

**IMI plc**  
**Interim Results 2025**

Friday, 1<sup>st</sup> August 2025

---

## Introduction

Roy Twite

*CEO, IMI*

### Welcome

Good morning, everybody. Welcome to IMI's 2025 Interim Results Presentation. I am joined here as usual, but sadly for the last time by Dan Shook. I would also like to extend a very warm welcome to Luke Grant, who many of you already know and is joining the presentation for the very first time.

### Continued strategic progress

This slide covers the key messages in the presentation. And the first thing to say is that it was another good performance in the first half. We delivered 2% organic sales growth and 5% organic adjusted operating profit growth. Adjusted operating margins were up another 30 basis points and we delivered an outstanding £64 million of orders through our innovative Growth Hub.

I would like to express a personal thank you to everyone across IMI for their hard work and dedication during the first half. To deliver this performance amid the market uncertainty and to recover so quickly from the cyber incident reflects a tremendous effort from all of our people.

I am also pleased to report that the £200 million share buyback announced in February, is now complete and that we are once again raising the interim dividend by 10%, reflecting the continued confidence that we have in the business.

With the completion of the buyback, we have now returned over £1 billion to shareholders since the start of 2019. The strategic review of Transport is progressing, our sector team is developing a detailed plan to accelerate improved financial returns, and we continue to assess all strategic options.

There is strong momentum in IMI heading into the second half, underpinned by a record order book in Process Automation, continued strong demand in Climate Control and improving trends and catch-up shipments in Industrial Automation, as well as supportive order books in both Transport and Life Science & Fluid Control.

I am therefore pleased to reconfirm our guidance for 2025. We are on track to deliver our fourth consecutive year of mid-single-digit organic revenue growth, and we continue to expect that full year adjusted basic earnings per share will be between 129p and 136p.

With that, I am going to hand over to Dan to talk through the first half results in more detail.

## Business Review

Daniel Shook

*/M/*

### Good first half performance

Thanks, Roy, and good morning, everyone. I am pleased to be able to take you through our first half results today, one more time. Here we go.

As Roy mentioned, another good performance in the first half. Revenue increased by 2% organically. Adjusted operating profit was up 5%, and our adjusted operating margin increased another 30 basis points.

Adjusted basic EPS was 3% higher than the prior period as adverse currency and tax rate movements were offset by the reduction in outstanding shares. Operating cash conversion was very strong, and we are pleased to be increasing our proposed interim dividend by another 10%.

### **Delivering organic revenue and profit growth**

So firstly, some more detail around our revenue and profit performance. We delivered 2% organic revenue growth, but due largely to a weaker US dollar, our statutory revenue was slightly lower.

Adjusted operating profit increased to £198 million, organic profits increased by 5%, which was again offset by FX.

### **Continued organic growth and margin improvement**

Looking at the income statement. As mentioned, we saw good growth in revenue and operating profit in the year. The net interest charge was broadly in line with last year at £8.6 million, despite the share buyback, and the adjusted tax rate increased from around 24% to roughly 25%, in line with our guidance for the full year.

Now as I am sure you are aware, IMI was subject to a very serious cyberattack in the first quarter, thanks to the incredible efforts of our people, supported by industry experts, we were able to limit the impact to temporary operational disruption.

The second quarter organic revenue growth of 6% reflects the catch-up on sales that we expect to complete in H2. As expected, we have recognised a one-off exceptional charge of £25.4 million in the first half that covers IT system recovery, risk management, upgraded IT infrastructure and advisory costs.

### **First half performance in line with expectations**

Now looking at the performance of the platforms and sectors, which was very much in line with our expectations. Starting with Automation. Automation delivered good growth with revenue up 3% organically and margins in line with the prior period at 18.4%.

Process Automation had an excellent first half, delivering strong order intake as shown at the bottom of the slide. Adjusting for the one-off multi-boat marine order last year, orders were up 7% organically with particular strength in power and nuclear. We made further progress in the high margin aftermarket, where organic orders were 10% higher than last year. Organic revenue was 8% higher than the prior period, and the order book was up another 5%.

Industrial Automation organic revenue was 4% lower than the same period in the prior year, reflecting the one-off impact from the cyber incident and softer industrial activity in Europe and the Americas. The business is rebuilding momentum. It was flat organically in Q2 and will benefit in the second half from further catch-up of shipments impacted by the cyber incident.

Turning to Life Technology. As expected, organic revenue was 1% lower than the prior year. However, margins improved by 80 basis points to 17.8%, supported by the final benefits from our footprint optimisation initiatives. Climate Control delivered another strong performance in the first half as we saw continued demand for our products that reduce energy consumption in buildings, including the benefit from our growing portfolio of smart connected products.

Organic revenue was 5% higher than the prior year period. Life Science & Fluid Control organic revenue was 5% lower than the prior period. Now the Life Science sales were only slightly down in the first half with good order intake with a book to bill in H1 of 1.1 times.

The Fluid Control sales were more impacted by the cyber incident, but it is recovering well and also has a strong order book heading into the second half. Transport revenue was down 9% organically in the first half. This was in line with expectations given the 13% organic growth delivered in the first half of 2024.

### **Continued cash delivery**

Continuing to cash flow. Our adjusted operating cash flow was 21% higher than the prior period, supported by the strong profit performance and good working capital management. Inventory levels rose in the first half, but this is due to our normal seasonality plus investment to support the Process Automation order book growth.

The inventory position reduced by £21 million versus the same point last year despite the Process Automation order book increasing by over £45 million. We are actively managing the position to ensure we reduce stocks in the second half while maintaining customer service levels.

Free cash flow was lower than the prior period, largely due to the one-off exceptional costs associated with the cyber incident and a £26 million loan we have made to our UK pension scheme to support the final wind-up process. The loan is providing flexibility to the scheme as it manages its remaining illiquid investments, we expect it to be partially repaid in the second half. Now when I joined IMI in 2015, our UK scheme had roughly £1.3 billion in liabilities. To now be in the final wind-up stage is really great, and it reflects a tremendous effort from our team over the last 10 years.

Our net debt has increased from £548 million at the beginning of the year to £738 million at the half year. This principally reflects the successful execution of our £200 million share buyback and the £54 million dividend payment.

Net debt to trailing 12-month EBITDA was 1.4 times, which continues to give us the capacity to invest in both organic and inorganic growth opportunities.

With that, let me hand over to Luke, who will be covering the outlook today. Thanks, everyone.

## **Outlook**

Luke Grant

*CFO, IMI*

### **Over £1 billion of free cash flow expected over the next three years**

Thanks, Dan. As Roy mentioned, with the completion of our £200 million share buyback, I am very pleased to report that we have now returned over £1 billion to shareholders since the start of 2019. This has been supported by significant improvements in our free cash flow. And you can see on the slide that we see a clear pathway to delivering further improvements.

We expect to deliver over £1 billion of free cash flow over the next three years, supported by further growth and the normalisation of working capital. We have an extremely disciplined approach to deploying this capital, prioritising investments in our people, processes and operations that accelerate organic growth.

We will also pursue bolt-on acquisitions that enhance our position in attractive, long-term growth markets and that deliver results in line with our strict financial criteria.

Finally, we will continue to deliver returns to shareholders. We are committed to maintaining a progressive dividend, and we will look to return capital to shareholders, should leverage fall sustainably

below our 1 to 2 times net debt to EBITDA target range. At the end of the first half, net debt to EBITDA was 1.4 times, towards the midpoint of that range.

### **Full year guidance reconfirmed**

We are on track to deliver our fourth consecutive year of mid-single-digit organic growth in 2025. We continue to expect that full year adjusted basic EPS will be between 129p and 136p. Our guidance assumes that the full year adjusted operating margin will be around 20% and that our interest charge will be slightly higher than our previous guidance.

The tax rate is still expected to increase to around 25%, and we expect that the weighted average number of shares will reduce to 249 million at the year-end. Exchange rates have been volatile in recent weeks but as things stand, we see a 1.5% headwind to profits in the full year. We will be keeping a close eye on how this develops in the second half.

With that, I am going to hand over to Roy who will talk you through the strategy update.

## **Strategy Update**

Roy Twite

*CEO, IMI*

### **Our right to win**

IMI is a global leader in fluid and motion control with a compelling value proposition. Our solutions typically represent a small part of the total system cost but have a significant positive impact on end customer outcomes. This drives growth, customer loyalty and strong pricing power. We are well placed to support our customers in the attractive aftermarket.

Our business is aligned to three long-term structural growth trends; automation, energy efficiency, and healthcare demand. These powerful drivers support the delivery of sustainable, profitable growth. And all of this is underpinned by our One IMI operating model.

### **One IMI operating model delivering step change in performance**

The One IMI operating model is a proven platform for value creation and sustainable growth designed to deliver our financial framework. By applying a consistent approach rooted in commercial excellence, market-led innovation and continuous improvement, we are creating significant value for shareholders.

Commercial excellence remains at the heart of our growth strategy. We are focused on creating ever more value for our customers through premium service, technical support and disciplined sales execution. We have significantly improved customer satisfaction scores, and we leverage these relationships to co-create high value-add solutions. All of this is supported by significant investments that we have made in our people, in our processes and our operations, including in data and digital, which I will touch on later in this presentation.

Our unique market-led approach to innovation is creating real value, grounded in deep customer insight and executed through our entrepreneurial Growth Hub model, we develop solutions that address industry wide problems. We leverage our strong customer relationships to gain a deep understanding of our customers' needs before moving at pace to validate solutions and full market potential. Through this process, we minimise upfront investment before rapidly bringing validated solutions to market once our customers' endorsement has been fully secured.

We delivered £64 million of Growth Hub orders in the first half with a strong pipeline of opportunities across IMI. And as Luke mentioned, we also pursue attractive bolt-on acquisitions. Since 2019, IMI has

been strengthened by six complementary acquisitions, while our fully burdened return on invested capital has increased to 13.4%, significantly higher than our 12% underpin and our weighted average cost of capital.

Finally, with our full multi-year restructuring programme now complete, our focus is on continuous improvement. Whilst IMI now operates from a leaner, stronger platform, we will continue to identify programs to improve efficiency, reduce complexity, and better serve our customers. Restructuring costs associated with our current business are now being taken into underlying operating profit.

### **One IMI in action – delivering real-world impact**

I also wanted to spend some time sharing a few examples of how we are executing our One IMI operating model across the business.

Firstly, our investments in data and digital are accelerating high-margin aftermarket growth. Through the hard work from our Process Automation team, we have built a full database of over 200,000 valves in our installed base. Using this database, we are able to identify key aftermarket opportunities and prioritise our sales efforts. We estimate that this has had at least a £70 million positive impact from this initiative alone on our order intake over the last two years, with more to come.

Secondly, the excellent progress we have made expanding our range of connected products. Smart-connected products make up roughly 25% of Climate Control sales now and there is a strong growing demand for the precision, the insight and the convenience that these connected solutions offer. In March 2025, we launched a new electronic thermostatic radiator valve, that leverages Heatmiser's technology and can be controlled via an app. This is an incredibly exciting new opportunity and presents us with a significant opportunity to scale across our European markets and in over 200,000 homes in the Heatmiser ecosystem.

Finally, we are focused on driving excellent customer service and productivity through continuous improvement. In Industrial Automation, we win in highly customised applications, with fast response to customers is absolutely crucial. There is lots of great work across the sector, and our Rockford facility is an excellent example. The team have built a digital twin of the site to facilitate layout simulations and optimisations in real-time, drastically reducing lead time to customers and improving flow.

### **Performance culture driving productivity improvements**

Our people and culture are the foundation of the One IMI operating model, and we have put a lot of effort into building a culture of ownership, culture of accountability and customer focus. This has played a key role in IMI's transformation over the last six years. And as you can see on the screen, it is supported by a significant increase in productivity.

We are focused on embedding a performance-driven mindset and have made significant investments in our people to help them grow, develop and continue creating significant value for customers.

We are committed to targeted development at every level and have launched a range of new training programmes in the first half. We also ensure that our top talent regularly moves across the Group enabling us to leverage best practice and develop the next generation of leaders. Congratulations to Tarak, on his appointment to the most senior position within Industrial Automation.

Another key driver of significant productivity gains is our absolutely relentless focus on continuous improvement. A great example of this is in our Brno facility in Czech Republic, where they identified over 600 improvement initiatives in the first half of this year alone, as they continue to reduce complexity and improve customer service every single day.

All of this is supported by employee engagement, and I am very glad to report that 79% of all our employees would recommend IMI as a Great Place to Work in our recent survey.

### **Executing our strategy to deliver our financial framework**

As you have seen on the previous slides, IMI has been fundamentally transformed over the last six years. We are executing the growth strategy, and we are on track to deliver our financial framework. As a reminder, we want to deliver 5% organic growth, operating margins of 20% plus, cash conversion above 90% and maintain our fully burdened return on invested capital above 12% as we continue to create significant value by deploying our capital, both organically and into targeted bolt-on acquisitions.

### **A track record of compounding growth**

It is clear that our growth strategy continues to deliver great results. As you can see on this slide, we have built a track record of compounding profitable growth. Adjusted EPS has grown at 11% CAGR since 2019, and we expect further progress in 2025.

### **Key messages**

So, to summarise then, the key takeaways from today are:

First, that our growth strategy continues to deliver results, and I am proud of our achievements during the first half. Organic revenue grew by 2%, adjusted operating margin was up another 30 basis points, and our organic adjusted operating profit grew by 5%.

Second, that there is great momentum within our business as we head into the second half, and we are on track to deliver our fourth consecutive year of mid-single-digit organic revenue growth.

Third, and finally, as Luke said, we are reconfirming our EPS guidance range. We continue to expect that this year's full year adjusted EPS will be between 129p and 136p.

Okay. I am going to stop talking there and turn over to the moderator for the Q&A, please.

## **Q&A**

**Andrew Douglas (Jefferies):** Good morning, Gentlemen. Thank you for the presentation, and welcome Luke. I have got the standard three questions. But beforehand, I just want to say on behalf of the analysts who have worked with you over the last 10 years, Dan, thank you for everything that you have done for us. You have been absolutely a genuine pleasure to work with. I think on behalf of everyone, I just want to wish you well for whatever comes next for both you and the family. So thank you for that. Over to the questions.

Can we just talk about Process Automation, please? You flagged the order book was going to be under a little bit of downward pressure on the OE side due to marine. I think that is all well understood. Can you talk about what you see over the next 12, 18 months? I think hydrogen was a reasonably tough comp for you in the second half of last year. Can I just make sure that we are confident of Process Automation continuing to grow as a division next year? Just how well that is underpinned by the order book?

Secondly is on the slightly more cyclical bits. You have talked about order books improving in Industrial Automation, in Fluid Control and Life Sciences. Can I just quadruple check that, that is over and above recovery post the cybersecurity incident? Just make sure I understand that.

Then last but no means least, is on the share buyback. Share buyback is finished. You are going to be around about 1 times by year-end. Was there a debate about whether we should just do another £200 million now because you have got plenty of firepower? Or do you have a strong M&A pipeline?

**Roy Twite:** Well, thanks, Andy. Yes, I totally agree on your comments on Dan. It has been fantastic working with Dan. But with Luke, we are in safe hands. So welcome to Luke's first presentation. I will take the first two, and then I suggest, Luke, you talk about the share buybacks.

So, Process Automation, Andy, in short, the order book is up 5% despite the multi-year marine contract that we called out over the last few calls. We are pleased with the situation that is in. As you know, 60% of that division is aftermarket and the gross margins in aftermarket are 2.5 times what they are in new construction. The good news was that aftermarket orders up another 10% in the first half.

Jackie, Roby and the team just driving the whole upgrade valve strategy, which you know is where we go in, we swap out either our old valves or increasingly the competition's valves that are not working for the customer, that are providing reliability issues or noise or vibration issues, and that strategy continues to pay dividends. Yes, we think we are going to finish the year with the order book higher again, and that would lead us naturally into growth again for next year, Andy. We feel very good about where Process Automation is.

The second question was on the short-cycle businesses. Industrial Automation, the good news is, yes, we have got a higher order book, which is partly catch-up on Industrial Automation because of the effects of the cyber incident. There is no doubt about that. But we are also seeing in the order run rate a pick up to what I would call growth now, Andy. It was slightly ahead.

We are now seeing growth consistent with our outlook for the second half, which is around 3%, 4% growth for the second half in IA. We are encouraged by that. We will see whether it is a sustained recovery. As you know, there is still lots of moving parts in the global economy. There is still lots of settling down to do there with things like the tariffs and stuff, but the encouraging thing is we are making progress.

On the Industrial Automation team, honestly, I have not seen Industrial Automation in better shape for as long as I can remember. What Jackie has done with that sector of our business, as I said on the presentation, we brought Tarak now who has been with IMI something like 10 years. He was very successful in Process Automation. He moved across into IA well over a year ago now. He has done very well there. Now he is going to be sector head.

I am really pleased with that. Again, a bit like Luke, we have moved people through, develop them, and now where we are with the strategy and the team, we are in a good position, Andy.

Similar thing particularly on the Fluid Control part of Life Science & Fluid Control, that we have got a good order backlog, partly because of the effects of the cyber incident. So part of it is catch-up. On the Life Science side, though, Andy, customer order schedules are definitely showing growth for the second half. I think we will deliver growth in that segment in the second half.

Again, on the Life Sciences side, I am not calling a sustained recovery. Again, we all look at the news, right? There has been enough profit warnings over the last few weeks in that sector. Obviously, we have got the issue with the US funding and stuff. I am definitely not calling a sustained recovery. But at least in the second half, we think we are going to show growth and customers are talking about new product launches, and we are winning future platforms. Again, the team there, Kevin is doing a really good job. I think we are really focused in the right areas.

I think over a period of time, we will see that return to growth as the aging population, all of those dynamics and the propensity to spend more money on health. But certainly, second half, we see growth.

Luke, do you want to cover share buyback?



**Luke Grant:** Yes, of course, yes. Morning, Andy. I think as you said, the leverage at the half year was 1.4 times net debt to EBITDA. I think we expect delever to about 1.1 times come the year-end, and that would be sort of our normal rate of delevering. It is roughly about 0.5 times a year. I think we just completed our last tranche of £200 million just this week and we are going to continue to look at share buybacks as we get sustainably below the 1 times range. That will probably happen sometime in the next 12 months.

The other thing I would always say is that capital allocation, we take very seriously. We look at the M&A pipelines, they continue to be strong. We continue to review opportunities. So we will always look at it through that lens as well.

**Andrew Douglas:** Thank you very much.

**Roy Twite:** Excellent, thanks Andy.

**Daniel Shook:** Thanks Andy. Appreciate it.

**Christian Hinderaker (Goldman Sachs):** Morning everyone, and I will, of course, echo Andy's sentiments and thanks to Dan, and welcome to Luke. If I can come back to the run rate growth comment in Industrial Automation, 3% to 4%. I just want to clarify if that was in quarter or after the end of June? I guess, interested as well within Industrial Automation to understand relative growth dynamics across Europe and the Americas. I will start there.

**Roy Twite:** Yes, brilliant question. Christian, sorry, I should have said. We use our standard 60-day moving average order income rate. And it is that 60-day moving average because over the years, we found that has been the best smooth average predictor of what is happening at least in the next quarter or so. The order book is about three months in Industrial Automation, as you know. So it is not a Process Automation full 12 months, but is a pretty good indicator.

In terms of Europe, US, both have returned to growth, actually, Christian, which is good news. It is not just one area, taking it all. It is actually growth across both of the major regions. So yes, that is encouraging.

**Christian Hinderaker:** Thank you Roy. Maybe it is a bit early, but you touched on the strategic review in Transport, I guess, curious as to when we might receive full context there. Then also in terms of the growth expectations for that segment as we enter the half that are built into your guidance?

**Roy Twite:** Yes. I will start with that. Transport, second half will be down, I would say, nowhere near as down as the first half. Remember, we grew at 13% in the first half of last year. As all the OEMs caught up, managed to get the components that they needed post-COVID. So the first half was against a very difficult comparator.

Second half, well, if we look at it consecutively, we see that first and second half sales will be about the same as the way we see it, Christian.

In terms of the review, the review is progressing well, as I said. The internal team, we have done a couple of reviews with them, and they are building their plan. We have got a very, very strong internal team now. They are absolutely committed to improving the financial returns. I have absolutely no doubt about that.

As I have said before, we brought in some real heavyweights from passenger car and they really know exactly what they are doing. That means increasing the amount of value engineering we are doing, really

making sure that our new products are accretive to margins, and then frankly, exiting some poorer business. That really is the sort of three-point game plan.

They are doing all the detailed plans behind that and we continue to look at external options. As I said on the last call though, Christian, I do not expect this to be quick thing. We are going to optimise for value, not for speed, and I see this very much in the same way as we did the 20% to 30% of what was Critical Engineering back then, which has, as you know, been an incredibly effective driver of shareholder value for IMI. Does that answer your question okay?

**Christian Hinderaker:** It does. Very clear. Maybe just a quick final one then on the tariff situation. Can you just clarify, have you put through price increases as part of your actions? And if so, in what form?

**Roy Twite:** Yes, Christian. Again, I mean, Jackie and all of the teams, Sukhjot, have done an incredible job with this really, because as you know, it has been a moving picture to say the least in the first half. They have managed to mitigate a lot of the effects of tariffs through things like exemptions, which is incredibly intensive in terms of documentation, but I have done that. We have rerouted some supply chains as well. We have got our global footprint. We brought that into play.

What remained, Christian, was about £4 million of impact that we could not avoid and we have passed that through in the form of surcharges, mainly to customers, and customers have understood why we had to do that. That is the extent of it in the first half. Again, it is a moving picture, but at the moment, our base case is that in the second half, the effect will be just over twice that, just over twice the £4 million. Again, we are in a good place to mitigate that effect as well.

**Christian Hinderaker:** Thank you and keep in touch Dan.

**Daniel Shook:** Excellent, thanks Christian

**Roy Twite:** Thanks Christian.

**Lush Mahendrarajah (JP Morgan):** Morning guys, thanks for taking my questions. And obviously I just want to echo the welcome Luke, and Dan best of luck on the next step, been a great innings at IMI and I have really enjoyed getting to know you and working with you. And I am looking forward to staying in touch. I have got three questions, if that is okay? The first is just on tariffs and obviously help us quantifying the impact. I mean does that lean into any specific business in particular? I guess, have you seen anything in there, whether it is prebuys ahead of tariffs? Or just given your cost base versus some of your peers, have you seen any shifts in market share on the fringes, just interested in that. That is the first question.

Second question is just on Process Automation again and sort of orders. I know there was some helpful colour earlier, but I guess could you just give us a bit more detail on some of the moving parts in there end market wise? I know you called out power and nuclear in particular, but just interesting what you are seeing elsewhere, maybe oil and gas, etc., as well?

Then the third question is just on Life Sciences. I know you touched on the orders there. But as you said, there has been mixed reporting so far from some of the big guys. I guess, why do you think your orders have been so good in the first half and I guess, keeping that confidence into the second half?

**Roy Twite:** Yes. Thanks, Lush. Yes, so tariffs first. Tariffs, as I said, £4 million impact in the first half, completely offset through the actions that we took. The big impacts for us are in Industrial Automation and in Transport, Lush. They are really the two big ones. The single biggest impact at the moment is Mexico. So our flows from Mexico into the US. Some of that has been offset through exemptions, but it is still the biggest impact once we have got all the exemptions we can get.

In terms of market share, you said as well on tariffs. Yes, very interesting. So we are obviously taking any opportunity that we can to take market share from these changes in tariffs. What has been interesting is Jackie told me last week that we have actually won some business in Asia from the reciprocal tariffs on the back of that. So yes, around the edges, I think because we have got a global footprint and some of our smaller competitors obviously have not, there will be opportunities, and we are alert to them. I am really pleased with that.

Process Automation orders, where we see real strength this year is nuclear, both on the new construction side and in the aftermarket, but interesting that we are winning some big new construction orders now in the UK, actually, Lush. LNG, as I said on the last call, second quarter orders were really strong. Actually, we see LNG obviously continuing through the second half and into the full year.

Then conventional power, we are seeing a real surge in conventional power. I think you probably know, Lush, that the order books of some of our customers are now at record levels on conventional power, particularly combined cycle gas. Yes, actually, that has been real lift. It should not be a surprise, I suppose, because typically we see an order a couple of years, 1.5 years, a couple of years after final investment decision on a lot of these things.

If you think about it, data centres, AI, EV, what is driving this. We talked about it a few years ago, that this was going to drive a resurgence. But definitely, our customers have record order books now, and that bodes well both the new construction and obviously for aftermarket that we will generate in the longer term.

Then the last one was about Life Sciences. You are right. I mean very mixed reporting. We have got some particular platforms that are recovering nicely. If I think about the one that is moving the most, it is where our customer has been able to do the test in the doctor surgery rather than in the laboratory and this particular equipment can test for, I think it is over 200 different pathogens and literally give you a result within less than an hour. It is that sort of thing, Lush. It really is recovering well into the second half, so if that helps at all, that is the single biggest thing.

But I would say generally across the patch, the destocking, at least with our customers, is less, and therefore, we are starting to see a bit of a pickup. Remember, Life Sciences is only 7% of our business, and I am not calling a sustained recovery. I certainly think, Lush, it is going to continue to be bumpy right, particularly with you look at some of the US reductions in investment and so on. But at least for the second half, we are seeing a nice order book and good order patterns, let us put it that way.

**Lush Mahendrarajah:** Okay. Thanks Roy. Really helpful.

**Roy Twite:** Thanks, Lush.

**Daniel Shook:** Cheers Lush.

**Jonathan Hurn (Barclays):** Hi Guys, good morning. Just a few questions from me, please. A couple of them clarifying things that have been touched on earlier. Firstly, just coming back to Process Automation, just looking out to that to 2026. Obviously, you talk about the order book, but that - sorry the growth of that business in 2026. If you look at the order book, obviously, it is plus 5% at the first half, is that the level of growth we should expect for Process Automation in 2026?

Also just, Roy, if you could just give us how much book to ship you need to do in H2 to meet the forecast for 2025? That was the first question.

Second question was just coming back to Industrial Automation. Obviously, you are saying 3% to 4% growth coming through in the second half of that business. Just to understand how much of that 3% to

4% is actually that order book catch-up or delivery catch-up because of the stuff that was delayed in the first half? Is that half of that 3% to 4%?

Then the third question was on Hydronic or Climate Control. If we look at that, obviously, great performance in the first half, plus 5%. If we look into the second half, that comp actually gets a lot tougher for that business in H2. Do you still think you can do 5% growth in H2? And if so, what is really driving that performance there? Thanks.

**Roy Twite:** Brilliant. Jonathan, as usual, we get through a lot of questions and you asked three really good ones. I really appreciate that.

On the Process Automation order book, I mean, we are not going to forecast next year yet Jonathan. Give us a chance. But it was up 5% at the half year despite that big marine order, which is multi-year, aftermarket growing at 10%. We do think the order book will be higher at the end of this year. I mean, let us see how much higher, but good momentum in that business. As I said, particularly on conventional power. Conventional power is about 25% of Process Automation, 5% is new construction and 20% is aftermarket, right? So that is nice that, that reasonably big part has got some nice momentum behind it.

You have got LNG going really well as well. Jonathan, so that is good. Then nuclear, as I said, seems to be picking up. Let's see. But right now, as I said, we think we will finish the year with a better order book, then we came into it, and that would mean that we would grow it again next year.

Book-to-ship, yes, we have got £15 million more book to ship this year than at this point last year. So on book-to-ship, we feel good, right? Because book to ship, obviously, we have got most of the new construction orders because they tend to be a 12-month lead time. This is aftermarket. As you can see, the momentum in aftermarket is great. So we feel fine about where book-to-ship is.

Industrial Automation, so of the 3% to 4% growth. Let us say, very, very roughly, Jonathan, about a quarter to a third of it is backlog catch-up and then the rest is order momentum. To give you a rough idea of the breakdown of that.

Then in terms of Climate Control. I mean, Climate, wow, again, fantastic performance first half, Stefano and the team doing a cracking job. What is really growing there is the 25% of that business that is connected products, is really providing momentum. The TA-Smart valve, we have talked about it a lot, that is really taking off now. Yes, that is what we see.

Jonathan, I would say certainly within our guidance is about similar levels of growth as the first half. As you know, the heating season, how strong that is, can determine a bit of that growth. We cannot predict it exactly, but we would expect all things equal that because our products generate an energy saving. I think you have seen some of the peers that have had difficult results, right? But because we are very focused on energy saving while providing a very comfortable indoor climate, making sure that we nail that, because we have got market-leading brands, market-leading shares, we do feel pretty good. That business continues to grow and generate excellent returns, Jonathan.

So yes, that is why we feel, even though it is used at a more difficult comparator second half, when we look at all of the component parts within there, we feel comfortable with that level of growth. Does that answer all your questions?

**Jonathan Hurn:** Thank you very much. Yes, absolutely. That is great. Thanks very much, Roy. Likewise, I would just like to say or express the same gratitude to Dan for his time over the last 10 years. Thanks very much, and good luck for the future.

**Daniel Shook:** Cheers Jonathan. You are a star.

**Kulwinder Rajpal (AlphaValue):** Good morning, Gentlemen. Just wanted to understand the extent of the data centre business within your Group. I would presume most of it falls under Climate Control and probably a small part of it. But just wanted to understand how has that business been growing? And are there any other divisions that could eventually cater to this segment?

**Roy Twite:** Yes, Kulwinder. Within Climate Control, I think last year, the orders, I want to say, were £6 million, £7 million, specifically around data centres. In the first half, we have done about the same number of orders, amount of orders in Climate Control on data centres. I think we did about £6 million in the first half. So we will probably double what we did last year.

The interesting thing on Climate Control actually, Kulwinder, is that we typically get orders three or four years after the data centre is announced that it is going to be built. So that is very encouraging, obviously, because that means that as all these data centres come through, we would expect that number to increase nicely.

At the moment, Kulwinder, though, by far the bigger effect is the effect it is having on Process Automation, right? Because energy demand, as I said earlier in the call, right, roughly 25% of Process Automation is conventional power. We are seeing that our customers, particularly in combined cycle gas power stations, their order books are just at record levels. They could not make combined cycle gas power stations, as fast as they need to, right? So that is obviously providing a nice pull-through for us, the power that data is using, that secondary effect.

**Kulwinder Rajpal:** Then is there any aspiration to maybe grow the data centre piece a little bit more through investments in Growth Hub or through innovation?

**Roy Twite:** Yes. I mean, absolutely. Within Climate Control, there is a focus team that is actually pulling on people outside of Climate Control that are using absolutely Growth Hub teams, Growth Hub techniques to grow that business. Absolutely, Kulwinder. Yes, we see it as a very strong area for years to come. Yes, absolutely.

**Kulwinder Rajpal:** Lastly, just wanted to go back to slide 17, where we see the aftermarket metrics. Is the aspiration there to go from bottom right to top right? Is that reading correct?

**Daniel Shook:** The aftermarket potential versus the aftermarket performance.

**Roy Twite:** Yes. So the aspiration with aftermarket, Kulwinder, is that, as I said, we have mapped our own assets, and we continue to improve our ability to help customers identify earlier and earlier whether they are going to have a problem with one of our installed valves, and that is 200,000 valves, right?

The other opportunity is, obviously, the 300,000 installed severe service valves from our competition. We grew that, upgrade valves were up 17% in the first half. Another 17%, right? And competitor upgrade valves were up another 12% on volumes, right? It is really that strategy, that Jackie, Roby and the teams are driving that means that we see a lot of runway for the years to come in the aftermarket within in Process Automation.

Yes, our ambition, it is a highly technical sale. As you know, we have got valve doctors. They are the most advanced applications engineers in the industry. When they come out of universities with an advanced degree, it typically takes them another seven years to qualify as a valve doctor, and that is through gaining lots and lots of application knowledge.

Most of these process plants and power plants are different. They are all unique. It requires a lot of engineering knowledge to go in and then actually do an upgrade valve cell. But that is our ambition to

keep growing that very, very profitable space to obviously carry on generating huge amounts of cash out of that, which is now let us face it, IMI's biggest profit pool, aftermarket Process Automation.

**Kulwinder Rajpal:** Okay, thank you very much. Super helpful comments.

**Daniel Shook:** Cheers.

**Roy Twite:** Thanks, Kulwinder.

**Mark Davies Jones (Stifel):** Thanks very much, and of course I join in on the virtual round of applause for Dan, it is difficult to do when we are not in the room, but I share those sentiments. Couple of slightly more niche questions, if I may. The latest bit of Trump tariff nonsense overnight, they seem to be slamming something extreme on Switzerland. I remember from COVID days, there were some specialist miniature valves produced out of Switzerland. I know it is just breaking news, but I do not know if there is material manufacturing still there, and that is anything you could comment on. But more broadly on tariffs, we are beginning to hear some companies suggesting there is more resistance to simply passing through cost. Are you beginning to see any signs of that? And is that a concern through the back end of the year?

**Roy Twite:** Thanks, Mark. I will start with passing through costs actually. Passing through cost we obviously do everything else first, Mark, right? We try and get exemptions. We try and reroute supply chains. But in the end, certain things, I think, I said on the last call, Mark, right, manufacturing costs outside the US in some of our factories are so competitive that they can be, even after tariffs, literally half what we can make it for in the US, right?

I have to say, in our case, yes, of course, customers question it, of course. I mean, but when you go through the logic and in the end, you are typically talking about a mid-single-digit increase for a lot of people on a product or a component or system that is normally, in our case, a very, very small part of the overall cost of their system, but obviously a vital part of the cost of their overall system and the way it performs for their customers.

I think in the end, we do our absolute best. But as I said in the first half, we completely offset the £4 million that we could not do anything about.

Then on Switzerland, well, yes, that is breaking news, is not it? Yes, we will.

**Mark Davies Jones:** It is unfair, I know.

**Roy Twite:** I will try and frame it for you, Mark. Those are, again, tiny valves where the tolerances- I mean, we are one of only, I would say, two or three companies globally, as you saw in COVID, that can make these valves. I can tell you a story about that. Because during COVID, obviously, some other people thought they could make those valves. Even some of the most advanced manufacturing companies in the world thought they could make them, but they obviously could not, right? Because you are literally dealing with micron level tolerances.

Literally, 150th of a human hair and stack tolerances, typically six to 10 tolerances that go inside a proportional valve that has tens of thousands of settings to go inside of a ventilator that will keep you alive when you are in a coma. I mean the technology is quite frankly, amazing.

Yes, again, this is going to be a bit of a guess, to be honest with you, Mark. We might have £5 million to £10 million of that sort of product that would flow out of Switzerland into the US. We will obviously look at it, if that becomes an enduring thing. We did build extra capacity, obviously, during COVID to obviously, mainly to save lives. We will have options as usual, and we will be agile around it if that

becomes an enduring thing. But in the scheme of things, I do not think it is going to be a massive thing for us.

**Mark Davies Jones:** Thank you very much. If I can ask a slightly odd question. Was there anything positive to come out of the cyber attack in terms of what you've learned from that process and where your systems are now?

**Roy Twite:** Wow, that is a really good question because at the time, it felt not positive, Mark. You know what? The recovery, the 6% growth in Q2 from our teams, and I was out visiting three of our German sites in the last couple of weeks. The response was, frankly, absolutely fantastic.

We have this saying around 'One Big Team'. The amount of teams that pulled together, Mark, so our French sales team. I met the leader of the French sales team, he was there in Germany with us. The whole French sales team, 20 of them, moved in to manually put orders in with the German team. Just to give you one example of what happened globally.

That feeling of team spirit to overcome adversity, like COVID, or like the inflation that we had with the cost of living crisis and all that, those things just bring us together and ultimately make you stronger, right? If you survive it, you become stronger.

Of course, we are investing in the second half in more IT security and more IT infrastructure. There is no doubt about that. We have done a fundamental external review. There is lots of things, but I will let Luke just touch on two or three of them, but there is lots of things that we are going to do because, ultimately, I read the other day, Mark, there is about 1 billion phishing e-mails a year now.

The average number of people clicking on them still is about 5%. We are actually at 3% now. We are training, training, training obviously. But if you click on that phishing e-mail, it is obviously a risk, right? That is the main way people tend to get into your systems.

Then it is what you do to make yourself, the place where the attack is the hardest door to knock on, right? Because they are obviously improving every day, and it is a race. But Luke, do you want to just touch on the things we are doing?

**Luke Grant:** Yes. I think maybe just to add, and there is probably three things I call out. I think Roy touched upon one, which was just all the work we are doing on phishing and the efforts around training in the business. I think the second one is the IT security team itself. We are more than doubling in size and most of those people are joining in the coming weeks.

Then the last one is just investing in more tools. We will have more multilayer tools than we have ever had before and really just going for the top end tools at every single stage of our IT security set up. Thanks Mark.

**Roy Twite:** Excellent. Yes. Lots of stuff, Mark, that we have learned. Luke is now a fantastic IT security expert already and he is still learning. This is only going to get more difficult. AI is going to make this more difficult. But yes, it is a race, and we want to try and stay ahead in the race.

**Mark Davies Jones:** Fantastic. Many thanks.

**Roy Twite:** Thanks Mark.

**Daniel Shook:** Cheers.

**Richard Paige (Deutsche Numis):** Hi, morning All. Obviously, echoing again for Dan, if it is getting boring, fantastic legacy to have left behind. But before you put your feet up in Dubai, my leaving present to you is a question on the pension. Obviously, a great legacy to reduce those liabilities from £1.3 billion. But

can you just explain what is going on in terms of that loan in what future cash costs and obviously the ultimate buyout that scheme, please?

Then just a second one, Process Automation, just some clarity. I noticed it is a small thing, but on the sales of services, it has dropped from £40 million to £25 million. I assume that relates to Process Automation, just explain those moving parts as well, please. Thank you.

**Daniel Shook:** Richard, thanks for the parting gift here. Pensions, yes. No, really, really great journey. As you would expect, when we had £1.3 billion, we had a number of asset classes, including some of these longer-dated private equity investments. Most of that we have been able to turn into cash. There is just this final tail.

And as we are going through the buy-in and the buyout, we do not want to leave money on the table by trying to accelerate the liquidation of those. Given the balance sheet we have got, it was just an easy decision. We will put some capital into the trust. That will give them the time over the next 12-plus months to wind the whole thing down. We will likely get some of that cash back already in the second half of this year, and then we will watch how it all winds down.

But yes, very pleased. I told Adrian, who is in charge of it, get it done, otherwise I am showing up at the AGM and asking tough questions of Luke next May.

**Roy Twite:** So that's pensions. Field service, basically is reverted to the mean, Richard. So field service, we won a big contract. It was in Texas in the half year last year, and we reverted pretty much back to our normal run rate of field service.

Field service is important because some customers require us to do more work around things like start-up of the plant and things like that. It is also important because we get insight on valves that could cause problems, right? But it tends to revert to the mean, Richard, whereas it is the upgrade valve part of Process Automation and then the very good margin parts business on the back of that, that is obviously where the growth strategy is.

**Richard Paige:** Brilliant, thank you.

**Roy Twite:** Thanks Richard.

**Daniel Shook:** Thanks Richard.

**Harry Philips (Peel Hunt):** Hi, good morning, everyone. I think I am going to use my standing as the oldest lag on the circuit to maybe just conclude with a few thoughts on Dan. Just really, what an amazing 10 years, this very quiet unassuming person who turned up all that time ago. Yes, quite an amazing innings. But I know people are busy. Just very simply Dan, your contribution to where IMI is today is absolutely enormous. Very hard to overstate your impact, and you have set an enormously high bar for Luke, which I am sure he is going to appreciate greatly. Legacy is a much overused word, but I think it is extremely appropriate here. I think I can say on behalf of us all on the call and elsewhere, that your help, support, guidance, wisdom have been huge and much appreciated over that period. And also, you made it fun, which is particularly important. May you enjoy your family life, may it be long and joyful, slap on sun cream, improve the golf, the Giants might even have a winning season. But very simply, Dan, we are going to miss you hugely and very good luck for the future.

**Daniel Shook:** Wow, okay. That is not fair, Harry. Are we ready to finish up or any more questions, Harry? Is that it? Well, all right. Thank you, Harry.



Okay. Firstly, I got to even it up from February. Happy birthday Katy, my daughter. She has got her birthday coming up in a couple of weeks. If I did not do that, it could have been a very tough family event going forward. Sentiment right back to everybody on the call, you all, the analysts, have made it fun back, the investors, everybody, you have supported me. I have learned a tremendous amount, and you have challenged along the way, which has helped us deliver this great company to the position it is today.

I know there are employees on the call, and they will listen later. It has been just such a privilege to be a part of this great organisation. Again, it has been fun to learn about these incredible products like these incredibly small valves that come out of Switzerland, just brilliant.

Yes, the Exec, my friends right here. Roy, you have been an incredible boss. You have been an incredible colleague, and you know that you have been a great friend as well. It has just been tremendous. Yes, Luke, bar is high, but you all know Luke almost as well as I. You are going to smash it out of the park.

Yes, I will not say goodbye. Not sure what we will do, definitely maybe a little bit more golf. Thank you, Harry. I do not think the Giants are going to be doing any good anytime soon, but eventually. But I will not say goodbye, I will just say until the next time. It has just been an absolute privilege. For those of you who know, I am going to take a selfie right now to commemorate. Yes, many thanks. We will see you all soon.

**Roy Twite:** Well, thanks, everybody on the call, but my main thanks are to Dan and well done for holding it together. Well said, Harry. Totally. We have had, as you can imagine, a couple of big leaving dos for Dan, including a 'Dan Fest' because that is the outpouring of love from this organisation for you, Dan. It really has been a brilliant 10 years, and you have been an amazing partner. Yes, we are going to miss you.

Thanks, everybody, and I am sure we will all catch up soon. Thank you.

[END OF TRANSCRIPT]