

18 November 2016

**Bodycote plc
Trading Update**

Bodycote is issuing a trading update covering the period from 1 July to 31 October 2016. All comparative comments in this statement reflect comparisons with the corresponding period in 2015. Full year results for 2016 will be issued on 28 February 2017.

Current trading

Group revenue for the four months ended 31 October 2016 was 12.7% higher than the same period last year and 3.1% lower at constant exchange rates, against somewhat weak comparables.

Several new sites were acquired in the period with annualised sales of £14m. The contribution to full year 2016 EPS from the new businesses will be minimal while they are integrated into the Group. Revenues were 13.2% higher (2.7% lower at constant exchange rates) after excluding revenues accrued in the same period last year in businesses subsequently sold or closed, most notably the Group's former operations in Brazil.

Aerospace, Defence & Energy revenues were 10.0% higher (4.2% lower at constant exchange rates) and Automotive & General Industrial revenues were 14.7% higher (2.2% lower at constant exchange rates).

The following review of the Group's markets quotes all movements at constant exchange rates and excludes businesses divested or acquired since the comparable period of 2015.

Aerospace revenues grew 2.5% with higher levels of growth in Europe partly offset by weaker revenues in the USA. Ongoing weak demand in Oil & Gas led to sector revenues nearly halving compared to the equivalent period of last year. The run rate appears to have stabilised at approximately £20m (at current exchange rates) being 3% of Group revenues.

Car and light truck revenues increased 3.8%, as the Group continued to benefit from its investment in new capacity, particularly in North America. Heavy truck revenues declined 14.9%. Global general industrial demand remained on the trend seen over the last eighteen months as it continued to be impacted by the ongoing weakness in a wide range of industrial sectors; revenues declined 2.2%.

Financial position

Net debt as at 31 October 2016 was £12.1m, compared to net debt of £5.5m at 30 June 2016, reflecting expenditure on the acquisitions and the usual seasonal cash flow pattern. The interim dividend for 2016 of 5.0p per share was paid on 4 November 2016, at a total cost of £9.5m.

Outlook

The Board's guidance for full year 2016 headline operating profit remains unchanged from the time of the interim results. Market conditions remain challenging and, while noting the Group's short forward visibility, the Board does not anticipate any near term changes in demand patterns in any of the major market sectors that the Group serves. However, the quality of our portfolio and a strong financial position places the Group well to take advantage of any opportunities that arise.

Trading update conference call

Stephen Harris and David Landless will be hosting a conference call for analysts and investors at 10:00am today (18 November 2016).

For further information, please contact:

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