

8 November 2018

### IMI plc Interim Management Statement

IMI, the specialist engineering company, issues the following Interim Management Statement, which covers the third quarter from 1 July to 30 September 2018. Unless otherwise indicated, comparatives reflect results on an organic constant currency basis.

#### Current trading and outlook

Progress with the Group's strategic initiatives continues and, based on current market conditions, we expect full year 2018 results to be in-line with current market expectations.

While positive momentum is evident in some of our most important markets, increased volatility has become a feature through the third quarter. For the 9 months to September, organic revenues were 5% higher than the same period last year. Revenues for the third quarter were, on an adjusted basis, 7% higher than 2017 and, after adjusting for the impact of foreign exchange movements and the acquisition of Bimba, were 3% higher on an organic basis.

In the second half of 2018 we expect organic revenue and profits to improve when compared to the same period in 2017. The improved results will be supported by market growth in Precision Engineering, rationalisation benefits in Critical Engineering and an improved profit performance from Hydronic Engineering.

#### Strategic progress

Our various initiatives to harness the Group's potential continue to progress well. We remain committed to investment in new product development to fuel growth, improving operational performance to enhance our competitiveness and investing to modernise our IT infrastructure.

#### IMI Critical Engineering

In the nine months to September, Critical Engineering order intake was 2% higher than the previous year with Aftermarket 8% higher, offsetting a 4% reduction in New Construction activity. In the three months to the end of September, order intake was 40% higher with significant new projects booked in Petrochemical. Aftermarket orders were 19% higher than the comparable period in 2017.

The division's order book at the end of September 2018, at £520m, was 3% below the same point last year and included £139m of orders won through Value Engineering. Margins in the order backlog remain higher than at the same point in 2017 reflecting improved Aftermarket margins and favourable mix.

As expected, year to date organic revenues were 5% higher with good progress in Upstream Oil & Gas and Petrochemical. Aftermarket sales were 5% higher. In the three months to September organic revenues were 3% higher when compared to the same period last year, with 10% growth in Aftermarket offsetting a modest decline in New Construction. On an adjusted basis, revenues were 2% higher than the comparable period last year.

In the second half, organic revenues are expected to show modest improvement with the benefits of restructuring and phasing of the order backlog still expected to deliver improved profits and margins in the second half of the year when compared to the second half of 2017.

#### IMI Precision Engineering

On an adjusted basis, Precision Engineering revenues in the three months to the end of September were 15% higher compared to the same period last year and, after adjusting for the impact of foreign exchange movements and the acquisition of Bimba, were 5% higher on an organic basis. The division delivered good growth in Asia-Pacific and continued to make progress in the Americas and Europe.

Normal seasonal volatility in sales has, in some instances, been exacerbated by tariff-related uncertainty. Sales in Industrial Automation were flat when compared to the third quarter of 2017. Sales in Commercial Vehicle increased 9% in the quarter with continued strong growth in Energy, Life Sciences and Rail.

The integration of Bimba continues to progress well and we remain on-track to deliver the benefits anticipated at the time of acquisition.

On an organic basis, we continue to expect revenues and profits to improve when compared with the second half of 2017. Full year revenue growth is expected to be slightly lower than that achieved in the first half, reflecting the recent volatility seen in Industrial Automation and the comparatively stronger second half of 2017.

### IMI Hydronic Engineering

Hydronic Engineering organic revenues in the three months to the end of September were 2% lower when compared to the same period last year and 3% lower on an adjusted basis.

Good progress is being made towards our objective of improved margins, including a structured plan to exit business that generates unacceptable returns and these actions have contributed to the lower revenues when compared to the results in 2017.

In the second half, on an organic basis, we expect our self-help initiatives to deliver improved profits from marginally lower revenues, when compared to the same period in 2017.

### Executive Committee

Following our announcement of the appointment of Phil Clifton as interim Divisional Managing Director of IMI Hydronic Engineering on 22 January 2018, we are very pleased to confirm that Phil has now accepted the role on a permanent basis.

Mark Selway, Chief Executive of IMI, commented "Since assuming responsibility for IMI Hydronic Engineering earlier this year, Phil and his team have made important, early progress with their improvement plans for the business. We are delighted that he is remaining with the division."

### Governance

To enhance our existing engagement with employees and in line with the 2018 UK Corporate Governance Code, Birgit Nørgaard has been appointed Employee Engagement non-executive director with effect from 1 January 2019.

### Exchange rates

IMI's financial results are being unfavourably impacted by the effects of exchange rate movements compared to 2017, and in particular by the strengthening of Sterling against the US Dollar. At current rates, this would translate to an exchange rate headwind for the full year of around 2% on both revenues and profits.

### Preliminary results

IMI will issue its preliminary results announcement in respect of the year ending 31 December 2018 on 1 March 2019.

*A conference call for analysts and investors will be held at 08:15 GMT today to discuss this statement. To access the call, please dial: +44 (0)20 7192 8501, Toll Free (UK) 080 8238 9622– Conference call id: 1694026.*

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### 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.

### 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).