

# Smiths Aerospace

## Meetings with investors at the Paris Airshow

June 2005



Smiths Group

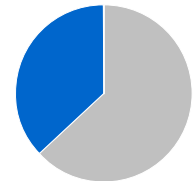
- US defence procurement expected to level off
- Commercial aerospace growing strongly
- Airline sector is not profitable



## Why is Aerospace attractive?

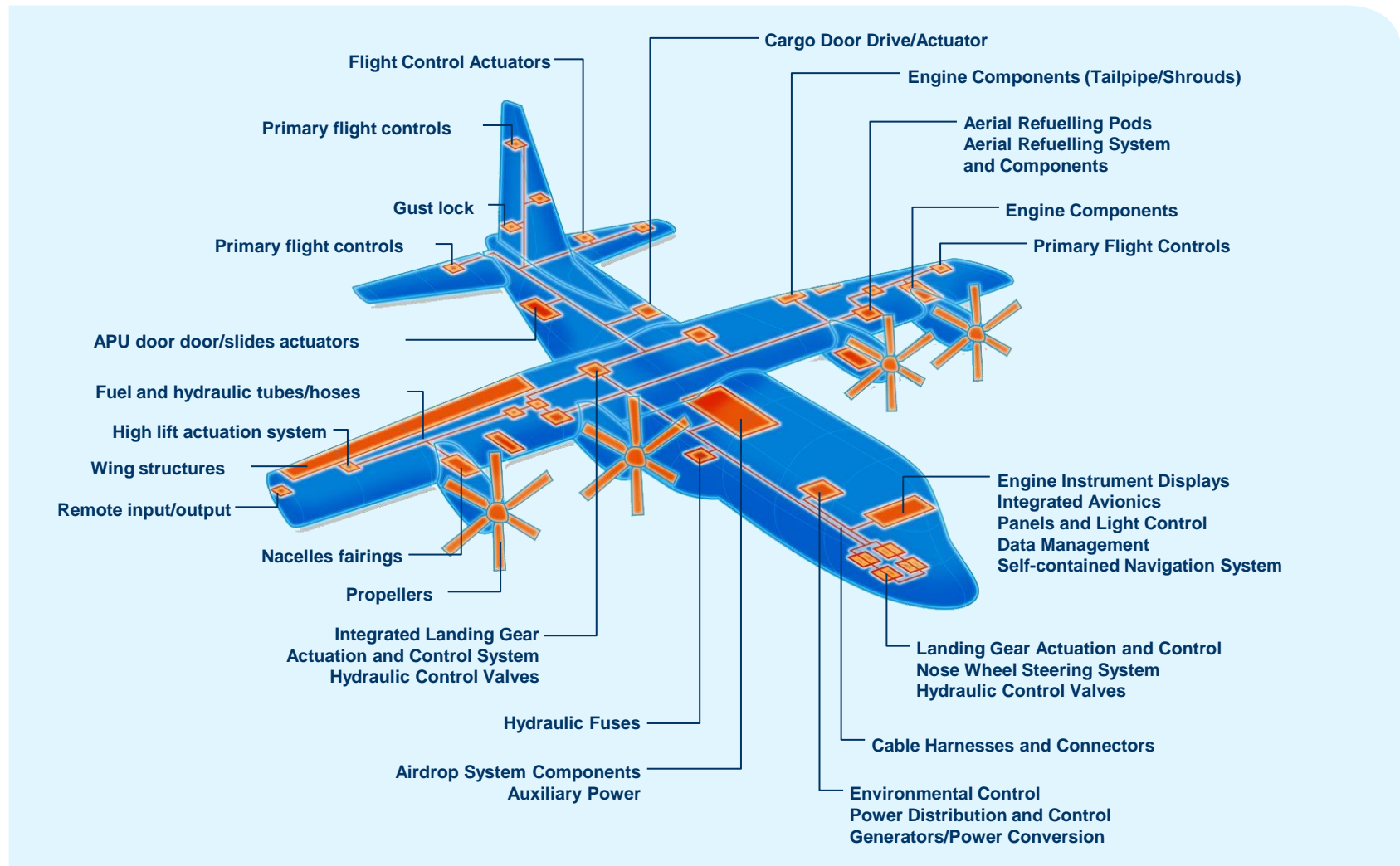
- Defence continues to be a high priority
- Strong underlying demand for air travel
- Leadership positions in the supply chain are rewarding

Approx. proportion of  
Smiths' total sales



# Capabilities on military transports

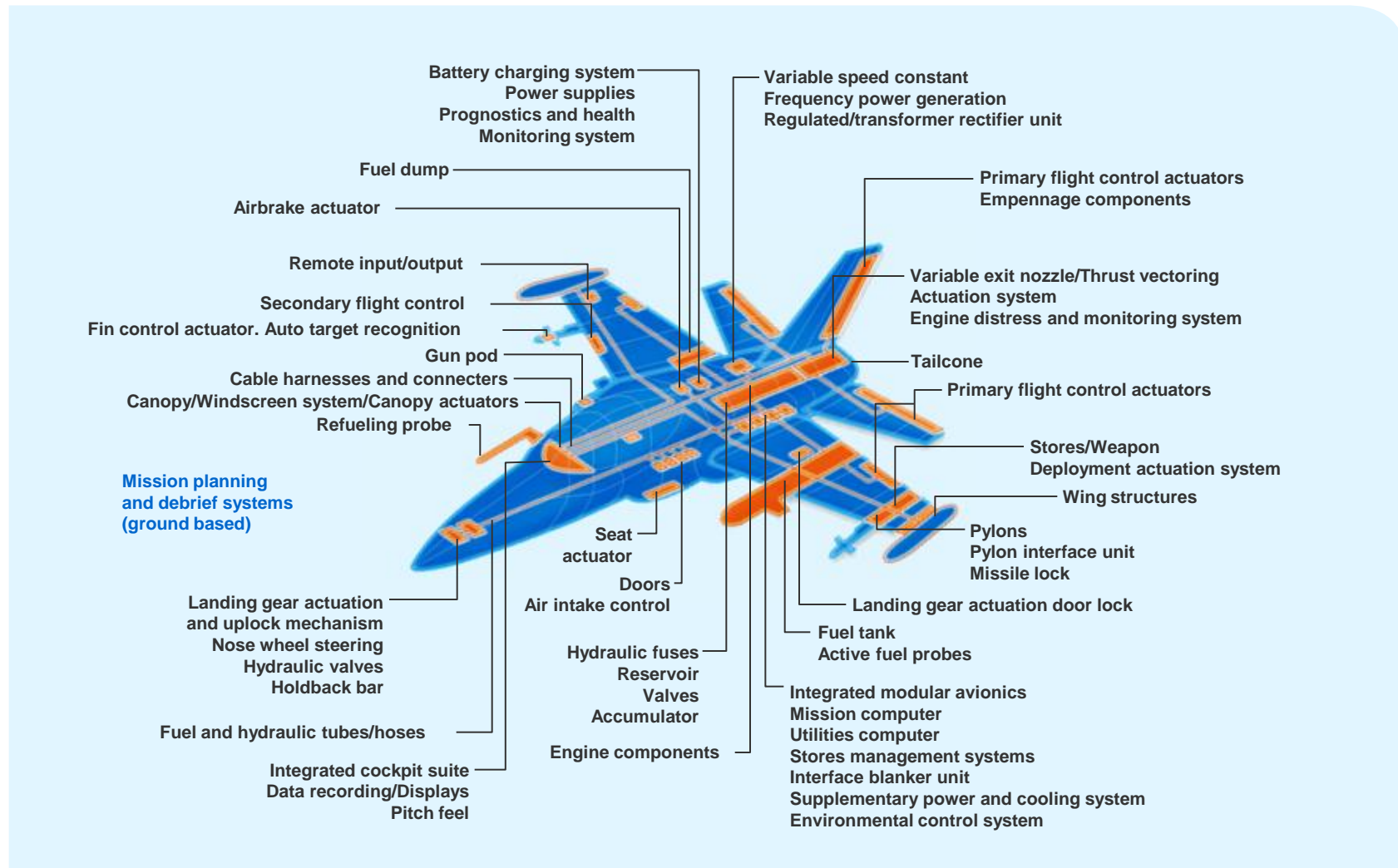
(Applications: C-130AMP, C-130J, C-17, C-27, P-8A MMA, B767 Tanker...)



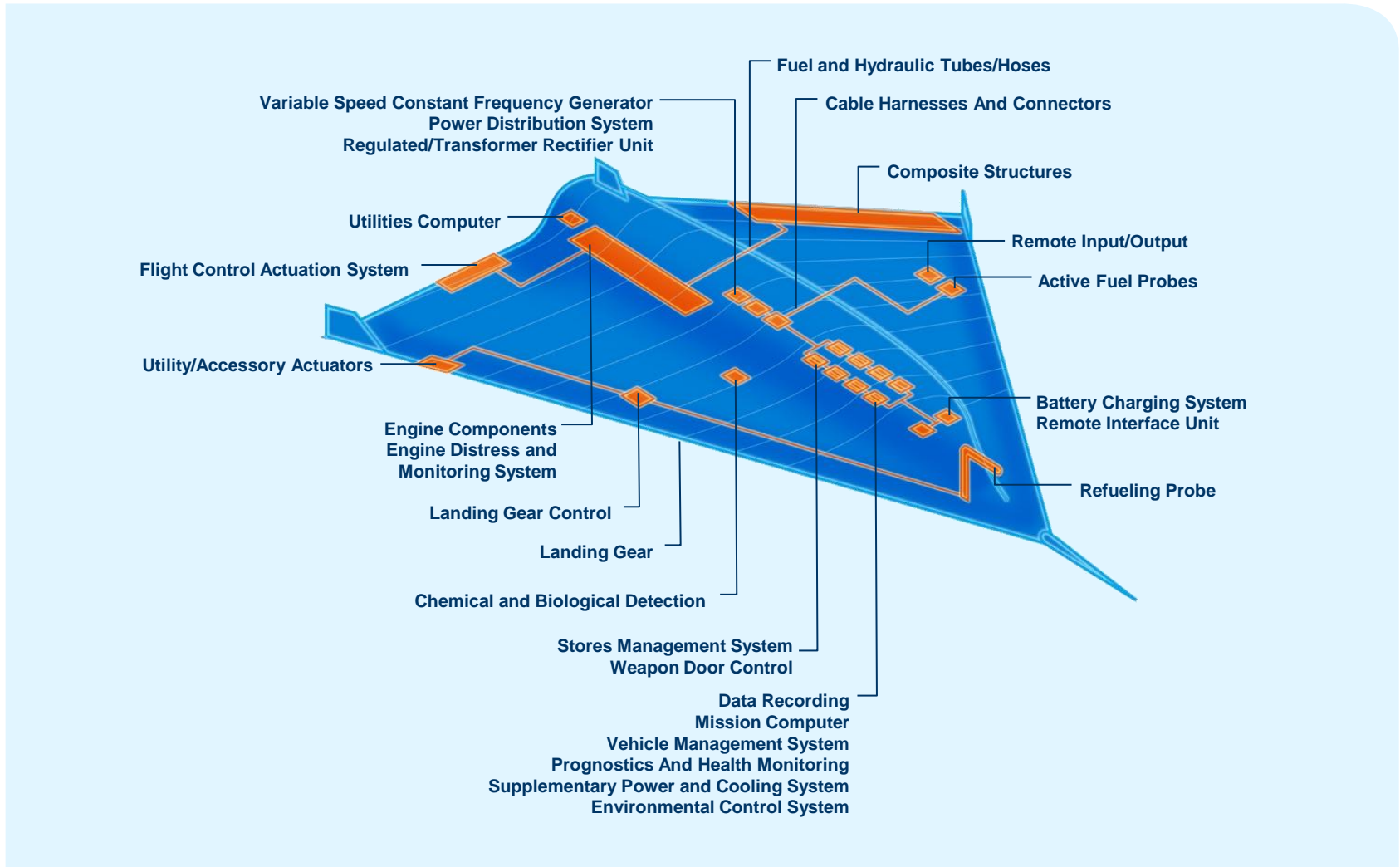
# Smiths Aerospace is a Tier One supplier on military platforms



Capabilities on fighters: (Applications: F-35, F-22, F-18 E/F, F-16, Eurofighter, Hawk)



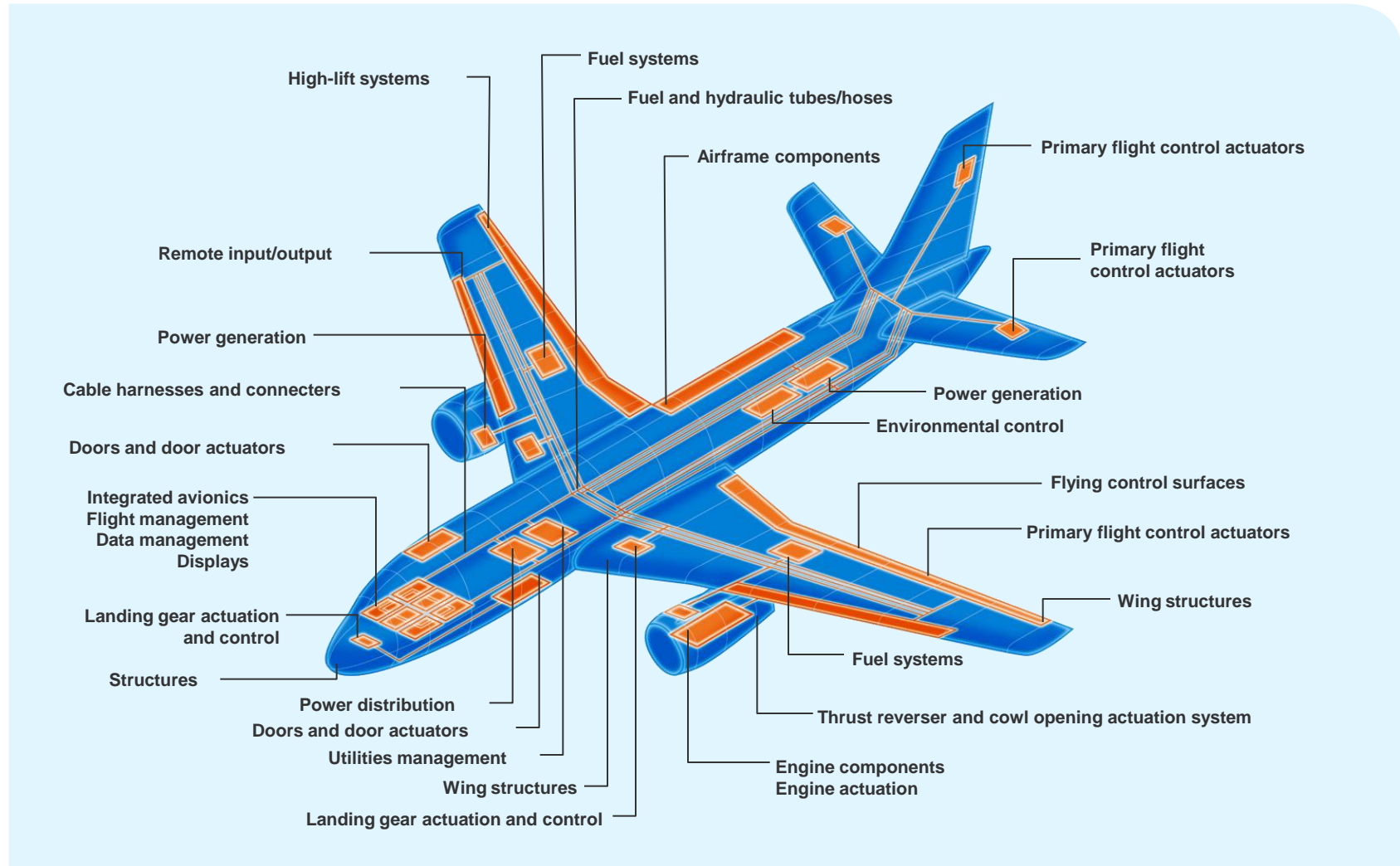
# Capabilities on UAVs (Applications: X-47, X-45...)

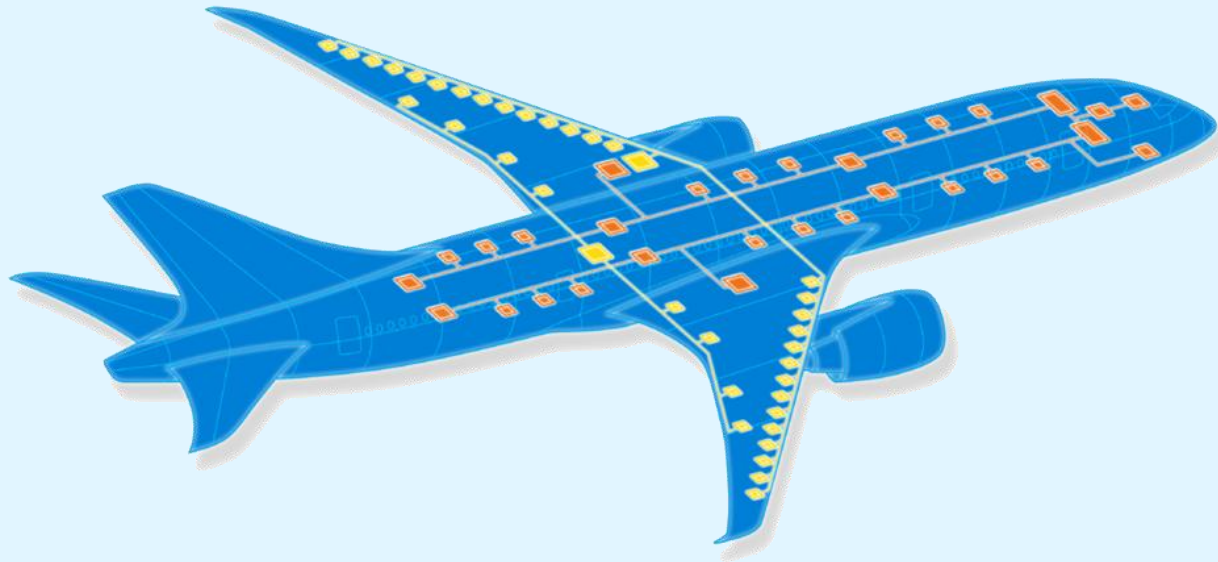


# Smiths Aerospace has a strong position with Boeing and Airbus

Capabilities on large commercial aircraft (Applications: Boeing: 737, 777, 787 Airbus: 320, 300/340, 380)

smiths





## Major Systems won by Smiths

- Common Core
- High Lift
- Landing Gear

## Programme Status

- Firm Orders = 64
- Options = 24
- Entry into Service = 2008

Trend to systems integration, but each customer is different



**Major Systems won by  
Smiths  
High Lift  
Landing Gear**

**Programme Status  
Firm Orders = 139  
Options = 70  
Entry into Service = 2006**

## Aerospace Systems Delivering Integrated Solutions

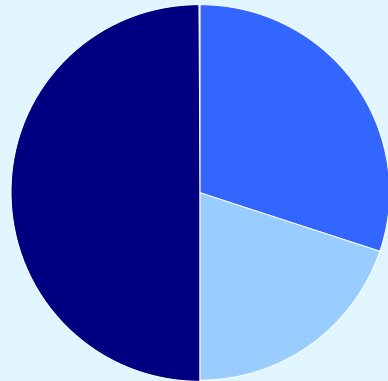


Northrop Grumman selects Smiths for J-UCAS Landing Gear System 8<sup>th</sup> February 2005

## Engine Components Growth fueled by Competitiveness



Smiths expands Aircraft Engine Facility in China 1<sup>st</sup> November 2004



Sales Split

- Electronic systems
- Mechanical systems
- Engine components

FY04 Sales:

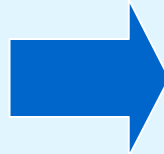
**£1,006m**

Military / Civil split

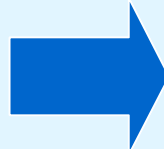
**60% / 40%**

## R&D/Sales

- **Company Funded**  
(expense to profit)
- **Customer Funded**  
(largely govt / military)



**8%**

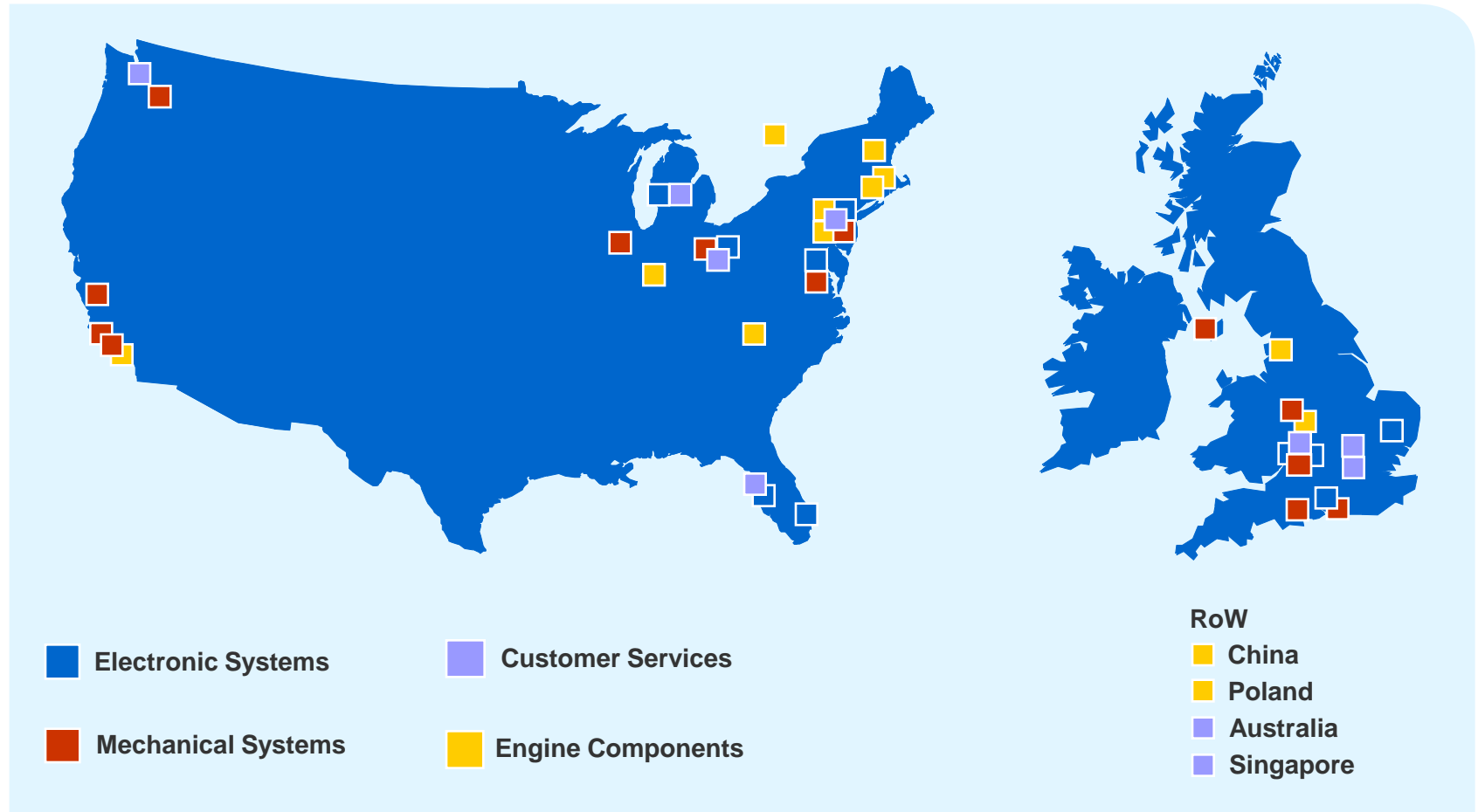


**12%**

## Recent Additions

- DGT acquired for £57m in mid '04
- Integrated Aerospace acquired for £57m at end '05

# Where are we?



Total employees: circa 11,000

# Smiths Aerospace on Major Platforms: Typical programme revenues

## Boeing 787: \$2.6b

common core system, landing gear and high lift actuation systems, flight recorder

## Airbus 320: \$650m

avionics, hydraulics, engine components

## Boeing 777: \$800m

electrical power, utilities, hydraulics, engine components

## Airbus A380: \$1bn

landing gear extension & retraction system, actuators, high lift actuation, wing components

## JSF: \$3bn

avionics, utilities, hydraulics, engine components

## Eurofighter: \$600m

avionics, utilities, hydraulics, engine components

## F-18 E/F: \$650m

weapons systems, utilities, hydraulics, engine components

## Electronic Systems

Rockwell Collins    Honeywell  
Hamilton Sundstrand  
Goodrich                      Thales

## Mechanical Systems

Moog                                      Cobham  
Parker  
Goodrich                                      Liebherr

## Engine Components

GKN    Carlton    Barnes Group  
Primes in-house capabilities  
Magellan  
Doncasters                      Firth Rixson

## Customer Services

Third Party Repair Centres  
Operators in-house capabilities

	Civil	Military
GE/CFM	✓	✓
Pratt & Whitney	✓	✓
Rolls Royce/Eurojet	✓	✓

Flash Welded Rings

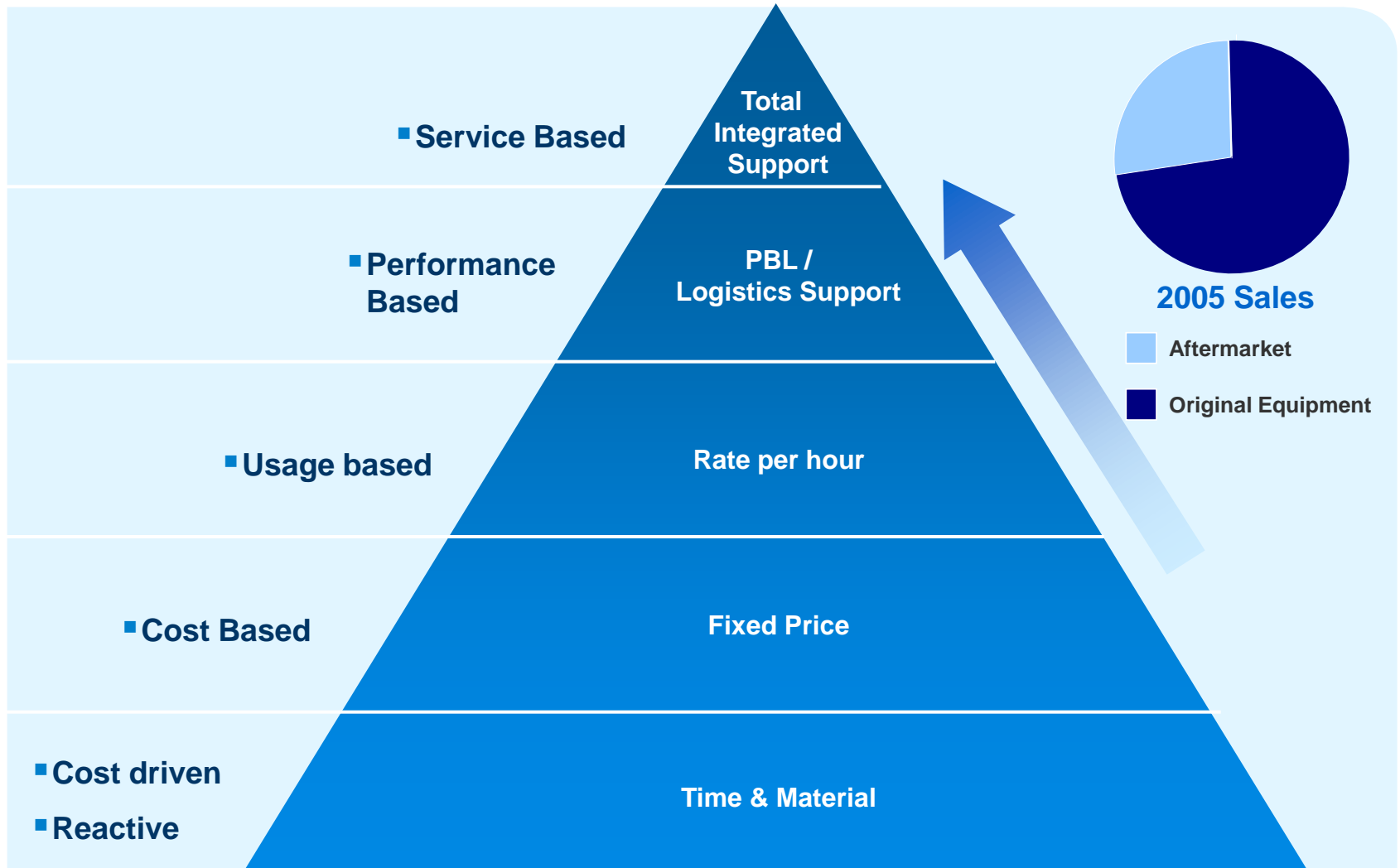
Machined Combustors

Machined Shafts

Fabricated Mixers

Engine side wall

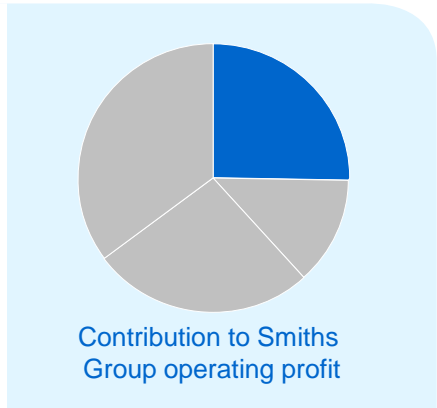




# How are we performing?

## Smiths Aerospace performance in H1 2005

£ m	H1 2005	at constant currency
Sales	514	+17%
Operating Profit	39	+24%
Margin	8%	



US 101



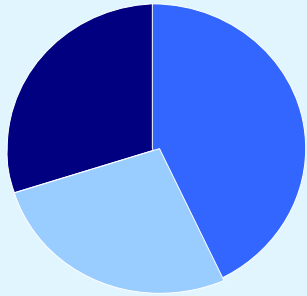
Eurofighter



Boeing 787

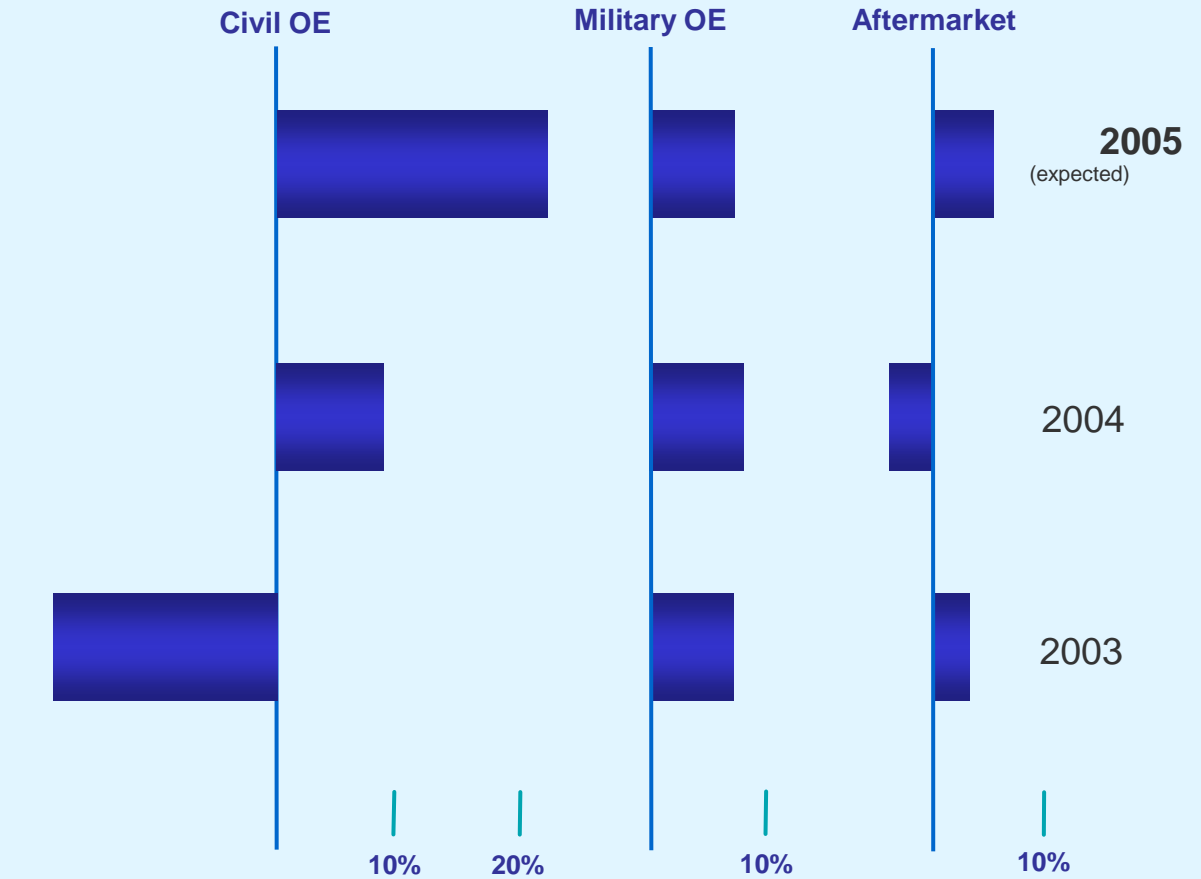
- Delivered first system for Airbus A380, F-35 JSF, C-130 AMP
- Development work on Boeing 787 Dreamliner on schedule
- Selected for complete landing gear on X-47B
- Teamed with Lockheed on US 101 Presidential helo fleet
- Capacity in China doubled by 2006
- Engine component plant in Poland being expanded

# Smiths Aerospace: Sales Trends



2005 sales

- Commercial OE
- Military OE
- Aftermarket

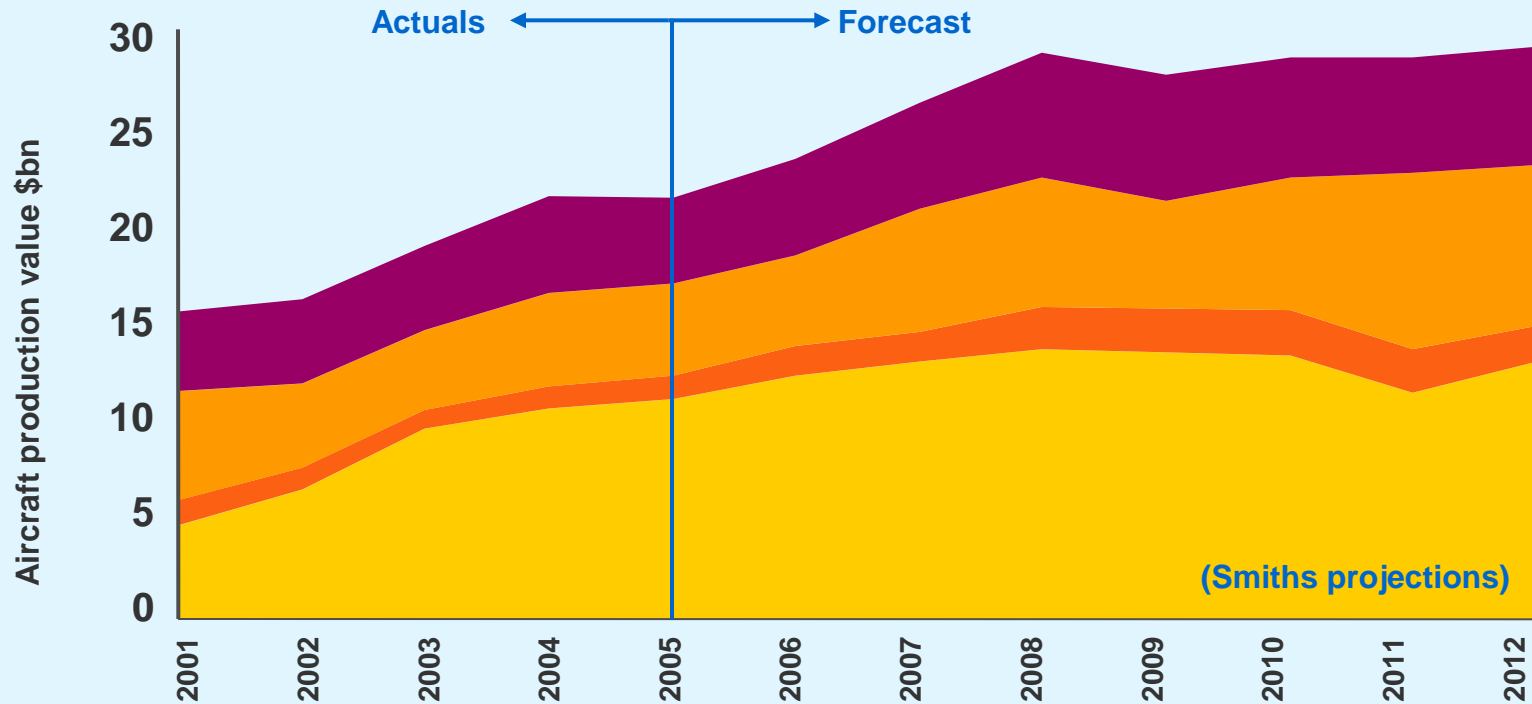


(underlying growth, excluding acquisitions at constant currency)

# Smiths Aerospace:

Continuing strong performance in the defence sector

Global military market



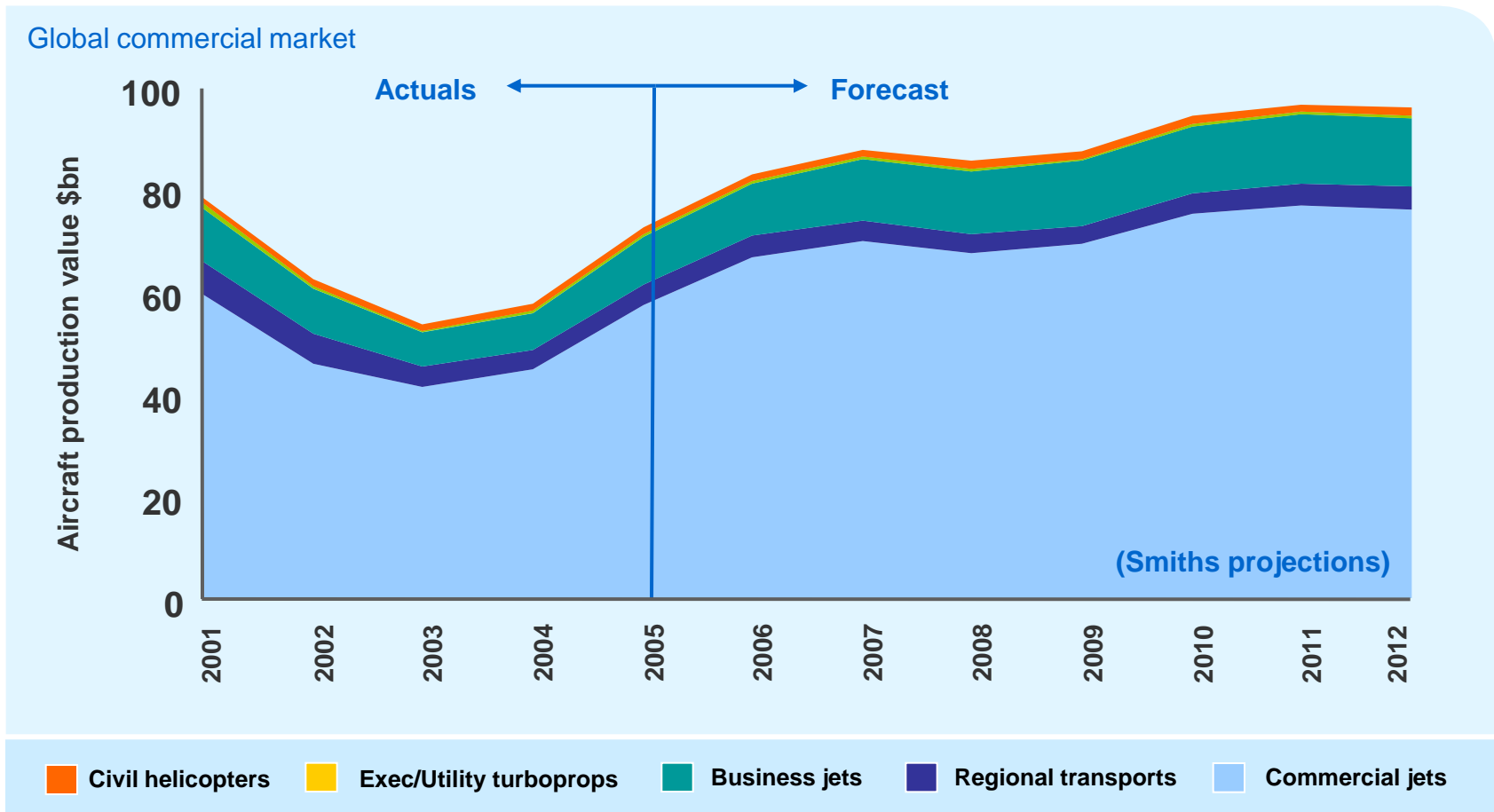
(Smiths projections)

Military helicopters
  Other fixed-Wing
  Light fighter/attack/trainer
  Heavy fighter

**Smiths will increase its market share when market levels off**

# Smiths Aerospace:

Significant growth in the commercial aircraft sector



Smiths is increasing market share, opportunities in later years for new narrow bodies

- US defence spending flattening
- The civil aerospace industry is recovering
- Airline customers are still making huge losses

### So why is Smiths so confident?

We have strong platform positions - gaining market share

Supported by increased R&D

Engine Components business delivering planned growth

Sustained drive on all aspects of cost

# Smiths Aerospace

