

IMI plc
Q1 Trading Update

Tuesday, 12th May 2026

Introduction

Roy Twite

CEO, IMI plc

Good morning, everybody, and welcome to IMI's first quarter trading update. I am joined here today by our CFO, Luke Grant. We have made a good start to the year delivering organic growth across IMI in the first quarter. This performance reflects the strength of the One IMI operating model; our strategic focus on three megatrends: energy, automation and healthcare, and the continued efforts from all of our people globally. We are pleased to reconfirm our full-year guidance. We remain firmly on track to deliver our sixth consecutive year of mid-single-digit organic revenue growth in 2026, and we continue to expect that full-year adjusted EPS will be between 136p and 142p.

Process Automation delivered strong revenue growth. As expected, order intake was slightly lower year on year against a strong Q1 comparator, particularly in the Aftermarket where we grew 19% organically in the first quarter of last year, driven by several large nuclear orders that we previously announced. Industrial Automation performed in line with expectations benefiting from an easier comparator following the cyber incident in the first quarter of last year. Climate Control continues to perform well supported by demand for our energy-efficient solutions. Life Sciences and Fluid Control was slightly better than the prior year, as we saw further signs of stabilisation in the life science device market. Transport grew in line with the heavy-duty truck market.

Before I hand back to the Operator, I would like to provide a quick update on the Middle East. We are actively monitoring the situation where the safety of our people remains our absolute top priority. The region represented 6% of IMI's sales in 2025, principally in Process Automation, and I wanted to be clear on how this is reflected within our guidance. As at the end of April, we have shipped approximately £35 million to the Middle East year to date. Despite the ongoing disruption, we currently have a further £15 million planned for delivery in May and June. Our guidance assumes that conditions normalise, allowing us to deliver around £75 million in the second half and therefore approximately £125 million across the full year into the Middle East. IMI remains well positioned with a unique market-led approach to innovation, significant recurring high margin Aftermarket exposure and strong pricing power. Importantly, our strong balance sheet and significant cash generation continue to support investment, shareholder returns and strategic flexibility.

So, with that, I am going to hand you back to the operator who will manage the Q&A session. Thank you.

Q&A

Chitrita Sinha (JP Morgan): Yeah. Hi. Good morning, guys. Thank you for taking my questions. I have three, please. My first question is just on the orders that are to be delivered in the Middle East. I believe you said, I think, £75 million of orders that should be delivered in H2. Given the present situation, I mean, what are some of the risks to those deliveries in H2? And I guess also the £15 million that you mentioned will be delivered in the next few months?

Then my second question is on Industrial Automation, where in the release you said that you see modestly higher growth for the year versus flat to modestly higher previously. What are you seeing in this business that has made you incrementally more positive?

My final question is on Transport. The quarter clearly saw 9% organic growth. But as you mentioned, there are some easy comps there. How do you see the underlying growth for the rest of the year? And has that had any impact on the strategic review? Thank you.

Roy Twite: Thanks, Chit. That is a comprehensive set of questions to start with. So, orders in the Middle East. So, yes, I laid out a few minutes ago £35 million delivered year to date. Really for us, Chit, the key month was April because obviously that is the one where we have got the current level of disruption, and that is what we based our guidance on for the first half. So, what we are saying is that if we look at what we delivered in April, and obviously the team worked really hard to do that, looking at the orders and the shipments Incoterm by Incoterm, considering other ways that we can get the product to customers, what we are saying is that in May and June, we, on that basis, will deliver another £15 million of shipments. That does mean, though, that £15 million of sales will move from the first half to the second half, and we are now planning on £75 million of shipments into the Middle East in the second half. If April conditions continued, and it did not get any worse than that or any better than that, then in the full year, there would be about £30 million of shipments at risk in our guidance, to give you an overall view. But obviously what we are all hoping is that conditions improve in the second half and we get back to a much more normal situation. So, hopefully that answers all the details on the Middle East, Chit.

On IA, as you know, we look at lots of data. We looked at our 60-day moving average, which is slightly messed around by the cyber incident. It is looking strong versus last year, but you have got to take that with a pinch of salt. In terms of looking at it on an ongoing basis, it is definitely in a better position, particularly in the US. A lot of that is down to improving market conditions, but also the hard internal work that the team are doing to really use data to drive better effectiveness in the commercial area. So, that is why we now think, actually, instead of being flat to modestly higher, IA will be higher. Clearly PMIs have helped and external data has helped as well. Seeing the global PMI pinch up to 52 is better than it has been for a long time. I mean, it is not fantastic, it is not real growth territory, but at least it is in a slightly positive situation. Clearly, we have got an eye on the Middle East and we have taken that into account as well.

Then on Transport, very good start from the Transport team, but it was an easier comp, exactly as you said, Chit. So, again, when we look at the data coming in from customers, we are still maintaining Transport being broadly flat this year. Obviously, if the situation in the US continues to be strong, then that could be revised up. But at the moment, we still think Transport will be about flat. What is really encouraging, and I have visited all of our key factories over the last sort of six months or so in Transport, is the rate of operational improvement. The first key sign of that is inventory turns. We are seeing a lot of cash coming out of the Transport sector, which is really good as they really start to lean up all the processes. They have been very good around cost control as well. Plus there are some new products coming through at accretive margins. That is really only just the beginning of that. We are not really seeing much of that new product in the P&L yet. But if you take that over the next 18 months, that will clearly help them move towards their target, which is to match IMI's return on capital employed.

So, hopefully that answers all your questions, Chit, unless I missed anything.

Chitrita Sinha: Yes. No. Thank you so much, Roy. Thank you.

Roy Twite: Thank you.

Christian Hinderaker (Goldman Sachs): Morning Roy. Morning, Luke. Thanks for the time. I want to start actually on the data centre comment in Process. I wonder if maybe you can help with an indication of

your exposure there. How do we think about that in terms of pipeline development over the start of the year?

Luke Grant: Did you mean in Climate, Christian?

Christian Hinderaker: No. Process Automation. You have called out demand strength from data centres and widespread electrification in the release.

Roy Twite: Yes, so, as you know, within Process Automation, it is mainly conventional power where we did about £300 million of orders last year, Christian. I mean, it has been an absolutely fantastic start in the first quarter. I do not want to get carried away, but New Construction orders on conventional power first quarter literally doubled. It is a very, very strong start within conventional power. And when you look at our customers, they are calling out very strong order books and our hit rate is very, very high, Christian. That whole data centre sort of value chain, the power part of it is helping both Process Automation on conventional power, but obviously also Climate as well.

Christian Hinderaker: Thanks, Roy. Then maybe thinking more midterm around the Middle East, or at least operationally, and I appreciate the colour in terms of monthly run rates, that is very helpful, but what sort of actual effects are you seeing on customer sites? Is there a lot of shift to care and maintenance? Could that cause risk of increased breakages in your valve and hence require a bit of an upgrade cycle assuming that we come out of this at some stage?

Roy Twite: Yeah, Christian, so, obviously, a terrible situation in the Middle East. But we are seeing already opportunities to quote for replacement valves. So it is only small at the moment, Christian. I think the bigger effect will honestly be the effect on energy security, a bit like after Russia-Ukraine. Typically, we are sort of a year to 18 months after FID as you know, but what we saw was a whole wave of increased investment because of energy security. And I just think there are some countries now, some of the countries with huge populations, that are now thinking, okay, they need to diversify their energy. And I think that will only help what we see as powerful trends in obviously conventional power but also in LNG and gas in particular more generally. So yeah, I do agree. I think that in the medium term, there will be another way both rebuilds and more broadly in terms of energy security investments.

Christian Hinderaker: Very clear. Thank you.

Roy Twite: Thanks, Christian.

Stephan Kleppe (BNP Paribas): Yeah. Hi. Good morning, all. Can we talk a little bit about the order momentum in Process Automation? I mean, okay, you had high comps in the first quarter, it was down minus two; but if I look into the saving of the last year, Q2 and Q3 have pretty low comps. How do you see orders developing for Process Automation through the year? And, obviously, you pointed out power; should we assume that this simply continues?

And then the second question would be on the data centre bit in CC, in Climate Control. Can you talk about the order that you are flagging there? What are your expectations for the year? You are coming from £18 million orders in 2025 if I am not wrong.

Roy Twite: Excellent Stephan. So, yes, in terms of Process Automation, we are obviously pleased with the start. I think in terms of New Construction, power started really well, as I said; LNG started really well, and we see a very good pipeline in nuclear, Stephan. Pretty much those thematics offset a bit by downstream. But still, we expect to make a bit of progress on New Construction this year.

Then on the Aftermarket side, Q1 last year were up 19%. I did call it out at the time, some big nuclear Aftermarket orders. If you go back and check what I said in the transcripts, clearly that was going to be a

very difficult comparator. Despite that, we are only 1% down in Aftermarket. So, yes, very pleased with the start. We had a detailed review with the team, and the Aftermarket outlook still looks good. Luke has done a bit of analysis. Do you want to talk about it?

Luke Grant: Yes, so, the analysis we looked at for the first quarter in Aftermarket, if you strip out the impact of nuclear in the first quarter and normalising for the Middle East, our underlying growth is around about mid-single digits. So, we feel really good with how that start has played out for us.

Roy Twite: Yes, so, In good shape, Stephan. Then on the data centre side in Climate, we have gone from nothing sort of three years ago, as you said, to £18 million last year; it doubled last year, more than doubled last year. This year, Q1 very good again, Stephan. So, I would think would be something like 50% up. It is obviously the pipeline, and we will see how fast all of that comes through. But something around 50% up this year would be sensible, I think, Stephan. So, really quite strong.

Stephan Klepp: What about the verification process with those large consumers of the liquid cooling? Are you making any progress there? Then, sorry, one add on. You talked about the shipments in the Middle East quite a lot, and the team put a lot of effort in. Has that increased the margin situation because you had extra costs to deliver to the Middle East?

Roy Twite: Sorry, Stephan, your line was a little bit vague. Has the shipments to the Middle East changed the margin situation? Is that your question?

Stephan Klepp: Yeah, that was one of the questions, because you said you put a lot of effort into getting shipments out. Was that at higher cost and that impacted margins?

Roy Twite: No, it is immaterial, Stephan. There has been a bit more air freighting and all of that, but it is around the edges. Margins are pretty much exactly where we expected them to be. So, do not worry about the margin. I think in terms of liquid cooling, Luke, do you want to talk about that?

Luke Grant: Was your question about - could you just repeat it again? As Roy said the line was very muffled on our side.

Stephan Klepp: I am sorry. Yeah. So, I was asking, you are in those verification, validation processes with some big consumers of liquid cooling; is there any progress on that front as well that you can report about?

Luke Grant: Nothing specific, but we are still working on that and we will come back.

Stephan Klepp: Perfect. Thank you.

Roy Twite: Thank you.

Jonathan Hurn (Barclays): Hey guys. Good morning. Just two questions for me, please. Firstly, can I just come back to the £30 million of shipments that are potentially at risk for this year? Can you just talk about the margin of those orders that are at risk? Is that pretty much in line with the Process average or are they higher or lower? That was the first one.

The second one is just coming back to your comments on conventional power. Obviously, you talked about a really high hit rate. Can you just give us some more information on that, really, just in terms of sort of the stuff that you are tendering for, how much you are winning your success rate? Thank you.

Roy Twite: Yes, obviously it varies slightly by customer, but it is a very high hit rate is what I am going to call it, Jonathan. We really- you know, I was in South Korea a few weeks ago and the factory there is quite frankly awesome, Jonathan, really the level of continuous improvement and therefore competitiveness out of there and, to be fair out of our other factories, is now I would say really truly

world-class. Our hit rate is very, very high in power. And that is partly the service we are offering and obviously partly the technology that we have.

In terms of margins on the £30 million that potentially might not get into the Middle East, again, it is around the edges really, Jonathan. But it would be slightly lower than Process Automation average because, obviously, that is mainly the bigger New Construction valves. And you know that Aftermarket, on average, margins are more than double what they are in New Construction. So, I am sure that will help you with your model and to do your maths, Jonathan.

Jonathan Hurn: Perfect. Maybe just one sort of follow up on the margin. Just obviously we have got that sort of increased cyber spend coming into the profit bridge for this year. Is that going to be more H1 weighted or is it going to be equal sort of H1, H2?

Roy Twite: Well, Jonathan, Luke started to put the investments in in the second half of next year – of last year, not next year, in the second half of last year in a meaningful way. The comparator is going to be harder in the first half than it is going to be in the second half on that investment.

Jonathan Hurn: Very clear. Thank you very much, guys. Thank you.

Roy Twite: Thanks, Jonathan.

Kulwinder Rajpal (AlphaValue): Yeah. Good morning everyone. Thank you for taking my questions. The first one is on Climate Control. I recently read on EHPA that heat pump demand has been temporarily up in certain geographies in Europe, particularly in Germany. So, I wanted to understand how could that translate into demand for you in Climate Control in particular.

Secondly on pricing. So, you clearly mentioned in the press release that you will be able to pass on prices to customers. So, I wanted to understand what is the lag? Is the pricing immediately passed through to the customers or is there a particular lag that we are looking at?

And thirdly on M&A. What is the pipeline currently looking like? And if you were to do any M&As, which areas would you be targeting, because it has been a while since we had any additions to the portfolio?

Luke Grant: Yes, I could pick those up, Kulwinder. On the first question. You mentioned a bit about improving demand in heat pumps in Europe. I think I will just remind everyone that we tend to be pretty agnostic to the heat source, whether it is a gas boiler, a heat pump or so on as long as there is water in the system. Heat pumps are usually slightly beneficial for us in terms of the fact that they operate within a narrower temperature range. So, then the balancing and control becomes even more important, which is great. I would say no significant impact on demand in the quarter as a result of that for us. I think, overall, just the broader drive for energy efficiency, particularly when energy prices are increasing in Europe at the minute, is what has been a demand driver as well as the data centres that we have talked about.

I would say for us, if you look at our business historically through recent inflationary times, we have been very disciplined and good at putting pricing through into the market. As a reminder, we are always using a single-digit percentage cost of the system that we go into, but a very crucial part in that system. Just depending on the end market that we are selling into, this is across all of IMI, there could be something like a 30-day or 60-day lag to put pricing through where you have agreements, things like that, with customers, but not too long in general.

And then your last question was just on the M&A pipeline. M&A pipeline still looks good. We are still spending a lot of time investing energy into that and looking for the right targets for us with the right returns. I think really for us, there is probably two easy ways to think about the key things in the pipeline.

We like things like severe service valve companies that have underserved Aftermarket. That is a key area for us to look at that play in niche applications that would really suit and fit well with the rest of our portfolio. Or we really like wonderful technology adjacencies. I would give TWTG acquisition we have already done as a great example. It is a sensing company, it is a fantastic company and enabling us to generate more opportunities within the Aftermarket, within Process Automation. So, it is things like that that we are looking at.

Kulwinder Rajpal: Okay. Thank you. Super-helpful.

Luke Grant: Thanks, Kulwinder.

Lacie Midgley (Bloomberg Intelligence): Morning, Roy. Morning, Luke. Thank you for your time. You have answered quite a few of mine already, actually. Really helpful on the Middle East colour. But just looking at the pipeline comment slightly differently. Just a couple of follow-ons on that. When you say it is strong, can you just quantify whether that means; more projects, larger projects, higher probability weighted value or better win rates? And within that, obviously data centre exposures becoming increasingly important for you, assuming orders here are more project-based lumpy than traditional HVAC business.

Lastly, you touched on it briefly earlier on, I think, but how should we think about the backlog, conversion, timing and margins for those data centre orders? That would be helpful. Thank you.

Roy Twite: So Lacie, just so I am absolutely clear, are you talking about the pipeline of power orders in Process Automation, or are you talking about the data centre orders in Climate Control?

Lacie Midgley: I guess both. But I mean, first, I guess is more important from a quantum perspective, I guess. But I think the first but maybe comments on both.

Roy Twite: You are absolutely right. I mean, that is the big effect at the moment. And it is big because obviously of the New Construction orders. But what I really like about those power orders in Process Automation is that once we have installed those severe service valves, then for years and years and years, that gives us a recurring revenue of Aftermarket. And that really is valuable in terms of driving overall economic profits for a very long time and obviously cash generation.

So, when we look at that pipeline, then so we have had a big increase over the last, let us say, five quarters in New Construction power orders. What we still think though, is that as we talk to our customers that are actually building these combined cycle gas power stations, that they can only build them at a certain rate. I will not mention their names, but you can see some of their press releases; their book-to-bill is historically high levels, but the ability to actually build them is obviously controlled by the ability to get skilled labour, resolve all of the supply chain, all of that. Yes, there will be an increase in the build rate, there has to be, but it will be moderated by those things. So, what we actually see is, which we prefer, a sort of sustainable growth trend, which should be over the next several years, Lacie. So, yes, it is a good pipeline for us. We have got very high hit rates. The real cash generation comes with the Aftermarket for many, many years. That is what we really like about that part. And as you say, that was £300 million last year, of which 75% was Aftermarket. That was a great situation.

On the other side, which is the Climate side, I think you said it might be a little bit more lumpy. The orders there, they are a little bit more lumpy than normal Climate, but we are talking lumps of sort of £6 million, which at an IMI level, that sort of quantum, Lacie, it is nice to have rather than a problem, I would say, right. So, what we see there is, as I say, the orders last year - sorry, sales last year were £18 million. We would expect that to increase by about roughly 50% again this year off a very fast ramp up. So, really good. We are obviously investing more in resources, dedicated data centre, commercial

resources to really help us accelerate that journey. And Stephan earlier was talking about some of the things that we are doing that will take a bit of time but then could unlock even further growth as well, Lacie. So, yes, we are very excited about that whole data centre value chain. Just to put it in a sort of sentence, for IMI, the resulting energy demand and the resulting requirement for energy efficiency, which is obviously Climate Control, affects about 50% or slightly over 50% of IMI's total business. For us, this is an exciting sort of thematic growth driver.

Lacie Midgley: Really helpful colour. Thank you very much.

Roy Twite: Brilliant.

Luke Grant: Thank you.

Roy Twite: Thanks, Lacie.

Richard Paige (Deutsche Bank): Thank you. Morning all. Just a nice straightforward simple one from me, hopefully. Just on the - you have said a lot about Process Automation, some expectation shift in the second half. We have obviously also got the Truflo Marine disposal. I assume that is still on track for the mid part of this year. I will just ask about, is there anything unusual in the second half weighting in terms of profit that we should expect here, or should it be a more typical IMI year, please?

Roy Twite: I think you have obviously got to strip Truflo Marine out from the half year. Clearly that is just going through the last sort of approvals. So really, that is obviously not in our control, but we still expect that to happen about the mid-year, Richard. So, you have obviously got to strip that out, and I am sure everybody sensible has stripped that out of their numbers already for the second half. You are right though, Richard, to point out, it would be a normal year for us sort of 45-55 bang on normal, except for that £15 million, and our base case is that £15 million shipments in Process Automation, as I say, moves into the second half. So, apart from that, bang on.

Richard Paige: Brilliant. Thank you.

Roy Twite: Excellent. Thank you very much, Richard.

Thanks, Operator, for organising that. And thanks everybody for attending. In summary, it was a very good first quarter for us. We are on track to deliver our sixth year of mid-single digit growth. The quality of our earnings is good. This is a point Luke made to me the other day, which is really important. You can see now a really strong drop-through to free cash flow in IMI. And that is obviously giving us plenty of optionality. The pipeline for acquisitions is good. You all know we will be incredibly disciplined about that. They will tend to be bolt-ons and we will be looking for good returns. Absent that, there will be more returns to shareholders. So, with that, I thank you all again and wish you a good Q2. Thank you.

Luke Grant: Thank you, everyone.

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