

4 November 2021

Good Q3 progress prompts increase in full year EPS guidance to 88p to 92p Growth and profitability initiatives continue to build momentum

IMI, the specialist engineering company, issues the following Interim Management Statement, which covers results for the third quarter from 1 July to 30 September 2021.

Roy Twite, Chief Executive, commented:

*“Trading in the third quarter has been somewhat ahead of our previous expectations and, while markets and supply chains continue to be volatile, demand into the first few weeks of the final quarter remains good. We therefore now increase our guidance for full year EPS to 88p to 92p (from 85p to 90p), subject to no material change in trading conditions. Our programmes to reduce complexity, improve customer service, and deliver **Breakthrough Engineering** for a better world through accelerated market-led innovation are progressing at pace. We remain confident in our ability to deliver over time sustainable, profitable growth, including the growth and margin ambitions described in our recent Capital Markets Events.”*

Current trading

Given the exceptional circumstances of 2020, we continue to include 2019 detail in this statement. References to organic changes are on a constant currency basis and exclude disposals and acquisitions. References to adjusted figures reflect figures as reported to management which exclude the impact of adjusting items.

IMI Group	Q3 2021	Q3 2021 vs Q3 2020	Q3 2021 vs Q3 2019
Revenue & organic change	£453m	+6%	+5%

The third quarter of 2021 has delivered another good performance with Group sales and operating profits both higher organically than the same period in the prior year and 2019, despite Q3 2020 being the peak period for ventilator surge sales last year. IMI organic revenues in the three months to the end of September were 6% higher than the same period in 2020 and 1% higher on an adjusted basis.

Our various initiatives to put the customer at the centre of our organisation, to reduce complexity and to drive growth through market-led innovation are progressing at pace. We continue to strengthen our customer relationships and reputation for close support, especially on those occasions when customers have faced particular pressures, including in the supply chain.

We constantly monitor rising input costs and remain confident that our own efficiency improvements and pricing actions will allow us to absorb any impact, enabling IMI to achieve the further margin expansion we target – despite the increased levels of investment for growth.

Outlook

Based on current market conditions we now expect 2021 full year adjusted EPS to be in the range of 88p to 92p. This guidance reflects our expected average share position in 2021 of approximately 267 million shares, resulting from the ongoing share buyback. IMI remains on track to complete the planned £200 million buyback by the end of 2021.

IMI Precision Engineering

IMI Precision	Q3 2021	Q3 2021 vs Q3 2020	Q3 2021 vs Q3 2019
Revenue & organic change	£229m	+3%	+6%

IMI Precision organic revenues in the three months to the end of September were 3% higher than the same period in 2020 and 2% lower on an adjusted basis.

Sales in both Industrial Automation and Commercial Vehicle continued to be strong in the period, which more than offset the reduction within Life Science as a result of the Coronavirus-related surge in ventilator components sales in the prior period. We still expect that this surge will represent a headwind to full year 2021 results of approximately £75m to £80m.

Based on current market conditions, IMI Precision Engineering 2021 organic revenues and margins are still expected to be higher than in 2020.

IMI Critical Engineering

IMI Critical	Q3 2021	Q3 2021 vs Q3 2020	Q3 2021 vs Q3 2019
Order intake & organic change	£136m	+14%	-15%
Revenue & organic change	£137m	+4%	0%

IMI Critical order intake in the three months to the end of September totalled £136m, or 14% above the prior year, but 15% below the same period in 2019. Year to date, divisional orders remain 6% higher than prior year, supported by strong Aftermarket activity across a number of segments.

IMI Critical organic revenues in the three months to the end of September of £137m were 4% higher, and on an adjusted basis were 1% lower, than the third quarter of 2020. The drive to maximise the Aftermarket opportunity whilst positioning for growth in new, adjacent segments, is progressing well.

Regarding the 20% to 30% of IMI Critical Engineering that has been 'under review', after careful consideration the Board has taken the decision to retain and develop this business. Its performance has improved significantly over the last 18 months, supported by the development of upgrade Aftermarket opportunities within the installed base of products. In addition, the business has secured early orders in the attractive growth market of liquid Hydrogen processing, based upon expertise IMI previously developed and successfully deployed into space propulsion systems. Over time, there is now a clear path to the achievement of divisional target returns and long-term growth potential.

Based on the division's order book and current market conditions, we continue to expect IMI Critical Engineering 2021 organic revenues and margins to be higher when compared to 2020.

IMI Hydronic Engineering

IMI Hydronic	Q3 2021	Q3 2021 vs Q3 2020	Q3 2021 vs Q3 2019
Revenue & organic change	£87m	+14%	+10%

IMI Hydronic revenues in the three months to the end of September were 14% higher on an organic and 11% higher on an adjusted basis, when compared to last year. While installer and distributor catch-up

persist as supporting influences on volumes, underlying demand remains good and the contribution from sales of new products continues to be positive.

Given current market conditions, IMI Hydronic Engineering's 2021 organic revenues are still expected to be strongly ahead, with margins also higher, when compared to 2020.

Coronavirus update

Although in some economies Coronavirus-related pressures are easing, IMI continues to be vigilant across its operations. The protection of our employees, our operations and our broader communities, wherever in the world they may be, remains an absolute priority. The Coronavirus response team continues to support employee welfare and help mitigate disruption in our supply chains. We continue to keep particularly close to our customers, to support them as they face all such challenges.

Share buyback progress

The programme to buy back IMI shares to an approximate value of £200m has made good progress. As at the end of October, we had successfully purchased 9.7 million shares, at a cost of £165m.

Exchange rates

The 2021 full year financial results are expected to be impacted by exchange rates. Should the rates in early November continue for the remainder of the year, results for both revenue and profits in the full year would be adversely impacted by 4%-5%.

Preliminary 2021 results

IMI will issue its preliminary results announcement for the year ending 31 December 2021 on 25 February 2022.

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A conference call for analysts and investors will be held at 08:00 GMT today to discuss this statement. To access the call, please register using the link:

<https://www.incommglobalevents.com/registration/client/9139/imi%E2%80%99s-interim-management-statement/>

Notes to editors

IMI plc, the specialist engineering company, designs, manufactures and services highly engineered products that control the precise movement of fluids. Its innovative technologies, built around valves and actuators, enable vital processes to operate safely, sustainably, cleanly, efficiently and cost effectively. IMI employs around 10,000 people, has manufacturing facilities in 18 countries and operates a global service network. The Company is listed on the London Stock Exchange. Further information is available at www.imiplc.com.

IMI plc is registered in England No. 714275. Its legal entity identifier ('LEI') number is 2138002W9Q21PF751R30.