

7 November 2024

Resilient quarterly sales with continued margin improvement
Full year adjusted EPS guidance reconfirmed
Acquisition of leading sensor technology business

IMI plc ("IMI" or the "Group"), the specialist engineering company, issues the following trading update which covers results for the third quarter from 1 July to 30 September 2024.

Roy Twite, Chief Executive, commented:

"We continue to expect good organic growth in 2024, having delivered a resilient performance in the third quarter. Organic revenue was up 1%, with good growth in our Automation platform partly offset by a weaker performance in Life Technology, as expected. Process Automation, our largest business sector, had another excellent quarter with continued momentum across our energy end markets and strong order intake.

Margins in both platforms were higher in the quarter, benefitting from our significant aftermarket exposure, continued delivery of high value-added solutions for our customers and further efficiency gains.

We are reconfirming guidance. We continue to expect that full year adjusted basic earnings per share will be between 120p - 126p, despite seeing some additional foreign exchange headwinds. This guidance represents another year of around 10% adjusted organic operating profit growth."

Resilient third quarter performance

Third quarter organic revenue was 1% higher than the same period last year, with the Group now 3% higher year to date. Statutory revenue in the quarter was 3% lower than last year, reflecting the foreign currency movements seen in the period.

Our complexity reduction initiatives remain on track to deliver £15m of incremental benefits for the full year and £7m in 2025. The programme will complete this year, although IMI will continue identify and execute efficiencies within its operations. Future restructuring costs within our current business will be taken into underlying operating profit.

Sector performance in line with expectations

Automation

Automation (62% of 2023 sales) delivered a strong performance, with revenue in the quarter up 4% organically, and 7% year to date.

- Process Automation (37% of 2023 sales) had another excellent quarter as we saw continued momentum across our energy end markets and further progress in the Aftermarket. Order intake in the third quarter was 14% higher organically and revenue was 9% higher than the same period last year on an organic basis. Book-to-bill is now at 1.15 over the last twelve months.
- Industrial Automation (25% of 2023 sales) third quarter organic revenue was 2% lower than the same period last year, a resilient performance despite mixed end markets.

Life Technology

As expected, Life Technology (38% of 2023 sales) revenue was down 5% organically in the third quarter, and 2% lower year to date.

- Climate Control (18% of 2023 sales) organic revenue in the third quarter was 4% higher than the same period last year as we saw continued good demand for our energy efficient products.
- Life Science and Fluid Control (12% of 2023 sales) organic revenue was down 10% in the third quarter reflecting the continued softness seen across the global life sciences device market.
- Transport (8% of 2023 sales) organic revenue was down 16% in the third quarter, as expected given the 20% organic growth delivered in the third quarter of 2023. Sector revenue is now 3% higher year to date.

Disciplined approach to capital allocation

IMI is a highly cash generative business with a clear and disciplined approach to capital allocation, prioritising investment that accelerates organic growth.

IMI will also pursue strategic acquisitions that strengthen its position in attractive, better world markets and deliver returns in line with its strict financial criteria. On 31 October 2024 IMI announced the acquisition of TWTG Group B.V. ("TWTG") for an enterprise value of €25m. TWTG is a leading innovator of smart connected asset monitoring solutions. The combination with IMI will create a significant opportunity to accelerate aftermarket growth in Process Automation.

In addition, reflecting its commitment to maintain an efficient balance sheet, IMI announced a £100m share buyback at the interim results in July 2024. The buyback was completed in October.

By deploying our growing free cash flow into organic growth opportunities, attractive acquisitions and share buybacks, IMI can continue its track record of compounding EPS growth.

Exchange rates

If exchange rates as at 1 November 2024 of US 1.29 and €1.19 remain constant for the remainder of the year it would negatively impact both revenue and adjusted operating profit by approximately 3% in the 2024 full year when compared to 2023.

Outlook

Based on current market conditions, we are reiterating our guidance that 2024 full year adjusted basic EPS will be between 120p - 126p.

Interim results

IMI will present its preliminary results announcement for the year ending 31 December 2024 on 28 February 2025.

Enquiries

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A conference call for analysts and investors will be held at 08:00 GMT today to discuss this statement. To access the call, please register using the link:

<https://www.netroadshow.com/events/login?show=7c005d8a&confld=72097>

Notes

IMI plc is a FTSE100 global specialist engineering company that designs, manufactures and services highly engineered products to control the precise movement of fluids. Its innovative motion and flow control technologies, built around valves and actuators, enable vital sectors to become safer, more sustainable and more productive. IMI combines world class applications engineering expertise with a continued focus on customer satisfaction, market-led innovation and complexity reduction to solve its customers most acute engineering problems. IMI employs approximately 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.

References to adjusted figures reflect figures as reported to management and do not include the impact of adjusting items. References to organic changes are on a constant currency basis and exclude disposals and acquisitions.

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

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