

14 December 2017

**IMI plc (“IMI” or “the Group”)**

**IMI agrees to acquire Bimba Manufacturing Company (“Bimba”) for US\$198m**

IMI is pleased to announce that it has agreed to acquire Bimba, a market leading manufacturer of pneumatic, hydraulic and electric motion solutions with an extensive distributor network principally servicing the North American Industrial Automation market. Bimba will become an integral part of IMI Precision Engineering and the acquisition represents a significant strategic step for the division.

**Transaction highlights**

- The acquisition is fully aligned with the Group’s strategy and is an excellent fit with IMI Precision Engineering.
- Bimba will nearly double the size of IMI Precision Engineering’s US Industrial Automation business providing market leading distribution and complementary products, with minimal overlap.
- Plan to progressively move Bimba margins closer to those of IMI Precision Engineering.
- The transaction will be earnings enhancing in the first full year of ownership with return on capital exceeding IMI’s cost of capital within the first three years.

The transaction is fully aligned with IMI’s strategy and fulfils its stated objective of increasing its US revenues while extending IMI Precision Engineering’s presence in its core Industrial Automation segment. In particular, the acquisition provides the platform to accelerate IMI Precision Engineering’s North American growth objectives by leveraging both Bimba’s strong brand and its market leading US distributor network. The combination will also materially improve Bimba’s profitability with margins expected to progressively move closer to those of IMI Precision Engineering as it adopts IMI’s operational excellence programme.

The consideration for the transaction will be US\$198 million (£148 million<sup>1</sup>) payable in cash on completion from existing bank facilities. In addition, IMI has set aside US\$2.5 million for the purpose of staff retention. Completion is conditional on merger clearance and the approval by Bimba’s employee stock ownership plan (“ESOP”), both of which are expected to take place in early 2018. The acquisition is expected to be earnings enhancing in the first full year of ownership and return on capital is expected to exceed IMI’s cost of capital within three years.

**Bimba overview**

Founded in 1957, Bimba manufactures an advanced range of actuators and associated products primarily for the Industrial Automation market. It has a blue-chip client base, extensive distributor relationships and a significant installed base. The company’s head office is located in Chicago, Illinois and it operates from nine locations, seven in the US, one in Mexico and a sales office in the Netherlands. The vast majority of its revenues are in the US and it has around 500 permanent employees. Patrick Ormsby, the long-term President of Bimba, and all of his executive and management will remain with Bimba after completion.

For the year ending December 2016 Bimba generated revenues of US\$109 million and adjusted EBITDA of US\$13.3 million, which includes a pro-forma adjustment for an assumed US\$1.5 million increase in plant and operational improvement resource. In 2017, the Bimba business is expected to grow in line with IMI Precision Engineering’s North American business and to produce unaudited external revenues of c.US\$120 million and adjusted EBITDA of c.US\$16

1 Exchange rate of £1 = US\$1.34

million with the same pro-forma adjustment of US\$1.5m included for additional operational resources.

### Compelling strategic combination

The acquisition adds breadth and depth to both companies' existing product offerings by combining Bimba's complementary cylinder products with IMI Precision Engineering's valve and air preparation portfolio, with minimal overlap. The integration team's first priority will be to present a unified approach to the market while building a platform to accelerate the commercial and distribution opportunities which the combination creates.

In addition to commercial benefits, the acquisition will generate significant opportunities as IMI's industry-recognised operational improvement processes are progressively rolled out across Bimba's manufacturing operations. On completion, an initial twelve-month programme focused on readying the business for accelerated growth will be implemented and will be followed by a three-year programme of synergy delivery and performance improvements. Hard synergies in the order of 7% of revenues are considered achievable.

Commenting on the acquisition Mark Selway, Chief Executive of IMI said:

"Bimba is a terrific company which is perfectly aligned with IMI's strategic objectives and we are delighted to welcome all of its employees to the Group. Bimba will significantly enhance IMI Precision Engineering's current position in the US Industrial Automation market. The enlarged product portfolio will increase our competitiveness and Bimba's extensive distributor network will materially improve IMI Precision Engineering's US market access. We are really excited about the future and look forward to working with the Bimba team."

Patrick Ormsby, Chief Executive of Bimba added:

"This is an exciting and transformational next step for Bimba as it becomes an important part of an internationally recognised global engineering business. We now have the opportunity to grow our business beyond the US, offer our customers enhanced products and services and compete more effectively. The management team will remain with the business and we are all very excited by the significant opportunities that this deal will create."

### Trading update and preliminary results announcement

Expectations in relation to the Group's 2017 full year results, as outlined at the time of the November 2017 Interim Management Statement, remain unchanged. As previously advised, the Group's preliminary results announcement for the full year ended 31 December 2017 will be issued on 2 March 2018.

A conference call for analysts and investors will be held at 08:30 GMT to discuss this statement. To access the call, please dial: +44 (0)1452 555 566 or 0800 694 0257, conference call id: 9474487. A presentation to accompany this announcement can be found at [www.imiplc.com/investors/presentations](http://www.imiplc.com/investors/presentations). This announcement contains inside information.

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### Notes to editors

#### IMI plc

IMI plc, the specialist engineering company, designs, manufactures and services highly engineered products that control the precise movement of fluids. IMI has manufacturing facilities in more than 20 countries and operates a global service network. The Company is listed on the London Stock Exchange. Further information is available at [www.imiplc.com](http://www.imiplc.com). IMI plc is registered in England No. 714275. Its legal entity identifier ('LEI') number is 2138002W9Q21PF751R30.