

26 April 2021

This announcement contains inside information in relation to IMI plc.

Accelerating momentum across the business Both 2021 and sustainable margin guidance raised £200m share buy-back announced

IMI, the specialist engineering company, issues the following Interim Management Statement, which covers results for the first quarter from 1 January to 31 March 2021.

Roy Twite, Chief Executive, commented:

"We are pleased with the progress that the business has continued to make through the first quarter of 2021 as we accelerated our strategy to deliver sustainable profitable growth. Our increased focus on adding value for our customers by solving key industry problems, along with initiatives to reduce complexity and accelerate growth, are delivering tangible benefits. This momentum not only gives us the confidence to raise our guidance for the full year and announce a share buy-back programme, but also underpins our belief that IMI can deliver sustainably higher margins going forwards, at the same time as investing fully for growth."

Current trading

Given the exceptional circumstances of 2020, we include 2019 detail in this statement. References to organic changes are on a constant currency basis and exclude disposals and acquisitions. References to adjusted figures reflect figures as reported to management and do not include the impact of adjusting items.

IMI Group	Q1 2021	Q1 2021 vs Q1 2020	Q1 2021 vs Q1 2019
Revenue & organic change	£421m	+7.7%	+2.6%

Building on the progress achieved in 2020, the first quarter of 2021 has delivered another strong performance with Group sales, margins, profits and operating cash flow all higher organically than the same period in the prior year, and also higher organically when compared to the first quarter of 2019.

Group margins improved significantly in the first quarter, with all divisions improving. We have accelerated restructuring activities and now expect full year benefits of c.£22m.

Outlook

We continue to execute on our strategy of increased customer intimacy and reduced complexity to deliver consistent profitable growth and sustainably higher margins.

Following the strong performance in the first quarter across all three divisions and the improving trends in our major end markets, we are increasing our guidance for 2021 full year adjusted EPS to 81p to 87p (from 75p to 82p). This guidance is based on current market conditions and includes the anticipated currency headwinds versus 2020 due to the strengthening of Sterling, and reflects our current outstanding share position for the full year, before any share buy-back activity.

Margin guidance increased

Given the accelerated progress against our strategy, including the identification of further opportunities for profitable growth, we now have confidence that IMI will become a sustainable 18% to 20% margin business over time. Our updated plans aim to deliver 20% through-cycle margins for IMI Precision, while IMI Critical now sees sustainable 20% margins, and IMI Hydronic has 20%+ margin potential. This will be achieved without compromising our investments for growth.

IMI Precision Engineering

IMI Precision	Q1 2021	Q1 2021 vs Q1 2020	Q1 2021 vs Q1 2019
Revenue & organic change	£218m	+7.1%	-2.2%

IMI Precision organic revenues in the three months to the end of March were 7% higher than the same period in 2020 and 4% higher on an adjusted basis.

The biggest drivers were within Commercial Vehicle (sales +19% vs 2020) and Life Sciences (sales +36% vs 2020). Commercial Vehicle benefitted from an acceleration of demand across all geographies. In Life Sciences, gains were achieved in both components for ventilators and diagnostic equipment. Within Life Sciences, we now expect the surge in Coronavirus-related FY 2020 sales to represent a headwind to FY 2021 results of approximately £75m to £80m (previous guidance c.£82m). Motion Control revenue was 1% higher in Q1, compared to the same period in 2020, with order trends improving in the quarter.

Based on the strong first quarter results and favourable market conditions, IMI Precision Engineering 2021 organic revenues and margins are now expected to be slightly higher than in 2020.

IMI Critical Engineering

IMI Critical	Q1 2021	Q1 2021 vs Q1 2020	Q1 2021 vs Q1 2019
Order Intake & organic change	£159m	-9.5%	-2.1%
Revenue & organic change	£121m	+7.5%	+7.6%

IMI Critical orders in the first three months of 2021 totalled £159m, or 10% below prior year, largely reflecting timing of New Construction bookings. Aftermarket orders grew 15%, supported by both Upgrades and Parts.

IMI Critical organic revenues in the three months to the end of March of £121m were 8% higher, and on an adjusted basis were 5% higher, than the first quarter of 2020.

The division continues to support customers in optimising their processes, deliver value from the installed base, and transition into more attractive growth markets. Growth Accelerator programmes are on-track to deliver the anticipated £20m of orders in 2021, vs c.£6m in 2020.

Based on the division's orderbook and current market conditions, we now expect IMI Critical Engineering 2021 organic revenues and margins to be higher when compared to 2020.

IMI Hydronic Engineering

IMI Hydronic	Q1 2021	Q1 2021 vs Q1 2020	Q1 2021 vs Q1 2019
Revenue & organic change	£82m	+9.3%	+9.5%

IMI Hydronic revenues in the three months to the end of March were 9% higher on both an organic and an adjusted basis, when compared to last year. Our core markets continue to deliver well, particularly within Germany, and the new product portfolio is now providing a substantial contribution. Sales were also supported by wholesaler stocking, as well as increased installer activity as they sought to catch-up on

business delayed when markets were quieter last year. Growth was achieved across all key product segments.

Given the strong start to the year and current market conditions, IMI Hydronic Engineering's 2021 organic revenues are now expected to be strongly ahead, with margins also higher, when compared to 2020.

Coronavirus update

IMI continues to be vigilant across its operations. The protection of our employees, our businesses and our broader communities remains an absolute priority. Coronavirus response team meetings - chaired by the Chief Executive - continue to monitor and manage employee welfare, our supply chain and our communication across all of our stakeholders. The organisation also keeps particularly close to our customers, to support them as they incur challenges brought on by the pandemic.

Planned share buy-back

Given the acceleration of performance across the businesses and our ongoing and robust cash generation, the Board has determined that initiating a share buy-back is now appropriate. We are announcing today a programme to buy-back shares to an approximate value of £200m. This will provide for a more efficient balance sheet while still leaving ample capacity to continue investing in growth, whether organically or through acquisition. This will also be accretive to the EPS guidance provided earlier in this statement.

Exchange rates

The 2021 full year financial results are expected to be impacted by exchange rates. Should the rates in early April continue for the remainder of the year, results for both revenue and profits in the full year would be adversely impacted by 4-5%.

Investor presentation and Interim results

Given the progress we have made across each division since we launched the strategy in November 2019, we will be holding an investor and analyst event later in the year to update the market on the growth initiatives and operational delivery that will further underpin IMI's ability to deliver sustainable profitable growth. Details and invitations will follow in due course.

IMI will issue its interim results announcement in respect of the six months ending 30 June 2021 on 30 July 2021.

Annual General Meeting (AGM)

In the light of current regulations and health advice from the government, the AGM on 6 May 2021 will be held as a closed meeting attended only by a quorum of Company employee shareholders. The Board encourages all shareholders to exercise their vote by appointing the Chairman of the meeting as their proxy and providing voting instructions in accordance with the instructions given in the notice of meeting. In the interests of safety and legal compliance, anyone else seeking to attend the meeting in person will not be admitted. Shareholders wishing to raise questions are welcome to use the contact link on the Company website or to write to the Company Secretary.

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A conference call for analysts and investors will be held at 08:30 BST today to discuss this statement. To access the call, please register using the link: <http://emea.directeventreg.com/registration/9164776>

IMI plc

Press Release



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, sustainably, cleanly, efficiently and cost effectively. IMI employs around 10,000 people, has manufacturing facilities in 18 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.