

Accelerating business performance

Roy Twite, Daniel Shook
& IMI Team – June 2021

**Breakthrough
Engineering**
for a better
world.

Disclaimer

This document may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and operating margins, market trends and our product pipeline are forward-looking statements. 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. Any forward-looking statement is made in good faith and based on information available to IMI plc as of the date of the statement. All written or oral forward-looking statements attributable to IMI plc are qualified by this caution. IMI plc does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in IMI plc's expectations.

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world.

The Executive Team



Roy Twite

Group Chief Executive



Daniel Shook

Group Finance Director



Beth Ferreira

Divisional Managing Director, IMI Precision Engineering



Jackie Hu

Divisional Managing Director, IMI Critical Engineering



Phil Clifton

Divisional Managing Director, IMI Hydronic Engineering



Liz Rose

Group Human Resources Director



John O'Shea

Group Legal Director & Company Secretary

Agenda – over two events

June

Part 1

- Accelerating business performance
- Key, enabling strategies

Part 2

- Divisional perspective



September

Part 1

- Divisional perspective



Part 2

- Divisional perspective



Key enabling strategies

Roy Twite

“IMI is generating strong, much improved returns and I’m increasingly confident of delivering our key objective – sustainable, profitable growth”

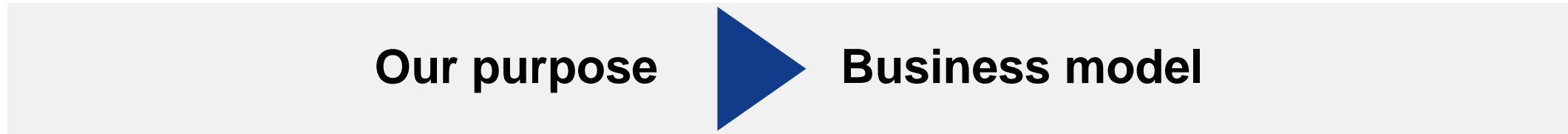
Breakthrough Engineering
for a better world.

November 2019 – Results of strategy review

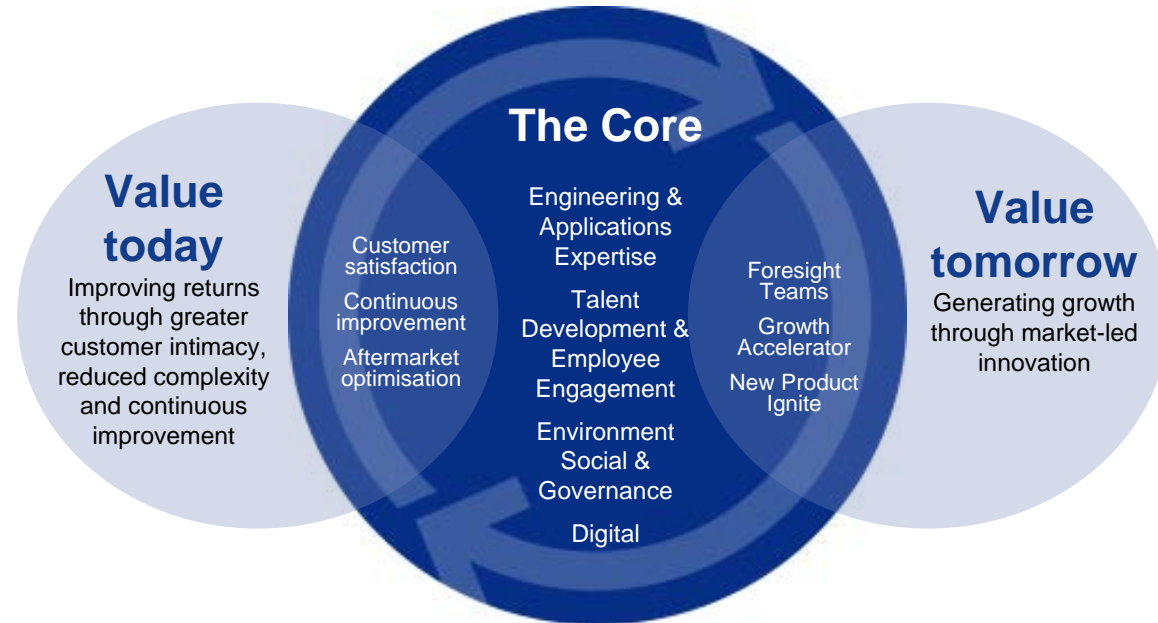


1. Clarity on how we win in the key target markets for each division
2. Strengthened commercial emphasis & customer focus
3. Growth Hub to transform culture and innovation
4. IMI Precision complexity reduction to deliver £35m of annual cost savings
5. 20% to 30% of IMI Critical's lower margin revenue under review
6. Margin targets

Key, enabling strategies



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for a better world.



Key, enabling strategies



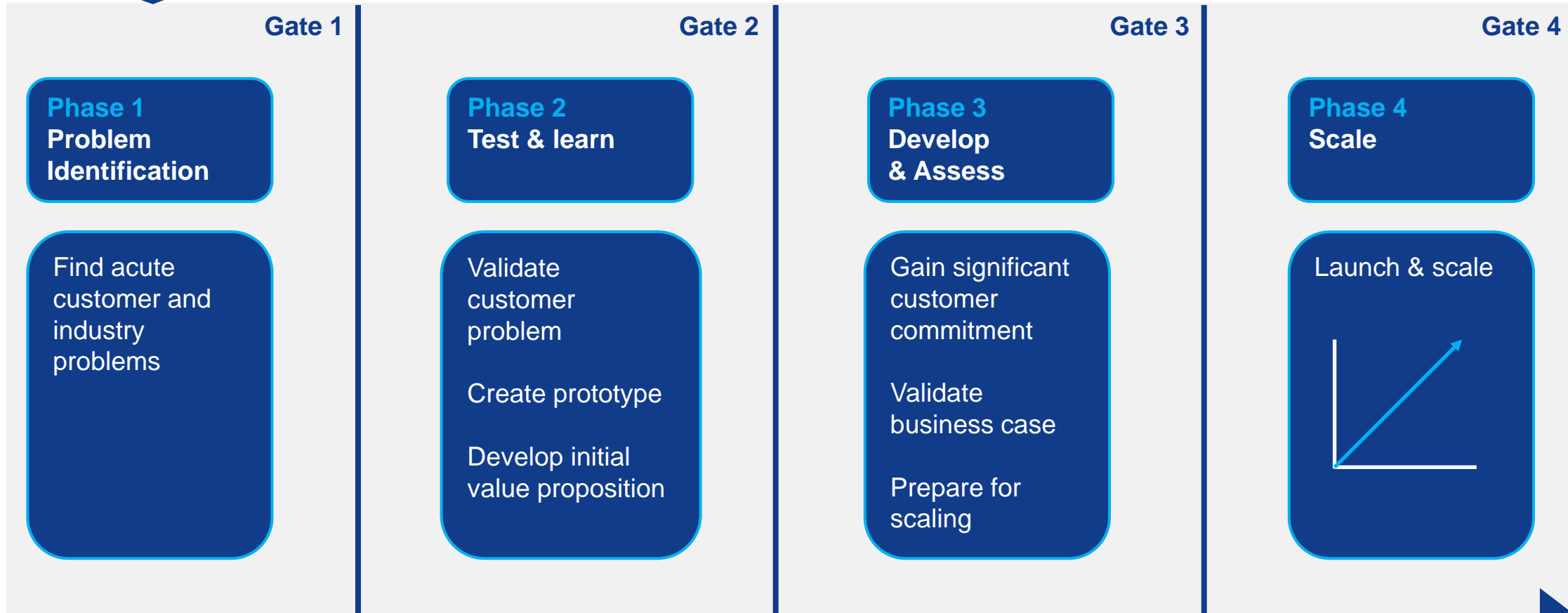
The significant cultural shift that is Growth Hub is already having an impact on results and will drive sustainable, profitable growth

The Growth Hub

Foresight Teams constantly scanning for emerging trends and opportunities

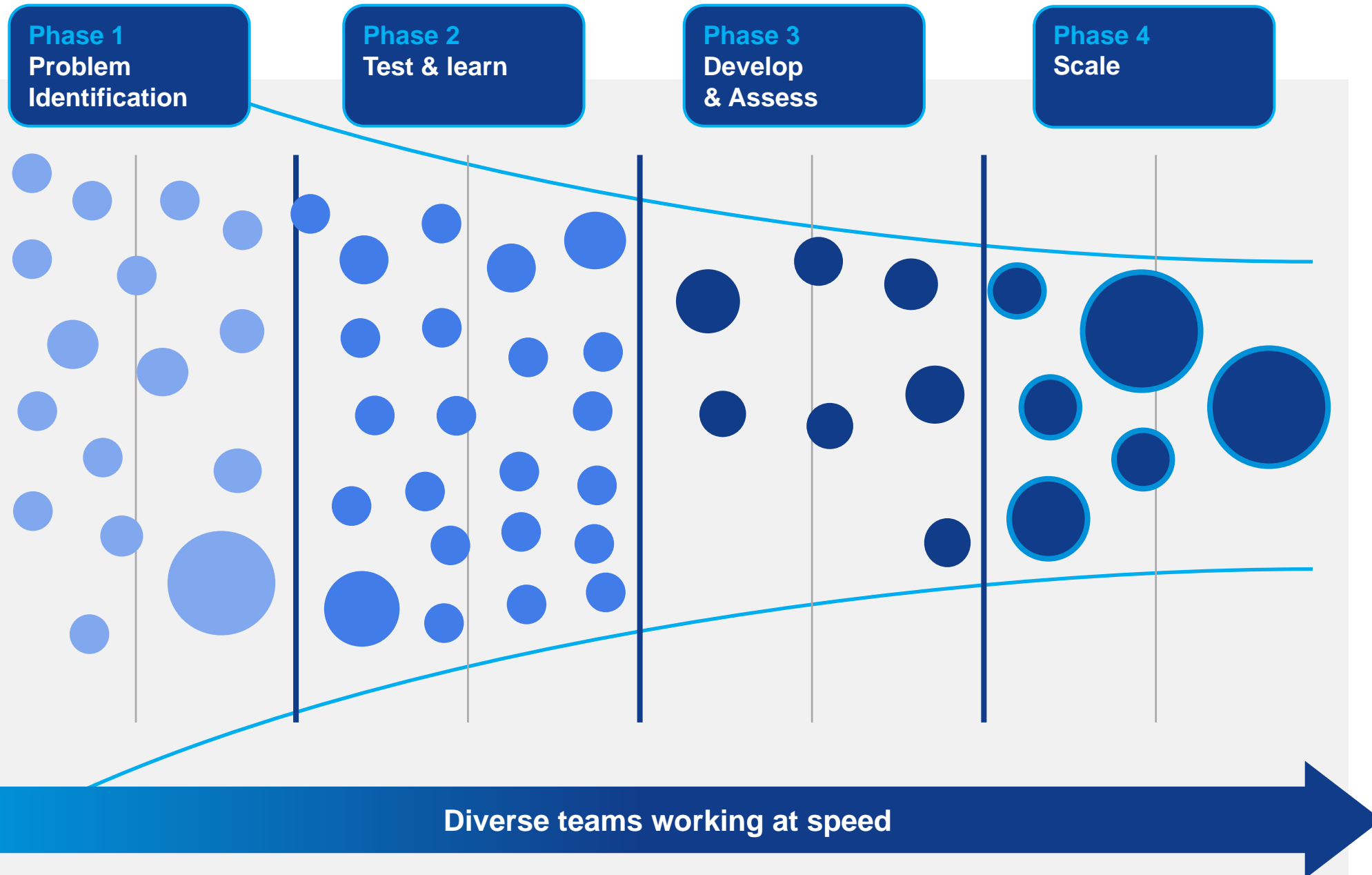
IMI Growth Advisory Board

Growth Hub



Diverse teams working at speed across the Group

IMI Growth Hub pipeline



- Growth funnel expanding
- Continued shift in focus to high growth and sustainable markets
- Expertise drawn from across the Group – and externally
- New transformational growth culture

IMI Critical Engineering highlights

1. Ambitious management team
2. Jewel is Aftermarket in the installed base
 - *5% Aftermarket CAGR over last 3 years, despite COVID*
 - *160k installed IMI valves, 280k competitor valves offer further growth*
3. New Construction headwinds diminishing
4. Growth opportunities include Marine, Pharma and Hydrogen
5. Growth Hub sprint teams increasing the pace of innovation
6. Sustained margin expansion through growth and increasing Aftermarket

Coffee Break

**Value today.
Value tomorrow.**
IMI Critical Engineering

Jackie Hu & Team

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world.

Our Executive Team



Jackie Hu
Divisional Managing
Director



Wayne Prokop
President,
Americas



Giuseppe Buscemi
President, Europe Oil
& Gas & Power



Steve Robins
President, Europe Nuclear
& Marine



Tarak Chhaya
President, Middle East,
Africa & India



Chungduk Suh
Vice President,
Asia Pacific



Roby Buyung
Divisional Finance
Director



Ruth Grant
Divisional HR Director



Mark Leonard
Director, Global
Business Development



Helen Afford
General Counsel



Mike Semens-Flanagan
Director, Global
Engineering



Nick Rowson-Jones
Director, Global
Operations



Sharon Prior
Divisional Digital
Director

Our Executive Team



Jackie Hu
Divisional Managing Director



Wayne Prokop
President, Americas



Giuseppe Buscemi
President, Europe Oil & Gas & Power



Steve Robins
President, Europe Nuclear & Marine



Tarak Chhaya
President, Middle East, Africa & India



Chungduk Suh
Vice President, Asia Pacific



Roby Buyung
Divisional Finance Director



Ruth Grant
Divisional HR Director



Mark Leonard
Director, Global Business Development



Helen Afford
General Counsel



Mike Semens-Flanagan
Director, Global Engineering



Nick Rowson-Jones
Director, Global Operations



Sharon Prior
Divisional Digital Director

Our Executive Team



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Divisional Managing
Director



Wayne Prokop
President,
Americas



Giuseppe Buscemi
President, Europe Oil
& Gas & Power



Steve Robins
President, Europe Nuclear
& Marine



Tarak Chhaya
President, Middle East,
Africa & India



Chungduk Suh
Vice President,
Asia Pacific



Roby Buyung
Divisional Finance
Director



Ruth Grant
Divisional HR Director



Mark Leonard
Director, Global
Business Development



Helen Afford
General Counsel



Mike Semens-Flanagan
Director, Global
Engineering



Nick Rowson-Jones
Director, Global
Operations



Sharon Prior
Divisional Digital
Director

Divisional overview

- Highly specialised valves, actuators and controls for steam, gas and liquids in the world's harshest environments



From
- 253°C to
+ 1,650°C

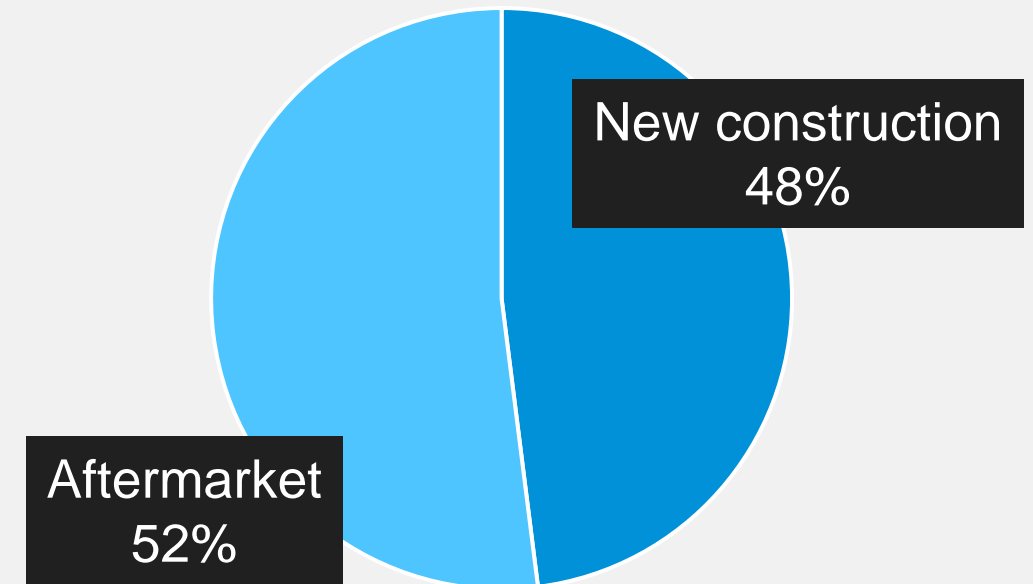


Up to
1,000 bar

- Consistent and profitable aftermarket business
- Renowned Valve Doctor® expertise
- Attractive, sustainable fluid control markets

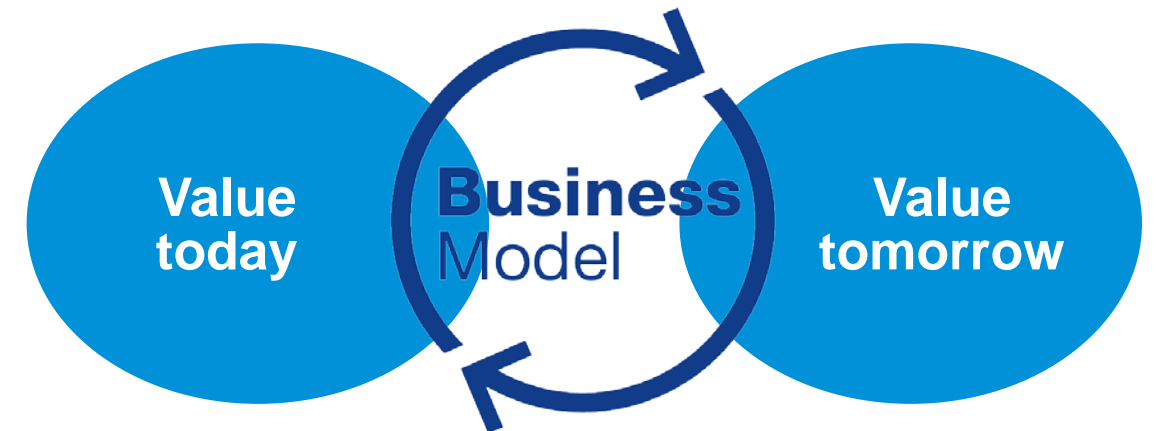
£659m

2020 order intake



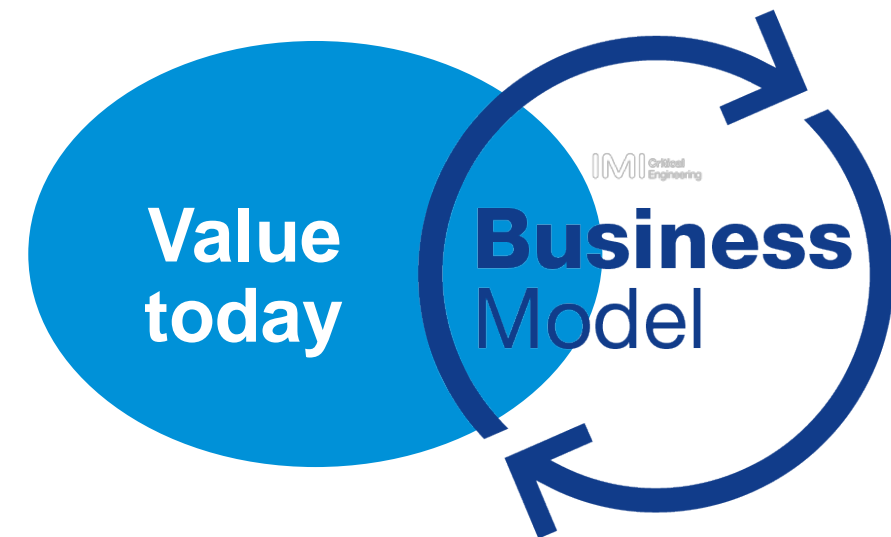
Agenda – IMI Critical Engineering

- **Value today**
 - *A trusted partner in transitioning markets*
 - *The importance of Aftermarket*
- **Value tomorrow**
 - *Identifying and solving acute customer problems*
 - *A focus on markets exposed to structural growth*

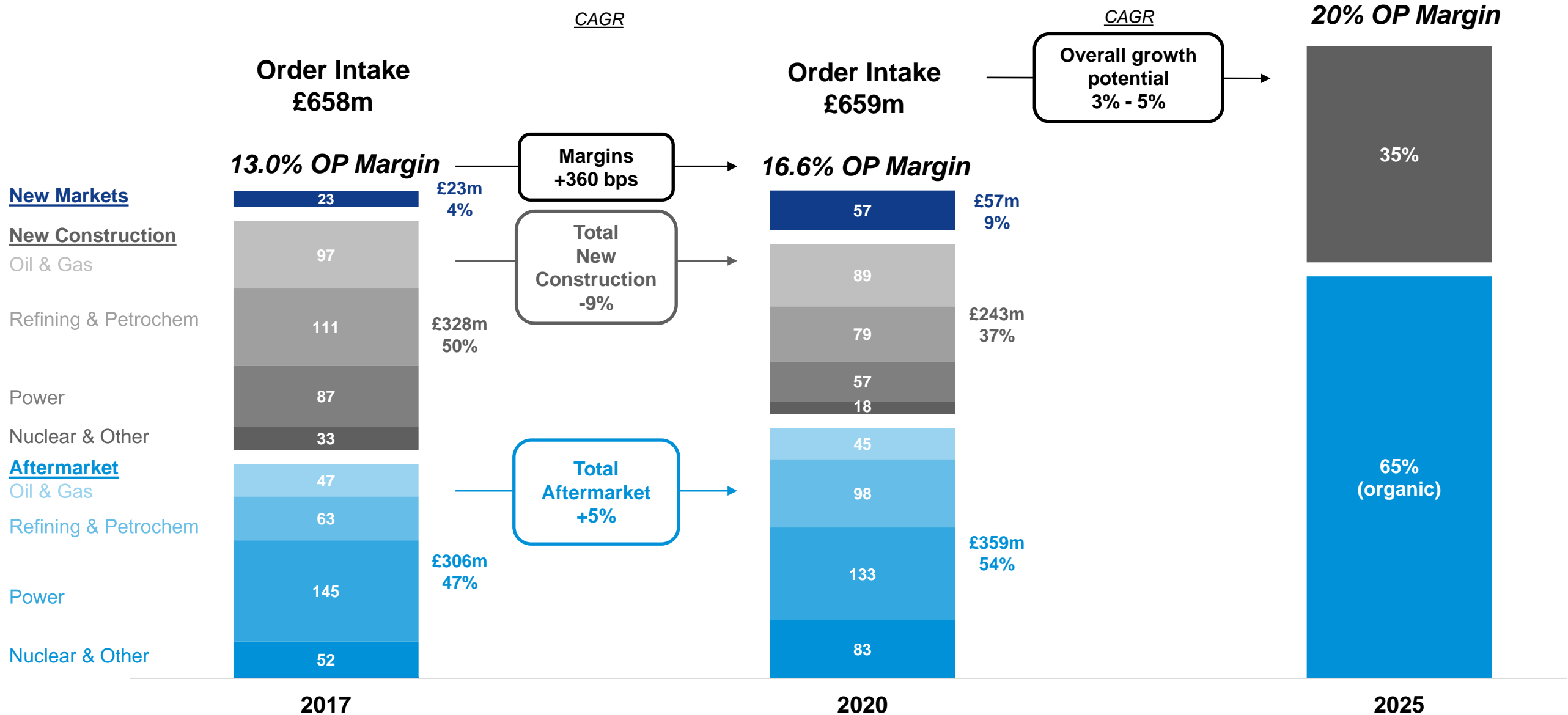


The Aftermarket opportunity

- **Serve our installed base**
 - *160,000 assets in >12,000 plants*
 - *A significant expansion opportunity*
- **Wider market opportunity**
 - *Est. 280,000+ non-IMI valves in severe service*
 - *Growth Hub*
- **Accelerating growth through Digital**
 - *Ease of doing business*
 - *Remote service capability*
- **Support customers into new markets**
 - *Strong customer relationships*
 - *Deep, relevant engineering expertise*

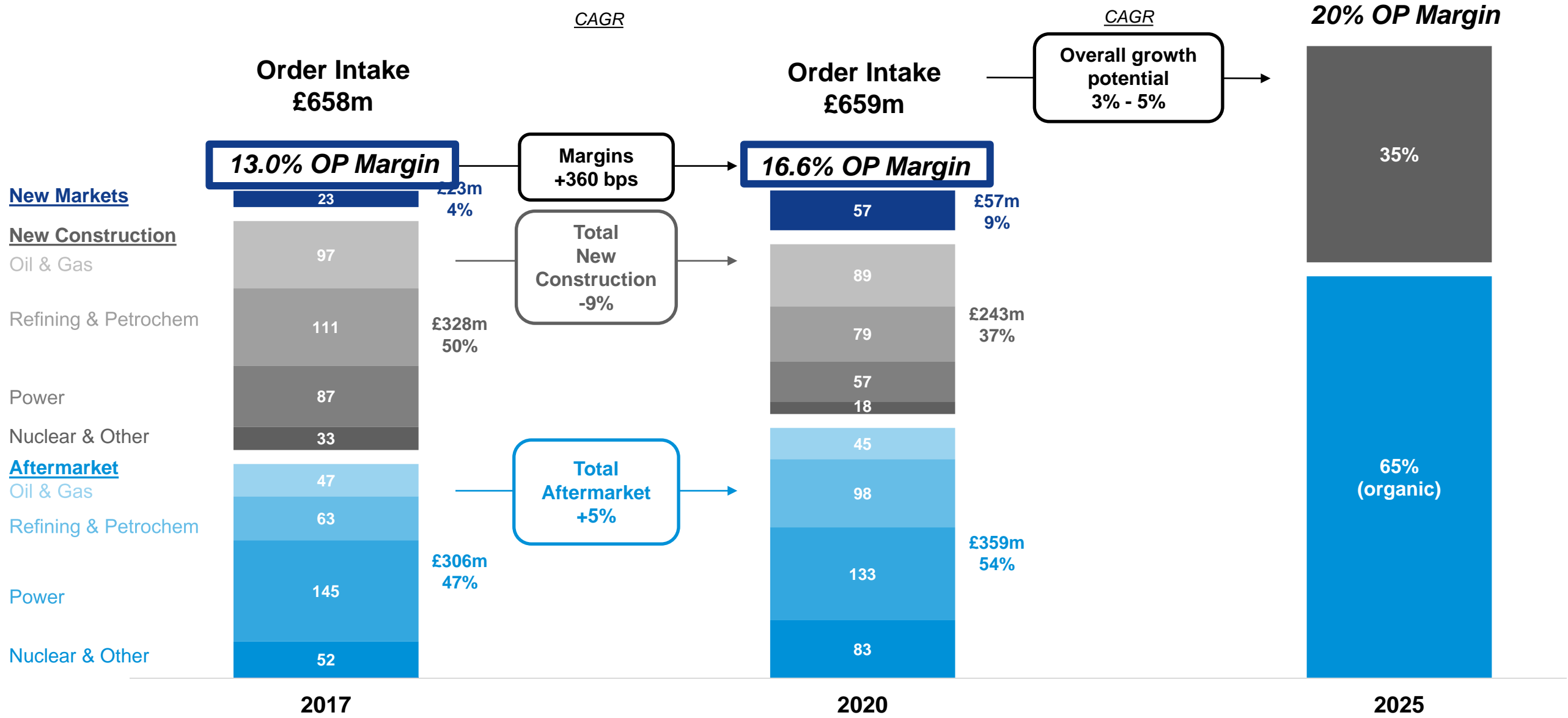


Evolution of the Critical Engineering business



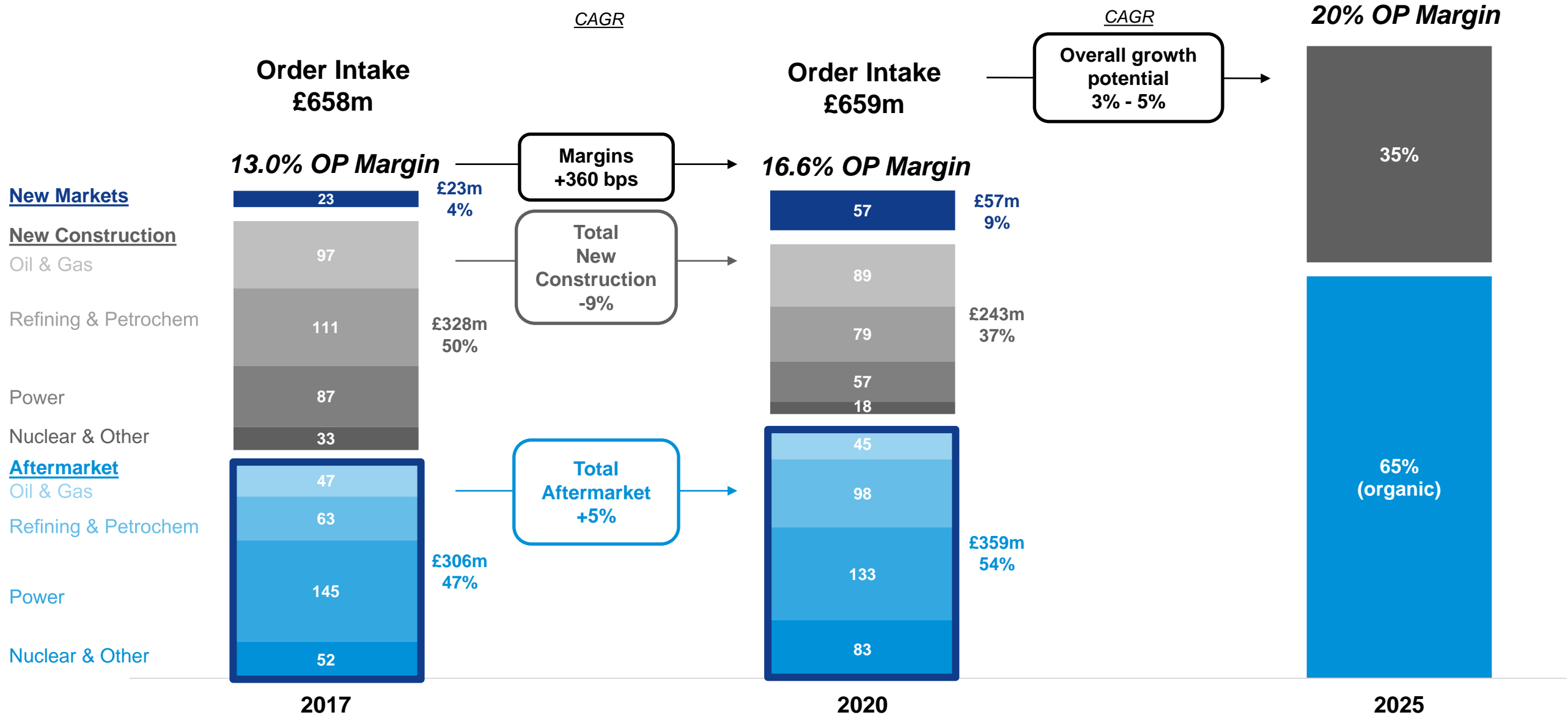
Growth in Aftermarket and New Markets; Higher quality mix; Strong, sustainable margins

Evolution of the Critical Engineering business



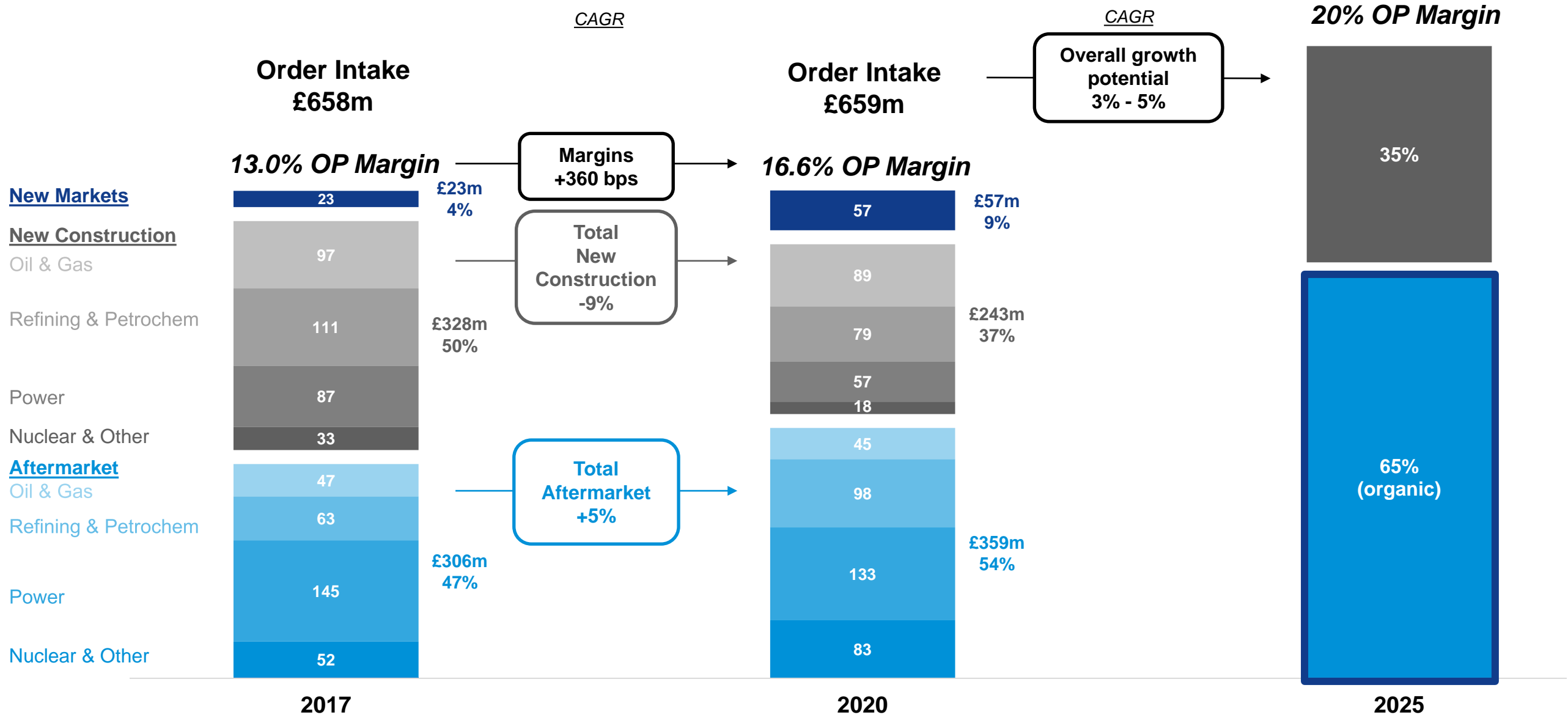
360 basis point improvement in margins since 2017

Evolution of the Critical Engineering business



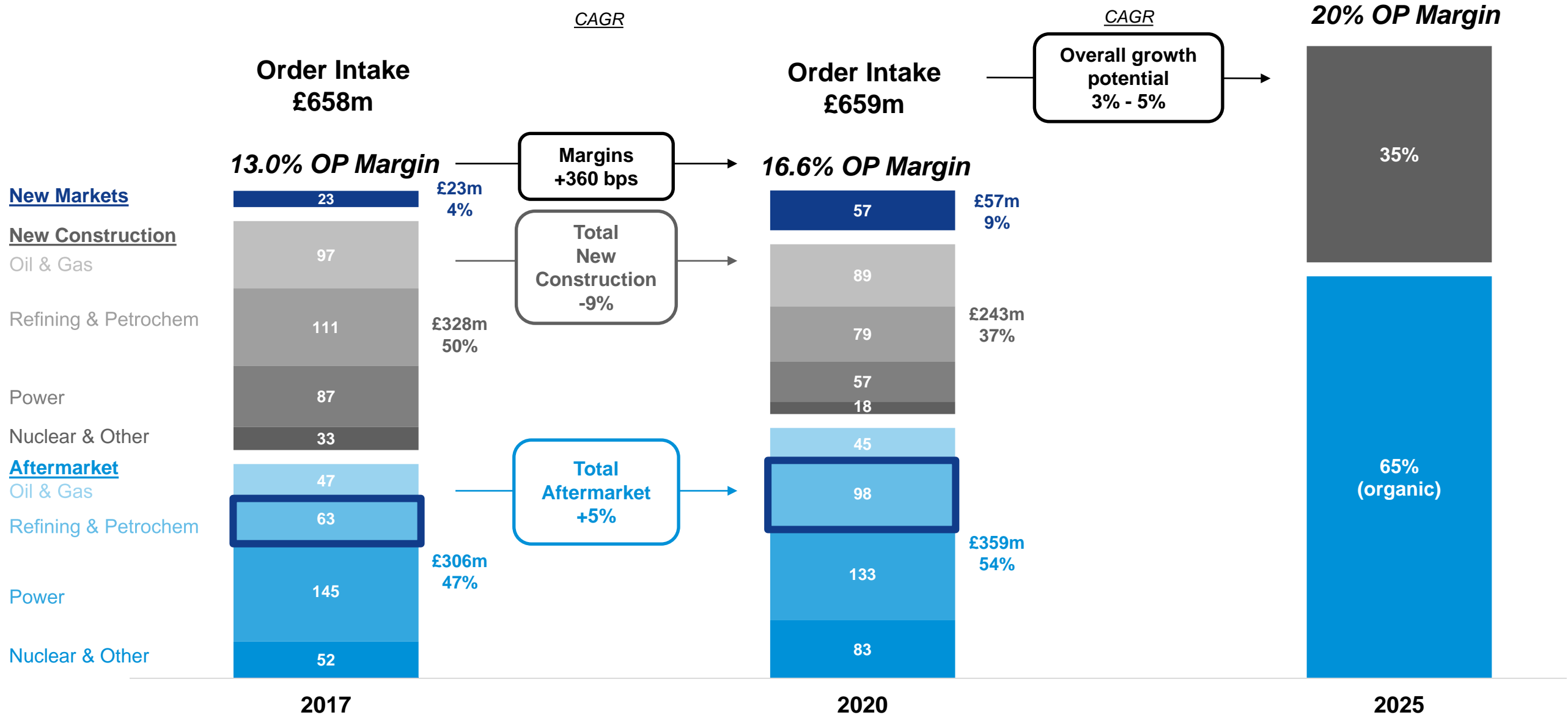
Our Aftermarket has grown at around 5% annually from 2017 to 2020

Evolution of the Critical Engineering business



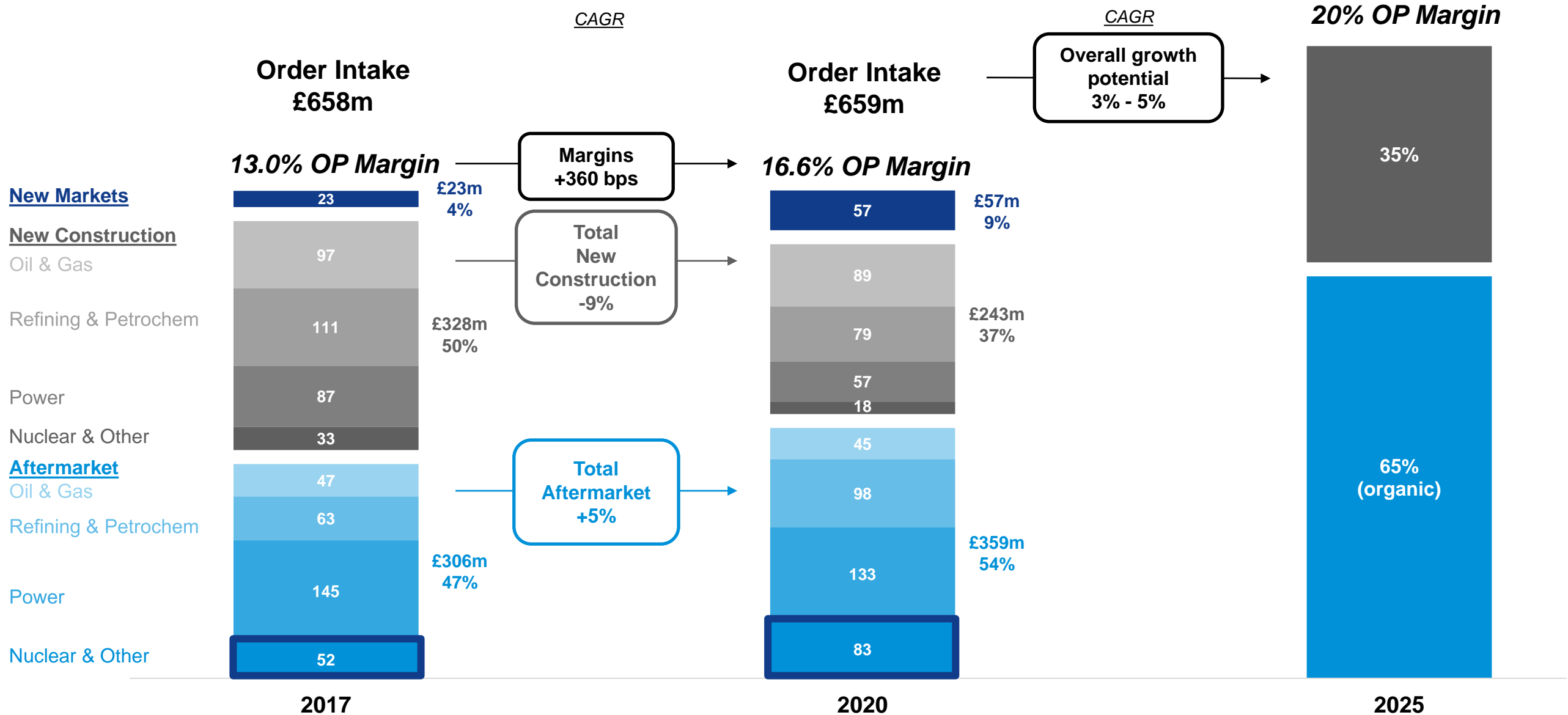
Looking forward we expect the Aftermarket to represent almost two-thirds of our business

Evolution of the Critical Engineering business



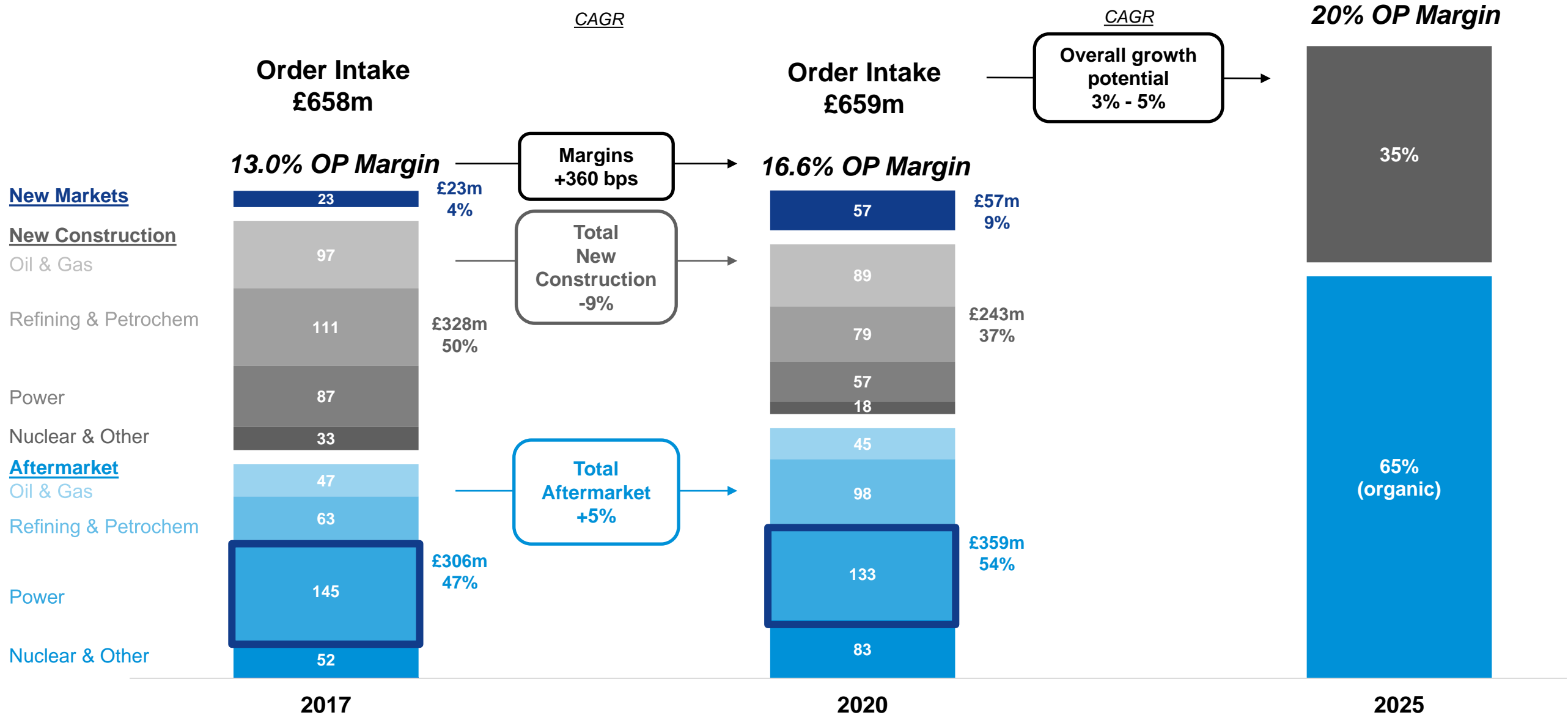
Refining & petrochem Aftermarket has grown over 50% over the last three years

Evolution of the Critical Engineering business



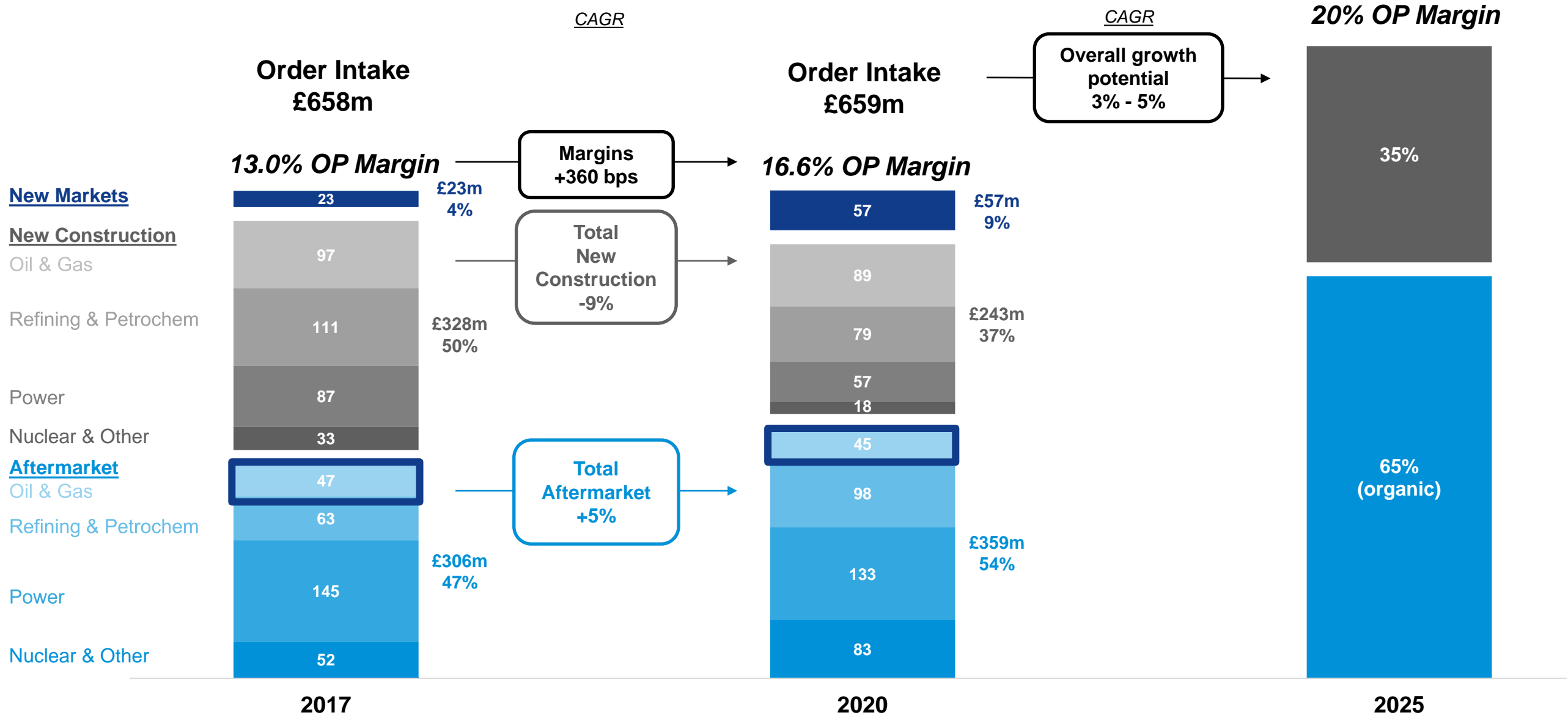
The nuclear Aftermarket has grown 60% over the last three years

Evolution of the Critical Engineering business



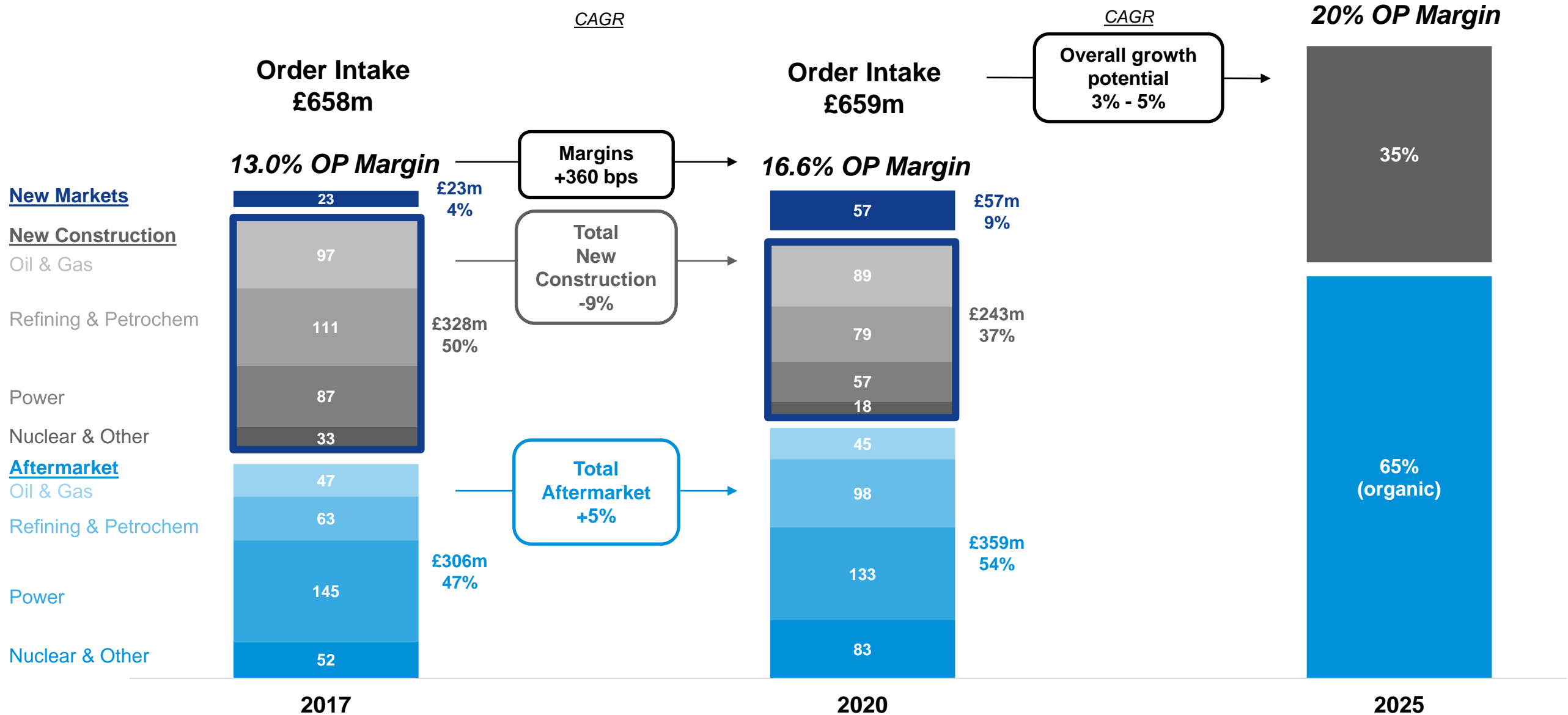
Emerging market power Aftermarket | gas-fired plants operating as transition energy source

Evolution of the Critical Engineering business



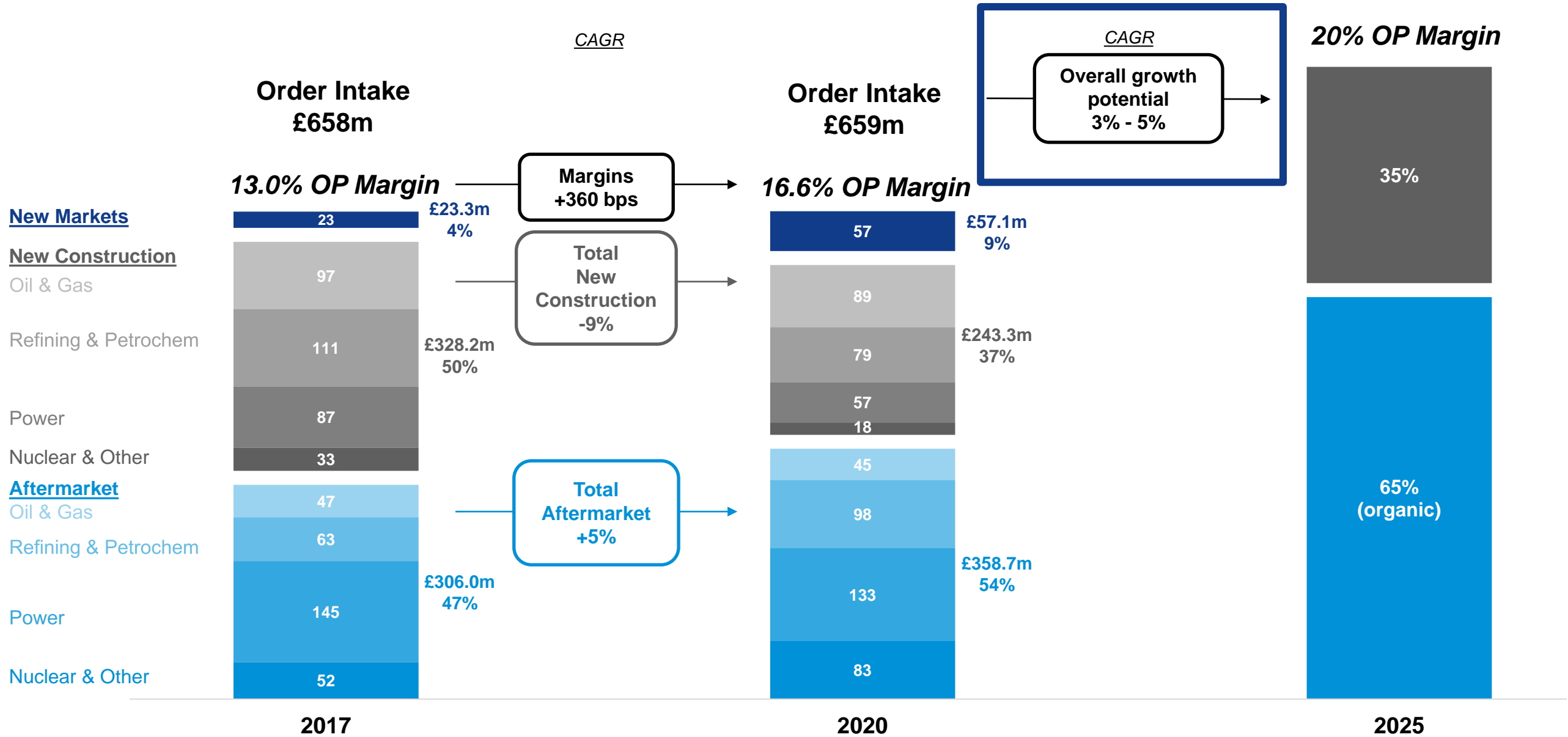
Stable O&G Aftermarket including LNG

Evolution of the Critical Engineering business



New Construction has declined at -9% from 2017 to 2020 – affected by COVID disruption

Evolution of the Critical Engineering business



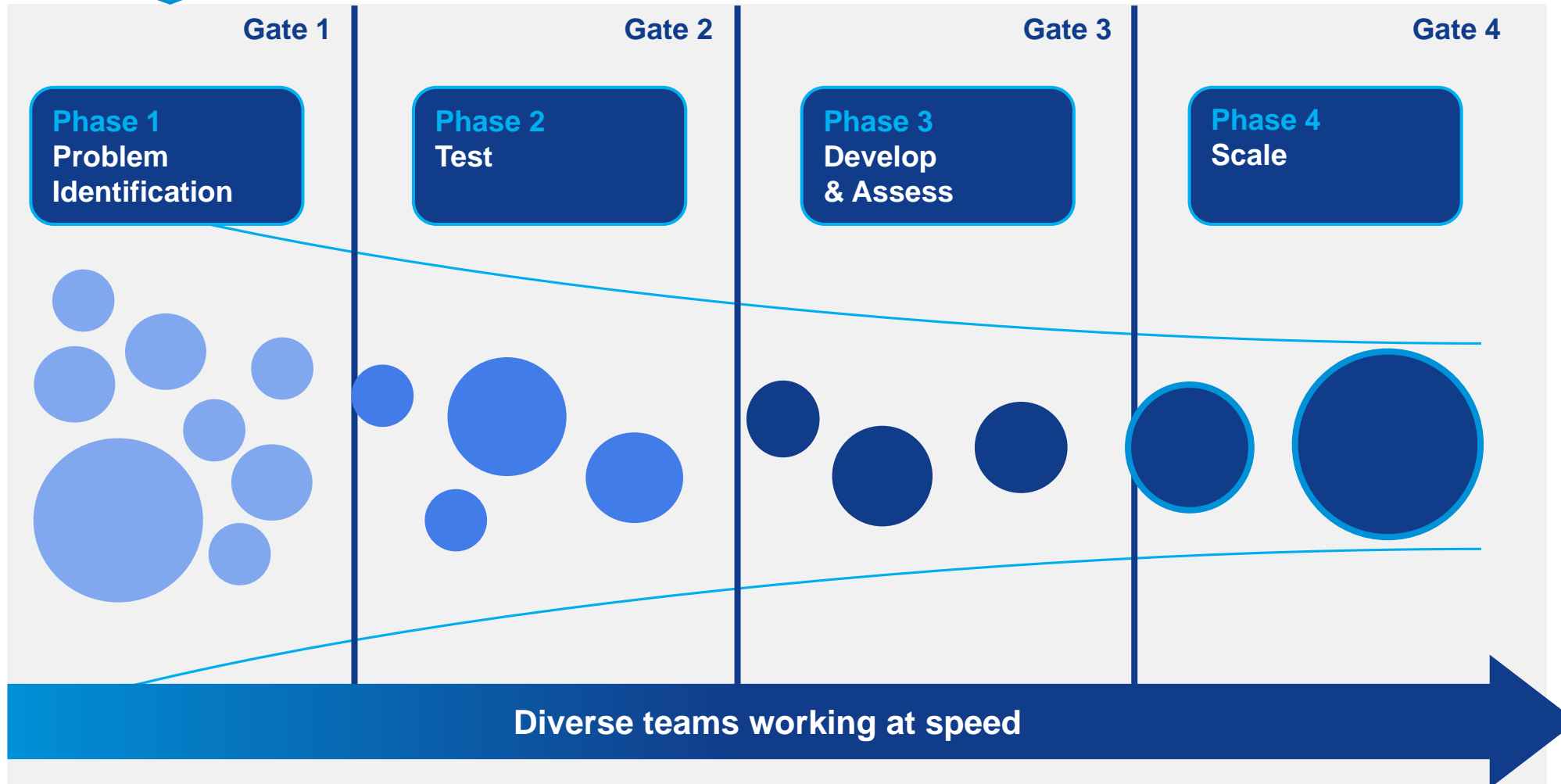
We expect an overall growth rate of between 3% - 5% over next four years

Critical Growth Hub pipeline

Foresight teams across 10 sectors scanning for opportunities in attractive markets

IMI Growth Advisory Board

Growth Hub



- Defending / extending the core
- Pursue adjacent products & markets
- Embrace disruptive technologies & business models
- Identify opportunities for M&A to execute outside of Growth Hub

Retrofit3D case study

The industry problem

- Plants cycling more often
- Control valves degradation and premature failure
- Significant and costly unplanned maintenance and downtime

The solution

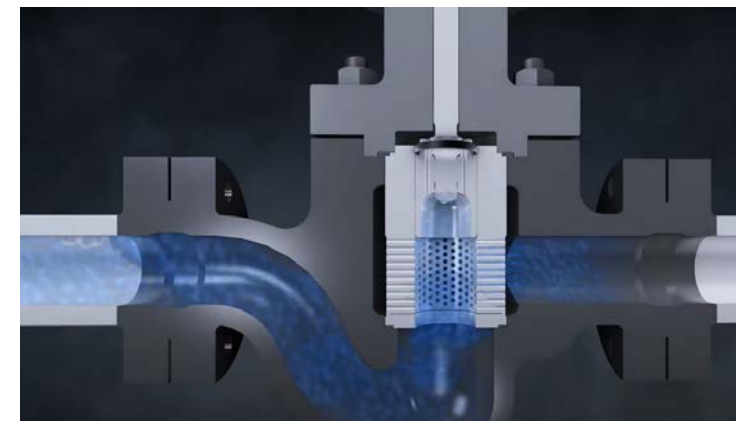
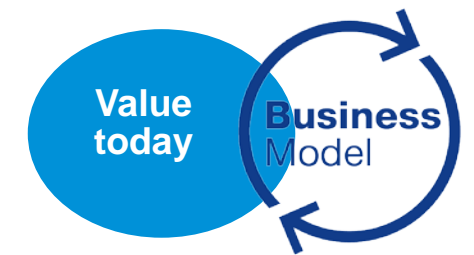
- Valve Doctor® and applications engineering expertise
- Unique, complex and 3D-printed design fits within installed valves

Customer benefits

- Much more robust and reliable performance
- Lead-time of 4 weeks vs 26 weeks for a new valve

Market opportunity

- Initial opportunity pool of £40m @60% conversion = £24m p.a.



RETROFIT 3D

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EroSolve case study

The industry problem

- Erosion of the valve trim due to wet steam requires frequent repairs and affects plant efficiency

The solution

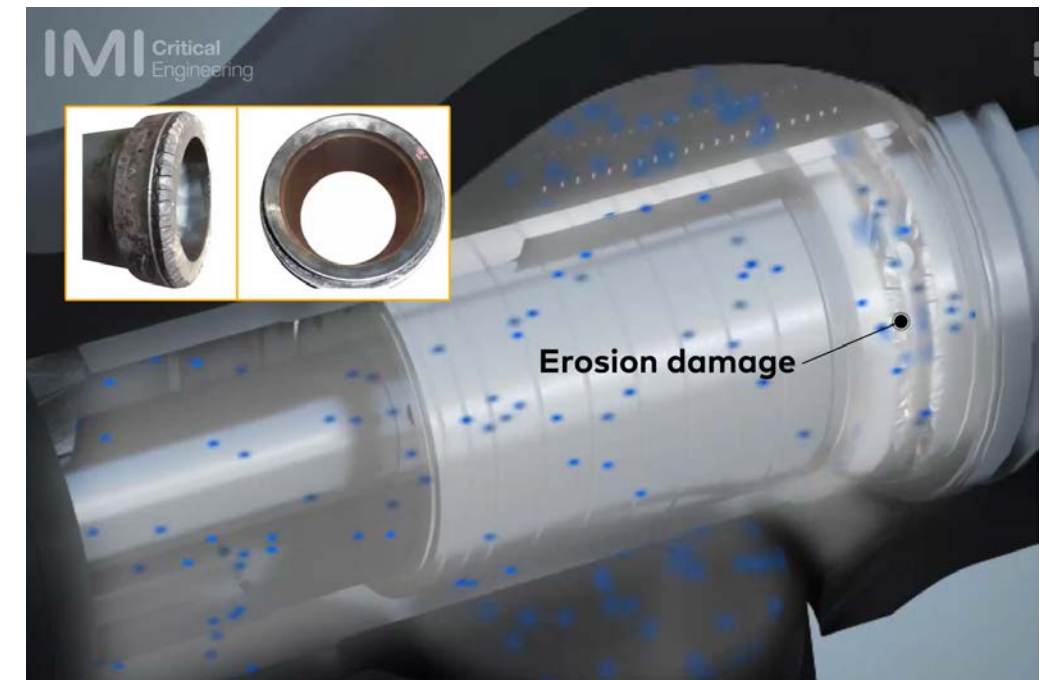
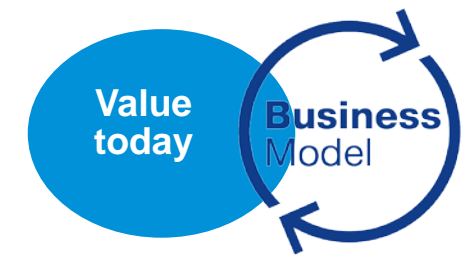
- EroSolve designed to delay erosion and extend the valve life

Customer benefits

- Improved plant efficiency and ROI
- Alleviate safety concerns
- Reduce unplanned downtime

Market opportunity

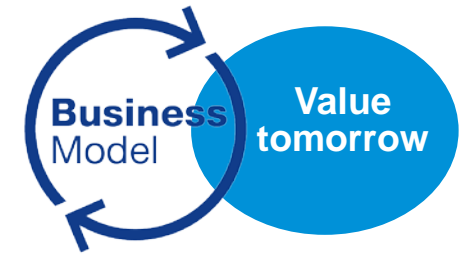
- Initial opportunity pool of £50m @50% conversion = £25m p.a.



The logo for EROSOLVE is displayed in a large, bold, sans-serif font. The letters 'EROSOL' are in a light grey color, while 'VE' is in a vibrant blue. A white arrow points to the left from the right side of the 'E' in 'EROSOL'. A blue arrow points upwards and to the right from the top of the 'V' in 'VE'.

For best user experience please use the toggle above to make the video full screen for this section.

A focus on markets exposed to structural growth



Marine

NATO & Defence reviews driving replacement boat programs

Established position



Pharma

Longer life & health care driving new drug demand

Early platform

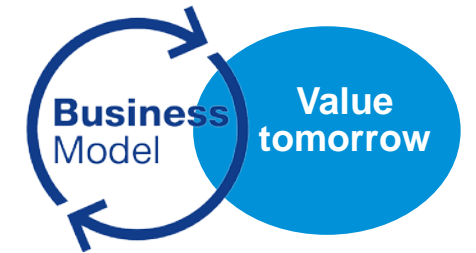


Hydrogen

Key enabler of energy storage supporting transition to net zero

Future potential

Marine



Market opportunity in Marine

- Naval marine market growing at 5%+ CAGR
 - *Desire to maintain fleet capability and flexibility*
- £0.8bn global market for naval valve systems

Why we win

- Deep domain knowledge and specialist design
- Cumulative 3 million years of faultless service
- Trusted partner with 37 navies worldwide

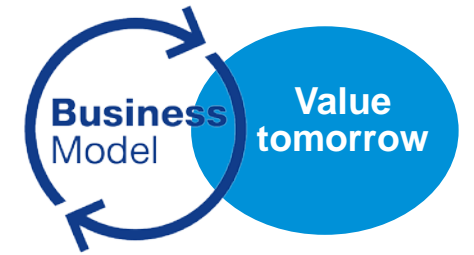
Pathway to growth

- New solutions to control noise signatures



Marine

Our ambition is to achieve £50m+ of additional revenue by 2030



Market opportunity in Marine

- Naval marine market growing at 5%+ CAGR
 - *Desire to maintain fleet capability and flexibility*
- £0.8bn global market for naval valve systems

Why we win

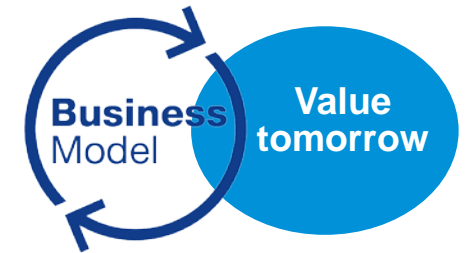
- Deep domain knowledge and specialist design
- Cumulative 3 million years of faultless service
- Trusted partner with 37 navies worldwide

Pathway to growth

- New solutions to control noise signatures



Pharmaceutical



Market opportunity in Pharma

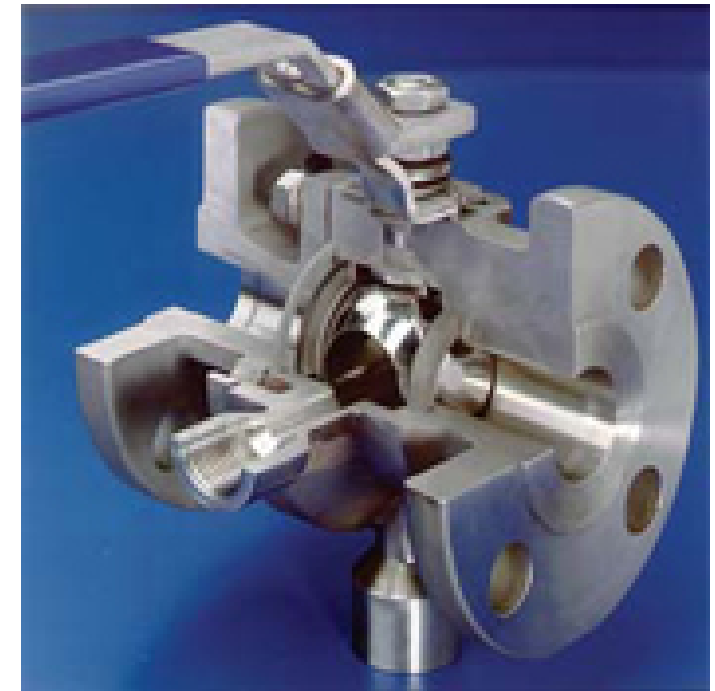
- Market growing at high single digit CAGR
 - *Rising living standards, increased life expectancy, improved therapies*
- £400m global market for critical valves and actuators

Why we win

- Consistent attainment of demanding industry standards
- Brand reputation
- Close customer support including applications engineering

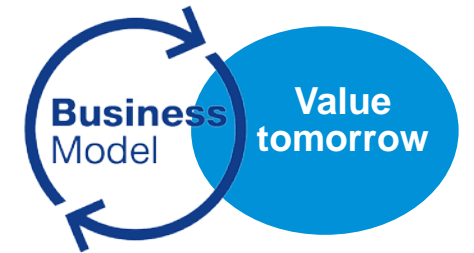
Pathway to growth

- New products and acquisitions that add to total customer solution



Pharmaceutical

Our ambition is to achieve £75m+ of additional revenue by 2030



Market opportunity in Pharma

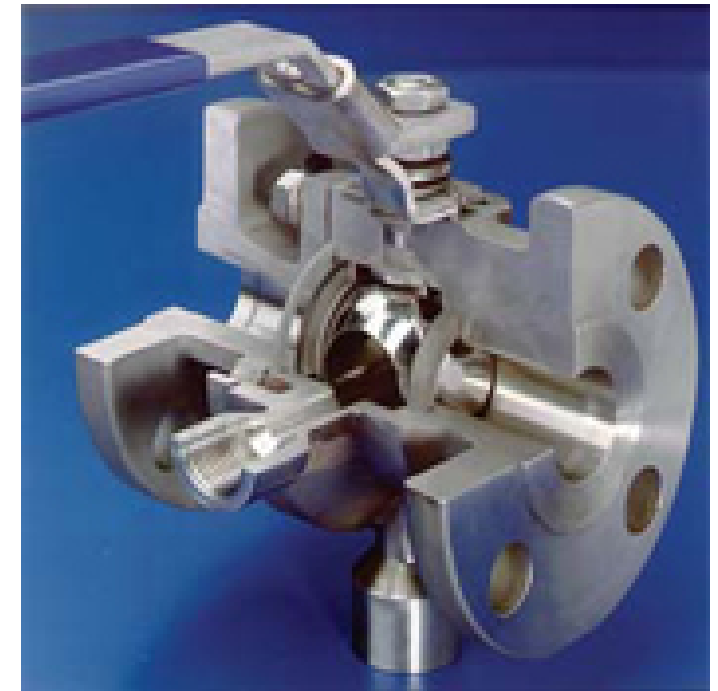
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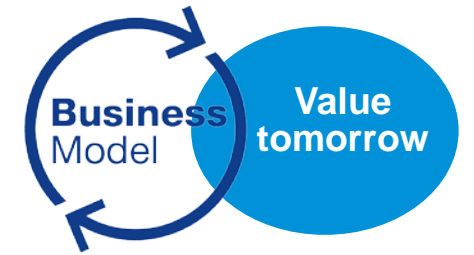
- Consistent attainment of demanding industry standards
- Brand reputation
- Close customer support including applications engineering

Pathway to growth

- New products and acquisitions that add to total customer solution



Hydrogen



Market opportunity in Hydrogen

- Hydrogen up to c.20% of energy mix by 2050
- Requires over \$11 trillion of investment
- EU committed to 400x increase in capacity by 2030

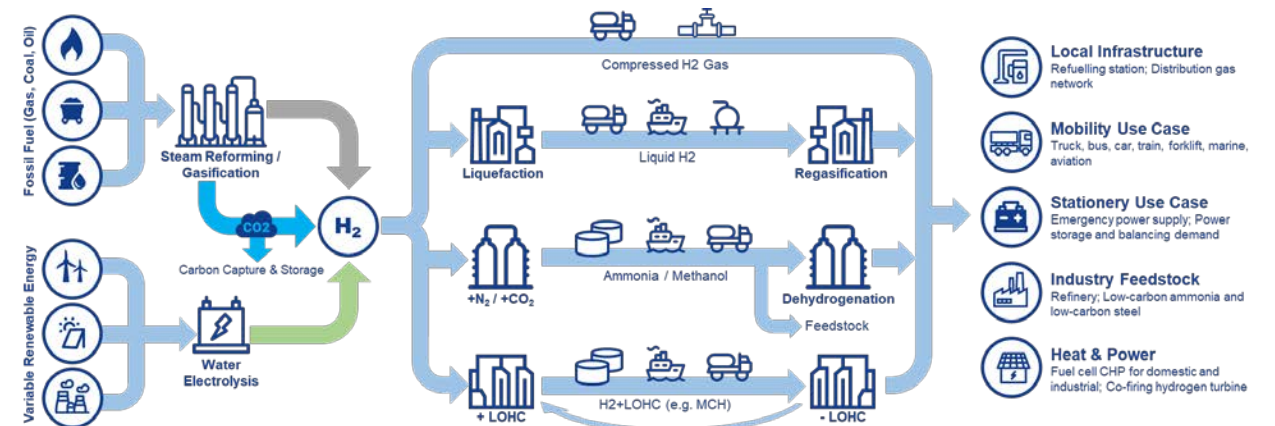
Why we win

- Deep experience in compressor anti-surge, safety relief, gas and fluid control
- Strong customer relationships and leading brands
- Long established references

Pathway to growth

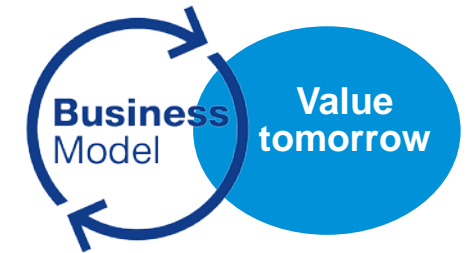
- Existing products and applications expertise
- New products and bolt-on acquisitions

Our Solution Today and Competency for Tomorrow



Hydrogen

Our ambition is to achieve £100m+ of additional revenue by 2030



Market opportunity in Hydrogen

- Hydrogen up to c.20% of energy mix by 2050
- Requires over \$11 trillion of investment
- EU committed to 400x increase in capacity by 2030

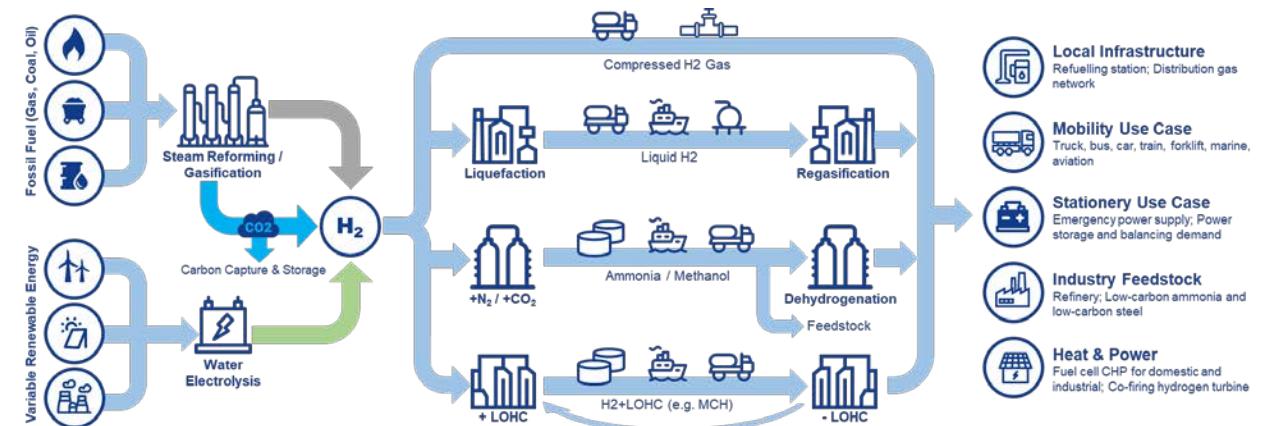
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Pathway to growth

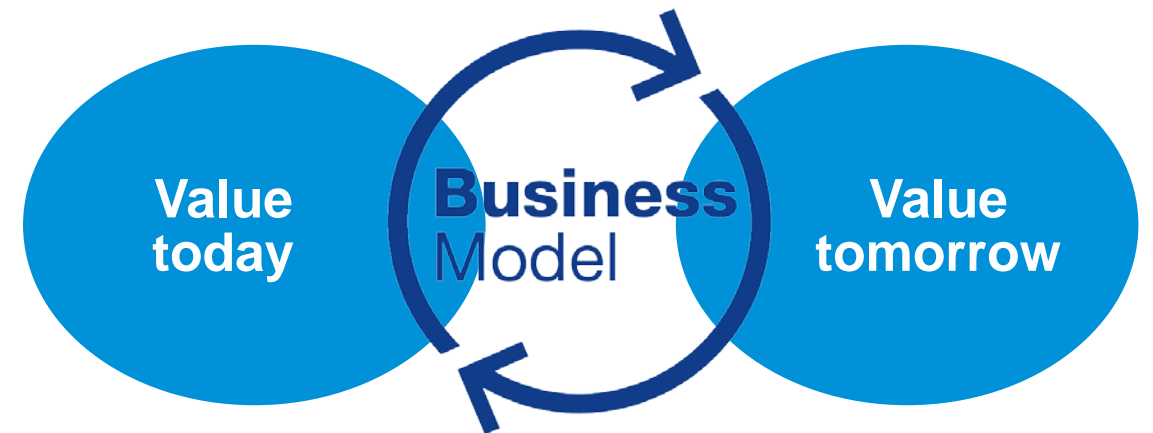
- Existing products and applications expertise
- New products and bolt-on acquisitions

Our Solution Today and Competency for Tomorrow



Summary – IMI Critical Engineering

- Growth hub well underway
- Momentum in early orders
 - *£6m 2020 / targeting £20m 2021*
- Culture of innovation and pace
- Aftermarket expansion
- Clear strategy for growth
 - *Targeting key attractive markets*



Improving returns

Daniel Shook

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May 2021: increased sustainable margin targets



20% through the cycle



Prev. guidance:
20% at the top of the cycle



2020:
17.3% (+100bps)

20%



Prev. guidance:
17% to 20%



2020:
16.6% (+280bps)

20%+



Prev. guidance:
20%



2020:
18.3% (+30bps)

May 2021: increased sustainable margin targets



Target: 20% through the cycle

2020 margin: 17.3%

- £35m annualised benefits from footprint optimisation
 - **£14m still to deliver**
- **Further £11m now identified from footprint optimisation**
- **Further £14m now identified in SG&A efficiencies**
- Beat inflation through efficiencies and value pricing
- **Growth, including high margin new products**



Target: 20%

2020 margin: 16.6%

- £43m annualised benefits from footprint optimisation
 - **£18m still to deliver**
- Margin improvement from addressing 20% to 30%
- Beat inflation through efficiencies and pricing in Aftermarket
- **Growth through Aftermarket and attractive market segment focus**



Target: 20%+

2020 margin: 18.3%

- £3m annualised benefits from supply chain optimisation
- Beat inflation through value pricing and efficiencies
- **Growth through investment in sales pull-model and new products**

Closing remarks

Roy Twite

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Engineering**
for a better
world.

Key take-aways

- Strategy
 - *Solving industry problems in attractive markets, at pace*
 - *Sustainable Value Today and Value Tomorrow*
- Culture
 - *Breakthrough Engineering for a better world*
 - *Sharpened customer focus and innovation*
- Outcome
 - *Improving returns*
 - *Sustainable, profitable growth*

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Engineering**
for a better
world.



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Q&A