

Smiths Detection

Meeting with investors and relationship banks

Wiesbaden, Wednesday 24 November 2004

Presentation by: Stephen Phipson, Group Managing Director, Smiths Detection



Stephen Phipson

Group Managing Director, Smiths Detection
Based London, UK



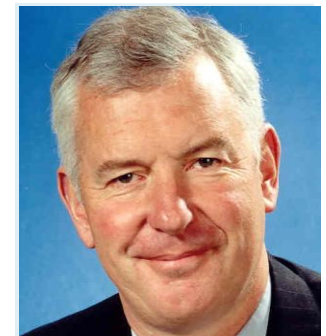
Hans Linkenbach

President, Smiths Detection International
Based - Wiesbaden, Germany
Markets - Civil (exc. N.A.); Technologies - X-ray

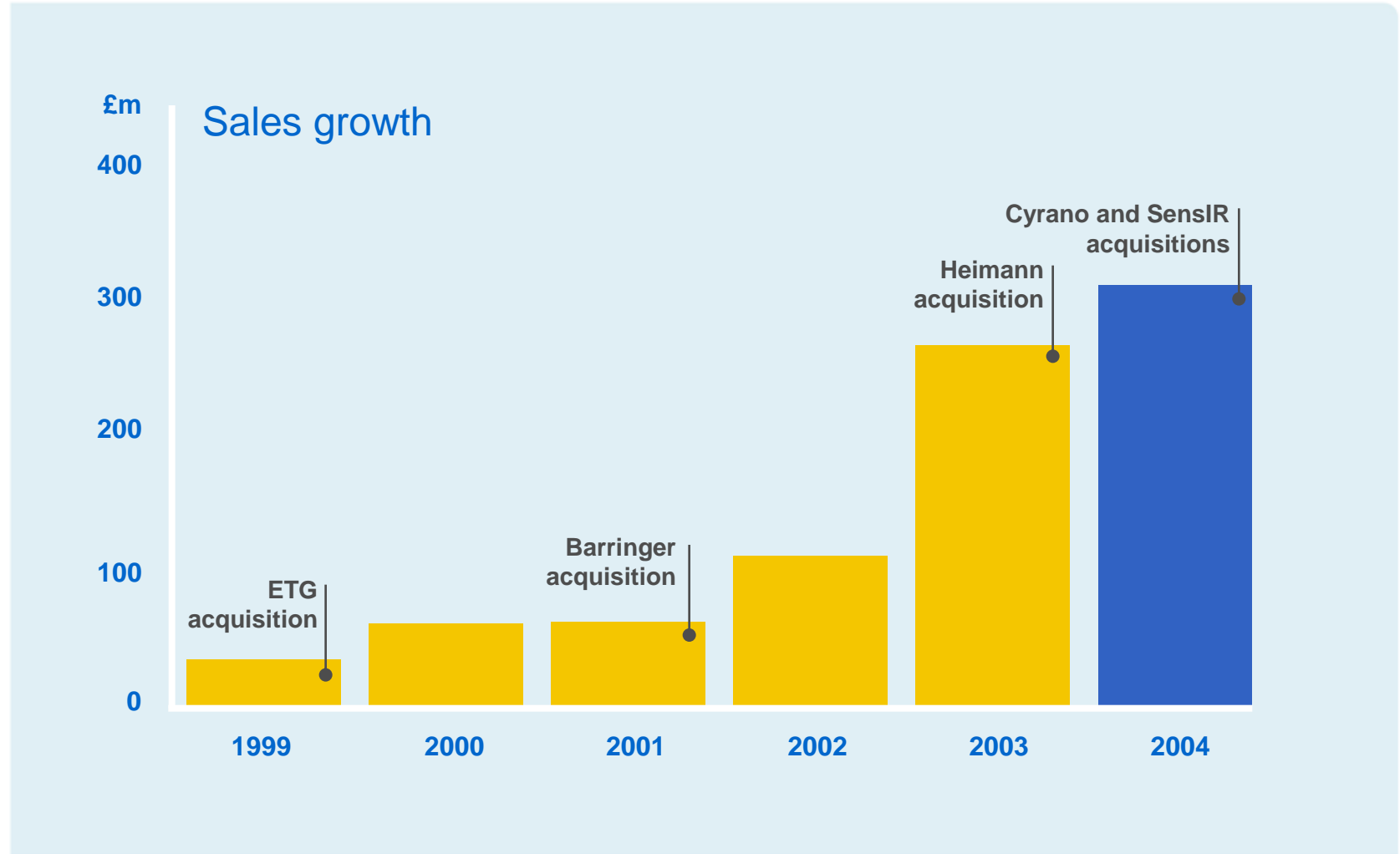


Bill Mawer

President, Smiths Detection NA/Military
Based - New Jersey, USA
Markets - Civil NA & all military. Technologies - Trace



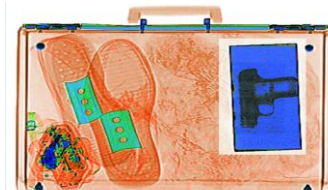
History of Smiths Detection



Military



Airports



Critical infrastructures



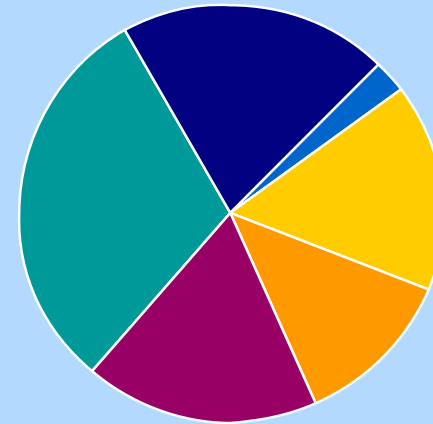
First responders



Ports and borders

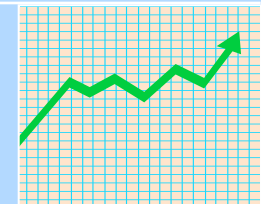


Smiths Detection sales 2004



- Airports
- Military
- First responders
- Ports and borders
- Critical infrastructures
- Other

Double digit market growth in near term



Market focus for wide product range

smiths

Airports & transportation



Military & first responders



Ports & borders



Critical infrastructure



Global business generating strong sales



4000+ Ionscans for explosives detection; Aftermarket contract with Boeing; Mobile x-ray systems for Customs; ACADA for DoD; Bio detection systems for US Postal Service



Checked baggage X-ray systems, Frankfurt, Munich and Hamburg Airports



EDS and Ionscans for Beijing Airport



Major cargo x-ray screening installation at Ashdod



MCAD/LCAD for MoD; explosives detection for airports



X-ray systems & chemical detectors for Olympics



GID-M for Dutch Army



Sentinel explosives screening portal for nuclear plant

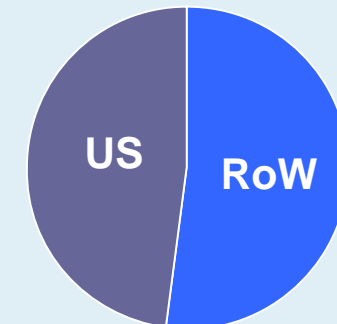
Maximum market reach with global manufacturing/distribution/sales offices

Smiths Detection can develop market leading products through its:

- access to international customer views on requirements
- access to world-wide technologies/academia

Global presence

- Regional offices/service support
- Design/manufacturing



Smiths Detection sales 2004

Characteristics of business operations

US

- Federal approach to Homeland security. \$28bn budget
- Developing markets - First Responders/ Critical infrastructure / Rail security
- Global role of US Military



International

- Global terrorism affecting all nations
- International regulations mandating increased security measures (ICAO Annex 17, ECAC Doc. 30, CSI, ISPS)
- Growing market for improved border controls - contraband, narcotics, illegal immigration



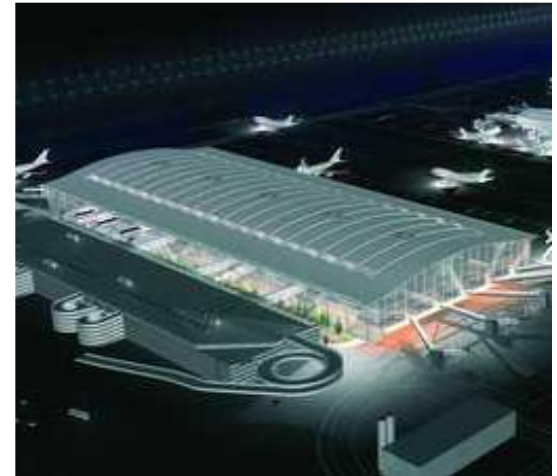
Projects/funding announced:

- **Joint Chemical Agent Detector** - US DoD, 270,000units, \$500m
- **TSA: People screening** - US airports, 400 units, \$60m
- **UK Marine Bio Detection System** - £60m
- **Chemical detectors** - US Government/public buildings, \$50m
- **Burgeoning First Responders market** - \$100m



Wider opportunities:

- **Customer service** - Strong US growth potential
- **Public Private Partnerships** - Innovative financial solution
- **Heathrow T5** - BAA's hi-tech new terminal
- **Russia** - Renewal of airport and customs equipment



Competitive position

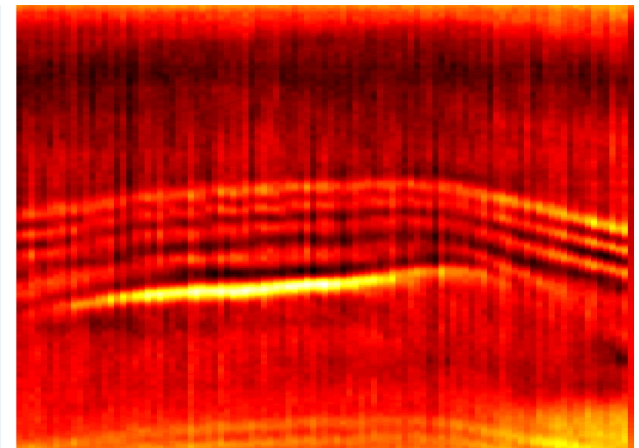
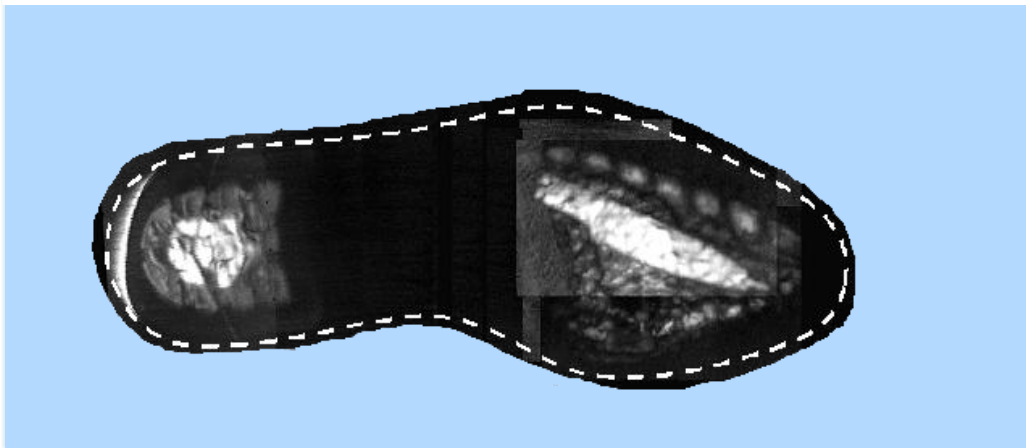
	X-Ray (Checkpoint)	EDS/EDtS	Cargo	Explosives Trace	Chem	Bio
Smiths Detection	■	■	■	■	■	■
GE (inc InVision)		■		■		
L3	■	■	■			
OSI	■	■	■			
General Dynamics					■	■
SAIC	■		■			
AS&E	■		■			
						■ no.1 or 2 player

Smiths has:

- Broadest range of technologies
- Widest market access

Teaming agreement with TeraView

- Leader in terahertz technology
- Terahertz waves produce an image and allow chemical composition to be determined
- Initial product is wand for detection of metals/ceramics and explosives



Purchased Cyrano Science for \$15m

- New detector technology
- Miniature sensor platforms
- Networking of multiple sensors



Purchased SensIR for \$75m

- Fast accurate analysis and identification of solids and liquids
- Strong presence with First Responders
- New markets - Pharma and Government labs
- New technologies in the pipeline

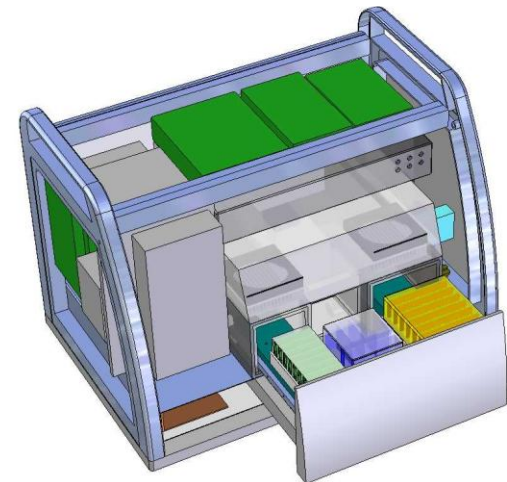


Customer funded:

- \$4m from Department of Homeland Security
- TSA funding in people screening
Sentinel enhancement & ticket scanner
- New European funding available

Internally funded:

- R&D last year increased to 7% of sales
- Next generation bio detection
- Mail screening
- New explosives/drugs detection system



Scientific

- New business unit developing Life Sciences, Cyrano and SensIR product portfolio
- Cleaning validation
- Laboratory analysis
- Industrial chemical identification
- Low volume sales already

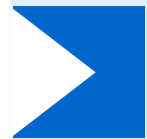


Other opportunities

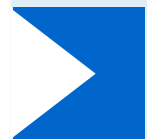
- Food processing
- Water monitoring



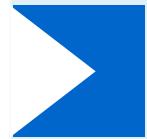
Smiths Detection actions to maintain market leadership...



Commercialise technology to develop rugged, reliable products



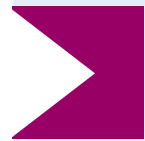
Match customer priorities: eg: greater sensitivity; fewer false positives; detect additional threats; more automation; higher throughputs; faster identification; miniaturisation; integration capability



Develop more effective threat detection (technology acquisition/development)
Realising benefits from combined divisional R & D resources



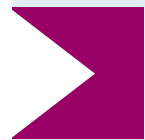
Continue successful acquisition policy



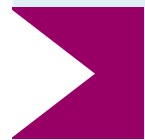
Key player in defense and homeland security in North America as industry consolidates



International recognition in civil markets bringing significant new business



Further opportunities in international military markets



Rapidly expanding product range through acquisition and development

Smiths Detection

