

Smith+Nephew

First Quarter 2022



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 profit 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: risks related to the impact of COVID, such as the depth and longevity of its impact, government actions and other restrictive measures taken in response, material delays and cancellations of elective procedures, reduced procedure capacity at medical facilities, restricted access for sales representatives to medical facilities, or our ability to execute business continuity plans as a result of COVID; economic and financial conditions in the markets we serve, especially those affecting healthcare providers, payers and customers (including, without limitation, as a result of COVID); 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 (including, without limitation, as a result of COVID); 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; relationships with healthcare professionals; reliance on information technology and cybersecurity; and numerous other matters that affect us or our markets, including those of a political, economic, business, competitive or reputational nature. Please refer to the documents that Smith+Nephew has filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended, including Smith+Nephew's most recent annual report on Form 20-F, for a discussion of certain of these factors. Any forward-looking statement is based on information available to Smith+Nephew as of the date of the statement. All written or oral forward-looking statements attributable to Smith+Nephew are qualified by this caution. Smith+Nephew does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Smith+Nephew's expectations. The terms 'Group' and 'Smith+Nephew' are used for convenience to refer to Smith & Nephew plc and its consolidated subsidiaries, unless the context requires otherwise.

Certain items included in 'trading results', such as trading profit, trading profit margin, tax rate on trading results, trading cash flow, trading profit to trading cash conversion ratio, EPSA, leverage ratio, and underlying growth are non-IFRS financial measures. The non-IFRS financial measures in this announcement are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS in our Fourth Quarter and Full Year 2021 Results announcement dated 22 February 2022, and our First Quarter 2022 trading report dated 28 April 2022.



Key messages



+ Sports Medicine and Advanced Wound Management continuing to perform well; strengthening Orthopaedics with cementless knee rollout

+ Procedure volumes returning across elective categories, as COVID impact fades in most markets

+ Good start towards 2022 targets, with 5.9% underlying growth in Q1

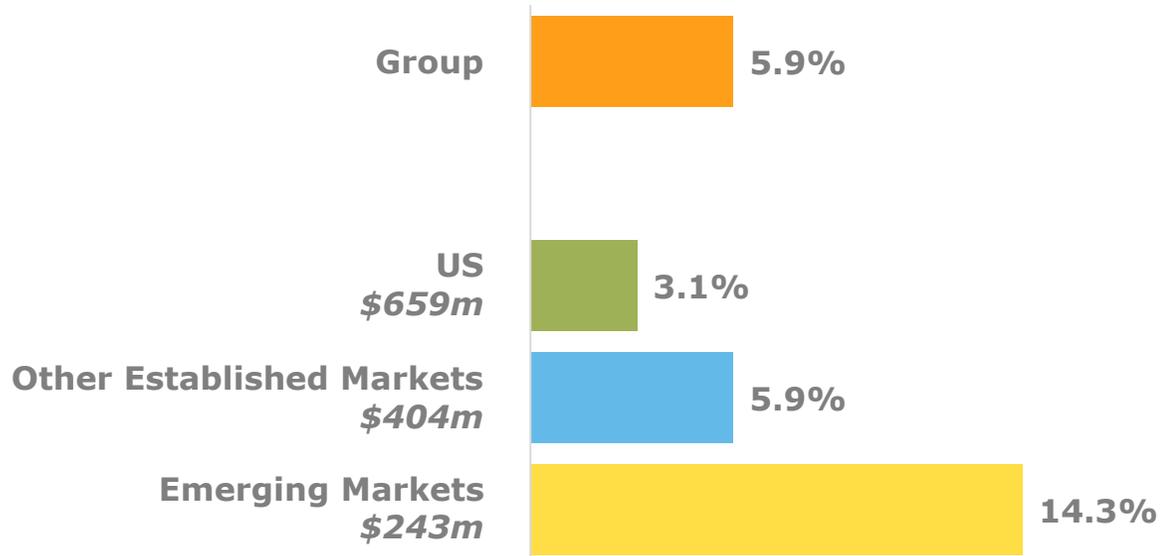


Q1 2022: Growth across regions and franchises

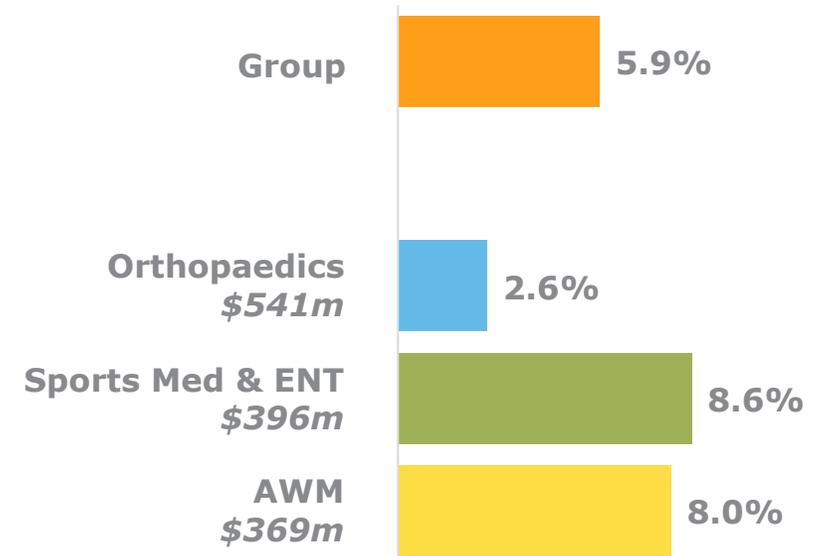


\$1,306m, +3.3% reported, +5.9% underlying*

Geographical growth



Franchise growth

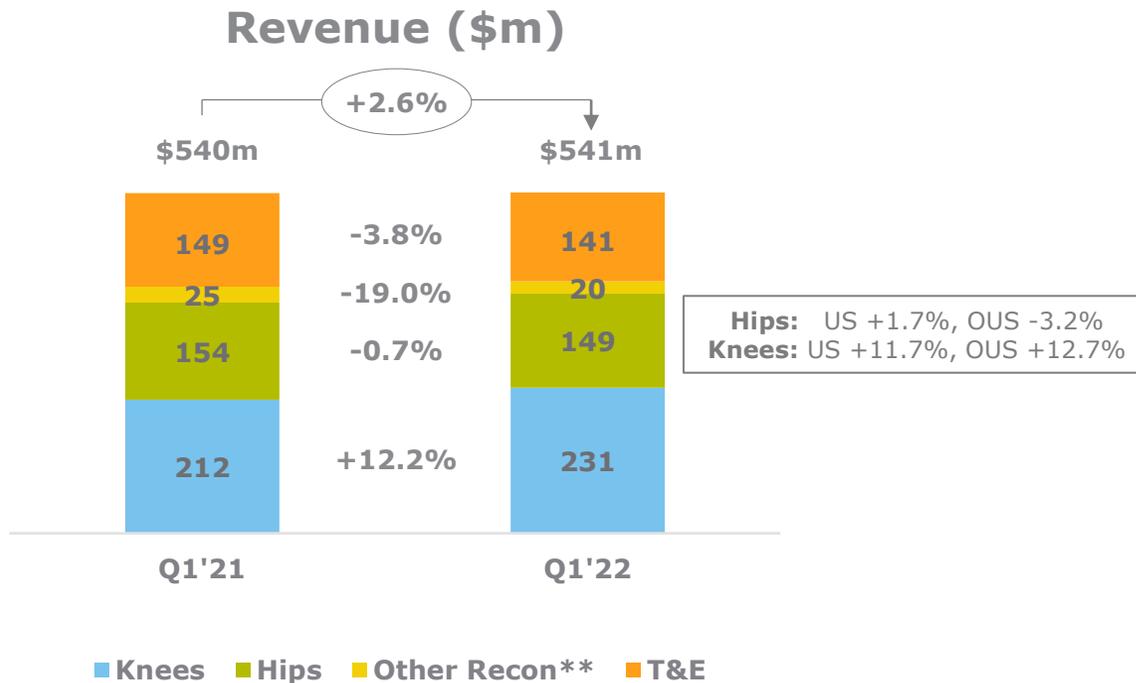


* Growth rates are compared to Q1 2021

Orthopaedics



\$541m: +0.3% reported, +2.6% underlying*



Sales factors

- Rebound in primary Knee replacement volumes
- Hips and Other Recon against strong Q1 2021 comparative
- T&E varied by region and category

Strategic drivers

- LEGION[◇] CONCELOC[◇] cementless knee set deployments ongoing
- First Hip replacements completed with CORI[◇]
- 510(k) clearance of cementless Knee software on CORI achieved in April

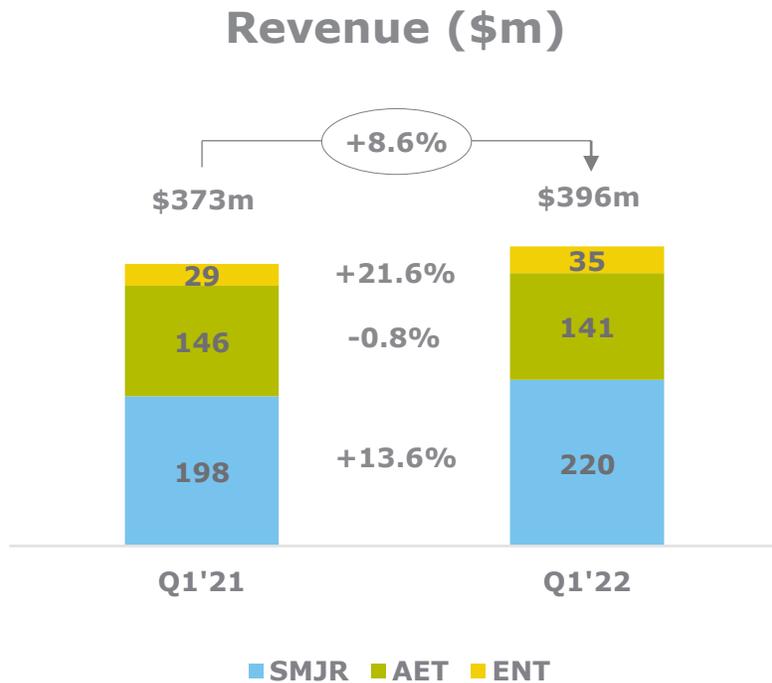
* Growth rates are versus Q1 2021

**Other reconstruction' includes robotics capital sales, our joint navigation business, and bone cement

Sports Medicine & ENT



\$396m: +6.1% reported, +8.6% underlying*



Sales factors

- Sports Medicine driven by recovery of Knee Repair and growth from new products
- AET mixed – good growth in fluid management and video
- Nose and throat case volumes recovering in ENT, along with account wins

Strategic drivers

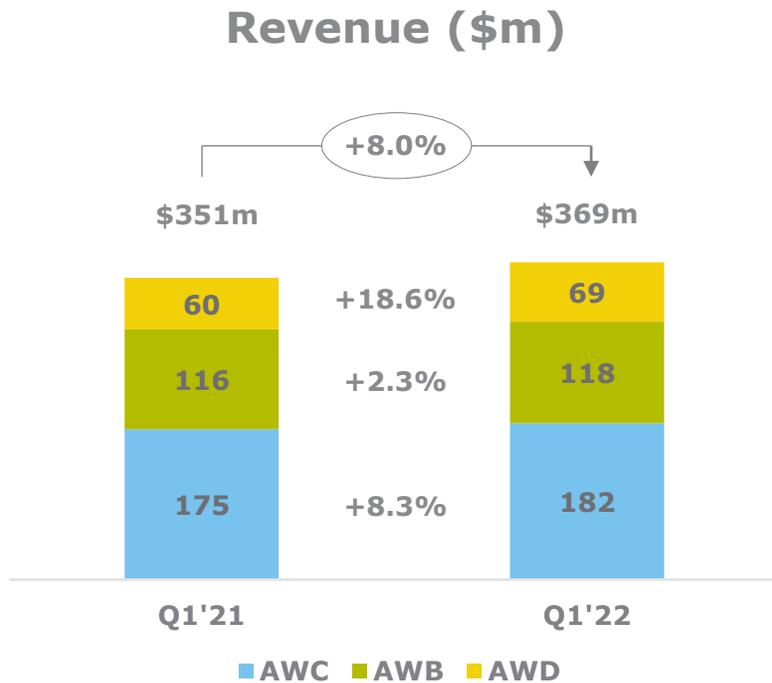
- Continued rollouts of recent launches – FAST-FIX[◇] FLEX, WEREWOLF[◇] FASTSEAL, upgraded Tower
- Ongoing recovery in paediatric ENT market, including rollout of TULA[™]

* Growth rates are versus Q1 2021

Advanced Wound Management



\$369m: +5.1% reported, +8.0% underlying*



Sales factors

- AWC growth in all regions, driven by both foam and film dressings
- Strong performance of SANTYL[◇] in Bioactives
- NPWT growth driven by both RENASYS[◇] and PICO[◇]

Strategic drivers

- Continued focus on commercial execution, and generating clinical evidence
- Preparing for next-generation negative pressure products in H2

* Growth rates are versus Q1 2022

Advancing our Strategy for Growth



Strengthen Accelerate Transform

Progress in 2022

Value builders



Productivity



- Implemented new China go-to-market model
- Supply chain improvements, SKU and market prioritisation work underway



Commercial execution



- Launch flawlessly and at scale:
 - LEGION CONCELOC rollout progressing
 - Preparing for next-gen shoulder and NPWT



Innovation



- Regulatory clearance for:
 - RI.HIP Modeler
 - Cementless Knee indication for CORI



M&A



- Engage Surgical acquisition closed

2022 outlook unchanged



- Targeting underlying revenue growth of 4.0%-5.0%
- Trading margin expansion of around 50bps
- Tax rate on trading results in the range of 17-18%



Summary and Questions



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Appendices

	April 2022
Foreign exchange and acquisitions	
Translational FX impact on revenue growth ⁽¹⁾	c. -2.7%
Acquisition impact on revenue growth	-
Non-trading items	
Restructuring costs	\$100-110m
Acquisition and integration costs	\$20-30m
European Medical Device Regulation (MDR) compliance costs	c. \$70m
Other	
Amortisation of acquisition intangibles	\$175-185m
Income from associates	\$5-15m
Net interest ⁽²⁾	c. \$75m
Other finance costs	c. \$15m
Tax rate on trading result	17-18%

(1) Based on the foreign exchange rates prevailing on 22nd April 2022

(2) Includes interest associated with IFRS 16 Leases

Franchise revenue analysis



	2021					2022	
	Q1 Growth %	Q2 Growth %	Q3 Growth %	Q4 Growth %	Full Year Growth %	Q1 Growth %	Q1 Revenue \$m
Orthopaedics	1.6	43.4	(5.9)	(2.6)	6.4	2.6	541
Knee Implants	(10.3)	58.8	(6.5)	(1.1)	5.1	12.2	231
Hip Implants	9.1	37.2	(7.9)	(6.1)	5.8	(0.7)	149
Other Reconstruction	17.7	64.0	5.8	56.7	32.2	(19.0)	20
Trauma & Extremities	12.0	28.2	(4.2)	(7.4)	5.6	(3.8)	141
Sports Medicine & ENT	10.4	50.9	6.5	2.4	14.6	8.6	396
Sports Medicine Joint Repair	12.0	55.9	9.5	0.4	15.9	13.6	220
Arthroscopic Enabling Technologies	11.7	45.5	0.5	0.1	11.7	(0.8)	141
ENT	(4.6)	45.2	16.1	33.0	20.6	21.6	35
Advanced Wound Management	9.3	27.2	10.9	2.4	11.8	8.0	369
Advanced Wound Care	4.5	20.6	14.0	0.7	9.5	8.3	182
Advanced Wound Bioactives	26.7	29.9	3.3	4.5	14.8	2.3	118
Advanced Wound Devices	(3.2)	42.8	16.8	3.4	13.0	18.6	69
Total	6.2	40.3	2.3	0.3	10.3	5.9	1,306

Regional revenue analysis



	2021					2022	
	Q1 Growth %	Q2 Growth %	Q3 Growth %	Q4 Growth %	Full Year Growth %	Q1 Growth %	Q1 Revenue \$m
US	7.1	51.3	(2.5)	(0.4)	10.5	3.1	659
Other Established Markets ⁽¹⁾	(1.8)	40.1	4.5	(2.4)	7.7	5.9	404
Established Markets	3.4	46.8	0.1	(1.2)	9.4	4.1	1,063
Emerging Markets	21.8	16.2	13.1	8.0	14.6	14.3	243
Total	6.2	40.3	2.3	0.3	10.3	5.9	1,306

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

Q1 consolidated revenue analysis



Consolidated revenue by franchise	Q1 2022 \$m	Q1 2021 \$m	Reported growth %	Underlying growth %	Acquisitions/ disposals %	Currency impact %
Orthopaedics	541	540	0.3	2.6	-	(2.3)
Knee Implants	231	212	9.3	12.2	-	(2.9)
Hip Implants	149	154	(3.3)	(0.7)	-	(2.6)
Other Reconstruction	20	25	(20.6)	(19.0)	-	(1.6)
Trauma & Extremities	141	149	(5.4)	(3.8)	-	(1.6)
Sports Medicine & ENT	396	373	6.1	8.6	-	(2.5)
Sports Medicine Joint Repair	220	198	10.9	13.6	-	(2.7)
Arthroscopic Enabling Technologies	141	146	(3.3)	(0.8)	-	(2.5)
ENT	35	29	20.7	21.6	-	(0.9)
Advanced Wound Management	369	351	5.1	8.0	-	(2.9)
Advanced Wound Care	182	175	3.9	8.3	-	(4.4)
Advanced Wound Bioactives	118	116	2.0	2.3	-	(0.3)
Advanced Wound Devices	69	60	14.4	18.6	-	(4.2)
Total	1,306	1,264	3.3	5.9	-	(2.6)

Trading days per quarter

	Q1	Q2	Q3	Q4	Full year
2019	63	63	63	62	251
2020	62	63	63	64	252
2021	64	64	63	60	251
2022	64	63	63	60	250
2023	64	63	63	60	250