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Smith & Nephew's 2019 revenue growth at the top end of the range

Smith & Nephew PLC (LON:SN.) expects underlying revenue growth of 3.5-4.5% in 2020, assuming the COVID-19 virus situation normalises in the second quarter.

The hip and knee replacement parts maker said revenue in 2019 clocked in at US$5.14bn, up 4.4% on an underlying basis from 2018's US$4.90bn. Factoring in foreign exchange rate movements and the contribution of acquisitions, revenue growth was 4.8%.

The medical device maker's orthopaedics division delivered 4.0% underlying revenue growth (2018: 3%); Sports Medicine & Ear Nose & Throat achieved 7.0% underlying revenue growth (2018: 2%), and Advanced Wound Management delivered 2.2% underlying revenue growth (2018: 0%).

Despite the top-line growth, profit before tax dipped to US$743mln from US$781mln the year before.

Earnings per share slipped to 68.4 cents from 75.7 cents the previous year.

The board has recommended a final dividend of 23.1 cents (equivalent to 46.2 cents per American Depositary Share, or ADS), making the full-year pay-out 37.5 cents (75 cents per ADS).

We have released our Full Year 2019 #results. Full details here: https://t.co/YcUoMfhHfw #Q4 #FY #FullYearResults pic.twitter.com/DTtbDCUG37

— Smith+Nephew (@SmithNephewPLC) February 20, 2020

The group said all of its franchises are expected to make further progress in 2020 and the group expects to deliver a 2020 trading profit margin at or slightly above 2019's levels, thanks to acquisitions adding around 1.3 percentage points to the margin, more than offsetting a half a percentage point reduction caused by foreign exchange movements.

"The improved underlying revenue growth of 4.4% in 2019, the best for several years, has propelled group sales above US$5bn for the first time in Smith+Nephew's history. All franchises and regions meaningfully contributed to this record," said Roland Diggelmann, the chief executive

"At the same time, we've continued investing to drive mid-term growth, both increasing our R&D spend, and also bringing in innovative technologies and expertise through acquisitions.

"For 2020, our focus is on sustaining the positive momentum and our strategic imperatives remain the right path to value creation. Within these, we will focus on delivering a consistent and excellent customer experience, maximising the impact from our increased investment in innovation, and continuing to improve our operational agility and efficiency," Diggelmann said.

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