

Smith & Nephew PLC

03:36 02 May 2019

Smith & Nephew increasingly confident underlying revenue growth to be in upper half of guidance

Smith & Nephew PLC (LON:SN.) shares rose on Thursday as the medical devices group as it said it is increasingly confident its underlying revenue growth will be in the upper half of the guidance as in reported a rise in first-quarter revenue.

In a trading report for the first quarter ended 30 March 2019, the FTSE 100-listed firm said Q1 revenue was US\$1.202bn (2018: US\$1.196bn), up 4.4% on an underlying basis, with reported growth of 0.5% after a -3.9% foreign exchange headwind.

READ: Smith & Nephew paying around \$660mIn in cash to acquire US regenerative medicine firm Osiris Therapeutics

The orthopaedic products manufacturer said all three of its global franchises saw an acceleration, delivering growth ahead of full-year 2018 as it started to benefit from a new commercial model.

The firm highlighted mid-teens growth from Emerging Markets, led by a strong quarter in China.

It also noted rapid progress in its M&A strategy, securing additional growth drivers and building its technology base following the recent acquisitions of US firms Ceterix Orthopaedics, Osiris Therapeutics, Leaf Patient Monitoring System, and Brainlab.

The group it is increasingly confident that underlying revenue growth will be in the upper half of its 2.5% to 3.5% guidance range, with expected trading profit margin unchanged in the range of 22.8% to 23.2%.

Good start to year

Namal Nawana, the firm's chief executive officer, commented: "It's been a good start to 2019 across the whole of Smith & Nephew."

He added: "All three global franchises delivered improved organic growth as we continued to improve execution; important confirmation that each has the potential to perform sustainably at or above their markets."

"At the same time, we've made well-judged acquisitions that bring in new technologies to strengthen leadership positions across the business, which we expect to further accelerate growth over time."

The boss concluded: "While recognising that further work remains to achieve the full potential of our portfolio, we are encouraged with our progress towards sustainably delivering above-market growth."

In early morning trading, shares in Smith & Nephew topped the blue-chip leader board, up 2.9% at 1,517p.

Share Information

Code: SN

Listing: LSE

Sector: Pharma & Biotech

Website: www.smith-nephew.com

Company Synopsis:

Smith & Nephew develops advanced medical devices for healthcare professionals around the world.

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