IMI plc
Press release

26 July 2024

Continued strategic progress, organic revenue and profit growth
10% dividend increase and £100m share buyback announced
Full year adjusted EPS guidance reconfirmed

Interim results, six months ended 30 June 2024

	Adjusted[1]				Statutory		
	H1 2024	H1 2023	Change	Organic[3]	H1 2024	H1 2023	Change
Revenue	**£1,098m**	£1,084m	+1%	**+5%**	**£1,098m**	£1,084m	+1%
Operating profit	**£196m**	£193m	+2%	**+6%**	**£177m**	£149m	+19%
Operating margin	**17.9%**	17.8%	+10bps		**16.1%**	13.7%	+240bps
Profit before tax	**£187m**	£180m	+4%		**£163m**	£139m	+17%
Basic EPS	**54.7p**	54.0p	+1%		**48.2p**	42.2p	+14%
Operating cash flow[2]	**£130m**	£145m	-11%		**£170m**	£174m	-2%
Dividend per share	**10.0p**	9.1p	+10%		**10.0p**	9.1p	+10%

1 Excluding the effect of adjusting items as reported in the income statement. See Note 2 for definitions of alternative performance measures.

2 Adjusted operating cash flow, as described in Note 2 to the financial statements. Statutory measure is Cash generated from operations as shown on the cash flow statement.

3 After adjusting for acquisitions, disposals and exchange rates (see Note 3).

Key points

- 5% organic sales growth
- 6% organic adjusted operating profit growth
- Adjusted operating margin 10bps higher than H1 2023
- Statutory operating profit up 19%
- Statutory profit before tax up 17%
- Complexity reduction programme delivered £4m benefits in H1
- Proposed interim dividend of 10.0p, increased by 10%
- £100m share buyback announced

Roy Twite, Chief Executive Officer, said:

"We continue to make good progress delivering our purpose-led strategy, Breakthrough engineering for a better world. First half performance was in line with expectations, and we were pleased to deliver 5% organic sales growth and 6% organic adjusted operating profit growth, despite mixed end markets. In line with our disciplined approach to capital allocation, we are today announcing a £100m share buyback programme and a 10% increase to the interim dividend.

Based on current market conditions, we continue to expect that full year adjusted basic earnings per share will be between 120p to 126p.

After nearly 10 years with IMI, Daniel Shook, Group CFO has decided for family reasons to step down from the IMI plc Board in 2025. Dan has been a fantastic partner to me over the last five years. I will really miss him when he does eventually leave, but between now and then, there will be many opportunities for me to thank him for his incredible contribution. We will now be starting a process to find his successor.

We are also pleased to announce the appointment of Jackie Hu as Chief Operating Officer, reporting into me and driving the growth of all five sectors."

Enquiries to:

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A live webcast of the analyst meeting taking place today at 8:00am (BST) will be available on the investor page of the Group's website: www.imiplc.com. The Group plans to release its next Interim Management Statement on 7 November 2024.

Results overview

Strong organic growth and margin improvement

IMI delivered another good financial performance in the first half despite mixed end markets. Organic revenue increased by 5% and organic adjusted operating profit increased by 6%. First half adjusted operating margins increased by 10bps.

This performance reflects the continued delivery of our better world strategy. We are accelerating performance by focusing on helping our customers become safer, more sustainable and more productive. Our sectors are in attractive growth markets supported by long-term global macro-economic trends. Around 45% of sales are generated from the aftermarket.

£m	Adjusted[1]				Statutory		
	H1 2024	H1 2023	Change	Organic[2]	H1 2024	H1 2023	Change
Revenue							
Process Automation	**422**	366	+15%	+19%	**422**	366	+15%
Industrial Automation	**262**	283	-7%	-4%	**262**	283	-7%
Automation	**684**	649	+5%	**+9%**	**684**	649	+5%
Climate Control	196	201	-2%	+1%	196	201	-2%
Life Science & Fluid Control	123	147	-16%	-13%	123	147	-16%
Transport	95	87	+9%	+13%	95	87	+9%
Life Technology	**414**	**435**	**-5%**	**-1%**	**414**	**435**	**-5%**
Total Revenue	**1,098**	1,084	+1%	**+5%**	**1,098**	1,084	+1%
Operating profit							
Automation	126	113	+12%	+17%	113	88	+28%
Life Technology	70	80	-12%	-10%	64	61	+5%
Total Operating Profit	**196**	193	+2%	**+6%**	177	149	+19%
Operating margin	**17.9%**	17.8%	+10bps		16.1%	13.7%	+240bps

1 Excluding the effect of adjusting items as reported in the income statement. See Note 2 for definitions of alternative performance measures.
2 After adjusting for acquisitions, disposals and exchange rates (see Note 3).

Dividend

The Board is recommending a 2024 interim dividend of 10.0p per share (2023: 9.1p per share). Payment will be made on 16 September 2024 to shareholders on the register at the close of business on 9 August 2024.

The last date to elect for the Dividend Reinvestment Plan ('DRIP') is 23 August 2024. The IMI DRIP is provided by Equiniti Financial Services Limited. The DRIP enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip.

Share buyback

Reflecting the strong trading result, projections for the full year and our commitment to maintaining an efficient balance sheet, we are today announcing a £100m share buyback programme.

Board and Executive Committee changes

Daniel Shook has informed the Board of his decision to step down as Chief Financial Officer and Executive Director of the Company for family reasons. The Board has initiated a search for a successor and will provide an update when this process has concluded. Daniel will continue to perform his duties and fully support the Board and executive team in executing the Company's strategy during this period of transition.

Jackie Hu is appointed Chief Operating Officer (COO). This is a new role with responsibility for all five sectors. Jackie will continue reporting to Roy and remain as an Executive Committee member.

On 10 June, Beth Ferreira, CEO Life Technology and a member of the Executive Committee, stepped down from her role and will be leaving the business at the end of her notice period. Roy Twite, Chief Executive of IMI, commented “On behalf of the Board and the Executive Committee I would like to thank Beth for all her hard work and support since she joined IMI nearly four years ago”.

Outlook

Based on current market conditions, we continue to expect that full year adjusted basic earnings per share will be between 120p to 126p.

Our guidance assumes that the weighted average number of shares will reduce to 259m at the year end, with the accretive impact of our share buyback programme largely offset by an increase in interest expense. The foreign exchange translation impact is now expected to lead to a full year headwind of around 3%.

Platform results

Automation

Automation specialises in the design and manufacture of motion and fluid control solutions that enable a diverse range of industries, to operate more efficiently, safely and sustainably. Our Process Automation sector supports vital process and energy industries whilst Industrial Automation helps create the smart, safe and sustainable factories, production lines and warehouse operations.

£m	Adjusted[1]				Statutory		
	H1 2024	H1 2023	Change	Organic[2]	H1 2024	H1 2023	Change
Revenue							
Process Automation	**422**	366	+15%	+19%	**422**	366	+15%
Industrial Automation	**262**	283	-7%	-4%	**262**	283	-7%
Total Revenue	**684**	649	+5%	+9%	**684**	649	+5%
Operating profit	**126**	113	+12%	+17%	**113**	88	+28%
Operating margin	**18.4%**	17.4%	+100bps		**16.5%**	13.5%	+300bps

1 Excluding the effect of adjusting items as reported in the income statement. See Note 2 for definitions of alternative performance measures.
2 After adjusting for acquisitions, disposals and exchange rates (see Note 3).

Process Automation (£m)	H1 2024	H1 2023	Change	Organic[1]
Closing order book	**858**	774	+11%	
Order intake:				
Aftermarket	**308**	296	+4%	+8%
New Construction	**230**	213	+8%	+10%
Total order intake	**538**	509	+6%	+9%

1 After adjusting for acquisitions, disposals and exchange rates (see Note 3).

Automation delivered strong organic revenue growth of 9%, with revenue up 5% on a statutory basis.

Process Automation had an excellent first half, with strong order intake and continued organic growth. Orders were up 9% organically, including a significant £33m order in our Marine business which covers deliveries over several years. Aftermarket orders increased by 8% organically as we continue to benefit from our investment in this space. In addition to the large Marine order we have seen particular strength in LNG Aftermarket, Hydrogen and Upstream Oil & Gas. Organic revenue was 19% higher than the first half of 2023 and 15% higher on a statutory basis. The Process Automation order book at the end of June was 11% higher than the previous period.

Industrial Automation organic revenue was 4% lower than the same period in the prior year, in line with softer industrial activity in Europe and the Americas. Statutory revenue was 7% lower.

Adjusted operating profit for the platform increased by 17% on an organic basis and the adjusted operating margin improved by 100bps to 18.4%. This was a strong performance, reflecting our continued strength in higher-margin Aftermarket opportunities and the successful execution of footprint optimisation initiatives, which delivered £4m of incremental benefits in the first half. Statutory operating profit increased by 28% to £113m in the period.

Life Technology

Life Technology develops motion and flow control solutions that enhance and improve the quality of life across three key sectors. Climate Control's innovative solutions help customers optimise heating and cooling systems, reduce energy consumption and improve building comfort. Life Science & Fluid Control develops solutions that empower our Life Science customers to enhance patient-focused critical care and diagnose disease earlier, and our Fluid Control customers to accelerate the safety, reliability and performance of everyday activities. Transport is at the heart of advancing commercial vehicles and our cutting-edge technology helps manufacturers radically reduce emissions and improve vehicle safety.

£m	Adjusted[1]				Statutory		
	H1 2024	H1 2023	Change	Organic[2]	H1 2024	H1 2023	Change
Revenue							
Climate Control	**196**	201	-2%	+1%	**196**	201	-2%
Life Science & Fluid Control	**123**	147	-16%	-13%	**123**	147	-16%
Transport	**95**	87	+9%	+13%	**95**	87	+9%
Total Revenue	**414**	435	-5%	**-1%**	**414**	435	-5%
Operating profit	**70**	80	-12%	**-10%**	**64**	61	+5%
Operating margin	**17.0%**	18.4%	-140bps		**15.5%**	14.0%	+150bps

1 Excluding the effect of adjusting items as reported in the income statement. See Note 2 for definitions of alternative performance measures.
2 After adjusting for acquisitions, disposals and exchange rates (see Note 3).

As expected, Life Technology revenue was down 1% organically in the first half, and down 5% on a statutory basis.

Climate Control delivered a resilient performance, despite uncertain markets and a strong comparator. Organic revenue was 1% higher than the prior period and 2% lower on a statutory basis. Whilst trends in the European construction market did impact sales in the first half, underlying demand for our energy efficiency products remains strong.

Life Science & Fluid Control organic revenue was 13% lower than the prior period and 16% lower on a statutory basis. This was as expected given the strong prior period comparator, particularly in the first quarter, and the continued softness seen across the global life sciences device market. The long-term fundamentals of this sector are strong, and we remain excited about our opportunities for innovation and growth in this sector.

Transport revenue was up 13% organically and 9% higher on a statutory basis. We continue to benefit from strong growth in Asia and our new product launches, supported by favourable regulatory tailwinds.

Adjusted operating margin for the first half reduced by 140bps to 17.0%, largely reflecting the sales reduction and changes in mix between sectors. The platform continues to advance complexity reduction initiatives with benefits expected in the second half. Statutory operating profit increased by 5% to £64m in the period.

Environmental, Social and Governance (ESG)

Our purpose, Breakthrough engineering for a better world, continues to focus our actions and create real energy across our organisation.

Empowering people

Ensuring all our employees feel safe at work has always been our number one priority. The number of health and safety incidents reduced by 31% during the first half and whilst this is excellent progress, we remain committed to the ambition of an accident-free workplace.

Our Inclusion and Diversity activities are helping us build a more dynamic and innovative organisation. We have a target of 25% of women in management across the Group and in 2023 we were at 22% with 44% female representation on our Board. We will continue to focus on female representation at every career level; from graduate through to leadership roles, to improve our overall gender diversity.

Our continued focus on empowering people and on creating an inclusive, diverse, and safe workplace is being recognised. We were pleased to see employee engagement increase in our recent 2024 survey, with 79% of employees now seeing IMI as a great place to work (2023: 77%).

Sustainable solutions

IMI's solutions support our customers' products and operations and often directly contribute to the delivery of their carbon reduction targets. When considering investments, we ensure that the impact on IMI's overall ESG positioning and performance is a prime consideration.

IMI sees a natural link between pursuing our ESG objectives with vigour and our wider ambitions for improved growth and profitability. Many of our best growth opportunities involve supporting customers in developing solutions for a zero-carbon future.

In particular, we are developing solutions for many aspects of the hydrogen value chain, including electrolysis, liquid storage, refuelling and heavy-duty trucks. We delivered £22m of hydrogen-related orders in the first half (H1 2023: £3m).

Climate action

At IMI we are committed to minimising our impact on the environment and we are pleased to announce that in July 2024 we received approval for both our near-term and net-zero targets from the Science Based Targets initiative (SBTi). This follows our commitment to submit targets to SBTi in May 2023, which includes the following:

- to reduce absolute scope 1 and 2 greenhouse gas emissions by 67.2% by 2030 from a 2019 base year and to achieve net-zero by 2040; and
- to reduce absolute scope 3 greenhouse gas emissions by 25% by 2030 from a 2021 base year and a commitment to reach net-zero greenhouse gas emissions across the value chain by 2050.

Our CO_2 intensity metric continued to improve in the first half and both platforms are progressing actions that will further reduce our Scope 1, 2 and 3 emissions. We remain on track to deliver our longer-term commitments, in line with the SBTi criteria.

More information about our ESG credentials and initiatives, including our policies and practices, can be found on our website: www.imiplc.com.

Financial review

Strong first half performance

The Group delivered a strong financial result in the first half, as revenue, profit and adjusted operating margin improved. Revenue increased by 1% to £1,098m (2023: £1,084m). Organic revenue was 5% higher than the prior year, after adjusting for acquisitions, disposals and exchange rate movements.

Adjusted operating profit of £196m (2023: £193m) was 2% higher than the prior period. On an organic basis, adjusted operating profit increased by 6%. Group adjusted operating margin increased by 10bps to 17.9% (2023: 17.8%). Statutory operating profit was up 19% at £177m (2023: £149m).

Adjusted net financing costs on borrowings, including the impact of interest cost on leases, were £7.8m (2023: £12.0m) and were covered 31 times by adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) of £243m (2023: £239m). The IAS19 pension net financial expense was £0.9m (2023: £0.7m). The total adjusted net financial expense was £8.7m (2023: £12.7m), principally reflecting a reduction in borrowing.

Profit before tax and adjusting items was £187m, an increase of 4% (2023: £180m).

The adjusted Group effective tax rate on profit for the first half increased to 24.0% (2023: 22.3%), largely reflecting higher UK corporation tax rates, the global minimum corporate income tax rate of 15% and favourable resolution of a number of historic tax cases in 2023.

Statutory profit before tax was £163m (2023: £139m). The total statutory profit for the period after taxation was £125m (2023: £109m).

Adjusting items

Restructuring costs of £11m were incurred in the first half (2023: £24m). Further details on these projects are included in Note 2.

The impact of amortisation of acquired intangibles and other acquisition costs was £14m (2023: £18m). The reversal of net economic hedge contract gains and losses resulted in a £6m charge (2023: £1m charge).

A £6m gain was recognised on the disposal of Industrie Mécanique pour les Fluides SA. Further details on this disposal are included in Note 14.

The tax effect of the above adjusting items was a credit of £8m (2023: £11m).

Complexity reduction continues to deliver benefits

Both platforms advanced their multi-year restructuring programmes in the first half, recognising a total charge of £11m.

The restructuring programme contributed £4m of benefits in the first half and is on track to deliver £15m for the full year, with a further £7m benefits expected in 2025.

We continue to expect that the programme will complete this year, although the Group will always seek and execute on opportunities that improve its competitive position.

Adjusted basic earnings per share

The average number of shares in issue during the period was 260m (2023: 259m), resulting in adjusted basic earnings per share of 54.7p (2023: 54.0p), an increase of 1%. Statutory basic earnings per share increased by 14% to 48.2p (2023: 42.2p) and statutory diluted earnings per share increased by 14% to 48.0p (2023: 42.1p).

Disposals

On 25 April 2024 the Group disposed of Industrie Mécanique pour les Fluides SA for proceeds of £18.5m resulting in a gain on disposal of £6.3m. Further details are provided in Note 14.

Foreign exchange

The impacts of translation on the reported growth of first half revenue and adjusted operating profit was a decrease of £30m and decrease of £7m respectively. The most significant foreign currencies for the Group remain the Euro and the US Dollar and the relevant rates of exchange for the period and at the period end are shown in Note 13 to this report. If exchange rates as at 19 July 2024 of US$1.29 and €1.19 remained constant for the remainder of the year, it would negatively impact both revenue and adjusted operating profit by approximately 3% in the year when compared to 2023.

Maintaining cash discipline

Cash generated from operations decreased to £170m (2023: £174m). Adjusted operating cash flow (see definition in Note 2) decreased to £130m (2023: £145m), largely reflective of continued business investment and additional working capital to support organic growth. Trade and other receivables increased by £63m, inventories increased by £50m and trade and other payables increased by £50m. Capital expenditure amounted to £41m (2023: £36m) and was 1.3 times (2023: 1.2 times) the adjusted depreciation and amortisation charge for the period of £33m (2023: £31m), which excludes depreciation from the IFRS 16 right of use assets of £14m (2023: £15m).

The other major cash outflows in the period were dividends to shareholders of £50m, a £17m outflow for adjusting items primarily related to the Group’s restructuring programme, and £46m of tax.

The total adjusted cash inflow for the period, excluding the impact of foreign exchange and movement of lease liabilities, was £34m, compared with an inflow of £28m in the first half of the previous year.

Definitions of adjusted performance measures are included in Note 2 and a reconciliation of adjusted measures to statutory measures is included in Note 11.

Strong balance sheet offers strategic flexibility

The Group maintains an appropriate mixture of cash and short, medium and long-term debt arrangements which provide sufficient liquidity for both ongoing activities and acquisitions. Total committed bank loan facilities available to the Group at 30 June 2024 were £300m (December 2023: £300m), of which £nil (December 2023: £nil) was drawn.

The ratio of net debt to the last twelve months' EBITDA (before adjusting items) is a funding covenant that is currently limited to 3.0x and was 1.2x at the end of June 2024 (December 2023: 1.3x).

The trade and other receivables asset increased to £571m as at 30 June 2024 (December 2023: £524m). Inventory increased to £477m at 30 June 2024 (December 2023: £437m), largely reflecting investments to support the order book growth in Process Automation. The trade and other payables liability increased to £505m at 30 June 2023 (December 2023: £470m).

The net deficit for defined benefit obligations at 30 June 2024 was £46m (December 2023: £49m). The UK deficit was £5m (December 2023: £4m) with the liabilities now fully bought-in. The deficit in the overseas funds as at 30 June 2024 was £41m (31 December 2023: £45m).

Shareholders' equity at the end of June was £1,094m, an increase of £64m since the end of last year. This is largely attributable to the profit for the period of £125m, the after-tax impact of share-based payments of £5m, shares acquired for the employee share scheme trust of £2m and after-tax actuarial income on the defined benefit pension plans of £1m; offset by unfavourable exchange differences and related tax of £19m and dividends paid of £50m.

Other regulatory information

Going concern

After making enquiries, the directors have a reasonable expectation that IMI plc ('the Company') and the Group have adequate resources to continue in operational existence for the foreseeable future and for a period of at least twelve months following the approval of the Interim Financial Report. Accordingly, they continue to adopt the going concern basis. See Note 1 for further information on the directors' considerations in reaching this conclusion.

The directors have considered the current macroeconomic conditions on the Group's financial results and financial position. The directors have assessed the viability of the Group and reviewed detailed cash flow forecast scenarios, including comparing a reverse stress test to those detailed forecasts. The directors have a reasonable expectation that the financial headroom will not be exhausted during the twelve months following the date of approval of the Interim Financial Report.

Principal risks and uncertainties

The Group has a risk management structure and internal controls in place which are designed to identify, manage and mitigate business risk. IMI faces a number of risks and uncertainties which could have a material impact on the Group's long-term performance.

On pages 91 to 99 of its 2023 Annual Report (a copy of which is available on IMI's website: www.imiplc.com), the Company sets out what the directors regarded as being the principal risks and uncertainties facing the Group and which could have a material impact on the Group's long-term performance. These risks include global economic uncertainty and political instability, lack of organic growth, talent and culture, cyber, competitive markets, supply chain risks, natural phenomena and climate change, major transformational project delivery risk, ethics, compliance and governance, product quality issues, acquisition risk and leveraging digital including artificial intelligence. Having considered the current environment, the directors have considered that these risks remain valid and have the potential to impact the Group during the second half of 2024. The impact of the macro-economic and end-market environments in which the Group's businesses operate have been considered in making the comments in the platform review and outlook sections of this Interim Financial Report.

Safe harbour statement

This Interim Financial Report contains forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this announcement and the Company undertakes no obligation to update these forward-looking statements. All written or oral forward-looking statements attributable to IMI plc are qualified by this caution. Nothing in this Interim Financial Report should be construed as a profit forecast.

Responsibility statement of the directors in respect of the Interim Financial Report

We confirm that to the best of our knowledge:

- the condensed set of interim financial statements has been prepared in accordance with IAS 34 *'Interim Financial Reporting'* as adopted by the UK

- the Interim Financial Report includes a fair review of the information required by DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year, and

- there were no changes in the related party transactions described in the 2023 Annual Report that materially affected the Group's results or financial position during the six months ended 30 June 2024.

The directors of IMI plc are listed on the IMI plc website (www.imiplc.com).

Approved by the Board of IMI plc and signed on its behalf by:

Roy Twite
Chief Executive Officer
25 July 2024

Daniel Shook
Chief Financial Officer
25 July 2024

Notes to editors

IMI plc is a FTSE100 global specialist engineering company that designs, manufactures and services highly engineered products to control the precise movement of fluids. Its innovative motion and flow control technologies, built around valves and actuators, enable vital sectors to become safer, more sustainable and more productive. IMI combines world class applications engineering expertise with a continued focus on customer satisfaction, market-led innovation and complexity reduction to solve its customers most acute engineering problems. IMI employs approximately 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 2138002W9Q21PF.

INDEPENDENT REVIEW REPORT TO IMI PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the consolidated interim income statement, consolidated interim statement of comprehensive income, consolidated interim balance sheet, consolidated interim statement of changes in equity, consolidated interim statement of cash flows and related notes 1 to 14.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London
25 July 2024

CONSOLIDATED INTERIM INCOME STATEMENT

	Note	6 months to 30 June 2024 (unaudited)			6 months to 30 June 2023 (unaudited)			Year to 31 Dec 2023		
		Adjusted £m	Adjusting items (Note 2) £m	Statutory £m	Adjusted £m	Adjusting items (Note 2) £m	Statutory £m	Adjusted £m	Adjusting items (Note 2) £m	Statutory £m
Revenue	3	1,098		1,098	1,084		1,084	2,196		2,196
Cost of sales		(581.4)	-	(581.4)	(573.6)	(1.6)	(575.2)	(1,182.1)	(1.6)	(1,183.7)
Gross profit		516.6	-	516.6	510.4	(1.6)	508.8	1,013.9	(1.6)	1,012.3
Net operating costs		(320.5)	(19.3)	(339.8)	(317.6)	(42.3)	(359.9)	(603.3)	(90.4)	(693.7)
Operating profit	3	196.1	(19.3)	176.8	192.8	(43.9)	148.9	410.6	(92.0)	318.6
Financial income	5	5.2		5.2	3.7		3.7	8.1		8.1
Financial expense	5	(13.0)		(13.0)	(15.7)		(15.7)	(30.8)		(30.8)
(Losses)/gains on instruments measured at fair value through profit or loss			(5.6)	(5.6)		2.3	2.3		7.0	7.0
Net financial expense relating to defined benefit pension schemes		(0.9)		(0.9)	(0.7)		(0.7)	(0.5)		(0.5)
Net financial (expense)/income	5	(8.7)	(5.6)	(14.3)	(12.7)	2.3	(10.4)	(23.2)	7.0	(16.2)
Profit before tax		187.4	(24.9)	162.5	180.1	(41.6)	138.5	387.4	(85.0)	302.4
Taxation	6	(45.0)	7.8	(37.2)	(40.2)	11.0	(29.2)	(84.5)	19.4	(65.1)
Profit after tax		142.4	(17.1)	125.3	139.9	(30.6)	109.3	302.9	(65.6)	237.3

	Note	6 months to 30 June 2024	6 months to 30 June 2023	Year to 31 Dec 2023
Earnings per share	4			
Basic – from profit for the period		48.2p	42.2p	91.5p
Diluted – from profit for the period		48.0p	42.1p	91.2p

All activities relate to continuing operations and are all attributable to the owners of the Company

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	6 months to 30 June 2024 (unaudited)		6 months to 30 June 2023 (unaudited)		Year to 31 Dec 2023	
	£m	£m	£m	£m	£m	£m
Profit for the period		125.3		109.3		237.3
Items that will not subsequently be reclassified to profit and loss						
Re-measurement gain/(loss) on defined benefit plans	1.8		(22.6)		(33.7)	
Related taxation effect	(0.4)		5.7		8.6	
		1.4		(16.9)		(25.1)
Items that may be reclassified to profit and loss						
Gain arising on hedging instruments designated in hedges of the net assets in foreign operation	9.4		6.7		6.7	
Loss on exchange differences on translation of foreign operations net of funding revaluations	(28.0)		(46.2)		(41.1)	
Gain on exchange differences reclassified to income statement on disposal of operations	(0.3)		-		(0.2)	
Related tax (charge)/credit on items that may subsequently be reclassified to profit and loss	(1.4)		1.1		1.8	
		(20.3)		(38.4)		(32.8)
Other comprehensive loss for the period, net of taxation		(18.9)		(55.3)		(57.9)
Total comprehensive income for the period, net of taxation		106.4		54.0		179.4

CONSOLIDATED INTERIM BALANCE SHEET

	Note	30 June 2024 (unaudited) £m	30 June 2023 (unaudited) £m	31 Dec 2023 £m
Assets				
Goodwill		**664.0**	680.5	680.3
Other intangible assets		**261.4**	290.0	277.4
Property, plant and equipment		**301.1**	292.9	300.4
Right of use assets		**90.4**	102.3	99.6
Employee benefit assets	9	**2.9**	6.4	1.7
Deferred tax assets		**22.2**	23.5	22.7
Other receivables		**2.0**	2.0	2.3
Total non-current assets		**1,344.0**	1,397.6	1,384.4
Inventories		**476.6**	451.3	437.3
Trade and other receivables		**571.4**	507.7	523.9
Derivative financial assets		**9.4**	16.5	12.1
Current tax		**4.5**	1.7	4.5
Investments		**2.4**	1.7	1.7
Cash and cash equivalents		**141.8**	112.3	106.5
Total current assets		**1,206.1**	1,091.2	1,086.0
Total assets		**2,550.1**	2,488.8	2,470.4
Liabilities				
Trade and other payables		**(504.6)**	(463.2)	(470.3)
Bank overdraft		**(109.0)**	(79.1)	(66.3)
Interest-bearing loans and borrowings		**(150.9)**	(153.2)	(47.2)
Lease liabilities		**(23.5)**	(25.3)	(25.2)
Provisions		**(21.7)**	(26.0)	(28.7)
Current tax		**(67.8)**	(59.7)	(73.0)
Derivative financial liabilities		**(8.4)**	(10.1)	(10.9)
Total current liabilities		**(885.9)**	(816.6)	(721.6)
Interest-bearing loans and borrowings		**(396.0)**	(551.8)	(531.4)
Lease liabilities		**(67.9)**	(74.8)	(75.0)
Employee benefit obligations	9	**(48.8)**	(46.0)	(50.6)
Provisions		**(11.7)**	(16.5)	(13.0)
Deferred tax liabilities		**(30.3)**	(47.0)	(33.3)
Other payables		**(15.8)**	(16.3)	(15.3)
Total non-current liabilities		**(570.5)**	(752.4)	(718.6)
Total liabilities		**(1,456.4)**	(1,569.0)	(1,440.2)
Net assets		**1,093.7**	919.8	1,030.2
Share capital	12	**78.6**	78.6	78.6
Share premium		**17.0**	16.5	17.0
Other reserves		**168.3**	183.0	188.6
Retained earnings		**829.8**	641.7	746.0
Total equity		**1,093.7**	919.8	1,030.2

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
As at 1 January 2023		78.6	16.4	177.6	43.8	589.2	905.6
Profit for the period						109.3	109.3
Other comprehensive expense excluding related taxation effect					(39.5)	(22.6)	(62.1)
Related taxation effect					1.1	5.7	6.8
Total comprehensive (loss)/income					(38.4)	92.4	54.0
Issue of share capital		-	0.1				0.1
Dividends paid	7					(45.1)	(45.1)
Share-based payments (net of tax)						5.2	5.2
Shares acquired for: employee share scheme trust							-
As at 30 June 2023 (unaudited)		78.6	16.5	177.6	5.4	641.7	919.8
As at 1 January 2023		78.6	16.4	177.6	43.8	589.2	905.6
Profit for the year						237.3	237.3
Other comprehensive expense excluding related taxation effect					(34.6)	(33.7)	(68.3)
Related taxation effect					1.8	8.6	10.4
Total comprehensive (loss)/income					(32.8)	212.2	179.4
Issue of share capital		-	0.6				0.6
Dividends paid						(68.8)	(68.8)
Share-based payments (net of tax)						13.4	13.4
Shares acquired for: employee share scheme trust							-
As at 31 December 2023		78.6	17.0	177.6	11.0	746.0	1,030.2
Changes in equity in 2024							
Profit for the period						125.3	125.3
Other comprehensive (expense)/income excluding related taxation effect					(18.9)	1.8	(17.1)
Related taxation effect					(1.4)	(0.4)	(1.8)
Total comprehensive (loss)/income					(20.3)	126.7	106.4
Issue of share capital		-	-				-
Dividends paid	7					(50.0)	(50.0)
Share-based payments (net of tax)						5.1	5.1
Shares issued from: employee share scheme trust						2.0	2.0
As at 30 June 2024 (unaudited)		**78.6**	**17.0**	**177.6**	**(9.3)**	**829.8**	**1,093.7**

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Note	6 months to 30 June 2024 (unaudited) £m	6 months to 30 June 2023 (unaudited) £m	Year to 31 Dec 2023 £m
Cash flows from operating activities				
Operating profit for the period		**176.8**	148.9	318.6
Adjustments for:				
Depreciation and amortisation		**60.7**	62.0	124.4
Impairment of property, plant, and equipment and intangible assets		**-**	0.1	5.2
Gain on disposal of subsidiaries		**(6.3)**	-	(0.7)
Loss on sale of property, plant and equipment		**1.1**	0.4	0.5
Equity-settled share-based payment expense		**5.9**	6.3	12.9
Increase in inventories		**(49.8)**	(52.1)	(32.3)
Increase in trade and other receivables		**(63.5)**	(42.1)	(56.5)
Increase in trade and other payables		**50.4**	46.5	57.5
(Decrease)/increase in provisions		**(7.5)**	0.6	(0.1)
Increase in employee benefits		**1.2**	0.6	1.0
Settlement of transactional derivatives		**1.0**	2.4	8.8
Cash generated from operations		**170.0**	173.6	439.3
Income taxes paid		**(45.5)**	(42.5)	(76.1)
Cash generated from operations after tax		**124.5**	131.1	363.2
Cash flows from investing activities				
Interest received	5	**5.2**	3.7	8.1
Proceeds from sale of property, plant and equipment		**0.1**	0.6	1.6
Settlement of effective net investment hedge derivatives		**4.6**	3.8	1.0
Acquisition of property, plant and equipment and non-acquired intangibles		**(41.1)**	(36.0)	(79.9)
Purchase of Investments		**(1.0)**	-	-
Proceeds from disposal of subsidiaries net of cash		**15.2**	-	0.1
Net cash from investing activities		**(17.0)**	(27.9)	(69.1)
Cash flows from financing activities				
Interest paid	5	**(13.0)**	(15.7)	(30.8)
Proceeds from the issue of share capital for employee share schemes		**2.0**	0.1	0.6
Drawdown of borrowings		**-**	60.7	-
Repayment of borrowings		**(23.4)**	(93.5)	(148.4)
Principal elements of lease payments		**(14.4)**	(14.6)	(29.0)
Dividends paid to equity shareholders	7	**(50.0)**	(45.1)	(68.8)
Net cash from financing activities		**(98.8)**	(108.1)	(276.4)
Net increase/(decrease) in cash and cash equivalents		**8.7**	(4.9)	17.7
Cash and cash equivalents at the start of the period		**40.2**	39.2	39.2
Effect of exchange rate fluctuations		**(16.1)**	(1.1)	(16.7)
Cash and cash equivalents at the end of the period		**32.8**	33.2	40.2
Reconciliation of cash and cash equivalents				
Cash and cash equivalents		**141.8**	112.3	106.5
Bank overdraft		**(109.0)**	(79.1)	(66.3)
Cash and cash equivalents at the end of the period		**32.8**	33.2	40.2

Notes to the cash flow appear in Note 11.

1. Significant accounting policies

Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 '*Interim Financial Reporting*' as adopted by the UK. The Group's annual financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the UK.

The Interim Financial Statements are unaudited but have been reviewed by the Company's auditor in accordance with the International Standard for Review Engagement (UK) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Financial Reporting Council. A copy of their unqualified review report is attached.

The comparative figures for the financial year ended 31 December 2023 are derived from the Group's statutory accounts for that financial year as defined in section 435 of the Companies Act 2006. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Interim Financial Statements have been prepared for the Group as a whole and therefore give greater emphasis to those matters which are significant to IMI plc and its subsidiaries when viewed as a whole. The Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and for a period of at least twelve months following the approval of the Interim Financial Report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The directors have considered the current macroeconomic conditions. The Group is well diversified and maintains a balanced portfolio operating across a range of markets, sectors and geographies with no single dependency. Performance in each of IMI's two platforms has been robust in the first half.

The Group continues to maintain a robust financial position. At 30 June 2024, the Group had cash and cash equivalents of £141.8m and undrawn committed facilities of £300m in the form of Revolving Credit Facilities (RCF), of which £50m is due for renewal in 2024, £75m in 2025, £25m in 2026 and £150m in 2027. Forecasts indicate that the Group can operate within the level of facilities in place without the need to obtain any new facilities in the twelve-month period following the approval of the Interim Financial Report.

The directors have assessed the viability of the Group and reviewed detailed cash flow forecasts for a period of at least twelve months following the date of approval of the Interim Financial Report. After applying a reverse stress test on the Group's banking covenants and making comparisons to the detailed forecasts, the directors have a reasonable expectation that the financial headroom will not be exhausted during this period.

Covenant compliance reviews are undertaken to ensure that the Group remains fully within the covenant limits. Funding covenants currently require EBITDA to be no less than 4.0 times interest and net debt to be no more than 3.0 times EBITDA. Those covenant ratios, at 30 June 2024, were 29.7 times and 1.2 times, respectively.

A reverse stress test shows that for there to be a breach of covenants during the twelve-month period following the approval of the Interim Financial Report, forecast revenue would need to fall by 40% and forecast EBITDA by 66% after taking into account the mitigating actions that would be undertaken in these circumstances. The mitigating actions include, but are not limited to, reducing working capital, restricting capital expenditure, reducing overhead spend and employee costs and cutting or suspending dividend payments to shareholders.

Accounting policies

The financial statements are presented in Pounds Sterling (which is the Company's functional currency), rounded to the nearest hundred thousand, except revenues, which are rounded to the nearest whole million. They are prepared on the historical cost basis except for derivative financial instruments; financial assets classified as fair value through profit and loss or other comprehensive income, assets and liabilities acquired through business combinations which are stated at fair value and retirement benefits. Non-current assets and liabilities held for sale are stated at the lower of their carrying amounts and their fair values less costs to sell.

1. Significant accounting policies (continued)

As required by the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies, key sources of estimation and uncertainty and presentation that were applied in the preparation of the Company's consolidated financial statements for the year ended 31 December 2023 as described in the 2023 Annual Report.

(i) New or amended UK Endorsed Accounting Standards adopted by the Group during 2024

There are no amended or new International Financial Reporting Standards which became effective for the Group as of 1 January 2024.

2. Alternative Performance Measures and Adjusting items

Alternative Performance Measures

The Group's policy is to exclude items from underlying performance that are considered to be significant in nature (i.e. outside of the normal course of business) and/or quantum and where treatment as an adjusting item provides stakeholders with additional useful information to assess period-on-period trading performance of the Group.

The Group believes Alternative Performance Measures ('APMs'), which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional helpful information on the performance of the business. These APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Executive Committee. Some of these measures are also used for the purpose of setting remuneration targets and for banking covenants.

The directors' commentary discusses these APMs to remove the effects of items of both income and expense that are considered different in nature from the underlying trading and normal quantum and where treatment as an adjusting item provides stakeholders with additional information to assess period-on-period trading.

Management has applied judgement in the selection of the APMs used in the Interim Financial Report. The APMs presented are used in discussions with the investment analyst community and by the Board and management to monitor the trading performance of the Group.

APM	Definition	Reconciliation to statutory measure
Adjusted profit before tax	Adjusted profit before tax is statutory profit before tax before adjusting items as shown on the income statement.	See income statement.
Adjusted net interest cost	Adjusted net interest cost is statutory net interest costs before adjusting items as shown on the income statement.	See income statement.
Adjusted earnings per share	Adjusted earnings per share is defined within the table in Note 4.	See Note 4.
Adjusted effective tax rate	The adjusted effective tax rate is the tax impact on adjusted profit before tax divided by adjusted profit before tax.	See Note 6.
Adjusted EBITDA	This measure reflects adjusted profit after tax before interest, tax, depreciation, amortisation and impairment.	See Note 11.

2. Alternative Performance Measures and Adjusting items (continued)

Adjusted operating profit Adjusted operating margin Adjusted net financing costs Organic revenue growth Organic adjusted operating profit	Adjusted operating profit is statutory operating profit before adjusting items as shown on the income statement. Adjusted operating margin is adjusted operating profit divided by revenue. Adjusted net financing costs is interest received and interest paid including the impact on interest costs on leases before gains on instruments measured at fair value through profit or loss (other economic hedges) and net financial income relating to defined benefit pension schemes. These two measures remove the impact of adjusting items, acquisitions, disposals and movements in exchange rates.	See income statement and segmental reporting in Note 3.
Adjusted operating cash flow	This measure reflects cash generated from operations as shown in the statement of cash flows less cash spent acquiring property, plant and equipment, non-acquired intangible assets and investments; plus cash received from the sale of property, plant and equipment, the sale of investments less the repayment of principal amounts of lease payments excluding the cash impact of adjusting items	See Note 11.
Net debt Net debt: adjusted EBITDA Free cash flow before corporate activity	Net debt is defined as the cash and cash equivalents, overdrafts, interest-bearing loans and borrowings and lease liabilities. Net debt divided by adjusted EBITDA as defined above. This measure is a subtotal in the reconciliation of adjusted EBITDA to Net Debt and is presented to assist the reader to understand the nature of the current year's cash flows excluding dividends, share buybacks and the purchase and issuance of own shares.	See Note 11. See Note 11.

Adjusting items

Outlined below are the adjusting items impacting these Interim Financial Statements:

	Key	6 months to 30 June 2024	6 months to 30 June 2023	Year to 31 Dec 2023
Recognised in arriving at operating profit				
Reversal of net economic hedge contract gains	(a)	**(0.5)**	(2.8)	(8.3)
Restructuring costs	(b)	**(11.0)**	(23.5)	(48.1)
Acquired intangible amortisation and other acquisition items	(c)	**(14.1)**	(17.6)	(33.6)
Exit from Russia	(d)	**-**	-	(2.0)
Gain on sale of subsidiary	(e)	**6.3**	-	-
		(19.3)	(43.9)	(92.0)
Recognised in net financial expense				
(Losses)/Gains on instruments measured at fair value through profit or loss	(a)	**(5.6)**	2.3	7.0
Recognised in taxation				
Tax impact of adjusting items above	(f)	**7.8**	11.0	19.4

2. Alternative Performance Measures and Adjusting items (continued)

Adjusting items (continued)

(a) **Reversal of net economic hedge contract gains** - for segmental reporting purposes, changes in the fair value of economic hedges which are not designated as hedges for accounting purposes, together with the gains and losses on their settlement, are included in the revenues and adjusted operating profit of the relevant business segment. The adjusting items at the operating costs level reverse this treatment. The financing adjusting items reflect the change in value or settlement of these contracts with the financial institutions with whom they were transacted.

(b) **Restructuring costs** - restructuring costs of £11.0m were incurred in the six months to 30 June 2024. The Automation platform incurred costs of £7.4m primarily related to a site closure in the US. The Life Technology platform incurred costs of £3.6m primarily related to two site closures.

Restructuring costs of £48.1m were recognised in 2023 (six months to 30 June 2023: £23.5m). The Automation platform incurred costs of £30.6m related to the rationalisation of three facilities. The Life Technology platform incurred costs of £17.5m related to the Customer First reorganisation project, which transforms the structure into customer-led sectors (across a number of businesses), and the rationalisation of three facilities.

The benefits of the restructuring programme are included in adjusted operating profit. These ongoing significant restructuring projects are due to be completed in 2024.

(c) **Acquired intangible amortisation and other acquisition items** - the acquired intangible amortisation charge in the six months to 30 June 2024 was £14.1m (six months to 30 June 2023: £16.0m, 12 months to 31 December 2023: £32.0m), which largely relates to the amortisation of the intangible assets recognised on the acquisition of Adaptas Solutions, Heatmiser UK Ltd and Bahr Manufacturing Company. Other acquisition costs of £1.6m for the six months to 30 June 2023 and 12 months to 31 December 2023 primarily related to the write-off of the inventory fair value uplift adjustment for Heatmiser.

(d) **Exit from Russia** - during 2023, changes were made to the legal structure of a customer, which resulted in a £2.0m write-off.

(e) **Disposal of subsidiary** - the Group disposed of its French subsidiary, Industrie Mecanique Pour Les Fluides SA, on 25 April 2024 resulting in a gain on disposal for the Group of £6.3m (see Note 14 for further details).

(f) **Taxation** - the tax effect of the above items has been recognised as an adjusting item and amounts to £7.8m (six months to 30 June 2023: £11.0m; year ended 31 December 2023: £19.4m).

3. Segmental information

Segmental information is presented in the consolidated Interim Financial Statements for each of the Group's operating segments. The operating segment reporting format reflects the Group's management and internal reporting structures and represents the information that was presented to the chief operating decision-maker, being the Executive Committee.

On 28 July 2023, the Group announced a structure change where the previous divisional structure, including IMI Critical Engineering, IMI Precision Engineering and IMI Hydronic Engineering was restructured to report under two platforms, Automation and Life Technology to better align IMI to its key sectors and to help position IMI to accelerate growth.

Automation

The Automation business leverages deep automation technology and applications expertise to improve productivity, safety and sustainability in the Process Automation and Industrial Automation sectors.

Life Technology

The Life Technology business focuses on technologies that enhance and improve everyday life, particularly in the areas of health, sustainability and comfort across the Climate Control, Transport and Life Science & Fluid Control sectors.

Performance is measured by the Executive Committee based on adjusted operating profit and organic revenue growth which are defined in Note 2. These two measures represent the two short-term key performance indicators for the Group.

Businesses enter into forward currency and metal contracts to provide economic hedges against the impact on profitability of swings in rates and values in accordance with the Group's policy to minimise the risk of volatility in revenues, costs and margins. Adjusted operating profits are therefore charged/credited with the impact of these contracts. In accordance with IFRS 9, these contracts do not meet the requirements for hedge accounting and gains and losses are reversed out of operating profit and are recorded in net financial income and expense for the purposes of the consolidated income statement.

The following table shows a reconciliation of platform adjusted operating profit to statutory operating profit. 2023 half year results have been restated to reflect the Group structure change described above.

	Automation			Life Technology			Total		
	6 months to 30 June 2024	6 months to 30 June 2023 (Restated)	Year to 31 Dec 2023	**6 months to 30 June 2024**	6 months to 30 June 2023 (Restated)	Year to 31 Dec 2023	**6 months to 30 June 2024**	6 months to 30 June 2023 (Restated)	Year to 31 Dec 2023
	£m	£m	£m	**£m**	£m	£m	**£m**	£m	£m
Revenue	684	649	1,350	414	435	846	**1,098**	1,084	2,196
Adjusted operating profit	125.9	112.7	257.3	70.2	80.1	153.3	**196.1**	192.8	410.6
Adjusted operating profit margin (%)	18.4%	17.4%	19.1%	17.0%	18.4%	18.1%	**17.9%**	17.8%	18.7%
Reconciliation to statutory operating profit:									
Reversal of net economic hedge contract losses/(gains)	0.1	(1.9)	(7.5)	(0.6)	(0.9)	(0.8)	**(0.5)**	(2.8)	(8.3)
Restructuring costs and associated impairment losses	(7.4)	(15.3)	(30.6)	(3.6)	(8.2)	(17.5)	**(11.0)**	(23.5)	(48.1)
Acquired intangible amortisation and other acquisition items	(6.0)	(7.6)	(14.9)	(8.1)	(10.0)	(18.7)	**(14.1)**	(17.6)	(33.6)
Disposal of subsidiary				6.3			**6.3**		
Exit from Russia			(2.0)			-			(2.0)
Statutory operating profit	112.6	87.9	202.3	64.2	61.0	116.3	**176.8**	148.9	318.6
Statutory operating margin (%)	16.5%	13.5%	15.0%	15.5%	14.0%	13.7%	**16.1%**	13.7%	14.5%
Net financial expense							**(14.3)**	(10.4)	(16.2)
Statutory profit before tax							**162.5**	138.5	302.4

3. Segmental information (continued)

The following table illustrates how revenue and adjusted operating profit have been impacted by movements in foreign exchange, acquisitions and disposals compared to the first half of 2023. 2023 half year results have been restated to reflect the structure change described above.

	6 months to 30 June 2024				6 months to 30 June 2023			
	As adjusted	Organic	Adjusted growth (%)	Organic growth (%)	As adjusted	Disposal	Exchange	Organic
Revenue								
Automation	684	684	5%	9%	649	-	(20)	629
Life Technology	414	414	-5%	-1%	435	(5)	(10)	420
Total	1,098	1,098	1%	5%	1,084	(5)	(30)	1,049
Adjusted operating profit								
Automation	125.9	125.9	12%	17%	112.6	-	(4.9)	107.7
Life Technology	70.2	70.2	-12%	-10%	80.2	(0.9)	(1.6)	77.7
Total	196.1	196.1	2%	6%	192.8	(0.9)	(6.5)	185.4
Adjusted operating profit margin (%)	17.9%	17.9%			17.8%			17.7%

Balance sheet

The following table illustrates how the segmental assets and liabilities reconcile to the overall total assets and liabilities reported in the balance sheet. 2023 half year results have been restated to reflect the structure change, as described above.

	Assets			Liabilities		
	30 June 2024	30 June 2023 (Restated)	31 Dec 2023	**30 June 2024**	30 June 2023 (Restated)	31 Dec 2023
	£m	£m	£m	**£m**	£m	£m
Automation	**1,469.0**	1,417.1	1,393.0	**478.5**	430.7	444.1
Life Technology	**884.0**	904.7	921.8	**142.8**	165.5	155.6
Total segmental assets/liabilities (including lease liabilities)	**2,353.0**	2,321.8	2,314.8	**621.3**	596.2	599.7
Corporate items	**23.3**	21.4	18.5	**32.3**	36.0	38.7
Employee benefits	**2.9**	6.4	1.7	**48.8**	46.0	50.6
Investments	**2.4**	1.7	1.7	**-**	-	-
Net debt items (excluding lease liabilities)	**141.8**	112.3	106.5	**655.9**	784.1	644.9
Net taxation	**26.7**	25.2	27.2	**98.1**	106.7	106.3
Total assets and liabilities in Group balance sheet	**2,550.1**	2,488.8	2,470.4	**1,456.4**	1,569.0	1,440.2

3. Segmental information (continued)

The Group's revenue streams are disaggregated by sector in the table below. 2023 results have been restated as a result of the changes to the Group’s structure, which now reports under two platforms, Automation and Life Technology as described above.

	6 months to June 2024 Revenue £m	6 months to June 2023 (Restated) Revenue £m
Industrial Automation	**262**	283
Aftermarket	257	217
New Construction	165	149
Process Automation	**422**	366
Automation	**684**	649
Climate Control	196	201
Life Science & Fluid Control	123	147
Transport	95	87
Life Technology	**414**	435
Total revenue	1,098	1,084
Sale of goods	1,058	1,042
Sale of services	40	42
Total revenue	**1,098**	1,084

4. Earnings per ordinary share

Basic and diluted earnings per share have been calculated on earnings as set out below. Both of these measures are also presented on an adjusted basis to assist the reader of the Interim Financial Statements and provide insight into the performance of the Group.

	Key	**30 June 2024 million**	30 June 2023 million	31 Dec 2023 million
Weighted average number of shares for the purpose of basic earnings per share	A	**260.2**	259.0	259.3
Dilutive effect of employee share options		**1.0**	0.4	1.0
Weighted average number of shares for the purpose of diluted earnings per share	B	**261.2**	259.4	260.3

	Key	**6 months to 30 June 2024 £m**	6 months to 30 June 2023 £m	Year to 31 Dec 2023 £m
Statutory profit for the period	C	**125.3**	109.3	237.3
Total adjusting items charges included in profit for the period, before tax		**24.9**	41.6	85.0
Total adjusting items credits included in taxation		**(7.8)**	(11.0)	(19.4)
Earnings for adjusted EPS	D	**142.4**	139.9	302.9
Statutory EPS measures				
Statutory basic EPS	C/A	**48.2p**	42.2p	91.5p
Statutory diluted EPS	C/B	**48.0p**	42.1p	91.2p
Adjusted EPS measures				
Adjusted basic EPS	D/A	**54.7p**	54.0p	116.8p
Adjusted diluted EPS	D/B	**54.5p**	53.9p	116.4p

5. Net financing costs

Recognised in the income statement	6 months to 30 June 2024 Interest £m	Financial instruments £m	Total £m	6 months to 30 June 2023 Interest £m	Financial instruments £m	Total £m	Year to 31 Dec 2023 Interest £m	Financial instruments £m	Total £m
Interest income on bank deposits	5.2		5.2	3.7		3.7	8.1		8.1
Financial income	5.2	-	5.2	3.7	-	3.7	8.1	-	8.1
Interest expense on interest-bearing loans and borrowings	(11.6)	-	(11.6)	(14.2)		(14.2)	(27.9)		(27.9)
Interest expense on leases	(1.4)	-	(1.4)	(1.5)		(1.5)	(2.9)		(2.9)
Financial expense	(13.0)	-	(13.0)	(15.7)	-	(15.7)	(30.8)	-	(30.8)
Recognised in other comprehensive income									
(Losses)/Gains on instruments measured at fair value through profit or loss:									
Other economic hedges		(5.6)	(5.6)		2.3	2.3		7.0	7.0
Net financial expense relating to defined benefit pension schemes	(0.9)		(0.9)	(0.7)		(0.7)	(0.5)		(0.5)
Net financial (expense)/income	(8.7)	(5.6)	(14.3)	(12.7)	2.3	(10.4)	(23.2)	7.0	(16.2)

Included in financial instruments are current period trading gains and losses on economically effective transactions which for management reporting purposes are included in adjusted revenue and operating profit (see Note 2). For statutory purposes, these are required to be shown within net financial income and expense. Gains or losses on economic hedges for future period transactions are in respect of financial instruments held by the Group to provide stability of future trading cash flows.

6. Taxation

The tax charge before adjusting items is £45.0m (year ended 31 December 2023: £84.5m) which equates to an adjusted effective tax rate of 24.0% compared to 22.3% for the comparative six-month period in the prior year and 21.8% for the year ended 31 December 2023. The normalised rate of 24.0% has been calculated using the full year projections and has been applied to adjusted profit before tax for the period ended 30 June 2024. The normalised rate includes the expected impact of the OECD Inclusive Framework agreement for a global minimum corporate income tax rate of 15%, although the impact on IMI's results is expected to be minimal.

The tax effects of adjusting items have been based on the applicable rates of tax applying to the adjusting items arising in the period ended 30 June 2024.

The statutory tax charge of £37.2m (year ended 31 December 2023: £65.1m) equates to an effective tax rate of 22.9%. This compares to a rate of 21.1% for the six months ended 30 June 2023 and 21.5% for the year ended 31 December 2023.

7. Dividends

The final dividend relating to the year ended 31 December 2023 of 19.2p per share (year ended 2022: 17.4p) was paid in May 2024 amounting to £50.0m (2023: £45.1m).

In addition, the directors have declared an interim dividend for the current year of 10.0p per share (2023: 9.1p per share) amounting to £26.0m which will be paid on 16 September 2024 to shareholders on the register on 9 August 2024. In accordance with IAS10 'Events after the Balance Sheet Date' this interim dividend has not been reflected in these Interim Financial Statements.

8. Property, plant and equipment and intangible assets

Capital expenditure on property, plant and equipment in the period was £35.0m (30 June 2023: £28.1m), the majority of which was in respect of plant and equipment.

Capital expenditure on non-acquired intangible assets in the period was £6.1m (30 June 2023: £7.9m).

9. Employee benefits

The net defined benefit pension deficit at 30 June 2024 was £45.9m (31 December 2023: £48.9m); made up of assets of £374.8m (31 December 2023: £400.6m) and liabilities of £420.7m (31 December 2023: £449.5m). The UK net deficit in the Fund increased to £4.7m (31 December 2023: £3.7m). The increase is a result of unfavourable movements in the return on plan assets.

The net deficit in respect of the total overseas obligations decreased slightly to £41.2m (31 December 2023: £45.2m) due to employer contributions.

10. Fair value hierarchy

Set out below is an overview of the Group's financial instruments held at fair value.

	30 June 2024				31 Dec 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets measured at fair value								
Equity instruments*	2.4			2.4	1.7			1.7
Foreign currency forward contracts		9.4		9.4		12.1		12.1
	2.4	9.4	-	11.8	1.7	12.1	-	13.8
Financial liabilities measured at fair value								
Foreign currency forward contracts		(8.4)		(8.4)		(10.9)		(10.9)
	-	(8.4)	-	(8.4)	-	(10.9)	-	(10.9)

*Equity instruments primarily relate to investments in associates and investments in funds in order to satisfy long-term benefit arrangements.

Level 1 – quoted prices in active markets for identical assets and liabilities

Level 2 – significant other observable inputs

Level 3 – unobservable inputs

Valuation techniques for level 2 inputs

Derivative assets and liabilities of £9.4m and £8.4m, respectively, are valued by level 2 techniques. The valuations are derived from discounted contractual cash flows using observable, and directly relevant, market interest rates and foreign exchange rates from market data providers.

The fair values of all financial assets and liabilities in the balance sheet as at 30 June 2024, 31 December 2023 and 30 June 2023 are materially equivalent to their carrying values with the exception of the US private placement fixed rate loans, for which the carrying values are set out below:

	Carrying value	Fair value*
	£m	£m
30 June 2024	**523.1**	**498.7**
31 December 2023	531.4	511.7
30 June 2023	528.2	491.7

*The US private placement fixed rate loans are valued by level 2 techniques.

11. Cash flow reconciliation

Reconciliation of net cash to movement in net debt

	6 months to 30 June 2024 £m	6 months to 30 June 2023 £m	Year to 31 Dec 2023 £m
Net increase/(decrease) in cash and cash equivalents*	**11.0**	(4.9)	17.7
Less: cash (disposed)/acquired	**(2.3)**	-	0.4
Net repayment of borrowings excluding foreign exchange and net debt (disposed)/acquired	**23.4**	32.8	148.4
Decrease in net debt*	**32.1**	27.9	166.5
Net cash acquired	**-**	-	(0.4)
Currency translation differences	**(7.8)**	6.6	1.8
Movement in lease liabilities	**8.8**	5.6	5.5
Movement in net debt in the period	**33.1**	40.1	173.4
Net debt at the start of the period	**(638.6)**	(812.0)	(812.0)
Net debt at the end of the period**	**(605.5)**	(771.9)	(638.6)

*Excluding foreign exchange.

**Net debt is defined as cash and cash equivalents, overdrafts, interest-bearing loans and borrowings and lease liabilities.

Reconciliation of net cash flow (excluding debt movements)

	6 months to 30 June 2024 £m	6 months to 30 June 2023 £m	Year to 31 Dec 2023 £m
Adjusted EBITDA*	**242.7**	238.8	503.2
Working capital movements	**(62.9)**	(47.7)	(31.3)
Capital and development expenditure	**(41.1)**	(36.0)	(79.9)
Provisions and employee benefit movements**	**0.1**	0.3	(2.7)
Principal elements of lease payments	**(14.4)**	(14.6)	(29.0)
Other	**5.6**	4.5	6.0
Adjusted operating cash flow***	**130.0**	145.3	366.3
Adjusting items	**(17.4)**	(24.1)	(43.1)
Tax paid	**(45.5)**	(42.5)	(76.1)
Interest	**(7.8)**	(12.0)	(22.7)
Derivatives	**5.6**	6.2	9.8
Free cash flow before corporate activity	**64.9**	72.9	234.2
Dividends paid to equity shareholders	**(50.0)**	(45.1)	(68.8)
Acquisition and disposal of subsidiaries	**17.5**	-	0.5
Net issue of own shares	**2.0**	0.1	0.6
Net cash flow (excluding debt movements)	**34.4**	27.9	166.5

*Adjusted profit after tax (£142.4m), before interest (£8.7m), tax (£45.0m), depreciation (£36.8m) and amortisation (£23.8m).

**Movement in provisions and employee benefits as per the interim statement of cash flows (£6.3m) adjusted for the movement in restructuring provisions £6.4m.

***Adjusted operating cash flow is the cash generated from operations shown in the statement of cash flows less cash spent acquiring property, plant and equipment, non-acquired intangible assets and investments; plus cash received from the sale of property, plant and equipment and the sale of investments, excluding the cash impact of adjusting items. This measure best reflects the operating cash flows of the Group.

11. Cash flow reconciliation (continued)

Reconciliation of adjusted operating cash flow to cash flow statement

	6 months to 30 June 2024 £m	6 months to 30 June 2023 £m	Year to 31 Dec 2023 £m
Cash generated from operations	**170.0**	173.6	439.3
Principal lease payments	**(14.4)**	(14.6)	(29.0)
Settlement of transactional derivatives	**(1.0)**	(2.4)	(8.8)
Acquisition of property, plant and equipment and non-acquired intangibles	**(41.1)**	(36.0)	(79.9)
Adjusting items	**17.4**	24.1	43.1
Purchase of investments	**(1.0)**	-	-
Proceeds from sale of property, plant and equipment	**0.1**	0.6	1.6
Adjusted operating cash flow	**130.0**	145.3	366.3

Reconciliation of cash and cash equivalents

	6 months to 30 June 2024 £m	6 months to 30 June 2023 £m	Year to 31 Dec 2023 £m
Cash and cash equivalents in current assets	**141.8**	112.3	106.5
Bank overdraft in current liabilities	**(109.0)**	(79.1)	(66.3)
Cash and cash equivalents	**32.8**	33.2	40.2

12. Share capital

	Ordinary shares of 28 4/7 p each	
	Number (m)	Value (£m)
In issue at the start of the period	275.1	78.6
Issued to satisfy employee share schemes	-	-
In issue at the end of the period	**275.1**	**78.6**

13. Exchange rates

The income and cash flow statements of overseas operations are translated into sterling at the average rates of exchange for the period. Balance sheets are translated at period end rates. The most significant currencies for the Group are the Euro and the US dollar for which the relevant rates of exchange were:

	Income statement and cash flow average rates			Balance sheet rates as at		
	6 months to 30 June 2024	6 months to 30 June 2023	Year to 31 Dec 2023	**30 June 2024**	30 June 2023	31 Dec 2023
Euro	**1.17**	1.14	1.15	**1.18**	1.16	1.15
US dollar	**1.26**	1.23	1.24	**1.26**	1.27	1.27

14. Disposals

Disposals in 2024

The Group disposed of its French subsidiary, Industrie Mecanique Pour Les Fluides SA, on 25 April 2024 for proceeds of £18.5m, resulting in a gain on disposal for the Group of £6.3m after disposing of £11.5m of net assets and incurring £1.0m of associated disposal costs, partly offset by recycling a foreign exchange gain from reserves of £0.3m.

This disposal is not disclosed as a discontinued item because it did not represent a separate major line of business.

Disposals in 2023

The Group disposed of its Dutch subsidiary, IMI Aero-Dynamiek BV, on 2 October 2023 for proceeds of £0.8m, resulting in a gain on disposal for the Group of £0.7m after disposing of £nil net assets and incurring £0.3m of associated disposal costs.

This disposal is not disclosed as a discontinued item because it did not represent a separate major line of business.