



Emerging Markets

Bariş Telseren

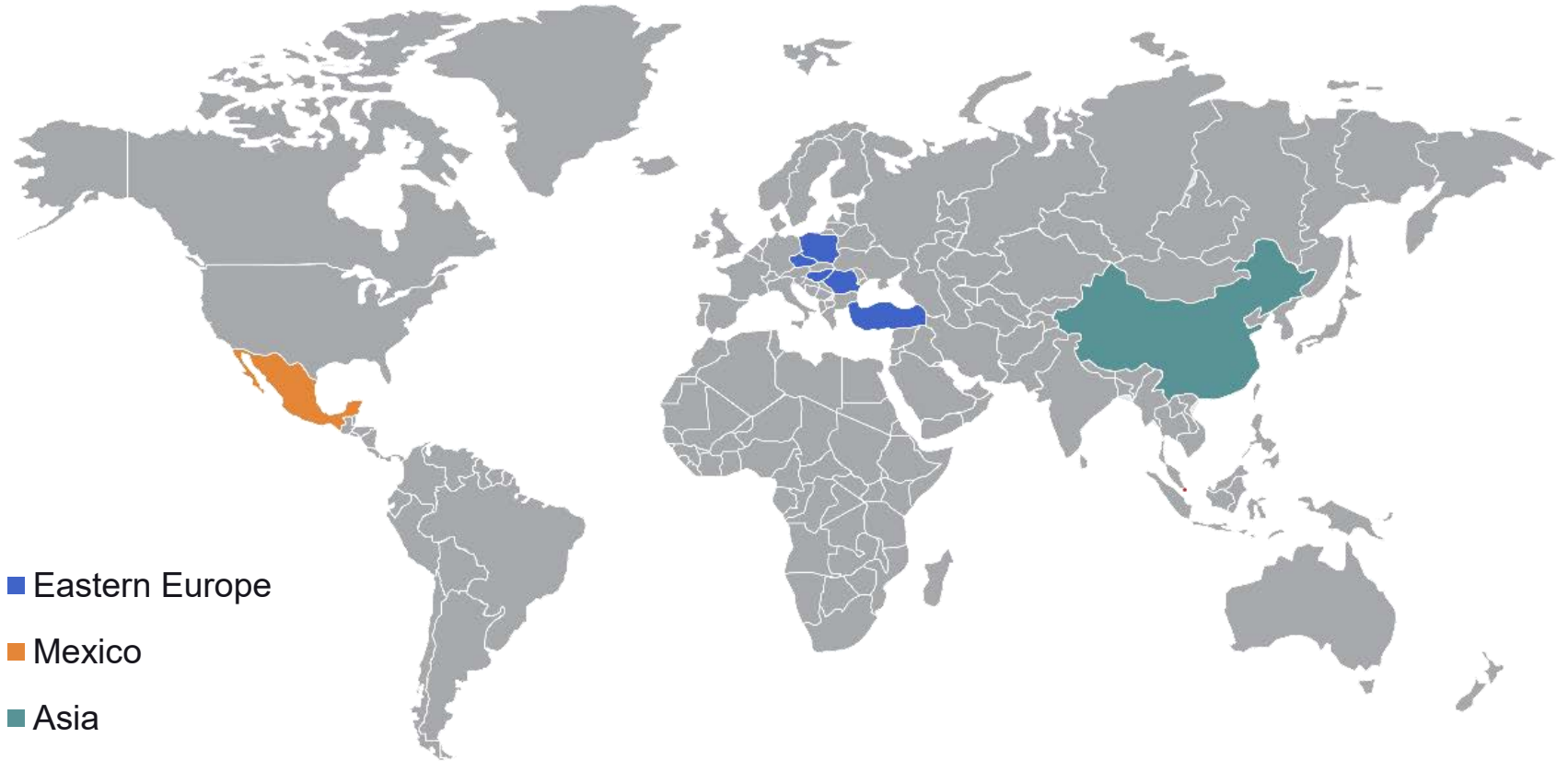
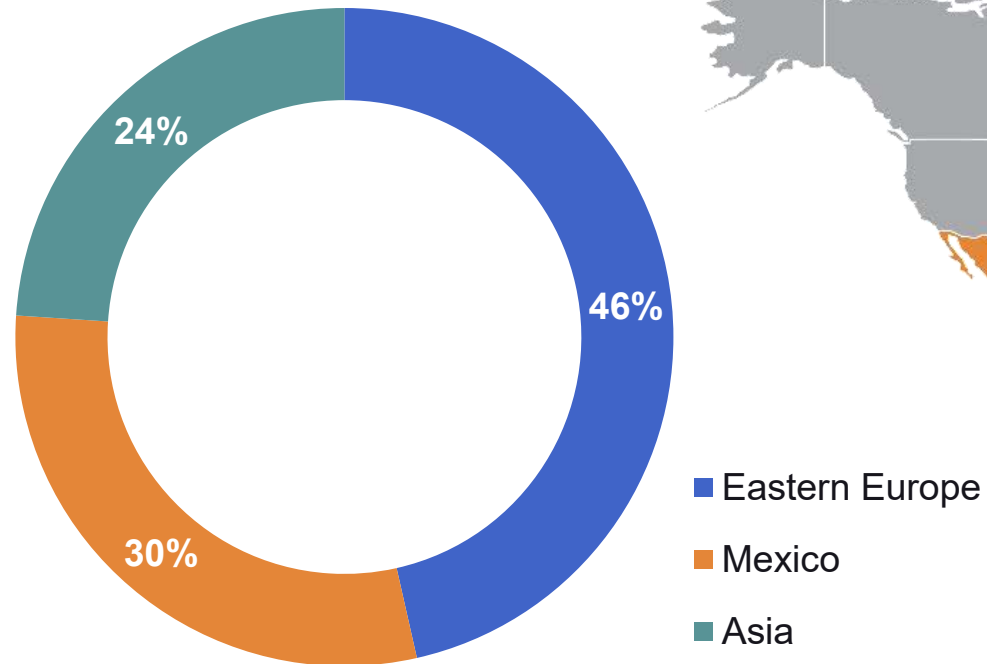
Agenda



- Where we are
- Markets served
- Key success factors
- Expansion strategy
- Developing our business
- Sales growth
- Summary

Emerging Markets

Where we are



23 plants in 7 countries – 9% of Group sales

Market positioning

It's NOT about low cost production



Partnering with global tier-1 and tier-2 component manufacturers requiring services to Western quality standards

Key success factors

- Partnership with Western customers
- Long-term agreements (LTA), anchor customer
- Global knowledge
- Technology transfer
- Bodycote management system
- Quality accreditations

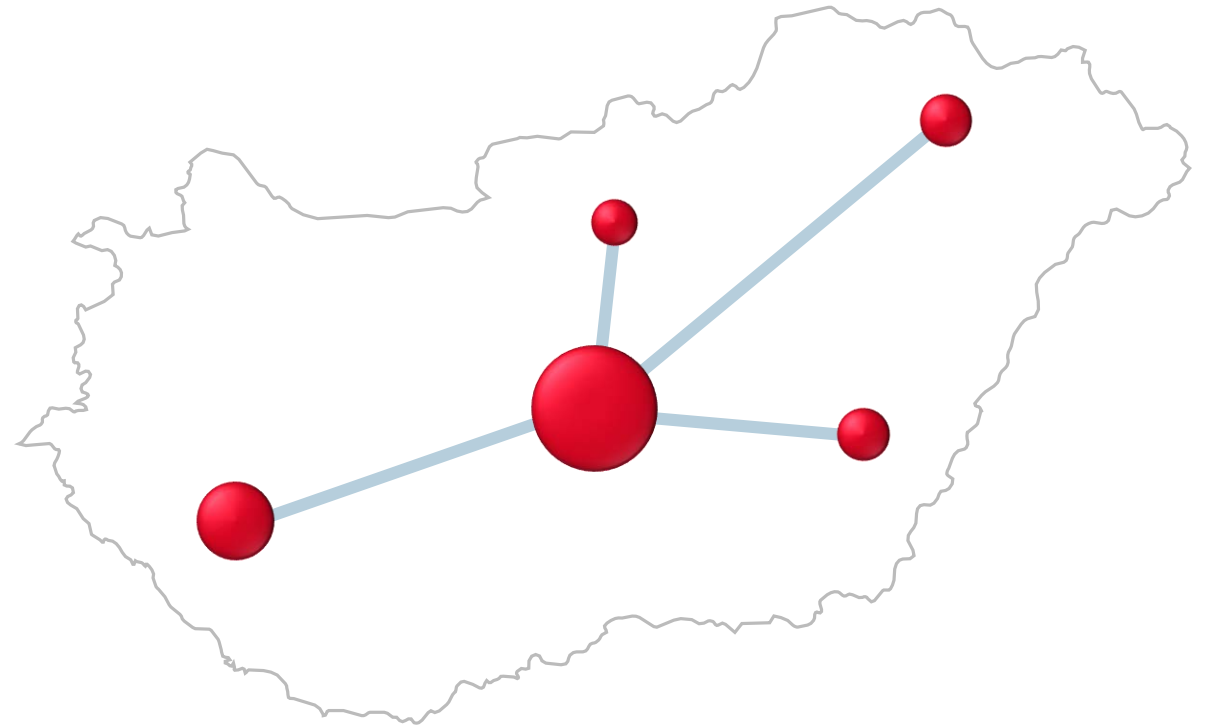


Right: Rzeszow, Poland

Expansion strategy

Hub & Spoke

- Build a hub greenfield plant supported by an LTA
- £5m invested in Eastern Europe equates to £15m invested in the UK *
- Develop and prove process capability
- Run initial production in hub
- Build the business
- Build new satellite plant
- Move customers from hub to satellite
- Replace customers in hub and repeat



*Cost differential driven by property costs, installation costs, utilities connections and higher ramp-up costs

Developing our business



Turkey / Poland / Czech Republic

- Well positioned
- Good profitability
- Fill recently added capacities
- Grow with hub and spoke



China / Mexico

- LTAs with OEMs
- High-value-added processes
- Fill recently added capacities
- Grow with hub and spoke

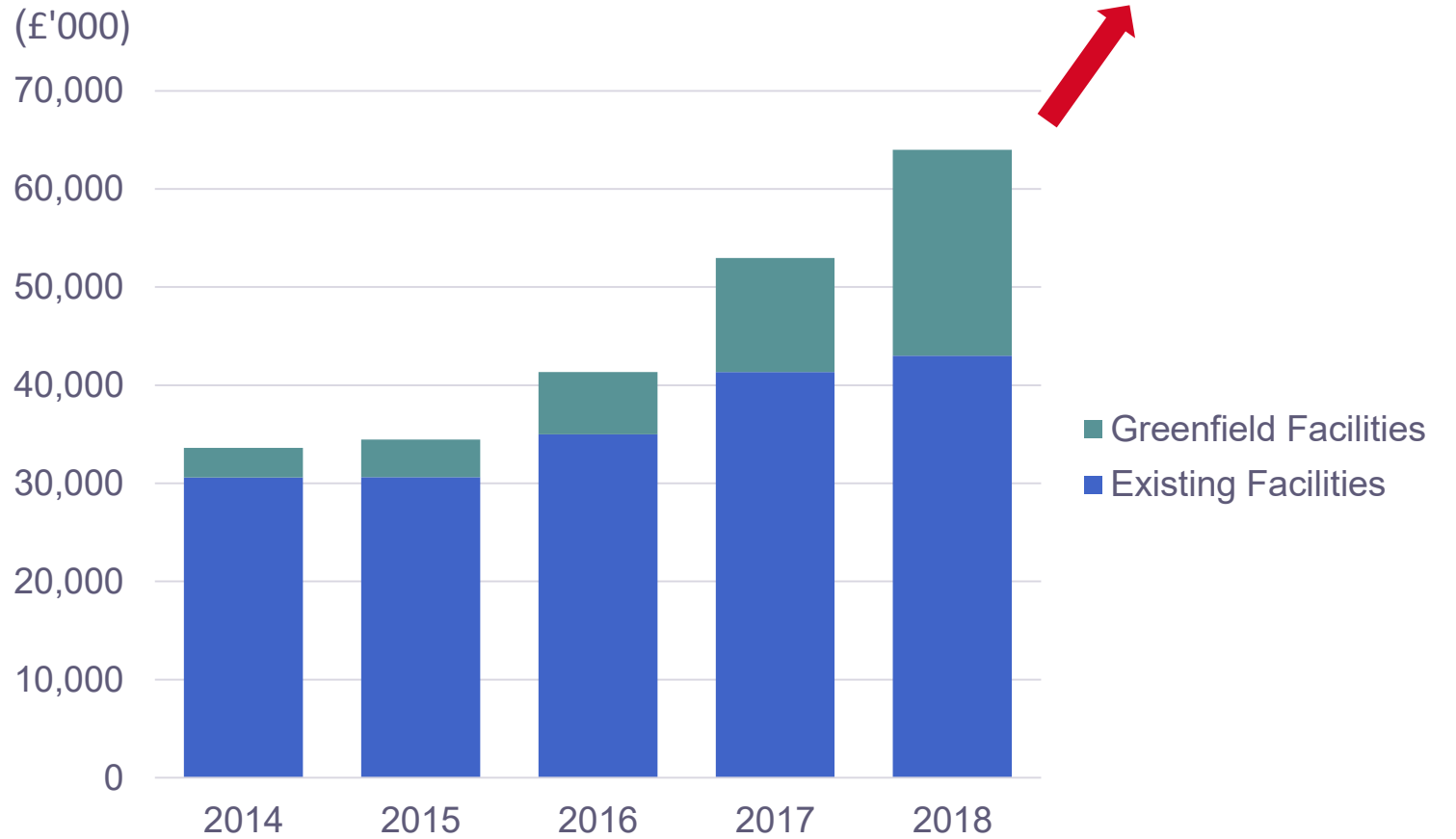


Hungary / Romania

- Different stage of development
- Increased focus
- Western customers migrating
- Develop hubs



Sales growth



Left: Prague, Czech Republic

In summary...

Today:

- 23 plants in 7 countries
- Good profits
- High growth

Ahead:

- Continue with our successful hub and spoke strategy
- Many opportunities for Growth in Emerging Markets



CAPITAL MARKETS DAY

2019

