

12 November 2015

IMI plc (“IMI” or “the Group”) 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 2015. Unless otherwise stated, all references to results are made on a constant currency basis.

Current trading and outlook

During the third quarter economic and market conditions have continued to be challenging. Revenues for the three months to the end of September were 5% lower on an organic basis compared to the same period last year. On a reported basis, revenues were 7% down reflecting adverse foreign exchange movements, partially offset by acquisitions.

Based on performance in the year to date and current market conditions, organic revenues and margins in the second half will improve when compared with the first half of 2015. Both organic revenues and margins for the full year will be lower than last year with adjusted earnings per share towards the lower end of the range of current market estimates.

Strategic update

Despite market conditions, our various initiatives to harness the Group’s potential will continue to be fully supported and are progressing well. We remain committed to increasing investment in new product development to fuel growth, improving operational performance to enhance our competitiveness and to investing in IT and infrastructure. More detail on our strategic progress will be provided with the Group’s full year results in February 2016.

To ensure that the organic elements of our strategic growth plan remain on-track, and to mitigate where practical the impact of current market weakness, we are reviewing a number of cost-reduction initiatives. These cost cutting actions will benefit the near term results of the Critical Engineering and Precision Engineering divisions.

IMI Critical Engineering

Critical Engineering organic revenues in the three months to the end of September were 8% lower compared with last year and on a reported basis were down 6%. Continued progress in the aftermarket and new construction LNG were offset by lower project work in Power and HIPPS compared to the same period last year when there was a partial shipment of the £40m HIPPS Middle East order.

Third quarter order input was considerably below the same period last year with ongoing project delays impacting the phasing of new orders in the period. While the order book at the end of September remains only marginally below the same point in 2014, further project slippages could have a meaningful impact on orders for the remainder of the year.

As previously outlined, 2015 organic revenues and profits will be significantly improved in the second half compared to the first half, principally reflecting the phasing of order intake last year. We continue to expect second half margins to reflect a good improvement over the first half of the year. However, full year margins will be lower than the prior year and broadly in-line with the movement seen in the first half of this year.

IMI Precision Engineering

Precision Engineering organic revenues in the three months to the end of September were 5% lower compared with last year and on a reported basis were down 8%.

Industrial Automation revenues improved globally with the exception of China where we continued to see a significant year on year decline. Commercial Vehicle sales remained resilient in Continental Europe but were offset by lower activity in North America and ongoing weakness in Brazil. Food and Beverage reflected a similar level of decline to the first half of the year. The Oil and Gas sector continued to be impacted by the lower oil price while Life Sciences and, more particularly, Rail made progress in the quarter.

In the full year we now expect lower organic revenues with margins slightly below the first half of this year.

IMI Hydronic Engineering

Hydronic Engineering organic revenues in the three months to the end of September were 2% higher and 7% lower on a reported basis, when compared with last year.

Whilst underlying market conditions across Europe remain mixed, we continue to make good progress with our strategic initiatives and in particular with new product development and operational improvements. Customer and market reaction to the great new products introduced in the last two years has been excellent.

In the second half we continue to expect organic revenues to show good growth when compared to the same period last year. Despite the costs associated with increased investments and ongoing reduction in inventories, margins are expected to be broadly similar when compared to the second half of last year.

Exchange rates

As detailed in the interim results announcement in July, 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 would translate to an exchange rate headwind for the full year of around 4% on both revenues and profits.

Board update

As previously announced, we welcomed Isobel Sharp to the Board as a non-executive director and a member of the Audit of Committee with effect from 1 September, 2015. Isobel has extensive accounting and corporate governance experience and having advised a number of FTSE boards during her career she has wide ranging business experience.

Preliminary results

IMI will issue its preliminary results announcement in respect of the year ending 31 December 2015 on 26 February, 2016.

A conference call for analysts and investors will be held at 08:30 GMT today to discuss this statement. To access the call, please dial: +44 (0) 207 192 8000, Toll Free (UK) 0800 376 7922 – Conference call id: 67193192.

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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.