

Success Stories: Ideas for Potential Players

MF Manufacturing

Bodycote

Sales / Services

BODYCOTE JAPAN K.K.

Adding value through technical expertise



Bodycote plc. Headquarters

Bodycote plc was founded in Cheshire, England, as a textile company in 1923. In the 1970s, Bodycote fully dominated the textile market in England, and began to evolve into its current form, the world leader in its three strategic business units; thermal processing, hot isostatic pressing, and surface engineering. In thermal processing, steel products are heated and cooled to prevent corrosion, improve shock resistance, and reduce wear. By fiscal 2008 Bodycote reported sales exceeding 500 million GBP, operates more than 190 plants in 28 countries, and employs more than 7,000 workers worldwide.

ENTERING JAPAN

After tremendous success with other Asian subsidiaries in China, India, Singapore, and

Thailand, Bodycote decided to expand on 25 years of experience serving Japanese companies in North America and Europe by establishing a subsidiary in Nagoya, Japan in March of 2008. In order to foster closer relations with its existing customers, and explore latent demand in the Japanese market, Bodycote decided to enter the Japanese market on its own.

Nagoya and its surrounding areas play home to many automotive and aerospace industries requiring metallurgy, and while some of these makers may have their own thermal processing technologies, Bodycote can provide superior services that

allow customers to focus on their own core businesses. Setting up in Nagoya was the first step toward offering these Japanese customers more highly focused and cost effective services.

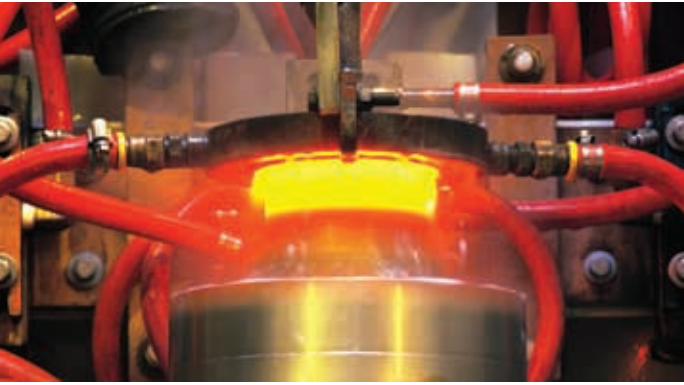
This first step into Japan was facilitated by support from the Japan External Trade Organization (JETRO) and Britain's Overseas Market Introduction Service (OMIS). JETRO'S Invest Japan Business Support Center (IBSC) in Nagoya supplied Bodycote with temporary office space, as well as consulting and other services

2008 Established Bodycote Japan K.K.

2009 Expanded its offering accepted orders for hot isostatic pressing (HIP), Kolsterising®, K-Tech, and Boronizing



Julian Bashore, Representative Director, Bodycote Japan



Bodycote's expert thermal processing

that smoothed the way for Bodycote Japan K.K.'s startup.

CONFRONTING ISSUES

Establishing a base in the world's second-largest thermal processing market is essential to Bodycote's global strategy. Whether large or small, flocks of Japanese companies are brimming with world-renowned technologies and highly skilled engineers. Without facilities of its own in Japan, Bodycote's main strategy for expanding into local automotive and aerospace industries is to acquire existing thermal processing companies and utilize its globally cultivated metallurgical knowhow to work with those existing companies to grow and refine their technologies.

Specifically, Bodycote is looking forward to making its first acquisition by 2010, and working closely with that affiliate to directly market its services. With roughly 400 local competitors, Bodycote Japan plans to differentiate itself by devoting resources to improving capabilities, as well as highlighting the value of its services to the customer and its expertise gained in 25 years of worldwide thermal products experience.

Bodycote has already held a well-covered press conference to celebrate its entrance into the Japanese market, and with JETRO's help, continues to aggressively seek media coverage. "Getting introduced through the mainstream and specialty media has given Bodycote a big push in expanding our business here and proceeding with

acquisition talks," says Julian Bashore, representative director of Bodycote Japan. "We've found that media relations in Japan are more important than elsewhere."

THE OUTLOOK

Outside Japan, roughly half of Bodycote's revenues come from the automotive and aerospace sectors, but in addition to those sectors, Bodycote Japan is pursuing companies in the fields of energy, oil and gas, power, agricultural and construction equipment. Hot isostatic pressing (HIP), for example, can meet the needs of the agricultural and construction equipment industries, while Kolsterising, a heat treatment process used primarily for austenitic stainless steels, is tailored for oil and gas industries.

Through these efforts, Bodycote Japan is eyeing annual sales of US \$50 million by 2018, and amassing a payroll of 500-700 people through the acquisition of 6-8 heat treatment affiliates throughout the country.

Meeting these goals will allow Bodycote Japan to build from its base in Nagoya to become a major provider of heat treatment services to customers throughout Japan.

Japanese Operation

Established :	2008
Capital :	¥10 million
Employees :	3
Business :	Provider of thermal processing services
Location :	Nagoya Lucent Tower, 40F 6-1 Ushijima-cho, Nishi-ku, Nagoya, 451-6040 Japan
URL :	http://www.bodycote.co.jp
Parent company :	Bodycote plc. (UK)