

4 May 2023

Strong organic growth and margin improvement in all three divisions

Full year EPS guidance increased to 112p – 117p

IMI, the specialist engineering company, issues the following Interim Management Statement which covers results for the first quarter from 1 January to 31 March 2023.

Roy Twite, Chief Executive, commented:

“Our purpose-led strategy, ***Breakthrough Engineering for a better world***, continues to drive sustainable, profitable growth. Our solutions help our customers become safer, more sustainable and more productive and we are continuously creating value through a focus on customer satisfaction, market-led innovation and complexity reduction. These actions have allowed us to deliver a ninth consecutive quarter of organic growth and improved margins in all three divisions.”

“Following a strong first quarter performance including further momentum in the IMI Critical order intake and continued resilience in the lead indicators for IMI Precision, based on current market conditions, we are upgrading our EPS guidance for the full year to 112p to 117p. We remain confident in delivering our growth targets and the 20% operating margin target, through the cycle over time.”

Strong first quarter performance

First quarter Group organic revenue was up 8% compared to the same period last year and 16% higher on an adjusted basis. All three divisions improved margins when compared to the first quarter in 2022.

Integration of our recent acquisitions is progressing well, unlocking new opportunities for growth and delivering synergies in line with our business cases.

Our restructuring programmes remain on track to deliver £20m of benefits for the full year, £13m of benefits in 2024 and £9m in 2025, with no changes to expected delivery costs.

Growth delivered across key segments

IMI Precision organic revenue grew 4% in the first quarter and 12% on an adjusted basis. Industrial Automation delivered organic revenues 3% higher than the same period last year. Life Sciences delivered organic growth of 2% and Transportation was up 10% on an organic basis.

IMI Critical organic order intake in the period was up 50% on prior year, including a £26m order within our Marine sector which covers deliveries in the coming years. Aftermarket orders grew 47% organically in the period with strong growth in Refining & Petrochemical, Oil & Gas and Power. New Construction orders were 55% higher on an organic basis, largely reflecting increased Oil & Gas activity and the large Marine order. IMI Critical’s order book at the end of the first quarter was 36% higher than the same period last year. Organic revenue in the first quarter was up 13% compared to the corresponding period in 2022, and 16% on an adjusted basis.

IMI Hydronic revenue in the first quarter was 12% higher on an organic basis, and 25% higher on an adjusted basis, when compared to the first quarter of last year driven by demand for our solutions that support energy efficiency.

Exchange rates

If average exchange rates as at 14 April 2023 of US\$1.23 and €1.13 remain constant for the remainder of the year, we continue to expect a positive tailwind on both revenue and adjusted operating profit of 2% in the 2023 full year when compared to 2022.

Outlook

Following a strong first quarter performance, based on current market conditions, we now expect 2023 full year adjusted EPS to be in the range of 112p to 117p.

We continue to expect IMI Critical and IMI Hydronic 2023 organic revenues and margins to be higher than 2022. Based on the latest market indicators, we now expect that IMI Precision's 2023 organic revenue will be broadly in line with 2022, with margins higher than 2022.

We remain confident in delivering our growth targets and the 20% operating margin target, through the cycle over time.

Interim results

IMI will issue its interim results announcement in respect of the six months ending 30 June 2023 on 28 July 2023.

Enquiries

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

<https://www.netroadshow.com/events/login?show=5b69489b&confId=50046>

Notes

IMI plc is a specialist engineering company operating in fluid and motion control markets. We combine our deep engineering knowledge with strong applications expertise to develop solutions for the most acute industry problems. We help our customers become safer, more sustainable and more productive. IMI employs around 10,000 people, has manufacturing facilities in 19 countries and operates a global service network. The Company is listed on the London Stock Exchange and is a constituent of the FTSE4Good Index. Further information is available at www.imiplc.com.

References to adjusted figures reflect figures as reported to management and do not include the impact of adjusting items. References to organic changes are on a constant currency basis and exclude disposals and acquisitions.

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