
IMI plc

Press Release



3 May 2018

IMI plc (“IMI” or “the Group”) Interim Management Statement

IMI, the specialist engineering company, issues the following Interim Management Statement, which covers the first quarter from 1 January to 31 March 2018.

Current trading and outlook

Results in the first quarter of 2018 reflect a continuation of the improved trading experienced across the Group through 2017, albeit with continuing uncertainty in some segments. Overall, current trading remains consistent with market consensus expectations for the year.

Excluding the impact of acquisitions, disposals and exchange rate movements, organic revenues for the three months to the end of March were 2% higher when compared to the same period last year. On an adjusted basis, revenues were 3% higher, reflecting the combination of exchange rate headwinds and a maiden contribution from the acquisition of Bimba, the business we acquired in January this year.

We continue to expect organic revenues in the first half of 2018 to be higher than the first half of 2017, with a modest improvement in margins. Results for the full year are expected to reflect normal trading seasonality.

Our strategic plan to drive sustainable long-term growth continues to make a real difference across all parts of the Group. Our new product pipeline is developing well, the operational performance of our manufacturing facilities has further improved and the new systems and processes we are putting in place are enabling us to do business more efficiently. Previously announced reorganisation activities across the business are progressing well and according to plan.

IMI Critical Engineering

The outlook for some of our major markets continues to be uncertain. We still expect that first half order intake will be lower than last year following strong Petrochemical order input in the first half of 2017.

Critical Engineering organic revenues in the three months to the end of March were 4% lower, and on an adjusted basis were 7% lower, than the same period last year.

Based on the current order book and market outlook, first half organic revenues are likely to reflect a slight improvement with broadly flat margins when compared to the first half of 2017. Results for the full year are expected to include the benefits of restructuring and the normal second-half bias.

IMI Precision Engineering

Precision Engineering organic revenues in the three months to the end of March were 8% higher than last year and, including the acquisition of Bimba and the effects of currency movements, 13% higher on an adjusted basis.

Industrial Automation revenues in the first quarter of 2018 have continued the positive momentum experienced throughout 2017. Commercial Vehicle production in the year to date has also remained robust, with particular strength in North America. The integration of Bimba is progressing well and in-line with our expectations.

Based on the current market environment, we continue to expect first half organic revenues and profits to show good improvement with margins expected to be slightly improved when compared to the first half of last year. The benefits of new product launches and continued strong market conditions are expected to deliver improved results for the full year.

IMI Hydronic Engineering

Hydronic Engineering revenues in the three months to the end of March were 4% lower on both an organic and adjusted basis, when compared to the same period in 2017 and reflected the impact of the margin improvement initiatives undertaken in the period.

Plans to improve the performance of the business are well underway with early actions already taken to capitalise on the division's fundamental strengths.

Notwithstanding the timing and costs of the improvement actions, organic revenues and margins in the first half of 2018 are expected to be broadly similar to the first half of last year. In the second half of the year, these initiatives are expected to deliver a marked improvement in performance, when compared to the same period in the prior year.

Exchange rates

The 2018 financial results will be impacted by the relative strength of Sterling against the Euro and the US Dollar. At 2018 first quarter average rates, this would give rise to an exchange rate headwind of around 4% to both revenues and profits in the full year.

Interim results

IMI will issue its interim results announcement in respect of the six months ending 30 June 2018 on 31 July 2018.

A conference call for analysts and investors will be held at 08:00 BST today to discuss this statement. To access the call, please dial +44 (0)1452 555 566, Toll Free (UK) 0800 694 0257 – Conference Call id: 5588899.

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Notes to editors:

Cautionary Statement

This Interim Management Statement contains forward-looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward-looking statement which could cause actual results to differ materially from those currently anticipated.

IMI plc

IMI plc, the specialist engineering company, designs, manufactures and services highly engineered products that control the precise movement of fluids. Its innovative technologies, built around valves and actuators, enable vital processes to operate safely, cleanly, efficiently and cost effectively. The Group works with industrial customers across a range of high growth sectors, including energy, transportation and infrastructure, all of which are benefiting from the impact of long-term global trends including climate change, urbanisation, resource scarcity and an ageing population. IMI employs approximately 11,000 people, 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.

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