General Industrial

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Agenda

- Market and Segments
- Applications
- Business characteristics
- Plant characteristics
- Success factors
General Industrial

Bodycote’s largest sector

- General Industrial: 38%
- Automotive: 30%
- Energy: 9%
- Aero & Defence: 23%

£281m business in 2018 in all key geographies

↑6% growth
General Industrial segments

General Industrial split by treatment

Classical HT: 82%
Specialist Technologies: 18%

Classical HT General Industrial segments

- Major tooling
- Industrial machinery
- Construction equipment and consumables
- Agriculture
- Machine tool consumables
- Consumer products
- Electrical
- Medical
- Rail and Marine
- Mining & Minerals
- Other
General Industrial

Huge variety of applications
Business characteristics
A successful GI plant needs to manage a complex business, while delivering very high service levels

Customers
- Small to medium size customers
- High variety of parts sizes
- Low volumes of each part
- Quality / technical requirement from low level (no visits) to high level (audits)
- Poor to high level of knowledge in heat treatment

Sales
- Quick quotes
- Quick delivery
- Many small orders
- Sometimes poor level of information
Critical success factors

Customer service

- Efficiency of services – quality and quick delivery
- Diversity of heat treatment services
- Pick up and delivery logistics
- Proactive proposals (solutions, technologies…)
- Regular contact through calls, indirect sales channels or local exhibitions

Physically located close to customer business
Bodycote’s business characteristics

Internal
- 10-30 people
- Quick delivery and pick up: 24 hours to 3 days
- Various sizes of parts
- Low volume
- Close to customers

External
- Large customer base per plant
- Low sales per customer per year
- Typically limited customer in-house technical capabilities
- Price is not the highest priority

Quality and service first – price second
Customer distribution
Low exposure to any single customer

% sales of plant

Nr of customers

Typical GI Plant
Bodycote’s competitive advantage

**Bodycote features**
- Local regional cluster of facilities
- High diversity of processes across multiple facilities
- Organised transportation routes
- Highly decentralised management supported by good management information and business processes
- Strong organisational technical support

**Typical competitor**
- Small in size
- Local single plant
- Diversity of processes leading to plant complexity and poor machinery utilisation
- Poor management information
Success factors
At each plant

- Ability to organise production to optimise for:
  - quick delivery
  - equipment loading and utilisation rate
- Customer contact at plant level
- Specialised plant network linked through transportation and logistics
- Experience and know-how
- Cost control
- Ability to respond quickly

High service level oriented team focused on production optimisation