

Martin Lamb
Chief Executive
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JP Morgan Cazenove
Pan-European Capital Goods
CEO Conference

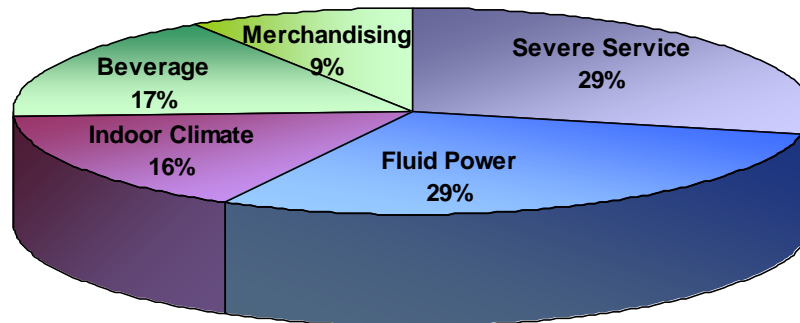
11 June 2010

IMI Today

- Leading positions in global niche markets
- Key partner to over 100 global blue chip companies
- Highly differentiated and customised product and system offerings
- Strong and dependable aftermarket revenues
- Highly developed low cost manufacturing and low cost procurement capabilities
- Strong long term growth drivers in clean energy, energy efficiency, environmental legislation & healthcare

Retail Dispense 26%
Sells to brand owners
and retailers

2009 Revenue: £1,792m



Fluid Controls 74%
Sells to OEMs, plant &
building operators

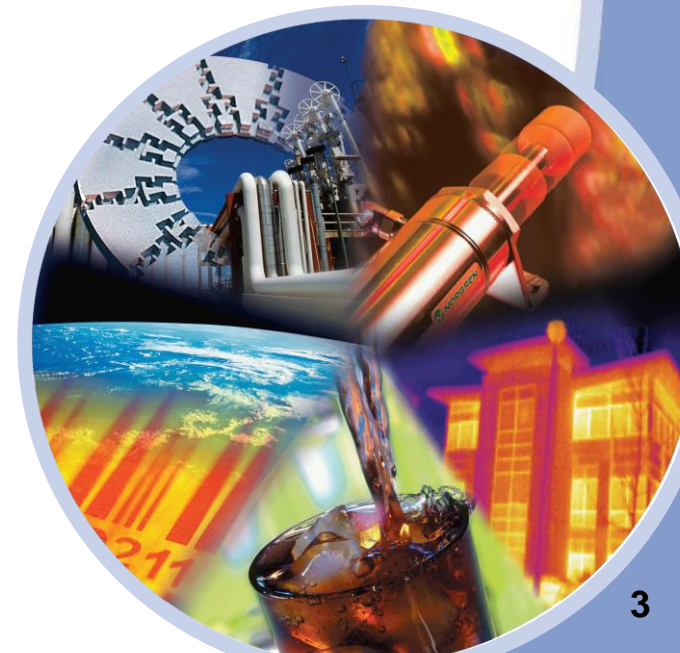
Common Characteristics...

- **Strong fundamentals**

- Niche global markets £1-3bn
- Market leadership: No. 1 or 2, 25%+ market share
- Large global customers with key account focus
- Differentiated & customised engineering solutions
- Captive, high margin aftermarket

- **Financial objectives**

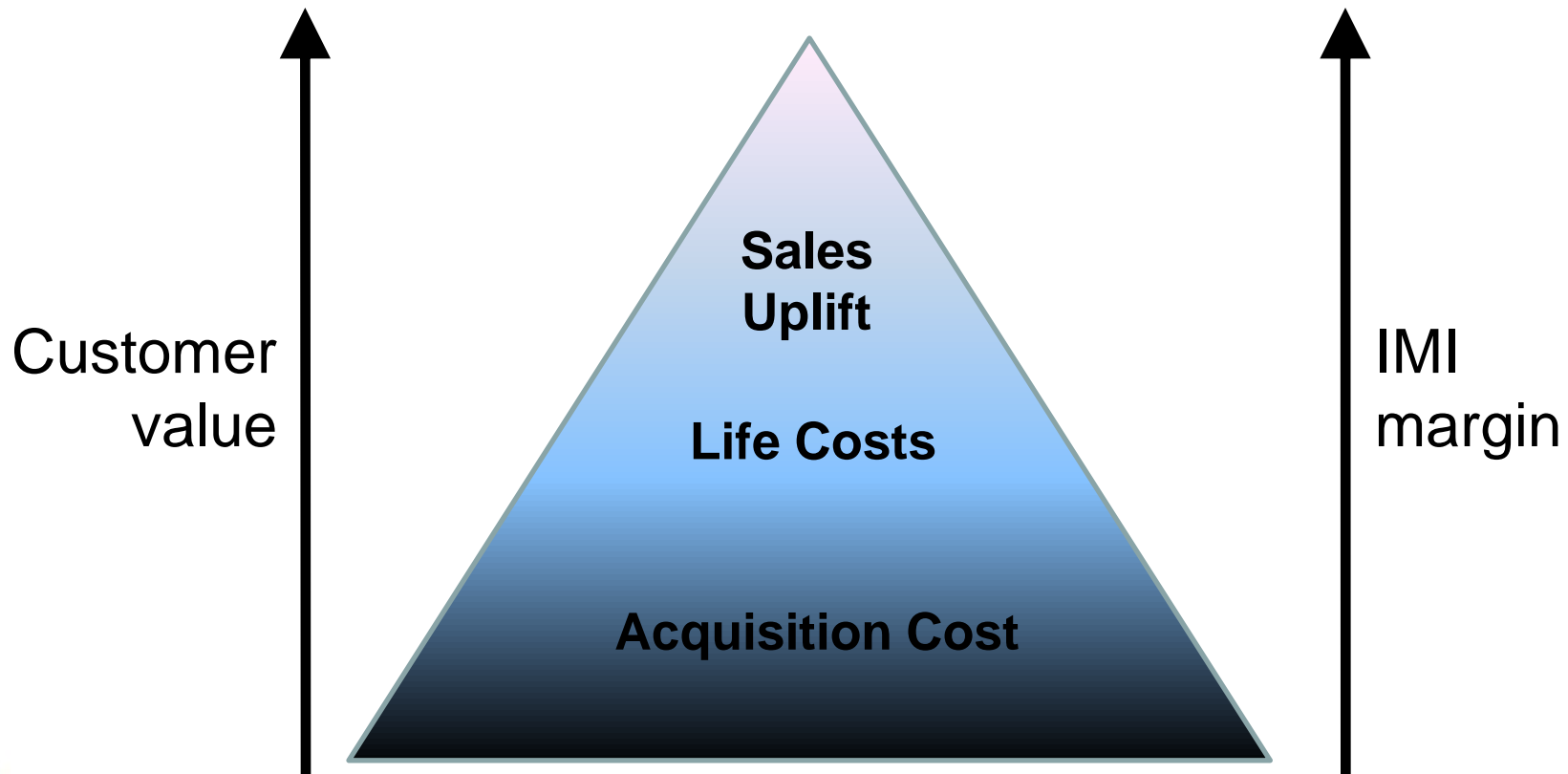
- Organic growth 2 x GDP
- Over time operating margins to at least 15%
- Cash conversion greater than 90%
- ROIC (post tax) greater than 15%



...and Common Competencies

- **World class key account management**
 - KAM academy
- **Insight & Innovation**
 - “Engineering Advantage”
- **Disciplined execution and project management**

Creating “Engineering Advantage” for our customers is key



- Around 70% of IMI's products are bespoke, customised or engineered to order

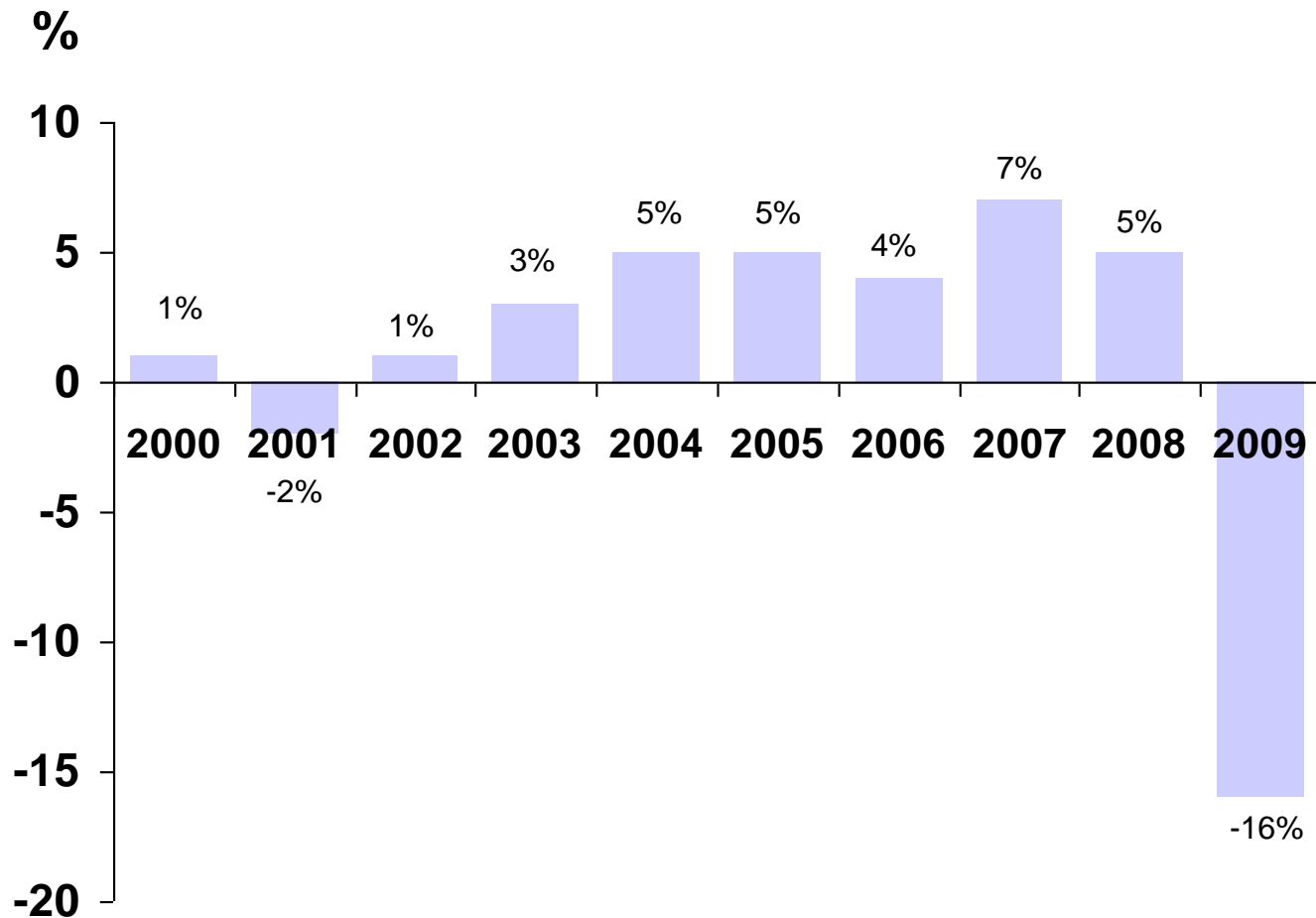
We have significantly reshaped our manufacturing base

- Significant investment in low cost manufacturing centres since 2002
 - Mexico
 - China
 - Czech Republic
 - India
- Move from 25% Low Cost Manufacturing in 2006 to 50% in 2012
 - Current LCM investment initiated in 2009 is expected to improve margins by between 100 and 150 bps



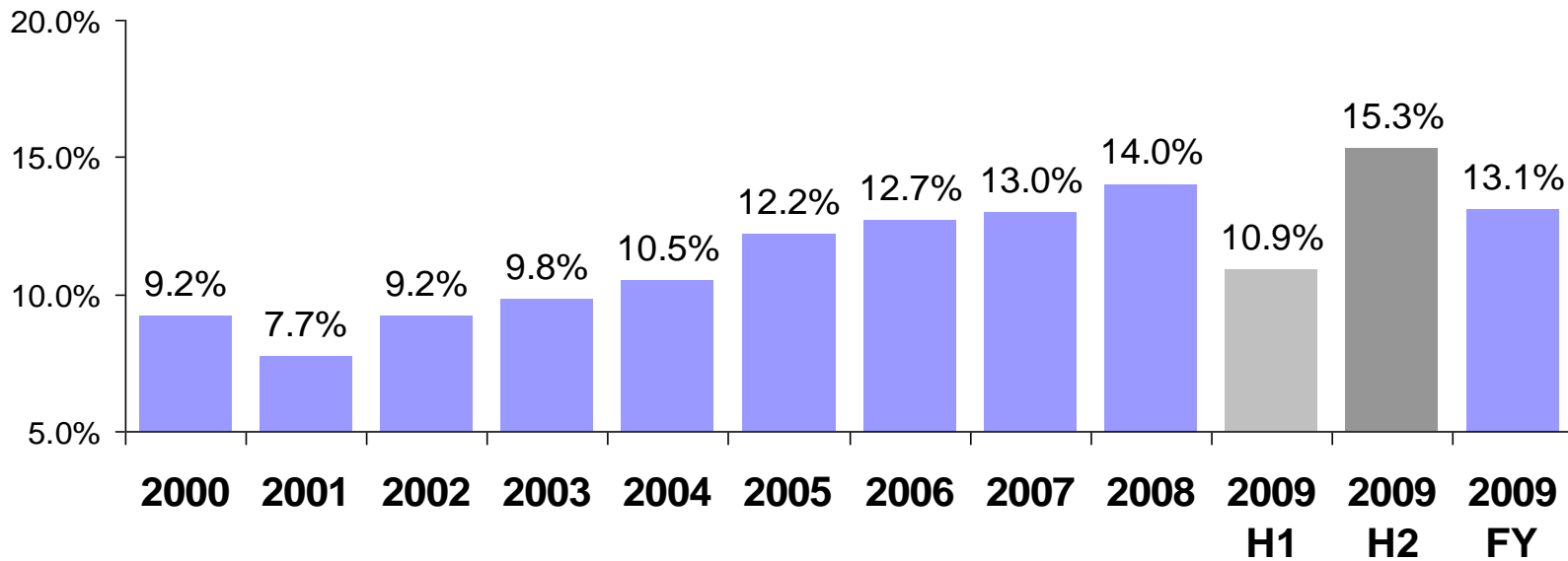
Whilst in 2009 our sales fell by 16%...

Organic sales growth since 2000



...Our margins remained close to record levels...

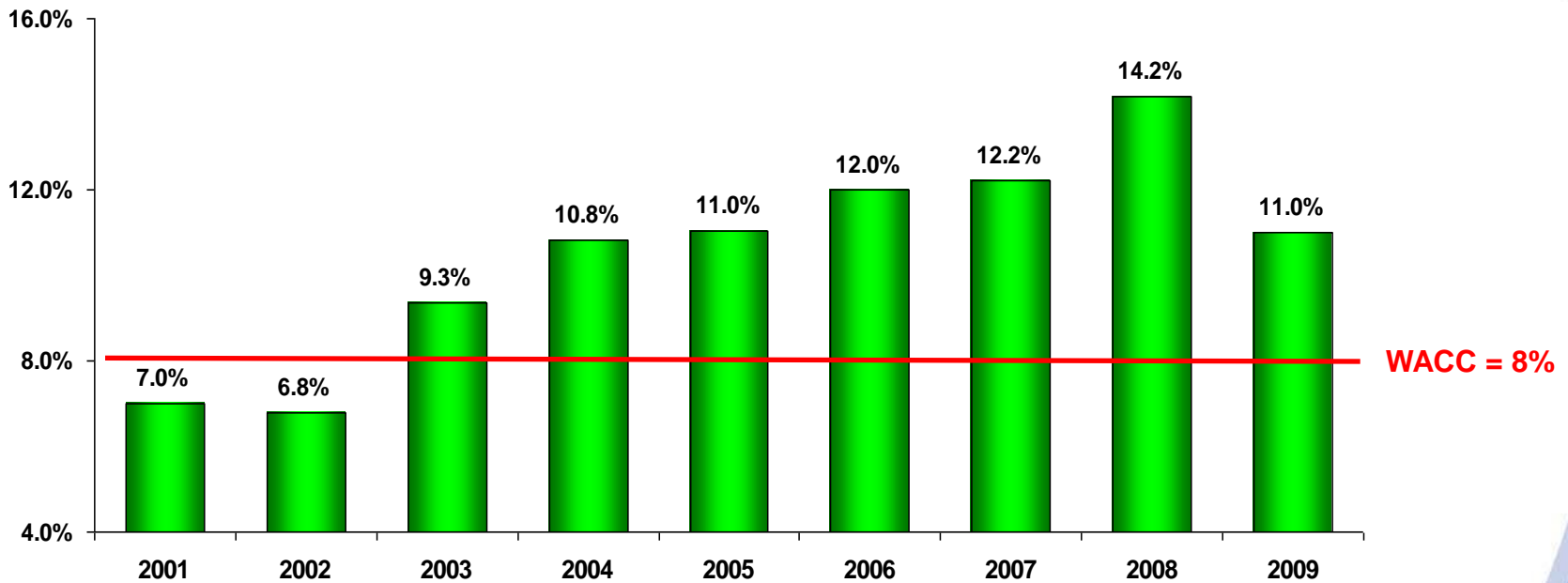
Margin development since 2000



- IMS April 2010: we expect segmental operating margins of around 15% in the first half of 2010

...and we continue to create value for our shareholders

Return on invested capital since 2001



* After restructuring costs and pre Severe Service investigation costs in 2007 & 2008

Sales and operating margin performance

	Sales			Operating Margin		
	2007	2008	2009	2007	2008	2009
Severe Service	362	443	512	15.4%	18.4%	19.8%
Fluid Power	571	666	520	13.2%	13.7%	6.3%
Indoor Climate	207	281	292	15.7%	16.1%	20.8%
Fluid Controls	1,140	1,390	1,324	14.4%	15.7%	14.7%
Beverage Dispense	285	305	297	8.7%	9.0%	7.1%
Merchandising	174	202	164	11.0%	10.3%	11.1%
Retail Dispense	456	507	461	9.6%	9.6%	8.5%
IMI Group	1,599	1,897	1,785	13.0%	14.0%	13.1%

Growth Drivers

- End markets
- New products
- Mergers and acquisitions

Medium term market drivers are very positive for IMI...

- **Sustainable environment**
 - Clean energy: nuclear, LNG, coal to gas
 - Energy Efficiency
 - Emissions control
- **Health and wellness**
 - Better healthcare
 - Homecare / independent living
- **Consumer mobility and choice**
 - Brand globalisation
 - Localisation of goods & services
 - Transportation / communications

Increased investment in clean energy benefits Severe Service...

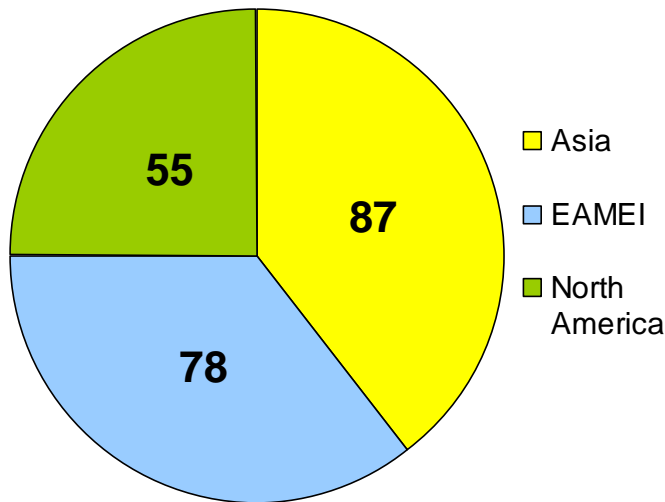
- Growth in Liquefied Natural Gas
 - IMI is strong market leader in severe service valve solutions for LNG applications
- Significant opportunity in Nuclear new construction
 - Around 220 new reactors scheduled to be built by 2020
- Growth in solar energy power plants
- Emerging technologies
 - Coal to gas
 - Carbon capture



Nuclear – new construction

- New Construction 2008 – 2020: 220 Units

By Region



By Reactor Type

Type	Design	No.
VVER	Russian	48
CPR	Chinese	46
AP1000	Westinghouse	30
EPR	Areva	27
ESBWR	GE-Hitachi	14
PHWR	Atomic Energy Canada	13
KPWR	Korean KHNP	13
ABWR	GE design	12
ACR1000	CANDU	11
APWR	Mitsubishi	6

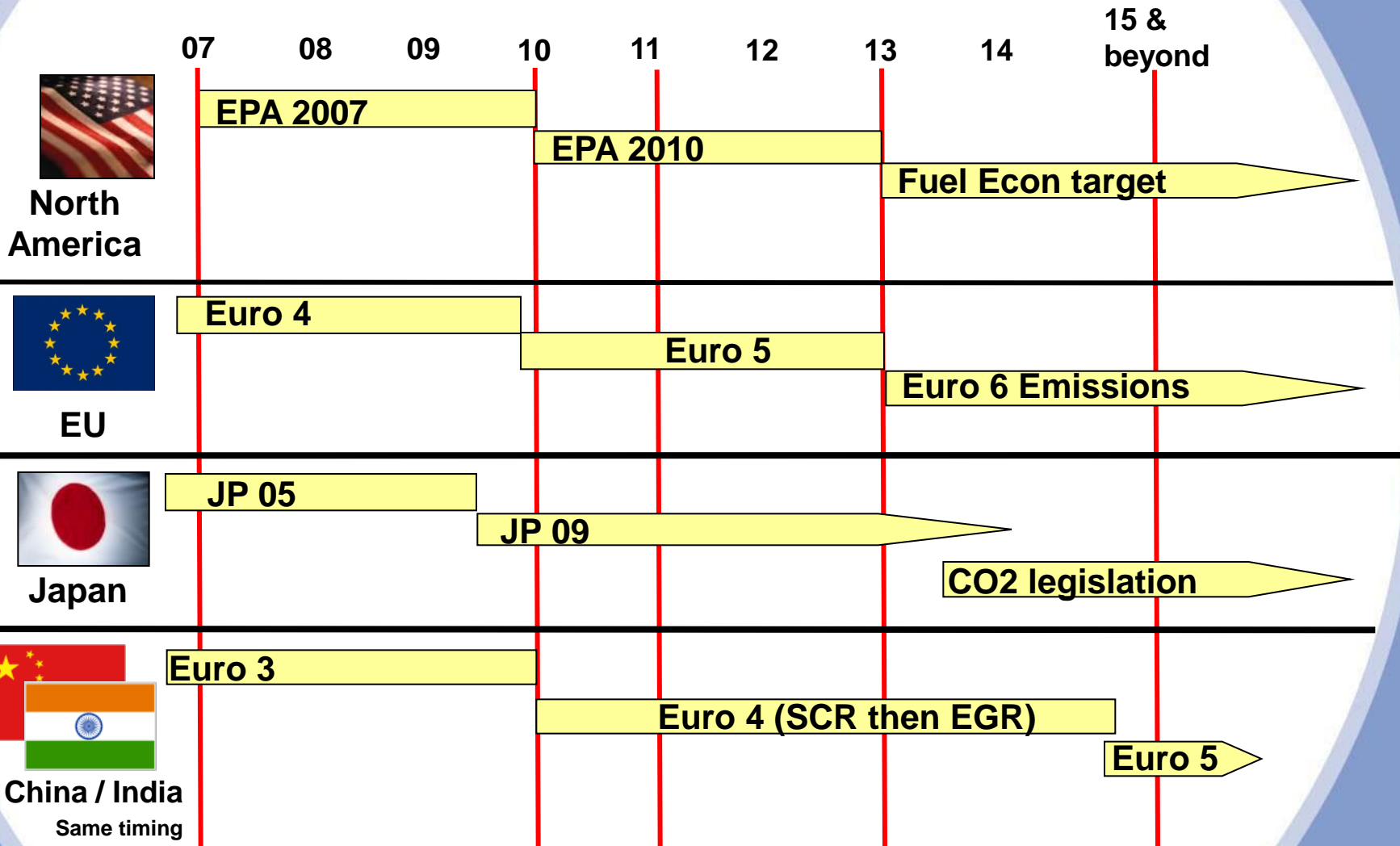
Source: IMI estimates

Growth drivers in Fluid Power...

- Emissions legislation for trucks
 - Exhaust gas recycling systems
- Increased government investment in Rail
 - Seen as a greener form of transport
 - At least 20 different rail pneumatic solutions
- Fluid Power has pneumatic solutions to address growing healthcare opportunities
 - Respirators
 - Anaesthesia machines
 - Oxygen concentrators



Trucks emissions legislation...



“Innovations that reduce CO₂ emissions, fuel consumption and improve overall performance”

Powertrain

IMPROVE Fuel Economy
REDUCE Emissions
IMPROVE Reliability

Powertrain (Engine)



Powertrain (Transmission)



Chassis & Cab

IMPROVE Fuel Economy
REDUCE Air Wastage
IMPROVE Total Cost Ownership

Chassis



Cab



Energy efficiency and legislation driving growth in Indoor Climate...

- 40% of global man made CO2 emissions are estimated to come from buildings
- Increasing legislation to force commercial and residential buildings to be more energy efficient
- IMI is educating the industry on how to make buildings more energy efficient
 - Hydronic balancing college
 - Creates significant pull demand for IMI's products
 - Increased penetration of balancing valves in commercial construction products
- Growing opportunities to develop pull demand model in North America and China

European energy efficiency legislation...

	Energie-Einsparungs-Gesetz (2005)	'Heating check' must be performed by installer. He is responsible for the performance of the installation.	Hydronic Balancing TRVs
	EnEV 2007, 2009, 2012	Reduction of limits of energy consumption by 30% each time compared to EnEV 2005	Hydronic Balancing TRVs
	VDI 2035 – standard on damage avoidance in hot water systems	All plants > 50 kW to be filled with soft water	Water Conditioning
	Law on solar systems	Requirement for high efficiency of solar heating installation – clean water and optimum pressure	Hydronic Balancing Water Conditioning
	Thermal regulation 2005, 2012	Requirement for control valves on regulators	TRVs
	BR Section 9 Energy Management	Recommendation on installation of automatic heat control devices in every room	TRVs
	Energy Efficiency Law 2010(H2)	Increased energy savings in buildings – improvements in temperature control in each room	TRVs
	Fed Law No. 261-F2 Nov 2009 <i>New laws and standards due to be introduced in 2010</i>	Aims to achieve energy savings and efficiencies – obligates use of meters –future thermostatisation	Hydronic Balancing TRVs
	Energy efficiency law 2007 and Energy performance in buildings regulation 2008	Central or local temperature control devices require in central heating systems	TRVs
	Regulation No 26847 on water systems	TS EN 215 level thermostatic radiator valves must be used with central heating systems	TRVs
	Buildings Regulations 2000 (last amended 2010)	Variety of measures regulating standards and installation in heating and cooling systems in buildings	Hydronic Balancing TRVs

...and great opportunities in Retail Dispense businesses

- IMI is helping brand owners and retailers reduce their carbon footprint
- New energy efficient beverage cooling systems
 - Energize/IntelliBlue
 - Use 40% less energy than traditional systems
- Innovative use of lower energy LED lighting in new merchandising solutions



New product momentum



CCI's Oil & Gas production choke valve with DRAG technology



Integrated pneumatic valve system to control gas flow in an Anesthesia Ventilator



TA Differential pressure control valve for large cooling systems and district energy applications

The Viper frozen beverage dispenser with high output valve system



New "10 Wide" Visi-Slide increases cooler capacity for brand owners

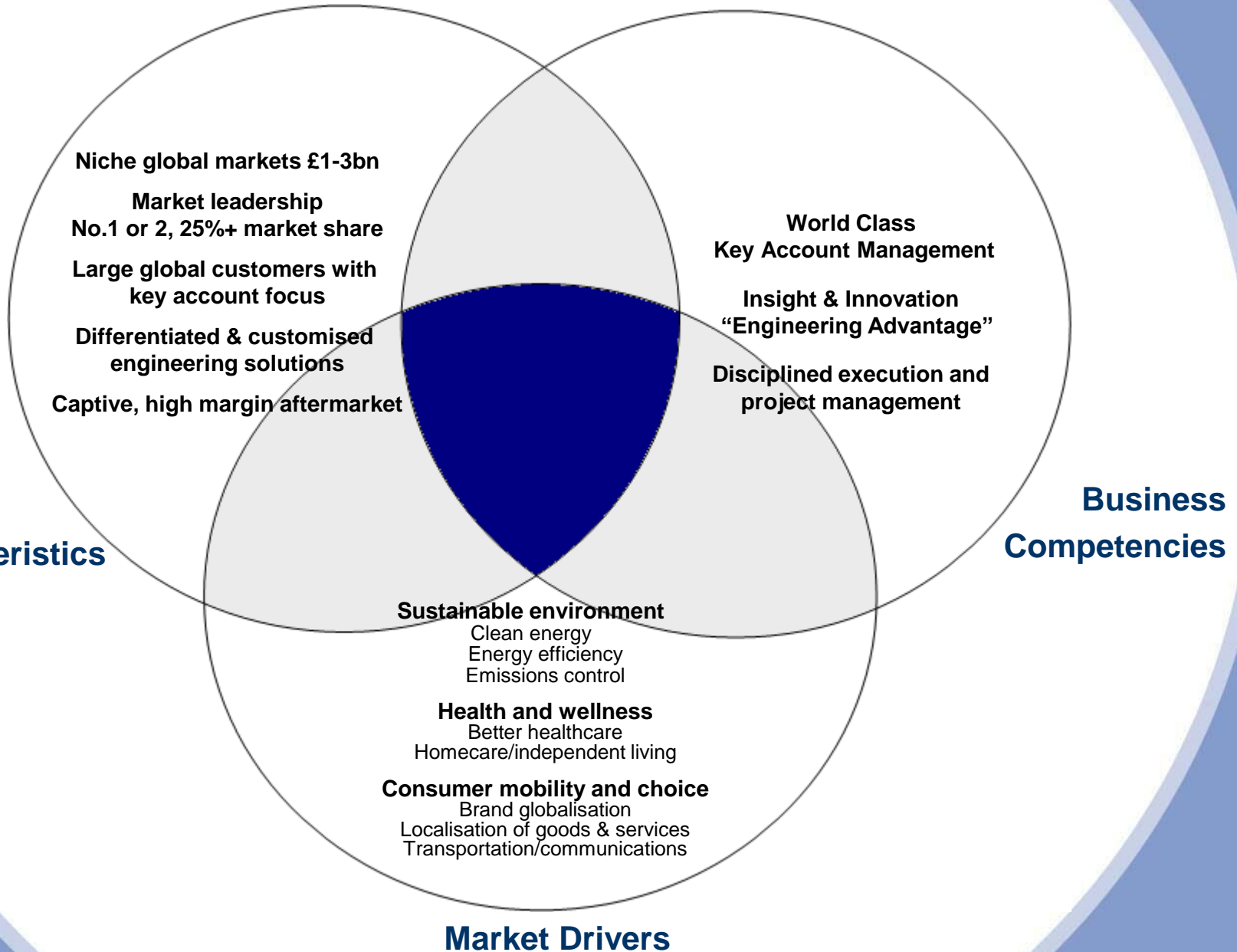
% revenue from products less than 3 years old

2002	2005	2007	2008	2009	Target
4%	7%	13%	14%	14%	15-20%

Opportunity to leverage strong balance sheet...

- Strong balance sheet
 - Net debt to EBITDA ratio of 0.7x at end 2009
- Investment in new product development
 - Target to have >20% of revenue coming from new products launched within last 3 years
- Bolt-on acquisitions
 - Targeting long term market drivers of growth
 - Significant balance sheet capacity

IMI's strategic sweet spot



Short term outlook

IMS comments 22 April 2009:

- Overall revenues are likely to finish H1 3-4% ahead of H1 2009
 - Adj EPS expected to be in the region of 27-29p (09 H1: 18.5p)
 - H1 segmental operating margins of around 15% (09 H1: 10.9%)
- Remain cautious as to the extent to which improved momentum can be maintained in H2
 - Forward visibility improving
 - Customers positive about future investment
 - But macroeconomic conditions remain uncertain
- More certainty on margin improvement
 - Strong programme of cost reduction initiatives
 - Transfer of manufacturing to low cost economies

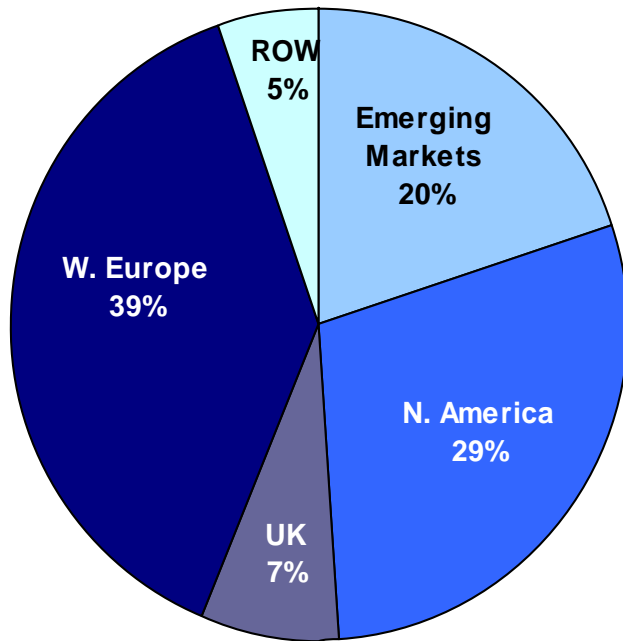
Summary

- IMI has been fundamentally reshaped over the last decade
 - Focus on high added-value, differentiated products
 - Major investment in low cost manufacturing
 - New low watermark margins of 13%
- Attractive long term growth drivers
 - Clean energy, energy efficiency, legislation, healthcare
 - Potential to grow at 2x GDP
- Strong balance sheet provides opportunity to “turbo-boost” growth through bolt-on acquisitions

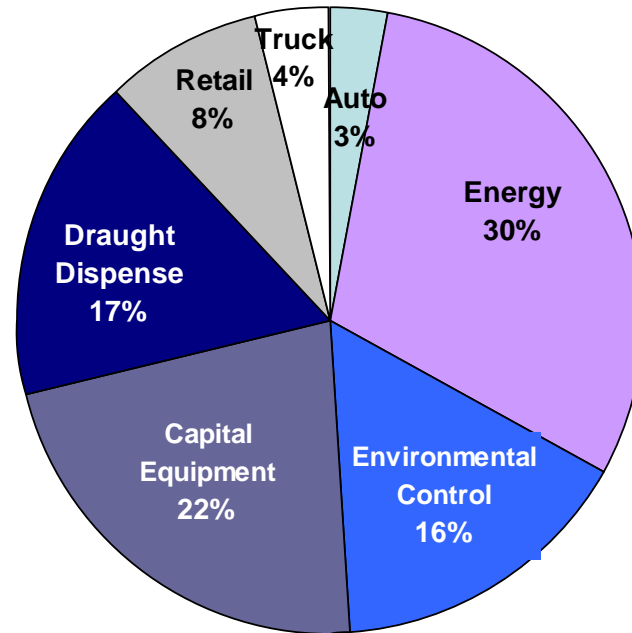
Appendix

2009 Revenue

By geography:



By end market:



Results overview

£m	2009	2008	<i>change</i>
Segmental revenue at comparable rates	1,785	2,130	-16%
IAS 39	7	4	
Exchange impact		(233)	
Revenue as published	1,792	1,901	-6%
Segmental operating profit	234.2	266.3	-12%
Interest	(18.5)	(15.4)	
Net (expense)/return on pension plan	(4.0)	3.8	
Profit before tax*	211.7	254.7	-17%

* Before exceptional items

Results overview

£m	2009	2008	change
Profit before tax *	211.7	254.7	-17%
Restructuring costs	(34.9)	(19.6)	
Investigation costs & fines	-	(26.3)	
Acquired intangible amortisation & impairment	(7.2)	(13.2)	
Financial instruments excluding economic hedge contacts	16.6	(19.6)	
Profit before tax	186.2	176.0	+6%
Taxation	(53.8)	(60.0)	
Profit after tax	132.4	116.0	+14%

* Before exceptional items

Severe Service

£m	H1	H2	2009 Year	2008 Year	2007 Year
Sales	252	260	512	443	362
<i>Organic growth %</i>	+11	-5	+3	+9	+18
Operating profit	47.9	53.5	101.4	81.3	56.0
<i>Operating margin %</i>	19.0	20.6	19.8	18.4	15.5

Interim Management Statement Comments (April 2010):

- H1 revenues expected to be down 11-13% on H1 2009
 - Reflects lower order intake in 2009
- Higher quotation activity in Oil and Gas now being reflected in orders
- Expect improved shipments position in H2 and return to year on year growth in 2011
- H1 margins impacted by lower volumes
- Good progress on low cost manufacturing sites in Czech Republic and India

Fluid Power

£m	H1	H2	2009 Year	2008 Year	2007 Year
Sales	255	265	520	666	571
<i>Organic growth %</i>	-36	-24	-31	+3	+2
Operating profit	7.4	25.4	32.8	91.3	76.3
<i>Operating margin %</i>	2.9	9.6	6.3	13.7	13.4

Interim Management Statement Comments (April 2010):

- H1 revenues expected to be up around 25% on H1 2009
 - Improved end market demand momentum
 - Customers remain cautious as to medium term sustainability
- Sector businesses performing well
 - Strong bounce back in Commercial vehicles
 - Life Sciences very encouraging
- Focused on strong profits drop through on higher volumes
 - H1 margins expected to be approaching 14%

Indoor Climate

£m	<u>H1</u>	<u>H2</u>	<u>2009 Year</u>	<u>2008 Year</u>	<u>2007 Year</u>
Sales	142	150	292	281	207
<i>Organic growth %</i>	-4	-4	-4	+6	+7
Operating profit	24.2	36.5	60.7	45.2	32.9
<i>Operating margin %</i>	17.0	24.3	20.8	16.1	15.9

Interim Management Statement Comments (April 2010):

- Increasing demand for more energy efficient buildings and increasing legislation
- Year to date revenues are down around 5%
 - Later cycle business
- H1 margins expected to show a significant improvement over H1 2009
 - Full year benefits from 2009 cost saving initiatives
- Investing in more customer seminars in North America and China

Beverage Dispense

£m	<u>H1</u>	<u>H2</u>	<u>2009 Year</u>	<u>2008 Year</u>	<u>2007 Year</u>
Sales	154	143	297	305	285
<i>Organic growth %</i>	-20	-7	-15	-1	+6
Operating profit	10.5	10.6	21.1	27.6	25.6
<i>Operating margin %</i>	6.8	7.4	7.1	9.0	9.0

Interim Management Statement Comments (April 2010):

- Volumes year to date are broadly flat
 - Improvement in end market demand
 - Tactical withdrawal from some older, lower margin, commodity lines
- Expect significant uplift in H1 margins
 - Improved product mix and 2009 cost reduction initiatives
- Good progress on new product development
 - Viper (frozen beverage dispenser)
 - Energy efficient coolers
- 3Wire US parts business performing well

Merchandising

£m	H1	H2	2009 Year	2008 Year	2007 Year
Sales	87	77	164	202	174
<i>Organic growth %</i>	-22	-35	-29	+11	+4
Operating profit	7.4	10.8	18.2	20.9	19.2
<i>Operating margin %</i>	8.5	14.0	11.1	10.3	11.0

Interim Management Statement Comments (April 2010):

- Revenues are likely to be down around 10% in H1 versus H1 2009
 - Prioritise higher margin, more differentiated product and project opportunities
 - Gradual exit from more commoditised product lines
- Anticipate material improvement in margins in H1 despite lower volumes

Operating cash flow summary

£m	2009	2008	<i>Change</i>
EBITDA*	262	269	
Working capital	61	4	
Capital expenditure	(42)	(53)	
Asset sales/other	(3)	21	
Operating cash flow	278	241	+15%
Interest and derivatives	(27)	(19)	
Tax	(53)	(54)	
Cash generation	198	168	
Severe Service investigation costs and fines	(13)	-	
Special pension contribution	(17)	(17)	
Cash flow before corporate activity	168	151	+11%

* After restructuring costs

Net cash flow summary

£m	2009	2008	<i>Change</i>
Cash flow before corporate activity	168	151	+11%
Corporate activity:			
Acquisitions	(19)	-	
Dividend to minority / others	(2)	(2)	
Shareholder activity:			
Dividends	(66)	(66)	
Share buyback / issues	1	(15)	
Net cash flow	82	68	+21%
Opening net (borrowings)	(299)	(233)	
Foreign exchange revaluation	45	(134)	
Closing net (borrowings)	(172)	(299)	-42%

Balance sheet

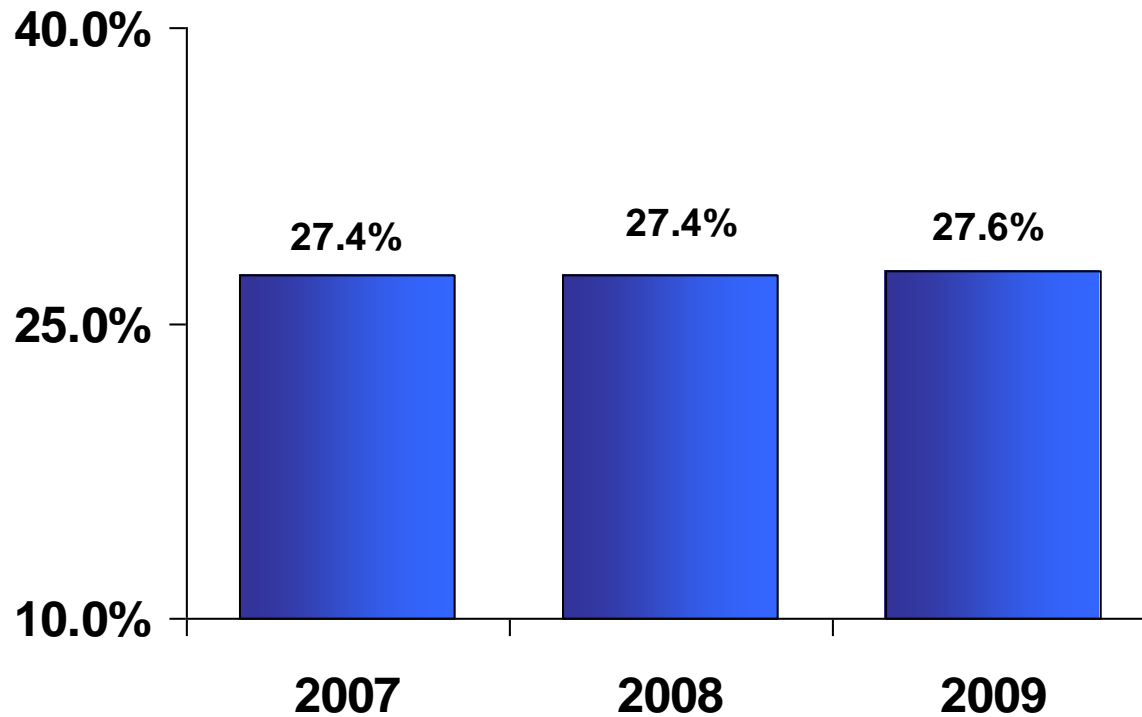
£m	Dec 2009	Dec 2008
Shareholders funds	400	452
Net borrowings	172	299
<i>Gearing</i>	43%	66%
Continuing businesses:		
EBITDA	262.5	269.3
Interest costs	18.5	15.4
Debt / EBITDA	0.7x	1.1x
EBITDA / interest	14.2x	17.5x

Pensions – IAS 19

£m	Dec 2009	Jun 2009	Dec 2008
Assets	1,043	915	957
Liabilities	(1,301)	(1,196)	(1,094)
Surplus/(deficit)	(258)	(281)	(137)

- Commenced consultation with members to close UK pension fund to future accrual with effect from 30 September 2010
- Deficit impacted by changes in assumptions on UK scheme:
 - Move in real discount rate from 3.7% to 2.0%
- In 2008 IMI agreed additional cash contributions of £16.8m pa until July 2016

Return on operating capital*



* Segmental operating profits over segmental assets as per the statutory accounts

Exchange rates

	2009	2008	<i>Change</i>
Average rates			
Euro	1.12	1.26	+11%
US\$	1.57	1.85	+15%
Closing rates			
Euro	1.13	1.03	-10%
US\$	1.61	1.44	-12%
Impact on FY 2009:			
	Revenue		+12%
	Segmental operating profit		+13%

Restructuring - costs / benefits

2006 Low Cost Manufacturing programme

£m	2006	2007	2008	2009
Annual costs	20	22	20	
Cumulative benefits*	2	8	18	28
Low cost manufacturing	25%	—————→		35%

* From base year 2005

Restructuring - costs / benefits

2009/10 Low Cost Manufacturing programme

£m	2009	2010	2011	2012
Annual costs	35	10	-	-
Cumulative benefits*:				
Permanent	19	40	55	62
Temporary	16	8	-	-
Total	35	48	55	62
Low Cost Manufacturing	35%	—————→		50%

* From base year 2008