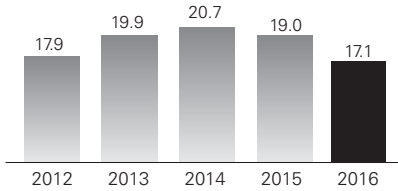


Measuring progress

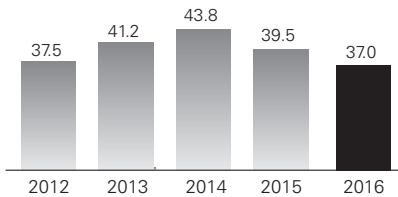
Return on capital employed

(%)



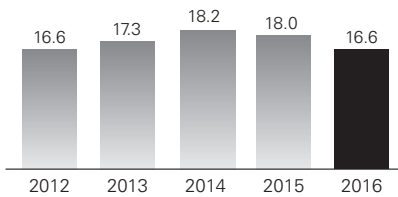
Headline earnings per share

(pence)



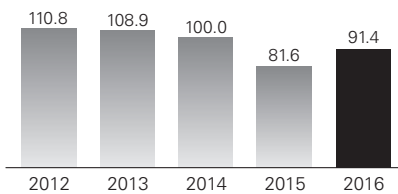
Return on sales

(%)



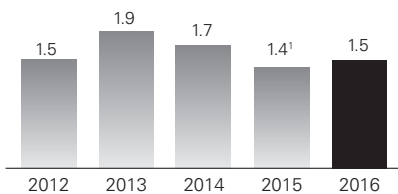
Headline operating cash flow

(£m)



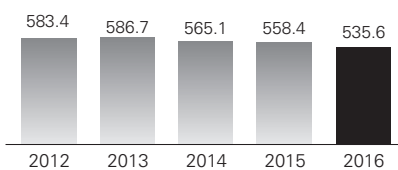
Accident frequency

(number)



Carbon footprint

(tonne CO₂e/£m sales)



1. The accident frequency rate for 2015 has reduced from 1.5, as previously reported, to 1.4, following a correction to hours worked for one region that had previously omitted overtime hours from submissions of total hours worked.

Performance

Return on capital employed decreased by 1.9 percentage points during the year, from 19.0% to 17.1%.

Headline operating profit decreased by 2.4% from £102.1m to £99.6m, while average capital employed increased by 8.2% to £582.3m.

Definition

Headline operating profit as a percentage of the average of opening and closing capital employed as adjusted for certain items of goodwill written off.

Capital employed is defined as net assets adjusted for net cash/(debt).

Performance

Headline earnings per share decreased by 2.5 pence (6.3%) during the year, from 39.5 pence to 37.0 pence.

Definition

Headline earnings per share is defined in note 10 to the Group financial statements.

Performance

Return on sales decreased by 1.4 percentage points during the year, from 18.0% to 16.6%. Headline operating profit decreased by 2.4% from £102.1m to £99.6m, while revenue increased by 5.9% from £567.2m to £600.6m.

Definition

Headline operating profit as a percentage of revenue.

Performance

Headline operating cash flow for the Group was £91.4m (2015: £81.6m). This was 92% of headline operating profit (2015: 80%).

Definition

Headline operating cash flow stated before cash flow relating to restructuring of £7.6m (2015: £8.4m) and acquisition costs of £0.6m (2015: £nil).

Performance

Bodycote works tirelessly to reduce workplace accidents and is committed to providing a safe environment for everyone who works at or visits our locations. The accident frequency rate has increased to 1.5 in the year (2015: 1.4). Further details are included in the Corporate responsibility and sustainability section on page 32.

Definition

Accident frequency is defined as the number of lost time accidents x 200,000 hours (approximately 100 man years), divided by the total number of employee hours worked.

Performance

On a normalised basis, the carbon footprint decreased by 4.1% from 558.4 tonnes per £m sales to 535.6 tonnes per £m sales. Further details are included in the Corporate responsibility and sustainability section on page 34.

Definition

Carbon footprint is defined as tonnes of CO₂ equivalent emissions divided by £m revenue. CO₂ equivalent emissions are calculated by taking electricity and gas usage in kilowatt hours and multiplying by country specific conversion factors provided by the International Energy Agency (IEA). Normalised emissions statistics restate prior year figures using current year country specific conversion (IEA) factors and current year average exchange rates.