

15 November 2021

Proposed acquisition of Life Sciences manufacturer Adaptas Solutions for \$271m

Adaptas brings significant, adjacent opportunities to IMI Precision Engineering

Post completion balance sheet to remain robust, maintaining strategic flexibility

IMI plc (“IMI” or the “Group”) announces the proposed acquisition of Adaptas Solutions (“Adaptas”) for an enterprise value of \$271m (£202m¹). Adaptas Solutions will become part of IMI’s Precision Fluid OEM Business Unit within IMI Precision Engineering. For the year ending 31 December 2021, Adaptas solutions is expected to generate revenues of c.\$83m, with adjusted EBITDA of c.\$17m (21% margin) and adjusted EBIT of c.\$14m (17% margin), all on an IFRS basis. The acquisition reflects a purchase multiple of 16x adjusted 2021 EBITDA.

The proposed acquisition of Adaptas Solutions is fully aligned with IMI’s strategy and purpose [**Breakthrough Engineering** for a better world] and represents a highly attractive opportunity to deepen IMI Precision Engineering’s Life Science offering with a complementary product portfolio and strong relationships with leading global analytical instrument manufacturers. Closing is expected to take place before 31 December 2021, subject to customary merger filings.

Adaptas overview

Adaptas is a manufacturer of mission critical mass spectrometry subsystems and components, such as electron multipliers, filaments, power supplies and ion optic grids, as well as liquid handling and lab automation components. The company is based in Palmer, Massachusetts, USA and also has facilities in Pennsylvania USA, West Sussex in the UK, New South Wales in Australia, and Qidong in China. Jay Ray (CEO) and Laura Ray (SVP, Global Integration), family owners of the business prior to the investment by Ampersand Capital Partners in 2018, will remain with the business post-acquisition, to drive profitable growth of the combined Adaptas and IMI product portfolios.

Transaction highlights

- The acquisition extends IMI Precision Engineering’s product portfolio further into Life Sciences – fully in-line with IMI’s stated strategy to develop into sustainable, profitable adjacencies.
- Adaptas’ business model of developing customised technical solutions for its customers fits well with IMI’s operating model to solve customer problems in attractive, growth markets.
- Adaptas enjoys strong and long-standing relationships with key global analytical instrument manufacturers. There are clear opportunities to broaden the market access of both Adaptas and IMI through the complementary customer bases and product ranges.
- The sharing of best practice between the businesses will unlock operational efficiencies across both organisations.
- Adaptas’ robust orderbook and project pipeline offer attractive and early growth opportunities.

The acquisition is forecast to be immediately earnings accretive, deliver a financial return in excess of IMI’s cost of capital by year three, and fully support IMI Precision’s delivery of its existing margin targets. The transaction fully aligns with the Group’s M&A guidelines and strict financial discipline. Proforma leverage (Net Debt / EBITDA) at the end of 2021 is expected to equal 1.5x, providing balance sheet capacity for further bolt-on opportunities.

Commenting on the acquisition, Roy Twite, Chief Executive of IMI, said:

“Our strategy at IMI is all about delivering tremendous value by solving industry problems – and putting customers at the heart of our decisions and processes. We are delighted to partner with Adaptas whose business model and values are very similar to our own and I am excited to welcome all at Adaptas into the IMI team.”

Beth Ferreira, Divisional Managing Director of IMI Precision Engineering, commented:

“I am thrilled to welcome Adaptas. The business has fantastic products, and a market-leading position underpinned by deep relationships with global analytical instrument manufacturers. We are very much looking forward to working with Jay Ray, Laura Ray and the whole Adaptas team to solve customer problems together and drive growth of our newly combined businesses.”

Jay Ray, CEO of Adaptas, added:

“We have built an excellent business at Adaptas with a great team. I am very excited about continuing our strategy of growth through the development of innovative products and services for our customers, and to work together with our new colleagues at IMI to accelerate the success of our combined businesses.”

¹ Using 12 November 2021 spot rate (US\$1.34)

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A webcast for analysts and investors will be held at 11:00 GMT today to discuss this statement. To access, please register using the link: <https://www.investis-live.com/imi/6189655e75c490130034634e/ewhn>

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.