
IMI plc

Press Release



9 May 2019

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 2019.

Current trading and outlook

Results for the first quarter of 2019 reflect a continuation of the mixed trading conditions experienced in the final quarter of 2018. Nonetheless, results for the full year are expected to be in line with current market expectations.

Excluding the impact of acquisitions and exchange rate movements, organic revenues for the three months to the end of March were 2% lower when compared to the same period last year. On an adjusted basis, revenues were 1% higher, reflecting a modest exchange rate tailwind and the benefit of the Bimba acquisition.

In the first half of 2019 we still expect organic revenues to be lower than the same period in 2018 due to the phasing of Critical Engineering’s order book and slowing market demand in the Industrial Automation sector in Precision Engineering. Margins are expected to be broadly similar supported by our operational initiatives and an improved performance from Hydronic Engineering.

As previously announced, Roy Twite assumes the role of Chief Executive at the close of the Annual General Meeting today. With our strategic review underway, it is already clear that the considerable improvements made in our operations, our infrastructure and our product offering over the last five years allow IMI now to place increasing emphasis on the value that our customers, shareholders and wider stakeholders will derive from those efforts.

IMI Critical Engineering

Prospects across some of our major markets continue to be varied, with continuing structural uncertainty in Fossil Power being offset by opportunities in Oil & Gas, Petrochemical and Marine. Order intake in the first quarter of 2019 was strong and included an 11% increase in Aftermarket bookings.

As expected, Critical Engineering organic revenues in the three months to the end of March were 12% lower, and on an adjusted basis were 11% lower, than the same period last year.

Based on current order book phasing we expect first half organic revenues and profits to be lower when compared to 2018. Results for the full year are expected to reflect the benefits resulting from ongoing restructuring and comparably stronger Aftermarket sales when compared to the prior year.

IMI Precision Engineering

Precision Engineering organic revenues in the three months to the end of March were 1% higher than the same period in 2018 and, including the impact of currency movements and the Bimba acquisition, 7% higher on an adjusted basis.

In the three months to the end of March, Industrial Automation revenue was 3% lower than the same period in 2018. Commercial Vehicle related sales increased 4% with solid growth in North America and Asia offsetting a 2% decline in Europe. Sales in Energy, Life Sciences and Rail were all ahead of the same period last year.

Based on the Global Industrial outlook, including external business confidence surveys, we now expect organic revenues and margins in both the first half and full year to be slightly lower than the comparable periods in 2018.

IMI Hydronic Engineering

Hydronic Engineering revenues in the three months to the end of March were 8% higher on an organic basis and 7% higher on an adjusted basis, when compared to the prior year when sales had fallen.

The actions taken to improve the performance of the business have been well executed and as a result the division is increasingly capable of delivering improved returns and ultimately a return to sustainable growth.

Based on current market conditions organic revenue is expected to grow in the first half of 2019 with margins improved when compared to the first half of last year. Results for the full year are expected to reflect the benefits of our business improvement initiatives and our normal second half bias.

Brexit

As previously announced, we have a broad international manufacturing footprint and less than 5% of sales in the UK. Nonetheless, the Group has developed a number of Brexit related contingency plans, including a programme of building long lead-time inventories to support customers in the event of increased border controls or delays in getting clearance to and from the UK.

Exchange rates

The 2019 full year financial results will be impacted by the relative strength of Sterling against the Euro and the US Dollar. At 2019 first quarter average rates, this would give rise to an exchange rate headwind of around 1% 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 2019 on 26 July 2019.

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) 2071 928000, Toll Free (UK) 0800 3767 922 – Conference Call id: 9862088.

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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.