very excited about where we think this disruption, innovation, is going to come from, particularly when we start thinking about the intersection of Orthopaedics and Sports Medicine. So we’re not going to get into any specifics but, you know, stay tuned.

Veronika Dubajova: And if I can squeeze in a final one, I guess, Roland, just a big picture one. Maybe you can – I think we’ve all talked about robotics a lot over the past three, four years. I’m just curious, kind of, one, what your ambitions are, in terms of where you’d like to get to, whether that’s market share growth, installed base? And two, how do you think about robotics? Is – are we going to end up in a place where you give the robot away to lock in your disposable, consumable market share? Do you think you can generate revenues from robots – robot sales and placements? Kind of how you’re thinking about it from a financial perspective that would be incredibly helpful and I’ll rejoin the queue after that, thank you.
Roland Diggelmann: Yes, thank you, Veronika, certainly. I mean we look at this as a truly enabling technology. We look at this as really innovative, and we're seeing a clear trend for robotic surgery. This has already been accelerated of late, but the trend is here to stay. We are – we're talking about a very small number of surgical procedures that are done with robots at this stage, so there are two things here that I believe we will benefit from. One is the segment that will continue to grow and expand, and second, we believe that our technology offers opportunities to capture market share.

So our ambition remains the same: we want to grow above the market, and we believe that these technologies will help us do so. And in particular also that we also start to observe some trends where physicians really look at how is, actually, a solution being delivered, rather than what are the really, implant features? So procedural aspects become more and more important, and I think that will only just accelerate when we talk about ASCs and the very different setting there.

And then, in terms of the model, the sales model, I think we are very open. We are adapting to the market needs here. We see an opportunity to sell systems. We see an opportunity to also engage with all sorts of different models. We are ready to work with customers to see what their needs are. We do this on the basis of two elements, of course. One: this is a proprietary technology that is differentiated, so there is certainly a great whole opportunity here. And the second – the second one is, of course, built-in flexibility on the basis of low COGS for this system. As Skip, mentioned, when you have a system that is roughly around 25 pounds, you can imagine that we've worked very hard on the COGS side of this and that will give us flexibility as we move forwards and as we drive adoption in the marketplace.

Operator: Okay, we will now take our second question, and it comes from the line of Michael Jungling from Morgan Stanley. Your line is now open.

Michael Jungling (Morgan Stanley): Thank you. Good afternoon all. I have two questions. Firstly, on your slide, page 16, you make reference to numerous studies showing outcomes and cost savings, amongst other things. Are these studies specifically in relation to your own system, or are these studies more broadly referencing robotics in orthopaedics?

Question number two is on the customer base. Could you comment in which segment you think CORI is likely to be the most successful for you? Will it be the hospital segment, or will it be the ambulatory care segment? And if you could perhaps, an indication of how you see sales: is it 40/60, 50/50? If you have some sort of indication, that would be helpful. Thank you.

Roland Diggelmann: Thank you. Vasant, can you take the first one and then Skip, maybe you can just go straight into the second after that?

Vasant Padmanabhan: I will, thanks, Roland. It’s a short answer. All the studies that I spoke about are from our robotic platforms across the world. And Skip, do you want to get the second one?

Skip Kiil: Sure. Michael, as you think about, kind of, that shift that’s moving from, again, the inpatient to the outpatient, I think we mentioned it’s around 3-5% of total joint procedures being done in this environment, in that kind of outpatient or inpatient with robotics and if you
think that that kind of 3–5 year trend increases dramatically, you know, our hypothesis is that you know, we’re going to be able to respond to the shift in market and the competitive dynamics more appropriately, given the size and scale of our product.

Again, going back to the reduction in inventory and implants, you know, the limited space that is required and really as you think about kind of that mix shift more towards the outpatient, or ASC, setting, the profit versus price equation is going to be pretty important. And if you also consider the price point that, you know, we are at relative to our competition, again about half of the ASCs of the larger robotics systems in regards to what we’re doing – you know, we do have the opportunity to maintain flexibility in our commercial model, and it allows us to move as the market needs us to and really increases our overall commercial flexibility.

We're very excited in regards to the idea of CORI and the robotics solution and really around the precision milling, versus what you’ve seen with the blocks and blades in the marketplace today, and Vasant has obviously mentioned some of the clinical outcomes. You know, those obviously have financial implications as well, and we’ll let you draw your own conclusions there but again, we’re very excited about the focus of technology and the approach in allowing us to have flexibility in those business solutions.

**Michael Jungling:** Great and please follow up on my question two, on the customer base for CORI. Would you expect to dominate the outpatient market? I mean look at the size and the cost of your competitors’ systems. Would you be – would you expect to be sort of absolutely dominant in the outpatient market, given the size and cost of your systems versus the others?

**Skip Kiil:** Mike, I love your aspiration of dominance, but I would tell you that I think all of the large players are going to move towards the outpatient segment. We love our ability to compete not only at the level of implants and implant systems but really as you start thinking about the summation of, you know, the navigated robotics products and how you’re bringing those disparate systems together to deliver reproducible results and drive clinical value propositions. You know, again, ultimately, as you think about the medium-term integration opportunities between procedural automation, you know, we mentioned the interplay of Sports Medicine. We really believe we’re one of the only companies, if not the only company that can bring, you know, big bone orthopaedics to soft tissue repair in regards to Sports Medicine. Imagine the ability to use that handheld robotics unit, or a surgical arm, to tunnel an EPO or something that’s – that’s pretty straightforward. I get pretty excited when we start thinking about the parlay of what Orthopaedics and Sports Medicine can bring, particularly in the trend of the site of care, it’s moving towards that outpatient and ASC setting. Again, we feel very good about our value proposition and again, the whole host of reasons why we’re calling, you know, Real Intelligence the kick-off to the digital surgical ecosystem.

**Michael Jungling:** Great, thank you.

**Operator:** Okay, our next question comes from the line of Kyle Rose from Canaccord, your line is now open.

**Kyle Rose (Canaccord):** Great, thank you very much for taking the questions. I hope you can hear me all right. I had a couple of questions here, first on – it’s for Vasant on some of
the actual usability features on CORI. Can you maybe help us understand how CORI compares NAVIO, specifically around the time of visualisation? And you talked about faster video and imaging processing and the better, larger burrs. How does CORI compare to NAVIO just on a, you know, skin to skin, to build up the learning curve, as far as a procedural time perspective?

And then, secondarily, a lot of talk on enabling technologies, not a lot of talk on implants. I just wanted to understand: are there any plans for specific implant designs that are focused around CORI in particular. And when I’m thinking there, I’m thinking the competitor products. Have you unlocked the cementless, the press-fit markets? I wondered if you had any updated plans there?

**Vasant Padmanabhan:** Right, I’ll take the first one and Skip or Roland, you can maybe take the second one. With respect to workflow, I think was the first question, between CORI and NAVIO, we’ve made improvements in three or four different areas of CORI compared to NAVIO, both in how we do the planning steps, the workflow for that, as well as beyond planning, when we get into looking at gaps and assessing ligament balancing, we’ve made workflow improvements.

And then, on top of that, as I went through, the camera is also faster, and that helps as well. You know, we believe that NAVIO – CORI is about 30% faster compared to NAVIO in preparing bone and what we are in the process of doing is – as I think Skip pointed out earlier – the procedure itself has multiple phases, right? There’s a setup phase and a planning phase and the workflow phase and then the bone-cutting phase. We’re collecting data now as we start doing real cases and we’ll talk about that down the road. But CORI is a complete kind of redesign over NAVIO in different elements, and when you put it all together, it’s faster, significantly faster.

Skip, do you want to take the second one?

**Skip Kiil:** Yeah, sure, thanks, Vasant. Maybe I’ll just add a couple of points on the efficiencies of NAVIO and really what did we learn from that whole process? The reality is we’ve had hundreds and hundreds and hundreds, if not thousands and thousands, of robotic implant cases done with NAVIO and so improving the efficiency with CORI was an absolute and really we’re seeing matters in the OR, particularly given the post-COVID environment, where the OR times are going to be ever the more constrained, you know, that set up time that I mentioned earlier, relative to the competition and then again, over the setup time relative to NAVIO. And really the interoperative data management and the reduction of, you know, call it landmark points, you know, again, not having to use a CT, you know, getting those landmarks set up, you know, the reduction from NAVIO to CORI was seven to two, so you only needed to create seven anatomical landmarks with NAVIO. Now you only have two with CORI. Those are dramatic improvements to the real-time planning and really simplified user interface. And we’ve reduced those interoperative steps by 40%, which is a significant change in positive outcome of workflow.

And then maybe to your second question, related to the range of implants. And really the key aspect here is, with CORI, you know, we have the largest range of implants in the robotics landscape, right? We have LEGION, GENESIS; we have JOURNEY II. Again, we talked about the focus on revision on a go-forward basis, and obviously we’re working through the details
of creating the opportunity to support our cementless knee programme, which is still under
development, but when that comes out, we’re going to be integrating that into the overall
CORI platform and really where high precision is extremely important. And again the
comparison between precision milling and the preparation of bone with cutting instruments
compared to saw blades and skiving and bending, etcetera, etcetera, we feel very good about
those clinical opportunities. Again, it’s early days here, but we’re thinking that we have,
again, a pretty strategic competitive advantage, going back to the earlier question of why
precision milling versus some of the kind of traditional approaches.

You know, we were very strategic in our focus in regards to the design and development of
CORI in the application of this technology, as it both, you know, drives kind of market share
adoption here and market share conversion. So we feel very good about our implants on a
go-forward basis.

Kyle Rose: Maybe just one final question from me on Real Intelligence: could you just help
me understand that business model a little bit more? Is it more about offering, like, a
differentiated solution to just be closer to the customer broadly or is there some sort of
revenue component that comes with the integration of the rollout of these new technologies
in the near term?

Skip Kiil: Yeah, it’s a couple of things. It’s really the combination of the technology and a
couple of acquisitions we made earlier in the year relative to MiJourney and the development
of, you know, kind of the investment in building in innovation and technology and ultimately
it’s an extension of our robotics. It’s really the digital surgical ecosystem that we see in the
hospitals and outpatient care settings. And really it allows us to gain insights from data
analytics and apply those to new product introductions and new product innovation and really
its – more significant outcomes are going to come through that data management of the
system, and ultimately, when you start adding that up with great products, the insights that
you garner from providing expectations in regards to how we see that digital surgical
ecosystem moving is – it is going to be a revenue stream but imagine the point where you
have awareness around an injury. You can help the surgeon, and you can help the patient
and the appointment scheduling, the education of the patient, the preoperative dynamic
assessment and the tools associated with that.

We actually have the surgical intervention, and then, there’s a post-operative follow-up. And
then, there are some other things that we’re working on that we’re not going to get into
today. But ultimately, it’s driving improved outcomes, better patient selection, and ultimately
reducing the cost of care. And when you add all those together, it’s really a differentiated
value proposition, both for the customer with the clinical outcomes, both for the surgeon and
for Smith & Nephew.

Operator: Okay. Once again, if you wish to ask a question, please press star and one on
your telephone and wait for your name to be announced.

Okay. And our next question comes from the line of Julien Dormois from Exane. Your line is
now open.

Julien Dormois (Exane BNP Paribas): Good afternoon, gentlemen. Thanks for taking my
questions. I have two, please.
The first one is a – like a big-picture question on what you guys are doing, in terms of initiatives to drive faster adoption of robotic surgery. Do you believe that in the next three to five years, this will be improved by sending more medium surgeon training or is it more about clinical trials to demonstrate the superiority of robotic surgery or anything else that you can do to basically accelerate that trend?

And the second question is more specific to Europe. We know that Europe is a bit of a laggard in adopting robotic surgery. Could you just remind us why that is? And also is there – if there is anything from your side that you can do to change things in this region?

**Roland Diggelmann:** Yeah. Thank you, Julien. Thanks for the question. I’ll get it – I’ll get going and then I’ll ask Skip to just chime in. I think, absolutely, we are going to continue to see the further adoption of robotic surgery. I mean, we mentioned there are low numbers today, but there is a very significant trend that is only being accelerated and amplified.

I think it has to do with a couple of things. First of all, technology has improved greatly. So robotic technology has advanced. Then, there is certainly a host of data that is coming through and we’ll continue to invest, as you’ve heard, in clinical data and trials, demonstrating the performance and the capabilities of our specific technology.

We will also continue to invest in medical education. I think that’s extremely important. There is – as for every technology, there is a learning curve. And we want to do this together with our customers. And then, finally, I would offer that, of course, there’s an overall industry push towards robotics. So you see all the large competitors active in this field and I think this will further enhance adoption.

Why is it less prominent in the EU or in Europe? It’s a really interesting question. I can’t give you a definite answer here. I think there’s been probably more or less a bit of a more reluctant environment here to adopt new trends in some areas. There is probably also a bit more conservatism around capital expenditure and buying into large solutions.

I think this will – this is about to change as we see some of that high-volume, but also high-tech sites that continue to adopt and are interested in robotics. But it is a fact that some of the trends, indeed, start in the US and has a slower adoption rate in Europe and, sometimes, actually have a faster adoption rate in some of the high-growth markets even in Asia.

But I think, again, we are very well-positioned here. Just to remind you that we are, of course, already present in all these centres that do arthroscopic surgeries, who are sports med-positioned, and that we can support the trend to decentralise care or ASCs or similar – so a small footprint. So I think that will also help the adoption rate.

Skip, any other comments on the topic?

**Skip Kiil:** Yeah, Roland. I think you hit most of the key points. The only other kind of key commentary is I would say, you know, as we did our limited market release with CORI, there was a large percentage of surgeries that were done outside the United States in our international markets in the EMEA, in Asia Pacific. And ultimately, as you think about kind of where we are today in that adoption curve, very early in that process.

And ultimately, the slowdown and the impact of the COVID pandemic has allowed us to speed up in some of the things that we talked about. You know, Roland mentioned the medical education aspect. You know, we trained between 15,000 and 20,000 surgeons over a 90-day
period, in regards to our technology. And a large percentage of that was really introducing the approach, relative to Real Intelligence and the digital surgical ecosystem, and the application of those technologies around the world. And so, I would say that we have better global alignment than maybe we did three or four years ago, in regards to our products and solutions.

And related to our new product design and development cycles, we are taking design inputs at a global scale. Vasant and his team are taking inputs from global KOLs and those networks around the world. This isn’t just a US phenomenon, albeit it started in the US, we’re seeing it permeate in many of the markets around the world. And so, when you think about the footprint that Smith & Nephew has relative to our competition, again, almost a 50% of the US, 50% in the rest of the markets around the world.

We like our approach. We think that we can accelerate global share gains. And again, as that site of care changes, we feel very confident and comfortable with our approach. And ultimately, when you start talking about the improvement of that digitalisation, again, the number of trades versus kind of what we have with the traditional surgical approach is going to be very appropriate, in regards to how we conclude that [inaudible] process. So we’re, again, very excited around that engagement with global KOLs and implementation.

Julien Dormois: Maybe just a quick follow-up, if I may? And thank you very much for the detailed answers.

In terms of reimbursement, is there anything that is limiting the adoption of robotic surgery in the major European countries, or do you think you have to fight against insurers or is it – how is it? – more just about the conservatism that you mentioned and CapEx being a bit more constrained?

Skip Kiil: I think the CapEx environment; there’s definitely a patient factor. I think we’ve talked about the fact that our robotic platform is a CT-free robotic solution. And I will tell you that’s a positive, in regards to the economic challenges we see around the world when you can actually deliver a knee or a hip replacement without having to get a CT. That’s a positive influencer, relative to the price pressures that we know are going to be omnipresent, moving forward and consistent globally.

Julien Dormois: Okay, then. Thank you for that.

Roland Diggelmann: And we have actually have just had – go ahead, Julien.

Julien Dormois: No. I was just saying thank you. So if you had a follow up...thank you.

Roland Diggelmann: No. Just to add to this, I don’t – we don’t see any reimbursement downside in Europe. It’s just that there are no specific codes either for the use of robotics. So it’s probably we’d have to fit into the overall envelope, but that is no different from other markets.

And to Skip’s points, I think it’s really about demonstrating the value, the performance, the effectiveness of robotics. And then, as we said, the trend will continue to grow, given again that we’re starting from a very low base, if we look at the total numbers of surgical procedures that are done with robots.

Julien Dormois: Yeah. Thank you very much, guys. Thank you.
Operator: Okay. Our next question comes from the line of Tom Jones from Berenberg. Your line is now open.

Tom Jones (Berenberg Bank): Oh, good afternoon, gentlemen. Thanks for taking my questions. I had two sort of bigger picture questions, really, about robotic surgery.

The first is regarding the economic aspects of it. I mean, you pointed out quite rightly, I think, that there’s a significant, you know, cost-effectiveness economic argument for the use of robotic surgery in total joint replacement, and I don’t expect you to answer this question specifically, but broadly speaking, how much of that economics or improved economics do you think will accrue to healthcare systems more broadly – i.e., the payers? How much do you think will accrue to the hospitals, and how much do you think can accrue to your shareholders? That will be my first question. And I’ve got a sort of follow-up one on the back of that.

Roland Diggelmann: That’s a tough one you’re asking here, Tom.

Tom Jones: But it’s quite a relevant one, I think.

Roland Diggelmann: Yeah. Well, I think –

Tom Jones: I mean, if all the benefit just accrued to the hospitals and the payers, then you’ve kind of put a lot of effort into nothing, to be honest.

Roland Diggelmann: Well, I think first – I mean, if I look at it from our perspective for Smith & Nephew and for our shareholders, of course, we’re doing this with the absolute firm intent to gain market share. We believe that we have a very differentiated solution that will allow us to grow and to capture market share with this technology. So I think that’s certainly the case.

To do that, of course, we have to make those cases proven, efficacious. And that’s where the hospitals will certainly be interested: in how you actually deliver the care, how it is – the ease of use, how the hospitals can actually manage their cost base and the effectiveness of such surgical procedures. And if they can do that, of course, they will capture some of the benefits.

I’m not quite sure how that then would translate to payers. But what you’re seeing is, of course, in the US – and I think that’s the broader trend that we’re observing – is, of course, a shift to decentralise more specialised care where you see CMS attributing special – specific codes for outpatient decentral surgical procedures. And so there, there is a very clear incentive for also the payers to move care to areas where care is being done more specifically decentral, more cost efficacious.

So I think if you’re looking – if you peel it back from that end, I think all the players – all the stakeholders stand to benefit from this. And then, let’s not forget the patients, which Vasant shared some information earlier around the data that we have accumulated around, you know, patient performance: the return to work, the return to sports, and overall performance.

Tom Jones: That’s very clear and, also, neatly kind of segues into my next question, which was about the issue of closed versus open systems. Now, in terms of gaining market share, clearly, it only – the kind of rationale only works if you have a closed system and everyone has gone down that road, to start with.
You know, I’ve seen this happen in other industries where, you know, companies have used some kind of hardware to try and drive consumable volume. And it works for a while until someone’s hardware stops being competitive and they kind of give up and go open source, and then just have a business model that is purely selling, you know, the equipment rather than that kind of razor blades model. At which point, the economics for everyone else then starts to unravel because nobody wants to buy a system where you can only use one type of implant or consumable and they’re keener to buy something, which, you know, has broader applicability and allows you to mix and match, you know, consumable providers. So, you know, there’s no sign of it yet, but my question for you is, you know, do you think there is any risk at all in the foreseeable future that somebody, either within orthopaedics or outside it, breaks ranks and launches some kind of open-source system that allows surgeons to use whatever implant they do? And if so, you know, how would you respond to that, as somebody who currently has a closed system? You know, would you continue to try and push the same business model or do – are you open to adopting a different business model as the market potentially shifts in this regard?

Roland Diggelmann: It’s a great question, Tom. I’d say that at this stage, it’s absolutely logical that everybody is working on closed systems because of the complexity because of, of course, the connections that are necessary because of the proximity from – in developing hardware, software aligned with implants. So, this is a complex task, and of course, the leaders in this robotics industry for orthopaedics are all developers and providers of implants. So this is absolutely logical that it is going that direction. Whether this may move to a more open-source system in the future, I don’t know. I can see your point in other industries. What that would require, though, is that open procedures and with that, the business model around the actual robots or navigation, or whatever the combined tools are, are actually lucrative, profitable, money-making for those providers.

Currently, I don’t think anybody in this industry can say that making – you’re achieving the same, you know, with only robotics versus your implant sales. So in – the robotics are the enabling technology to the implants, and they’re connected that way. And that’s, I expect, where the industry will continue to go for the foreseeable future.

But then, we need to – as you said, we need to be open for other business models, whether it’s around the financing itself or whether it’s the bigger picture that you just alluded to. We’ll see where it goes.

I think that one of the opportunities here is if you have a really good system that is easy to use, that, you know, physicians like to use, that is quick to use, that is versatile, and if you think about our ambitions to build further applications on an existing system, then I think you’re in a good position. Whether then it ends up being an open system or it stays a closed system, we’ll see.

Tom Jones: Yeah. And maybe sort of follow-up question to that. I mean, how much differentiation do you think you need to drive somebody like a major Zimmer user off Zimmer implants on to Smith & Nephew implants with the robotic surgery platform? Because surgeons do tend to be quite, you know, wedded to the implants they use and it’s quite a wrench for a facility to invest in robotic surgery system as well as move all their surgeons over on to a different implant system.
So, you know, as one of the sort of arguably smaller players in orthopaedic implants, you know, to what extent is that a competitive challenge for you in that, you know, you finally say – okay, so it’s an easy sell to add this to your existing customers. When you’re trying to take a big Zimmer or big, you know, Stryker user to invest in their technology, they’re not going to invest in your technology if they’re only going to use it on a handful of implants every now and again. So the surgeons are going to have to change over or otherwise, again, the economics aren’t going to work for the hospital.

So does actually being, you know, one of the smaller players in the orthopaedic surgery market present additional challenges for you? Whereas for – you know, that might not be the case for somebody the other way around who’s got a much larger market share, and it’s maybe a bit easier to, you know, keep the surgeons, you know, on the existing platform and then just add – even though it may be an inferior technology, adding somebody else’s – you know, the MAKO or ROSA – because they get the benefit of being able to tell like, you know, the patients that do they do robotic surgery and surgeons get to play with a lovely whizzy toy. And even though it’s inferior clinically and more expensive, it – on balance, the total economic cost of that is still lower than switching all the surgeons over on to a new implant system.

**Roland Diggelmann:** Yeah. I would say we are very, very confident in our implants and in the performance. And if you look at some of the, you know, registers, we have great clinical data, we have great survival data. And so, from that end, I think we’re – we feel very confident. On the other side of it, we feel that we have something really differentiating with CORIN now, with the ability to move into the ASCs with the combination with sports medicine, and a lot more opportunities coming this way.

What I would say, from my experience in the industry, is that instruments have been overlooked for a long period of time. And when you think of what the physician really deals with in a surgery, he spends much more time with the instrument than with the implant. Of course, you need to have a performing implant. You need to be at a certain level, which we clearly are. But I think we’re going to continue to see more evolution on the instrument side. And with instruments I mean, of course, also, all the enabling technologies, robotics, and navigation.

And if you just at, look for a second, what is required to do a total knee, the number of trays that are moved in and out of a surgical theatre, what it requires, in terms of preparation, in terms of education for the staff, but also in terms of cost associated with the auto class [?] and the sterilisation and everything. This is huge, and here comes an opportunity to change that and provide a different experience.

And then, finally, I would also say that we have the ability to get the foot in the door there with great surface technologies with OXINIUM with the use for patients – allergy patients, etc. So we have a natural ability to wedge into and then provide our technologies. So that’s kind of our side of – our view. We’re really excited.

Skip, I don’t know if you want to add anything from your perspective?

**Skip Kiil:** Yeah, Roland. Actually, I would. I think it’s a very insightful question. And really, there is a couple of key components for me. It’s really as you said, thinking about the
differentiation of implants, it’s really about, you know, the contracting and strategic bundling that you do to increase share and that’s kind of what was your point earlier.

But I think this is moving beyond just the product – so beyond just the implant, in regards to our approach – and really building a portfolio of solutions that are differentiated, whether they be Real Intelligence, so delivering different outcomes or talking about a closed versus open platform and how we actually drive new business models. And I think what you’ve heard is, you know, from our competitors is really around, you know, the innovation of implants and how those are matched up with patients.

And you know, maybe a different way of thinking about it from our perspective is really matching patient-match logistics to lower the cost to serve for both the healthcare and the payer-provider where you match up the logistics platforms with a best-in-class import – implant with great clinical outcomes. And you do that through investments in people, and enabling technology, and the infrastructure. And you put all those things together, and that’s really where you get meaningful movements in market share. And that’s where we feel like we are headed.

And again, we’re pretty excited; we’ve got some great new product launches. We’ve got a very clear idea around how we want to win and a proven strategy. You know, you’ve got a very motivated commercial organisation. You’ve got CORI here. And you know, as we think about kind of the underlying demand for better orthopaedics, we feel excited about our ability to compete in – within the current, you know, kind of changing environment.

So, again, I think the team has done a great job building a competitive platform and really creating points of differentiation that are going to allow Smith & Nephew to compete for, again – I think, you know, you guys said it, the decade ahead. And you know, maybe there is a dominant market share position that moves in either direction here. So we’re pretty excited about our ability to compete in that environment.

Tom Jones: Good. Good. Thank you for that. That was a, to be honest, a much more expansive answer than I expected. So thank you for that. That’s very helpful colour. So I’ll get back in the queue.

Operator: Okay. Once again, if you wish to ask a question, please press star and one on your telephone and wait for your name to be announced. Once again, please press star and one if you wish to ask a question.

Roland Diggelmann: Okay. I think we don’t have any further questions. We’re almost at the top of the hour. So I would like to, again, thank you for your time, your interest in Smith & Nephew. Appreciate you dialling in. Wish you a good evening, good afternoon, wherever you are, and thanks again. Stay safe.

Operator: Okay. That does conclude our conference for today. Thank you for participating. You may all disconnect.

[END OF TRANSCRIPT]