

Markets

Aerospace, Defence & Energy markets



Civil aerospace revenues increased in 2015 by 1% at constant exchange rates (1% increase at actual exchange rates), reflecting increased demand for new generation engines, especially in France, and despite continued significant Original Equipment Manufacturer (OEM) weakness in the UK. Available seat kilometres grew by 6% indicating a continued increase in aircraft flying hours which, in turn, resulted in resilient demand for aftermarket parts. Sales into the civil aerospace sector account for 18% of Group revenues.

Sales into the defence sector, which accounted for 6% of Group revenues, were again soft.

Demand for the Group's services in the power generation sector were weak, with revenues below 2014 by 9% at constant exchange rates (9% decrease at actual exchange rates).

Revenues in oil & gas were substantially lower in 2015 as a result of the fall in crude oil prices. Heat treatment and surface technology bore the brunt of the reduction in demand. HIP PF revenues were lower than in 2014 but by notably less than the background market as new orders continue to be won. Overall revenues were down 28% (at constant exchange rates) compared to 2014 and by 29% at actual exchange rates. Sales into the oil & gas sectors accounted for 8% of Group revenue.

Automotive & General Industrial markets



Revenues in car and light truck markets increased year-on-year by 6% at constant exchange rates (2% at actual exchange rates). The increase in revenue was widely spread across the Group, reflecting both new contract wins and strong OEM production rates.

Heavy truck sector revenues in North America grew strongly again in 2015 and were ahead of the prior year by 9% at constant exchange rates (18% at actual exchange rates). In contrast, demand in Western Europe was very weak and revenues declined by 10% at constant exchange rates, in part driven by a notable programme turning end-of-life in Sweden (the decline was 19% at actual exchange rates).

Bodycote provides thermal processing services for a wide range of capital equipment customers. In 2015, many sectors served by Bodycote were badly affected by the heavy declines in most commodity prices. This was particularly noteworthy in agricultural equipment and in many types of industrial machinery. Overall revenues fell by 5% at constant exchange rates (11% decline at actual exchange rates).