

7 May 2020

### IMI plc (“IMI” or “the Group”) Interim Management Statement and Coronavirus update

IMI, the specialist engineering company, issues the following Interim Management Statement, which covers results for the first quarter from 1 January to 31 March 2020.

#### Coronavirus update

Our highest priority remains the protection of our people, our communities and our customers. Following our last update on 30 March, we can report a total of 26 confirmed cases of Coronavirus across IMI. We are pleased to say that 12 have fully recovered and 14 are on the road to recovery.

Roy Twite, Chief Executive said *“I would like to pay tribute to the way IMI employees around the world have responded to the global Coronavirus pandemic. Their commitment, collaboration and ingenuity has been extraordinary and has further strengthened relationships, both internal and external, across the globe. I have no doubt that IMI will emerge an even stronger business as a result”*.

Given our ‘Safety First’ imperative, the strict adherence to best practice, including social distancing and deep-cleaning protocols deployed across the Group, will be continued as long as they are needed to provide our employees with a safe workplace.

Business disruption, so far, has been reasonably modest, as a result of our great operational teams around the globe. Across the Group, we have over 90% plant availability, India being the only territory where plants are closed, in line with government instruction. Although our Italian facilities within IMI Critical were impacted in April, they have all returned to production and so we expect the backlog of product shipments to be addressed quickly. Our facilities in China are currently operating at near normal levels. Finally, supply chain disruptions have, so far, been minor and managed. The few instances of parts shortages have been addressed by alternative suppliers and contingency stocks. We continue to work closely with our key customers to ensure expectations are being met.

#### Current trading and outlook

Excluding the impact of acquisitions and exchange rate movements, organic revenues for the three months to the end of March were 5% lower when compared to the first quarter last year, as expected. On an adjusted basis, revenues were 5% lower, reflecting an exchange rate headwind partially offset by the benefit of the PBM acquisition.

Profits, margins, and operating cash flow were all higher than the same period in the prior year.

Overall orders for the Group in the first quarter were higher versus 2019, supported by a temporary surge in orders within Life Sciences as well as New Construction LNG in IMI Critical.

The Group’s performance in April has experienced a more marked impact from Coronavirus. In April organic sales were 9% lower than the prior year, reflecting the steep decline in IMI Precision’s Commercial Vehicle segment and temporary construction site restrictions affecting IMI Hydronic. We continue to accelerate our cost reduction programs and now expect full year restructuring benefits of £28m and a further £30m of other cost containment initiatives.

Until sufficient time has passed to offer greater insight, we refrain from offering guidance. However, we will continue to offer updates as it becomes appropriate to do so, particularly should we begin to see more clarity regarding the impact of Coronavirus on the remainder of the year.

### IMI Precision Engineering

IMI Precision organic revenues in the three months to the end of March were 9% lower than the same period in 2019 and also 9% lower on an adjusted basis.

As anticipated, the biggest driver of this reduction was within the Commercial Vehicle segment, where sales to March were 23% lower than the same period in the prior year. Since our last update, industry expectations for heavy truck manufacturing have deteriorated further. We continue to focus efforts on managing costs in anticipation of that weakness whilst protecting appropriate capacity for the recovery. Industrial Automation revenue was 6% lower than the same period in 2019.

Sales in both Energy and Life Sciences were slightly higher than the same period last year. Within Life Sciences, the sales of ventilator components are making an important and growing contribution. Our overwhelming priority is to assist manufacturers in delivering this critical equipment to health facilities across the world. In close coordination with our customers, we are accelerating production as quickly and reliably as we can. Despite the complexity involved, production rates for the most sophisticated valves are already double historic levels, with work continuing at pace to increase that output further.

In April, IMI Precision organic sales were 14% lower than in April 2019, reflecting a further reduction in Commercial Vehicle and Industrial Automation revenues, partially offset by higher activity within our Life Sciences business.

### IMI Critical Engineering

Overall, organic order intake was 10% ahead of the same period last year. Good New Construction orders from LNG helped Oil & Gas to be higher in the quarter. New Construction Power was also higher, as the business secured a large concentrated solar order, which offset lower coal activity. Aftermarket orders were lower in most sectors in the quarter, partly impacted by rescheduled customer maintenance outages and site access restrictions.

IMI Critical organic revenues in the three months to the end of March were flat, and on an adjusted basis were 3% higher than the same period last year due to the contribution of PBM, which more than offset a currency headwind. The integration of PBM into IMI Critical is progressing well, and despite the limitations brought on by the pandemic, we are already seeing benefits across the Group as the two organisations combine activities and leverage each other's relationships.

The division continues its activities to transition into new, more attractive growth markets, as well as its programmes to address the structural changes within its markets. In light of anticipated market weakness, the division now expects to accelerate a number of activities into 2020, increasing its restructuring charge from £10m to £15m in the year. Benefits are now estimated at £8m, versus £5m previously.

In April, IMI Critical organic sales were 4% higher than in April 2019, reflecting order phasing and some recovery as a result of the reopening of our Italian facilities.

### IMI Hydronic Engineering

IMI Hydronic revenues in the three months to the end of March were flat on an organic basis and 1% lower on an adjusted basis, when compared to the strong comparator in the first quarter of 2019.

Our expectation is for a marked reduction in demand in the second quarter of this year, following the temporary closure of construction sites across various territories in Europe. In areas of lockdown, local installers are also finding it increasingly difficult to gain access to premises and homes. In April, IMI Hydronic organic sales were 17% lower than in April 2019.

The division is continuing its plans to consolidate manufacturing and supply chain activities with Europe.

### Financial position

During this period of uncertainty, we continue to maintain a robust financial position. As at the end of April, the Group had immediately available liquidity of £381m, comprising £30m of available cash, £269m of undrawn committed bank facilities with our six core relationship banks, and an additional £82m of undrawn uncommitted facilities, resulting in net debt (including lease liabilities) of £470m.

The Group's existing long-term debt, totalling £363m, was raised through the US Private Placement market. This debt is at fixed rates and, aside from £11m due in 2022, matures in 2025 and beyond.

The financial covenants attached to our committed facilities are that EBITDA should be no less than 4 times interest and net debt should be no more than 3 times EBITDA. Those covenant ratios, at 31 December 2019, were 24.0 times and 1.2 times, respectively. Our balance sheet position will be offered greater protection by the actions we have taken over recent weeks to reduce costs and preserve cash, including;

- Suspension of the 2019 final dividend payment (£71m).
- 20% salary reduction for the Board, Executive Committee and members of our senior leadership team.
- Continuing, successful initiatives in rationalisation, value-pricing and material cost reduction.
- Reduction in temporary workers, increase in short time working, and tight controls on discretionary spending.

### Exchange rates

The 2020 full year financial results will be impacted by exchange rates which have fluctuated considerably in the first months of the year. Should the average rates for the month of April continue for the remainder of the year, results for both revenue and profits in the full year would experience a limited currency impact.

### Interim results

IMI will issue its interim results announcement in respect of the six months ending 30 June 2020 on 24 July 2020.

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*A conference call for analysts and investors will be held at 08:00 BST today to discuss this statement. To access the call, please register using the link: <http://emea.directeventreg.com/registration/4928259>*

### Notes to editors

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. IMI employs around 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](http://www.imiplc.com).

IMI plc is registered in England No. 714275. Its legal entity identifier ('LEI') number is 2138002W9Q21PF751R30.