Notice of 2020 Annual General Meeting to be held at:

Springwood Court, Springwood Close, Tytherington Business Park, Macclesfield, Cheshire SK10 2XF on Thursday 28 May 2020 at 12 noon. Under the Stay at Home Measures public gatherings of more than two people are prohibited and therefore shareholders will not be allowed to attend the meeting in person. Anyone seeking to attend the meeting will be refused entry to the meeting. Shareholders are strongly recommended to vote by proxy.

This document is important and requires your immediate attention:

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised pursuant to the Financial Services and Markets Act 2000. If you have sold or transferred all of your shares in Bodycote plc ("Company"), please forward this document together with the accompanying Form of Proxy to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale was effected without delay, for delivery to the purchaser or transferee. If you have sold some but not all of your shares, please contact your stockbroker, bank or other agent through whom the sale was effected without delay for advice as to how to proceed.

Shareholders may, as an alternative, register a proxy electronically on the Company registrar’s website at www.sharevote.co.uk. To be valid, the Form of Proxy, or registration of your proxy electronically, in accordance with the instructions printed thereon, must be lodged by post or by hand with the Company’s registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA during normal office hours or registered electronically on the Company registrar’s website at www.sharevote.co.uk, no later than 48 hours before the time of the meeting.

We will continue to closely monitor the developing COVID-19 situation as well as any further UK Government advice and if it becomes necessary to amend the arrangements for the AGM we will give as much notice as possible to shareholders via RNS announcement and on the Company’s web-site.

Dear Shareholder,

As you will see from the notice of the Annual General Meeting of the Company, to be held on Thursday 28 May 2020 at 12 noon, in addition to the ordinary business to be transacted at the meeting, your Board is proposing 5 items of special business, as set out in resolutions 12 to 17.

The ordinary business of the meeting will include the approval of the Annual Report, appointment of auditors, authorisation of auditors’ remuneration, proposals to re-elect each of the Directors, in line with the UK Corporate Governance Code and to approve the annual remuneration report. Further explanation of the ordinary business of the Annual General Meeting is set out on page 3 of this notice.

The special business includes the renewal of the authority for Directors to allot shares, the renewal of the authority for Directors to allot shares on a non-pre-emptive basis, the renewal of authority for the Company to purchase its own shares and the renewal of authority for the Company to call General Meetings on 14 days’ notice. As a further item of special business this year, shareholders are also being asked to consider and approve certain waivers of claims in connection with (1) the interim dividend of 5.7 pence per ordinary share of 17 3/11th pence paid by the Company on 7 June 2019. Further details of the special business of the Annual General Meeting are set out on pages 3 and 4 of this notice.

Given the current uncertainty, the Board has decided to defer the decision on the dividend mentioned in the 2019 results announcement in February until there is greater clarity around the severity of the COVID-19 related disruption. The Board recognises the importance of the dividend to shareholders and whilst it remains its intention to pay a further dividend relating to 2019, the timing of any payment will be contingent on prevailing trading conditions over the coming months.

You will find enclosed a Form of Proxy which, to be effective, you should please complete in accordance with the instructions given and return so as to reach the Company’s registrar or electronically via the Company’s registrar’s website at www.sharevote.co.uk as soon as possible but in any event not later than 48 hours before the time of the meeting. Shareholders can submit questions for the Board of Directors in writing in advance of the meeting to the registered office address given above or by email to agm@bodycote.com stating your name and Investor Code (as printed on your share certificate or obtained through Equiniti, the registrar). Representative answers will be published on the company website in due course.

Recommendation

Your Board believes that resolutions 1 to 16 to be proposed are all in the best interests of the Company and its shareholders as a whole and accordingly recommend that you vote in favour of them as they intend to do in respect of their own beneficial holdings.

Your Board believes that resolution 17 to be proposed is in the best interests of the Company and its shareholders, but, as all the Directors have an interest in the subject-matter of the resolution, they do not consider it appropriate that they make a recommendation to shareholders as to how they should vote on resolution 17, other than that shareholders should vote on it. The directors will not vote on resolution 17.

Yours sincerely,

Anne C. Quinn
Chair

www.bodycote.com
Notice is hereby given that the 67th annual general meeting of BODYCOTE PLC will be held at Springfield Court, Springfield Close, Tytherington Business Park, Macclesfield SK10 2XF on Thursday, 28 May 2020, at 12 noon for the purport:

As ordinary business

1. To receive the audited financial statements and the strategic, directors’ and auditors’ reports for the year ended 31 December 2019.
2. To re-elect Ms A.C. Quinn as a Director of the Company.
3. To re-elect Mr S.C. Harris as a Director of the Company.
4. To re-elect Ms E. Lindqvist as a Director of the Company.
5. To re-elect Mr I.B. Duncan as a Director of the Company.
6. To re-elect Mr D. Yates as a Director of the Company.
7. To re-elect Mr P. Larmon as a Director of the Company.
8. To re-elect Ms L. Chhabzai as a Director of the Company.
9. To re-elect Ms A.C. Quinn as a Director of the Company.
10. To authorise the Audit Committee to fix the remuneration of the Auditors.
11. To approve the directors’ annual report on remuneration for the year ended 31 December 2019 (“Remuneration Report”).

As special business

To consider and, if thought fit, to pass the following resolutions, of which Resolution 12 will be proposed as an ordinary resolution and Resolutions 13 to 17 will be proposed as special resolutions:

12. That, in accordance with section 551 of the Companies Act 2006 (“Act”), the Directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

(a) comprising equity securities (as defined by section 560(1) of the Act) up to an aggregate nominal amount of £22,046,488 (representing two thirds of the existing issued ordinary share capital (such amount to be reduced by the nominal amount of any equity securities (within the meaning of section 560 of the Act) allotted pursuant to the authority in paragraph (b) below in connection with or pursuant to an offer by way of a rights issue:

(i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or desirable in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) in any other case, up to a nominal amount of £11,023,234 (representing one third of the existing issued ordinary share capital) such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (a) above in excess of £11,023,234), and such authorities shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2021 or on 27 August 2021, whichever is earlier, save that, the Company may make offers or agreements to purchase its own shares which would or may be completed or executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such offers or agreements as if the power conferred by this resolution had not expired:

13. That, subject to the passing of Resolutions 12 and 13 as set out in the notice of this meeting, and in accordance with article 16 of the articles of association of the Company (“Articles”), the Directors be empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the general authority conferred by Resolution 12 as set out in the notice of this meeting, pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the general authority conferred by Resolution 12 as set out in the notice of this meeting, and in accordance with section 561(1) of the Act, not to apply such allotment or sale, provided that this power shall be limited to allotments of equity securities and the sale of treasury shares:

(a) up to an aggregate nominal amount of £1,653,485; and

(b) be used only for the purposes of financing (or refinancing, if such refinancing occurs within six months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disappealing Pre-Empition Rights most recently published by the Pre-Empition Group prior to the date of this notice, and such power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2021 or on 27 August 2021, whichever is earlier, save that, the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the Directors may allot equity securities or sell treasury shares in pursuance of such offer or agreement as if the power conferred by this resolution had not expired:

14. That, subject to the passing of Resolutions 12 and 13 as set out in the notice of this meeting, and in accordance with article 16 of the Articles, the Directors be empowered, in addition to any power granted under Resolution 13 as set out in the notice of this meeting, pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the general authority conferred by Resolution 12 as set out in the notice of this meeting, and be empowered pursuant to section 573 of the Act to sell ordinary shares (as defined in section 560 of the Act) held by the Company as treasury shares (as defined in section 14 of the Act) for cash, as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to allotments of equity securities and the sale of treasury shares:

(a) the amount paid for each share (exclusive of expenses) shall not be more than the higher of (1) 105% of the average middle market quotation for ordinary shares as derived from the Daily Official List of London Stock Exchange plc for the five business days prior to the date that the contract for the purchase is made and (2) an amount equal to the higher of the price of the last independent trade and current independent bid as derived from the London Stock Exchange Trading system or less than the nominal value per share; and

(b) the authority herein contained shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2021 or on 27 August 2021, whichever is earlier, save that, the Company may before such expiry make a contract to purchase its own shares which would or may be completed or executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contracts as if the authority conferred by this resolution had not expired:

15. That, the Company be generally and unconditionally authorised, pursuant to article 9 of the Articles and pursuant to article 707 of the Companies Act 2006, to engage in connection with or pursuant to an offer by way of rights, open offer or other limited to allotments of equity securities and the sale of treasury shares:

(a) comprising equity securities (as defined in section 560 of the Act) held by the Company as treasury shares (as defined in section 769(4) of the Act) of a rights issue:

(i) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or desirable in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) in any other case, up to a nominal amount of £1,653,485, and such authorities shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2021 or on 27 August 2021, whichever is earlier, save that, the Company may make offers or agreements to purchase its own shares which would or may be completed or executed wholly or partly after such expiry, and the Company may make a purchase of its own shares in pursuance of such contracts as if the authority conferred by this resolution had not expired:

16. That as permitted by section 307A of the Act any general meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 clear days in accordance with the provisions of the Articles provided that the authority of this resolution shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2021.

17. That:

(a) any and all claims which the Company has or may have against:

• its current or former shareholders who appeared on the register of members on 5 October 2018 (or the personal representatives and their successors in title (as appropriate) of a shareholder’s estate if he or she is deceased and/or the successors in title of assignees for corporate members) arising out of or in connection with the approval and/or declaration and/or payment of part of the interim dividend (totaling an aggregate of £1,927,619.51) of 5.7p per ordinary share of 17 3/11th pence each in the capital of the Company declared on 26 July 2018 and paid on 2 November 2018 (“Part of the Interim Dividend”); and

• its current or former shareholders who appeared on the register of members on 23 October 2018 (or the personal representatives and their successors in title (as appropriate) of a shareholder’s estate if he or she is deceased and/or the successors in title of assignees for corporate members) arising out of or in connection with the approval and/or declaration and/or payment of part of the Special Dividend (totaling an aggregate of £4,967,917.48) of 20p per each ordinary share of 17 3/11th pence each in the capital of the Company declared on 24 May 2019 and paid on 7 June 2019 (“Part of the Special Dividend”)

be waived and released and a deed of release in favour of such shareholders (or the personal representatives and their successors in title (as appropriate) of a shareholder’s estate if he or she is deceased and/or successors in title or assignees for corporate members) as the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disappealing Pre-Empition Rights most recently published by the Pre-Empition Group prior to the date of this notice, and

(b) other than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £1,653,485, and such power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2021 or on 27 August 2021, whichever is earlier, save that, the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the Directors may allot equity securities or sell treasury shares in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.
Resolution 13 facilitates issues made by way of rights to shareholders which are not strictly in accordance with section 561(1) of the Act, and authorises other allotments of up to a maximum aggregate nominal amount of £1,663,485, representing approximately 5 per cent of the current issued ordinary share capital of the Company without having to comply with statutory pre-emption rights. This resolution renounces the authority obtained at last year’s Annual General Meeting. If, therefore, the authority granted under Resolution 13 will expire on the conclusion of the Annual General Meeting of the Company to be held in 2021 or on 27 August 2021, whichever is earlier.

Resolution 14 seeks authority to allot an additional maximum aggregate nominal amount of £1,663,485, representing approximately 5 per cent of the current issued ordinary share capital of the Company without having to comply with statutory pre-emption rights. Like last year, the power proposed under Resolution 14 will be limited for use only for the purposes of financing (or refinancing, if such refinancing occurs within six months of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by The Pre-Emption Group prior to the date of this notice. If given, the authority granted under Resolution 14 will expire on the conclusion of the Annual General Meeting of the Company to be held in 2021 or on 27 August 2021, whichever is earlier.

The Directors intend to adhere to the Statement of Principles issued by The Pre-Emption Group, as updated in March 2015, and not allot shares on a non-pre-emptive basis pursuant to the authorities in Resolutions 13 and 14 in excess of an amount equal to 75 per cent of the total issued ordinary share capital of the Company (excluding treasurers’ shares) within a rolling three year period, without prior consultation with shareholders.

Purchase of own shares (Resolution 15)

Under article 9 of the Articles the Company is empowered to purchase its own shares. The Directors consider that the power to make purchases in the market of the Company’s own shares will enable them to maintain the effect of such purchases on the market price of the Company’s own shares. Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly, or held as treasury shares. The resolution specifically provides that the maximum number of shares which may be purchased, and the maximum number of shares which may be bought, shall be 10 per cent of the Company’s issued ordinary share capital at 11 March 2020. At that date there were no existing options over unissued shares.

Calling General Meetings on 14 clear days’ notice (Resolution 16)

Section 307A of the Act provides that a general meeting of a ‘traded company’ such as the Company must be called by at least 21 days’ notice, but may be called by at least 14 days’ notice if three conditions are met. The three conditions are:

(a) that the meeting is not an annual general meeting;

(b) that the company offers ‘the facility for shareholders to vote by electronic means accessible to all shareholders’, a condition that is met if there is a facility to appoint a proxy by means of a website; and

(c) that shareholders have approved the holding of general meetings on 14 clear days’ notice by passing a special resolution at the previous Annual General Meeting or at any other general meeting held in the previous 12 months prior to the Annual General Meeting.

The Directors consider it desirable that general meetings of the Company, other than the Annual General Meeting, can be called on at least 14 clear days’ notice. Resolution 16, which will be proposed as a special resolution, will authorise the Company to call general meetings other than Annual General Meetings on 14 days’ notice and the authority of this resolution will expire at the conclusion of the next Annual General Meeting.

Dividend Claim Waivers (Resolution 17)

The Board has become aware of a non-compliance issue, arising through an administrative error, with respect to the payment of the Relevant Dividends (as defined below).

By way of background, under the Act, a public company may only pay a dividend (i) if at the time the dividend is declared, the amount of its net assets is not less than the aggregate of its called up share capital and undistributable reserves; and (ii) if, to the extent that, the dividend does not reduce the amount of those net assets to less than the aggregate of its called-up share capital and undistributable reserves (“Net Assets Test”). It has come to the Board’s attention that the Net Assets Test was not satisfied in relation to one of the Relevant Dividends.

(a) the interim dividend of 5.7p each per ordinary share of 17 3/11th pence each in the capital of the Company declared on 26 July 2018 and paid on 2 November 2018 totalling in aggregate, £10,838,453.56 (“Interim Dividend”); and

(b) the special dividend of 20p each per ordinary share of 17 3/11th pence each in the capital of the Company declared on 24 May 2019 and paid on 7 June 2019 totalling in aggregate, £3,786,839.20 (“Special Dividend”),

the (“Relevant Dividends”).

It has subsequently come to the attention of the Company that, whilst it had sufficient distributable reserves at the time each of the Relevant Dividends were declared, to pay the Relevant Dividends, the Net Assets Test was not satisfied by reference to the latest accounts filed at Companies House as such, that the Relevant Dividends reduced the net assets to less than the aggregate of its called-up share capital and its undistributable reserves.

Accordingly, due to the administrative error in failing to meet the Net Assets Test, a portion of each of the Relevant Dividends were made by the Company other than in accordance with the Act, being:...
3. Bodycote plc

Annual General Meeting 2020

The remaining £9,530,934.05 of the Interim Dividend and £32,897,921.00 of the Special Dividend were each declared and paid in accordance with the Act, as these amounts do not breach the Net Assets Test. The issue only affects the Parts of the Relevant Dividends and did not affect any other dividends declared and paid by the Company.

The Company has been advised that as a consequence of the Parts of the Relevant Dividends having been made otherwise than in accordance with the Act, it may have claims against past and present shareholders who were recipients of the Parts of the Relevant Dividends and against the current Directors of the Company who were Directors of the Company at the time of declaration and payment of each of the Parts of the Relevant Dividends.

It is not the intention of the Company to bring such claims against the shareholders or the Directors, principally as it would not be appropriate to do so and also as the likelihood of such claims being successful is very low. However, it is felt prudent for the Directors of the Company to take such action as shall be necessary to ensure that a claim is made against past and present shareholders of the Company at the time of declaration and payment of the Parts of the Relevant Dividends and did not affect any other dividends declared and paid by the Company.

Part of the Interim Dividend

In accordance with the requirements of the Act. In line with the approach taken by other quoted companies, resolution 17 authorises:

(a) a waiver of any rights of the Company against the Directors in respect of the Parts of the Relevant Dividends;
(b) a waiver of any rights of the Company against past and present shareholders who were recipients of the Parts of the Relevant Dividends;
(c) a waiver of any rights of the Company against the current Directors of the Company who were Directors of the Company at the time of declaration and payment of each of the Parts of the Relevant Dividends.

As a result of the waiver as its subject-matter, the Directors will not vote on or recommend resolution 17.

Notes on Voting and Voting Rights:

1. Any member entitled to attend, vote and speak at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend and to vote instead of the member. Completion and return of a Form of Proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.

2. Any member attending the Annual General Meeting has the right to ask any question relating to the business being dealt with at the meeting. The Company will answer any such questions unless exempted by the provisions of section 318A of the Act.

3. From the date of this notice and for the following two years the following information will be available on the Company’s website and can be accessed at www.bodycote.com:

(a) the matters set out in this notice of meeting;
(b) the total number of shares of the Company and shares of each class, in respect of which members are entitled to exercise voting rights at the meeting; and
(c) the total voting rights that members are entitled to exercise at the meeting in respect of the shares.

Any members’ statements, members’ resolutions and members’ matters of business received by the Company after the date of this notice will be added to the information already available on the website as soon as reasonably practicable and will also be made available for inspection for the following two years.

4. A form to be used for appointing a proxy or proxies for this meeting to vote on your behalf can be found enclosed with this notice and the Form of Proxy provides details of how to cast a vote electronically.

5. In order to attend and vote at this meeting you must comply with the procedures set out in the front page of this notice of meeting and provide further instructions given to you prior to or during the course of the meeting itself.

6. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6:30pm on the day which is two days before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members will be effective only at such a meeting and will not be effective if the meeting is adjourned.

7. The number of ordinary shares of 17 3/11th pence in issue as at 16 April 2020, is 191,456,172. No shares were held in treasury.

8. Biographical details of the Directors, including their membership of Board committees, are set out in the Annual Report and Accounts for the year ended 31 December 2019 on pages 38 and 39. There is a Director’s service contract of more than one year’s duration.

9. The total number of ordinary shares of 17 3/11th pence in issue as at 16 April, 2020, is 191,456,172. No shares were held in treasury.

10. Pursuant to Chapter 5 of Part 16 of the Act (sections 527 to 531), where requested by either a member or members having a right to vote at the meeting and holding at least 5 per cent of total voting rights of the Company or at least 100 members having a right to vote at the meeting and holding at least 0.5 per cent of total voting rights, the Directors must inform the company of the shareholder’s intention for the meeting.

11. Copies of the Executive Directors’ service contracts, Non-executive Directors’ service contracts and the Board Committees’ reports are available for inspection for a period of not less than 21 days prior to the meeting at the address at paragraphs (b) above are, in accordance with article 178 of the Articles, specifically for the purpose of communications in respect of this meeting and for no other purpose.

The address at paragraphs (b) above are, in accordance with article 178 of the Articles, specifically for the purpose of communications in respect of this meeting and for no other purpose.

Copies of the Executive Directors’ service contracts, Non-executive Directors’ service contracts and the Board Committees’ reports are available for inspection for a period of not less than 21 days prior to the meeting at the address at paragraphs (b) above are, in accordance with article 178 of the Articles, specifically for the purpose of communications in respect of this meeting and for no other purpose.

Copies of the Executive Directors’ service contracts, Non-executive Directors’ service contracts and the Board Committees’ reports are available for inspection for a period of not less than 21 days prior to the meeting at the address at paragraphs (b) above are, in accordance with article 178 of the Articles, specifically for the purpose of communications in respect of this meeting and for no other purpose.