



2016 Third Quarter Trading Report

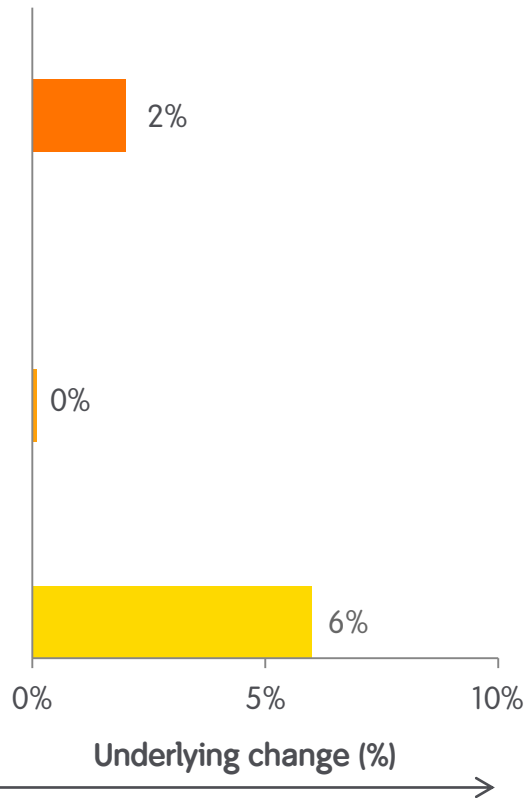
Forward looking statements

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

Q3 revenue growth of 2% underlying

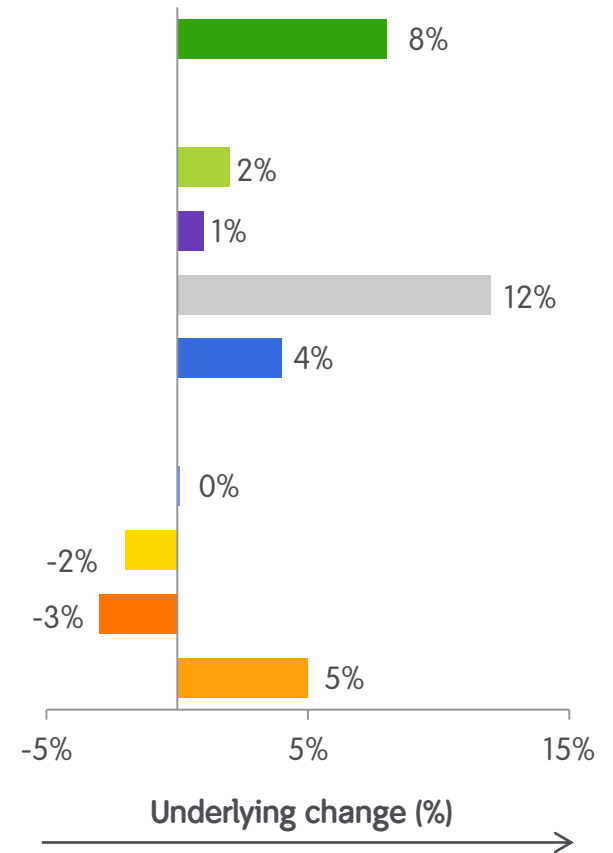
Geographical growth



Revenue split



Product franchise growth



Note: 'Est OUS' is Australia, Canada, Europe, Japan and New Zealand

Sports Medicine, Trauma & OSB

- **Q3 Revenue performance**

- Sports Medicine Joint Repair +8% (\$140m)
- Arthroscopic Enabling Technologies (AET) +2% (\$147m)
- Trauma & Extremities +1% (\$122m)
- Other Surgical Businesses* +12% (\$48m)

- **Commentary**

- LENS[◇] Surgical Imaging System positively received
- new evidence supporting TRIGEN[◇] INTERTAN[◇]
- Sports Med and Trauma on track for growth in China in H2



The evidence is in...  **smith&nephew**
TRIGEN[◇]
INTERTAN[◇]
 Inter-trochanteric Antegrade Nail

-  **Lower**
risk of implant failure and reoperation
-  **Faster**
time to fracture union
-  **High**
return to pre-fracture status

* 'Other Surgical Businesses' includes ENT, Gynaecology (prior to divestment in August) and robotics sales (excluding implant sales)

Reconstruction

- **Q3 Revenue performance**

- Knees: global +4%, US +2%, OUS +6% (\$213m)
- Hips: global 0%, US -2%, OUS +2% (\$138m)

- **Commentary**

- continued good growth in global Knees
- NAVIO[®] Surgical System platform expansion on track
- robust growth in Emerging Markets

eCAP



Episode of Care
Assurance Program

A partnership peerless in our industry

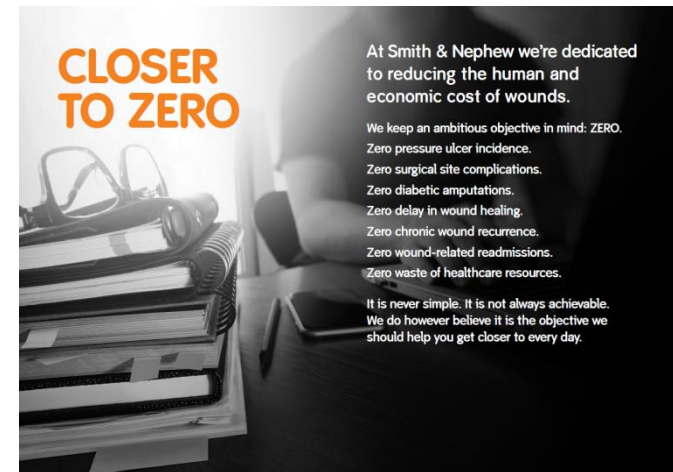
Advanced Wound Management

- **Q3 Revenue performance**

- Advanced Wound Care -2% (\$185m)
- Advanced Wound Bioactives -3% (\$80m)
- Advanced Wound Devices +5% (\$46m)

- **Commentary**

- AWC: impacted as in Q2 by China and Europe
- AWB: now expect full year revenue around 2015 level
- AWD: strong PICO[◇]



Julie Brown

Chief Financial Officer

Full year guidance

- **Revenue**

- improvements in China, as guided; Gulf States remain challenging
- AWB full year revenue around 2015 level
- four fewer sales days in Q4
- foreign exchange impact for full year of -1%

- **Trading profit margin**

- guidance relating to transactional fx & BlueBelt (-180bps) and GYN (-10 bps) unchanged
- Group Optimisation programme to deliver more than \$120m annualised benefits
- H2 margin improves on H1, but impacted by lower revenue growth

- **Financial updates**

- successful resolution of tax issue leads to one-off 200bps improvement in expected trading tax rate to c. 24.5%
- \$300m ongoing share buyback programme (\$160m returned to shareholders to date)

Olivier Bohuon
Chief Executive Officer

Questions



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Appendices

Franchise revenue analysis

	2015					2016			
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	
	Growth	Growth	Growth	Growth	Growth	Growth	Growth	Revenue	Growth
	%	%	%	%	%	%	%	\$m	%
Sports Medicine, Trauma & OSB	5	4	2	5	4	5	4	457	4
Sports Medicine Joint Repair	9	7	4	9	7	11	10	140	8
Arthroscopic Enabling Technologies	(2)	1	(2)	3	-	4	4	147	2
Trauma & Extremities	5	2	2	-	2	(7)	(6)	122	1
Other Surgical Businesses*	11	7	10	13	10	19	14	48	12
Reconstruction	1	4	3	4	3	7	3	351	2
Knee Implants	2	7	6	6	5	9	5	213	4
Hip Implants	(1)	1	(2)	1	-	4	-	138	-
Advanced Wound Management	1	7	6	8	6	-	(3)	311	(1)
Advanced Wound Care	9	12	6	4	8	-	(7)	185	(2)
Advanced Wound Bioactives	5	6	2	16	7	(4)	4	80	(3)
Advanced Wound Devices	(27)	(9)	17	14	(3)	11	1	46	5
Group	3	5	4	5	4	4	2	1,119	2

All revenue growth rates are on an underlying basis

* 'Other Surgical Businesses' includes ENT, Gynaecology (prior to divestment in August) and robotics sales (excluding implant sales)

Regional revenue analysis

	2015					2016			
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	
	Growth	Growth	Growth	Growth	Growth	Growth	Growth	Revenue	Growth
	%	%	%	%	%	%	%	\$m	%
Geographic regions									
US	1	4	4	9	5	8	4	540	2
Other Established Markets	(2)	3	1	2	1	4	1	401	-
Established Markets	-	3	3	6	3	6	3	941	1
Emerging Markets	22	14	8	2	11	(6)	(2)	178	6
Group	3	5	4	5	4	4	2	1,119	2

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

Trading days per quarter

	Q1	Q2	Q3	Q4	Full Year
2015	61	63	63	64	251
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.

We define trading days as week days adjusted for significant holidays in our principal countries.

Exchange rates

	Q3/15	FY/15	Q1/16	Q2/16	Q3/16
\$/€					
Period end	1.12	1.09	1.14	1.11	1.12
Average	1.11	1.11	1.10	1.13	1.12
\$/£					
Period end	1.52	1.48	1.42	1.33	1.30
Average	1.55	1.53	1.43	1.43	1.31



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