



2017 First Quarter Trading Report

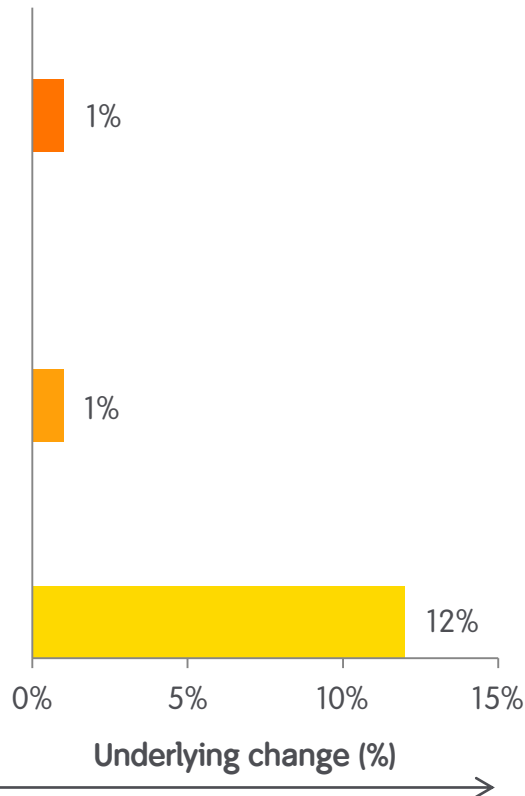
Forward looking statements

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.

Olivier Bohuon
Chief Executive Officer

Q1 revenue growth of +3% underlying

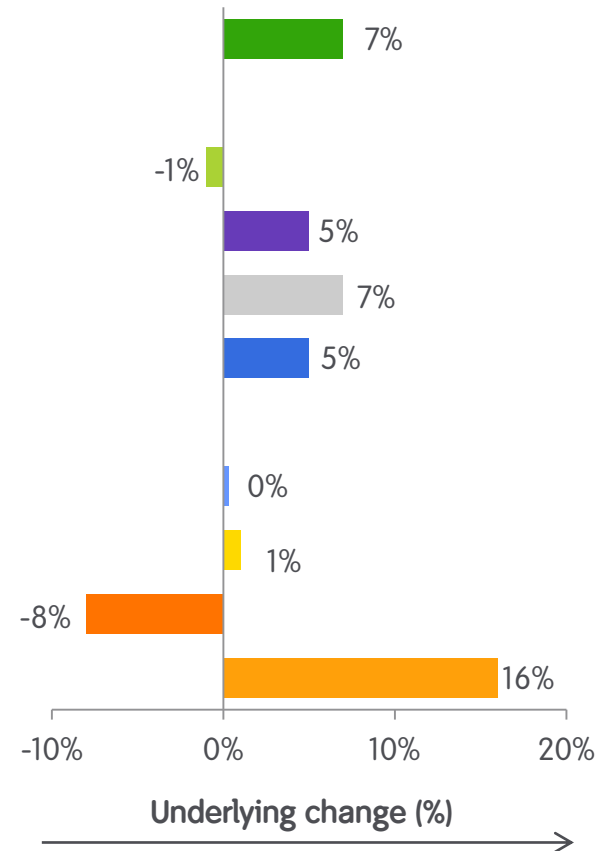
Geographical growth



Revenue split



Product franchise growth



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

Sports Medicine, Trauma & OSB

- **Q1 revenue performance**

- Sports Medicine Joint Repair +7% (\$150m)
- Arthroscopic Enabling Technologies (AET) -1% (\$153m)
- Trauma & Extremities +5% (\$120m)
- Other Surgical Businesses* +7% (\$43m)

- **Commentary**

- shoulder portfolio and recently launched products drive good growth in Joint Repair
- Trauma & Extremities growth of +5% with a return to double digit growth in Emerging Markets
- Total Knee Application on NAVIO[◇] Robotics system previewed at AAOS**



ULTRABUTTON[◇]
Adjustable Fixation Device

* 'Other Surgical Businesses' includes ENT and robotics sales (excluding implant sales)

** American Academy of Orthopaedic Surgeons (AAOS) Annual Meeting took place in San Diego in March

AAOS 2017



LENS[◇]
Surgical Imaging System



WEREWOLF[◇]
COBLATION[◇] System



TRIGEN[◇] INTERTAN[◇]
Intertrochanteric
Antegrade Nail



JOURNEY[◇]
Active Knee Solutions



NAVIO[◇]
Surgical System



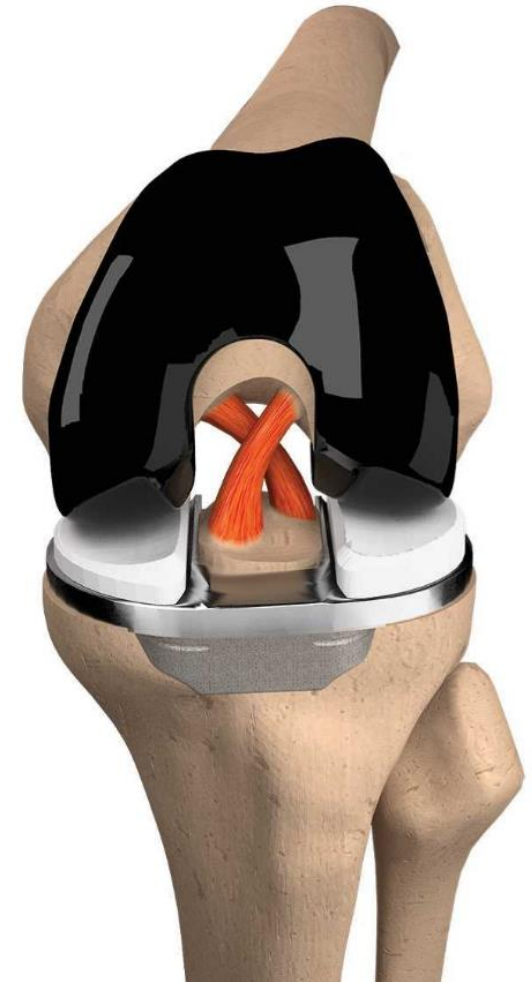
Reconstruction

- **Q1 revenue performance**

- Knees: global +5%, US +4%, OUS +7% (\$244m)
- Hips: global +0%, US +1%, OUS -2% (\$152m)

- **Commentary**

- continued strong growth in global Knees
- JOURNEY II XR receiving excellent feedback and further extensions of the JOURNEY II family under way
- REDAPT[◇] Revision Hip System starting to contribute to growth



JOURNEY[◇] II XR
Bi-Cruciate Retaining Knee System

Advanced Wound Management

- **Q1 revenue performance**

- Advanced Wound Care +1% (\$170m)
- Advanced Wound Bioactives -8% (\$66m)
- Advanced Wound Devices +16% (\$44m)

- **Commentary**

- AWC: strong US growth partly offset by China and Europe
- AWB: weak first quarter, as expected
- AWD: PICO[®] trends continue



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Graham Baker
Chief Financial Officer

Guidance

- **Full Year outlook**

- full year guidance unchanged
- 3-4% underlying sales growth
- 20-70bps trading profit margin improvement
- slightly more favourable foreign exchange impact on sales of -0.6%* (from -1%)

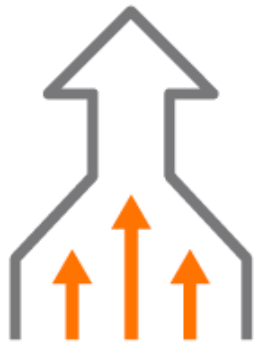
- **Q2 notes**

- one fewer selling day compared to Q2 2016
- foreign exchange impact on sales expected to be -1.4%*
- effect of disposal of GYN on revenue growth similar to Q1

Olivier Bohuon
Chief Executive Officer

A stronger Smith & Nephew

A fundamentally transformed Group...



...in a unique, strong, global position...



...with multiple drivers of higher growth

- Sports Medicine leadership
- innovative Knee portfolio including robotics
- outcome-oriented Advanced Wound Management strategy
- Emerging Markets
- M&A optionality

Questions



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Appendices

Franchise revenue analysis

	2016					2017	
	Q1	Q2	Q3	Q4	Full Year	Q1	
	Growth	Growth	Growth	Growth	Growth	Revenue	Growth
	%	%	%	%	%	\$m	%
Sports Medicine, Trauma & OSB	5	4	4	1	3	466	4
Sports Medicine Joint Repair	11	10	8	5	8	150	7
Arthroscopic Enabling Technologies	4	4	2	(3)	2	153	(1)
Trauma & Extremities	(7)	(6)	1	(4)	(4)	120	5
Other Surgical Businesses	19	14	12	15	15	43	7
Reconstruction	7	3	2	(2)	2	396	3
Knee Implants	9	5	4	0	4	244	5
Hip Implants	4	0	0	(6)	(1)	152	0
Advanced Wound Management	0	(3)	(1)	(1)	(1)	280	1
Advanced Wound Care	0	(7)	(2)	(3)	(3)	170	1
Advanced Wound Bioactives	(4)	4	(3)	1	0	66	(8)
Advanced Wound Devices	11	1	5	2	5	44	16
Group	4	2	2	(1)	2	1,142	3

All revenue growth rates are on an underlying basis

Regional revenue analysis

	2016					2017	
	Q1	Q2	Q3	Q4	Full Year	Q1	
	Growth	Growth	Growth	Growth	Growth	Revenue	Growth
	%	%	%	%	%	\$m	%
Geographic regions							
US	8	4	2	0	3	555	1
Other Established Markets	4	1	0	(3)	0	414	1
Established Markets	6	3	1	(1)	2	969	1
Emerging Markets	(6)	(2)	6	3	0	173	12
Group	4	2	2	(1)	2	1,142	3

'Other Established Markets' is Australia, Canada, Europe, Japan and New Zealand.
All revenue growth rates are on an underlying basis

2017 technical guidance

Guidance

	At Year End	Update
Restructuring costs	Nil	No change
Acquisition and integration costs	c. \$5m	No change
Amortisation of acquisition intangibles	c. \$120m	No change
Income from associates	~\$0m	No change
Net interest	\$50m - \$55m	No change
Other finance costs	Similar to 2016	No change
Tax rate on Trading result	c. 26%	No change
Foreign exchange and other		
Impact of disposal of GYN business on revenue	~80bps	No change
Impact of translational FX* on revenue	c. -1%	-0.6%

* Based on the foreign exchange rates prevailing at the end of April 2017

Business days per quarter

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

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.

Exchange rates

	Q1/16	Q2/16	Q3/16	Q4/16	FY/16	Q1/17
\$/€						
Period end	1.14	1.11	1.12	1.05	1.05	1.07
Average	1.10	1.13	1.12	1.08	1.11	1.07
\$/£						
Period end	1.42	1.33	1.30	1.23	1.23	1.25
Average	1.43	1.43	1.31	1.24	1.35	1.24



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