

7 May 2015

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 2015.

Current trading and outlook

During the first quarter economic and market conditions have continued to be challenging. Revenues for the three months to the end of March were 1% lower on an organic basis compared to the same period last year, after adjusting for the impact of exchange rate movements and acquisitions and disposals. On a reported basis, revenues were 4% down for the same period reflecting the ongoing adverse impact of exchange rate movements offset in part by the initial contribution from Bopp & Reuther.

Based on performance year to date and current market conditions, organic Group revenues and margins in the first half, as expected, will be lower than in the first half of 2014. We continue to expect an improved performance in the second half, however both organic revenue and margins for the full year are likely to be slightly below last year.

Our strategic plan to drive sustainable long-term growth is on track and the various initiatives are progressing well, including improving our manufacturing facilities through the application of Lean, increasing investment in product development and implementing more efficient, streamlined structures, systems and processes across the organisation. We will report in greater detail on this progress with the Interim Results at the end of July.

IMI Critical Engineering

As expected organic revenues in the three months to the end of March were down 4% and on a reported basis were down 5%.

Markets are proving more challenging than expected and order intake in the first quarter has been slower with some projects being delayed into the second quarter. While we have not seen any cancellations of note and continue to expect a stronger performance in the second half some projects expected to ship this year could shift into 2016 which would impact full year performance. As previously disclosed, while order intake in Oil and Gas remains relatively resilient the nuclear sector has been particularly disappointing with order intake significantly down on the same period last year.

As previously outlined revenues will be lower in the first half compared to last year reflecting both the order intake profile last year and current market conditions. First half margins will be impacted by the lower volumes, the mix of projects being shipped and the portfolio change, compared to last year (with the sale of Eley and the acquisition of Bopp & Reuther). In the second half, based on the current order book, we now expect revenues to be slightly lower on an organic basis than in the second half of 2014 but continue to expect margins to show a significant improvement on the first half of the year.

IMI Precision Engineering

Precision Engineering revenues were flat in the period on an organic basis and down 3% on a reported basis.

Industrial Automation revenues were similar to last year with growth in China being lower than expected reflecting the slowing economic conditions in that country. In Commercial Vehicles we continue to experience good growth in both North America and Europe. Market conditions in Brazil, both in the Commercial Vehicle sector and more generally, have deteriorated and as a consequence we are taking actions to address the cost base. In other sectors, we have seen good growth in both the Life Sciences

and Rail markets, while the Oil & Gas business has continued to weaken in the period reflecting reduced investment in the upstream segment.

Based on the current market environment, particularly in China and Brazil, we now expect revenues in the first half to be broadly flat. Margins are expected to be lower, impacted by a combination of portfolio mix and the ongoing investment programme within the division. We continue to expect an improved performance in the second half with modest organic revenue growth and margins similar to the comparable period last year.

IMI Hydronic Engineering

Hydronic Engineering has made a good start to the year with organic revenues up 2% in the period and down 8% on a reported basis.

We continue to make good progress with our new product development programme and a number of new products were launched at the ISH trade show in Germany at the end of March with initial positive feedback from customers. Underlying market conditions across Europe continue to be mixed.

Organic revenues are now expected to be slightly up in the first half with margins slightly below last year reflecting the ongoing investment in additional new products for long-term growth. In the second half we continue to expect to deliver good organic revenue growth as we benefit from the new products launched in the first half. Margins will show their normal second half seasonal improvement despite the profit effect resulting from inventory reductions associated with Lean.

Exchange rates

As detailed in the preliminary results announcement in February, the 2015 financial results are being adversely impacted by the effects of exchange rate movements compared to 2014, and particularly by the relative strength of sterling against the Euro. This is giving rise to an exchange rate headwind for the full year of around 3% on both revenues and profits.

Board and Management updates

As announced on 18 March, following Roberto Quarta's decision to step down as Chairman, Lord Smith of Kelvin will become Chairman, subject to his election as a director of the Company, at the conclusion of today's Annual General Meeting.

In March we also announced the appointment of Massimo Grassi, as Managing Director of the Precision Engineering division. Massimo will join the Group on 1 June 2015 and, to ensure a smooth transition of the Divisional Managing Director role, will work alongside Mark Selway until 1 September 2015.

Interim results

IMI will issue its interim results announcement in respect of the six months ending 30 June 2015 on 31 July 2015.

A conference call for analysts and investors will be held at 08:00 GMT 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: 32095743#.

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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 over 12,000 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.