

Sometimes the  
best treatment  
wears a uniform  
and a smile.



## 33rd Annual J.P. Morgan Healthcare Conference

Olivier Bohuon, CEO

# Forward looking statements

*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; litigation relating to patent or other claims; legal compliance risks and related investigative, remedial or enforcement actions; strategic actions, including acquisitions and dispositions, our success in 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.*

# Our business



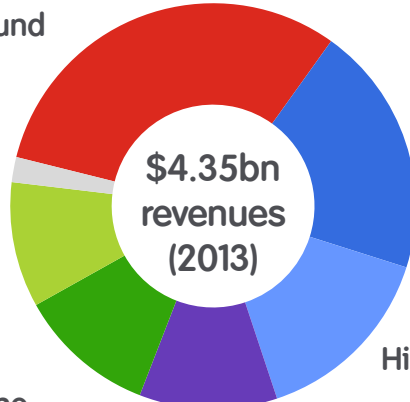
**PICO°**  
Negative Pressure Wound Therapy



**Collagenase SANTYL° Ointment**  
Enzymatic debrider



**JOURNEY° II CR**  
Primary Knee System



**Advanced Wound Management**

**Knee Implants**

**Other**

**Arthroscopic Enabling Technologies**

**Hip Implants**

**Sports Medicine Joint Repair**

**Trauma & Extremities**



**FAST FIX 360°**  
Meniscal Repair System



**TRIGEN° INTERTAN**  
Intertrochanteric Antegrade Nail

# 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**

# The Syncera solution

## Creating value for our customers:

- clinically proven products
- cutting edge technology
- attractive economics

## Clinically proven products

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**Knees:**  
GENESIS<sup>◊</sup> II TKA



**Hips:**  
SYNERGY<sup>◊</sup> /  
REFLECTION<sup>◊</sup>

# Mid-tier – new emerging markets business model

## Mid-tier commercial model

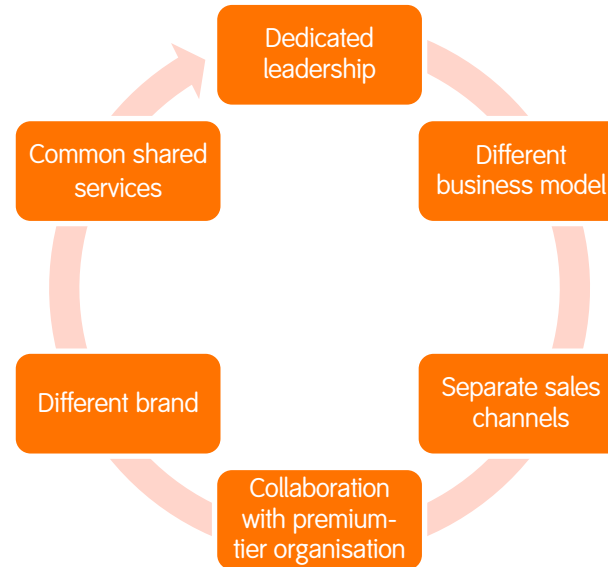
Good quality products  
at lower prices

Manufacturing &  
design efficiency

Different service  
model

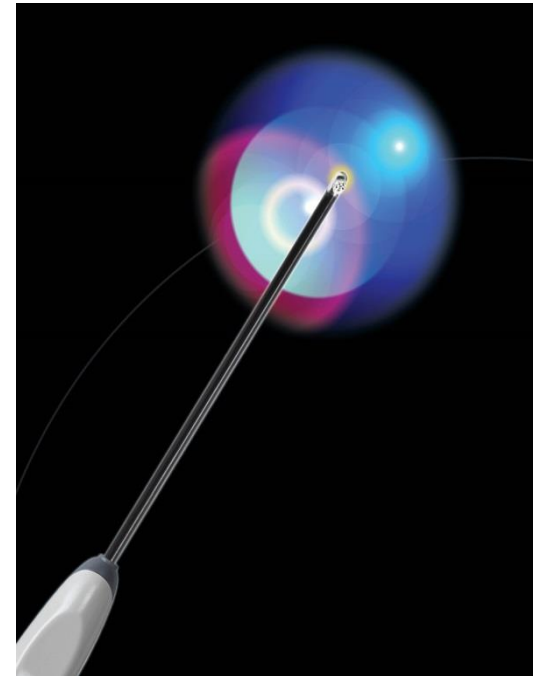
Streamlined  
sales & marketing

## Independent Mid-tier sales organisation



# ArthroCare - compelling strategic rationale

- Creates a comprehensive product portfolio
  - Arthroscopic Enabling Technologies (COBLATION®)
  - Joint Repair (Shoulder)
- Opportunities to drive greater revenue
  - sales force enhancement
  - geographic penetration outside US
  - options in ENT
- Strong pipeline and R&D
  - COBLATION & Joint Repair expertise
  - new product development resources



# Group optimisation plan – four levers

## Optimising Functions

Develop **best in class** global support functions



## Driving Procurement Savings

Drive **savings** and **capability investments**



## Simplifying Operating Model

**Simplify** our management structure



## Optimising Locations

**Rationalise** property portfolio

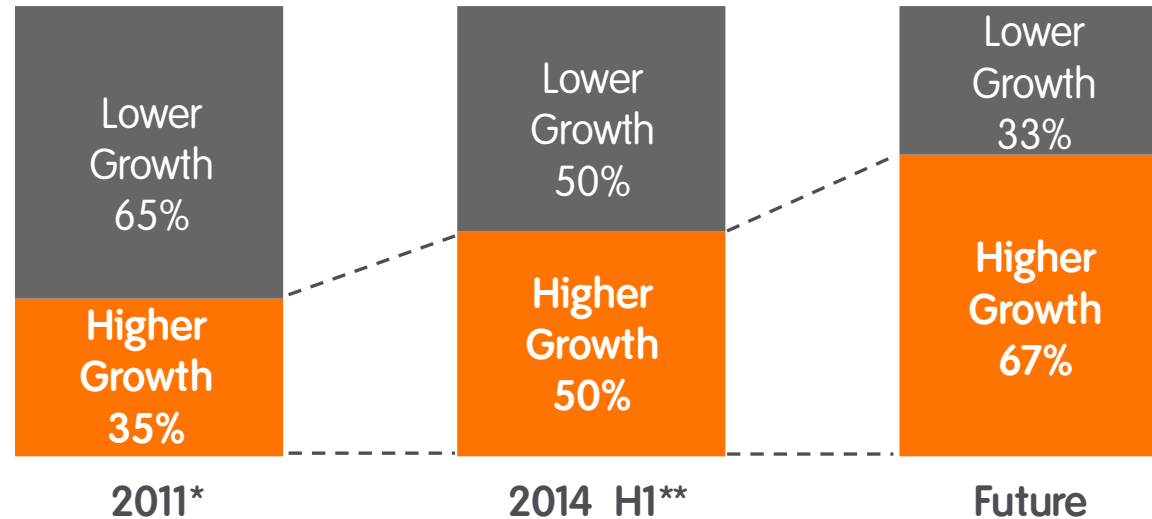


- Increasing overall **efficiency/agility**
- **Liberating resources to re-invest** in critical areas to drive growth



# Rebalancing Smith & Nephew

Proportion of Revenue



**Higher Growth:** Sports Medicine Joint Repair, ArthroCare, Trauma & Extremities, Gynecology, Advanced Wound Bioactives, Advanced Wound Devices, Emerging markets (all franchises)

**Lower Growth:** Enabling Technologies (Established mkts), Reconstruction (Established mkts), Advanced Wound Care (Established mkts)

\* Excluding Clinical Therapies

\*\* H1 2014 including proforma ArthroCare for full period

