
IMI plc

Press Release



5 May 2016

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 2016.

Current outlook, trading and strategy

The Group’s outlook expectations set out in the February results announcement remain unchanged. Based on year to date performance and current market conditions, we continue to expect organic revenues in the first half to show a similar percentage reduction to that experienced in the full year of 2015 with margins 250 basis points lower than the first half of 2015. We also continue to expect an improved performance in the second half, reflecting the benefits of business improvement and cost reduction initiatives.

During the first quarter economic and market conditions have continued to be challenging. After adjusting for the impact of exchange rate movements and acquisitions and disposals, revenues for the three months to the end of March were 4% lower compared to the same period last year. On a reported basis, revenues were flat for the same period reflecting the favourable impact of exchange rate movements.

Our strategic plan to drive sustainable long-term growth is making a real difference across all parts of the Group. Our new product pipeline is developing well, the operational performance of our manufacturing facilities continues to improve and the new systems and processes we are putting in place are enabling us to do business more efficiently. All of these initiatives are significantly enhancing our customer offering and our market competitiveness.

IMI Critical Engineering

Organic revenues in the three months to the end of March were down 2% and on a reported basis were up 2%.

Markets continue to be challenging and, as expected, some projects have been delayed into the second quarter, though we have not seen any cancellations of note. As previously indicated, sector prospects remain mixed with Petrochemical and Nuclear showing early signs of recovery whilst momentum in Oil & Gas and Power remains weak and uncertain.

As previously outlined, revenues will be lower in the first half compared to 2015, principally reflecting the order intake profile last year. As expected first half margins will be impacted by the under-recovery of overheads associated with lower volumes. In the second half, we continue to expect organic revenues to be higher than in the first half with margins significantly improved on the first half of the year, due to the continuing cost reduction initiatives and the phasing of the order backlog.

IMI Precision Engineering

Precision Engineering revenues in the three months to the end of March were 7% lower on an organic basis and 3% lower on a reported basis.

As expected, Industrial Automation revenues reduced at a similar percentage to the second half of 2015, with variable performances across specific sectors. Elsewhere, trading has also been consistent with our expectations, with Commercial Vehicles experiencing weakness in North America offsetting continued growth in Europe.

Based on the current market environment, we continue to expect revenues in the first half to experience a similar percentage reduction to the second half of 2015 with margins similar to the second half of last year. We continue to expect an improved performance in the second half, reflecting the benefits of cost reduction and business improvement initiatives already underway.

IMI Hydronic Engineering

Hydronic Engineering organic revenues in the three months to the end of March were broadly flat and were up 4% on a reported basis.

Across Europe underlying market conditions continue to be mixed. Nonetheless, the division continues to make excellent progress both operationally and commercially with new product developments continuing to have a notable impact. TA-Slider the division's new actuator product, which expands Hydronic Engineering's addressable market, was successfully launched at the Swissbau trade show, in January.

We continue to expect good revenue growth in the year due to the success of new products with operating margins expected to show their normal second half improvement and reflect the on-going investment for longer term growth.

Exchange rates

The 2016 financial results continue to be favourably impacted by the effects of the exchange rates movements when compared to 2015, and in particular the strengthening of the Euro and US Dollar against Sterling. This is giving rise to an exchange rate benefit for the full year on both revenues and profits.

Interim results

IMI will issue its interim results announcement in respect of the six months ending 30 June 2016 on 29 July 2016.

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: 8243 8829.

Enquiries to:

John Dean	IMI	Tel: +44 (0)121 717 3712
Suzanne Bartch / Gayden Metcalfe	Teneo Strategy	Tel: +44 (0)20 7240 2486

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.