
IMI plc

Press Release



4 May 2017

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 2017.

Current trading and outlook

Results in the first quarter of 2017 reflect a continuation of the improved trading experienced in some parts of the Group in the final quarter of last year, albeit with continuing uncertainty in other segments. Overall, current trading is consistent with market consensus expectations for the year.

After adjusting for the impact of exchange rate movements, revenues for the three months to the end of March were 4% higher compared to the same period last year. On a reported basis, revenues were 18% higher reflecting the favourable impact of exchange rate movements.

We now expect organic revenues in the first half of 2017 to reflect a smaller reduction than previously indicated when compared to the first half of 2016, with margins slightly lower than the first half of last year. Results for the full year are still expected to include a second half bias reflecting the timing of restructuring benefits and 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 continues to develop 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. The reorganisation activities across all three divisions are progressing well and according to plan.

IMI Critical Engineering

The outlook for our major markets continues to be challenging. However, the combination of project timing and benefits of the division’s Value Engineering resulted in solid order input in the first quarter of the year.

Critical Engineering organic revenues in the three months to the end of March were 6% higher and on a reported basis were 21% higher than the same period last year. Sector prospects remain mixed with New Construction revenues increasing 10% and Aftermarket up 3%, when compared to the comparatively weak first quarter of 2016.

Based on the current order book and market outlook, first half organic revenues are likely to be better than previously indicated, but still lower than the first half of 2016 with margins broadly similar to the first half of last year. Results for the full year are expected to include a second half bias reflecting the timing of restructuring benefits and normal trading seasonality.

IMI Precision Engineering

Precision Engineering organic revenues in the three months to the end of March were 3% higher and 16% higher on a reported basis, when compared to the same period last year.

Following improved Industrial Automation revenues in the final quarter of 2016, the sector has continued that momentum into the first quarter of 2017. Commercial Vehicle production in the year to date has declined less sharply than previously expected in both North America and Europe and helped mitigate the impact of contract completions, which have resulted in lower sales in the quarter.

Based on the current market environment, we now expect first half organic revenues to be broadly equivalent to the first half of 2016. Excluding the £4m benefit from 2016 property disposals, margins are expected to be slightly improved when compared to the first half of last year. While markets remain uncertain, the benefits of restructuring and new product launches are expected to deliver further progress in the second half of the year.

IMI Hydronic Engineering

Hydronic Engineering organic revenues in the three months to the end of March were 4% higher and 17% higher on a reported basis, than the comparable period in 2016.

Across Europe underlying market conditions continue to be mixed with new products, our new over-the-counter sales strategy, environmentally driven incentive programmes in Germany and a stronger performance from Asia, all contributing to improved first quarter revenues.

The first quarter results continue to support our expectations for revenue growth in the year. While operating margins in the first half are still expected to be impacted by increased marketing and development costs they are expected to show their normal second half improvement, including the benefits of restructuring.

Exchange rates

The 2017 financial results and, in particular the first half, will continue to be favourably impacted by the relative weakness of Sterling against the Euro and the US Dollar. At 2017 first quarter average rates, this would give rise to an exchange rate benefit of around 7% 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 2017 on 28 July 2017.

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: 3777670.

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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 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.