

Accelerating business performance

Roy Twite, Daniel Shook & IMI team
September 2021

*“IMI is generating strong, **much improved returns** and I’m **increasingly confident** of delivering our key objective – sustainable, profitable growth”*

Roy Twite

**Breakthrough
Engineering**
for a better
world.

Agenda

- **June recap**
- **IMI Precision Engineering**
- **Coffee break**
- **IMI Hydronic Engineering**
- **Improving returns**
- **Summary & closing remarks**

Q&A

The Executive team



Roy Twite
Group Chief Executive



Beth Ferreira
Divisional Managing Director, IMI Precision Engineering



Jackie Hu
Divisional Managing Director, IMI Critical Engineering



Phil Clifton
Divisional Managing Director, IMI Hydronic Engineering



Daniel Shook
Group Finance Director



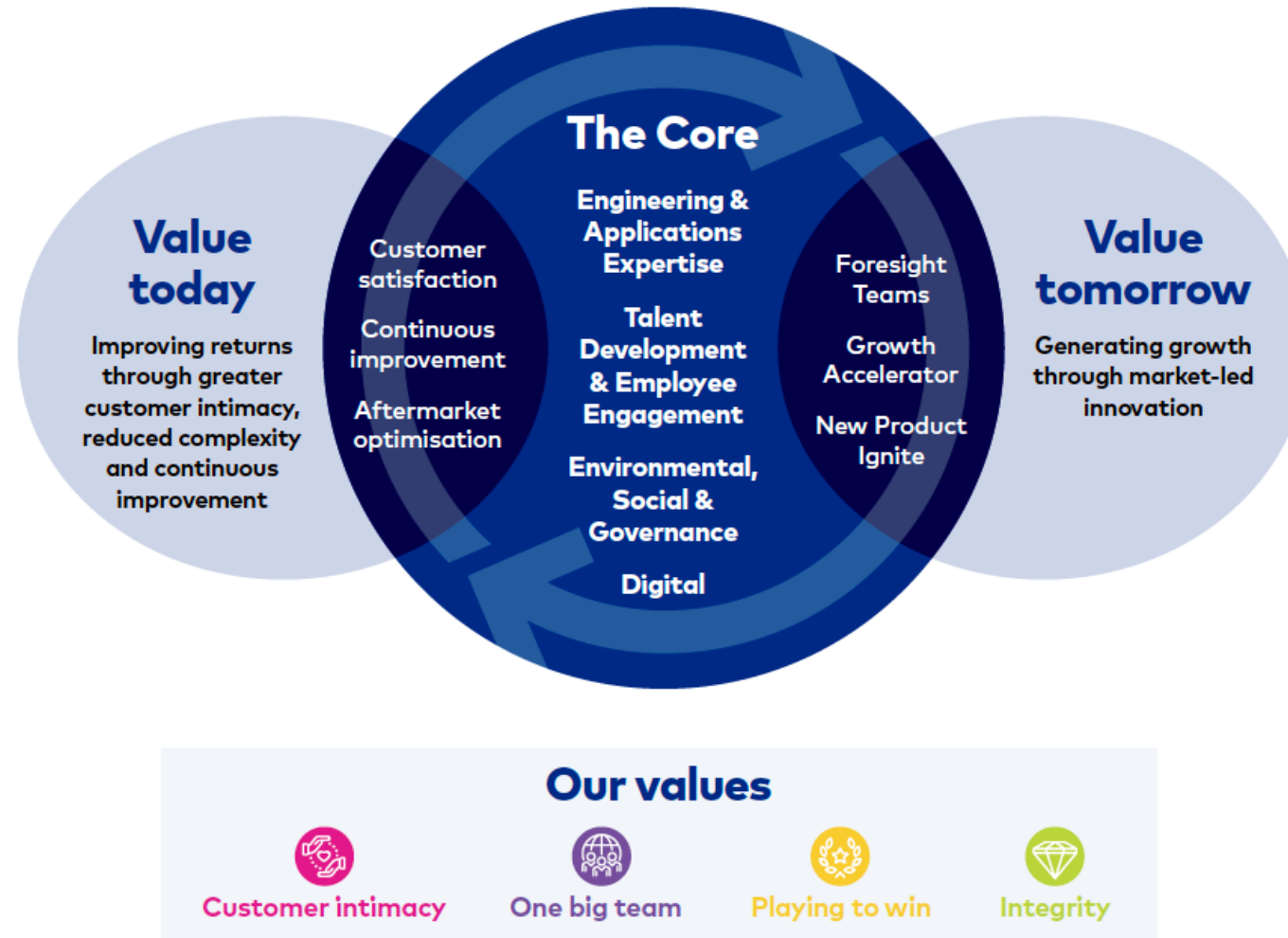
Liz Rose
Group Human Resources Director



Louise Waldek
Group General Counsel & Company Secretary

Business model

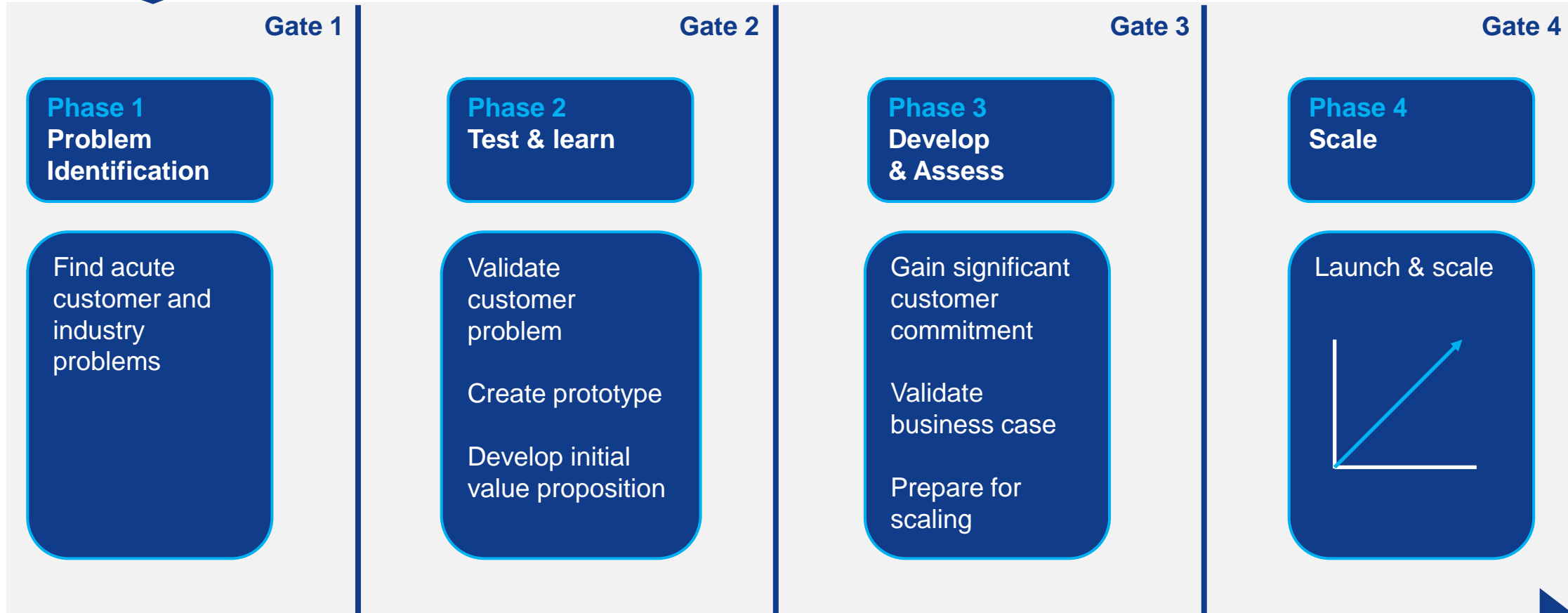
- Customer first
- Reduce complexity
- Market-led innovation



Growth Hub

Foresight Teams constantly scanning for emerging trends and opportunities

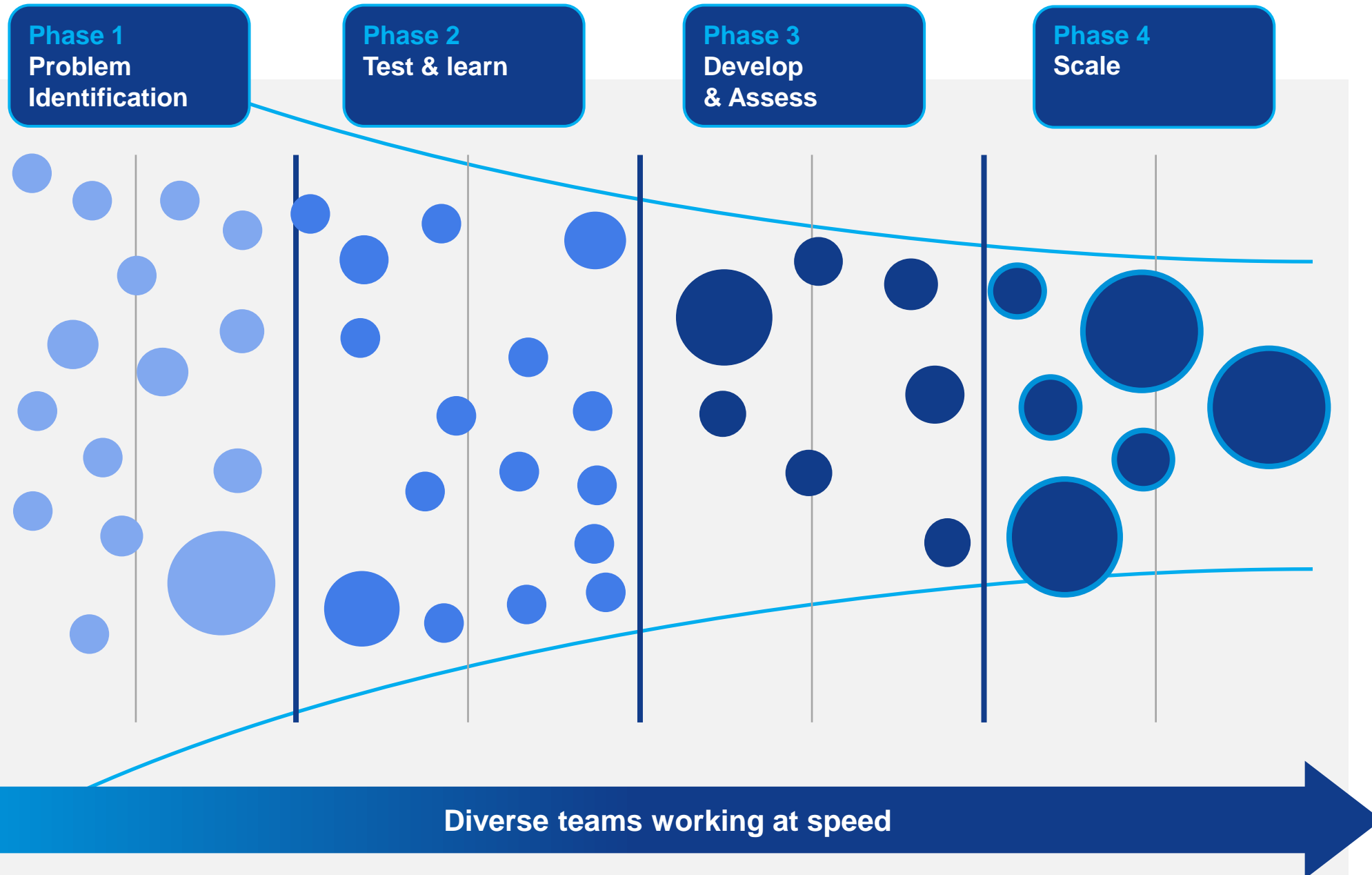
IMI Growth Advisory Board



- Expertise drawn from across the Group – and externally
- Creates differentiation and market-pull
- c.700 people have now been involved with Growth Hub projects

Diverse teams working at speed across the Group

Group Growth Hub pipeline

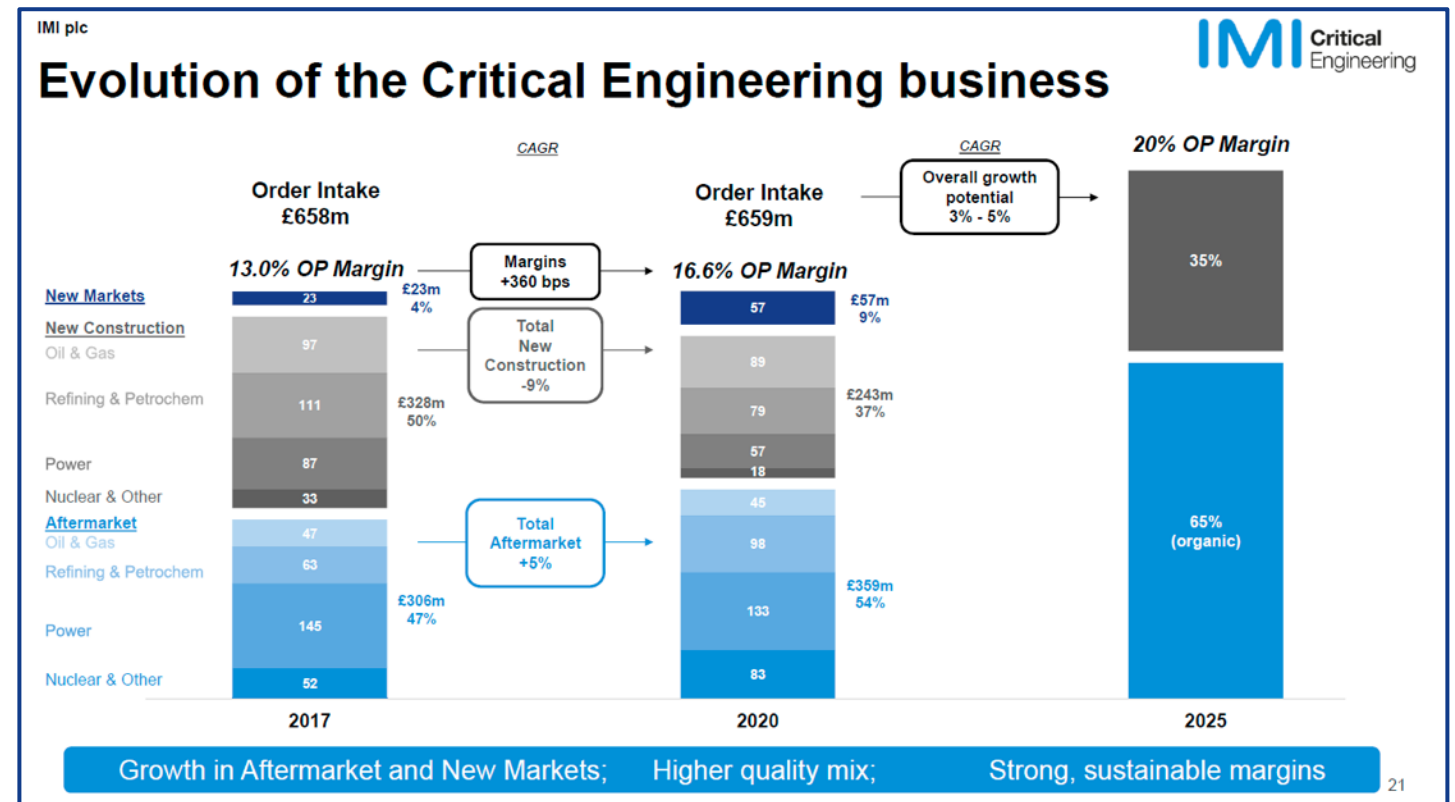


- **Key contributor to growth ambitions**
- Continued shift toward high growth and sustainable markets
- High value add solutions to acute customer problems
- 34 patents filed in first half, double 2019 & 2020 run-rate

Recap: IMI Critical Engineering highlights

Ambition for 3% to 5% growth at 20% margin

- *A focus on Aftermarket*
- *Growth opportunities include Marine, Pharma and Hydrogen*
- *New Construction headwinds diminishing*



IMI Precision and IMI Hydronic highlights

1. Ambitious management team focused on customers and Purpose
2. Attractive end markets with positive growth outlook
3. Excellent applications expertise
4. Investing in growth
5. Strong digital agenda underpinning growth
6. Simplification strategies to unlock structural gains

**Value today.
Value tomorrow.**
IMI Precision Engineering

Beth Ferreira & Team

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Engineering**
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world.

Our Executive team



Beth Ferreira
Divisional Managing
Director



Dibyava Ghosh
Managing Director
Global Industrial Automation



Martin Maas
Managing Director
Global Precision Fluid OEM



Chris Prince
Managing Director
Global Transportation



Jonathan Yuk
Managing Director
Asia Pacific



Sukhjit Purewal
Finance & IT Director



Richard Burdon
Human Resources Director



Duncan McBurnie
Business Development &
Growth Director



Ian Morris
Operations & Supply Chain
Director



Nicole Thompson
General Counsel



Daniel Nowack
Transformation Director

Our Executive team



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Divisional Managing
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Global Precision Fluid OEM



Chris Prince
Managing Director
Global Transportation



Jonathan Yuk
Managing Director
Asia Pacific



Sukhjit Purewal
Finance & IT Director



Richard Burdon
Human Resources Director



Duncan McBurnie
Business Development &
Growth Director



Ian Morris
Operations & Supply Chain
Director



Nicole Thompson
General Counsel



Daniel Nowack
Transformation Director

IMI Precision Engineering overview

Specialists in motion and fluid control solutions where precision, reliability and speed are essential

£877m
(2020 revenue)

EMEA 45%	Americas 37%	APAC 18%
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Industrial Automation, 41%



Precision Fluid OEM, 30%



Transportation, 20%

Other, 9%

What has changed

- **Purpose-led culture** and growth mindset
- **Customer First** programme launched to align to our markets and **invest for growth**
- **Optimising footprint** to better serve our customers and improve profitability
- **Market-led innovation** through transformational Growth Hub

The Path to Success:

Strong Foundation

- Solid positions in growing markets
- Well known brands and reputation for engineering expertise

Optimising for our Customers

- Simplifying the business
- Restructuring to better serve customers

Better World Growth

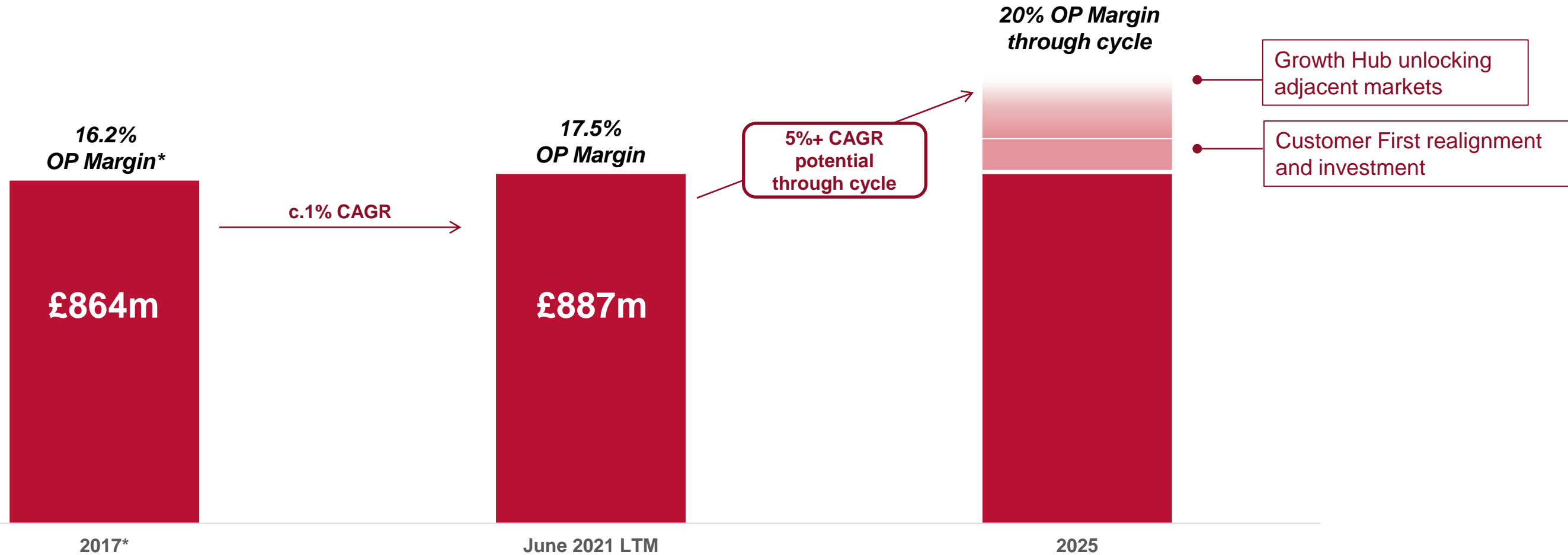
- Identifying and solving acute customer problems
- Focusing on growth in sustainable applications

Transforming to a growing business...

Strong Foundation

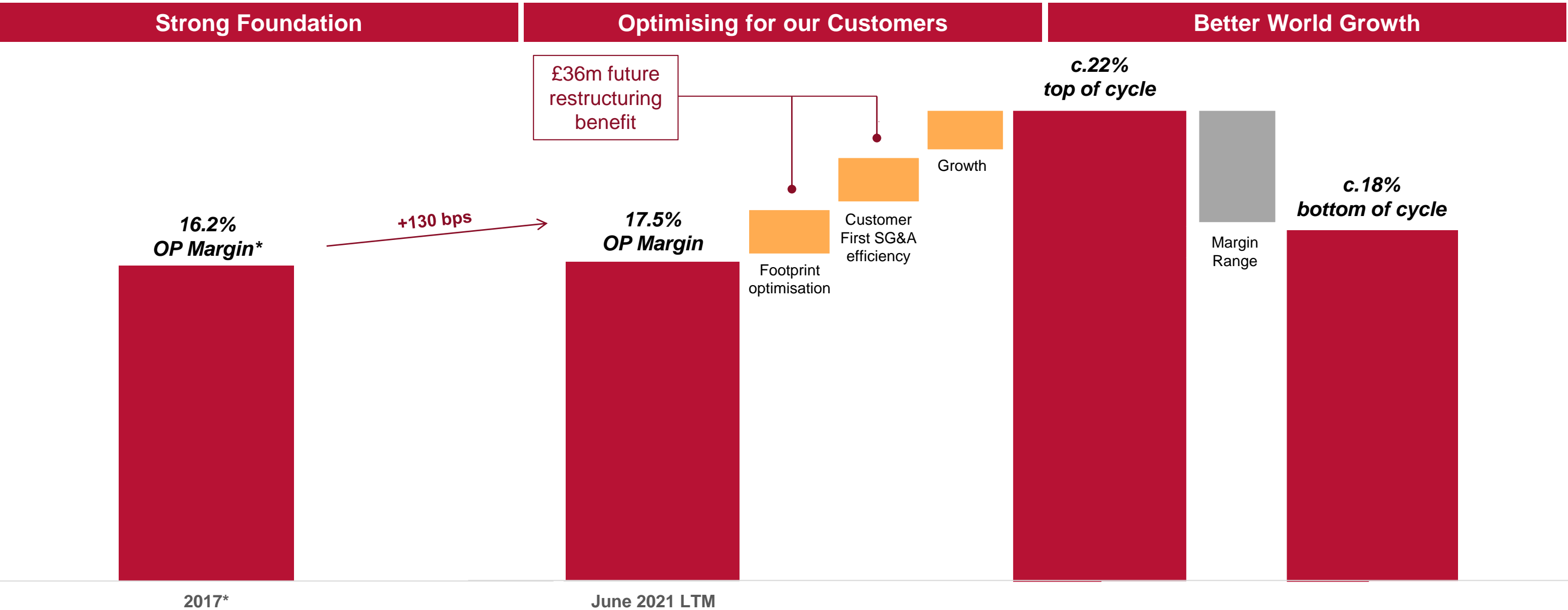
Optimising for our Customers

Better World Growth



* Proforma including Bimba
Figures stated at constant currency

...with margin delivery through complexity reduction and growth



* Proforma including Bimba

Building on our strong foundation

Strong Foundation

Optimising for our Customers

Better World Growth

Deep applications knowledge and engineering expertise



Strong product portfolio and market reputation



Attractive end markets that support growth



Simplifying the business and preparing for growth

Strong Foundation

Optimising for our Customers

Better World Growth

1

Customer First Programme



Simplify management structure



Remove complexity



Consolidate and automate



Reinvest for growth

2

Fit for Growth Footprint Optimisation



Rationalise footprint



Simplify supply chain



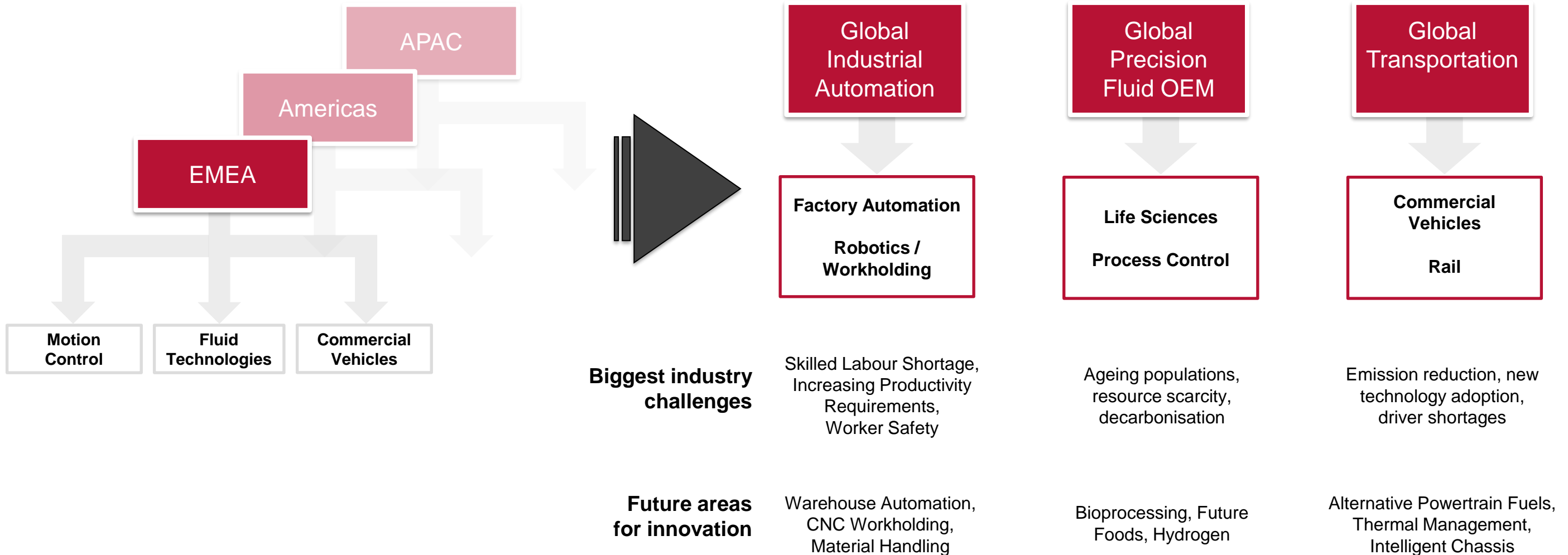
Reduce cost base

Aligning the organisation around our Customers

Strong Foundation

Optimising for our Customers

Better World Growth



Investing for growth

Strong Foundation

Optimising for our Customers

Better World Growth

Growth Hub



Digital



Sales Effectiveness



Product Management



IMI Precision Growth Hub pipeline September 2020

Strong Foundation

Optimising for our Customers

Better World Growth

FORESIGHT

Scan across sectors for opportunities in attractive markets

IMI Growth Advisory Board

Gate 1

Gate 2

Gate 3

Gate 4

Phase 1
Problem
Identification

Phase 2
Test

Phase 3
Develop
& Assess

Phase 4
Scale

Diverse teams working at speed

IMI Precision Growth Hub pipeline today

Strong Foundation

Optimising for our Customers

Better World Growth

FORESIGHT

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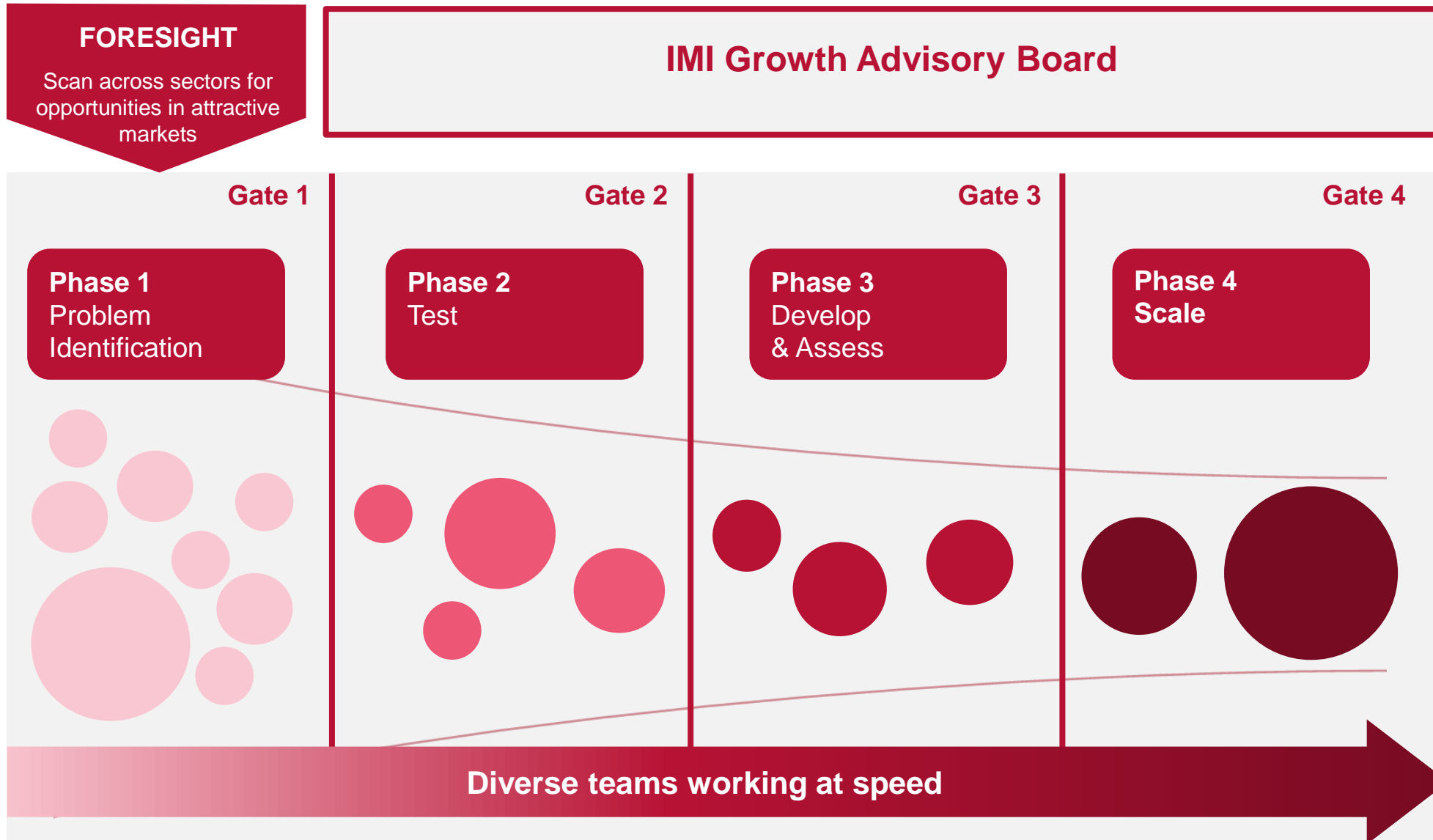
Diverse teams working at speed

IMI Precision Growth Hub pipeline today

Strong Foundation

Optimising for our Customers

Better World Growth



- Fuller and higher quality pipeline compared to 2020
- Patents run-rate doubled
- Continuing investment in Foresight & Growth Hub
- Adaptix™ and HydroGreen scaling quickly and gaining momentum

Key growth markets aligned with our purpose

Strong Foundation

Optimising for our Customers

Better World Growth



Automation

Warehouse and factory automation solutions improving worker safety and increasing energy efficiency

Established position with attractive adjacencies



Transportation

Solutions that help Truck OEMs improve emissions and enable a shift to alternative powertrains

Strong customer relationships in a transitioning market



Life Sciences

Flow control components for life sciences devices improving healthcare for all

Established position in high growth markets



Hydrogen

Flow control solutions for hydrogen as an enabler of the transition to net zero

Building a platform in a rapidly growing market

Automation

Strong Foundation

Optimising for our Customers

Better World Growth

Adjacent market opportunities in Industrial Automation

- Traditional Workholding market ripe for disruption
- Robotics End of Arm Tooling market growing at 9%+ CAGR

Why we win

- Deep engineering and applications knowledge
- Brand reputation and customer service

Pathway to growth

- Solving customers' most challenging engineering problems
- Innovating e.g., with flexible gripping solutions within Warehouse Automation



Our ambition is to achieve £250m+ of additional revenue by 2030

Adaptix™ case study

Strong Foundation

Optimising for our Customers

Better World Growth

The industry problem

- Customisation demanded by end users creates changeover inefficiencies
- Absence of flexible work-holding options in CNC machining

The solution

- Patented Adaptix™ product revolutionises how parts are held
- Adaptix™ enables quick changeover of parts on the machining centre

Customer benefits

- Eliminates the significant cost of custom soft jaws
- Faster part changeovers improves productivity

Market opportunity

- Installed base of > 500k CNC milling machines globally



Transportation

Strong Foundation

Optimising for our Customers

Better World Growth

Market opportunity in Transportation

- Number of vehicles continues to grow in line with global GDP
- Transition away from fossil fuels presents opportunity for innovation

Why we win

- Strong history of innovation with global OEMs
- Growth Hub process accelerating targeted solutions into a market experiencing material technological shift

Pathway to growth

- Hydrogen fuel cell vehicle design greater fluid control content per truck
- Battery electric vehicles may have lower content however IMI's opportunity expands into other vehicle chassis



Our ambition is to achieve £75m+ of additional revenue by 2030

Life Sciences

Strong Foundation

Optimising for our Customers

Better World Growth

Market opportunity in Life Sciences

- Strong established position and leader in precision fluid control
- Future growth opportunities in Biotechnology, Diagnostics and Analytical segments
- Expected market CAGR of c.5%



Life Sciences

Strong Foundation

Optimising for our Customers

Better World Growth

Market opportunity in Life Sciences

- Strong established position and leader in precision fluid control
- Future growth opportunities in Biotechnology, Diagnostics and Analytical segments
- Expected market CAGR of c.5%

Why we win

- Precise control of fluid flow with precision miniature solenoid valves and proprietary integration technology
- Strong customer relationships with global OEMs
- Strong reputation as first choice problem solver

Pathway to growth

- Intelligent mass flow control solutions
- Increased presence in BioPharma



Our ambition is to achieve £100m+ of additional revenue by 2030

Hydrogen

Strong Foundation

Optimising for our Customers

Better World Growth

Global market opportunity in Hydrogen

- Hydrogen up to 20% of energy mix by 2050
- Requires over \$11 trillion of investment
- EU committed to 400x increase in capacity by 2030

Why we win

- Deep experience in process and fluid control
- Strong relationships with leading players in the Hydrogen eco-system
- Established brands and product portfolio

Pathway to growth

- Existing and new products with patent pending technology
- Developing solutions across the Hydrogen Value Chain (e.g., hydrogen refueling stations and electrolysis via **HydroGreen**)



Our ambition is to achieve £75m+ of additional revenue by 2030

Summary – IMI Precision Engineering

Strong Foundation

- Solid positions in growing markets
- Well known brands and reputation for engineering expertise

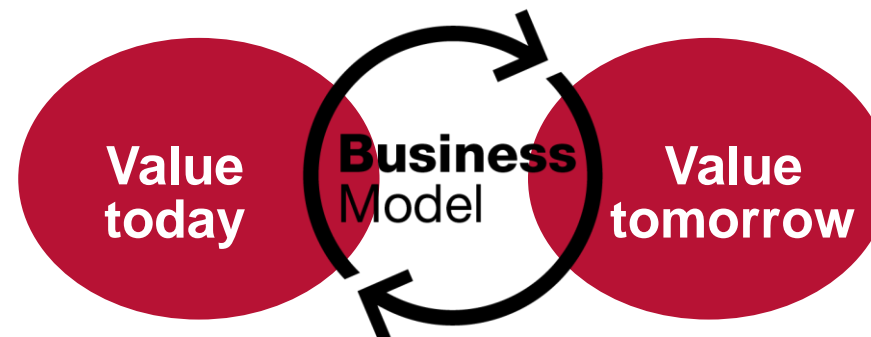
Optimising for our Customers

- Simplifying the business
- Restructuring to better serve customers

Better World Growth

- Identifying and solving acute customer problems
- Focusing on growth in sustainable applications

IMI Precision Engineering ambition to deliver through-cycle 5%+ growth and 20% RoS



Coffee Break

Value today.
Value tomorrow.

IMI Hydronic Engineering

Phil Clifton & Team

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IMI Hydronic Executive team



Phil Clifton
Divisional Managing Director



Peter Agneborn
Sales & Marketing Director



Amy Cole
President North America



Assane N'Diaye
Operations & Supply Chain Director



Enrico Milanesi
R&D and Purchasing Director



Alex Hunt
Finance Director



Jaime Ferreira
Business Development Director



Claudia Schwesinger
HR Director



Esther Casas
General Counsel

IMI Hydronic Engineering overview

- Premium supplier of products & solutions for hydronic heating and cooling systems across residential & commercial sectors
- Provide energy efficiency, ease of installation and comfort through our unique knowledge of the hydronic system
- Leading brands & customer relationships
- Accelerating end-markets on the back of market trends & legislation

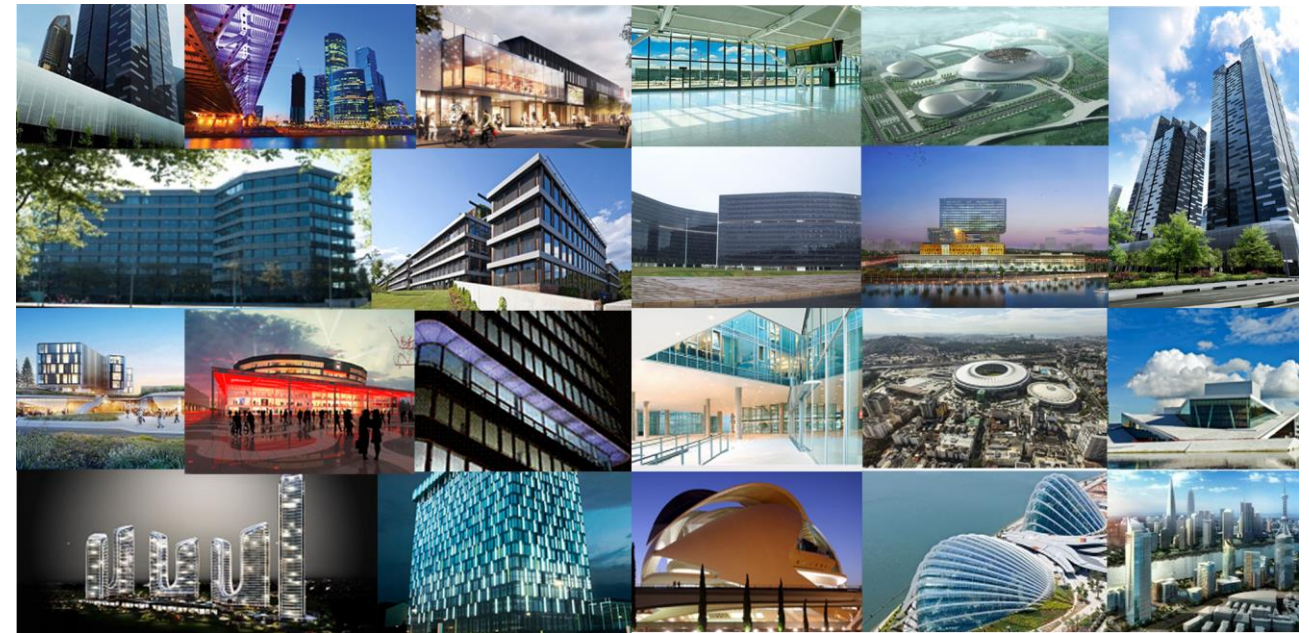
“Smart Comfort For Everyone”

£305m
(2020 Revenue)

Europe
88%

Americas
7%

APAC
5%



What has changed

Environmental drivers

Growth Hub

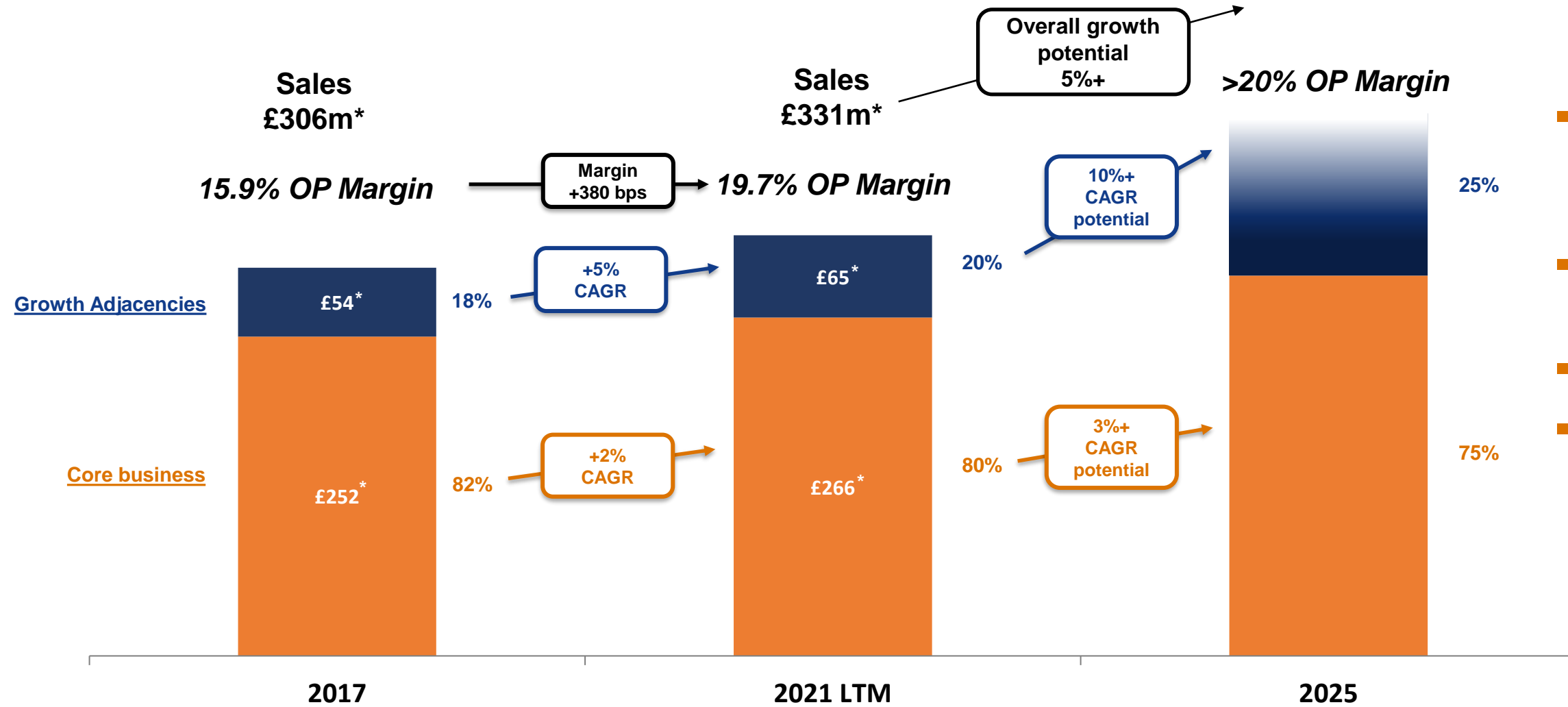
Digital

Complexity reduction

- **Culture and mindset**, the whole company embracing our values and our purpose
- **Market-led innovation** pipeline through transformational Growth Hub
- **Environmental and structural tailwinds** support the market over forthcoming years
- **Simplification** projects improving service to customers



Ambition to deliver sustainable 5%+ growth at 20%+ margins



- Legislation and incentives support growth
- Growth Hub unlocking adjacent markets
- Digital as an enabler
- Complexity reduction improving customer service

* The figures are stated at constant currency

Environmental drivers

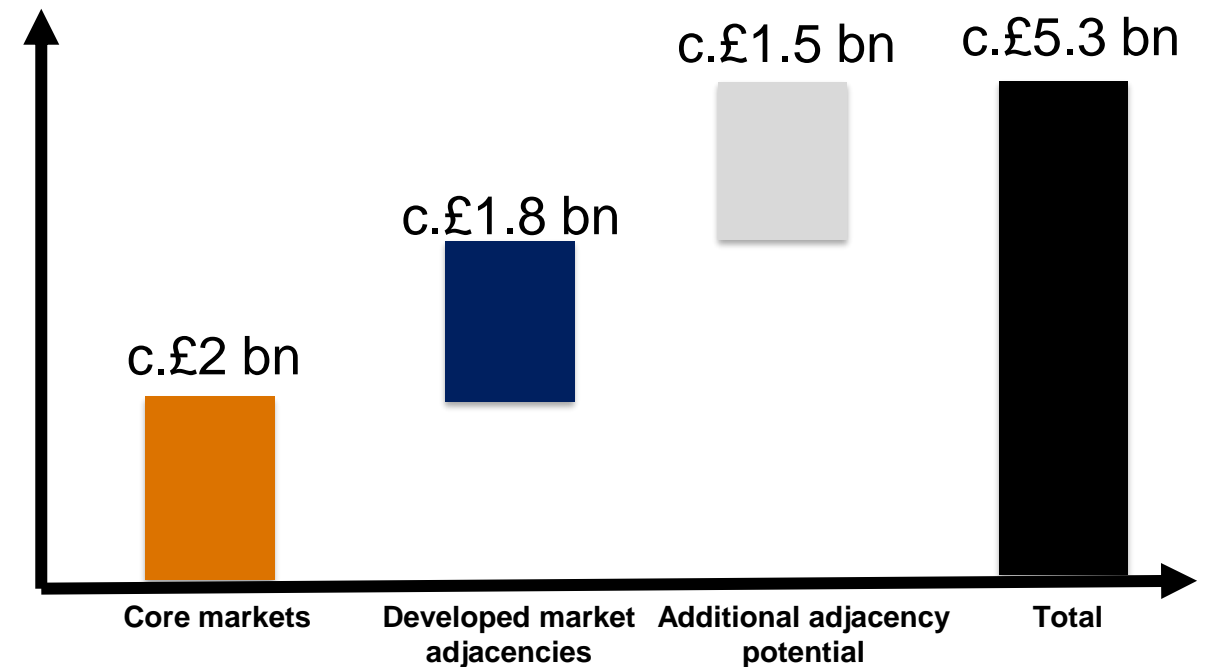


A more sustainable, de-carbonised world starts with buildings
 35% of resources used, 40% of energy usage, 40% of carbon emissions
80% of the buildings of 2050 are here today

Drivers of growth in our markets

- Increased investment in energy efficiency in buildings, particularly **renovation**
- Increased use of **Smart Solutions**
- Move towards heat pumps, hydrogen boilers and solar with **low temperature hydrionic systems**
- Strong **legislative & incentive drive**, including through Green Deal, supporting the transition

Addressable market (£bn)



Potential for accelerated growth and expanded addressable market

Accelerating Growth

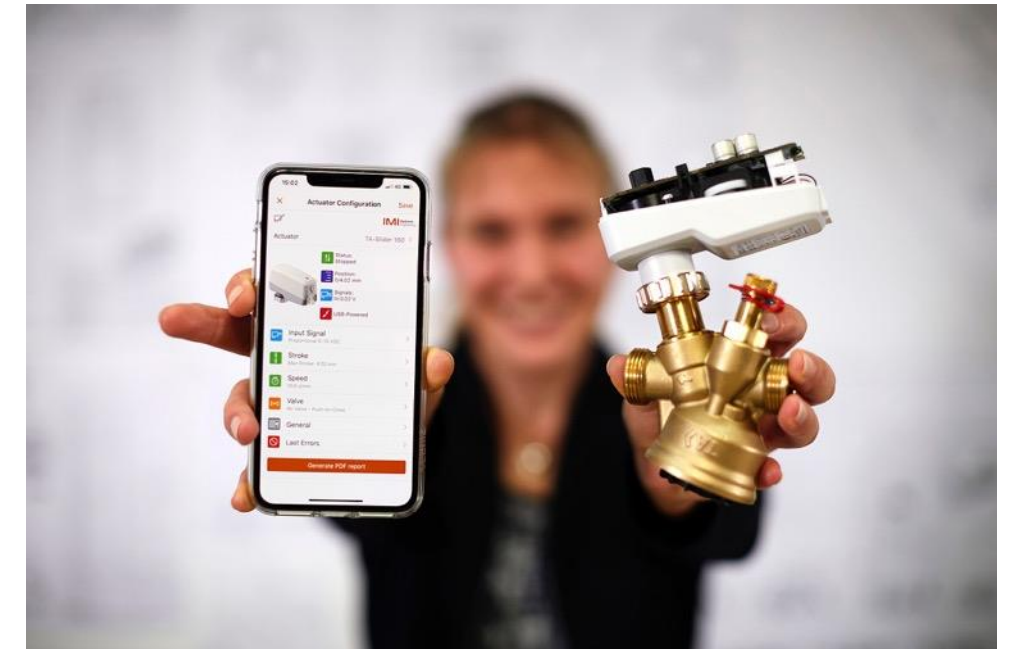
Environmental drivers

Growth Hub

Digital

Complexity reduction

- **Keeping the customer at the core**
- **Continue to shift our business into higher growth markets** where we can win (Organic/M&A):
 - *Leveraging our expertise of the hydronic system, strong brands and customer relationships*
 - *Driving market-led innovation*
- **Broadening digital impact** across the business, including customer experience
- **Strengthening commercial and R&D capabilities**



Focus on the more acute customer problems arising from the energy transition already underway

IMI Hydronic Growth Hub September 2020

Environmental drivers

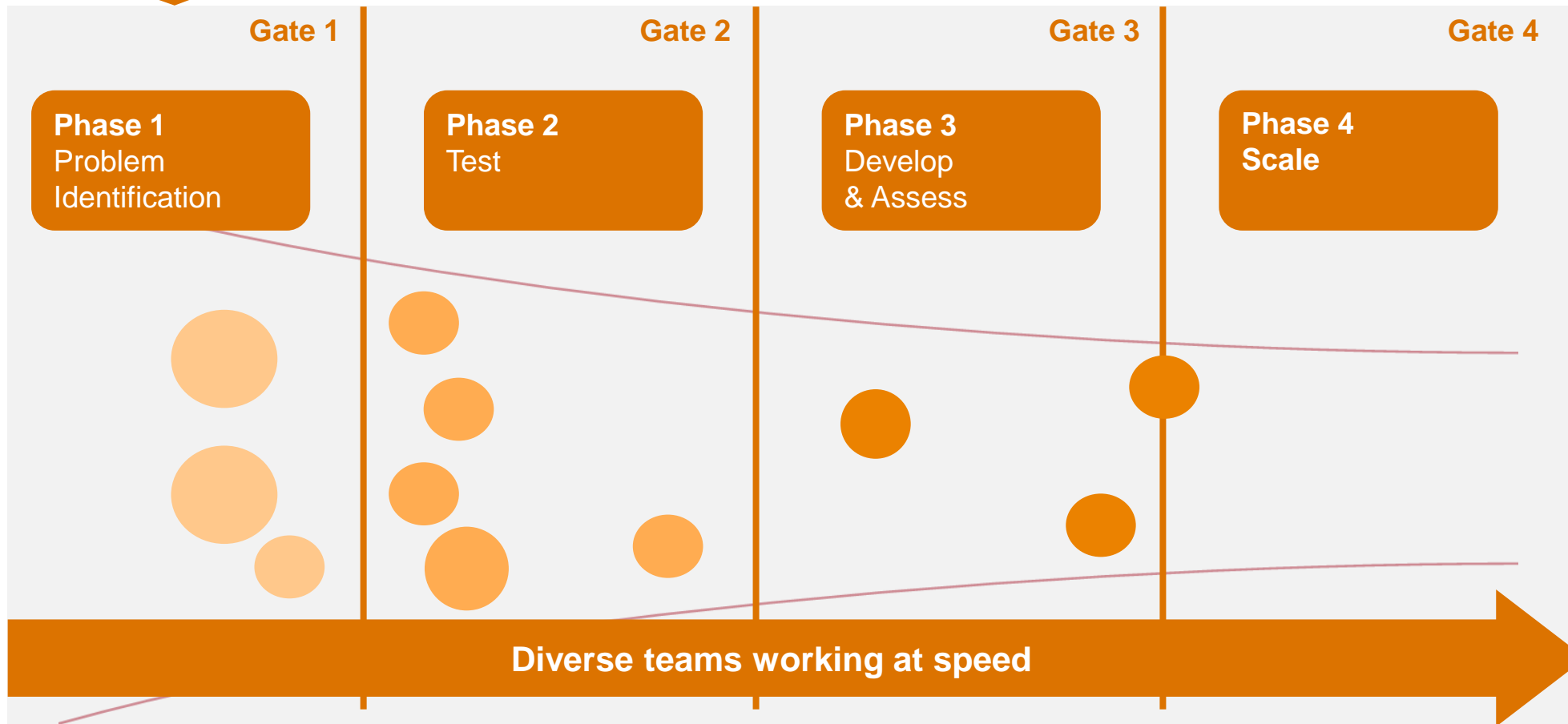
Growth Hub

Digital

Complexity reduction

Foresight teams across sectors scanning for opportunities in attractive markets

IMI Growth Advisory Board



IMI Hydronic Growth Hub today

Environmental drivers

Growth Hub

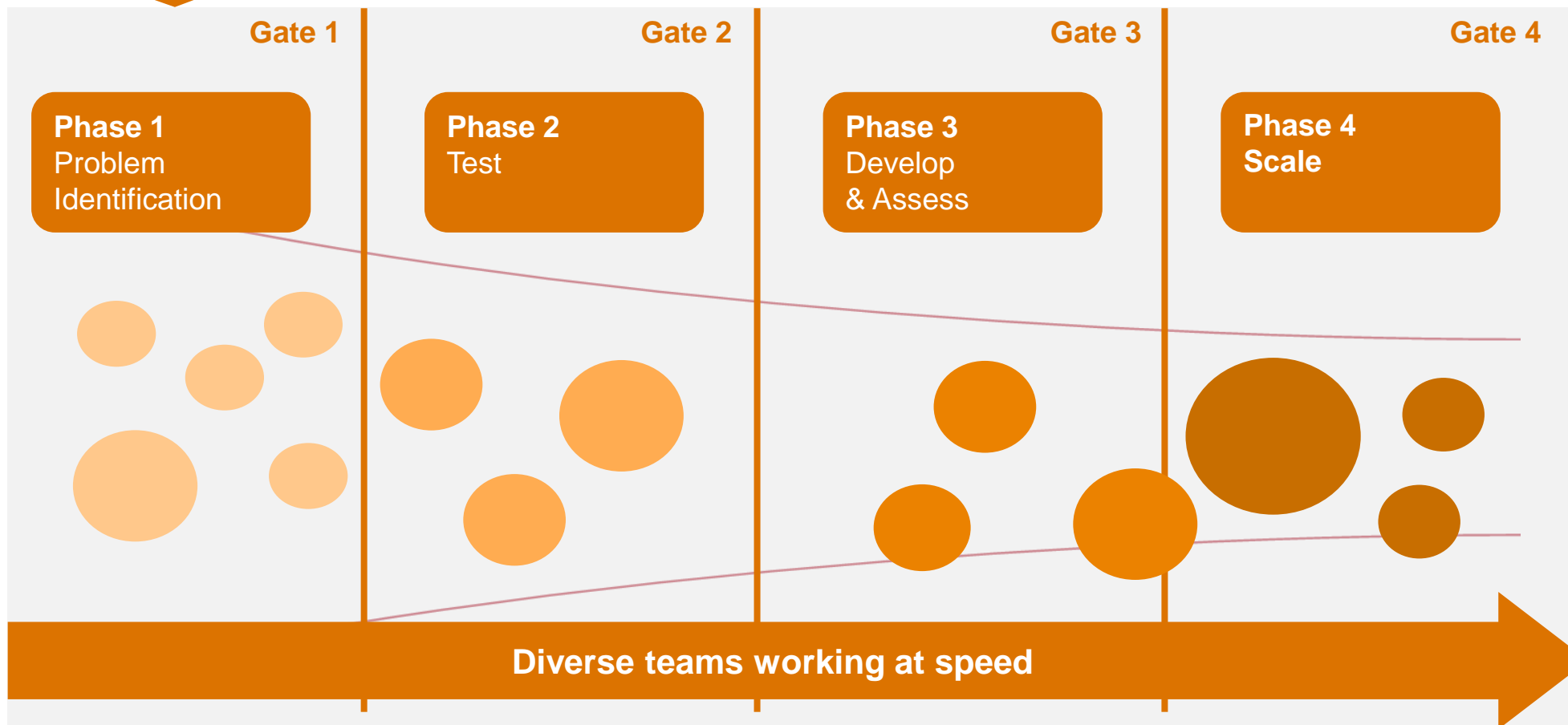
Digital

Complexity reduction

Foresight teams across sectors scanning for opportunities in attractive markets

IMI Growth Advisory Board

Growth Hub



- Improved quality pipeline
- 9 projects running
- 3 projects in scaling in 2021

Innovating with customers, in both existing and attractive adjacent markets

Developing disruptive solutions and new business models

Identifying M&A growth opportunities

HyInsight case study

Environmental drivers

Growth Hub

Digital

Complexity reduction

The industry problem

- Lack of transparency on how buildings operate results in tenant discomfort, energy inefficiencies and unexpected system downtimes
- Legislative drive to reduce energy consumption

The solution

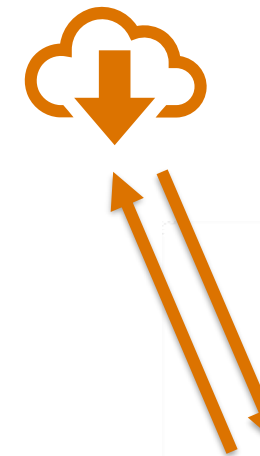
- TA-Smart valve that captures data and provides HVAC insights to owners, designers and professionals through a web-based platform

Customer benefits

- Reduced energy costs and CO₂ emissions
- Better user / occupier comfort
- Reduced building downtime and lower maintenance costs

Market opportunity

- £40m to £50m potential revenue



Web-based platform



TA-Smart Valve

Digital as an enabler

Environmental drivers

Growth Hub

Digital

Complexity reduction

Our vision

“Bring Digital Innovation to our customers & employees, solving their problems anytime, anywhere whilst creating tremendous value and protecting our planet.”

- Improve **Customer Experience** (e.g., Communities)
- **Smart Products & Solutions** (e.g., HyInsight)
- **Operational Performance** (e.g., Factory Automation)



Digital is a key enabler for the Hydronic Strategy

Complexity reduction

Environmental drivers

Growth Hub

Digital

Complexity reduction

Manufacturing & Supply Chain Simplification



Improved Service



Simplify and Improve flexibility



Efficiency Savings

Benefits delivered:

for Customers

- Improved delivery and availability
- Better communication and support

for IMI Hydronic

- Delivering >£3m annualised benefits
- Key competitive advantage



Summary – IMI Hydronic Engineering

Environmental drivers

- **Structural and legislative tailwinds** supporting the market

Growth Hub

- Group-wide **cultural change** and **growth mindset**, keeping the customer at the core

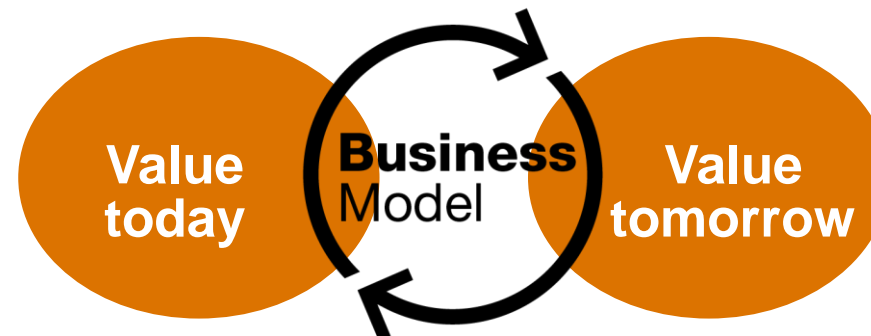
Digital

- **Digital** a key innovation driver for our business, solving big customer problems that contribute to **a better world**

Complexity reduction

- **Simplification** projects improving customer service

IMI Hydronic Engineering ambition to deliver sustainable, consistent profitable growth



Improving returns

Daniel Shook

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Key messages – 2021 first half results

- 8% organic sales growth, 24% profit growth
- Return on sales improved by 170 bps
- Increased revenue, profits and margins across all three divisions
- Growth Hub and sprint teams delivering early orders and sales
- £101m delivered to shareholders via dividends and buybacks
- Interim dividend increased by 5%
- Guidance increased to adjusted EPS of 85p to 90p, including buyback impact

Sustainable margin targets



Target: 20% through the cycle

2020 margin: 17.3%

- £39 million of restructuring benefits to deliver post-2020
- Beat inflation through efficiencies and value pricing
- **Growth, including high margin new products**



Target: 20%

2020 margin: 16.6%

- £18 million of restructuring benefits to deliver post-2020
- Margin improvement from addressing 20% to 30%
- Beat inflation through efficiencies and pricing in Aftermarket
- **Growth through Aftermarket and attractive market segment focus**



Target: 20%+

2020 margin: 18.3%

- £4m of restructuring benefits to deliver post-2020
- Beat inflation through efficiencies and value pricing
- **Growth, including high margin new products**

Clear plans driving improved Group performance



	IMI Precision Engineering	IMI Critical Engineering	IMI Hydronic Engineering
Organic growth	<p>Ambition: 5%+ CAGR</p> <ul style="list-style-type: none"> ↑ Attractive, growing core markets ▪ Leveraging our brands and expertise ▪ Growth Hub unlocking attractive adjacencies 	<p>3-5% CAGR</p> <ul style="list-style-type: none"> ↑ Expanding the Aftermarket opportunity ▪ Leveraging our brands and expertise ▪ Growth Hub transitioning business mix toward growth segments 	<p>5%+ CAGR</p> <ul style="list-style-type: none"> ↑ Higher growth from Green initiatives ▪ Leveraging our brands and expertise ▪ Extending addressable markets through Growth Hub
Operating margin	<p>Ambition: 20% through cycle</p> <ul style="list-style-type: none"> ↑ Customer First & Footprint optimisation ▪ Growth in attractive segments 	<p>20%</p> <ul style="list-style-type: none"> ↑ Increasing Aftermarket mix ▪ Addressing lower margin businesses ▪ Growth into attractive segments 	<p>20%+</p> <ul style="list-style-type: none"> ✓ Supply chain and footprint optimisation ▪ Growth into attractive adjacencies
Cash flow & ROIC	<ul style="list-style-type: none"> ↑ Improvement from business growth and restructuring benefits 	<ul style="list-style-type: none"> ↑ Improvement from business growth, shifting mix and addressing lower margin business 	<ul style="list-style-type: none"> ↑ Improvement from business growth and extension into attractive adjacencies
Through cycle resilience	<ul style="list-style-type: none"> ↑ Diverse end markets ▪ Increasing exposure into higher growth segments 	<ul style="list-style-type: none"> ↑ Increasing Aftermarket mix 	<ul style="list-style-type: none"> ✓ Already highly resilient business

Closing remarks

Roy Twite

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Key take-aways

- Strategy
 - *Customer First*
 - *Reduce complexity*
 - *Market-led innovation*
- Culture
 - *Purpose driven, sharpened customer focus and innovation*
- Ambition
 - *Sustainable, profitable growth*
 - *Improving returns, to 18% - 20% Group margin*

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Q&A