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Bodycote plc - Full Year Results for the year ended 31 December 2024

Resilient performance; new strategy in place

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Group summary	Adjusted			Statutory		
Â	**Full year 2024**	Full Year 2023	Â Growth	**Full year 2024**	Full Year 2023	Â Growth
Revenue	**Â£757.1m**	Â£802.5m	-5.7%	**Â£757.1m**	Â£802.5m	-5.7%
Operating profit[1]	**Â£129.0m**	Â£127.6m	+1.1%	**Â£37.9m**	Â£119.2m	-68.2%
Operating margin[1]	**17.0%**	15.9%	+110 bps	**5.0%**	14.9%	-990 bps
Operating cash flow [1,4]	**Â£115.5m**	Â£112.2m	+2.9%	**Â£152.6m**	Â£191.6m	-20.4%
Basic earnings per share[1,2]	**48.6p**	48.4p	+0.4%	**10.8p**	45.1p	-76.1%
Full year ordinary dividend per share	Â	Â	Â	**23.0p**	22.7p	+1.3%

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Core summary[1] Excludes sites to be exited under Optimise programme	**Full year 2024**	Full Year 2023	Organic Growth[3]
Revenue	**Â£712.5m**	Â£747.3m	-2.9%
Revenue excluding surcharges	**Â£679.6m**	Â£685.5m	+1.0%
Adjusted operating profit	**Â£127.6m**	Â£124.8m	+2.9%
Adjusted operating margin	**17.9%**	16.7%	Â

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Highlights

- Stable organic revenue performance, excluding surcharges, in a challenging market environment
- Significant improvement in adjusted operating margin, progressing towards >20% target by 2028
- Performance led by Specialist Technologies, with further growth and margins +300bps to 29.0%
- Statutory operating profit of Â£37.9m, reflects previously indicated charges: Â£31.9m related to the Optimisation programme, Â£28.4m ERP-related impairment, and a goodwill impairment of Â£18.0m
- Adjusted operating cash flow modestly higher year-on-year at Â£115.5m (90% conversion)
- Early progress delivered on strategic plan to create an efficient, high performing Bodycote
  - Optimise: first plant closures commenced, Â£12m-14m profit benefit at full run-rate (end 2026)
  - Perform: HEAT programme to improve operational performance rolled-out to pilot sites
  - Grow: framework in place and attractive investment options identified in high margin areas
- Close to Â£100m returned to shareholders in 2024 (~Â£40m dividend and ~Â£60m buyback). Further Â£30m buyback underway; leverage remains low at ~0.3x net debt / adj. EBITDA (pre-leases)

2025 Outlook

All guidance comments are provided on an organic basis[3]

End markets remain mixed, with challenging conditions in Automotive and Industrial. Structural demand in Aerospace & Defence remains strong, although there continues to be a temporary impact from industry-wide supply chain disruption. Reflecting this backdrop, current run-rate profit performance is at a broadly similar level to H2 2024. We are successfully executing our Optimisation programme, which will deliver additional profit benefits as we move into H2 2025.

Our continued focus on cost control and progressing our strategic actions is ensuring we are well positioned to capitalise when markets recover. We remain confident in the delivery of our medium-term financial targets.

Commenting, Jim Fairbairn, Group Chief Executive, said:

â€œWe delivered a resilient performance in 2024, with our core business growing organically pre-surcharges and good margin improvement despite challenging conditions in many of our end markets. This was driven by Specialist Technologies where we saw good growth and strong margin improvement, as well as decisive cost control actions taken in our Automotive and Industrial Precision Heat Treatment businesses.

At our Capital Markets Event in December we laid out a simplified reporting structure, a new strategic approach, and a set of comprehensive financial targets. Going forwards our reporting will be based on two leading, technology-focused divisions: Specialist Technologies and Precision Heat Treatment. Our strategy consists of three key levers: Optimise, Perform and Grow. Through these levers we will enhance the quality of the business, improve our operational performance and accelerate growth, all supported by sustainability. Underpinned by these actions, we also announced a set of compelling medium-term financial targets. We have already begun to deliver on these strategic initiatives, including commencing with our plant footprint optimisation, rolling out the HEAT programme to initial pilot sites, and proceeding with initial growth investments aligned to our target areas. We are already seeing tangible early benefits from these actions.

I believe there is a significant opportunity in front of us to reach Bodycote's full potential and to deliver greater shareholder value. With a new strategy, simplified reporting structure, and ambitious but achievable targets in place our focus is now on execution."

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1 Adjusted performance measures, Core measures, and measures excluding surcharges represent the statutory results excluding certain items and are considered alternative performance measures (APMs). A reconciliation to the nearest IFRS equivalent is provided at the end of this Full Year 2024 Results (hereafter â€˜Reportâ€™).

2 An earnings per share reconciliation is provided in note 5 to the condensed consolidated financial statements.

3 Organic measures are stated at constant currency and exclude contributions from acquisitions. Further details are provided at the end of this Report.

4 The definition of the cash flow APMs have been modified and prior year figures have been restated. Refer to the Financial Review for more information.

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Full Year Results Presentation

Bodycote will host a presentation for investors and analysts at **09.30 am GMT on 14 March 2025**.Â The presentation will also be webcast live. Please find connection instructions below:
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Webcast: https://www.bodycote.com/webcast2024

Conference call details:
United Kingdom local: +44 20 3936 2999
United Kingdom (Toll-free): +44 800 358 1035
International: +44 20 3936 2999
Participant Code:Â 747320
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A replay of the audiocast and presentation will also be available at www.bodycote.com in the investor section after the event.
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For further information, please contact:
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About Bodycote plc
Bodycote is the world's largest provider of thermal processing services with more than 150 locations in 22 countries. Through Specialist Technologies and Precision Heat Treatment, Bodycote improves the properties of metals and alloys, extending the life of vital components for a wide range of industries, including Aerospace, Defence, Automotive, Power Generation, Oil & Gas, Construction, Medical and Transportation. Customers have entrusted their products to Bodycote's care for more than 50 years. For more information, visit www.bodycote.com.

Full Year Commentary

Core Overview
Core revenue grew by 1.0% organically in 2024, excluding surcharges. This was despite a challenging market environment, with both North America and Western Europe seeing low levels of demand in Automotive and Industrial Markets. The resilient performance reflected further growth in Specialist Technologies (+5.0% organic, excluding surcharges), partly offset by a modest decline in Precision Heat Treatment (-0.8%). Growth in Specialist Technologies was supported by market share gains, continued efforts to expand the addressable market with new applications, as well as strong demand globally in Aerospace & Defence and Energy markets. Precision Heat Treatment delivered good growth globally in Aerospace & Defence and outperformed a challenging Automotive market, supported by growth in Emerging Markets and new customer wins in Western Europe. The modest revenue decline was driven by soft demand in North America and Europe across Industrial, Consumer and Medical markets.

Profitability in our Core business improved significantly year-on-year, with adjusted operating profit up 2.9% organically to Â£127.6m and margins 120bps higher at 17.9%. The improvement was led by Specialist Technologies, where adjusted operating margins increased by 300bps to 29% thanks to improved utilisation, better operational performance in our HIP business, and a positive contribution from the Lake City business acquired in January 2024. Precision Heat Treatment margins were resilient at 17.0% (down 60bps year-on-year), which reflected the soft volume environment and the non-recurrence of government energy grants received in 2023, offset by decisive cost actions taken in the year. Central costs also reduced year-on-year reflecting tight cost control and a lower level of incentive-based pay, which is expected to normalise in 2025.

Group Overview
Including Non-Core businesses, total Group revenue was Â£757.1m (2023: Â£802.5m), 5.7% lower year-on-year and 3.9% lower organically excluding the impact of Lake City. This reflected 1.0% organic growth in the Core business excluding surcharges, offset by the decline in Non-Core revenue, FX headwinds, and a significant fall in surcharges year-on-year, which reduced by around 50% due to the normalisation of energy prices. Group adjusted operating profit of Â£129.0m was modestly higher year-on-year (2023: Â£127.6m), representing a significant improvement in margins to 17.0% (+110bps).

Our Non-Core businesses, which are almost entirely focused on European and North American Automotive and Industrial markets, declined during the year. Revenue was down by 17.1% organically to Â£44.6m and adjusted operating margins reduced by 200bps to 3.1%. This business represents a small number of sites with lower differentiation and a less attractive financial profile than the rest of the Group. The difference in performance between our Core Precision Heat Treatment division and the Non-Core division in 2024 demonstrates the higher quality and greater resilience of our Core business. As outlined at our December 2024 Capital Markets Event, we plan to exit all Non-Core activity as part of our Optimise programme to enhance the quality and profitability of the Group.

Group statutory operating profit reduced year-on-year to Â£37.9m (2023: Â£119.2m). This was due to the impact of previously indicated one-off charges, which totalled Â£78.3m in 2024. In H1 we announced a Â£28.4m impairment charge arising from the decision to cease the rollout of the operations module of our ongoing ERP upgrade programme. In addition, as part of the Optimise programme announced at our December 2024 Capital Markets Event, we recognised a Â£31.9m restructuring charge. This programme will deliver a significant improvement in the quality of our plant portfolio and in our financial performance. Finally, goodwill of Â£18.0m was impaired in H2 2024, relating to our North American Automotive and Industrial focused activities, which have seen challenging market conditions and carry a high level of associated goodwill from historical acquisitions.

Basic adjusted earnings per share grew to 48.6p (2023: 48.4p), reflecting higher operating profit offset by a 125bp increase in the tax rate and higher finance costs. The lower statutory operating profit resulted in basic earnings per share of 10.8p (2023: 45.1p).

Adjusted operating cash flow of Â£115.5m was 2.9% ahead of the prior year (2023: Â£112.2m), driven by the growth in adjusted operating profit alongside lower capital expenditure, partly due to the timing of investment in key projects around year-end. Free cash flow was lower year-on-year at Â£70.6m (2023: Â£95.2m), which reflected a higher level of cash tax compared with the prior year, which had benefited from a substantial tax refund.

The closing net debt position, excluding lease liabilities, was Â£68.3m, reflecting the acquisition of Lake City (Â£54.9m including acquisition costs) and the share buyback programme (Â£57.7m executed in 2024) compared with a net cash position of Â£12.6m at year end 2023. The Group continues to have a strong balance sheet and leverage remains low with net debt / adjusted EBITDA of approximately 0.3x (excluding lease liabilities).

Divisional Performance
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Specialist TechnologiesÂ	**2024**Â	2023Â	Organic GrowthÂ *Â*	GrowthÂ
Revenue	**224.2**	212.4	+3.3%	+5.6%
Adjusted operating profit	**65.0**	55.2	+12.8%	+17.5%

Adjusted operating margin	**29.0%**	26.0%	Â	+300bps
Â	Â	Â Â		Â

Precision Heat Treatment Â	**2024**	2023Â	Organic Growth	Â GrowthÂ
Revenue	**488.3**	534.9	-5.3%	-8.7%
Adjusted operating profit	**83.0**	94.4	-8.4%	-12.1%
Adjusted operating margin	**17.0%**	17.6%	Â	-60bps
Â	**Â**	Â	Â	Â

Â **Non-Core**	**2024Â**	2023Â	Organic GrowthÂ Â	Â GrowthÂ
Revenue	**44.6**	55.2	-17.1%	-19.2%
Adjusted operating profit	**1.4**	2.8	-52.7%	-50.0%
Adjusted operating margin	**3.1%**	5.1%	Â	-200bps

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Specialist Technologies delivered a good performance in 2024 despite the mixed market environment, demonstrating the strong underlying characteristics of this set of differentiated technologies. Organic revenue growth was 3.3%, and 5.0% excluding surcharges, which reflected good growth in both North America and Europe in Aerospace and Defence, as well as growth in Energy supported by market share gains. We also continue to drive above market growth by expanding the addressable market in Specialist Technologies with new applications. To keep pace with the demand growth in Specialist Technologies, capacity expansions were made during the year in both HIP and S^{3}P, focused primarily in North America. Operating margin improved by 300bps during the year to 29.0%, driven by a significant improvement in operational performance in our HIP business, as well as volume benefits and pricing improvements on long-term contracts secured in Surface Technology. The acquisition of Lake City was completed in January 2024 and has proved an excellent fit for the Group, delivering strong profit performance in 2024.

Precision Heat Treatment performance reflected the challenging market conditions in 2024, offset by decisive cost control actions. Industrial demand softened through the year in both Europe and the US, and demand was also sluggish in Automotive across developed markets. Despite this backdrop, performance in Precision Heat Treatment was resilient. Revenue was down 5.3% organically, however the majority of this was driven by lower energy surcharges with organic revenue down just 0.8% excluding surcharges. The business outperformed its underlying end markets in Automotive, driven by good growth in Emerging Markets and market share gains in Europe. There was also strong growth in both Europe and North America in Aerospace & Defence. These tailwinds helped to offset the majority of the broader weakness in developed markets industrial demand. Cost agility was a key focus during the year, with a number of decisive actions taken to reduce capacity and flex labour cost to meet the level of market demand. Operating margins reduced by 60bps in the year, to 17.0%, driven by soft volumes coupled with the non-repeat of energy grants received in 2023, partly offset by stringent cost control measures.

Strategic progress: Optimise, Perform, Grow

As outlined at our Capital Markets Event in December, our strategy consists of three key levers: Optimise, Perform, and Grow, which are focused on creating a higher quality, more efficient and faster growing Bodycote. We have already begun to make good early progress executing on these levers in 2024.

Optimise: approximately 6% of Group revenue has been classified as Non-Core (FY 2024: Â£45m).This comprises heat treatment activity with lower differentiation and financial characteristics that do not fit with our revised strategy and focus. A significant portion of this revenue will be transferred to other more profitable sites in our network at a higher margin, while the remainder will be exited. We are also making a number of reductions to our overhead cost base, enabled by the smaller footprint. Work has already commenced on transferring or exiting activity in over a third of the impacted locations, and approximately one third of the targeted overhead cost reductions have been completed. We anticipate a benefit of low-to-mid single-digit millions of pounds to adjusted operating profit in 2025, reflecting the gradual transfer of customer sales, with the full run-rate benefit of Â£12m-14m expected to be reached by the end of 2026.

Perform: the HEAT framework will enable us to deliver more consistent and sustained levels of performance . It will embed systematically across the Group a high performance culture, enhanced service quality, and a more agile cost base, while also enabling us to transition to a sustainable future. Once in place, this approach will drive a significant improvement in our operational performance and margins. Our new Chief Excellence Officer will join the business in June 2025, with a focus on driving these Group-wide operational improvements. We have already rolled-out the key elements of HEAT to a select group of pilot sites which represent around 10% of our total footprint. We are seeing early benefits materialise in these pilot sites, and in 2025 we expect to begin the group-wide rollout of HEAT, with more material benefits to begin from 2026.

Grow: we see potential for a significant acceleration in growth and aim to deliver mid-single-digit revenue growth through the cycle. To achieve this, we are focused on a number of higher-growth and higher-margin areas, including structural growth end markets, driving adoption of Specialist Technologies and more advanced heat treatment processes, and expanding in attractive geographies. In 2024 we compiled a funnel of initiatives in these target areas, and we have begun to allocate management resource and capital to specific projects. In 2025 this includes Specialist Technologies expansion projects across HIP, S^{3}P, and Surface Technology in North America, Europe and Asia. In Precision Heat Treatment, investment is focused on modernising and expanding our Aerospace footprint in North America, as well as capacity expansions in Turkey and China.

Our growth strategy will also be supported by improved commercial capability and inter-divisional collaboration. Our new Chief Marketing Officer joined in late 2024 and is building capability in strategic marketing and key account management. In addition, we are aiming to leverage our ability to reduce our customersâ€™ carbon emissions to drive revenue growth. We have developed proprietary tools to demonstrate the carbon reductions we can offer, and have now trained our sales teams and deployed these tools. Live discussions are ongoing with a number of large customers on our sustainability offering.

Sustainability

The increasing pressure to decarbonise provides a growing opportunity to support customers in achieving their sustainability goals. Our suite of energy efficient processes in both Specialist Technologies and Precision Heat Treatment can help customers to reduce their emissions and environmental impact. Outsourcing is already recognised by customers as one of the key levers for achieving their carbon reduction targets, some of whom would pay a premium for a more sustainable service. We are focused on developing and executing our strategy to capture sustainability-related growth opportunities, and we have recently launched three new environmental targets:

- By 2030, to reduce our absolute Scope 1 and 2 greenhouse gas emissions by 46% versus 2019 levels. This now aligns to a 1.5Â°C pathway, enhancing our existing SBTi approved target of a 28% reduction which we achieved in 2024, six years early.
- To enable our customers of atmospheric processing to avoid at least 125,000 tonnes of CO2e by 2030. This target has been externally validated and is aligned with best practice guidance. Â
- An increase in the share of revenue which supports sustainable end-use markets to at least 20% by 2035 (from 7% in 2023).

This year, we have also broadened our emissions measurement to include a full Scope 3 emissions inventory and set ourselves new supply chain goals. These include targets to reduce emissions from our fuel and energy-related activities by 45% by 2030, and for 30% of our suppliers to have an SBTi or equivalent carbon reduction target by 2030. Over the next 12-18 months we will build on this work to develop our longer-term decarbonisation strategy and evaluate our roadmap towards net zero.

Summary and outlook

All guidance comments are provided on an organic basis

We delivered a resilient performance in 2024 despite a challenging market backdrop. Core revenue grew by 1% organically, pre-surcharges, and Core adjusted operating margins reached 17.9%. This was led by strong performance in Specialist Technologies and supported by decisive cost actions taken in the adversely impacted areas of Precision Heat Treatment.

End markets remain mixed, with challenging conditions in Automotive and Industrial. Structural demand in Aerospace & Defence remains strong, although there continues to be a temporary impact from industry-wide supply chain disruption. Reflecting this backdrop, current run-rate profit performance is at a broadly similar level to H2 2024. We are successfully executing our Optimisation programme, which will deliver additional profit benefits as we move into H2 2025.

Our continued focus on cost control and progressing our strategic actions is ensuring we are well positioned to capitalise when markets recover. We remain confident in the delivery of our medium-term financial targets.

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Chief Financial Officerâ€™s report

â€œA resilient performance with good margin progression despite challenging end markets.â€

B. Fidler
Chief Financial Officer

Financial overview

Â	**2024 Â£m**	2023 Â£m
Revenue	**757.1**	802.5
Adjusted operating profit	**129.0**	127.6
Exceptional charges	(78.3)	-
Amortisation of acquired intangible assets	(10.4)	(8.1)
Acquisition costs	(2.4)	(0.3)
Operating profit	**37.9**	119.2
Net finance charge	(9.5)	(7.5)
Profit before taxation	**28.4**	111.7
Taxation charge	(7.7)	(24.9)
Profit for the year	**20.7**	86.8

Group revenue decreased by 5.7% to Â£757.1m (2023: Â£802.5m) at actual exchange rates and 2.6% at constant currency. The fall in revenue reflected a 47% reduction in energy surcharges to Â£35.6m (2023: Â£66.8m) as energy prices normalised. At constant FX rates and normalised for surcharges, revenue performance was stable, increasing by 1.3% (-0.1% organic).

Despite the challenging end markets, adjusted operating profit for the year increased by 1.1% to Â£129.0m (2023: Â£127.6m), representing growth of 4.9% at constant currency (+1.7% organic). Adjusted operating margin further improved to 17.0% (2023: 15.9%) reflecting good growth in Specialist Technologies and pro-active cost management in Precision Heat Treatment in response to the challenging conditions in Automotive and Industrial markets. Statutory operating profit was Â£37.9m (2023: Â£119.2m) after a charge of Â£78.3m for exceptional items (see below).

Excluding the non-core businesses which we plan to exit as part of the Optimise programme, Core revenue reduced by 4.7%. On an organic basis and excluding the impact of lower surcharges, Core revenue increased by 1.0%, demonstrating the stronger underlying growth potential of the Core business despite challenging market conditions. Core adjusted operating margins increased by 120bps to 17.9%.

Exceptional items

Exceptional charges for the year of Â£78.3m (2023: Â£nil) comprised Â£28.4m in respect of the write-down of the Groupâ€™s ERP system; Â£31.9m in respect of the Groupâ€™s strategic Optimisation programme; and a Â£18.0m goodwill impairment in respect of our North American Automotive and Industrial focused operations.Â

The Group has been developing a new enterprise-wide ERP solution, and after a detailed evaluation the decision was taken in June 2024 to cease further investment in the Operations module. This decision significantly reduced risk and future implementation costs but has resulted in an impairment charge of Â£28.4m which was recorded as an exceptional item in the first half of the year.

As part of the Groupâ€™s strategic review, we announced a number of Optimisation actions to enhance the quality of our plant footprint and improve operational and financial performance. The associated plant closures and overhead cost reduction actions led to an exceptional cost of Â£31.9m in the year comprising Â£4.1m of severance costs and Â£27.8m of asset write-downs and site closure costs, including a loss of Â£2.7m on the sale of a site in France.

An Â£18.0m goodwill impairment was taken related to our North American Automotive and Industrial focused operations in Precision Heat Treatment. This area of our business has seen challenging market conditions for a number of years and has a high level of associated goodwill based on historical acquisitions.

Further detail can be found in note 6 to the condensed consolidated financial statements.

Net finance charge

The net finance charge increased to Â£9.5m (2023: Â£7.5m), as summarised in the table below:

Â	**2024 Â£m**	2023 Â£m
Interest on loans and bank overdrafts	(3.9)	(2.7)
Interest on lease and pension liabilities	(3.0)	(2.7)
Financing and bank charges	(3.4)	(2.9)
Total finance charge	**(10.3)**	(8.3)
Interest received	0.8	0.8
Net finance charge	**(9.5)**	(7.5)

The increase in interest charges during the year were driven primarily by higher borrowing as a result of the acquisition of Lake City Heat Treating in January 2024 and outflows in respect of share buybacks of Â£57.7m in the year.

Profit before taxation

Â	2024 Â£m	2023 Â£m
Adjusted profit before taxation	119.5	120.1
Exceptional charges	(78.3)	-
Amortisation of acquired intangibles	(10.4)	(8.1)
Acquisition costs	(2.4)	(0.3)
Profit before taxation	28.4	111.7

Adjusted profit before tax remained broadly in line with the prior year at Â£119.5m (2023: Â£120.1m) at actual exchange rates, reflecting our active management of the cost base in light of the challenging end market conditions. Statutory profit before taxation fell to Â£28.4m (2023: Â£111.7m). This reflected the impact of exceptional charges of Â£78.3m, as well as higher amortisation of acquired intangibles and acquisition costs, both as a result of the Lake City Heat Treating acquisition.

Taxation

The tax charge for the year was Â£7.7m (2023: Â£24.9m). The adjusted tax rate for the Group was 23.8% (2023: 22.5%), before accounting for amortisation of acquired intangibles, acquisition costs and exceptional items. This was in line with our expectations. The Groupâ€™s overall tax rate reflects the blended average of the tax rates in the jurisdictions around the world in which the Group trades and generates profit. Looking ahead, the adjusted tax rate is expected to moderately increase over the next few years.

The effective statutory tax rate was 27.1% (2023: 22.3%) with the increase reflecting that not all of the exceptional costs were deductible. Provisions of Â£24.9m (2023: Â£26.4m) are carried in respect of potential future tax assessments related to â€˜openâ€™ historical tax years. Note 4 of the condensed consolidated financial statements provides more information.

The OECD Pillar II Rules for a global minimum tax rate have been applicable to the Group from 1 January 2024. The changes have not had a material impact on the Groupâ€™s tax charge in 2024.

Earnings per share

Basic adjusted earnings per share increased 0.4% to 48.6p (2023: 48.4p) reflecting the improved operating profit and the impact of share buybacks during the year, offset by higher interest costs and the higher adjusted tax rate. Basic statutory earnings per share for the year decreased to 10.8p (2023: 45.1p) reflecting the exceptional charges recorded in the year. Note 5 of the condensed consolidated financial statements provides further details of the basis of these calculations.

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Â	2024 Â£m	2023 Â£m
Profit for the year	**20.7**	86.8
Attributed to non-controlling interests	(0.7)	(1.2)
Earnings attributable to equity holders of the parent	**20.0**	85.6
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Weighted average number of ordinary shares in issue	186,012,493	189,877,099
Basic adjusted EPS	48.6p	48.4p
Basic EPS	10.8p	45.1p

Return on capital employed

Return on capital employed rose by 90bps in the year to 15.7% from 14.8% in 2023. The increase reflects improvement in adjusted operating profit together with the Groupâ€™s disciplined approach to the capital expenditure projects, focused on delivering the Groupâ€™s strategy and driving attractive returns.

Cash flow

Adjusted operating profit	**129.0**	127.6
Depreciation and amortisation	75.3	74.0
Other, including impairment and profit on disposal of PPE	(5.6)	(2.7)
Adjusted EBITDA[1]	**198.7**	198.9
Net capital expenditure	(60.5)	(72.0)
Principal element of lease payments	(13.5)	(13.0)
Provisions movement	(7.3)	(0.9)
Net working capital movement	(1.9)	(0.8)
Adjusted operating cash flow	**115.5**	112.2
Restructuring	(3.9)	(1.6)
Financing costs, net	(8.9)	(6.4)
Tax, net	(32.1)	(9.0)
Free cash flow	**70.6**	95.2
Net lease liability additions and disposals	(0.7)	(0.5)
Ordinary dividend	(42.9)	(40.6)
net Acquisition spend	(55.6)	(0.1)
Ordinary shares purchased for share buyback	(57.7)	-
Own shares purchased less share-based payments	0.6	(8.1)
Reduction in net debt	**(85.7)**	45.9
Opening net debt	(51.7)	(99.4)
Foreign exchange movements	5.6	1.8
Closing net debt	**(131.8)**	(51.7)
Lease liabilities	63.5	64.3
Net (debt)/cash excluding lease liabilities	**(68.3)**	12.6

1Â Refer to the APM section of the 2024 Annual report for a reconciliation of EBITDA to Adjusted EBITDA

2Â In 2024 the definition of adjusted operating cash flow has been updated to include expansionary capital expenditure, which was previously reflected outside free cash flow. In addition, adjusted operating cash flow has been restated to include principal element of lease payments and exclude non-cash movements in net debt arising from lease liability asset additions and disposals. These changes aim to bring the definition of adjusted operating cash flow closer to market norms. A reconciliation to adjusted operating cash flow and free cash flow as previously stated is included in the APM section of the 2024 Annual report.

Adjusted operating cash flow increased to Â£115.5m (2023: Â£112.2m), a conversion ratio of 90% (2023: 88%), as a result of the improved operating profit and lower capital expenditure, due partly to timing and partly to additional discipline around our capital spend given the challenging market conditions. These tailwinds were partially offset by higher provision outflows (Â£6.4m higher year-on-year) driven almost entirely by a first half payment to resolve a historical environmental issue that was fully provided for.

Free cash flow fell to Â£70.6m (2023: Â£95.2m) for the year. This was driven almost entirely by higher tax, with net tax payments in 2024 of Â£32.1m compared with just Â£9.0m in 2023. The low level of payments in 2023 reflected the receipt of tax refunds relating to prior years and other timing differences. The statutory measure, net cash from operating activities, fell to Â£152.6m (2023: Â£191.6m) largely reflecting the increased cash tax outflows in the year and the payments to resolve the historical environmental issue.

Closing net debt was Â£131.8m (2023: Â£51.7m). Excluding lease liabilities, the Group moved from a net cash position of Â£12.6m in 2023 to a net debt of Â£68.3m in 2024 after returning Â£100.6m (2023: Â£40.6) to shareholders through dividends and share buybacks and after acquisition spend relating to Lake City Heat Treating of Â£54.9m (including acquisition costs).

Capital expenditure

Total capital expenditure in the year - including both maintenance and expansionary - was Â£60.5m (2023: Â£72.0m). The reduction year-on-year was partly driven by the timing of payments on certain projects around year-end, and partly by decisions taken during the second half of the year to delay certain investments in response to the challenging market environment. The Group remains committed to maintaining its assets to the highest standards of quality and safety.

Dividend and dividend policy

The Group has a long and stable track record of dividend growth and aims to pay ordinary dividends so that dividend cover will be at or above 2.0 times earnings on a â€˜normalisedâ€™ multi-year basis.

In line with this policy, the Board has recommended a final dividend of 16.1p (2023: 16.0p), bringing the full year dividend to 23.0p (2023: 22.7p). The interim dividend of 6.9p, approved by the Board on 30 July 2024, was paid on 7 November 2024 to shareholders on the register at the close of business on 4 October 2024. Subject to shareholder approval at the 2025 AGM, the final dividend will be paid on 5 June 2025 to shareholders on the register at the close of business on 25 April 2025.

Borrowing facilities

During the year the Group renewed and extended its existing Revolving Credit Facility by over two years. The Group is financed by a mix of cash flows from operations, short-term borrowings and leases. The Groupâ€™s funding policy aims to ensure continuity of financing at a reasonable cost, based on committed and uncommitted facilities and loans to be procured from several banking partners. The Group continues to have access to committed facilities at competitive rates and currently deems this to be the most effective means of long-term funding. At 31 December 2024, the facility was drawn as follows:

Â

Facility	Expiry date	Facility Â£m	Facility utilisation Â£m	Facility headroom Â£m
Revolving Credit Facility	19 September 2029	251	84.3	166.7

Â

In addition to the Revolving Credit Facility, the Group also has access to an additional committed facility of Â£8.7m (undrawn) bringing total committed facility headroom to Â£175.4m at 31 December 2024 (2023: Â£228.3m).

Group principal risks and uncertainties

The Board is committed to protecting and enhancing the Groupâ€™s interests through the effective management of risk. As a global business operating in 22 countries we understand that effectively managing risk underpins the successful performance of the Group.

The Board has ultimate responsibility for the Groupâ€™s systems of risk management and internal control and ensures the Groupâ€™s risk processes and systems of internal control are robust, monitored and evolve to address changing business conditions and threats. The Board determines the Groupâ€™s risk appetite and ensures that the Groupâ€™s exposures to risk are appropriate and align to the Groupâ€™s strategic levers and priorities.

The Board also provides direction and sets the tone on the importance of risk management. The review of financial risk has been delegated to the Groupâ€™s Audit Committee.

Emerging risk

Bodycoteâ€™s emerging risk identification process is based on horizon scanning. Each emerging risk is assessed based on its potential impact on the Group on a high, medium or low rating across three time horizons: 0-2 years; 2-5 years; and more than five years. This process takes place alongside the annual risk review, with emerging risks being considered in facilitated risk workshops conducted with the Executive Committee.

This review helps to ensure that any new and emerging risks are appropriately identified and ensures close monitoring of any emerging risks to ensure appropriate mitigating actions are undertaken. As an international Group operating in multiple countries, the Group inevitably has exposure to a range of risks and uncertainties where internal and external factors are considered and inform the Groupâ€™s response to managing such risks, many of which are similar in nature to those experienced by comparable companies and may not always be within the Groupâ€™s control.

The Board has highlighted geopolitical risk, specifically, the unpredictable geopolitical landscape and the uncertainty over future global events as an emerging risk. If tensions in the geopolitical landscape result in the implementation of aggressive trade barriers that reduce the movement of goods, this could result in customers shortening their supply chains and moving them closer to their main production locations. The emerging risk is mitigated by the fact that Bodycote has a global network of sites which allow us to service customers from multiple locations, such that the residual risk exposure is not considered significant.

An additional area of emerging risk identified during the year relates to the Groupâ€™s ability to attract, retain and develop key skills, knowledge and capabilities. As the global employment environment continues to evolve, attracting new talent to the industry, particularly in engineering and operations will become an increasing priority. The Group appointed a new Chief Human Resources Officer in January 2025 who will drive the Groupâ€™s people and transformation process going forward.

Group principal risks

The principal risks and uncertainties outlined in the strategic report of the 2024 Annual report set out a description of the Groupâ€™s principal risks and related mitigation measures, as agreed by the Board, and describe how these principal risks may affect Bodycoteâ€™s ability to deliver its strategy. The identified principal risks relate to:

â€¢Â Â Â Markets and competitor action;
â€¢Â Â Â Health and safety;
â€¢Â Â Â Climate change ;
â€¢Â Â Â Operational risks covering service quality, contract review, loss of key accreditations, major disruption at a facility, machine downtime,

information technology and cybersecurity, and investment and capital deployment; and
â€¢Â Â Regulatory and legislative compliance risks.
Â
The risk of global pandemics and their impact on both supply chain issues and operations are no longer considered as either an emerging or principal risk for the Group.
Â

Alternative performance measures (APMs)

To provide additional information and analysis and to enable a full understanding of the Groupâ€™s results, management makes use of a number of APMs in its internal management of the business and as part of its internal and external reporting. During the year the Group has renamed a number of its APMs from headline to adjusted with no change to their definition other than where explained. These APMs can be found in the APMs section below.
Â

Going concern

As described in 2024 Annual report, the Directors have formed a judgement, at the time of approving the financial statements, that there are no material uncertainties that cast doubt on the Groupâ€™s going concern status and that it is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next 12 months. In making this judgement, they have considered the impacts of potential severe but plausible consequences arising from the Groupâ€™s activities. For this reason, the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial statements.
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Directorsâ€™ responsibilities statement

This responsibilities statement has been prepared in connection with the Group consolidated financial statements, extracts of which are included within this announcement.
Â
The Directors confirm that to the best of their knowledge:
â€¢Â Â The condensed consolidated financial statements included in this document are derived from the audited consolidated financial statements of the Group, prepared in accordance with UK-adopted international accounting standards (they do not contain sufficient information to comply with UK-adopted international accounting standards);
â€¢Â Â The Group's consolidated financial statements, prepared in accordance with UK-adopted internal accounting. standards, give a true and fair view of the assets, liabilities, financial position, cash flows and profit of the Group;
â€¢Â Â There have been no significant individual related party transactions during the year; and
â€¢Â Â There have been no significant changes in the Group's related party relationships from that reported in the half-yearly results for the six months ended 30 June 2024.
Â
The Group's consolidated financial statements, and related notes, including this responsibilities statement, were approved by the Board and authorised for issue on 13 March 2025 and were signed on their behalf by:
Â
By order of the Board,
Â
DirectorÂ Director
J. Fairbairn Â B. Fidler
Â

Audited financial information

The condensed consolidated financial statements and notes 1 to 12 for the year ended 31 December 2024 included below are derived from the Groupâ€™s consolidated financial statements which have been audited by PricewaterhouseCoopers LLP. The unmodified audit report is available for inspection at the Groupâ€™s registered office.
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Consolidated income statement

For the year ended 31 December 2024

Â	Â Note	2024 Â£m	2023 Â£m
Revenue	1	**757.1**	802.5
Cost of sales and overheads[1]	2	**(647.8)**	(694.4)
Other operating income	2	**9.7**	12.6
Other operating expenses[1]	2	**(0.4)**	(1.3)
Net impairment losses on financial assets	Â	**(2.4)**	(0.2)
Operating profit before exceptional items	1,2	**116.2**	119.2
Exceptional items	3	**(78.3)**	-
Operating profit	2	**37.9**	119.2
Finance income	Â	**0.8**	0.8
Finance charges	Â	**(10.3)**	(8.3)
Profit before taxation	Â	**28.4**	111.7
Taxation charge	4	**(7.7)**	(24.9)
Profit for the year	Â	**20.7**	86.8
Attributable to:	Â	Â	Â
Equity holders of the Parent	Â	**20.0**	85.6
Non-controlling interests	Â	**0.7**	1.2
Â	Â	**20.7**	86.8
Earnings per share	5	Â	Â
Â	Â Â	**Pence**	Pence
Basic	Â	**10.8**	45.1
Diluted	Â	**10.7**	44.8

Â
1Â Â Â Excludes exceptional items. Total cost of sales and overheads, including exceptional items are Â£648.5m (2023: Â£694.4m), net impairment losses on financial assets are Â£2.7m (2023: Â£0.2m) and total other operating expenses including exceptional items are Â£77.7m (2023: Â£1.3m).
Â
All activities have arisen from continuing operations.
Â

Consolidated statement of comprehensive income

For the year ended 31 December 2024

Â	Â	**2024**	2023
	Â Note	**Â£m**	Â£m
Profit for the year	Â	**20.7**	86.8
Items that will not be reclassified to profit or loss:	Â	**Â**	Â
Actuarial losses on defined benefit pension schemes	Â	**(0.3)**	(0.1)
Tax on retirement benefit obligations that will not be reclassified	Â	**(0.1)**	-
Total items that will not be reclassified to profit or loss	Â	**(0.4)**	(0.1)
Items that may be reclassified subsequently to profit or loss:	**Â**	**Â**	**Â**
Exchange losses on translation of overseas operations	Â	**(13.8)**	(29.7)
Movements on hedges of net investments	Â	**4.1**	1.5
Movements on cash flow hedges	Â	**(0.1)**	0.4
Total items that may be reclassified subsequently to profit or loss	Â	**(9.8)**	(27.8)
Total other comprehensive expense for the year	**Â**	**(10.2)**	(27.9)
Total comprehensive income for the year	Â	**10.5**	58.9
Attributable to:	Â	**Â**	**Â**
Equity holders of the parent	Â	**10.1**	58.5
Non-controlling interests	Â	**0.4**	0.4
Â	Â	**10.5**	58.9

Â

Consolidated balance sheet

At 31 December 2024

Â	Â	**2024**	2023
	Â Note	**Â£m**	Â£m
Non-current assets	Â	Â	Â
Goodwill	6	**207.0**	221.5
Other intangible assets	Â	**114.4**	111.2
Property, plant and equipment	Â	**481.2**	504.9
Right-of-use assets	Â	**56.4**	58.5
Deferred tax assets	Â	**7.0**	2.6
Trade and other receivables	Â	**2.8**	1.3
Â	Â	**868.8**	900.0
Current assets	**Â**	**Â**	**Â**
Inventories	Â	**28.1**	29.5
Current tax assets	Â	**10.1**	13.1
Trade and other receivables	Â	**141.3**	148.4
Cash and bank balances	Â	**19.1**	45.2
Assets held for sale	Â	**-**	0.5
Â	Â	**198.6**	236.7
Total assets	Â	**1,067.4**	1,136.7
Current liabilities	**Â**	**Â**	**Â**
Trade and other payables	Â	**146.7**	122.7
Current tax liabilities	4	**32.2**	46.0
Borrowings	Â	**87.4**	32.6
Lease liabilities	Â	**13.1**	11.8
Provisions	7	**11.9**	12.0
Â	Â	**291.3**	225.1
Net current (liabilities)/assets	Â	**(92.7)**	11.6
Non-current liabilities	**Â**	**Â**	**Â**
Lease liabilities	Â	**50.4**	52.5
Retirement benefit obligations	Â	**11.3**	11.1
Deferred tax liabilities	Â	**41.2**	51.8
Provisions	Â	**2.5**	3.0
Other payables	Â	**0.8**	0.9
Â	Â	**106.2**	119.3
Total liabilities	Â	**397.5**	344.4
Net assets	Â	**669.9**	792.3
Equity	**Â**	**Â**	**Â**
Share capital	8	**31.6**	33.1
Share premium account	Â	**177.1**	177.1
Own shares	Â	**(11.1)**	(15.6)
Capital redemption reserve	Â	**131.3**	129.8
Other reserves	Â	**10.0**	10.1
Translation reserves	Â	**38.8**	52.3
Retained earnings	Â	**290.4**	404.0
Equity attributable to equity holders of the parent	Â	**668.1**	790.8
Non-controlling interests	Â	**1.8**	1.5
Total equity	Â	**669.9**	792.3

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Consolidated cash flow statement

For the year ended 31 December 2024

Â	Â	**2024**	2023
	Â Note	**Â£m**	Â£m
Net cash from operating activities	11	**152.6**	191.6
Investing activities	**Â**	**Â**	**Â**
Purchases of property, plant and equipment	Â	**(70.1)**	(74.1)
Proceeds on disposal of property, plant and equipment	Â	**13.4**	10.4
Purchases of other intangible assets	Â	**(4.1)**	(8.3)
Acquisition of businesses, net of cash acquired	10	**(52.2)**	-
Net proceeds on disposal of business	3	**0.4**	-
Loans issued	Â	**(1.0)**	-

Interest received	Â	**0.8**	0.8
Net cash used in investing activities	Â	**(112.8)**	(71.2)
Financing activities	**Â**	**Â**	**Â**
Interest paid	Â	**(9.7)**	(7.2)
Dividends paid	9	**(42.9)**	(40.6)
Principal elements of lease payments	Â	**(13.5)**	(13.1)
Drawdown of bank loans	Â	**75.2**	25.7
Repayments of bank loans	Â	**(19.0)**	(61.8)
Ordinary shares purchased for share buyback	Â	**(57.7)**	-
Own shares purchased to be held as treasury shares	Â	**-**	(13.2)
Net cash used in financing activities	Â	**(67.6)**	(110.2)
Net (decrease)/increase in cash and cash equivalents	**Â**	**(27.8)**	10.2
Cash and cash equivalents at beginning of year	**Â**	**44.7**	36.2
Effect of foreign exchange rate changes	Â	**(0.9)**	(1.7)
Cash and cash equivalents at end of year	11	**16.0**	44.7

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Consolidated statement of changes in equity

For the year ended 31 December 2024

Â Â	Share capital Â£m	Share premium account Â£m	Own shares Â£m	Capital redemption reserve Â£m	Other reserves Â£m	Translation reserves Â£m	Retained earnings Â£m	Equity attributable to equity holders of the parent Â£m	Non-controlling interests Â£m	Total equity Â£m
1 January 2023	33.1	177.1	(5.2)	129.8	5.1	81.2	359.8	780.9	1.1	782.0
Profit for the year	-	-	-	-	-	-	85.6	85.6	1.2	86.8
Exchange differences on translation of overseas operations	-	-	-	-	-	(28.9)	-	(28.9)	(0.8)	(29.7)
Movements on hedges of net investments	-	-	-	-	1.5	-	-	1.5	-	1.5
Movements on cash flow hedges	-	-	-	-	0.4	-	-	0.4	-	0.4
Actuarial gains on defined benefit pension schemes net of deferred tax	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Total comprehensive income for the year	-	-	-	-	1.9	(28.9)	85.5	58.5	0.4	58.9
Ordinary shares acquired	-	-	(13.2)	-	-	-	-	(13.2)	-	(13.2)
Settlement of share awards	-	-	2.8	-	(2.0)	-	(0.8)	-	-	-
Share-based payments	-	-	-	-	5.1	-	-	5.1	-	5.1
Deferred tax on share-based payment transactions	-	-	-	-	-	-	0.1	0.1	-	0.1
Dividends	-	-	-	-	-	-	(40.6)	(40.6)	-	(40.6)
31 December 2023	**33.1**	**177.1**	**(15.6)**	**129.8**	**10.1**	**52.3**	**404.0**	**790.8**	**1.5**	**792.3**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**20.0**	**20.0**	**0.7**	**20.7**
Exchange differences on translation of overseas operations	**-**	**-**	**-**	**-**	**-**	**(13.5)**	**-**	**(13.5)**	**(0.3)**	**(13.8)**
Movements on hedges of net investments	**-**	**-**	**-**	**-**	**4.1**	**-**	**-**	**4.1**	**-**	**4.1**
Movements on cash flow hedges	**-**	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Actuarial losses on defined benefit pension schemes net of deferred tax	**-**	**-**	**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**	**-**	**(0.4)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**4.0**	**(13.5)**	**19.6**	**10.1**	**0.4**	**10.5**
Ordinary shares acquired	**(1.5)**	**-**	**-**	**1.5**	**-**	**-**	**(90.6)**	**(90.6)**	**-**	**(90.6)**
Settlement of share awards	**-**	**-**	**4.5**	**-**	**(4.7)**	**-**	**0.2**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**0.6**	**-**	**-**	**0.6**	**-**	**0.6**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(42.8)**	**(42.8)**	**(0.1)**	**(42.9)**
31 December 2024	**31.6**	**177.1**	**(11.1)**	**131.3**	**10.0**	**38.8**	**290.4**	**668.1**	**1.8**	**669.9**

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Other reserves include a share-based payments reserve of Â£5.5m (31 December 2023: Â£9.7m).Â

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The capital redemption reserve of Â£131.3m consists of Â£129.8m transferred from retained earnings on the conversion of B shares into deferred shares in 2008 and 2009 and Â£1.5m arising on the share buyback programmes announced in January 2024 and December 2024. As at 31 December 2024 8,558,676 shares with a nominal value of $17^{3}/_{11}$p had been repurchased under the share buyback programmes which were announced in January 2024 (and commenced in March 2024) and December 2024 (to commence in 2025), for a total consideration of Â£57.7m (including costs Â£0.4m). A liability of Â£32.9m has been recognised relating to the Groupâ€™s remaining contractual commitment to buy shares under the share buyback programmes as

at 31 December 2024. Refer to note 8 of these condensed consolidated financial statements for more information.
Â
The own shares reserve represents the cost of shares in Bodycote plc purchased in the market and held by the Bodycote International Employee Benefit Trust to satisfy share-based payments under the Groupâ€™s incentive schemes. As at 31 December 2024, 1,627,781 (31 December 2023: 2,292,243) ordinary shares of $17^{3}/_{11}$pÂ each were held by the Bodycote International Employee Benefit Trust.

Notes to the condensed consolidated financial statements

Year ended 31 December 2024
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General information

Bodycote plc is a company incorporated in the United Kingdom under the Companies Act 2006.
The nature of the Groupâ€™s operations and its principal activities, and information on the Groupâ€™s objectives, are included within the Groupâ€™s Strategic report in the 2024 Annual report.
Â
Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates. The condensed consolidated financial statements are presented in pounds sterling, which is the functional and presentation currency of the Parent Company. Foreign operations are included in accordance with the policies set out in the Foreign Currencies accounting policy in the 2024 Annual report.

Basis of Preparation and non-statutory financial statements

The financial statements of the Group, from which these condensed consolidated financial statements are derived, have been prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006.
The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2024 or 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s.498 (2) or (3) of the Companies Act 2006.

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1.Â Business and geographical segments

The Group has 153 operational locations across the world providing a range of market sectors with thermal processing services. After the completion of a strategic review during 2024, the Group has reorganised its plants into three divisions:

- Specialist Technologies: This division includes the Groupâ€™s Hot Isostatic Pressing (â€˜HIPâ€™) business; its Speciality Stainless Steel Processes (S3P) business and its Surface Technology business.
- Precision Heat Treatment: This division includes the Groupâ€™s business centred on the controlled heating and cooling of metals to obtain the desired mechanical, chemical and metallurgical properties for the end process. It also includes the Groupâ€™s Low Pressure Carburising and Corr-I-Dur processes.Â
- Non-core: As a result of its strategic review carried out in 2024, the business identified a number of plants that form part of its strategic optimisation programme and are considered non-core. These plants typically provide heat treatments services using older, less efficient and more carbon intensive technologies. The Group is managing these sites with a view to merging them with other plants in the portfolio, closing plants, or selling them over the coming 24 months.

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The Groupâ€™s Chief Executive Officer is considered to be the Chief Operating Decision Maker (â€˜CODMâ€™) of the Group and reviews the results of each of the divisions on a monthly basis focussing on adjusted operating profit which is defined as operating profit before acquisition costs, amortisation of acquired intangibles and exceptional items. Accordingly, the three divisions outlined above are considered to be the Groupâ€™s Operating and Reportable segments as defined in IFRS 8 Operating Segments.
Â
In determining the segmentsâ€™ adjusted operating profit, the Group makes certain allocations of costs that are incurred centrally to benefit each of the segments. To the extent that these costs are of a nature that will continue to be incurred after the Groupâ€™s optimisation programme has been completed, they have not been allocated to the non-core segment.
Â
Prior to the strategic review in 2024, the business presented its results split into six Operating Segments which were determined based on the geography of its plants and the preponderance of markets that they served. The prior year segmental analysis has been restated to present it on a consistent basis with the current year.

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Â Â Â	Specialist Technologies 2024 Â£m	Precision Heat Treatment 2024 Â£m	Central costs and eliminations 2024 Â£m	Total core 2024 Â£m	Non-core 2024 Â£m	Total Group 2024 Â£m
Revenue	**224.2**	**488.3**	**-**	**712.5**	**44.6**	**757.1**
Result	Â	Â	Â	Â	Â	Â
Adjusted operating profit/(loss)	**65.0**	**83.0**	**(20.4)**	**127.6**	**1.4**	**129.0**
Amortisation of acquired intangible assets	**(8.7)**	**(1.3)**	**-**	**(10.0)**	**(0.4)**	**(10.4)**
Acquisition costs	**(2.4)**	**-**	**-**	**(2.4)**	**-**	**(2.4)**
Operating profit/(loss) before exceptional items	**53.9**	**81.7**	**(20.4)**	**115.2**	**1.0**	**116.2**
Exceptional items	**(2.1)**	**(21.7)**	**(30.7)**	**(54.5)**	**(23.8)**	**(78.3)**
Operating profit/(loss)	**51.8**	**60.0**	**(51.1)**	**60.7**	**(22.8)**	**37.9**
Finance income	Â	Â	Â	Â	Â	**0.8**
Finance charges	Â	Â	Â	Â	Â	**(10.3)**
Profit before taxation	Â	Â	Â	Â	Â	**28.4**
Taxation	Â	Â	Â	Â	Â	**(7.7)**
Profit for the year	Â	Â	Â	Â	Â	**20.7**

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Â Â	Specialist Technologies 2023	Precision Heat Treatment 2023	Central costs and eliminations 2023	Total core 2023	Non-core 2023	Total Group 2023

Â	Â£m	Â£m	Â£m	Â£m	Â£m	Â£m
Revenue	212.4	534.9	-	747.3	55.2	802.5
Result Â		Â	Â	-	Â	Â
Adjusted operating profit/(loss)	55.2	94.4	(24.8)	124.8	2.8	127.6
Amortisation of acquired intangible assets	(6.4)	(1.3)	-	(7.7)	(0.4)	(8.1)
Acquisition costs	-	-	(0.3)	(0.3)	-	(0.3)
Operating profit/(loss)	48.8	93.1	(25.1)	116.8	2.4	119.2
Finance income Â		Â	Â	Â	Â	0.8
Finance charges	Â	Â	Â	Â	Â	(8.3)
Profit before taxation Â		Â	Â	Â	Â	111.7
Taxation	Â	Â	Â	Â	Â	(24.9)
Profit for the year	Â	Â	Â	Â	Â	86.8

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Inter-segment revenues are not material in either year.

The Group does not have any one customer that contributes more than 10% of revenue in either year.

Â		**Specialist Technologies**	**Precision Heat Treatment**	**Total core**	**Non-core**	**Total Group**
Â	**Â**	**2024**	**2024**	**2024**	**2024**	**2024**
Revenue	**Â**	**Â£m**	**Â£m**	**Â£m**	**Â£m**	**Â£m**
Western Europe	**Â**	**121.0**	**239.3**	**360.3**	**20.8**	**381.1**
North America	**Â**	**95.7**	**165.0**	**260.7**	**23.8**	**284.5**
Emerging Markets	**Â**	**7.5**	**84.0**	**91.5**	**-**	**91.5**
Group	Â	**224.2**	**488.3**	**712.5**	**44.6**	**757.1**

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Â	Â	Specialist Technologies	Precision Heat Treatment	Total core	Non-core	Total Group
Â	Â	2023	2023	2023	2023	2023
Revenue	Â	Â£m	Â£m	Â£m	Â£m	Â£m
Western Europe	Â	120.9	271.7	392.6	24.9	417.5
North America	Â	83.9	173.2	257.1	30.3	287.4
Emerging Markets	Â	7.6	90.0	97.6	-	97.6
Group	Â	212.4	534.9	747.3	55.2	802.5

Â

Other information

Â	**Specialist Technologies**	**Precision Heat Treatment**	**Central costs and eliminations**	**Total core**	**Non-core**	**Total Group**
Â	**2024**	**2024**	**2024**	**2024**	**2024**	**2024**
Â	**Â£m**	**Â£m**	**Â£m**	**Â£m**	**Â£m**	**Â£m**
Gross capital additions	**18.9**	**61.4**	**5.2**	**85.5**	**4.5**	**90.0**
Depreciation and amortisation	**24.2**	**51.3**	**3.8**	**79.3**	**6.4**	**85.7**
Impairments	**1.5**	**20.7**	**28.4**	**50.6**	**14.7**	**65.3**

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Â	Specialist Technologies	Precision Heat Treatment	Central costs and eliminations	Total core	Non-core	Total Group
Â	2023	2023	2023	2023	2023	2023
Â	Â£m	Â£m	Â£m	Â£m	Â£m	Â£m
Gross capital additions	19.9	59.9	10.0	89.8	4.7	94.5
Depreciation and amortisation	21.5	50.7	3.1	75.3	6.8	82.1
Impairments	0.3	0.5	-	0.8	0.1	0.9

Â

Geographical information

The Groupâ€™s revenue from external customers analysed by country in which the service is delivered is detailed below:

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	Â	Â	**Â£m**	Â£m
USA	Â	Â	Â	Â	**271.2**	271.7
France	Â	Â	Â	Â	**104.2**	116.9
Germany	Â	Â	Â	Â	**72.3**	82.3
UK	Â	Â	Â	Â	**68.5**	66.3
Sweden	Â	Â	Â	Â	**50.3**	50.9
Netherlands	Â	Â	Â	Â	**29.5**	34.9
Others	Â	Â	Â	Â	**161.1**	179.5
Group	Â	Â	Â	Â	**757.1**	802.5

Â

2. Operating profit

Â	**2024**	2023
Â	**Â£m**	Â£m
Revenue	**757.1**	802.5
Cost of sales	**(460.4)**	(500.6)
Gross profit	**296.7**	301.9
Selling costs	**(22.3)**	(21.8)
Administration expenses	**(165.1)**	(172.0)

Other operating income	**9.7**	12.6
Other operating expenses	**(0.4)**	(1.3)
Net impairment losses on financial assets	**(2.4)**	(0.2)
Operating profit before exceptional items	**116.2**	119.2
Exceptional items (see note 3)	**(78.3)**	-
Operating profit	**37.9**	119.2

Â

Operating profit for the year has been arrived at after charging/(crediting):

Â	2024	2023
Â	**Â£m**	Â£m
Net foreign exchange (gain)/loss	**(0.4)**	0.2
Employee costs[1]	**297.3**	307.5
Pension scheme administration expenses	**0.6**	0.5
Inventory expensed	**70.5**	76.8
Utility costs	**68.8**	98.3
Consumables and gases	**52.6**	55.3
Transport and carriage costs	**12.4**	12.8
Depreciation of property, plant and equipment	**59.7**	59.4
Depreciation of right-of-use assets	**13.6**	12.9
Amortisation of other intangible assets	**12.4**	9.8
Gain on disposal of property, plant and equipment recognised in operating profit	**(5.5)**	(3.4)
Loss on disposal of property, plant and equipment recognised in exceptional items (see note 3)	**0.1**	-
Gain on disposal of right-of-use assets	**(0.2)**	(0.2)
Impairment loss on trade receivables	**2.4**	0.2
Impairment of other intangible assets recognised in exceptional items (see note 3)	**29.2**	-
Impairment of goodwill recognised in exceptional items (see notes 3 & 6)	**18.0**	-
Impairment of property, plant and equipment recognised in exceptional items (see note 3)	**16.9**	-
Impairment of property, plant and equipment - recognised in operating profit	**0.1**	0.9
Impairment of right-of-use assets recognised in exceptional items (see note 3)	**1.1**	-
Repairs and maintenance	**25.5**	27.2
Government assistance support received[2]	**(1.0)**	(6.4)
Acquisition costs	**2.4**	0.3

1 Â Employee cost include costs of temporary agency contractors of Â£16.7m (2023: Â£17.3m).
2Â Government assistance consists of support towards R&D of Â£0.4m (2023: Â£0.2m); local regional economic support of Â£0.4m (2023: Â£nil); energy support programmes Â£0.1m (2023: Â£6.1m); and Â£0.1m in respect of other support programmes.

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3. Exceptional items

The following items were charged to exceptional items:

Â	2024	2023
Â	**Â£m**	Â£m
Impairment of ERP intangible asset	**28.4**	-
Impairment of goodwill	**18.0**	-
Strategic optimisation programme:	**31.9**	-
Â Â Impairment of assets	**18.8**	**Â**
Â Â Severance and redundancy cost	**4.1**	-
Â Â Site closure and associated closure costs	**5.2**	-
Â Â Losses on sale of business and property, plant and equipment	**2.8**	-
Â Â Other	**1.0**	- **Â**
Total exceptional items	**78.3**	-

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Impairment of ERP intangible asset

Included within intangible assets at 31 December 2023 were Â£32.2m of internally developed software costs relating to the development of an ERP solution that had been in development since 2020 and was not yet available for use. Development of the ERP solution progressed through H1 2024 with a further Â£3.1m capitalised. During this period, as part of the development process, a pilot programme continued at a small number of sites across the Group. The ERP solution includes two components: an Operations module and a Finance and Procurement module.

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During the first half of 2024 the Directors were regularly updated on the programme, including the initial results of the pilot programme. Having considered these results, management ultimately concluded that the future benefits of the Operations module of the system did not outweigh the likely future costs. Consideration was also given to the business interruption challenges of rolling out the Operations module across the Groupâ€™s multiple sites. As a result, the decision was reached to cease further development and roll-out of the Operations module and abandon its use, resulting in an exceptional impairment charge of Â£28.4m being booked in June 2024.

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The roll-out of the Finance and Procurement module across the Group continues and is expected to complete in the first half of 2026. The remaining intangible asset of Â£7.0m relating to the Finance and Procurement module is being amortised over its useful life of 15 years beginning 1 July 2024.

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Impairment of goodwill

The Group recognised a goodwill impairment charge of Â£18.0m within exceptional costs in the year in relation to the Groupâ€™s North American Automotive and General Industrial CGU (â€˜NA AGIâ€™). The impairment follows a prolonged period in which the CGU has faced challenging market conditions which meant that it was no longer able to support its high level of goodwill related to historic acquisitions. Further details are set out in note 6.

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Strategic optimisation programme

During 2024, the Group undertook a strategic review as a result of which it announced its intention to undertake a number of optimisation actions to drive step changes and improvements across the business, primarily centered on sites utilising older, more commoditised technologies, with higher carbon footprints. Implementation of the programme commenced in 2024, and the Group announced a number of site closures during the year as a result of which it has recognised an exceptional charge of Â£31.9m.

Impairments of Â£18.8m have been charged to exceptional items relating to the planned site closures and operational lines that will no longer be used. These impairments comprise of Â£16.9m for property, plant and equipment, Â£1.1m for right-of-use assets, and Â£0.8m of acquired intangibles for customer relationships.

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Provisions of Â£5.2m have been charged for site closure and associated environmental costs, where the closures have been announced before 31 December 2024, and Â£3.3m for redundancy and severance costs, of which Â£0.3m was utilised in 2024, related to employees impacted by the announced closures and related reductions in overhead positions. An additional Â£0.8m of redundancy and severance costs were charged directly to the consolidated income statement in the year.

In December 2024 the business sold its Metz Tessy business for cash proceeds of Â£0.8m less costs of disposal of Â£0.4m. The business consisted of a single plant and was not considered a core part of the business. As part of the agreement of the sale, a loan was issued to the purchaser for Â£0.6m against which an expected credit loss provision of Â£0.3m has been recognised. Net assets disposed were Â£1.8m with other costs associated with the closure of Â£1.0m. The total net loss on disposal of the business was Â£2.7m.Â A loss of Â£0.1m was charged to exceptional costs related to the sale of property, plant and equipment from affected sites.

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See also the strategic review of the 2024 Annual report for further details of the optimisation programme.

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4. Taxation charge

Â	**2024**	2023
Â	**Â£m**	Â£m
Current taxation - charge for the year	**20.7**	26.0
Current taxation - adjustments in respect of previous years	**1.5**	(2.7)
Deferred tax - charge for the year	**(13.2)**	1.5
Deferred taxÂ - adjustments in respect of previous years	**(1.3)**	0.1
Total taxation charge	**7.7**	24.9

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The Group uses a weighted average country tax rate, rather than the UK tax rate, for the reconciliation of the charge for the year to the profit before taxation per the consolidated income statement. The Group operates in several jurisdictions, many of which have a tax rate in excess of the UK tax rate. As such, a weighted average country tax rate is believed to provide the most meaningful information to the users of the financial statements. This is therefore the appropriate tax rate for comparison being, 25.1% in 2024 (2023: 25.4%).

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With effect from 1 January 2024 the Group was subject to the OECD Pillar II GloBE Rules. The Group has performed an overall assessment of the impact and determined that the adoption of the Pillar II GloBE Rules by jurisdictions where Bodycote operates does not have a material impact on the Groupâ€™s current tax charge.Â The Group has applied the exception provided for by the Pillar II GloBE Rules (amendments to IAS 12) and has not recognised, or disclosed, information about deferred tax assets and liabilities related to these Pillar II GloBE rules.

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The charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

Â	**2024**	2023
Â	**Â£m**	Â£m
Profit before taxation	**28.4**	111.7
Tax at the weighted average country tax rate of 25.1 % (2023: 25.4%)	**7.2**	28.4
Tax effect of expenses not deductible in determining taxable profit[1]	**1.6**	1.1
Impact of recognition or derecognition of deferred tax balances	**0.8**	0.5
Tax effect of other adjustments in respect of previous years:	**Â**	**Â**
Current tax[2]	**1.5**	(2.7)
Deferred tax[2]	**(1.3)**	0.1
Effect of financing activities between jurisdictions[3]	**(2.5)**	0.3
Impact of trade and minimum corporate taxes	**0.2**	0.3
Effect of changes in statutory tax rates on deferred tax assets and liabilities	**(0.2)**	0.3
Other tax risk provision movements[4]	**0.4**	(3.4)
Tax expense for the year	**7.7**	24.9

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1Â Those costs in various jurisdictions that are not deductible in calculating taxable profits.

2Â 2024 and 2023 adjustments in current and deferred tax in respect of previous years relate mainly to changes in assumptions and outcomes in UK and overseas tax positions.

3Â The Group is externally financed by a mix of cash flows from operations and short-term borrowings. Internally, operating subsidiaries are predominantly financed via intercompany loans. The effect is net of provisions including a credit relating to a provision release of Â£2.5m (2023: Â£nil)Â based on managementâ€™s estimation of the tax risk relating to the potential disallowance of interest.

4.Â Includes provisions for local tax risks and cross-border transactions.Â 2024 includes a credit of Â£2.2m (2023: Â£4.3m) for the release of provisions for tax risks which are no longer within an audit period.

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Tax on retirement benefit obligations taken directly to equity was a charge of Â£0.1m (2023: credit of Â£0.1m).

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As part of the calculation of the tax charge, the Group recognises a number of tax risk provisions in respect of ongoing tax enquiries and in recognition of the multinational tax environment in which Bodycote operates where the nature of the tax positions that are taken is often complex and subject to change. Included within current tax liabilities of Â£32.2m (2023: Â£46.0m) on the consolidated balance sheet as at 31 December 2024 are tax provisions totalling Â£24.9m (2023: Â£26.4m), Â£4.2m (2023: Â£4.2m) of which are out of the period of tax audit within 2025. The provisions are based on an assessment of a range of possible outcomes to determine reasonable estimates of the consequences of tax authority audits in the various tax jurisdictions in which the Group operates. The material provisions relate to the financing of the Groupâ€™s operations where managementâ€™s judgement is exercised to determine the quantum of the tax risk provisions based on an understanding of the appropriate local tax legislation, taking into consideration the differences of interpretation that can arise on a wide variety of issues including the nature of ongoing tax audits and the experience from earlier enquiries, and determining whether any possible liability is probable. The Groupâ€™s individual provisions by country vary in quantum from Â£1.9m to Â£8.8m.

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5. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

Â	**2024**	2023
Â	**Â£m**	Â£m
Earnings	**Â**	**Â**
Earnings for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	**20.0**	85.6

Â

Â	**Number**	Number
Number of shares	**Â**	**Â**

Weighted average number of ordinary shares for the purpose of basic earnings per share	**186,012,493**	189,877,099
Effect of dilutive potential ordinary shares:	**Â**	**Â**
Shares subject to performance conditions	**418,728**	661,721
Shares subject to vesting conditions	**448,614**	344,050
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**186,879,835**	190,882,870

Â

Â	**Pence**	Pence
Earnings per share:	Â	Â
Basic	**10.8**	45.1
Diluted	**10.7**	44.8

Â

Â	**2024**	2023
Â	**Â£m**	Â£m
Adjusted earnings	Â	Â
Net profit attributable to equity holders of the parent	**20.0**	85.6
Add back:	**Â**	**Â**
Amortisation of acquired intangible assets (net of tax)	**8.3**	6.1
Acquisition costs (net of tax)	**1.8**	0.2
Exceptional items (net of tax)	**60.3**	-
Adjusted earnings	**90.4**	91.9

Â

Â	**Pence**	Pence
Adjusted earnings per share:	**Â**	**Â**
Basic	**48.6**	48.4
Diluted	**48.4**	48.1

Â

As at 31 December 2024, the performance conditions for a number of open plans have been met resulting in a 0.1p dilution of earnings per share (2023: 0.3p) and 0.2p dilution of adjusted earnings per share (2023: 0.3p).

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6. Goodwill

Â	Â	Â	**2024**	2023
Â	Â	Â	**Â£m**	Â£m
Cost	**Â**	Â	Â	Â
At 1 January	Â	Â	**282.3**	288.9
Exchange differences	Â	Â	**(0.2)**	(6.6)
Recognised on acquisition of businesses	Â	Â	**3.8**	-
Total cost	Â	Â	**285.9**	282.3
Accumulated impairment	Â	Â	Â	Â
At 1 January	Â	Â	**60.8**	61.1
Impairment	Â	Â	**18.0**	-
Exchange differences	Â	Â	**0.1**	(0.3)
Total accumulated impairment	Â	Â	**78.9**	60.8
Carrying amount	Â	Â	**207.0**	221.5

Â

Goodwill acquired through a business combination is allocated to the cash generating units (CGUs) that are expected to benefit from the synergies of the combination. Goodwill is tested for impairment at least annually or more frequently if there are indications that its carrying value may not be recoverable. To test the goodwill for impairment, the carrying value of the CGUs containing goodwill are compared to their recoverable amounts, calculated as the higher of their fair value less costs to dispose and value-in-use.Â

Â

The Group has determined its CGUs based on geography, customer groupings, and processes. The CGUs reflect the lowest level at which the Groupâ€™s operations generate cash inflows that are largely separate to each other. They are also the lowest level at which the Group has monitored goodwill during the year. The Group continues to review its CGUs in the light of the changes to the Groupâ€™s strategy, operational structure and internal reporting that were introduced during the second half of 2024. To the extent that these future changes affect how CGUs are identified in the Group, they will be reflected in future years. Consistent with the change to the Groupâ€™s reporting structure in 2024, the Groupâ€™s North America Surface Technology (NA ST) business that previously formed part of the North America Aerospace, Defence and Energy (NA ADE) CGU has been separated out and now forms a separate CGU. All other CGUs are consistent with the prior year.

Â

In assessing value-in-use, estimated post-tax future cash flows for each CGU are discounted to their present value using a post-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the CGU, including country risk premium.

Â

Fair value less costs to dispose is determined in a similar manner but takes into account the benefits of actions that a rational buyer would take during the forecast period. Those actions include those that form part of the Groupâ€™s strategic optimisation programme that the business had not announced to the affected plants as at 31 December 2024 as well as other capital expenditure and growth initiatives that are planned. Such actions are not permitted to be reflected in the value in use calculations as at 31 December 2024. Because the majority of the inputs into the fair value calculations are not observable, they are categorised as level 3 in the fair value hierarchy.

Â

In 2024, the recoverable amounts of all of the Groupâ€™s CGUs were determined using value in use with the exception of the North American Automotive and General Industrial CGU (NA AGI) and NA ST for which the recoverable amount has been determined using fair value less costs to dispose. The fair value less costs to dispose of NA AGI and NA ST are in excess of their value in use since most of the benefits referred to above had not been announced prior to the year end.

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The cash flows of each CGU have been based on the 2025 budget, and the five-year financial plan up to and including 2029, both of which have been approved by the Board. A long-term growth rate has been applied into perpetuity from 2030 onwards.

Â

The key assumptions applied in determining the recoverable amount of each CGU were as follows:

Â

Revenue: Revenue for 2025â€“2029 was projected based on managementâ€™s growth expectations of the underlying market sectors served by each CGU. These were benchmarked against external projections for each market. Pricing expectations were based on recent experience in the market and forecast inflation expectations.

Operational margin: Operational margin represents the CGUâ€™s operating profit as a percentage of revenue.Â The margin levels assumed reflect

managementâ€™s expectations of future business performance and are informed by past performance.
Capital expenditure: The future cash flows include estimates of capital expenditure required to maintain the existing asset base of each CGU and are based on historical experience. In determining the estimates of capital expenditure, management has assumed that capital expenditure will at least equal depreciation in the long term.
Long-term growth rate: Long-term growth rates have been applied into perpetuity based on the long-term average GDP growth projections of the geographies relevant to each CGU. Growth rates are in the range of 2.0% to 2.2% (2023: 2.0% to 2.2%).
Discount rate: The discount rates have been derived from a weighted average cost of capital, adjusted for the geographies in which each CGU operates. The post-tax discount rates range from 9.4% to 10.1% (2023: 9.6% to 10.4%). The pre-tax discount rates are the rates which, when applied to the pre-tax cash flows, result in the same NPV as calculated by the post-tax discount rate applied to the post-tax cash flows. The pre-tax discount rates range from 11.6% to 12.7% (2023: 11.9% to 13.0%).
Â
Goodwill is allocated to the Groupâ€™s operating segments as set out below:

Â			Â	Â	2024	2023
	Â	Â		Â	**Â£m**	Â£m
Specialist Technologies		Â		Â	**47.2**	66.3
Precision Heat Treatment		Â		Â	**159.8**	155.2
Â		Â		Â	**207.0**	221.5

Â
No goodwill was allocated to the Groupâ€™s non-core segment on the basis that the value of that segment was minimal compared to the Groupâ€™s core segments.
Â
A summary of the goodwill allocated to each of the Groupâ€™s CGUs with goodwill in excess of 10% of the Groupâ€™s total goodwill, along with the long term growth rates and discount rates used to determine their recoverable amount, is set out below:

Â		**Goodwill carrying value**	**Long term growth rate**	**Post-tax discount rate**	**Pre-tax discount rate**
	Â	**2024**	**2024**	**2024**	**2024**
Cash generating units		**Â£m**	**%**	**%**	**%**
Specialist technology:		**Â**	**Â**	**Â**	**Â**
North American Surface Technology		**28.5**	**2.2**	**9.4**	**11.7**
European Surface Technology		**12.6**	**2.0**	**9.6**	**12.2**
Other smaller Specialist Technology CGUs		**6.1**	**2.0-2.2**	**9.4-9.6**	**11.8-12.3**
Precision Heat Treatment:		**Â**	**Â**	**Â**	**Â**
North America Aerospace, Defence and Energy		**69.7**	**2.2**	**9.4**	**11.7**
North America Automotive and General Industrial		**39.4**	**2.2**	**9.4**	**11.6**
European Automotive and General Industrial		**26.9**	**2.0**	**9.6**	**12.3**
Other smaller Precision Heat Treatment CGUs		**23.8**	**2.0-2.2**	**9.6-10.1**	**12.3-12.7**

Â
With the exception of NA AGI, recoverable amount was higher than book value for all CGUs. Accordingly, the Directors have concluded that no impairment charge is required as at 31 December 2024, except as described below with respect to NA AGI.
Â
Expected future cash flows are inherently uncertain and could change materially over time. They are affected by several factors, including market and production estimates, together with economic factors such as prices, discount rates, currency exchange rates, operational costs, and future capital expenditure.
Â
The Group has conducted sensitivity analysis by considering reasonably possible changes to the key assumptions applied in the recoverable amount calculations for each CGU. The sensitivity analysis considered downside scenarios including an increase in discount rates, a reduction in sales growth throughout the forecast period, and a persistent reduction in operating margin. In respect of NA ST, the sensitivity analysis indicated that in the unlikely event that operating margins in the forecast period fell to a level equivalent to that achieved in 2023 (which is below that achieved in 2024), an immaterial impairment of goodwill could arise. With the exception of NA AGI and NA ST, no reasonably possible downside reductions to any of the assumptions resulted in an impairment for any of the Groupâ€™s CGUs.
Â
During the year, the Group recognised an impairment of Â£18.0m in respect of NA AGI. The impairment arose following a prolonged and extended period of challenging trading conditions in the North American Industrial markets that continued through 2024 and is expected to persist. As a result the CGU is no longer able to support its elevated level of goodwill arising from historic acquisitions. In response to the downturn, management has taken a number of actions, including those announced as part of the strategic optimisation programme, to improve the CGUâ€™s profitability. However, even after considering the actions taken and the further actions that the Group intends to implement, its recoverable amount has fallen below its carrying value.Â
Â
Further impairments of NA AGI may arise in subsequent years if the CGU does not perform in line with its forecasts. Management have modelled downside scenarios to illustrate the effect of a reasonably possible downside variation in each of the key assumptions. A summary of the potential effects of these reasonably possible downside scenarios is set out below:

Â Â		**Â**	**Value assigned to assumption**	**Sensitivity**	**Additional impairment**
	Â	**Â**	**2024**	**2024**	**2024**
Key assumptionÂ		**Â**	**%**	**bps change**	**Â£m**
Post-tax discount rate		**Â**	**9.4**	**100**	**19.0**
Terminal growth rate		**Â**	**2.1**	**(50)**	**5.9**

Â
The forecasts include assumptions about revenue and profit growth, both from ongoing activities and the effects of initiatives that the Group has implemented as part of its optimisation programme which, by 2029, result in a cumulative increase in the level of adjusted operating profit before non-cash depreciation of 62% over 2024. If this profit growth was reduced by 10% over the five year period then the impairment would be increased by Â£6.5m. The forecasts also include capital expenditure of circa Â£63m over the course of the 5 year forecast period. A 10% increase in capital expenditure in the forecast period would result in an increase to the impairment of Â£4.7m.
Â
The sensitivities modelled are intended to reflect an unlikely but reasonably possible downturn in key assumptions that persists in the long term. None of the potential additional impairments reflect mitigating actions that management would take in the event that such a situation developed.
Â
In determining the sensitivities to apply, consideration was given to the impact that climate change risks and opportunities may have on the Groupâ€™s businesses. Specific scenarios relating to the potential risks of climate change, as set out in the TCFD section of the Annual Report, were considered to

determine if these should be included in the modelling performed and it was determined that none of these scenarios would have a material impact on the outcome. Furthermore, the impact of the above sensitivities was deemed sufficiently severe to cover a range of potential risks, some of which could relate to these potential climate change risks.
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7. Provisions

Â	Restructuring	Environmental	Legal	Total
Â	2024	2024	2024	2024
Â	Â£m	Â£m	Â£m	Â£m
At 1 January 2024	**0.5**	**9.2**	**5.3**	**15.0**
Additions	**9.0**	**1.4**	**1.7**	**12.1**
Released	**-**	**(0.1)**	**(0.9)**	**(1.0)**
Utilisation	**(1.1)**	**(6.5)**	**(3.9)**	**(11.5)**
Exchange difference	**-**	**(0.1)**	**(0.1)**	**(0.2)**
At 31 December 2024	**8.4**	**3.9**	**2.1**	**14.4**
Included in current liabilities	Â	Â	Â	**11.9**
Included in non-current liabilities	Â	Â	Â	**2.5**
Â	Â	Â	Â	**14.4**

Â
During 2024, the Group undertook a strategic review as a result of which it announced its intention to undertake a number of optimisation actions to drive step changes and improvements across the business, primarily centered on sites utilising older, more commoditised technologies with higher carbon footprints. Refer to the strategic review of the 2024 Annual report and note 3 of these condensed consolidated financial statements for further information.
Â

Restructuring
Included in restructuring provision additions in the year are Â£8.5m (2023: Â£nil) which have been charged to exceptional items in the consolidated income statement in respect of provisions made as a result of the strategic optimisation programme. These changes related to redundancy and severance of employees at affected sites at which announcements of closure have been made, along with site closure costs and consequential reductions in management overheads announced in the year. The majority of cash outflows in respect of these provisions are expected to occur within 2 years.
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Environmental Provisions
The Group provides for the costs of environmental remediation if there is a probable outflow of economic resources that has been identified at the time of plant closure, as part of acquisition due diligence or in other circumstances where remediation by the Group is required. This provision is reviewed annually to determine the best estimate of expenditure required to settle the identified obligations and where applicable, external confirmations are obtained to determine the best estimate of future liabilities. During the year, environmental provisions of Â£1.0m were created as part of the Groupâ€™s strategic optimisation programme (see note 3 of these condensed consolidated financial statements for details).
Â
The Group remains exposed to contingent liabilities in respect of environmental remediation liabilities. In particular, the Group could be subjected to regulatory or legislative requirements to remediate sites in the future. However, it is not possible at this time to determine whether, and to what extent, any liabilities exist, other than for those recognised above. Therefore no provision is recognised in relation to these items.
Â

Legal and operational provisions
Legal provisions include, but are not limited to, alleged breach of contract and alleged breach of environmental legislation. While the Group cannot predict the outcome of individual legal actions, where the exposure can be reliably measured and an outflow of economic benefits is considered probable, provisions are recognised following legal advice.Â There were no individually material provisions as at 31 December 2024.
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8. Share capital

Â	Ordinary Shares		Share Capital[1]	
Â	**2024**	2023	**2024**	2023
Â	**NumberÂ**	NumberÂ	**Â£m**	Â£m
At 1 January	**191,456,172**	191,456,172	**33.1**	33.1
Share buyback programmes	**(8,558,676)**	-	**(1.5)**	-
Total	**182,897,496**	191,456,172	**31.6**	33.1

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1Â Nominal value of shares held is $17^{3}/_{11}$p each.
Â
In the year the Group announced share buyback programmes totaling Â£90.0m. The first programme commenced on 15 March 2024 and the second, announced on 12 December 2024, commenced on 15 January 2025 and is due to complete by no later than the 14 July 2025.
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As at 31 December 2024, a total of 8,558,676 shares have been repurchased for a total price, including transactional costs, of Â£60.4m, of which Â£57.7m was paid in cash in the year. The nominal value of the shares purchased is Â£1.5m, which was transferred to the capital redemption reserve and the difference between the nominal value and the purchase price was recorded within retained earnings.
Â
As at 31 December 2024 a liability of Â£32.7m, plus Â£0.2m transactional costs, remained for shares contracted to be repurchased but for which the repurchases were still outstanding.
Â

9. Dividends

Â	**2024**	2023	**2024**	2023
Â	**Per share**	Per share	**Â£m**	Â£m
Interim dividend for the year ended 31 December	**6.9**	6.7	**12.7**	12.7
Proposed final /Final dividend for the year ended 31 December	**16.1**	16.0	**29.2**	30.1
Total dividend	**23.0**	22.7	**41.9**	42.8

Â
The 2023 final dividend of 16.0p per share was paid on 6 June 2024. The 2024 interim dividend of 6.9p per share was paid on 7 November 2024. The proposed final dividend for 2024 of 16.1p to be paid on 5 June 2025 to shareholders on the register at close of business on 25 April 2025, is subject to approval at the AGM on 21 May 2025 and therefore is not included as a liability in these condensed consolidated financial statements.
Â
For the year ended 31 December 2024 unclaimed dividends which are fortified after a period of 6 years from the date for payment and reverted back to the Group amounted to Â£nil (2023: Â£0.6m).

Â

10. Acquisition of business

Acquisition of Lake City Heat Treating LLC
On 19 January 2024 the Group acquired 100% of the ordinary share capital of Lake City Heat Treating (â€˜Lake Cityâ€™) in North America for a total gross consideration of Â£52.2m (66.5m) on a cash and debt free basis which was settled through the Groupâ€™s existing cash and borrowing facilities.
Â
Lake City is a leading hot isostatic pressing (HIP) and vacuum heat treatment business primarily supplying the orthopedic medical implant market as well as civil aerospace. The acquisition was made to strengthen the Groupâ€™s network and service offering in the medical market, complementing the Specialist Technologies divisions strategy in North America. The business has been integrated into the Groupâ€™s Specialist Technology division.
Â
The transaction has been accounted for as a business combination under IFRS 3. The assets and liabilities recognised as a result of the acquisition are as follows:

Â Â	2024 Â£m
Fair value of net assets acquired:	Â
Goodwill	**3.8**
Other intangible assets	**39.9**
Property, plant and equipment	**7.7**
Trade and other receivables	**1.2**
Trade and other payables	**(0.4)**
Fair value of net assets acquired	**52.2**
Total consideration transferred	**52.2**
Net cash outflow arising on acquisition:	**Â**
Cash consideration	**52.2**

Â
The goodwill arising on the acquisition is expected to be deductible for tax purposes and is attributable to the assembled workforce and anticipated synergies that can be achieved in the business. Intangible assets recognised on acquisition relate to customer relationships of Â£39.4m, non-compete agreements of Â£0.3m and trade names of Â£0.2m and will be amortised in line with the Group accounting policies which can be found in the 2024 Annual report.
Â
Related acquisition costs totaling Â£2.7m were included in the consolidated cash flow statement within net cash from operating activities of Â£2.4m in 2024 and Â£0.3m in 2023. The gross contractual value of the trade and other receivables was Â£1.2m and the best estimate at the acquisition date of the contractual cash flows not expected to be collected was Â£nil. Net deferred tax recognised on the acquisition is Â£nil.
Â
The business has contributed Â£9.5m to revenue and Â£3.5m to operating profit for the period between the date of acquisition and 31 December 2024. There would be no significant difference if the acquisition had been completed on the first day of the financial year due to the proximity of the acquisition date to the start of the year.
Â

11. Notes to the cash flow statement

Â **Â**	**2024** **Â£m**	2023 Â£m
Profit for the year	**20.7**	86.8
Adjustments for:	**Â**	**Â**
Finance income	**(0.8)**	(0.8)
Finance charges	**10.3**	8.3
Taxation charge	**7.7**	24.9
Operating profit	**37.9**	119.2
Adjustments for:	**Â**	**Â**
Depreciation of property, plant and equipment	**59.7**	59.4
Depreciation of right-of-use assets	**13.6**	12.9
Amortisation of other intangible assets	**12.4**	9.8
Profit on disposal of property, plant and equipment	**(5.5)**	(3.4)
Loss on disposal of property, plant and equipment recognised in exceptional items	**0.1**	-
Profit on disposal of right-of-use assets	**(0.2)**	(0.2)
Disposal of business	**2.6**	-
Impairment of goodwill - recognised in exceptional items	**18.0**	-
Impairment of acquired intangibles - recognised in exceptional items	**0.8**	-
Impairment of fixed assets - recognised in exceptional items	**46.4**	-
Impairment of property, plant and equipment and other assets recognised in operating profit	**0.1**	0.9
EBITDA	**185.9**	198.6
Share-based payments	**0.6**	5.1
Decrease/(increase) in inventories	**1.3**	(1.7)
Decrease in receivables	**7.2**	6.2
Decrease in payables	**(7.6)**	(1.0)
Decrease in provisions	**(0.6)**	(3.1)
Cash generated by operations	**186.8**	204.1
Net income taxes paid	**(32.1)**	(9.0)
Settlement of derivatives	**-**	(0.3)
Net exchange differences	**(2.1)**	(3.2)
Net cash from operating activities	**152.6**	191.6

Â

Â Â	**2024** **Â£m**	2023 Â£m
Cash and cash equivalents comprise:	Â	Â
Cash and bank balances	**19.1**	45.2
Bank overdrafts (included in borrowings)	**(3.1)**	(0.5)
Â	**16.0**	44.7

Â
Cash and cash equivalents include Â£1.1m (2023: Â£1.3m) held in the USA relating to the refund of a pension surplus which the Group intends to use to

fund future pension contributions for its USA employees to avoid the full amount becoming subject to regulatory restrictions in the USA. Restricted cash of Â£0.8m that was held in escrow as at 31 December 2023 related to environmental provisions has been used to settle the related liability in the year.

Alternative performance measures (APMs) â€“ unaudited

The Groupâ€™s Financial Statements are prepared using the basis of preparation and accounting policies described in the 2024 Annual report. To provide additional information and analysis and to enable a full understanding of the Groupâ€™s results, management also makes use of a number of APMs in its internal management of the business and as part of its internal and external reporting. These APMs are prepared and presented as described below:

Â

Revenue excluding surcharges presents the revenue of the Group as it would be excluding the effect of energy surcharges that were introduced in 2022 to pass on increased fuel and energy costs to customers.

Â

Adjusted results (including adjusted operating profit; adjusted profit before tax; adjusted EBITDA; and adjusted tax charge) are defined as being the respective GAAP measure excluding the effect of exceptional items, acquisition costs and amortisation of acquired intangibles. These measures form the basis of the Groupâ€™s internal reporting and are presented to give greater insight into the ongoing trading performance of the Group excluding the effects of acquisitions and one-off items.

Â

Constant currency results (including constant currency revenue and constant currency adjusted operating profit) present the 2024 results translated into GBP using the same exchange rates as were used in 2023.Â Constant currency results are intended to provide further insight into the trading performance of the business excluding the effects of foreign exchange movements that are beyond its control.

Â

Organic results (including organic revenue and organic adjusted operating profit) present the results of the business stated at constant currency excluding the results of any businesses acquired or disposed of in either the current or prior year. Organic results are provided to give greater insight into the trading performance of the Group excluding the effects of changes to the Group. In 2024, the only business excluded from the organic results is Lake City which was acquired in January 2024. No businesses have been excluded from 2023.

Â

EBITDA (Earnings before interest, taxation, depreciation and amortisation) is used by management to provide further information about the ability of its businesses to generate cash before working capital and other movements. EBITDA is stated before profits and losses on disposal of assets and impairment charges in respect of assets. A similar measure is used for the Groupâ€™s covenant calculation. A reconciliation of EBITDA to operating profit and cash generated by activities is included in note 11 of these condensed consolidated financial statements.Â

Â

Core measures reflect the results of the Groupâ€™s two segments based on its technology based platforms. Those segments include the parts of the business that are expected to continue to exist once the Groupâ€™s strategic optimisation programme is complete and so give an indication of performance of the ongoing part of the Group.

Â

Net Debt is defined as the Groupâ€™s borrowings (including finance lease liabilities) net of the Groupâ€™s cash and overdrafts balance. It is used to provide an overall picture of the net indebtedness of the Group.

Â

Free cash flow is defined as the movement in the Groupâ€™s net debt excluding payments made to the Groupâ€™s shareholders in respect of dividends and share purchases, spend in relation to acquisitions of businesses and movements in net debt due to lease liability additions and disposals. It is presented to give an indication of the businessesâ€™ ability to generate cash to support acquisitive growth and return to shareholders.Â Â

Â

Adjusted operating cashflow is defined as free cash flow adjusted to exclude the effects of payments in respect of exceptional items (typically restructuring payments), finance costs and net tax. Adjusted operating cashflow forms part of the basis of the Groupâ€™s internal reporting and is presented to give greater insight into the ongoing cash generation of the Group before financing costs and excluding the effects of acquisitions and one-off items. The definition of adjusted operating cashflow is consistent with the definition of the equivalent adjusted profit measures.

Â

Return on capital employed is defined as adjusted operating profit divided by capital employed, which is defined as the average opening and closing net assets adjusted for net (debt)/cash. Return on capital employed provides a measure of how well the business has deployed capital to generate profit.

Â

During the year the Group has renamed a number of its APMs from headline to adjusted with no change to their definition other than where explained.

Â

A reconciliation of each of the APMs to its nearest GAAP measure is set out below. Whilst broadly consistent with the treatment adopted by both the Groupâ€™s business sector peers and by other businesses outside of the Groupâ€™s business sector, these APMs are not necessarily directly comparable with those used by other companies.

Â

Revenue excluding surcharges

Â	Â	**2024**				
Â	Â	**Specialist Technologies**	**Precision Heat Treatment**	**Total core**	**Non-core**	**Consolidated**
Â	Â	**Â£m**	**Â£m**	**Â£m**	**Â£m**	**Â£m**
Total revenue	Â	**224.2**	**488.3**	**712.5**	**44.6**	**757.1**
Less energy surcharges	Â	**(4.0)**	**(28.9)**	**(32.9)**	**(2.7)**	**(35.6)**
Total revenue excluding surcharges		**220.2**	**459.4**	**679.6**	**41.9**	**721.5**

Â

Â	Â	2023				
Â	Â	**Specialist Technologies**	**Precision Heat Treatment**	**Total core**	**Non-core**	**Consolidated**
Â	Â	**Â£m**	**Â£m**	**Â£m**	**Â£m**	**Â£m**
Total revenue	Â	212.4	534.9	747.3	55.2	802.5
Less energy surcharges	Â	(7.4)	(54.4)	(61.8)	(5.0)	(66.8)
Total revenue excluding surcharges		205.0	480.5	685.5	50.2	735.7

Â

Adjusted operating profit

Adjusted operating profit is reconciled to Operating Profit in note 1 of these condensed consolidated financial statements.

Â

Adjusted operating margin

Â

Â	2024					
Â **Â**	**Specialist Technologies** **Â£m**	**Precision Heat Treatment** **Â£m**	**Central cost and eliminations** **Â£m**	**Total core** **Â£m**	**Non-core** **Â£m**	**Consolidated** **Â£m**
Adjusted Operating Profit	**65.0**	**83.0**	**(20.4)**	**127.6**	**1.4**	**129.0**
Revenue	**224.2**	**488.3**	**-**	**712.5**	**44.6**	**757.1**
Adjusted operating margin (%)	**29.0%**	**17.0%**	**n/a**	**17.9%**	**3.1%**	**17.0%**

Â

Â	2023					
Â Â	Specialist Technologies Â£m	Precision Heat Treatment Â£m	Central cost and eliminations Â£m	Total core Â£m	Non-core Â£m	Consolidated Â£m
Adjusted Operating Profit	55.2	94.4	(24.8)	124.8	2.8	127.6
Revenue	212.4	534.9	-	747.3	55.2	802.5
Adjusted operating margin (%)	26.0%	17.6%	n/a	16.7%	5.1%	15.9%

Â

Adjusted profit before taxation

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	Â	Â	**Â£m**	Â£m
Profit before taxation	Â	Â	Â	Â	**28.4**	111.7
Add back:	Â	Â	Â	Â	**Â**	**Â**
Â Â Amortisation of acquired intangibles		Â	Â	Â	**10.4**	8.1
Â Â Acquisition costs	Â	Â	Â	Â	**2.4**	0.3
Â Â Exceptional items	Â	Â	Â	Â	**78.3**	-
Adjusted profit before taxation		Â	Â	Â	**119.5**	120.1

Â

Revenue, organic revenue and adjusted operating profit at constant currency

Reconciled to revenue and adjusted operating profit in the table below:

Â	2024					
Â **Â**	**Specialist Technologies** **Â£m**	**Precision Heat Treatment** **Â£m**	**Central cost and eliminations** **Â£m**	**Total core** **Â£m**	**Non-core** **Â£m**	**Consolidated** **Â£m**
Revenue	**224.2**	**488.3**	**-**	**712.5**	**44.6**	**757.1**
Constant exchange rates adjustment	**5.0**	**18.1**	**-**	**23.1**	**1.2**	**24.3**
Revenue at constant currency	**229.2**	**506.4**	**-**	**735.6**	**45.8**	**781.4**
Less adjustments for revenue from acquisitions completed in the current or prior year	**(9.8)**	**-**	**-**	**(9.8)**	**-**	**(9.8)**
Organic revenue at constant currency	**219.4**	**506.4**	**-**	**725.8**	**45.8**	**771.6**
Adjusted operating profit	**65.0**	**83.0**	**(20.4)**	**127.6**	**1.4**	**129.0**
Constant exchange rates adjustment	**1.4**	**3.5**	**-**	**4.9**	**-**	**4.9**
Adjusted operating profit at constant currency	**66.4**	**86.5**	**(20.4)**	**132.5**	**1.4**	**133.9**
Less adjustments for operating profit from acquisitions completed in the current or prior year	**(4.1)**	**-**	**-**	**(4.1)**	**-**	**(4.1)**
Organic adjusted operating profit at constant currency	**62.3**	**86.5**	**(20.4)**	**128.4**	**1.4**	**129.8**

Â

Adjusted EBITDA (earnings before interest, taxation, depreciation and amortisation)

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	Â	Â	**Â£m**	Â£m
EBITDA	Â	Â	**Â**	**Â**	**185.9**	198.6
Acquisition costs	Â	Â	Â	Â	**2.4**	0.3
Exceptional items, excluding impairments and disposal of business				**Â**	**10.4**	-
Adjusted EBITDA	Â	Â	**Â**	**Â**	**198.7**	198.9
Adjusted EBITDA Margin	Â	Â	**Â**	**Â**	**26.2%**	24.8%

Â

Adjusted operating cash flow[1]

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	Â	Â	**Â£m**	Â£m
Adjusted EBITDA	Â	Â	Â	Â	**198.7**	198.9
Less:	Â	Â	Â	Â	**Â**	**Â**
Â Â Net capital expenditure	Â	Â	Â	Â	**(60.5)**	(72.0)
Â Â Principal elements of lease payments		Â	Â	Â	**(13.5)**	(13.0)
Â Â Provisions movement	Â	Â	Â	Â	**(7.3)**	(0.9)
Â Â Working capital movement	Â	Â	Â	Â	**(1.9)**	(0.8)

Adjusted operating cash flow		Â	Â	Â	**115.5**	112.2
Add back:	Â	Â	Â	Â	**Â**	**Â**
Â Â Maintenance principal elements of lease payments			Â	Â	**12.4**	10.1
Â Â Expansionary capital expenditure including ROU additions/disposals				Â	**20.4**	27.8
Â Â Lease additions and disposals relating to maintenance capital expenditure				Â	**(13.2)**	(10.6)
Adjusted operating cash flow as previously stated[1]			Â	Â	**135.1**	139.5

Â

1Â In 2024 the definition of adjusted operating cash flow and free cash flow has been updated to include expansionary capital expenditure, which was previously recorded outside of both adjusted operating cash flow and free cash flow. In addition, they have also both been restated to include the principal element of lease payments and exclude non-cash movements in net debt arising from lease liability asset additions and disposals. The restatement results in a net reduction of Â£19.6m (31 December 2023: Â£27.3m) in adjusted operating cash flow and free cash flow and the prior period comparatives have been changed to reflect this. The Group considers that the revised definition more appropriately reflects the cash flows of the business.

Free cash flow[1]

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	Â	Â	**Â£m**	Â£m
Adjusted operating cash flow	Â	Â	Â	Â	**115.5**	112.2
Less:	Â	Â	Â	Â	**Â**	**Â**
Â Â Restructuring cash flows	Â	Â	Â	Â	**(3.9)**	(1.6)
Â Â Net income taxes paid	Â	Â	Â	Â	**(32.1)**	(9.0)
Â Â Net Interest paid	Â	Â	Â	Â	**(8.9)**	(6.4)
Free cash flow	Â	Â	Â	Â	**70.6**	95.2
Add back:	Â	Â	Â	Â	**Â**	**Â**
Â Â Maintenance principal elements of lease payments			Â	Â	**12.4**	10.1
Â Â Expansionary capital expenditure including ROU additions/disposals				Â	**20.4**	27.8
Â Â Lease additions and disposals relating to maintenance capital expenditure				Â	**(13.2)**	(10.6)
Free cash flow as previously stated[1]		Â	Â	Â	**90.2**	122.5

Â

1Â In 2024 the definition of adjusted operating cash flow and free cash flow has been updated to include expansionary capital expenditure, which was previously recorded outside of both adjusted operating cash flow and free cash flow. In addition, they have also both been restated to include the principal element of lease payments and exclude non-cash movements in net debt arising from lease liability asset additions and disposals. The restatement results in a net reduction of Â£19.6m (31 December 2023: Â£27.3m) in adjusted operating cash flow and free cash flow and the prior period comparatives have been changed to reflect this. The Group considers that the revised definition more appropriately reflects the cash flows of the business.

Â

Adjusted operating cash conversion

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	Â	Â	**Â£m**	Â£m
Adjusted operating cash flow	Â	Â	Â	Â	**115.5**	112.2
Adjusted operating profit	Â	Â	Â	Â	**129.0**	127.6
Adjusted operating cash conversion		Â	Â	Â	**89.5%**	87.9%

Â

Free cash flow conversion

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	Â	Â	**Â£m**	Â£m
Free cash flow	Â	Â	Â	Â	**70.6**	95.2
Adjusted operating profit	Â	Â	Â	Â	**129.0**	127.6
Free cash flow conversion	Â	Â	Â	Â	**54.7%**	74.6%

Â

Adjusted tax charge

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	**Â**	**Â**	**Â£m**	Â£m
Tax charge	Â	Â	Â	Â	**7.7**	24.9
Tax on amortisation of acquired intangibles		Â	Â	Â	**2.1**	2.0
Tax on acquisition costs	Â	Â	Â	Â	**0.6**	0.1
Tax on exceptional items	Â	Â	Â	Â	**18.0**	-
Adjusted tax charge	Â	Â	**Â**	**Â**	**28.4**	27.0

Â

Adjusted tax rate

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	Â	Â	**Â£m**	Â£m
Adjusted tax charge	Â	Â	Â	Â	**28.4**	27.0
Adjusted profit before taxation	Â	Â	Â	Â	**119.5**	120.1
Adjusted tax rate	Â	Â	Â	Â	**23.8%**	22.5%

Â

Adjusted earnings and adjusted earnings per share

A detailed reconciliation is provided in note 5 of these condensed consolidated financial statements.

Net (debt)/cash excluding lease liabilities and net debt

Â	Â	Â	Â	Â	**2024**	2023
Â	Â	Â	Â	Â	**Â£m**	Â£m
Cash and bank balances	Â	Â	Â	Â	**19.1**	45.2
Bank overdrafts (included in borrowings)		Â	Â	Â	**(3.1)**	(0.5)
Bank loans (included in borrowings)		Â	Â	Â	**(84.3)**	(32.1)
Net (debt)/cash excluding lease liabilities		Â	Â	Â	**(68.3)**	12.6

Lease liabilities	Â	Â	Â	Â	**(63.5)**	(64.3)
Net debt	Â	Â	Â	Â	**(131.8)**	(51.7)

Â

Return on capital employed (%)

Â	**Year to 31 December 2024**					
Â	**Specialist Technologies**	**Precision Heat Treatment**	**Central cost and eliminations**	**Total core**	**Non-core**	**Consolidated**
Â	**Â£m**	**Â£m**	**Â£m**	**Â£m**	**Â£m**	**Â£m**
Â	**Â**	**Â**	**Â**	**Â**	**Â**	**Â**
Adjusted operating profit	**65.0**	**83.0**	**(20.4)**	**127.6**	**1.4**	**129.0**
Average capital employed[1]	**311.9**	**543.1**	**(57.0)**	**798.0**	**24.9**	**822.9**
Return on capital employed (%)	**20.8%**	**15.3%**	**Â n/a**	**16.0%**	**5.6%**	**15.7%**

Â

Â	Year to 31 December 2023					
Â	Specialist Technologies	Precision Heat Treatment	Central cost and eliminations	Total core	Non-core	Consolidated
Â	Â£m	Â£m	Â£m	Â£m	Â£m	Â£m
Â	Â	Â	Â	Â	Â	Â
Adjusted operating profit	55.2	94.4	(24.8)	124.8	2.8	127.6
Average capital employed[1]	310.5	545.8	(31.6)	824.7	38.1	862.8
Return on capital employed (%)	17.8%	17.3%	Â n/a	15.1%	7.3%	14.8%

Â

1Â Average capital employed is defined as the average opening and closing net assets adjusted for net debt.