



2018 First Quarter Trading Report



Supporting healthcare
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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 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; 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; 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.

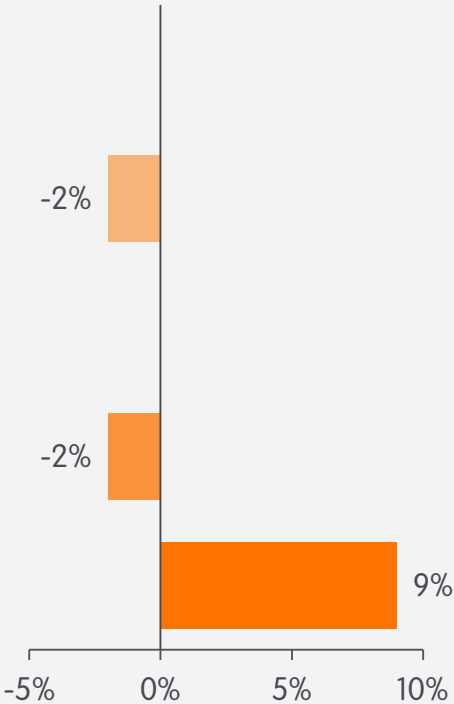
Certain items included in 'trading results', such as trading profit, trading profit margin, tax rate on trading results, trading cash flow, trading profit to cash conversion ratio, EPSA and underlying growth are non-IFRS financial measures. The non-IFRS financial measures in this announcement are explained and reconciled to the most directly comparable financial measure prepared in accordance with IFRS in our Fourth Quarter and Full Year 2017 Results announcement dated 8 February 2018

Olivier Bohuon
Chief Executive Officer

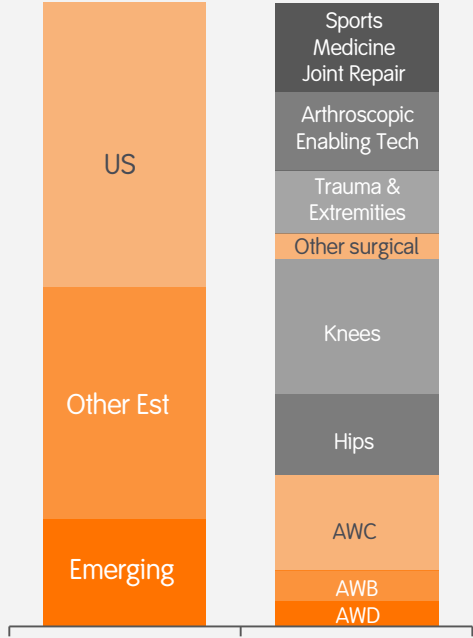
Q1 revenue of \$1,196m; flat underlying growth



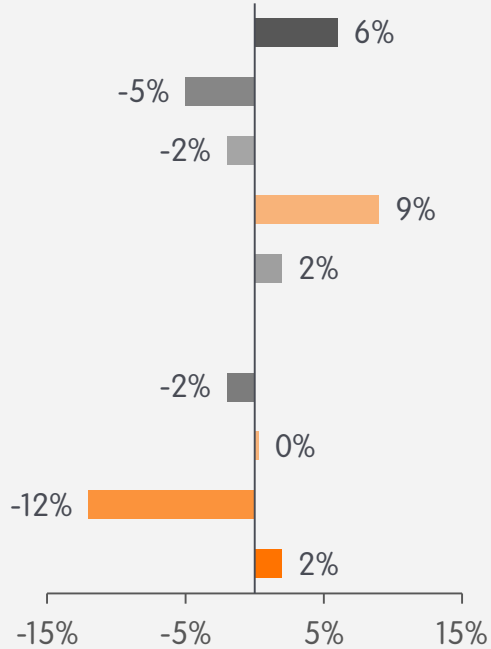
Geographical growth



Revenue split



Product franchise growth



'Other Est' is Australia, Canada, Europe, Japan and New Zealand
 'Other Surgical' includes ENT and robotics sales (excluding implant sales)

All revenue growth rates in the presentation are on an underlying basis and without adjustment for number of selling days, unless otherwise stated

Q1 revenue performance

- Sports Medicine Joint Repair +6% (\$170m)
- Arthroscopic Enabling Technologies (AET) -5% (\$152m)
- Trauma & Extremities -2% (\$121m)
- Other Surgical Businesses* +9% (\$49m)

Commentary

- REGENETEN[®] contributing to strong Shoulder growth
- AET impacted by continued softness in resection
- Trauma decline reflects external fixation and comparator



EVOS[®] SMALL
Plating System

Q1 revenue performance

- Knees: global +2%, US +0%, OUS +4% (\$259m)
- Hips: global -2%, US -3%, OUS -1% (\$155m)

Commentary

- Knee growth continues above market
- JOURNEY II, ANTHEM and LEGION revision driving growth
- Relative Hip dynamic consistent with recent quarters



JOURNEY® II XR
Bi-Cruciate Retaining
Knee System

ROBOTICS AND KNEES IN FOCUS

- full commercial launch of JOURNEY[®] II XR
- available with NAVIO[®] Robotics System
- NAVIO offers a wide range of Knee indications
- Platform for future innovation and growth

OTHER FOCUS PRODUCTS: POLAR3[®] Hip System, EVOS[®] SMALL Plating System, LENS[®] Surgical Imaging System, WEREWOLF[®] COBLATION[®] System, REGENETEN[®] Bioinductive Implant, PICO[®] Negative Pressure Wound Therapy



Q1 revenue performance

- Advanced Wound Care 0% (\$183m)
- Advanced Wound Bioactives -12% (\$59m)
- Advanced Wound Devices +2% (\$48m)

Commentary

- AWC: good US growth continues and changes implemented in UK
- AWB: now expect mid single digit percentage decline for 2018
- AWD: expect double digit growth for full year



ALLEVYN[®] LIFE non-
bordered
Foam dressing range

Graham Baker
Chief Financial Officer

2018	Sales growth: Underlying: 3% to 4% Reported ⁽¹⁾ : around 7% to 8%	Trading profit margin: 30-70bp improvement	Tax rate⁽³⁾: 20-21%
Update	Sales growth: Underlying: 2% to 3% Reported ⁽²⁾ : around 5% to 6%	Trading profit margin: At or above 2017 levels	Tax rate⁽³⁾: 20-21%

(1) Based on exchanges rates prevailing on 2nd February 2018

(2) Based on exchanges rates prevailing on 30th April 2018

(3) Tax rate on trading result

Olivier Bohuon
Chief Executive Officer

Appendices

Guidance	April 2018
Foreign exchange and other revenue impact	
Impact of translational FX* on revenue	+2.4%
Acquisition impact on revenue	+0.3%
Exceptional items	
Restructuring costs	c. \$100m
Acquisition and integration costs	c. \$5m
European Medical Device Regulation (MDR) compliance costs	\$20m-\$30m
Other	
Amortisation of acquisition intangibles	c. \$110m
Income from associates	c. \$5m
Net interest	\$52m - \$57m
Other finance costs	c. \$15m
Tax rate on Trading result	20-21%

* Based on the foreign exchange rates prevailing on 30th April 2018

	2017					2018	
	Q1	Q2	Q3	Q4	Full Year	Q1	
	Growth %	Growth %	Growth %	Growth %	Growth %	Revenue \$m	Growth %
Sports Medicine, Trauma & OSB	4	3	2	2	3	492	1
Sports Medicine Joint Repair	7	5	8	6	6	170	6
Arthroscopic Enabling Technologies	(1)	(4)	(3)	(3)	(3)	152	(5)
Trauma & Extremities	5	7	(2)	5	4	121	(2)
Other Surgical Businesses	7	11	6	4	7	49	9
Reconstruction	3	2	4	4	3	414	0
Knee Implants	5	4	6	6	5	259	2
Hip Implants	0	(1)	1	1	0	155	(2)
Advanced Wound Management	1	3	2	0	2	290	(2)
Advanced Wound Care	1	2	(1)	(3)	0	183	0
Advanced Wound Bioactives	(8)	0	7	0	0	59	(12)
Advanced Wound Devices	16	14	8	14	13	48	2
Group	3	3	3	2	3	1,196	0

	2017					2018	
	Q1	Q2	Q3	Q4	Full Year	Q1	
	Growth %	Growth %	Growth %	Growth %	Growth %	Revenue \$m	Growth %
Geographic regions							
US	1	2	2	1	2	545	(2)
Other Established Markets	1	(1)	0	(1)	0	446	(2)
Established Markets	1	1	1	0	1	991	(2)
Emerging Markets	12	13	9	14	12	205	9
Group	3	3	3	2	3	1,196	0

	Q1	Q2	Q3	Q4	Full Year
2016	64	64	63	60	251
2017	64	63	63	60	250
2018	63	64	63	61	251

- Year-on-year differences in the number of trading days typically impacts our surgical businesses in the Established Markets more than our wholesaler and distributor-supported businesses.
- We define trading days as week days adjusted for significant holidays in our principal countries.



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