

Bodycote Group

12:49 21 Mar 2019

Bodycote weak as Berenberg cuts to 'hold' from 'buy', seeks "better entry point"

Berenberg has cut its rating for Bodycote PLC (LON:BOY) to 'hold' from 'buy' while modestly raising its target price for the mid-cap engineer following recent 2018 results, citing valuation grounds after recent gains.

The German bank increased its target price to 940p from 915p, with the stock currently trading at 869.50p, down 1% on Wednesday's close.

READ: Bodycote declares special dividend as 2018 profit rises 12%
In a note to clients, Berenberg's analysts pointed out that Bodycote has "become a stronger business over the past decade by expanding into higher-value segments and faster-growth regions."

"However," they added, "the heat treatment industry is, by its very nature, cyclical, and while Bodycote has become more insulated from a macroeconomic slowdown, it is not immune."

The analysts pointed out that the firm's 2018 results were strong and they expect further progress in the coming years.

But they think "there is only limited upside to numbers and we have some concerns about a potentially slower economic recovery."

"Hence," the analysts concluded, "with the shares recovering strongly (up 21% ytd, the third-best performer in our industrials coverage) we downgrade our recommendation to Hold in search of a better entry point."

Price: 782p

Market Cap: £1497.19M

1 Year Share Price Graph



Share Information

Code: BOY

Listing: LSE

52 week High Low
1,077.00p 673.00p

Sector: Engineering

Website: www.bodycote.com

Company Synopsis:

Bodycote Group is a leading supplier of specialist testing and thermal processing services – a vital provider of heat treatments, hot isostatic pressing, metallurgical coatings and testing services.

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