



# Corporate fact sheet

Q3 2007

## Our business

Smith & Nephew is a global medical technology business, specialising in Orthopaedic Reconstruction, Orthopaedic Trauma and Clinical Therapies, Endoscopy and Advanced Wound Management products. Smith & Nephew is a global leader in arthroscopy and advanced wound management and is one of the leading global orthopaedics companies.

Smith & Nephew is dedicated to helping improve people's lives. The Company prides itself on the strength of its relationships with its surgeons and professional healthcare customers, with whom its name is synonymous with high standards of performance, innovation and trust. The Company operates in 32 countries around the world.

Through its four global business units, the company operates in high growth markets driven by ageing demographics and technology's ability to enable patients to live longer, more active lives.

Smith & Nephew has a track record of bringing innovative new products to market that provide better clinical outcomes for patients and save costs for healthcare providers. Over the last five years, the Company has grown revenues from \$1,669 million to over \$2,779 million in 2006.

Smith & Nephew is the UK's largest medtech company and one of the top companies in its field in the world.



Symbol: SN.L



Symbol: SNN

## Key facts

### Financial Highlights H1 (\$m)

	2006	2007
Revenues	2,008	2,402
Revenue growth	7%	11%
Trading profit	388	484
Adjusted attributable profit	283	330
Adjusted basic EPS	30.1c	35.4c

### Balance Sheet (\$m)

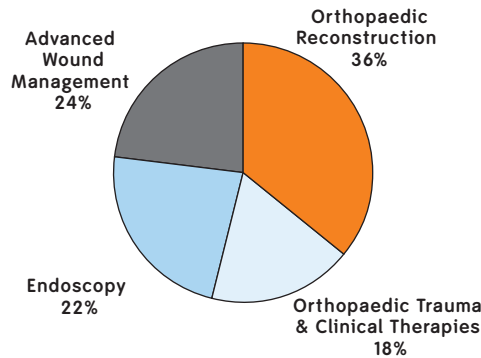
	30.09.06	29.09.07
Equity	2,016	1,909
Net (debt)/cash	15â3	(1,136)

### Market Capitalisation \$11 billion

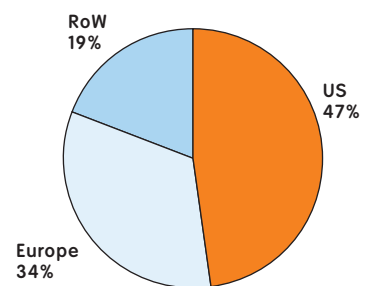
#### Top 5 shareholders

- Capital
- Legal & General
- Baillie Gifford
- Newton Investment Management
- Fidelity

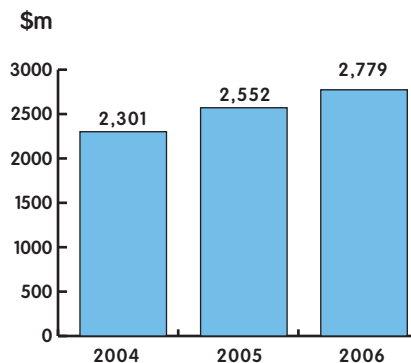
### Business Revenue Mix YTD 2007



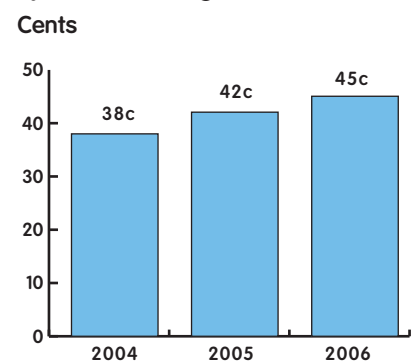
### Geographical Revenue YTD 2007



### Revenue \$m



### Adjusted earnings per share



## Contact us

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## Recent developments

- The Orthopaedic Reconstruction business received US FDA clearance for Smith & Nephew's JOURNEY® Bi-Cruciate Stabilized (BCS) Knee System (2), the GENESIS® II Total Knee System and the LEGION® Revision Knee System product lines for gender specificity product requirements. This gives Smith & Nephew the largest breadth of knee products cleared for gender specific attributes, affirming the company as market leader with a range of customised products to meet changing needs of active, informed patients. Unlike competitive knee systems being marketed as gender specific, Smith & Nephew offers the only anatomic tibial baseplate for both the right and left knees.
- The Endoscopy business launched its Lateral Hip Positioning System (3), which enables clinicians to easily test the range of motion of a patient's hip during arthroscopic repair of the pelvic joint. It is designed to position the patient on his or her side. The universal distractor leg, designed to gently separate the ball of the femur, or thigh bone, from the socket of the hip joint, creates space in which a surgeon can insert specialised arthroscopy instruments to repair injuries caused by overuse or trauma.
- The KINSA® RC 5.5 Suture Anchor (4) was launched by the Endoscopy business. It is designed to provide secure repair of shoulder injuries stemming from tears to the rotator cuff – the group of muscles and tendons that control shoulder motion. Surgeons can repair these injuries using arthroscopic – or minimally invasive – techniques with specialised instruments and devices such as the KINSA RC Suture Anchor, which re-attaches the torn tissue to restore mobility. The KINSA RC anchor delivers a "low profile" repair, without knots or protrusions to interfere with the joint motion.
- A new company just launched in York (UK) aims to pioneer a new treatment to repair the painful

and unsightly wounds left by surgery to remove skin cancers. Neotherix, a spin-out business from Smith & Nephew, has been set up to develop bioresorbable scaffolds that will help surgical lesions to heal without the need for skin grafts. Smith & Nephew has a continuing equity interest in Neotherix.

- The Advanced Wound Management business has restructured its agreement with Nucryst Pharmaceuticals Corp. ("Nucryst") the manufacturer of its ACTICOAT® nanocrystalline silver antimicrobial dressing range (6). The new agreement gives Smith & Nephew improved commercial terms which include allowing the introduction by Smith & Nephew of new forms of silver dressings together with priority rights for new nanocrystalline silver technology developed by Nucryst as well as continued exclusive rights for the ACTICOAT range.
- Scientists at the Smith & Nephew Research Centre in York (UK) have launched a collaboration to develop groundbreaking new treatments for bone and joint diseases such as osteoarthritis. Working in partnership with the Regenerative Medicine Institute (REMEDI) at the National University of Ireland Galway, the Research Centre is developing new therapies using adult bone marrow stem cells to promote the re-growth of healthy cartilage and repair damaged joints .
- The Advanced Wound Management business has reached an agreement with Universal Hospital Services, Inc. (UHS) to bring their Negative Pressure Wound Therapy (NPWT) products to the US rental market through UHS, tapping into UHS's more than 65 years of experience renting, managing and servicing medical equipment to the US health care industry. The distribution agreement covers Smith & Nephew's EZCARE® and VISTA® (5) product systems focusing on the US Acute Care market. UHS will support Smith & Nephew's clinical platform in providing comprehensive wound rentals, logistics and distribution support to customers.

## Orthopaedic Reconstruction

Smith & Nephew is one of the fastest growing orthopaedics businesses in the world, competing head-to-head with companies such as Zimmer, Stryker, Johnson & Johnson's DePuy Division and Biomet. In joint reconstruction, hip and knee implants, the company's growth in recent years has been driven by a unique material in orthopaedics – oxidized zirconium. The company sells hip and knees components made of this strong, hardwearing material, branded OXINIUM®.

In July 2007, Smith & Nephew launched the JOURNEY® DEUCE® bi-compartmental bi-cruciate retaining knee system. This complements the particularly exciting set of new products launched in 2006 including the BIRMINGHAM HIP® Resurfacing System in the US, two new knees – the LEGION® Revision Knee and the JOURNEY® Bicruciate Stabilized Knee – and also the EMPERION® Modular Hip System. The BIRMINGHAM HIP® Resurfacing System (BHR®) was launched in the US last year and has been an outstanding success. The BHR® System is available for younger patients compared to a full hip replacement with BHR patients worldwide averaging 53 years of age. The company completed its purchase of Plus Orthopedics on 1 June, a Swiss company specialising primarily in orthopaedic reconstruction products.

## Endoscopy

Smith & Nephew is the global market leader in arthroscopy or minimally invasive surgery of the joint, including the knee, shoulder, hip, wrist and ankle. The Endoscopy business has leveraged its expertise and knowledge in arthroscopy to develop a flow of technologically advanced products to maintain its leadership position. In 2006, the company acquired OsteoBiologics Inc. (OBI). This acquisition added an exciting line of products with innovative bioabsorbable bone graft substitutes (BGS) in Europe to repair cartilage

## Orthopaedic Trauma & Clinical Therapies

This business produces products for treating complex broken bones; and clinical therapy products – low frequency ultrasound bone stimulation devices and joint fluid therapy products for the knee. Its main competitors are Synthes Stratec and the same companies as the Reconstruction business.

The trauma fixation business has benefited from a dedicated sales force and the launch of a number of new products including the PERI-LOC® Locking Compression Plate System (1) for both lower and upper extremities and the TRIGEN® INTERTAN® nail. Clinical therapies continue to achieve excellent growth with their EXOGEN® Low Frequency Ultrasound Bone Healing System and two joint fluid therapy (JFT) products. In 2006, the company added its second JFT product, DUROLANE®, following a licence agreement which offers a single injection treatment. At the beginning of 2007, it added the outpatient spine business to its clinical therapies portfolio, which was transferred from Endoscopy.

defects in the knee, and offers the TRUEFIT® BGS Plugs in the U.S. as a bone void filler. Smith & Nephew competes with a number of smaller technology companies in the arthroscopy marketplace, as well as larger companies such as Mitek (J&J), Linvatec, Arthrex and Stryker. Endoscopy's products vary from repair products for reattaching soft tissue to bone to the Digital OR, an integrated and fully customisable operating room solution that combines key product platforms and offers them from one trusted source.

## Advanced Wound Management

Smith & Nephew is the world-leading provider of wound care treatment and prevention products used to treat hard-to-heal wounds such as leg ulcers, pressure sores and burns. Other companies in the sector include Kinetic Concepts (KCI), Johnson & Johnson, Convatec and 3M. Earlier this year, the company signed an exclusive distribution agreement outside the US for BIOBRANE® Biosynthetic Wound Dressings. In May Smith & Nephew purchased BlueSky Medical Group, Inc. The company developed products for treating chronic wounds using negative pressure wound therapy ("NPWT") and manufactures a range of negative pressure pumps and wound dressing kits to serve. This acquisition has enabled Smith & Nephew to enter the

market for NPWT, the fastest growing segment of the woundcare market.

Smith & Nephew has a history of launching innovative products – beginning with the first moist wound dressing, OPSITE®, launched worldwide in the mid 1970s, through to the extensive range of ALLEVYN® foam dressings offering new product lines with significantly enhanced performance. Real competitive advantage is based on sales force strength, the largest product range available backed with outstanding support and a deep understanding of wound science. The US is a major opportunity for this business with a large unconverted market and increasing investment in sales force and promotion.

