



08 October 2024

Senior plc: Q3 2024 Trading Update

Senior plc ("Senior" or "the Group"), an international manufacturer of high technology components and systems, principally for the worldwide aerospace & defence, land vehicle and power & energy markets, today issues this Trading Update for the nine months ended September 2024 (the "Period").

Group Performance for the Nine Months ended September 2024

The Group continues to see strong order intake, with a healthy book to bill of 1.13. Group revenue for the Period increased by 5% year-on-year on a constant currency basis. Aerospace revenue grew 13% year-on-year driven by growth in commercial aerospace and as previously indicated, Flexonics revenue reduced by 9% compared to prior year. Flexonics had good growth in downstream oil & gas, power generation and nuclear, which partially offset lower land vehicle market demand and lower sales to upstream oil & gas customers.

Markets and Divisions

In civil aerospace, air passenger traffic continues to grow. According to the International Air Transport Association ("IATA"), total demand measured in Revenue Passenger Kms (RPKs) for the eight months to August 2024, increased by 12% year-on-year. IATA expects demand for air travel to double by 2040. This growth, along with the replacement of older aircraft, underpins demand for new aircraft. Both Boeing and Airbus are planning to increase build rates across their key narrow and widebody programmes over the coming years. Senior Aerospace is well positioned to benefit from this growth with a robust order book and is continuing to win new business.

In the near-term, however, as has been extensively reported, the commercial aerospace manufacturing industry is facing temporary but significant headwinds. Boeing's production rates this year on the 737 MAX have been restricted under the oversight of the FAA following the Alaskan Airlines incident early in 2024 and so we were pleased to hear confirmation from Boeing at their last earnings call that they were expecting to achieve a monthly production rate of 38 by the end of this year. However, with the employee strike at its commercial aircraft operations in the Puget Sound area now in its fourth week, there is an inevitable impact on our operating businesses most exposed to this customer, both directly and through its Tier 1 suppliers. In addition, Airbus has publicly been clear about the supply chain challenges it has been facing, particularly on engines and interiors. Meanwhile, other parts of the Airbus supply chain we have contracts with have generally produced in line with originally scheduled rates. Consequently, there appears to be an imbalance of supply into different parts of the aircraft, and we have recently been informed by one of our customers, an Airbus Tier 1 supplier, that they intend to significantly reduce scheduled deliveries from Senior in Q4 of this year before returning to normal during Q2 next year.

While the full impact on our businesses exposed to the affected programmes is not yet certain, we have moved decisively to contain costs and preserve cash as described below.

In Flexonics, our view on markets has not changed since our interim results statement. Land vehicle markets particularly in Europe and North America are seeing a slowdown, largely as anticipated. Americas Commercial Transportation ("ACT") research is forecasting a decline in North American heavy-duty truck production of 7% in the full-year 2024. S&P data shows that European heavy-truck production for the full-year 2024 is forecast to be down 20%. In power & energy, our upstream oil & gas demand remains subdued, partly offset by continued robust demand in our downstream oil & gas and nuclear business.

Mitigating Actions

Cost and cash management actions are already underway across the Group to help mitigate the impact of the challenges described above. These include:

- Aligning direct and indirect headcount to match capacity to sales demand profile through both temporary furloughs and permanent headcount reductions
- Curtailing discretionary spend
- Re-scheduling incoming materials to align to future demand
- Postponing uncommitted capital expenditure

The Group will remain comfortably within its covenant limits.

Outlook

In Flexonics, our expectations for the full-year are broadly unchanged, with H1 performance higher than H2.

For the full-year, we still expect year-on-year growth in Aerospace performance. Nevertheless, as a result of the temporary near-term customer related headwinds described above, we now expect Aerospace H2 performance to be lower than H1.

The short-term issues described in this trading update are clearly temporary in nature. The Group's future growth is underpinned by a robust order book and is well positioned in its markets and with its customers to capture further new business. Increasing aircraft build rates, operational efficiency benefits and improved price agreements are

new business. Increasing aircraft sales rates, operational efficiency savings and improved pricing, combined with expected to drive good growth in Aerospace Division performance beyond 2024, and we remain confident of continuing to out-perform the key end markets in which our Flexonics Division operates.

Conference Call

There will be a call for investors and analysts at 8.00am BST today. The dial-in details are as follows:

International number: +44 203 936 2999

UK toll free number: +44 800 358 1035

Access code: 778126

Additional international access conference numbers can be found at: <https://www.netroadshow.com/events/global-numbers?confld=72250>

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About Senior

Senior is a FTSE 250 international engineering and manufacturing Group with operations in 12 countries. It is listed on the main market of the London Stock Exchange (symbol SNR). Senior's Purpose is "we help engineer the transition to a sustainable world for the benefit of all our stakeholders". Senior designs and manufactures high technology components and systems for the principal original equipment producers in the worldwide aerospace & defence, land vehicle and power & energy markets. Further information on Senior plc may be found at: www.seniorplc.com

Cautionary Statement

This Trading Update 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 their approval of this Update and they should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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