

# Bodycote Group

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## Bodycote, Melrose and Rotork tap into industrial mega-trends, says Peel Hunt

Against the currently "foggy" economic backdrop for industrial stocks, broker Peel Hunt has picked out the potential winners in the UK, including Bodycote PLC (LON:BOY), Melrose Industries PLC (LON:MRO) and Rotork PLC (LON:ROR).

While, overall, the broker's analysts cut their forecasts based on the working assumption that the general industrial sector will be flat this year before returning to growth in 2021, they see the UK cohort as "a collection of key enablers for the global OEMs" or "Jacks in the land of giants".

**READ:** Similar but different - Halma and Melrose fly flag for UK industrials  
As such, the analysts have largely ignored the short-term uncertainties and attempted to understand the "impact of the global megatrends", how manufacturers are responding to them and the subsequent backdrop it generates in which the UK collection of "enablers in niche markets" can thrive.

Bodycote (with its target price lifted to 1,020p from 820p), Melrose (up to 300p from 250p), Rotork (up to 400p from 360p) were all 'conviction buys' for Peel Hunt, along with client company Avon Rubber PLC (LON:AVON), where the target was upped to 3,500p from 3,000p.

There were also upgrades for Ultra Electronics PLC (LON:ULE) to 'buy' from 'add' with a target price upped to 2,400p from 1,700p, and Diploma PLC (LON:DPLM) to 'add' from 'hold' with the target hiked to 2,100p from 1,650p.

Castings PLC (LON:CGS) and Synthomer PLC (LON:SYNT) were both downgraded to 'hold' from 'buy' due to subdued end markets.

Peel Hunt also initiated coverage of Gooch & Housego PLC (LON:GHH) at 'buy' with a target price of 1,650p; Croda International PLC (LON:CRDA) and Halma PLC (LON:HLMA) were both kicked off at 'add' with respective targets of 5,500p and 2,350p; Aston Martin Lagonda Global (LON:AML) and Elementis PLC (LON:ELM) were both started at 'hold' with targets at 445p and 140p respectively.

Shares in the sector were on the move as a result on Wednesday morning, with Gooch & Housego up 5%, Diploma up over 2%, Ultra Electronics, Croda and Melrose up 1%, while Synthomer was down 1%.

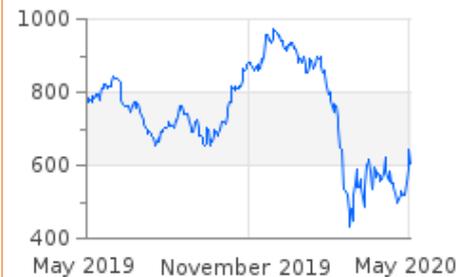
Bodycote was down 2% as Morgan Stanley downgraded recommendation to 'underweight' from 'equal weight' with a price target cut to 770p from 810p.

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**Price:** 605

**Market Cap:** £1.16 billion

### 1 Year Share Price Graph



### Share Information

**Code:** BOY

**Listing:** LSE

**52 week High Low**  
975 378.4

**Sector:** Manufacturing & 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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