

Smiths Aerospace

Presentation to Investors

by

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Group Managing Director

Cheltenham – Thursday 26th May 2005



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

So why is Aerospace attractive?

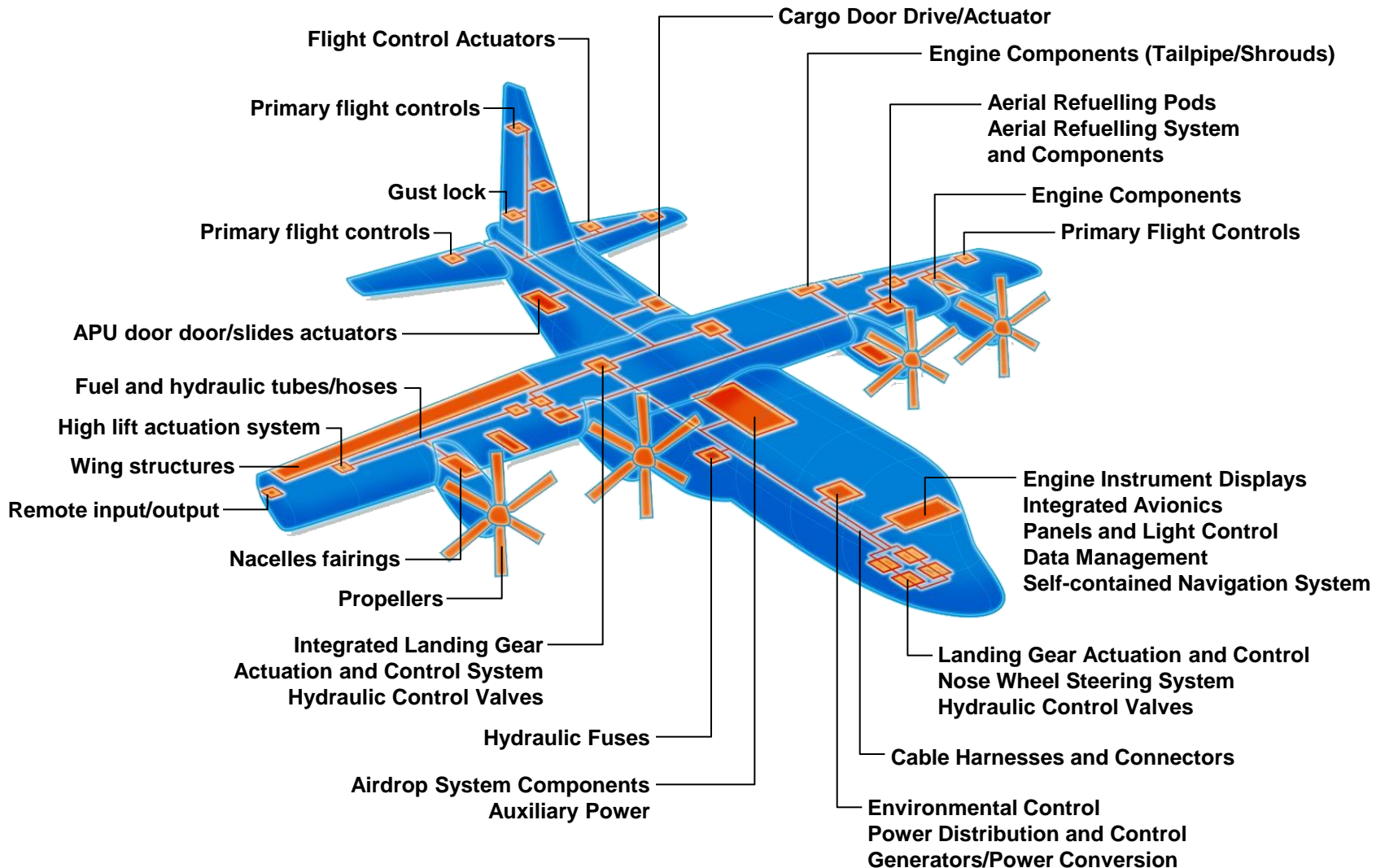
▶ Underlying demand for air transport as strong as ever

▶ Defence remains high priority

▶ Leadership positions still rewarding

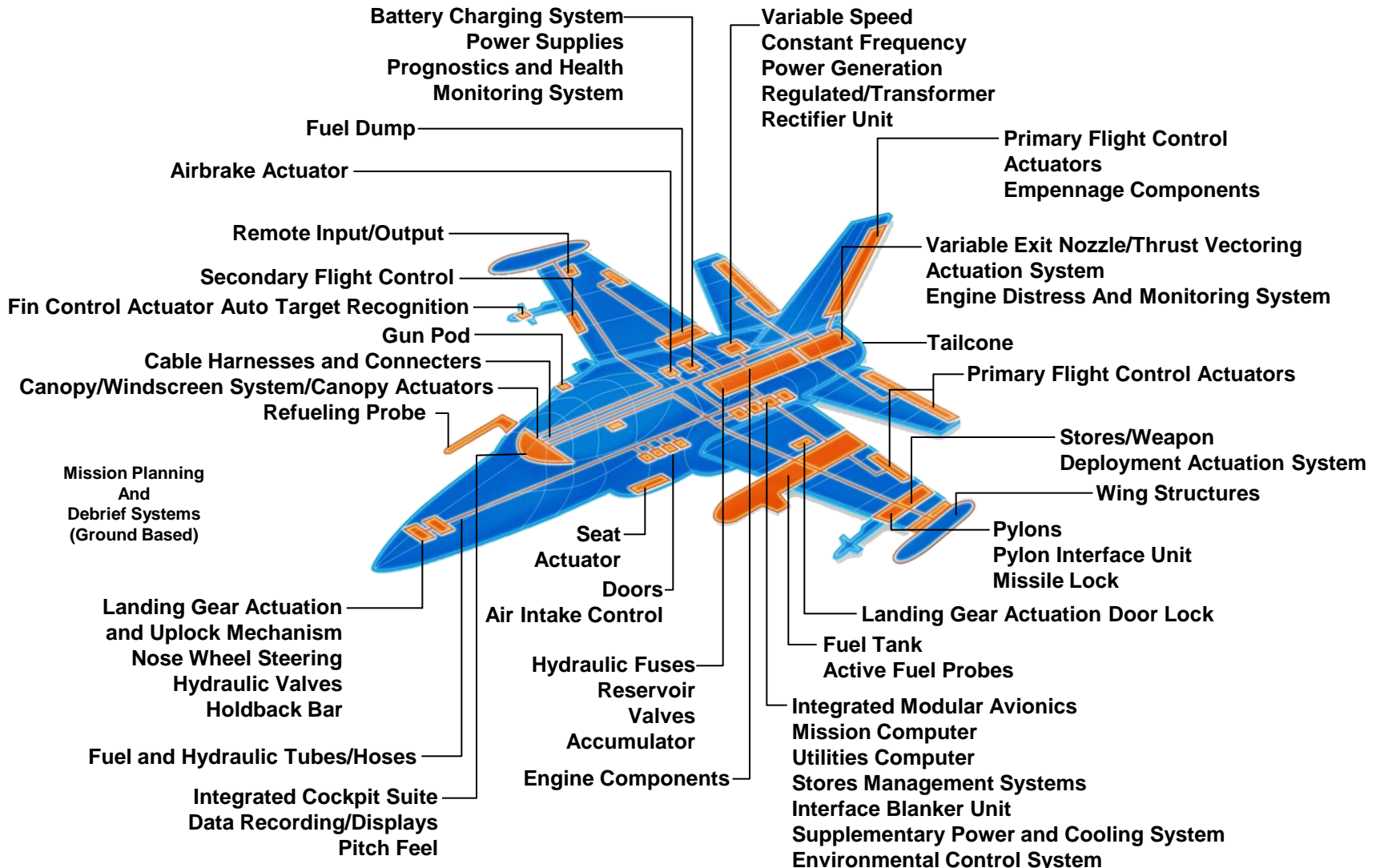
Capabilities on military transports

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

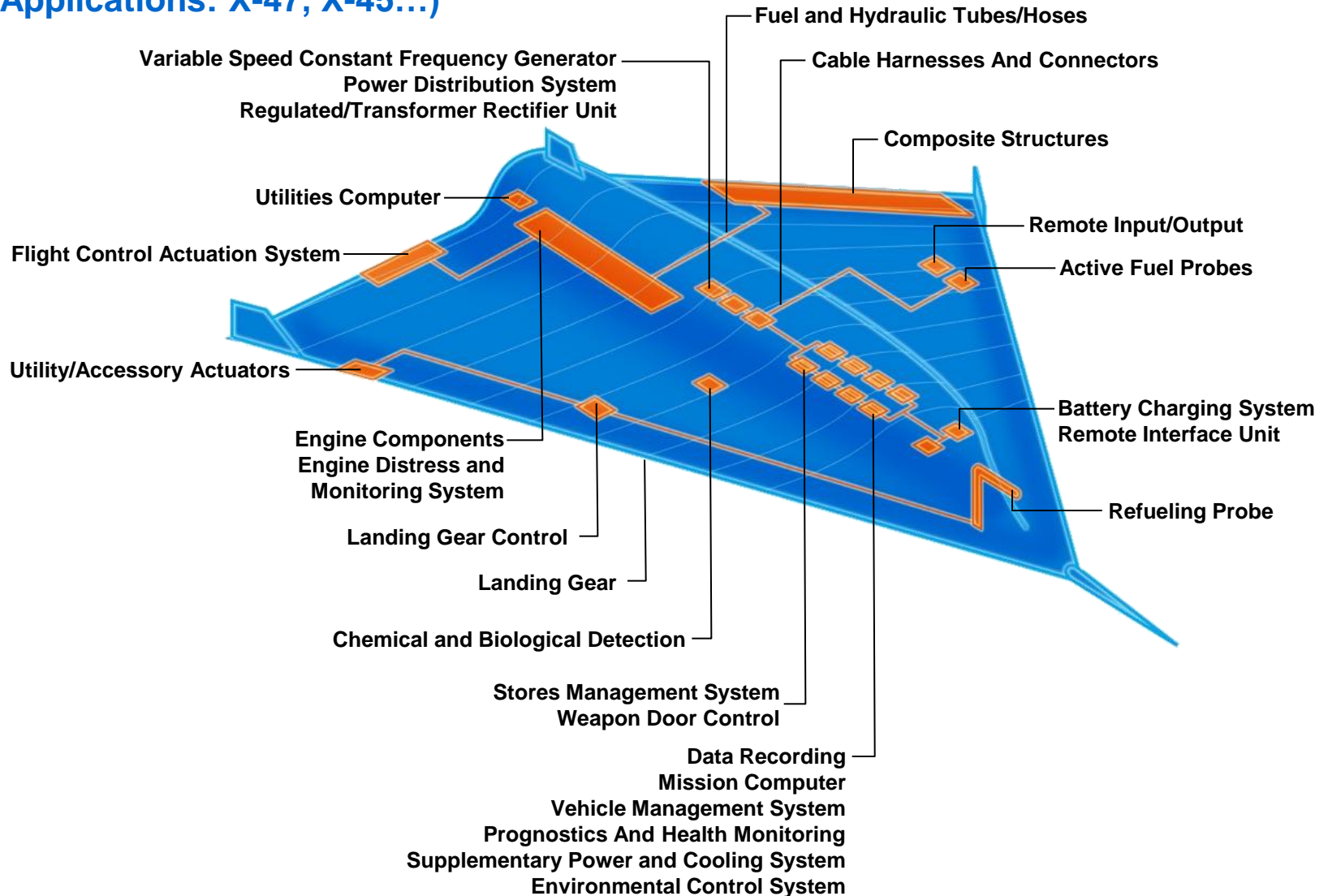


Capabilities on fighters

(Applications: JSF, F-22, F-18, Eurofighter, Hawk, F-16...)

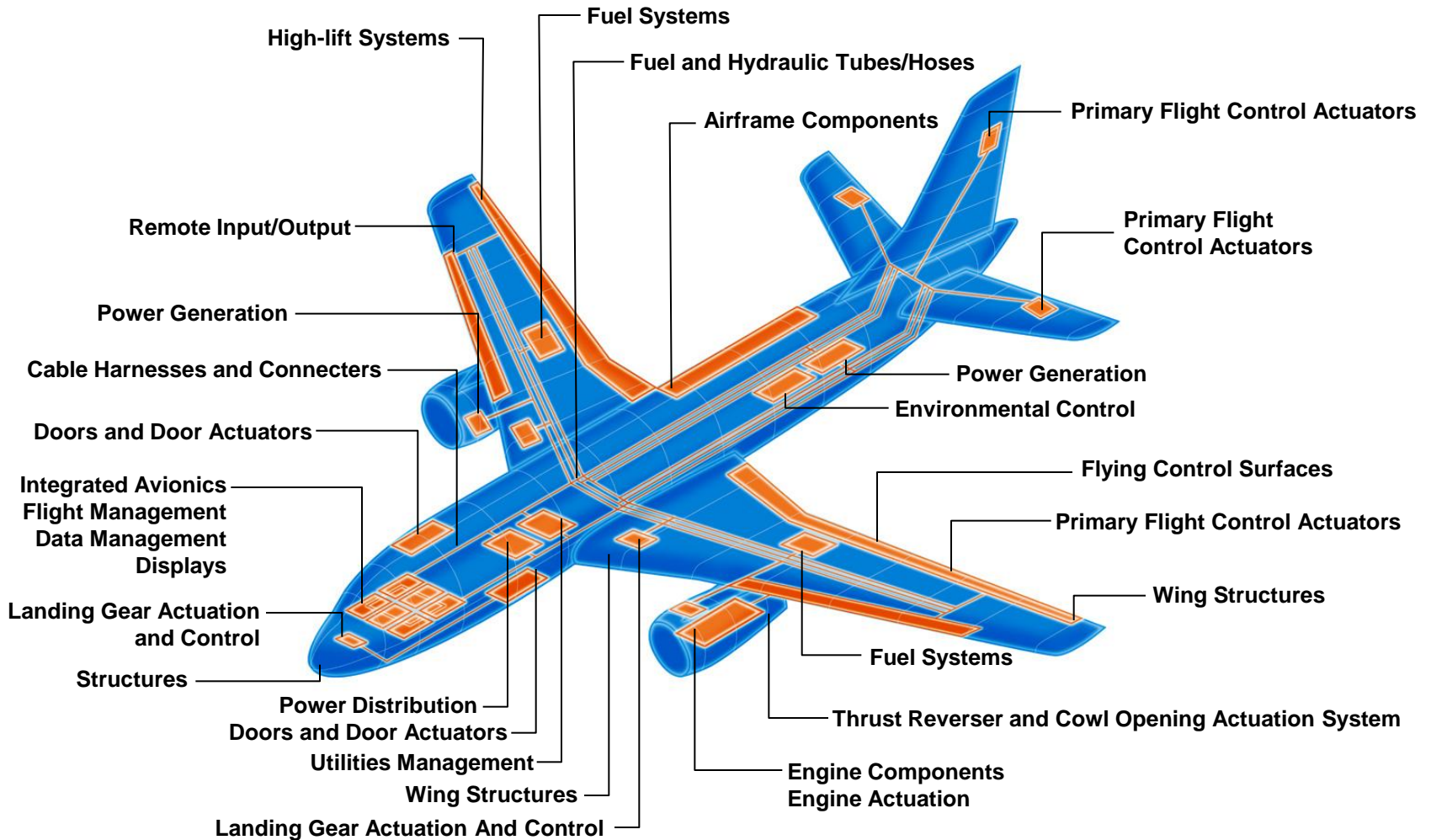


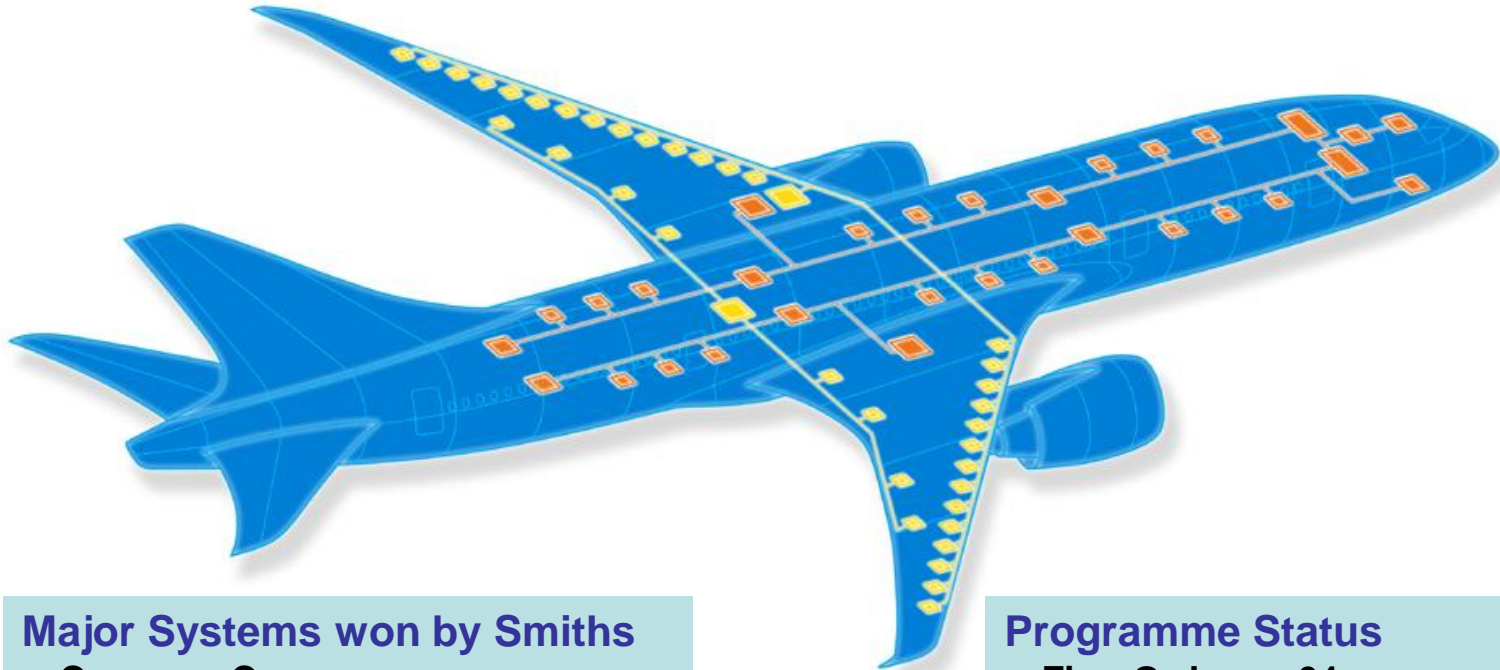
Capabilities on UAVs (Applications: X-47, X-45...)



Capabilities on large commercial aircraft

(Applications: B737, A320, B777, A330/340, B787...)





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

Airbus A380

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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
8th February 2005

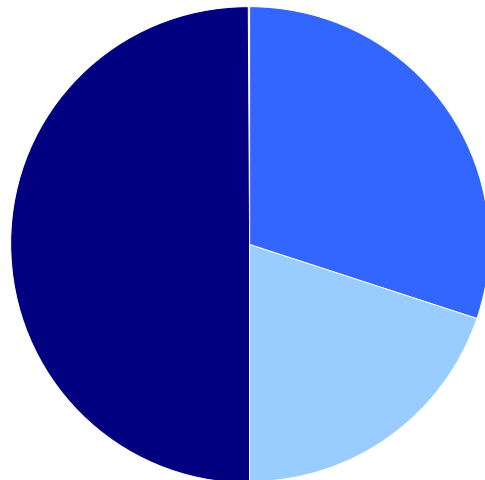
Engine Components Growth fueled by Competitiveness



- Smiths expands Aircraft Engine Facility in China
1st November 2004

Smiths Aerospace Business Dimensions

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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%

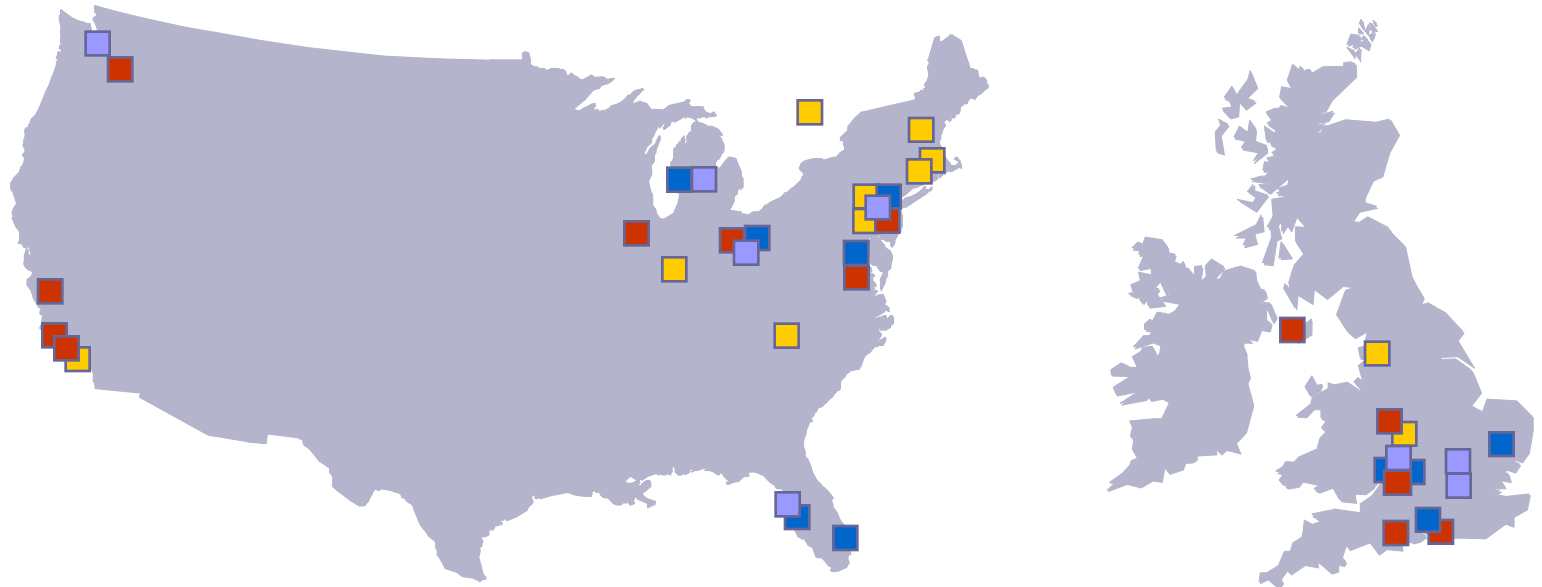


12%

Recent Additions

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

Where are we?



- Electronic Systems
- Mechanical Systems
- Customer Services
- Engine Components

- RoW
- China
 - Poland
 - Australia
 - Singapore

Total employees: circa 11,000

Smiths Aerospace on Major Platforms

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Typical programme revenues

Boeing 787: \$2.6b
common core
system, landing gear
and high lift
actuation systems,
flight recorder

Airbus A380: \$1b
landing gear
extension & retraction
system, actuators, high
lift actuation,
wing components

Airbus 320: \$650m
avionics, hydraulics,
engine components

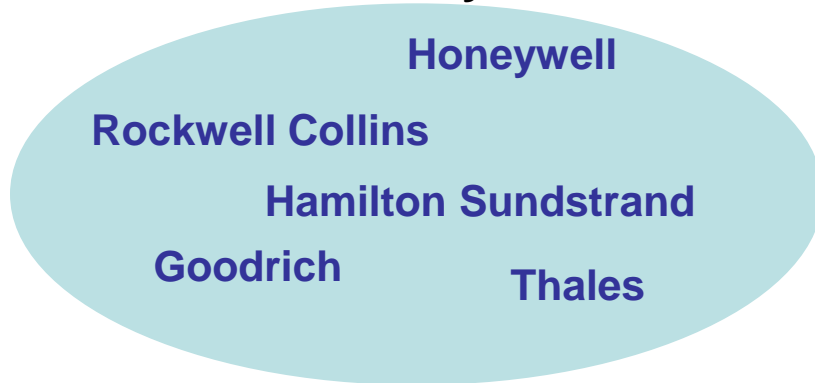
JSF: \$3b
avionics, utilities,
hydraulics,
engine components

Eurofighter: \$600m
avionics, utilities,
hydraulics,
engine components

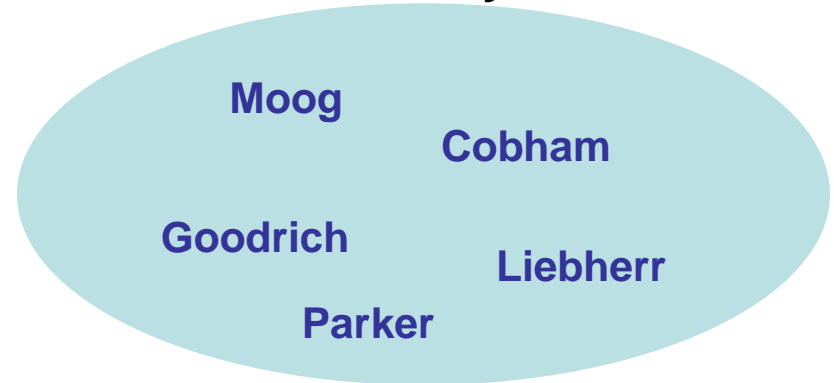
Boeing 777: \$800m
electrical power,
utilities, hydraulics,
engine components

F-18 E/F: \$650m
weapons systems,
utilities, hydraulics,
engine components

Electronic Systems



Mechanical Systems



Engine Components



Customer Services



Aeroengine Component supplier

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

Fabricated Mixers



Engine side wall



Machined Shafts



Machined Combustors

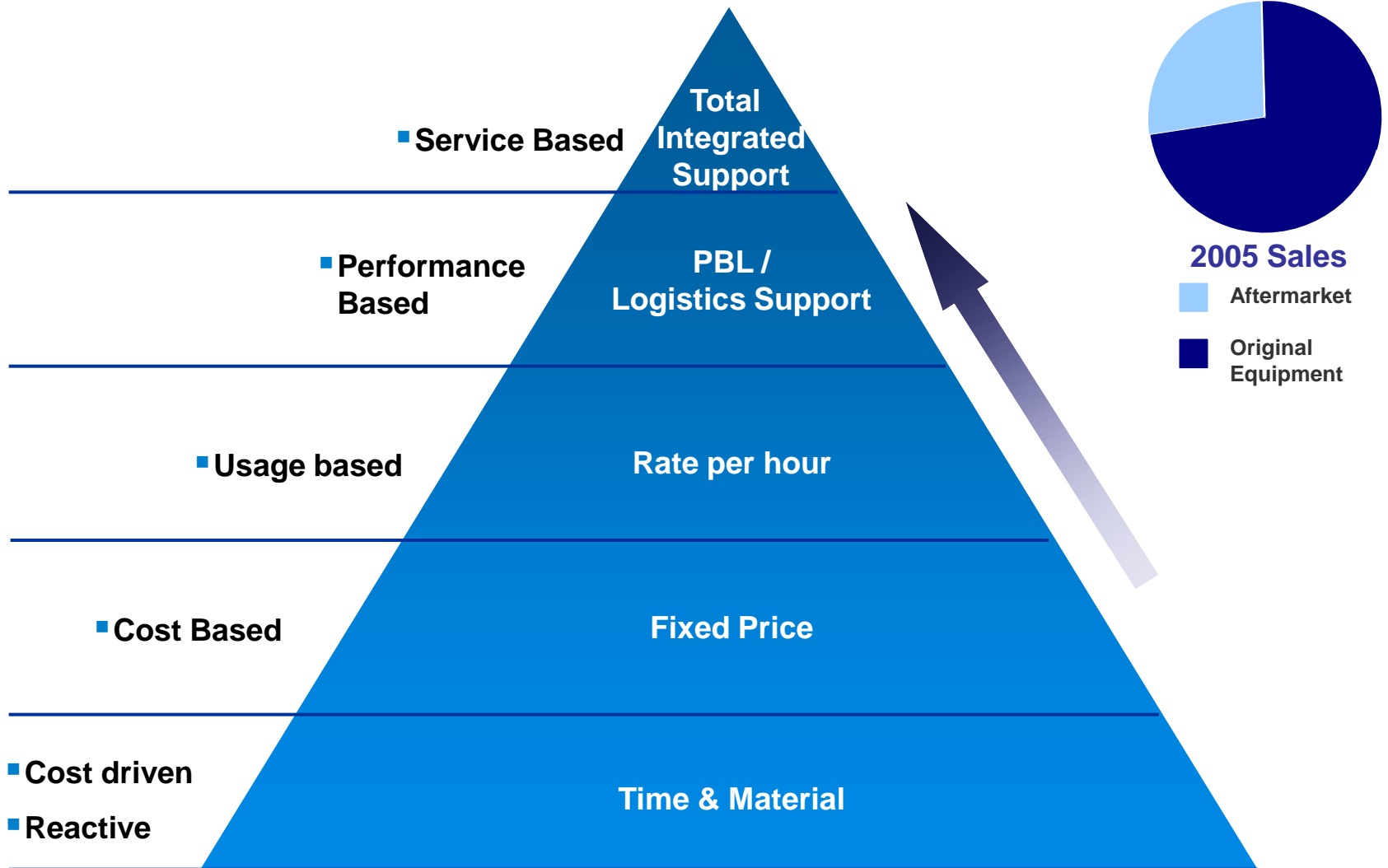


Flash Welded Rings



Business Dimensions - Aftermarket

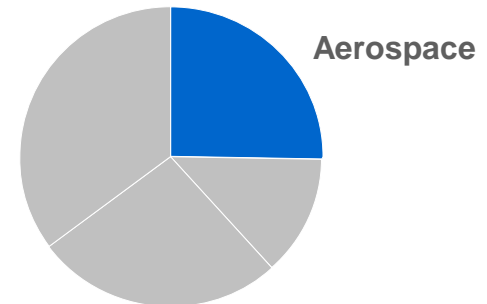
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How are we performing?

Smiths Aerospace performance in H1 2005

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



Contribution to Smiths Group operating profit

US 101



Eurofighter

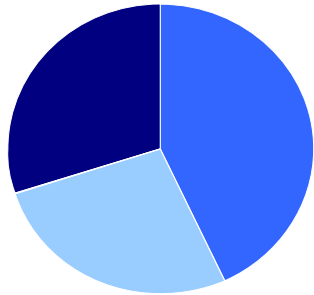


Boeing 787



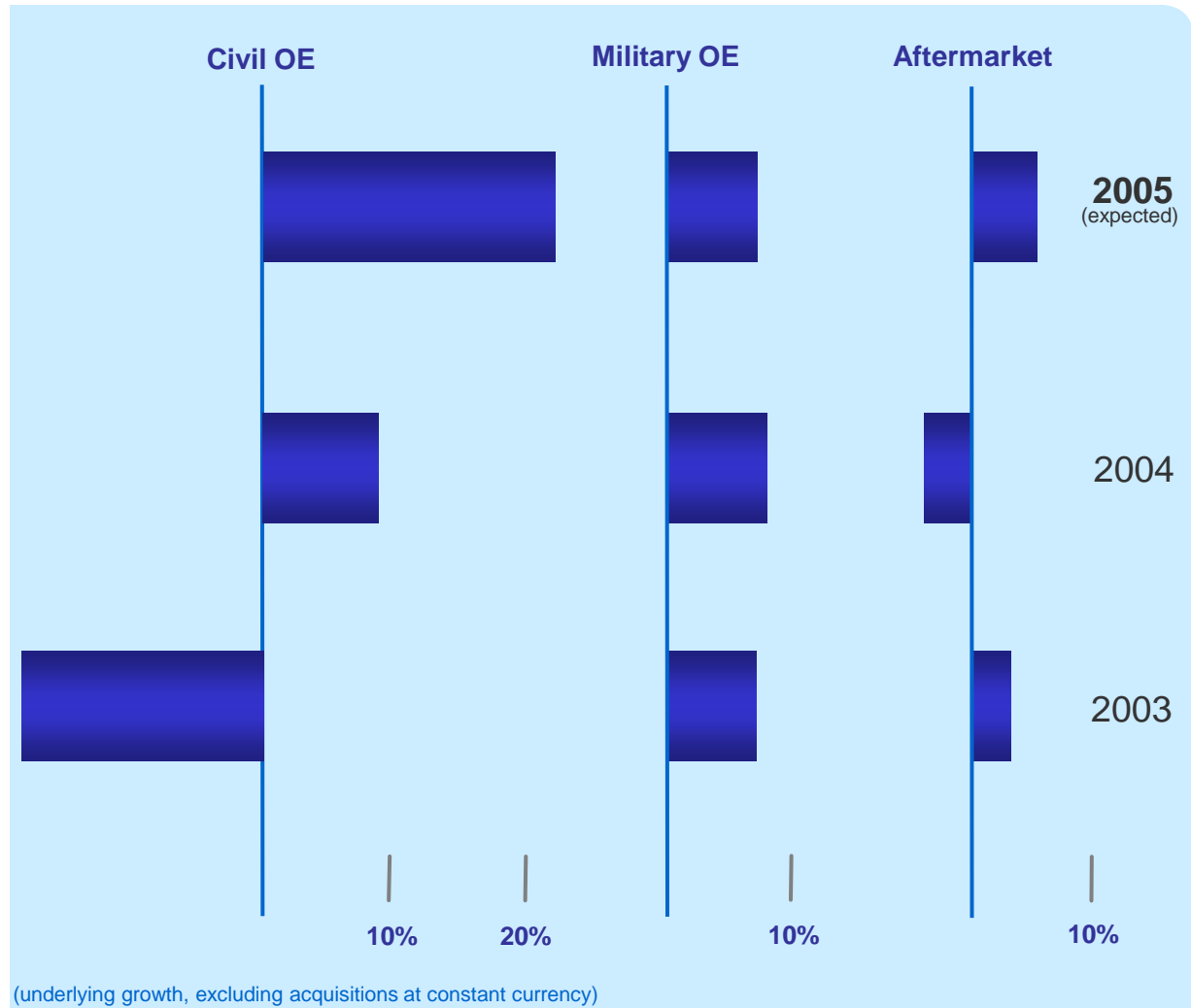
- Delivered first system for Airbus A380, F-35 JSF, C-130 AMP
- Development work on Boeing 787 Dreamliner on schedule
- Selected for complete landing gear on X-47B
- Teamed with Lockheed on US 101 Presidential helo fleet
- Capacity in China doubled by 2006
- Engine component plant in Poland being expanded

Smiths Aerospace: Sales Trends



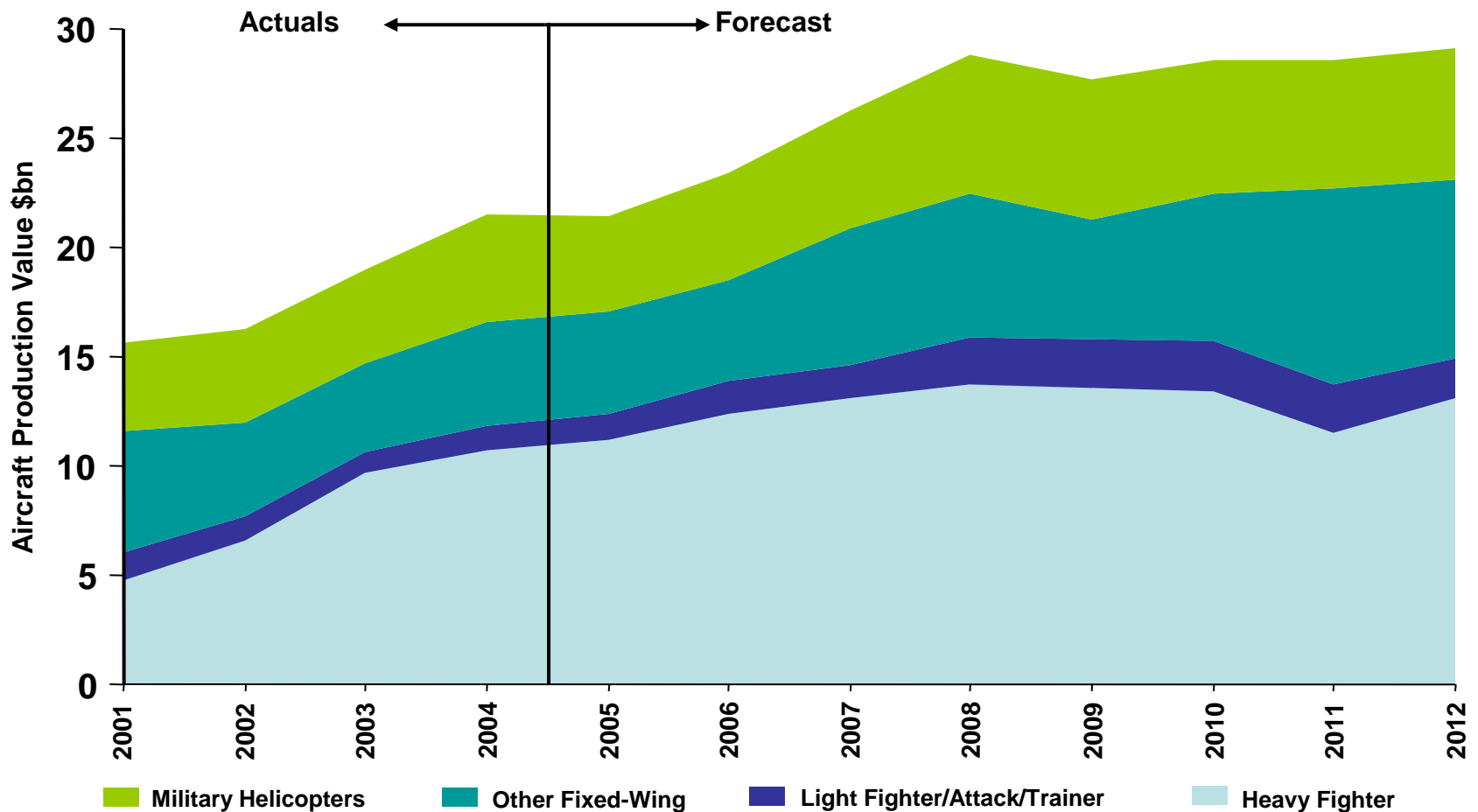
2005 sales

- Commercial OE
- Military OE
- Aftermarket



The Future: Our view of the Global Military market

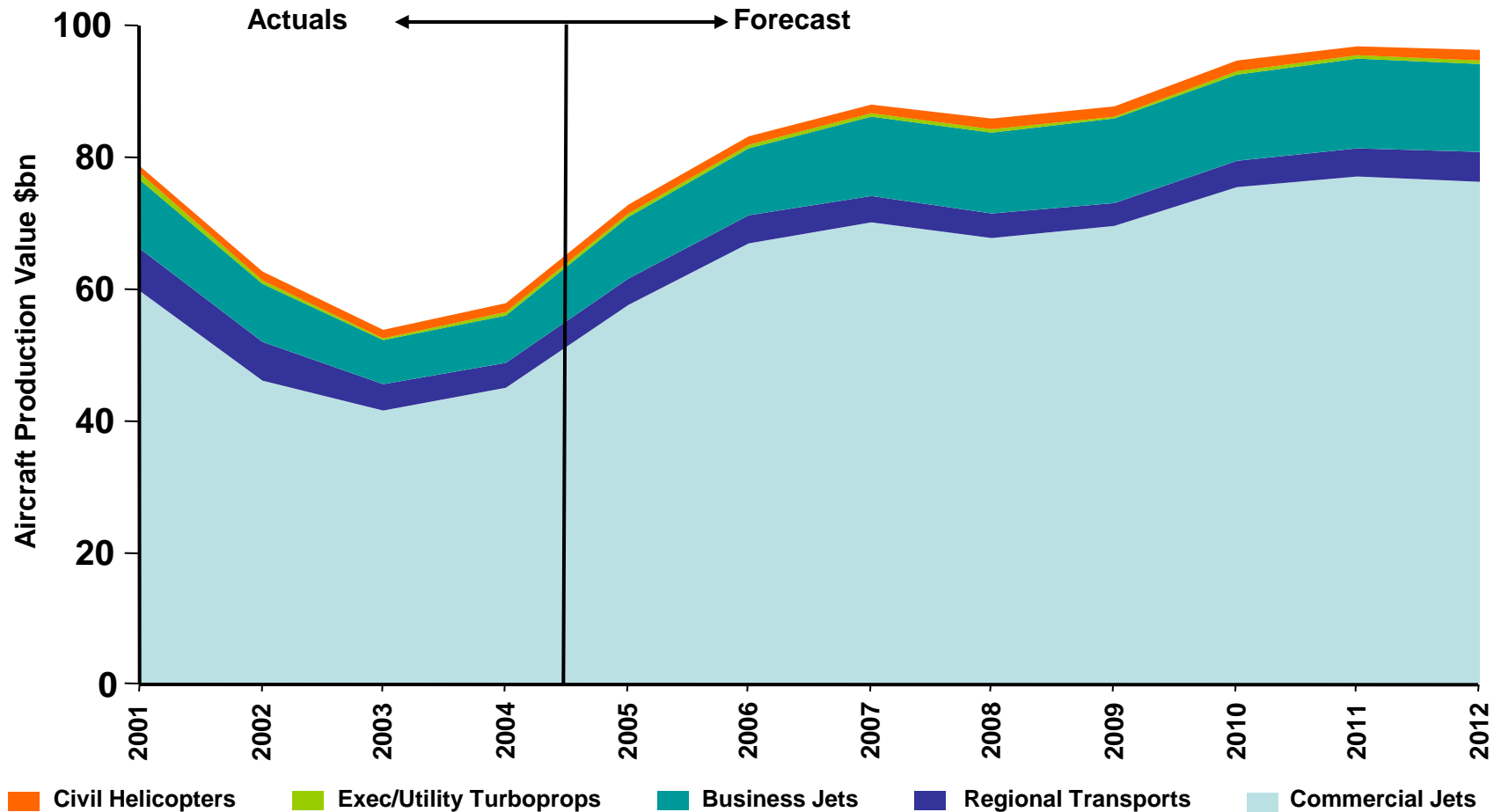
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Smiths increasing market share while market flattens

The Future: Our view of the Global civil market

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Smiths 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