



20 November 2019

**Bodycote plc
Trading Update**

Bodycote, the world's leading provider of heat treatment and specialist thermal processing services, is issuing the following trading update, covering the four-month period from 1 July to 31 October 2019 ("the period").

Summary and Outlook

Bodycote's performance in the period reflected a continuation of the trends of the first half, with civil aerospace revenues growing strongly; and the automotive and general industrial market sectors remaining soft. Cost control initiatives remain a priority, with a particular focus on the areas of our operations where we are seeing revenue weakness. Consequently, margins and underlying cash generation remain strong. Overall, Bodycote's Board is confident that the Group's full year result will be in line with current market expectations.

Trading Update

Market conditions during the period have remained as they were at the half-year. Group revenue for the period was £244.7m, 1% higher than last year (1% decline at constant currency). Growth in both Specialist Technologies and Emerging Markets improved. Specialist Technologies' revenue grew 6% during the period (5% at constant currency) while Emerging Markets' revenue grew 14% (12% at constant currency). Group revenue for the 10 months to 31 October 2019 was flat, with the period result representing a marginally improving trend on the first-half growth rate.

All percentage movements in the following review of the Group's markets compare to the same period from July to October 2018, at constant currency, unless otherwise stated.

Civil aerospace revenue grew ahead of the background market. Total civil aerospace revenue grew 14%, with North America again registering particularly good growth, benefiting from an increase in both content and volume of LEAP engines.

Energy revenue declined 2%, as growth in subsea was more than offset by weakness in North American onshore revenue. Industrial Gas Turbines (IGT) revenue registered modest growth against the comparable period for the first time in two years, although it is too early to assume that this resumption in growth will continue.

Car and light truck revenue declined 6%. Western Europe continued to be the main area of weakness, with revenue dropping 14%. We have now passed the anniversary of the introduction of the Worldwide Harmonised Light Vehicle Test Procedure (WLTP)

regulations in Europe. However, poor visibility on the future direction of the market leads us to continue to prepare ourselves for all eventualities.

General industrial revenue was 6% lower, with capital expenditure related revenues continuing to be soft as macroeconomic uncertainty remains heightened.

On a divisional basis, ADE revenues were up 6% to £103.4m at actual rates (up 3% at constant currency, and also up 3% for the 10 months to 31 October 2019), while AGI revenues were down 3% to £141.4m (down 4% at constant currency, and for the 10 months to 31 October 2019, down 5%).

Financial position

Net debt at 31 October 2019 was £4.8m (excluding lease liabilities) compared to net debt of £25.5m at 30 June 2019. The interim dividend of 6.0p per share was paid on 8 November 2019, at a cost of £11.4m.

Trading Update Conference Call

Stephen Harris and Dominique Yates will be hosting a conference call for analysts and investors at 8.00am today (Wednesday, 20 November 2019).

Participant's dial in number : +443333009261 (Direct)

Participants will be asked for names only, no PIN required

For further information, please contact:

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