



17 November 2014

**Bodycote plc
Interim Management Statement**

Bodycote is issuing its Interim Management Statement covering the period from 1 July to 16 November 2014. The financial and operational data set out below relates to the four months from 1 July to 31 October 2014 unless otherwise stated. All comparative comments in this statement reflect comparisons with the corresponding period in 2013. Full year results for 2014 will be issued on 26 February 2015.

Current trading

Group revenue for the period was 2.9% higher at constant exchange rates (3.9% lower at actual exchange rates), than in the same period of 2013.

Revenues in the Aerospace, Defence and Energy business were higher by 2.5% at constant exchange rates (2.9% lower at actual exchange rates). Aerospace and Defence revenues were lower by 3.3% at constant exchange rates. Civil aviation revenues have been impacted by continuing inventory adjustments by some engine OEMs, particularly in the UK, and defence revenue suffered from the ongoing reduction in military budgets. Revenues in Oil & Gas were up 13.6% on a constant currency basis. Demand from the North American onshore sector remains on an improving trend and revenues for subsea applications, particularly for the Group's HIP Product Fabrication offering, have continued to grow steadily. Revenues in the Industrial Gas Turbine sector were flat compared to the same period of last year.

The Automotive & General Industrial business saw revenues increase 3.2% at constant exchange rates (4.5% lower at actual exchange rates). In Western Europe revenues were ahead 0.9% at constant exchange rates and North American revenues increased 8.5% at constant exchange rates. Car & light truck revenues grew strongly in North America as the Group continued to win market share, but revenues were modestly lower in Western Europe compared to the same period last year, as many customers took extended summer shutdowns this year. Heavy truck revenue increased in North America but Western Europe continued to be weak. General industrial revenues continued their broad-based recovery but at somewhat lower rates of growth than in the first half of 2014. Emerging Market revenues were flat at constant exchange rates.

New investment

The Group opened two new heat treatment facilities during the period, one in Kunshan, close to Shanghai and one in Gebze, Turkey, which offer a range of services required by automotive and general industrial customers. The opening of these plants is part of the Group's expansion strategy in Emerging Markets. Further plants will be coming on-stream in due course.

The Group is also continuing the expansion of its specialist technologies.

Initial operating expenses associated with these investments are expected to be £0.5m higher in the second half of 2014 than in the first half.



Financial position

Net cash as at 31 October 2014 was £15.8m, compared to net cash of £5.5m at 30 June 2014, reflecting the trading performance outlined above and normal seasonal cash flows. The interim dividend for 2014 of 4.6p per share was paid on 7 November 2014 at a cost of £8.7m.

Outlook

The Group's constant currency performance has been as anticipated at the time of the Interim Announcement, despite economic growth slowing in Europe, and the Board's expectations for the year to 31 December 2014 are unchanged. In light of weak economic conditions, especially in the Eurozone, the Board currently expects that general background demand will be more difficult in 2015 than in 2014. However, the strength of the Group's specialist technologies is expected to counter the effects of the soft macro-economic environment.

Capital Markets Day

The Group will be hosting a Capital Markets Day for investors and analysts at The Royal Academy of Engineering, Prince Philip House, Carlton House Terrace, London, SW1Y 5DG, commencing at 0830 hours on 21 November.

Investor conference call

Stephen Harris and David Landless will be hosting a conference call for analysts and investors at 0930 hours today (17 November 2014).

Participant's dial in number: +44 (0) 20 3427 0662

Participants will be asked for names only, no PIN required

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