



## Senior plc

### Interim Management Statement for the three months ended 31 March 2009

**Ahead of its Annual General Meeting on Friday 24 April, Senior plc (“Senior” or “the Group”), an international manufacturer of high technology components and systems, for the worldwide aerospace, defence, land vehicle and energy markets, issues this interim management statement for the three-month period ended 31 March 2009 (the “quarter”).**

#### Trading

Trading during the three month period to 31 March 2009 was in line with the Board’s expectations. The Group’s adjusted profit before tax<sup>(1)</sup> for the quarter was £12.8m (Q1 2008: £17.0m / full year 2008: £56.0m) with the impact of significantly lower volumes for land vehicles, regional and business jets being partially mitigated by decisive cost reduction measures and beneficial foreign currency translation movements. The Group’s operating cash flow was slightly stronger than anticipated and net debt was £175.5m at the end of the quarter (31 December 2008: £174.5m).

#### Markets and Operations

Within the Aerospace Division (56% of Group sales in 2008), production of large commercial aircraft (38% of 2008 Aerospace Division sales) has remained healthy with Boeing and Airbus delivering a combined 237 aircraft in the quarter (Q1 2008: 238 aircraft). As anticipated, their order intake was weak with gross orders of 50 aircraft being broadly matched by cancellations during the quarter. Nevertheless, their combined order book of 7,196 aircraft, at the end of March 2009, represents over seven years production at current build rates. The defence markets (23% of 2008 divisional sales) have been strong, with growing sales on unmanned aerial vehicles and the C130 transport aircraft being particularly beneficial. The regional and business jet markets, collectively 25% of divisional sales, have seen steep reductions in build rates, illustrated by the two principal regional jet manufacturers, Embraer and Bombardier, delivering 49 regional jets in the quarter, a fall of 25% from the 65 aircraft delivered in the first quarter of 2008.

The Flexonics Division accounted for 44% of Group sales in 2008, of which approximately half were derived from industrial markets (such as oil and gas, coal fired power generation, renewable energy, nuclear and chemical processing) and half from land vehicle markets (such as passenger cars, commercial trucks and off-highway vehicles). The first quarter of 2009 has seen healthy demand in many of the industrial markets but, as expected, very weak demand in land vehicle markets, where production of new vehicles was typically down by 35% to 55% compared to the first quarter of 2008.

As previously reported, the Group took decisive action last year to mitigate the effects of some weakening markets, particularly for land vehicles. These actions included a plan to reduce the Group’s headcount by 980 employees (17% of the Group’s headcount) during the final quarter of 2008 and the first four months of 2009, at a cost of £2.7m and realising an expected £19.0m cost saving for 2009. This plan was largely achieved by the end of March and, as a result, the operations exposed to the land vehicle markets were collectively cash generative and profitable in the first quarter, despite the severe volume reductions.

The Group experienced a number of new opportunities to quote for work during the quarter, as the challenging markets caused some customers, in both the Aerospace and Flexonics Divisions, to look more closely at the financial status and operational performance of their supply base. Senior’s strong financial position, particularly relative to many of its competitors, combined with the Group’s excellent delivery performance and increased customer focus, leave the Group well placed to win future business from these enquiries.

## Outlook

Airbus has announced a modest reduction in the build rate of their narrow-bodied A320 series aircraft from 36 per month to 34 per month starting in October 2009. Boeing recently stated that its commercial aircraft programmes are all to continue at current build rates until further notice, with the exception of its 777 aircraft, whose production will decline from 7 to 5 per month from June 2010. A number of industry commentators are, however, predicting further declines and Senior is ready to take the appropriate action if required. Positively for Senior, Boeing still expects that its new 787 aircraft will fly for the first time in June 2009 and be delivered to customers starting in Q2 2010. 878 of these aircraft had been ordered by the end of March and Senior has over £0.5m of sales content per plane, which should provide significant sales volume for the Group starting sometime during 2010.

Defence markets are anticipated to remain healthy for Senior in the near term and to grow substantially in the longer term as programmes such as the Joint Strike Fighter come into production. The recent announcement by the US Government of the acceleration in funding for this programme was positive news for Senior. The regional and business jet markets are weak and no recovery in production volumes is anticipated for the foreseeable future. However, the Group has adjusted its cost base and acceptable results are being achieved.

Production of land vehicles has generally been running at a lower level than sales and, as a result, the number of finished vehicles of many models has been declining. This is particularly the case in Europe, where sales of smaller passenger vehicles have risen in recent months as a result of Government initiatives, notably in Germany and France. Production volumes are now stabilising, after many months of decline, and when production volumes do increase, the Group will benefit substantially from its available capacity and lower cost base. This is already proving to be the case for the Group's operation in Brazil. The majority of the Group's industrial businesses have satisfactory order books for the remainder of 2009, although there is the anticipation of a slow down in order-intake for capital-project markets later in the year. A growing proportion of the Group's industrial products relate to emission control, renewable energy and the nuclear markets, all of which offer encouraging opportunities for the future.

Senior has no material re-financing need until 2012 at the earliest, is anticipated to remain strongly cash generative and is operating comfortably within its bank covenants. Whilst the Group's end markets are expected to be challenging for the foreseeable future, this financial position combined with the decisive actions taken by management to reduce the Group's cost base and the content it has on future growth programmes, such as Boeing's 787 and Lockheed's Joint Strike Fighter aircraft, give the Board confidence in the long term future prospects for the Group.

## Other

The results for the six-month period to 30 June 2009 will be announced on Monday 3 August 2009.

Note:

(1) Adjusted profit before tax is that before loss/profit on sale of fixed assets and amortisation of intangible assets arising on acquisitions.

## Further information

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## About Senior

Senior is an international manufacturing group with operations in 11 countries. It is listed on the main market of the London Stock Exchange (symbol SNR).

Senior designs, manufactures and markets high technology components and systems for the principal original equipment producers in the worldwide aerospace, defence, land-vehicle and energy markets. It employs around 5,000 people worldwide. Further information on Senior plc, may be found at: [www.seniorplc.com](http://www.seniorplc.com)

**Cautionary Statement**

This announcement contains certain forward-looking statements. Such statements are made by the Directors in good faith based on the information available to them at the time of the announcement and they should be treated with caution due to the inherent uncertainties underlying any such forward-looking information.