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Senior plc

Sale of Aerostructures business and announcement of £40m share buyback programme

Senior plc ("**Senior**" or the "**Group**"), an international manufacturer of high technology components and systems, is pleased to announce that it has reached a binding agreement to sell its Aerostructures business ("**Aerostructures**") to Sullivan Street Partners, a UK-based mid-market private equity investor, for a total enterprise value of up to £200m (the "**Transaction**").

Following completion of the Transaction, the continuing Group will be a high quality, pure play fluid conveyance and thermal management ("FCTM") business:

- Differentiated products, combined with design-rich IP and expert know-how
- Well-positioned for growth, outperforming attractive and structurally resilient end markets
- Structurally higher operating margins
- Sustained profitable growth and lower capital intensity, driving improved returns and enhanced value for shareholders
- Stronger operational cash flow conversion, supporting investment in growth and shareholder returns

Transaction Highlights

- Sale of Aerostructures to Sullivan Street Partners for a total enterprise value of up to £200m, representing 13.1x 2024 EBITDA
- Initial consideration of £150m subject to customary completion adjustments and additional consideration of up to a maximum of £50m payable in H1 2026, contingent on the 2025 EBITDA⁽⁴⁾ performance of Aerostructures
- Expected upfront net cash proceeds of approximately £100m before transaction costs of approximately £12m. Any additional consideration proceeds payable in H1 2026 to be received entirely in cash
- The transaction will be immediately accretive to Senior's adjusted operating profit margin and ROCE
- Initial net cash proceeds will be used to reduce net debt and to fund a £40m share buyback programme
- Transaction is expected to complete by the end of 2025, subject to the satisfaction of certain limited conditions and the receipt of customary regulatory approvals

David Squires, Chief Executive of Senior, commented:

"We are delighted to announce that we have reached a binding agreement for the sale of our Aerostructures business to Sullivan Street Partners. We are confident that this sale aligns with the long-term interests of our shareholders, customers, employees and other stakeholders. This transaction successfully positions Senior as a market-leading pure-play fluid conveyance and thermal management business, delivering in line with our strategy. The Aerostructures business is well positioned to prosper and grow and we wish our colleagues there every success in the future. Our remaining high quality fluid conveyance and thermal management business is well positioned to deliver attractive growth, improved margins, and better returns on capital with strong operating cash flow performance. With our global footprint and operating in attractive and structurally resilient end markets, Senior is well-placed to deliver sustained profitable growth and create enhanced value for our shareholders."

Strategic Rationale

The sale of our Aerostructures business reflects our stated strategy to position Senior as a market leading pure play fluid conveyance and thermal management business. The sale of Aerostructures is in the best interests of shareholders and other stakeholders because it:

- Simplifies the Group and allows it to focus on its high quality, differentiated products, combined with design-rich IP and expert know-how
- Positions Senior to operate in attractive and structurally resilient end markets
- Improves the financial position and performance of the Group, delivering:

- structurally higher operating margins
- a reduction in the Group's net debt including removal of the lease liabilities associated with Aerostructures
- stronger operational cash flow conversion with lower capex and working capital investment requirements
- improved returns on capital employed
- Provides optionality both for investment in growth and shareholder returns in line with our capital allocation priorities.

Following completion of the Transaction and as set out at the Investor Event held in March 2025, the Group's medium-term financial targets are:

- Group adjusted⁽¹⁾ operating margins: at least double-digit margins
 - Aerospace: at least mid-teens
 - Flexonics: 10%-12%
- Cash conversion⁽²⁾ target: greater than 85% through the cycle
- ROCE⁽³⁾: 15-20%

These targets are underpinned by a strong balance sheet, with leverage at 0.5x to 1.5x and supported by an expectation of mid-single digit organic revenue growth through the cycle.

Key Transaction Terms

The Transaction values the Aerostructures business at an enterprise value ("EV") of up to £200m on a debt-free cash-free basis, which represents 13.1x 2024 EBITDA. The total EV consists of an initial consideration of £150m, which is expected to generate net cash proceeds of approximately £100m after deducting customary completion adjustments including IFRS 16 lease liabilities and other debt like items and before payment of approximately £12m transaction related costs. Additional cash consideration of up to a maximum of £50m is payable in H1 2026, contingent upon the 2025 EBITDA⁽⁴⁾ performance of Aerostructures.

Further details on the terms of the disposal are set out in Appendix II.

Use of Net Proceeds

The initial net cash proceeds arising from the Transaction is expected to be approximately £100m before payment of £12m transaction related costs. Consistent with our capital allocation policy these proceeds will be used to reduce net debt and fund a c.£40m share buyback programme. The buyback will commence upon completion of the Transaction and receipt of the proceeds.

The application of any additional cash proceeds that might become payable will be determined at the time, in line with our capital allocation priorities.

Transaction Effects on Senior

Following the completion of the Transaction, Senior will have 19 operating businesses, including one joint venture, located in 10 countries. The principal markets of Senior's FCTM business will be aerospace & defence, land vehicle and power & energy, and adjacent markets such as semi-conductor equipment and medical. Senior's FCTM business will design and manufacture products for blue-chip customers in these attractive and structurally resilient end markets.

Detailed below is the effect of the Transaction on Senior's continuing business (without Aerostructures) based on 31 December 2024 numbers.

FY24	Senior including Aerostructures	Senior pro forma
Revenue	£977.1m	£707.4 ⁽⁵⁾ m
Aerospace Revenue	£660.8m	£391.1m
Flexonics Revenue	£317.7m	£317.7m
Adjusted Operating Profit	£46.5m	£53.0m
Aerospace Adjusted Operating profit	£30.4m	£36.9m
Flexonics Adjusted Operating profit	£35.1m	£35.1m
Adjusted Operating Margin	4.8%	7.5%
Aerospace Adjusted Operating margin	4.6%	9.4%
Flexonics Adjusted Operating margin	11.0%	11.0%

The effect of the Transaction on the assets and liabilities of Senior is covered in Appendix I.

Board Recommendation

The Transaction is, in the Board's opinion, in the best interests of shareholders and other stakeholders of the Group as a whole, reflecting good value for Aerostructures and delivery in line with the Group's stated strategy.

Next Steps and Timing

The Transaction is expected to complete by the end of 2025, subject to the satisfaction of certain limited conditions and the receipt of certain customary regulatory approvals.

Summary Information on Aerostructures

Aerostructures manufactures precision-machined airframe and aero engine components and complex assemblies for commercial aerospace, defence and space applications.

Aerostructures consists of 5 operating businesses across 7 sites located in the US, UK, Thailand and Malaysia and employs c.1,800 individuals (as at 31st December 2024). In FY24, Aerostructures contributed revenue of £272m and an operating loss of £(6.5)m to the Group. The gross assets of the Aerostructures business as at 31 December 2024 were £273.8m. Appendix I includes historical financial information on Aerostructures.

Aerostructures is managed by experienced general managers at each site: Jerry Goodwin at Senior Aerospace AMT / Damar; Damon Evans at Senior Aerospace Jet / Ketema; Kavan Singh at Senior Aerospace UPECA; Simon Shale at Senior Aerospace Thailand; and Annette Weekes at Senior Aerospace Weston.

Additional Information

The Transaction is classified as a significant transaction under the UK Listing Rules. As such, this announcement is made in accordance with Senior's disclosure obligations pursuant to Chapter 7 of the UK Listing Rules.

Unless otherwise stated, all financial information relating to Senior and Aerostructures disclosed in this announcement (including the Appendices) has been extracted, without material adjustment, from Senior's consolidated Full-Year 2024 audited financial statements, on the bases and assumptions set out therein.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 as it forms part of domestic UK law as defined in the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310).

The person responsible for arranging for the release of this announcement on behalf of Senior is Andrew Bodenham, Company Secretary.

Notes

- (1) Adjusted operating margin is the ratio of adjusted operating profit to revenue. Adjusted operating profit excludes items ("Adjusting items") that are considered outside the normal course of management oversight and control on a day-to-day basis and are not reflective of in-year trading performance.
- (2) Operating cash flow divided by adjusted operating profit. Operating cash flow is net cash from operating activities after investment in capital expenditure and excludes adjusting items, but before interest and tax.
- (3) Return on capital employed (ROCE) is the Group's adjusted operating profit divided by the average of the capital employed at the start and end of the period, capital employed being total equity plus net debt.
- (4) Net debt (excluding capitalised leases) to EBITDA is a defined covenant ratio for the Group's committed borrowing facilities. EBITDA, in the context of this covenant ratio, is adjusted profit before tax and before interest, depreciation, amortisation and profit or loss on sale of property, plant and equipment. It also excludes EBITDA from businesses which have been disposed and includes 12 months EBITDA for businesses acquired and it is based on frozen GAAP (pre-IFRS 16). EBITDA, in the context of the performance of Aerostructures, is defined as adjusted profit before tax and before interest, depreciation, amortisation and profit or loss on sale of property, plant and equipment.
- (5) Senior pro forma revenue figure includes £2.7m revenue between Aerostructures and FCTM.

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

Conference call details

A conference call for investors and analysts will be held at 08:30 BST on Friday 18 July 2025.

To participate in the Conference Call, register using the link below:

<https://www.netroadshow.com/events/login/LE9zwo4BXlotOWuX7lVYp5Oo10xHCCxkmHM>

Operator Assisted Dial-In:

United Kingdom (Local): +44 20 3936 2999

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Global Dial-In Numbers

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Appendix I

Key Historical Financial Information on Aerostructures

Income Statement

	31-Dec-24 £m	31-Dec-23 £m
Revenue	272.4	253.5
Cost of Sales	(254.5)	(241.1)
Gross profit	17.9	12.4
Distribution costs	(1.5)	(1.4)
Administrative expenses	(22.9)	(24.4)
Profit on sale of fixed assets	-	0.1
Operating loss	(6.5)	(13.3)
Finance costs	(2.7)	(2.7)
Loss before tax	(9.2)	(16.0)
Tax (charge)/credit	(0.2)	1.6
Loss for the period	(9.4)	(14.4)

Balance Sheet

	31-Dec-24 £m
Non-current assets	
Other intangible assets	1.4
Property, plant and equipment	130.5
Deferred tax	2.5
Total non-current assets	134.4
Current assets	
Inventory	88.7
Trade and other receivables	40.0
Current tax receivable	1.8
Cash and cash equivalents	8.9
Total current assets	139.4
Total Assets	273.8
Current liabilities	
Trade and other payables	(60.1)
Lease liabilities	(5.7)
Total current liabilities	(65.8)
Non-current liabilities	
Intercompany loans net	(3.3)
Retirement benefit obligations	(1.2)
Lease liabilities	(33.6)
Others	(2.1)
Total non-current liabilities	(40.2)
Total Liabilities	(106.0)
Net Assets	167.8

Appendix II**OTHER INFORMATION****Risk Factors**

The Transaction may not proceed to completion if conditions to which it is subject are not achieved or waived (as applicable). If the Transaction does not proceed to completion, Senior will not realise the expected benefits from the Transaction and the operations and management of Aerostructures may be disrupted.

Senior may incur liability under the Transaction documentation, which: (i) contains customary warranties and indemnities; and (ii) contains obligations for Senior to provide certain limited services to Aerostructures following completion of the Transaction.

Legal and arbitration proceedings*Significant litigation of the retained Senior group*

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Senior is aware), during the period covering the 12 months preceding the date of this announcement, which may have, or have had in the recent past, significant effects on the financial position or profitability of the retained Senior group.

Significant litigation of Aerostructures

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Senior is aware), during the period covering the 12 months preceding the date of this announcement, which may have, or have had in the recent past, significant effects on the financial position or profitability of Aerostructures.

Material Contracts*Material contracts of the retained Senior group*

No contracts have been entered into by the retained Senior group (not being contracts entered into in the ordinary course of business); (i) within the period of two years immediately preceding the date of this announcement that are, or may be,

business); (i) within the period of two years immediately preceding the date of this announcement that are, or may be, material to the retained Senior group; or (ii) that contain any provisions under which the retained Senior group has any obligation or entitlement that is, or may be, material to the retained Senior group, save as disclosed below:

Aerostructures sale and purchase agreement

On 17 July 2025, Senior Operations LLC, Senior UK Limited, Senior Engineering Investments Limited, Upeca Technologies Sdn. Bhd. (the "Selling Senior Entities") and the purchasing entities of Sullivan Street Partners entered into a sale and purchase agreement for the sale of Aerostructures (the "SPA").

The initial consideration is £150m, subject to customary completion accounts adjustments, and additional earn-out consideration of up to a maximum £50m is also payable contingent upon the achievement of a target EBITDA threshold by Aerostructures in the period from 1 January 2025 to 31 December 2025.

The transaction is subject to certain conditions, including receipt of certain customary regulatory approvals. The transaction comprises a sale of the assets of the US businesses Senior Aerospace AMT / Damar, Senior Aerospace Jet / Ketema; the assets of the UK business Senior Aerospace Weston; all of the issued shares held in Upeca Aerotech Sdn. Bhd (Malaysia); and all of the issued shares held in Senior Aerospace (Thailand) Limited.

Under the terms of the agreement, the Selling Senior Entities gave customary fundamental warranties for a transaction of this nature, including as to capacity and title, and received customary warranties in return from the purchasing entities. Warranty and indemnity insurance is in place in respect of the business warranties given by the Selling Senior Entities under the SPA and the Selling Senior Entities' liability in relation to those warranties is capped at £1.

The Selling Senior Entities have given indemnities in respect of certain matters relating to Aerostructures prior to completion, including in respect of certain environmental, tax, and pensions matters. Such indemnities are subject to limitations with regards to quantum and time period.

The Selling Senior Entities have agreed to provide certain limited services to Aerostructures for a limited period following completion in consideration for service charges.

The SPA is governed by English law.

US Private Placement Notes

On 14 February 2025, Senior entered into a note purchase agreement (the "NPA") under which it issued 40m 5.46% Senior Notes due 24 February 2029 (the "Private Placement Notes") which was supported by guarantees given by certain group entities to support Senior's obligations in relation to the NPA and the Private Placement Notes.

The proceeds of the Private Placement Notes were applied to refinance the maturing £27m US private placement notes and thereafter towards general corporate purposes.

The NPA is governed by New York law.

US revolving credit facility amendment and restatement agreement

On 16 June 2025, Senior Operations LLC entered into an amendment and restatement agreement relating to Senior's 50m revolving credit facility, which was originally entered into in 2011. Under the terms of the amendment and restatement agreement, the term of the US revolving credit facility has been extended by one year and will now mature on 30 June 2027.

Material contracts of Aerostructures

No contracts have been entered into by Aerostructures (not being contracts entered into in the ordinary course of business): (i) within the period of two years immediately preceding the date of this announcement that are, or may be, material to Aerostructures; or (ii) that contain any provisions under which Aerostructures has any obligation or entitlement that is, or may be, material to Aerostructures.

Significant Change

There have been no significant changes in the financial position of the retained Senior group since 31 December 2024, the end of the last financial period for which audited financial statements have been published.

There have been no significant changes in the financial position of Aerostructures since 31 December 2024, the date to which the historical financial information relating to Aerostructures in Appendix to this announcement was prepared.

Related Party Transactions

Save as disclosed in Senior's previously published annual reports and financial statements, Senior has not entered into any related party transactions that are relevant to the Transaction during the period since 31 December 2024, the end of the last financial period for which audited financial statements have been published.

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