

Senior plc

Interim Management Statement for the three months ended 31 March 2010

Ahead of its Annual General Meeting on Friday 23 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 2010 (the “quarter”).

Trading

Trading during the three month period to 31 March 2010 was ahead of the Board’s expectations. Underlying revenue was slightly better than anticipated and the Group’s revenue and profit benefited from more favourable foreign exchange movements than expected. Operating margins were also stronger, as cost control and operating efficiency improvements continued to be realised. The Group’s operating cash flow remained healthy with net debt falling to £96.6m at the end of the quarter (31 December 2009: £102.3m), despite the adverse effect the stronger US dollar had on the Group’s reported debt.

Markets and Operations

Within the Aerospace Division (59% of Group sales in 2009), production of large commercial aircraft, the Group’s largest market sector, remained healthy with Boeing and Airbus delivering a combined 230 aircraft in the quarter (Q1 2009: 237 aircraft). Their combined net order in-take was 143 aircraft (160 less 17 cancellations) for the three month period, a marked improvement from the 4 aircraft (50 less 46 cancellations) ordered in the first quarter of 2009. Demonstrating their confidence in the future, Boeing and Airbus both recently reiterated their positive outlook and announced planned increases in 2011 build rates for their respective 777 and A320 aircraft. Importantly for Senior, given the significant content the Group has on the aircraft, the flight test programme for Boeing’s 787 aircraft is making good progress with Boeing stating that they expect to begin deliveries to customers, as scheduled, in the fourth quarter of this year. Elsewhere in the Aerospace Division, markets were broadly as anticipated. Demand in the business jet market continued to stabilise but build rates of regional jets at Bombardier and Embraer weakened. Sales to the military and defence market were strong, with the Group benefiting from increasing production of Lockheed’s C130 transport aircraft and Sikorsky’s Black Hawk helicopter.

The Flexonics Division accounted for 41% of Group sales in 2009, 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 2010 saw mixed industrial markets, with some product and geographical markets showing increases, as the effect of de-stocking eased and economic confidence improved, whilst others remained more challenging. Sales of large expansion joints remained strong, but recent order in-take suggests the second half of the year may see lower volumes. Production of passenger vehicles was well ahead of the levels seen in the first quarter of 2009 across most of the Group’s geographical markets. As anticipated, volumes to the heavy truck market were weaker, following the spike seen in the final quarter of 2009 when large numbers of diesel engines were manufactured ahead of the implementation of tighter emission legislation. Demand for the Group’s heavy truck products is expected to stabilise as the year progresses. Overall operating margins for the Division were strong in the quarter, due to the improved volumes and the continuing and effective control of costs. However, increasing raw material prices may put some pressure on margins later in the year.

Outlook

The Group's strong first quarter performance, and the recently improved outlook for large commercial aircraft build rates, now leads the Board to expect 2010 adjusted profit before tax⁽¹⁾ to exceed market expectations⁽²⁾ and, consequently, to be well ahead of the 2009 outcome. Looking further ahead, Senior is expected to benefit from the increasing build rate of the Boeing 787 aircraft, Airbus and Bombardier bringing their respective A350 and CSeries aircraft into service, the North American heavy truck market recovering, renewable and nuclear energy markets growing and the Group's increased customer focus leading to new opportunities. Therefore, future prospects for the Group remain encouraging for the remainder of the year and over the longer term.

The results for the six-month period to 30 June 2010 will be announced on Monday 2 August 2010.

Note:

1. Adjusted profit before tax is before loss/profit on sale of fixed assets and amortisation of intangible assets arising on acquisitions.
2. Market consensus, as reported by Bloomberg prior to release of this announcement, is for 2010 adjusted profit before tax of £48.5m.

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. Further information on Senior plc, may be found at: 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.