

Interim management report continued

Summary and outlook

Bodycote achieved strong revenue growth in the first half, with good momentum in virtually all parts of the Group. Notably, the General Industrial business, which represents almost 40% of Group revenues, experienced a broad based recovery after over three years of decline. Automotive and Aerospace also moved ahead.

The growth strategy of bolt-on acquisitions and greenfield investment contributed 5.5% of the 8.3% constant currency growth. Investment in new projects has been stepped up.

The high margin Specialist Technologies continue to perform strongly and the margin expansion programme in European AGI is seeing further success.

The positive momentum achieved in the first half is expected to continue. While our business, by its nature, has limited forward visibility, the Board now expects the full year result to be towards the upper end of market expectations¹.

Responsibility statement

We confirm to the best of our knowledge:

- a. the condensed consolidated set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;
- b. the Interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c. the Interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board,

S.C. Harris

Group Chief Executive
27 July 2017

D. Yates

Chief Financial Officer
27 July 2017

Cautionary statement

This Interim management report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Interim management report should not be relied on by any other party or for any other purpose.

The Interim management report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

¹ Company compiled analysts' estimates of full year headline operating profit range from £106.5m to £118.9m.