



# FULL YEAR RESULTS 2017

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# AGENDA

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Introduction	David Squires	CEO
2017 Full Year Results	Bindi Foyle	FD
Markets & Outlook	David Squires	CEO



## 2017 FULL YEAR RESULTS

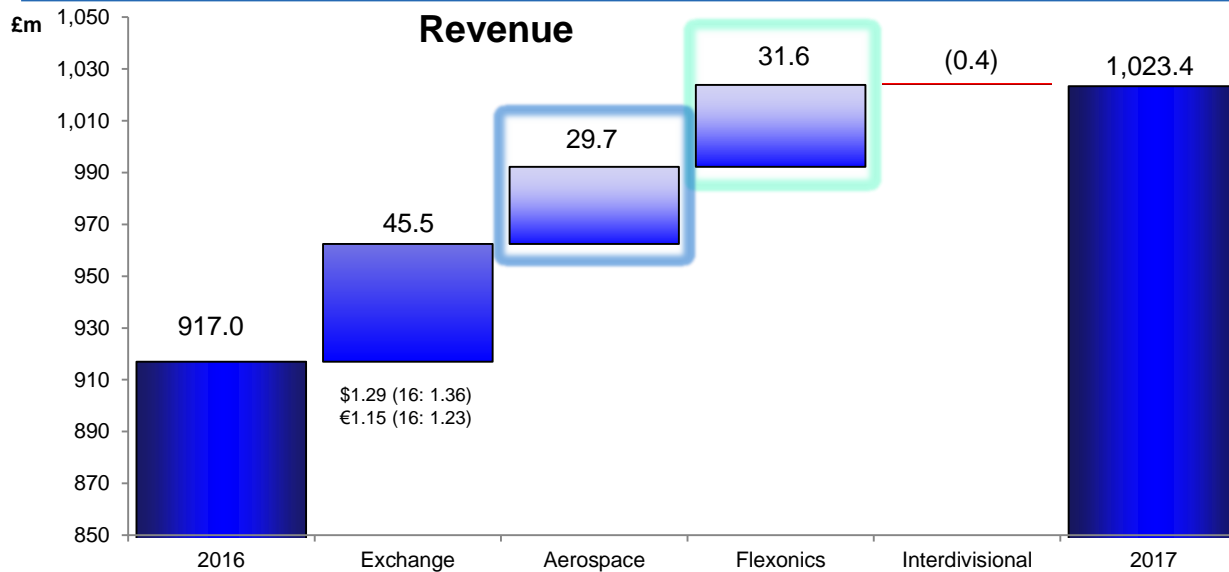
### Cautionary Statement

This document contains certain forward-looking statements. Such statements have been made in good faith based on information available at the time of announcing the results for the year ended 31 December 2017. These statements should therefore be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

# FINANCIAL HIGHLIGHTS

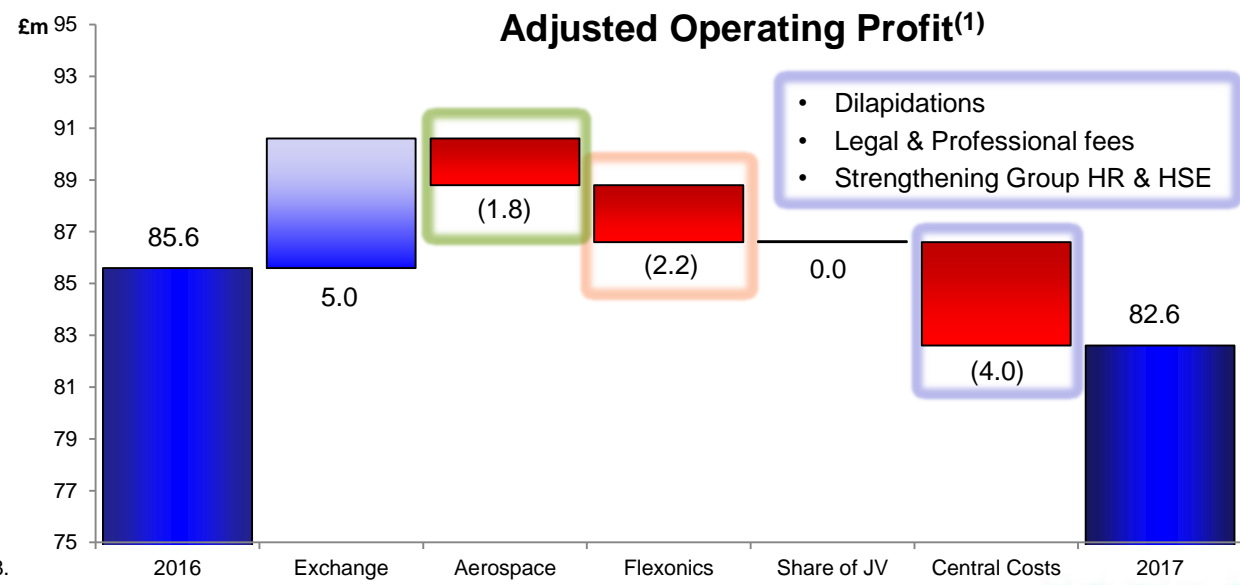
	2017	2016	Change	Constant Currency
Revenue	<b>£1,023.4m</b>	£917.0m	<b>+12%</b>	<b>+6%</b>
Adjusted Operating Profit	<b>£82.6m</b>	£85.6m	<b>-4%</b>	<b>-9%</b>
Adjusted Operating Margin	<b>8.1%</b>	9.3%	<b>-1.2ppts</b>	<b>-1.3ppts</b>
Adjusted Profit before Tax	<b>£73.1m</b>	£75.3m	<b>-3%</b>	<b>-9%</b>
Adjusted Earnings per Share	<b>14.39p</b>	14.37p	<b>nil</b>	
Total Dividend per Share	<b>6.95p</b>	6.57p	<b>+6%</b>	
Free Cash Flow	<b>£58.3m</b>	£48.5m	<b>+20%</b>	
Net Debt	<b>£155.3m</b>	£198.1m	<b>£43m decrease</b>	

# 2017 AT A GLANCE



- Large Commercial ↑ £29.9m
- Regional & Business Jets ↑ £0.2m
- Military ↓ £(8.5)m
- Other ↑ £8.1m

- Truck & Off-highway ↑ £19.8m
- Passenger Vehicles ↑ £1.6m
- Oil and Gas ↑ £13.6m
- Other industrial ↓ £(4.9)m
- Other ↑ £1.5m



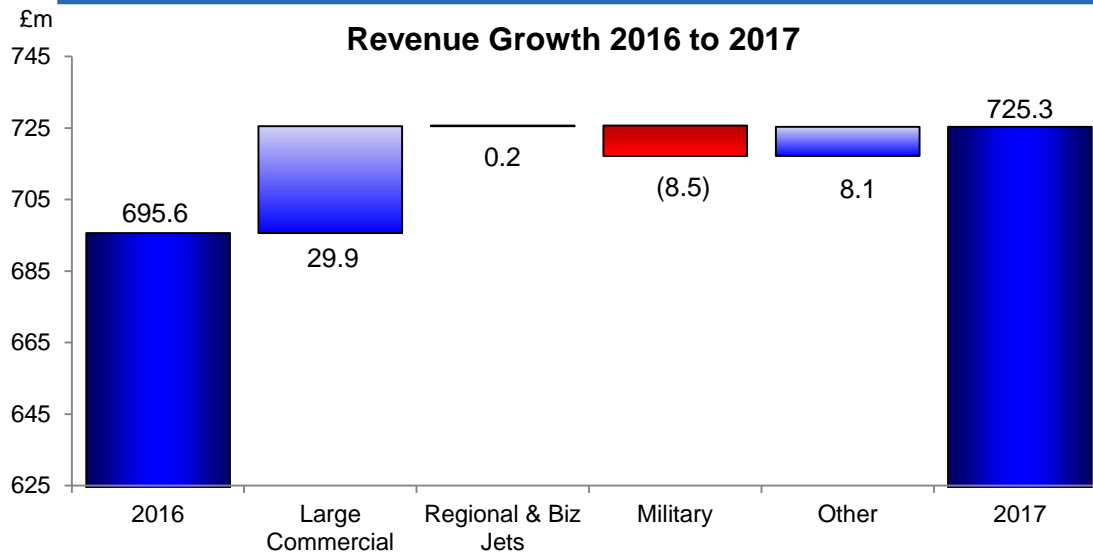
- Volume reductions of mature programmes
- Ramp-up of new aircraft production programmes

- Volume increases in truck & off-highway and upstream oil and gas
- Volume reductions in other industrial/powergen
- Mix effect

- Dilapidations
- Legal & Professional fees
- Strengthening Group HR & HSE

(1) Adjusted operating profit is as defined on page 8.

# AEROSPACE RESULTS – constant exchange rates<sup>(2)</sup>



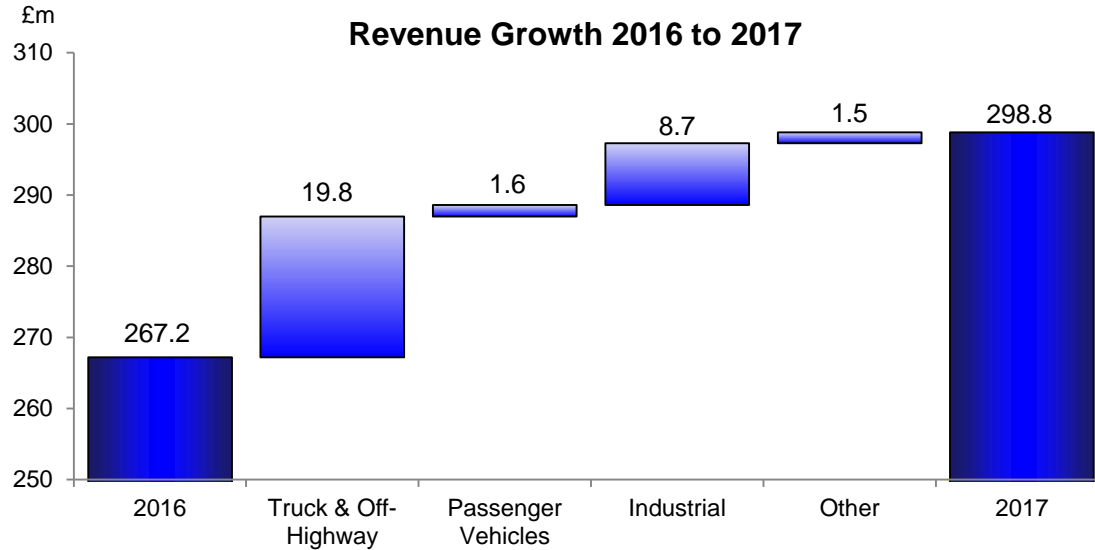
£m	2017	2016	Change
Revenue	725.3	695.6	+4.3%
Adj OP <sup>(1)</sup>	76.6	78.4	-2.3%
Margin	10.6%	11.3%	-0.7ppts

- ⇒ Sales in **large commercial aircraft** sector, up £29.9m (↑ 7%)
- ⇒ **Regional & business jet** sales up £0.2m
- ⇒ Sales in **military and defence** sector, down £8.5m (↓ 6%)
- ⇒ Sales in space, non-military helicopters and non-aerospace markets up £8.1m (↑ 13%)
- ⇒ Operating margin reduction, as anticipated, impacted by year-on-year volume reductions on mature programmes (777, A380, 737, A320), and costs associated with the ramp-up of new aircraft production programmes (737 MAX, A320neo, C Series)
- ⇒ Margins improved in H2 (H1 9.5%, H2 11.6%) from operational improvements

(1) Aerospace adjusted operating profit is as defined on page 45.

(2) All at 2017 exchange rates – translation effect only.

# FLEXONICS RESULTS – constant exchange rates<sup>(2)</sup>



£m	2017	2016	Change
Revenue	298.8	267.2	+11.8%
Adj OP <sup>(1)</sup>	20.0	22.2	-9.9%
Margin	6.7%	8.3%	-1.6ppts

- ⇒ Revenue from **truck & off highway** markets increased by £19.8m (↑ 24%)
  - N Am truck and off-highway up £13.6m (↑ 22%): truck ↑ 3% & off-highway ↑ 56%
  - EU up £2.1m (↑ 13%); China & India up £4.1m (↑ 72%)
- ⇒ **Passenger vehicle** revenue increased by £1.6m (↑ 3%)
- ⇒ Sales from **industrial** markets increased by £8.7m (↑ 7%)
  - Oil & gas up £13.6m (↑ 28%), powergen down £1.8m (↓ 5%); other industrials down £3.1m (↓ 7%)
- ⇒ Decrease in operating margin due to challenging market in higher margin segments (downstream oil and gas and powergen), as well as change in mix of passenger vehicles. Higher volumes from truck and off-highway and upstream oil and gas were primarily from lower margin and newer products

(1) Flexonics adjusted operating profit is as defined on page 54.

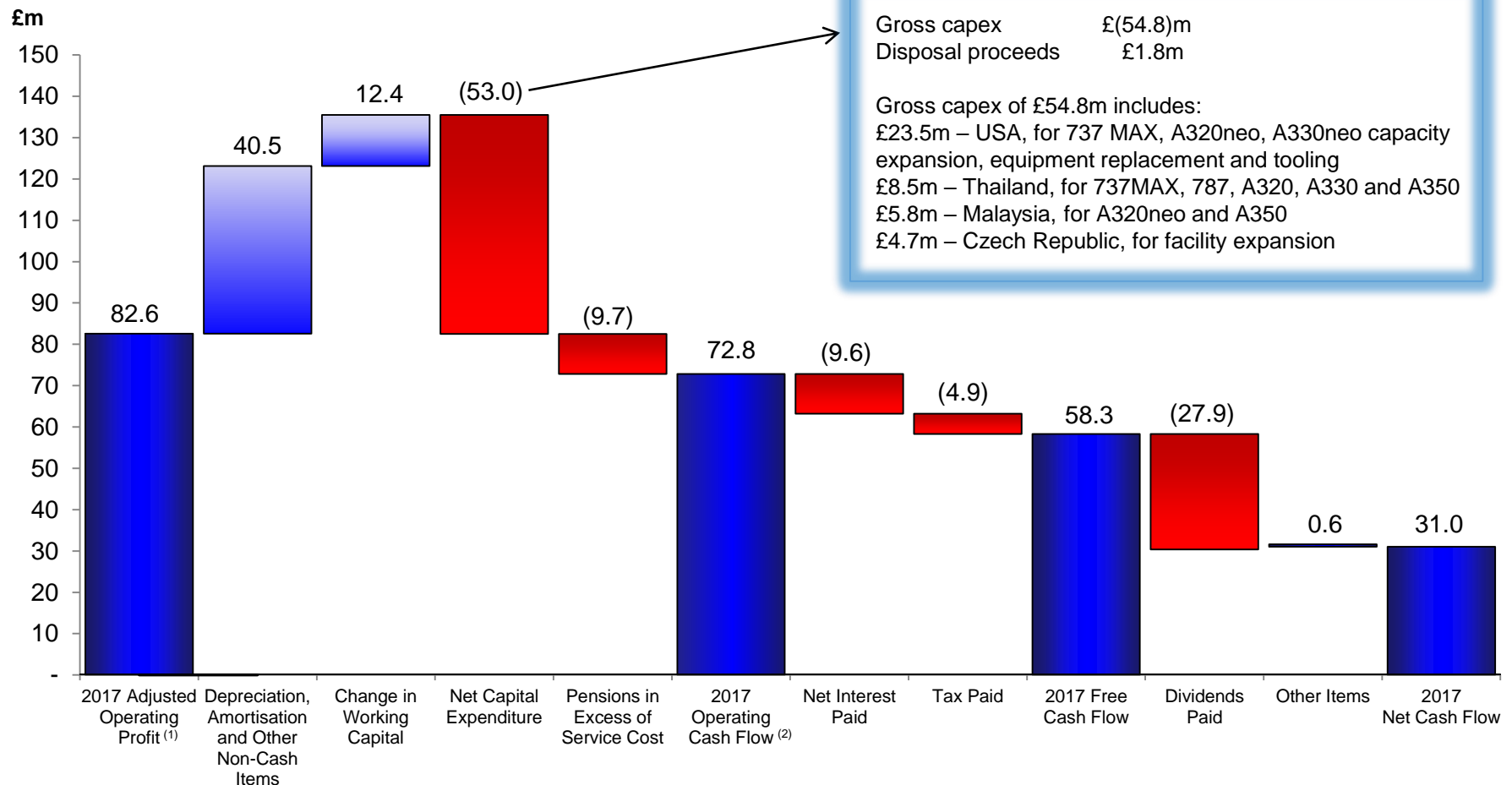
(2) All at 2017 exchange rates – translation effect only.

# ADJUSTED AND REPORTED PROFIT

	2017 £m	2016 £m	Change
<b>Adjusted operating profit</b>	<b>82.6</b>	<b>85.6</b>	<b>-4%</b> (-9% on constant currency basis)
Net interest payable – borrowings and cash	(9.3)	(10.1)	
– retirement benefits	(0.2)	(0.2)	
<b>Adjusted profit before tax</b>	<b>73.1</b>	<b>75.3</b>	<b>-3%</b> (-9% on constant currency basis)
Tax (2017: 17.5%; 2016: 20.1%)	(12.8)	(15.1)	
<b>Adjusted profit for the period</b>	<b>60.3</b>	<b>60.2</b>	<b>nil%</b>
Amortisation of intangible assets from acquisitions	(17.1)	(19.8)	
Loss on disposal	(3.8)	-	
Related tax on above items	4.9	5.0	
Exceptional non-cash tax credit	16.0	-	
<b>Reported profit for the period</b>	<b>60.3</b>	<b>45.4</b>	<b>+33%</b>



# CASH FLOW AND USE OF FUNDS



(1) Adjusted operating profit is as defined on page 8.

(2) Operating Cash Flow is defined as cash generated by operations after investment in Net Capital Expenditure

# BALANCE SHEET

	Dec 2017 £m	Dec 2016 £m
Goodwill and other intangible assets	344.0	379.3
Investment in JV	2.4	1.7
Property, plant and equipment	256.1	254.2
Other long-term assets	2.4	7.8
<b>Non current assets</b> (before pension asset)	<b>604.9</b>	<b>643.0</b>
Inventories	154.5	154.4
Receivables	154.3	152.5
Payables and Provisions	(178.3)	(168.4)
Current tax liabilities (net)	(20.2)	(20.8)
Assets held for sale	3.9	4.2
Loan to JV (current)	0.2	-
<b>Net current assets</b> (before net debt items)	<b>114.4</b>	<b>121.9</b>
Retirement benefit net asset/(obligations)	4.7	(10.4)
Net borrowings	(155.3)	(198.1)
Other long-term liabilities	(37.1)	(55.9)
<b>Net assets</b>	<b>531.6</b>	<b>500.5</b>
<b>Net debt to EBITDA</b>	<b>1.3x</b>	<b>1.7x</b>

## FX Impact from Dec 2016

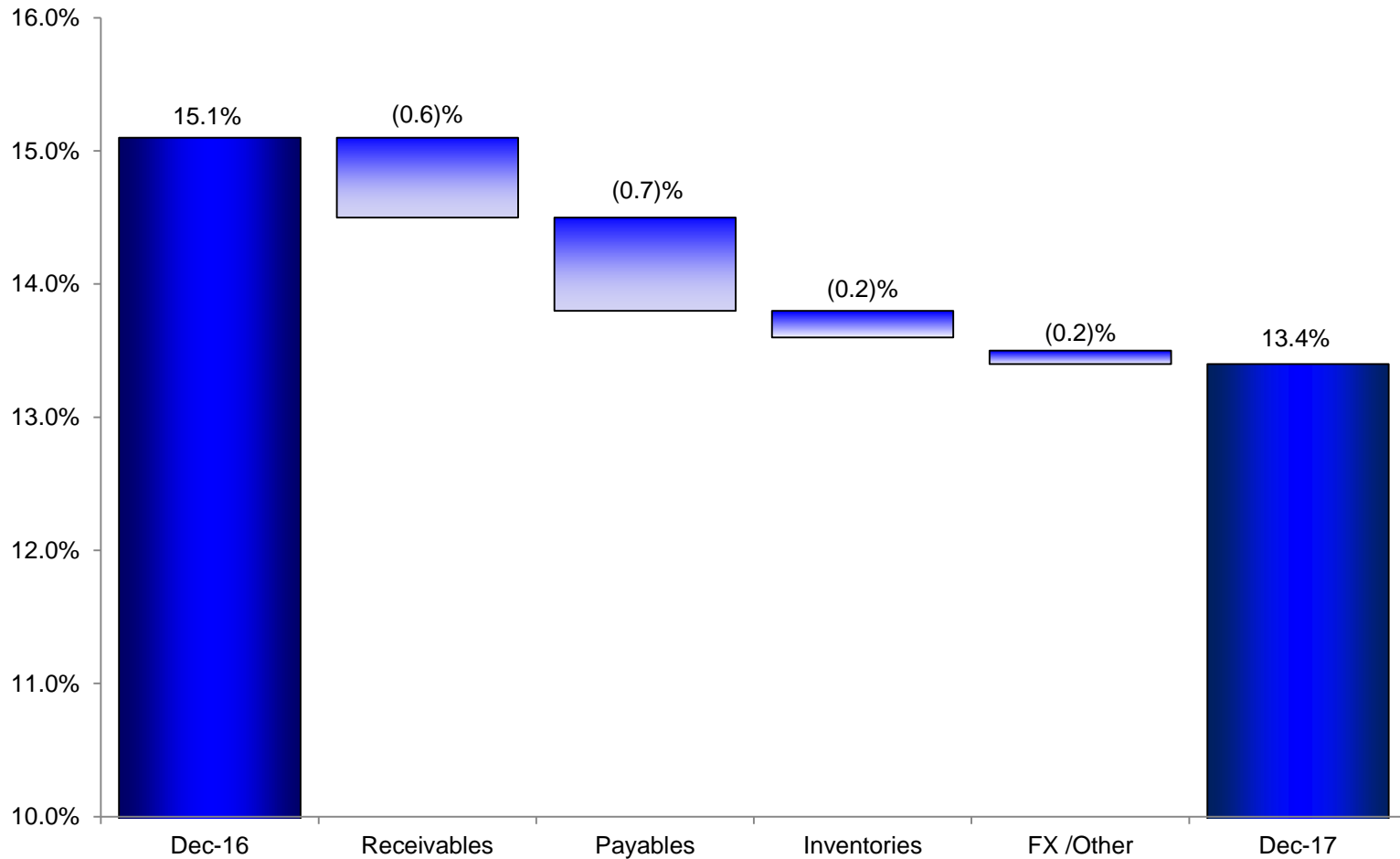
	£m
Non current assets	(27.0)
Working capital	(6.2)
Net borrowings	11.0

## Net Retirement Benefit (Obligations)/Asset £m

As at December 2016, net	(10.4)
Cash contributions	11.1
Actuarial loss on liabilities	(8.5)
Actuarial gain on assets	13.7
FX	0.4
Other	(1.6)
As at December 2017, net	<u>4.7</u>

# WORKING CAPITAL

Working capital as a % of revenue



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# 2017 FINANCIAL SUMMARY

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- ⇒ Delivered a solid performance with margin improvement in H2
- ⇒ Adjusted profit before tax of £73.1m, adjusted earnings per share of 14.39p
- ⇒ Healthy free cash flow of £58.3m after investing £54.8m in capital expenditure for further organic growth
- ⇒ Working capital as % of sales improved to 13.4%
- ⇒ Full year dividend proposed to increase by 5.8%

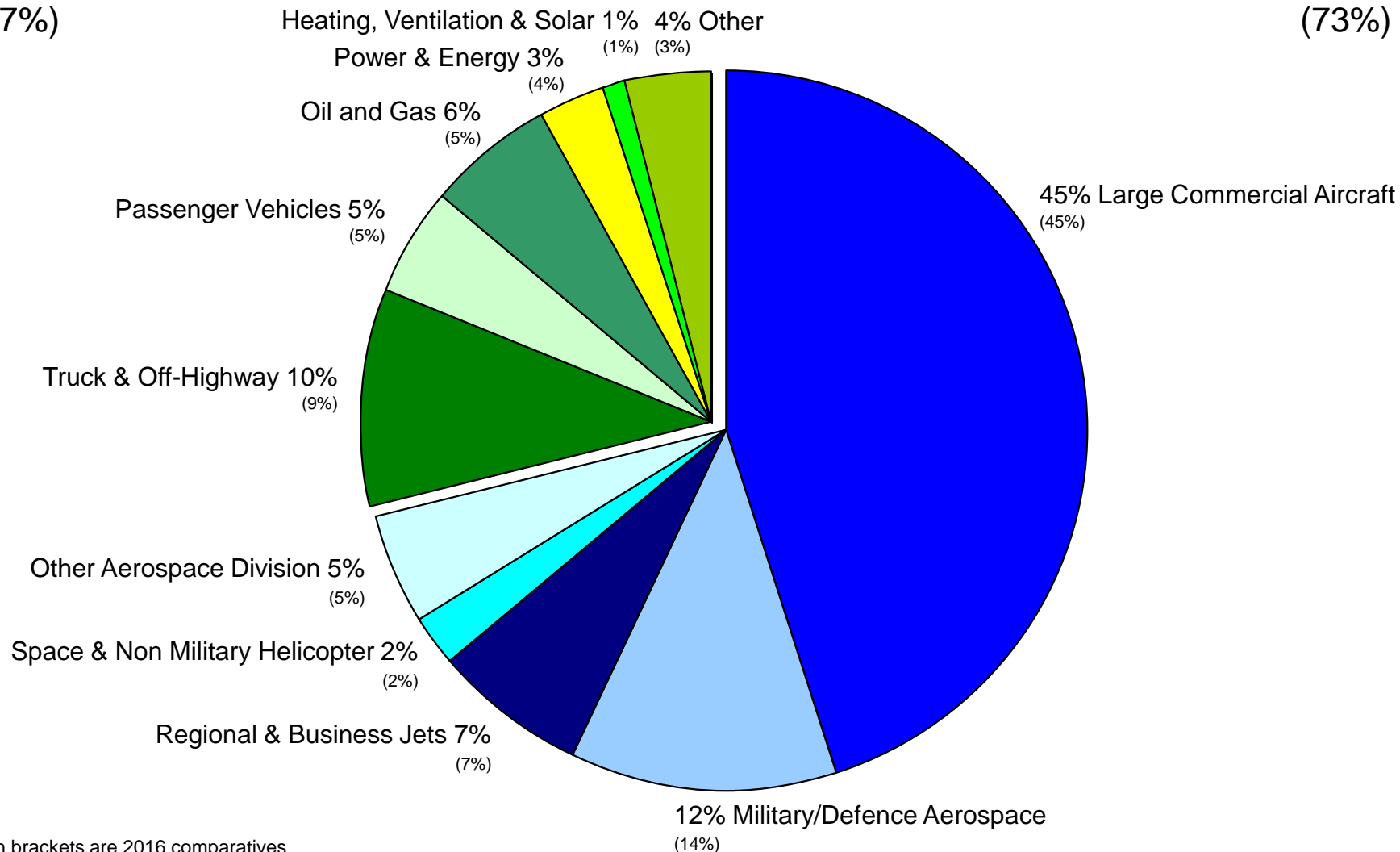


# MARKETS & OUTLOOK

# SENIOR'S MARKETS – 2017

**29% Flexonics Division**  
(27%)

**Aerospace Division 71%**  
(73%)

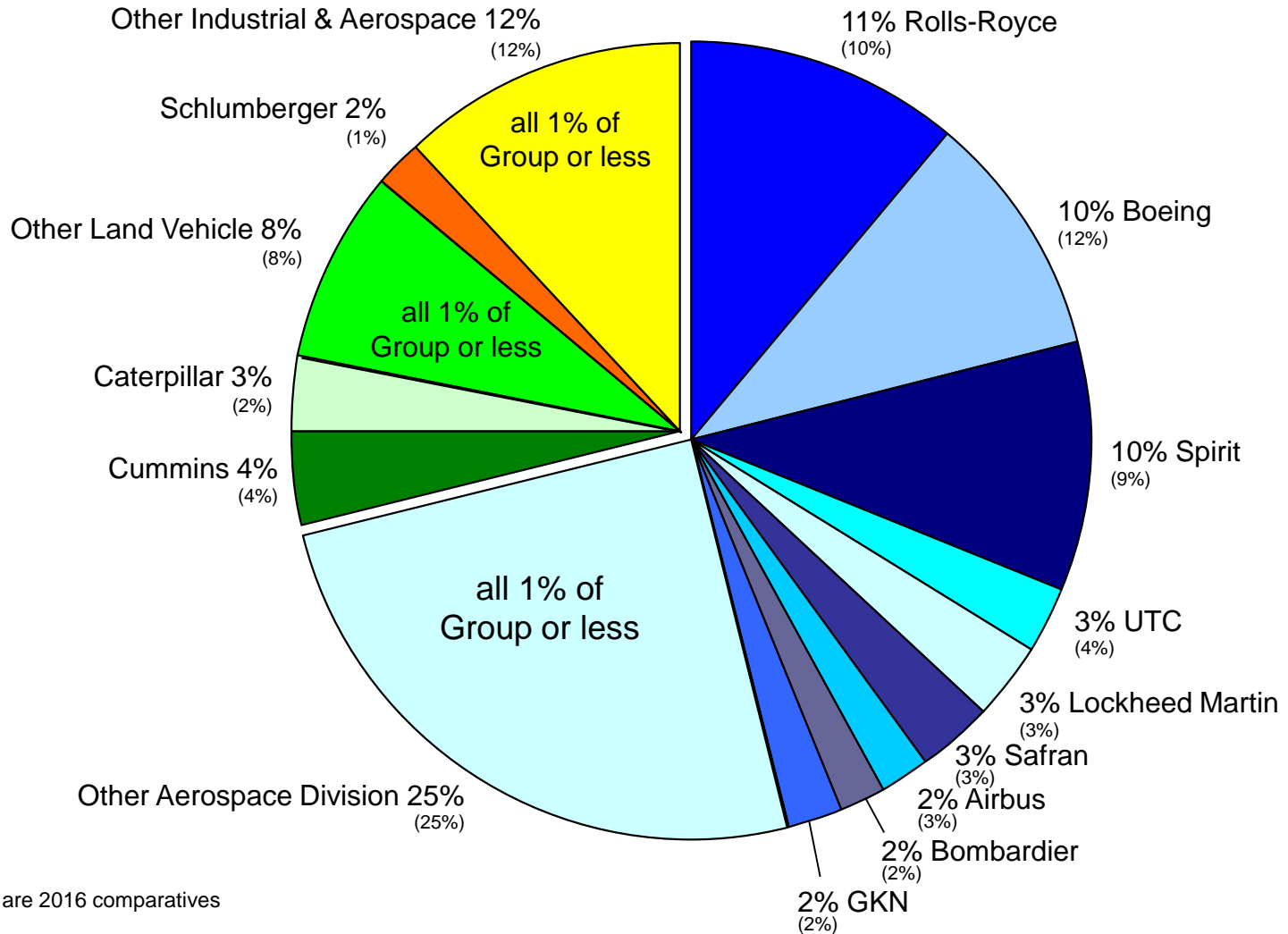


% in brackets are 2016 comparatives

# SENIOR'S CUSTOMERS – 2017

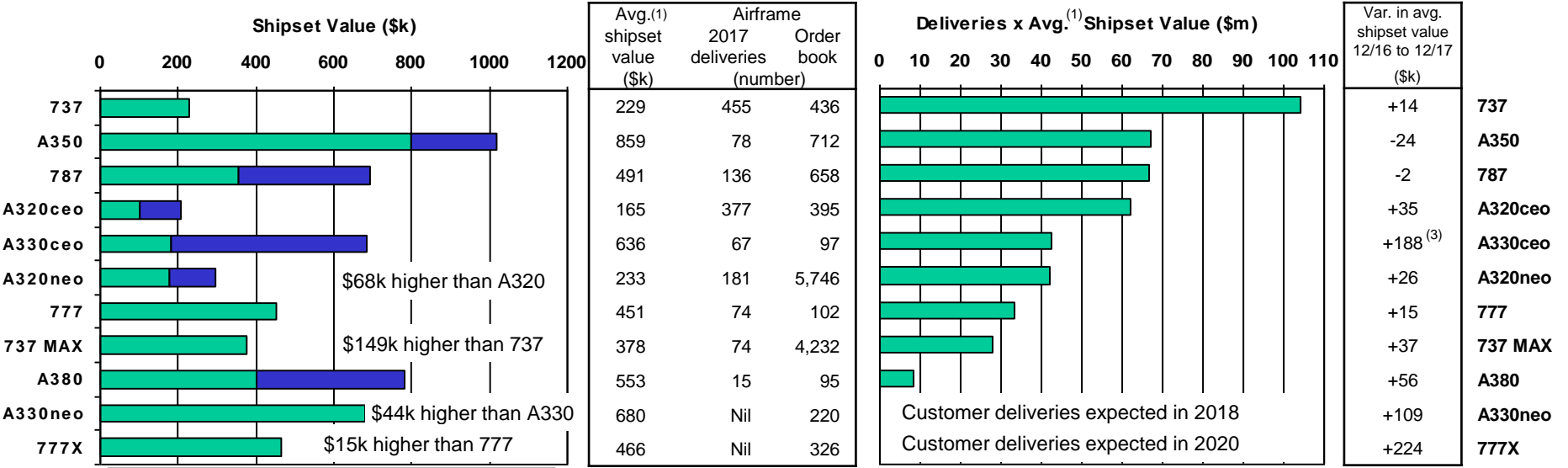
**29% Flexonics Division**  
(27%)

**Aerospace Division 71%**  
(73%)



% in brackets are 2016 comparatives

# LARGE COMMERCIAL AIRCRAFT (45% of Group)



(1) Average based on programme share and estimated engine variant

(2) At constant exchange rates

(3) \$168k of increase from updating engine variants

	Deliveries (number)		Estimated Production (number)			Growth (%)
	2016	2017	2018	2019	2020	
737	490	455	300	60	45	+26%
737 MAX	-	74	275	570	620	
A350	49	78	95	115	135	+73%
787	137	136	144	144	144	+6%
A320ceo	477	377	205	50	20	+29%
A320neo	68	181	450	650	700	
A330ceo	66	67	39	10	10	+4%
A330neo	-	-	26	50	60	
777 <sup>(4)</sup>	99	74	46	52	45	-39%
A380	28	15	8	8	8	-47%

Source: Customers, Teal Group & internal estimates

<sup>(4)</sup> Estimates include 777X

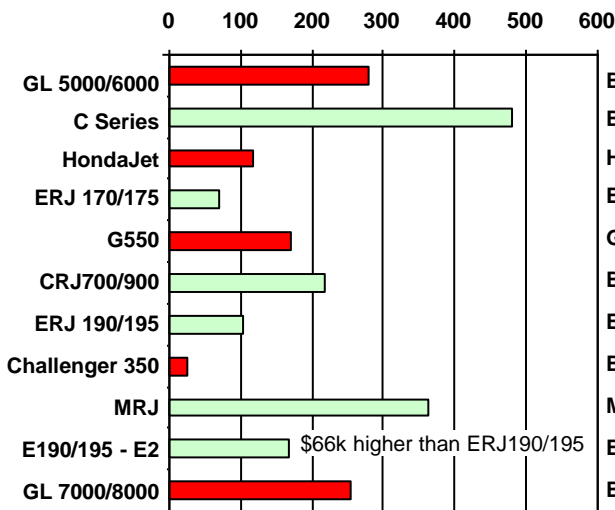
Group sales ↑ 7%<sup>(2)</sup> compared to 2016

- ⇒ Outlook for large commercial aircraft both strong and visible; Boeing and Airbus predicting air traffic growth > 4% per annum over next 20 years
- ⇒ Senior to outgrow the market as new engine versions, with significantly higher content, come into service and production ramps up
- ⇒ Won additional content on all key growth platforms: A320neo, 737 MAX, A330neo and 777X. A350 reduction due to change in mix between versions
- ⇒ A330neo and A350 shipset values to be impacted in 2019 as engine cases dual sourced ~\$150k avg. reduction
- ⇒ Good content on MC-21 (\$200k, EIS 2020) and C919 (\$102k, EIS 2021)



# REGIONAL AND BUSINESS JETS (7% of Group)

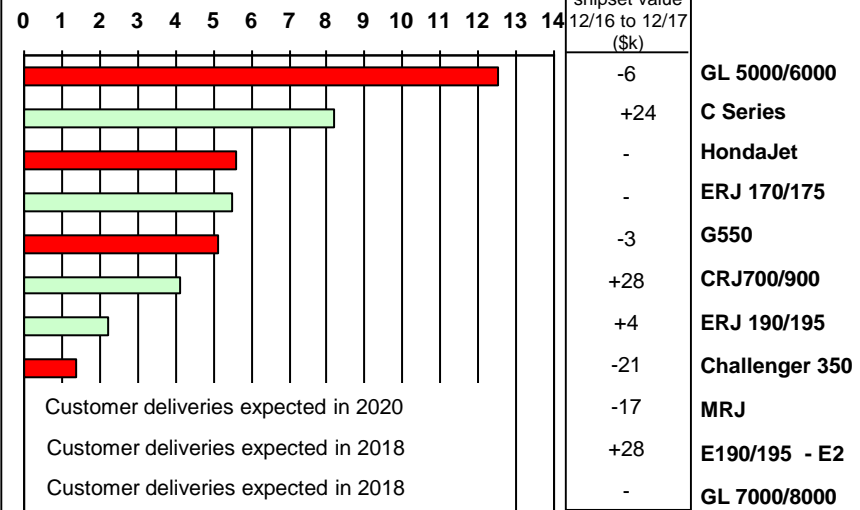
Shipset Value (\$k)



Bombardier  
Bombardier  
Honda  
Embraer  
Gulfstream  
Bombardier  
Embraer  
Bombardier  
Mitsubishi  
Embraer  
Bombardier

Shipset value (\$k)	Airframe	
	2017 deliveries	Order book
279	45	?
480	17	348
116	48	?
70	79	104
170	30 <sup>(1)</sup>	?
218	19	32
102	22	51
25	56	?
362	Nil	213
168	Nil	180
255	Nil	?

Deliveries x Avg.<sup>(1)</sup> Shipset Value (\$m)



Var. in avg. shipset value 12/16 to 12/17 (\$k)	Aircraft Model
-6	GL 5000/6000
+24	C Series
-	HondaJet
-	ERJ 170/175
-3	G550
+28	CRJ700/900
+4	ERJ 190/195
-21	Challenger 350
-17	MRJ
+28	E190/195 - E2
-	GL 7000/8000

Customer deliveries expected in 2020  
Customer deliveries expected in 2018  
Customer deliveries expected in 2018

	Deliveries (number)		Estimated Production (number)			Growth (%)
	2016	2017	2018	2019	2020	
GL 5000/6000	51	45	40	34	34	-24%
C Series	7	17	40	60	80	+371%
HondaJet	23	48	50	55	55	+15%
ERJ 170/175	90	79	60	20	20	-75%
G550	36	30	20	18	10	-67%
CRJ700/900	38	19	10	10	10	-47%
ERJ 190/195	18	22	20	20	10	-55%
Challenger 350	62	56	55	55	55	-2%
MRJ	-	-	-	6	10	na
E190/195 - E2	-	-	5	30	55	na
GL 7000/8000	-	-	5	12	20	na

<sup>(1)</sup> estimated

<sup>(2)</sup> At constant exchange rates

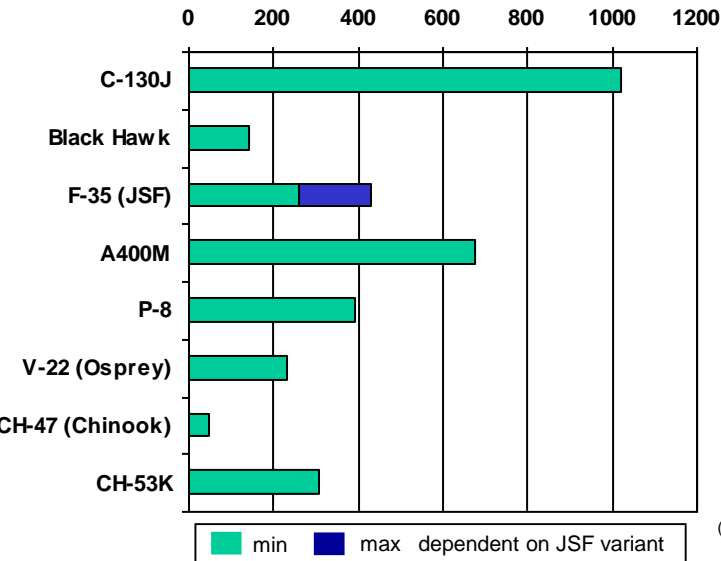
Group sales flat<sup>(2)</sup> compared to 2016

- ⇒ Increased production of HondaJet and C Series offset by lower production of legacy jets
- ⇒ Senior to outgrow the market as HondaJet and C Series continue to ramp up and new platforms with significantly higher shipset content such as E2 Jet, GL 7000 and MRJ come to market and ramp up

Source: Customers, GAMA, Teal Group & internal estimates

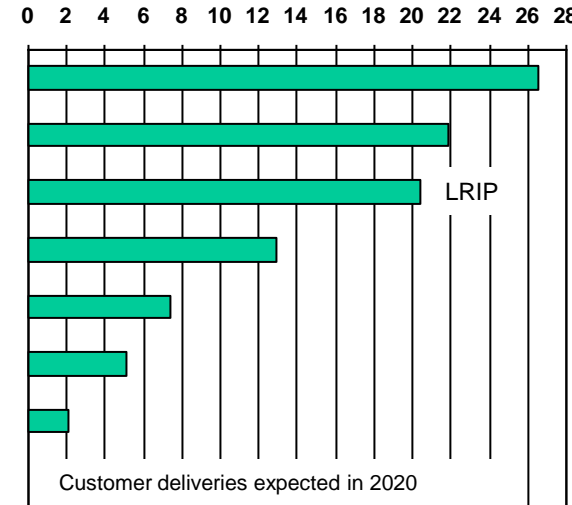
# MILITARY AND DEFENCE (12% of Group)

Shipset Value (\$k)



Avg. <sup>(1)</sup> shipset value (\$k)	Airframe 2017 deliveries (number)
1,020	26
141	155
309	66
677	19
390	19
231	22
49	44
307	Nil

Deliveries x Avg.<sup>(1)</sup> Shipset Value (\$m)



Var. in avg. shipset value 12/16 to 12/17 (\$k)	Aircraft Model
+67	C-130J
+24	Black Hawk
-19	F-35 (JSF)
+108	A400M
+8	P-8
-	V-22 (Osprey)
+11	CH-47 (Chinook)
+44	CH-53K

<sup>(1)</sup> Average based on programme share and estimated aircraft & engine variant

<sup>(2)</sup> At constant exchange rates

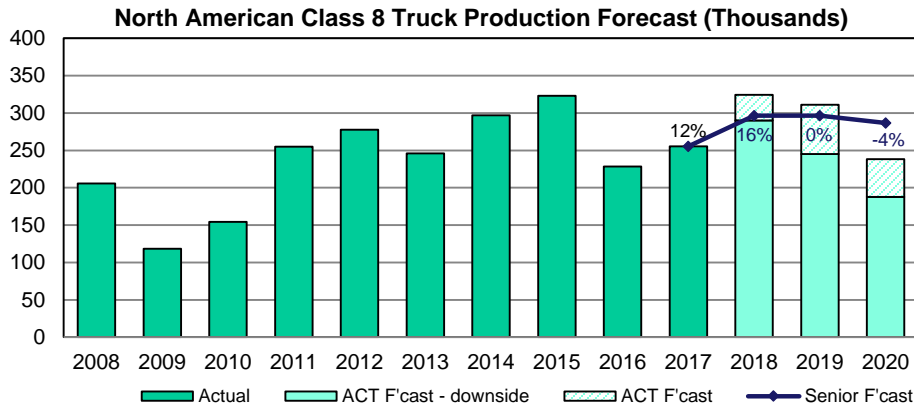
	Deliveries (number)		Estimated Production (number)			Growth (%)
	2016	2017	2018	2019	2020	2017-2020
C-130J	24	26	24	24	24	-8%
Black Hawk	169	155	115	80	75	-52%
F-35 (JSF)	46	66	80	110	130	+97%
A400M	17	19	15	11	11	-42%
P-8	18	19	20	20	20	+5%
V-22 (Osprey)	22	22	22	22	12	-45%
CH-47 (Chinook)	25	44	40	34	20	-55%
CH-53K	-	-	-	-	7	-

Group sales ↓ 6%<sup>(2)</sup> compared to 2016

- ⇒ Group revenue impacted by Black Hawk build rate reduction, lower F-35 content and fewer B variants and lower A400M sales (lower supply chain inventory)
- ⇒ Won additional content on C-130J, Black Hawk, A400M and CH-53K
- ⇒ Won additional F-35 content in H2 to mitigate some of the reduction from earlier in the year (previously \$55k down but now \$19k)
- ⇒ Senior remains well positioned to benefit from key growth platforms, particularly the Joint Strike Fighter and CH-53K which are scheduled to ramp up significantly over the next five years

# LAND VEHICLES (15% of GROUP)

## North American Truck and Off-Highway (7% of Group)



### 2017 compared to 2016:

- Market - N. Am. Class 8 truck production ↑ 12%
- N. Am. Class 8 truck sales ↑ 1%
- Group - N. Am. truck and off-highway sales ↑ 22%<sup>(1)</sup>

Group benefited from launch of new off-highway EGR cooler programmes and improved replacement demand

Key Customer: Cummins (4% of Group),  
Caterpillar (3% of Group)

Source: ACT Research & internal estimates

## EU & ROW Truck and Off-Highway (3% of Group)

Group EU sales ↑ 13%<sup>(1)</sup> over 2016

Group ROW sales ↑ 72%<sup>(1)</sup> over 2016

The Group benefited from new programme launches in Europe and increased sales in the Indian and Chinese markets

## Passenger Vehicles (5% of Group)

Group sales ↑ 3%<sup>(1)</sup> over 2016

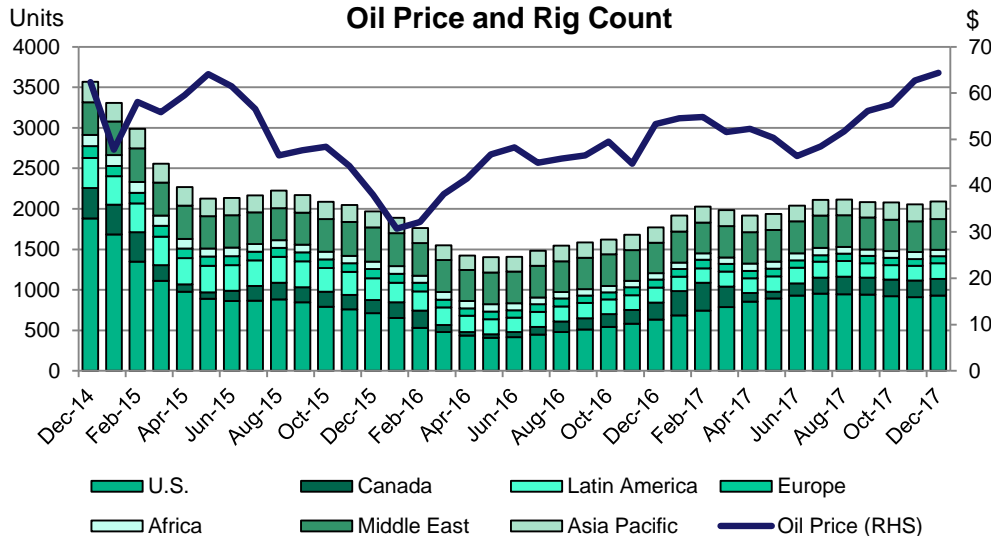
Group sales increased primarily from launch of new European programmes

Tightening of global environment legislation will increase future demand of electric/hybrid/GDI engines

Senior is developing solutions for the next generation of more efficient internal combustion engines, as well as electrified land vehicle applications

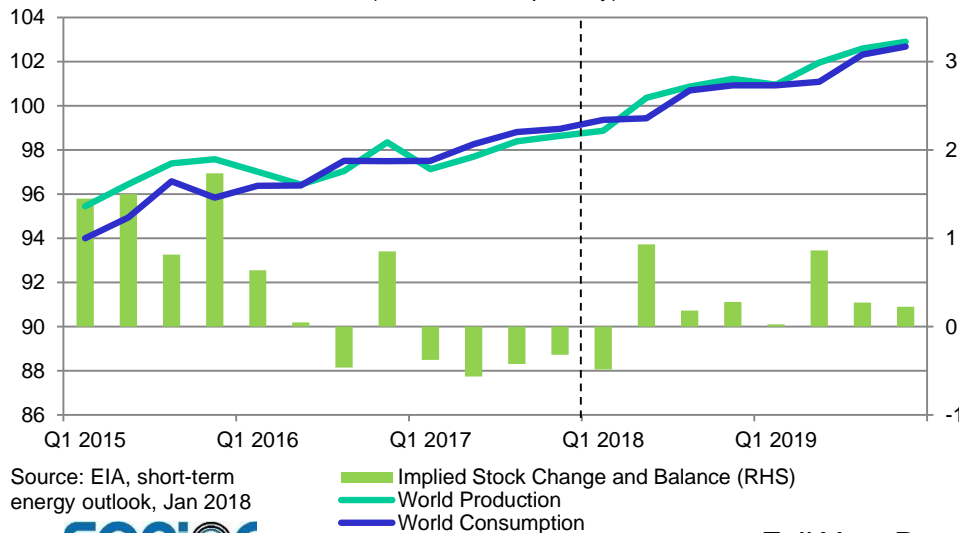
# INDUSTRIAL (13% of Group)

Oil Price and Rig Count



Source: Rig count data from Baker Hughes, Oil price from EIA

World Liquid Fuels Production and Consumption Balance  
(million barrels per day)



Source: EIA, short-term energy outlook, Jan 2018

## Group 2017 sales compared to 2016<sup>(1)</sup>

### Oil & Gas (6% of Group):

Sales ↑ 28% (£13.6m)

Upstream oil and gas benefitted from increased drilling activity in North America.

Key customer – Schlumberger (2% of Group)

### Power & Energy (3% of Group):

Sales ↓ 5% (£1.8m)

Continued weakness in North American coal and gas fired power generation markets

### HVAC, Solar & Renewables (1% of Group):

Sales ↓ 10% (£1.1m)

Higher HVAC sales offset by lower solar and renewables sales

### Other Industrial Markets (3% of Group):

Sales ↓ 7% (£2.0m)

Lower sales from medical markets

Downstream oil and gas market remains subdued as few major projects being launched. However, repair and overhaul activities have been reasonable. Recovery in this sector will lag the upstream recovery by at least a year.

<sup>(1)</sup> At constant exchange rates

# STRATEGIC PRIORITIES

Autonomous and Collaborative Business Model	Focus on Growth	Talent Development
<ul style="list-style-type: none"> <li>⇒ Empowerment and accountability</li> <li>⇒ Retain entrepreneurial spirit whilst growing</li> <li>⇒ Strong control framework and disciplined governance</li> <li>⇒ Economies of scale whilst maintaining autonomous business structure</li> </ul>	<p>Outgrow our end markets by:</p> <ul style="list-style-type: none"> <li>⇒ Growing market share, particularly with key customers</li> <li>⇒ Focusing on innovation</li> <li>⇒ Geographical expansion</li> <li>⇒ Seeking out and exploiting adjacent opportunities               <ul style="list-style-type: none"> <li>• organically and through acquisition</li> </ul> </li> </ul>	<p>A strong focus on improving organisational capability</p> <ul style="list-style-type: none"> <li>⇒ Further develop leadership talent</li> <li>⇒ Upgrade functional capability across the Group</li> <li>⇒ Ensure robust succession plans are in place</li> <li>⇒ Team with world-class external partners to develop Senior's top talent</li> </ul>

# STRATEGIC PRIORITIES

Competitive Cost Country Strategy	Considered and Effective Capital Deployment	High Performance Operating System
<p>Enhance global footprint to ensure businesses stay competitive at a capability and cost level</p> <ul style="list-style-type: none"> <li>⇒ Meet customers' cost and price challenges</li> <li>⇒ Protect margins</li> <li>⇒ Key investments:               <ul style="list-style-type: none"> <li>- Thailand      - India</li> <li>- Malaysia      - Mexico</li> <li>- China          - Czech Republic</li> </ul> </li> <li>⇒ Actively move product lines and processes</li> <li>⇒ Increasingly sophisticated capabilities in competitive cost economies</li> </ul>	<p>The executive team continually reviews investment priorities across the Group to ensure that the best choices are made for the allocation of capital</p> <ul style="list-style-type: none"> <li>⇒ Rigorous investment appraisal process</li> <li>⇒ Group objective to maintain an overall return on capital employed in excess of the Group's cost of capital and to target a pre-tax return in excess of 15%</li> </ul>	<p>Implementing a high performance operating system. Key elements include:</p> <ul style="list-style-type: none"> <li>⇒ An operational toolkit incorporating best practice processes:               <ul style="list-style-type: none"> <li>• Lean and continuous improvement techniques</li> <li>• Supplier management and development processes</li> <li>• Engineering, new product introduction (NPI) and project management processes</li> <li>• 5/6S methodology</li> <li>• Factory visual management systems</li> <li>• Risk and financial management</li> </ul> </li> <li>⇒ A strengthened business review process               <ul style="list-style-type: none"> <li>• KPI focus on performance, growth, operational excellence and talent development</li> </ul> </li> </ul>

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# GROUP OUTLOOK

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## 2018 trading started in line with expectations

### Order book strong across most businesses

- Aerospace revenue growth driven by 737 MAX, A320neo, A350 and C Series ramp up, and E2 Jet and GL 7000/8000 entry into service
- Flexonics revenue growth driven by improvement in North American heavy-duty truck & off-highway and upstream oil & gas; downstream oil & gas and power & energy markets remain subdued

### Anticipate further margin improvement across both Divisions as we continue our focus on cost management and efficiency initiatives

- Aerospace margin slightly weighted to H2

**At current exchange rates<sup>(1)</sup>, the Board expects good progress to be made in 2018**

### Looking further ahead:

- Senior is competitively positioned
- Expects to continue to make good progress as new programmes and products continue to ramp up
- Benefits of the Senior Operating System and cost saving actions continue to be delivered
- Robust financial position provides solid platform to pursue disciplined acquisition and 'prune to grow' strategy

(1) Currently assuming \$1.39 : £1 average for year  
The currency translation impact of 10 cent movement in \$:£ = £5m operating profit; £8m net debt



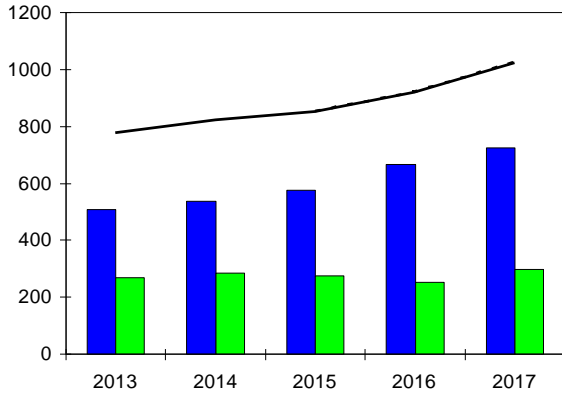
ANY  
QUESTIONS?



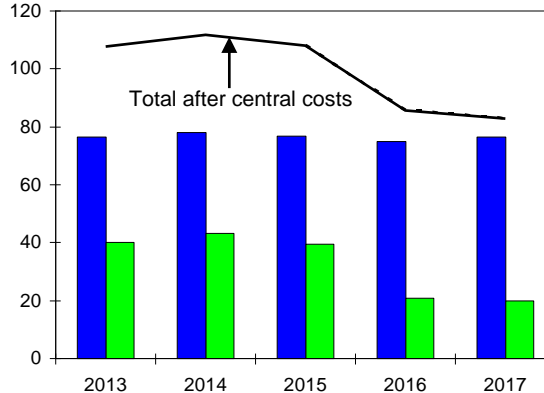
# APPENDICES

# GROUP EVOLUTION

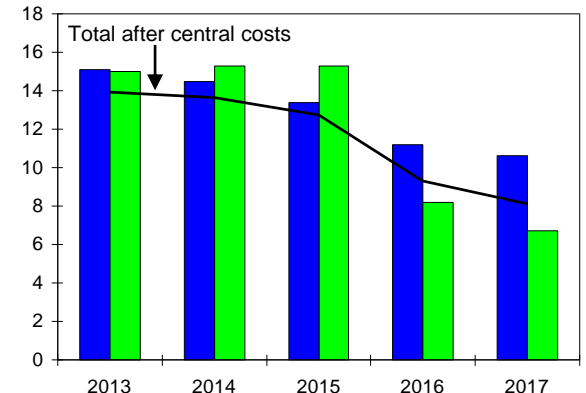
### Revenue (£m)



### Adjusted Operating Profit (£m)

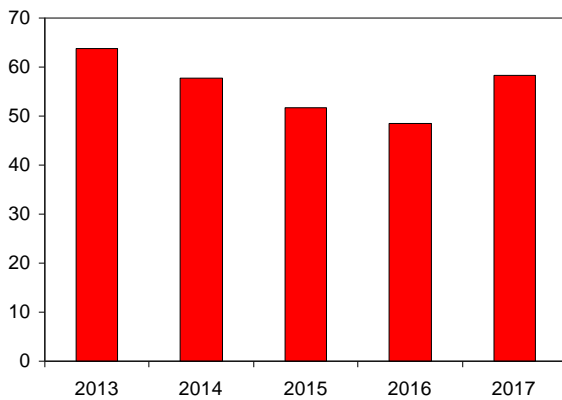


### Adjusted Operating Margin (%)

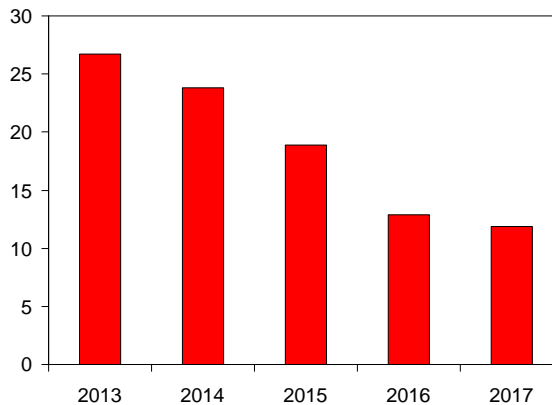


■ Aerospace   
 ■ Flexionics   
 — Group

### Free Cash Flow (£m)

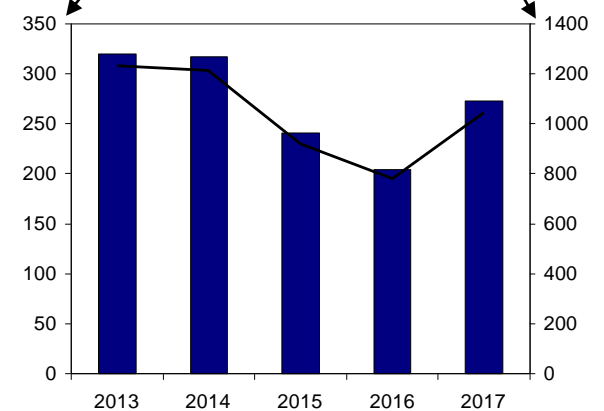


### Return on Capital Employed (%)



■ Group

### Share Price (p) / Market Capitalisation (£m)

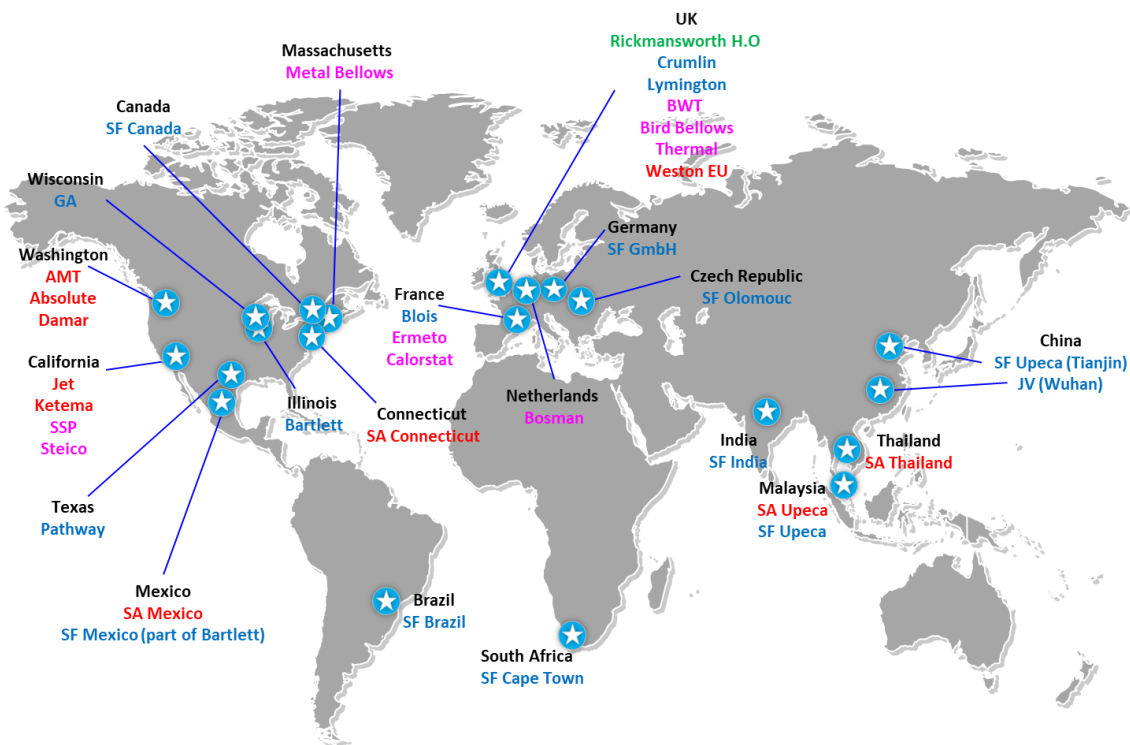


■ Market Capitalisation   
 — Share Price

# EU and North America

2017 split	Sales	Adj. OP	Employees
N. America	59%	63%	3,202
UK	16%	4%	1,457
Rest of Europe	12%	11%	1,190
Rest of World	13%	22%	1,847

- ⇒ Senior is an international manufacturing Group with 33 operations in 14 countries
- ⇒ Within Europe, Senior has 12 operations across 5 countries, including the UK
- ⇒ Senior has 14 operations across North America
- ⇒ 84% of Group revenue is generated from operations outside the UK
- ⇒ 59% of Group revenue is generated from operations in North America: US - 56%; Mexico - 2%; Canada - 1%
- ⇒ 10 cents movement in the \$:£ exchange rate is estimated to affect full-year forward revenue by £45m, adjusted operating profit by £5m and net debt by £8m.
- ⇒ Monitoring ongoing developments to assess further impact



# CHANGES IN ACCOUNTING STANDARDS IFRS 15 / 16

## IFRS 15 Revenue

- ⇒ Requires the recognition of revenue in a manner that depicts the transfer of goods or services to customers
- ⇒ Effective from 2018. Senior has not taken retrospective application option
- ⇒ The Group has now completed the implementation of IFRS 15:
  - no impact on timing of receipt of cash considerations
  - no significant impact on revenue and PBT

## IFRS 16 Leases

- ⇒ Requires lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset is low value
- ⇒ Effective from 2019. Senior unlikely to take retrospective application option, therefore opening retained earnings will be adjusted on 1 Jan 2019
- ⇒ Based on initial assessment, had the new requirements been adopted in 2017:
  - PBT would decrease by an immaterial amount
  - lease liabilities and PPE would increase by an estimated £50m to £70m
  - net debt / EBITDA ratio would increase by estimated 0.2x to 0.5x
- ⇒ These estimated ranges reflect sensitivity of +/- 3ppts movement in the discount rate
- ⇒ The actual transitional adjustments may differ from the estimates provided above due to future changes in the lease portfolio, discount rates and exchange rates

# CURRENCY EFFECT

Avg. FY 2016	FULL YEAR Rates to GBP	Avg. FY 2017	Translation Impact on FY 2016 <sup>(1)</sup> (£m)	
			Revenue	Adj. PBT <sup>(2)</sup>
1.36	US \$	1.29	30.4	3.0
47.81	Thai Baht	43.93	3.5	0.5
33.24	Czech Rep. Koruna	30.18	1.4	0.5
1.23	Euro €	1.15	6.4	0.4
19.89	South African Rand	17.13	1.5	0.3
1.80	Canadian \$	1.68	0.6	0.1
91.02	Indian Rupee	84.34	0.4	-
5.61	Malaysian Ringgit	5.56	0.3	-
8.99	Chinese Renminbi	8.74	0.1	-
4.74	Brazilian Real	4.15	0.9	(0.1)
<b>Net Impact on FY 2016</b>			<b>45.5</b>	<b>4.7</b>

(1) The impact on 2016 results if exchange rates were at the 2017 average rates (translation impact only).

(2) Adjusted profit before tax (PBT) is as defined on page 8.

# DIVISION AND GEOGRAPHIC RESULTS – AS REPORTED

	Revenue £m			Adj Operating Profit <sup>(1)</sup> £m			Margin <sup>(1)</sup>	
	2017	2016	Currency Impact <sup>(2)</sup>	2017	2016	Currency Impact <sup>(2)</sup>	2017	2016
<b>By Division</b>								
Aerospace	725.3	665.2	30.4	76.6	74.8	3.6	10.6%	11.2%
Flexonics	298.8	252.1	15.1	20.0	20.7	1.5	6.7%	8.2%
Share of JV	-	-	-	0.7	0.7	-	-	-
<i>Inter-seg. sales</i>	(0.7)	(0.3)	-	-	-	-	-	-
Central Costs	-	-	-	(14.7)	(10.6)	(0.1)	-	-
<b>Total</b>	<b>1,023.4</b>	<b>917.0</b>	<b>45.5</b>	<b>82.6</b>	<b>85.6</b>	<b>5.0</b>	<b>8.1%</b>	<b>9.3%</b>
<b>By Geography</b>								
North America	608.8	567.7	31.0	55.4	64.1	3.5	9.1%	11.3%
United Kingdom	167.1	142.6	-	14.0	7.5	-	8.4%	5.3%
Rest of Europe	120.7	107.5	7.9	9.4	10.8	0.8	7.8%	10.0%
Rest of World	133.3	104.5	7.0	17.8	13.1	0.8	13.4%	12.5%
Share of JV	-	-	-	0.7	0.7	-	-	-
<i>Intra-co. sales</i>	(6.5)	(5.3)	(0.4)	-	-	-	-	-
Central Costs	-	-	-	(14.7)	(10.6)	(0.1)	-	-
<b>Total</b>	<b>1,023.4</b>	<b>917.0</b>	<b>45.5</b>	<b>82.6</b>	<b>85.6</b>	<b>5.0</b>	<b>8.1%</b>	<b>9.3%</b>

(1) Adjusted operating profit is as defined on page 8.

(2) Currency impact is the effect on the 2016 reported figures when retranslated at 2017 average exchange rates.

# EARNINGS PER SHARE AND DIVIDENDS

	2017	2016	Change
<b>Average number of shares</b>			
Basic	418.9m	418.8m	+0.1m
Fully diluted	421.8m	419.3m	+2.5m
<b>Adjusted earnings per share <sup>(1)</sup></b>			
Basic	14.39p	14.37p	+0.1%
Fully diluted	14.30p	14.36p	-0.4%
<b>Dividends (pence per share) <sup>(2)</sup></b>			
Interim	2.05p	1.95p	+5.1%
Final	4.90p	4.62p	+6.1%
Total	6.95p	6.57p	+5.8%
<b>Dividend cost (£m) <sup>(2)</sup></b>			
Interim	£8.5m	£8.1m	
Final	£20.5m	£19.4m	
Total	£29.0m	£27.5m	
<b>Dividend cover <sup>(1)</sup></b>			
	2.1x	2.2x	

(1) Based on adjusted profit for the period as defined on page 8

(2) Final figures are proposed

# FREE CASH FLOW

	2017 £m	2016 £m
<b>Operating profit</b>	<b>65.5</b>	<b>65.8</b>
Share of JV	(0.7)	(0.7)
Depreciation	38.8	32.5
Amortisation of intangible assets from acquisitions	17.1	19.8
Amortisation of other intangible assets	2.0	1.7
Profit on sale of fixed assets	(0.2)	-
Costs on disposal	(0.8)	(0.3)
Share-based payment charges	1.9	1.1
Pension payments in excess of service cost	(9.7)	(8.8)
Pension curtailment gain	-	(1.0)
Working capital	12.4	(0.4)
Currency movements	(0.5)	3.5
<b>Cash generated from operations</b>	<b>125.8</b>	<b>113.2</b>
Interest paid (net)	(9.6)	(10.0)
Tax paid	(4.9)	(2.7)
Capital expenditure (page 34)	(54.8)	(52.8)
Sale of fixed assets	1.8	0.8
<b>Free cash flow</b>	<b>58.3</b>	<b>48.5</b>



# CHANGE IN NET DEBT

	2017 £m	2016 £m
<b>Free cash flow (page 32)</b>	<b>58.3</b>	<b>48.5</b>
Dividends	(27.9)	(26.4)
Proceeds on disposal	0.4	1.3
Repayment of JV loan	0.3	0.5
Purchase of shares by employee benefit trust	(0.1)	(1.1)
<b>Net cash inflow</b>	<b>31.0</b>	<b>22.8</b>
Exchange variations	11.0	(26.3)
Non-cash items	0.8	-
Net debt – opening	(198.1)	(194.6)
<b>Net debt – closing (page 35)</b>	<b>(155.3)</b>	<b>(198.1)</b>
<b>Net debt to EBITDA (page 37)</b>	<b>1.3x<sup>(1)</sup></b>	<b>1.7x<sup>(1)</sup></b>

(1) Based on rolling 12 month EBITDA

# GROSS CAPITAL EXPENDITURE

	2017		2016	
	Capex	Depn <sup>(1)</sup>	Capex	Depn <sup>(1)</sup>
	£m	£m	£m	£m
Aerospace	41.0	27.7	40.1	23.5
Flexonics	13.4	12.9	12.2	10.5
Holding Companies	0.4	0.2	0.5	0.2
<b>Total</b>	<b>54.8</b>	<b>40.8</b>	<b>52.8</b>	<b>34.2</b>

(1) Depreciation of £38.8m (2016: £32.5m) and amortisation of computer software of £2.0m (2016: £1.7m).

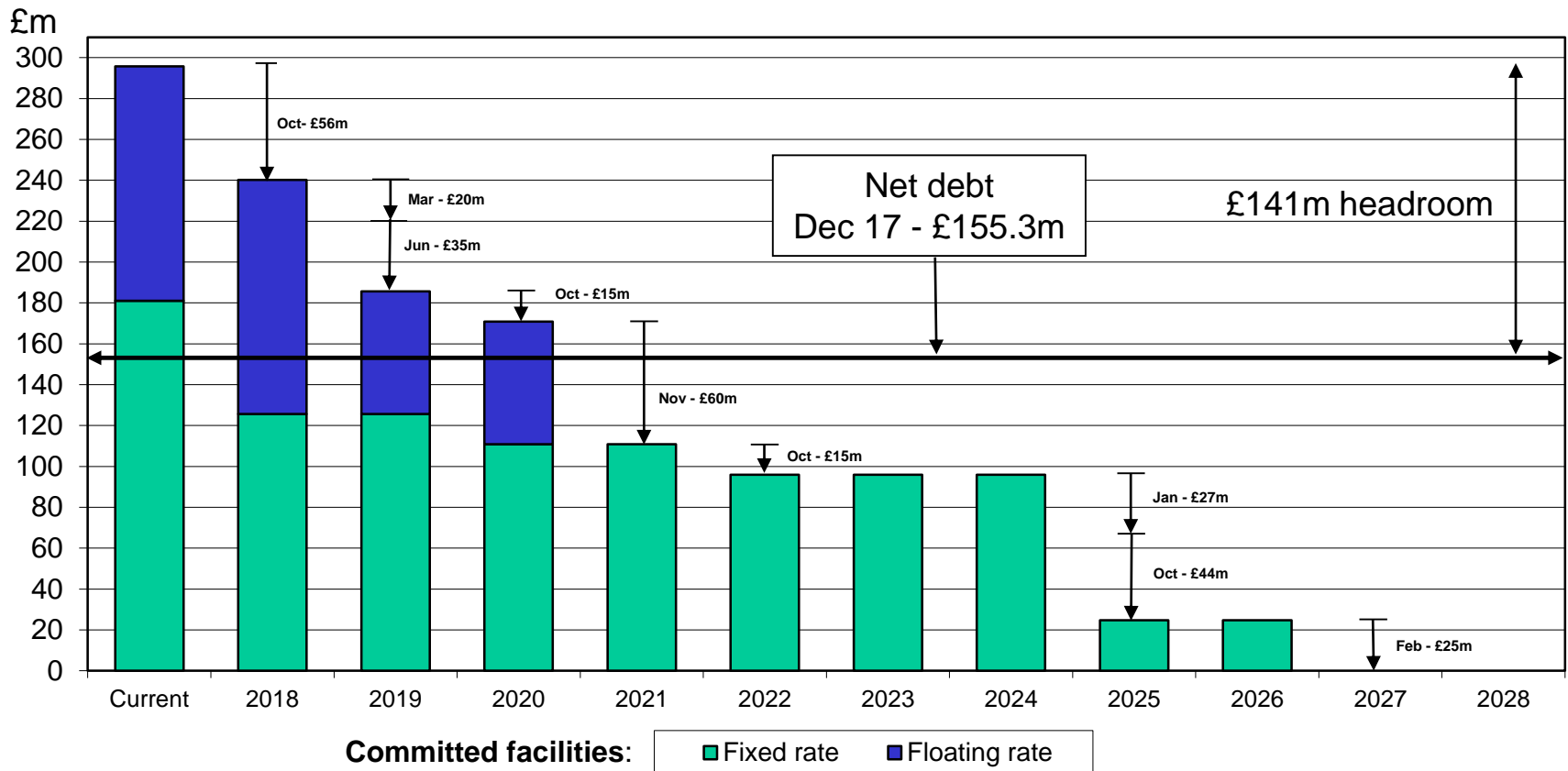
# USAGE OF CREDIT FACILITIES – December 2017

	<u>Interest</u> %	<u>Facility</u> £m	<u>Usage</u> £m	<u>Usage by Currency</u>			
				<u>£</u>	<u>\$</u>	<u>€</u>	<u>Other</u>
<b><u>US Private placements:</u></b>							
€28.0m (Feb 2027)	1.51%	24.8	24.8	-	-	24.8	-
\$60.0m (Oct 2025)	3.75%	44.3	44.3	-	44.3	-	-
£27.0m (Jan 2025)	2.35%	27.0	-	-	-	-	-
\$20.0m (Oct 2022)	3.42%	14.8	14.8	-	14.8	-	-
\$20.0m (Oct 2020)	6.94%	14.8	14.8	-	14.8	-	-
\$75.0m (Oct 2018)	6.84%	55.6	55.6	-	55.6	-	-
	<b>4.8%</b>	<b>181.3</b>	<b>154.3</b>	-	<b>129.5</b>	<b>24.8</b>	-
<b><u>Bank facilities:</u></b>							
RCF £60.0m (Nov 2021) Base+1.00%	1.50%	60.0	-	-	-	-	-
Harris \$47.4m (Jun 2019) Base+0.95%	2.50%	35.1	3.7	-	3.7	-	-
RCF £20.0m (Mar 2019) Base+0.75%	1.25%	20.0	5.0	5.0	-	-	-
<b>Total committed facilities</b>		<b>296.4</b>	<b>163.0</b>	<b>5.0</b>	<b>133.2</b>	<b>24.8</b>	-
Overdrafts and bank loans		65.0	5.0	4.8	(2.1)	1.4	0.9
Finance leases		0.5	0.5	0.5	-	-	-
<b>Gross debt</b>		<b>361.9</b>	<b>168.5</b>	<b>10.3</b>	<b>131.1</b>	<b>26.2</b>	<b>0.9</b>
Cash and cash pooling		-	(12.6)	(0.4)	(4.3)	(2.9)	(5.0)
Debt transaction costs		(0.8)	(0.8)	(0.6)	(0.1)	(0.1)	-
Deferred loss on debt hedge		-	0.2	0.2	-	-	-
<b>Net debt</b>		<b>361.1</b>	<b>155.3</b>	<b>9.5</b>	<b>126.7</b>	<b>23.2</b>	<b>(4.1)</b>

**Headroom of £141m on committed facilities**

# MATURITY PROFILE OF CREDIT FACILITIES

- ⇒ \$30m private placement repaid in January 2017 by drawing of a new €28m 10 year private placement with an interest rate of 1.51%
- ⇒ In May 2017 the committed Harris facility was rolled-forward to June 2019 with a 0.15 pts reduction in margin
- ⇒ A new £27m 7 year private placement agreement was committed in December 2017 with an interest rate of 2.35%
- ⇒ Net Debt:EBITDA = 1.3x



# COVENANTS

	Dec 2017	Jun 2017	Dec 2016	Jun 2016
Net Debt	£155.3m	£181.6m	£198.1m	£207.3m
Net interest - rolling 12 months	£9.3m	£10.1m	£10.1m	£9.0m <sup>(1)</sup>
EBITDA - rolling 12 months	£123.9m <sup>(1)</sup>	£114.0m	£119.6m	£130.0m <sup>(1)</sup>
<b>Interest cover (to exceed 3.5 times)</b>	<b>13.3 x</b>	<b>11.3 x</b>	<b>11.8 x</b>	<b>14.4 x</b>
<b>Net Debt to EBITDA (not to exceed 3 times)</b>	<b>1.3 x</b>	<b>1.6 x</b>	<b>1.7 x<sup>(2)</sup></b>	<b>1.6 x</b>

(1) For covenant purposes, for the 12 months to December 2017, EBITDA excludes £0.9m loss to eliminate BWT Ilkeston facility's results prior to its disposal. The Group's results only include Steico from its date of acquisition (December 2015). Consequently, for covenant purposes for rolling 12 months to June 2016, net interest and EBITDA include an additional £0.1m and £1.3m respectively in respect of Steico's results prior to the acquisition.

(2) For some covenants the ratio of net debt to EBITDA at December and June 2017 remain at 1.3x and 1.6x, respectively, with the required restatement of the 31 December and 30 June 2017 net debt at average exchange rates for the 12-month periods ending December and June 2017. The ratio of net debt to EBITDA at December 2016 reduces to 1.5x due to the required restatement of the 31 December 2016 net debt at average 2016 exchange rates.

# PENSIONS

	12 Months 2017			2016	
	UK Funded £m	USA Funded £m	Various Unfunded £m	Total £m	Total £m
<b>IAS 19 Retirement Benefit</b>					
Scheme assets	301.4	47.1	-	348.5	297.4
Scheme liabilities	(297.4)	(54.5)	(7.0)	(358.9)	(310.0)
<b>Scheme asset/(deficit) at 31 Dec 2016</b>	<b>4.0</b>	<b>(7.4)</b>	<b>(7.0)</b>	<b>(10.4)</b>	<b>(12.6)</b>
Current service cost	-	(0.4)	(0.5)	(0.9)	(0.9)
Running costs	(0.4)	(0.1)	-	(0.5)	(0.8)
Total employer cash contributions	8.6	2.2	0.3	11.1	10.5
Net interest charge	0.2	(0.3)	(0.1)	(0.2)	(0.2)
Actuarial variations - assets	11.4	2.3	-	13.7	42.8
- liabilities	(4.4)	(4.1)	-	(8.5)	(47.9)
Pension curtailment gain	-	-	-	-	1.0
Foreign exchange impact	-	0.6	(0.2)	0.4	(2.3)
<b>Scheme asset/(deficit) at 31 Dec 2017</b>	<b>19.4</b>	<b>(7.2)</b>	<b>(7.5)</b>	<b>4.7</b>	<b>(10.4)</b>
Scheme assets	321.2	47.1	0.4	368.7	348.5
Scheme liabilities	(301.8)	(54.3)	(7.9)	(364.0)	(358.9)
Discount rate	2.4%				2.6%
Price inflation	3.1%				3.2%
Life expectancy of male aged 65 in 20 years	23.3yrs				23.7yrs

## UK Scheme Actuarial Valuation

Last valuation:	5 April 2016
Scheme assets at valuation:	£268.1m
Scheme liabilities at valuation:	(£305.5m)
Funding level:	88%

UK Scheme is closed to future accrual

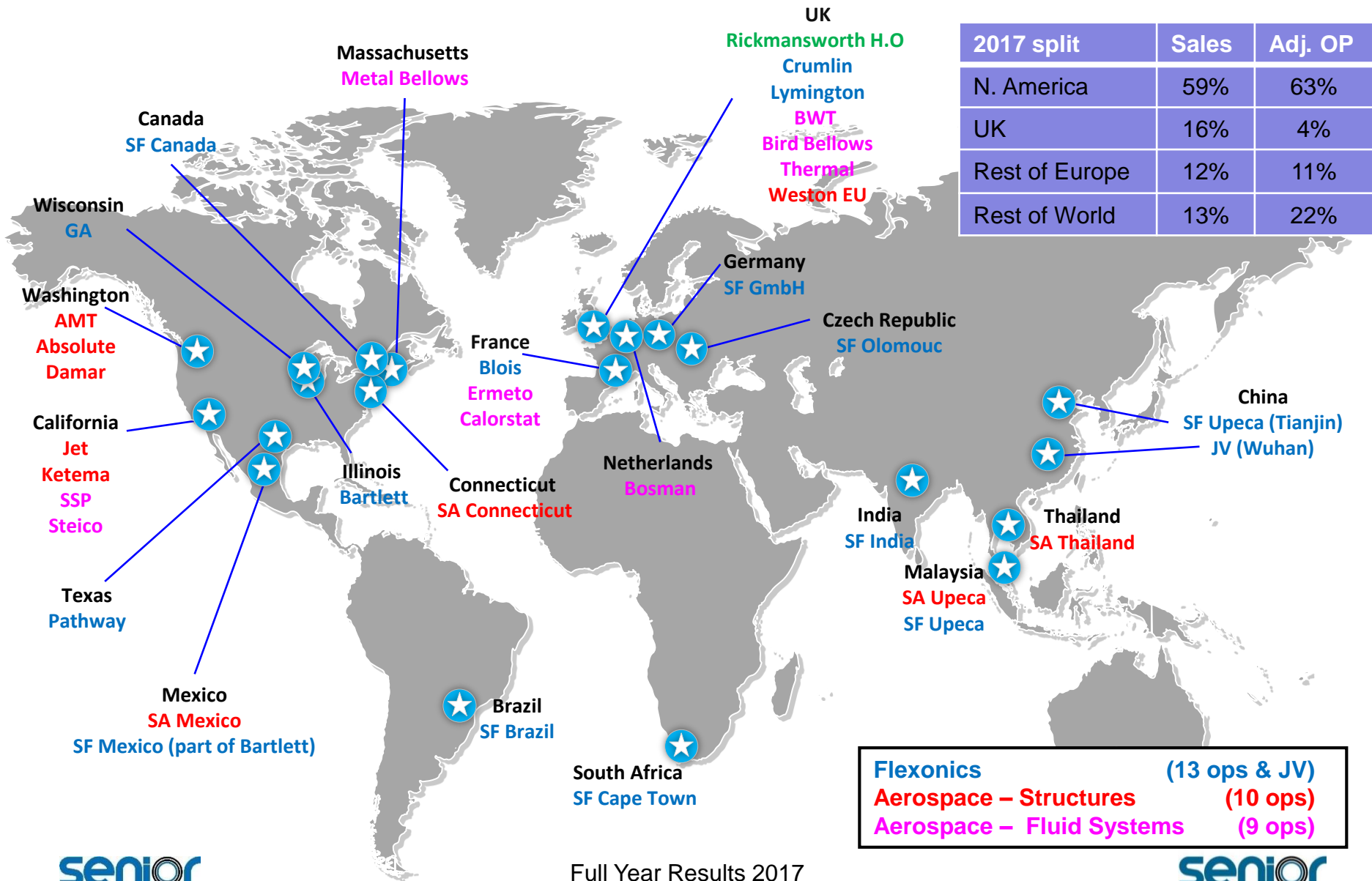
2.6% }  
3.2% } UK 2016  
23.7yrs }

# ACQUISITION FRAMEWORK

More Likely → Less Likely

<b>Division</b>	Fluid Systems	Structures	Flexonics		New Markets
<b>Market</b>	Large Commercial Defence Energy General Industrial	Rotorcraft Truck/ Off Highway	Reg Jet Automotive Medical	Biz Jet Renewables Semi-conductor Equipment	VLJ
<b>Product</b>	Aero Ducting High Temp. Composites Heat Exchangers/Coolers	Control Bellows Expansion Joints	Precision Machining Emission Control	Auto Piping Industrial Tube	
<b>Nature</b>	Own design / IP Higher Value Assy.	Highly Engineered BTP Components		Commodity BTP	
<b>Geography</b>	North America Asia	UK	Europe South America	Africa Australasia	
<b>Ownership</b>	Owner managed	Trade	Venture Capital		
<b>Revenue</b>	\$50 to \$100m	\$100m+	\$30 to \$50m	less than \$30m	

# SENIOR'S LOCATIONS

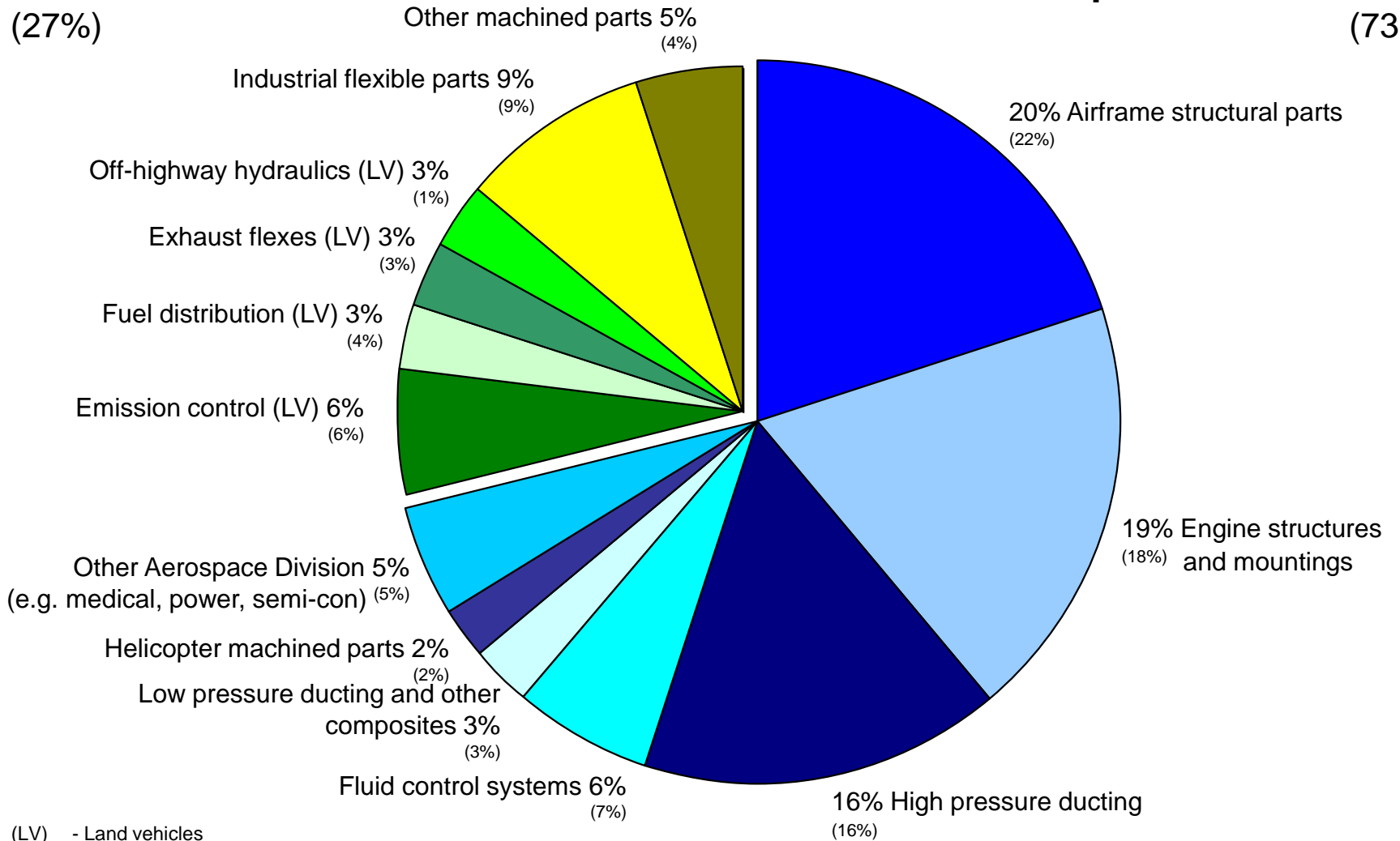




# SENIOR'S PRODUCTS – 2017

**29% Flexonics Division**  
(27%)

**Aerospace Division 71%**  
(73%)



% in brackets are 2016 comparatives



# AEROSPACE DIVISION

# AEROSPACE – ORDERS AND DELIVERIES

Large Commercial Aircraft	Deliveries				Net Orders				Order Book			
	2017	2016	2015	2014	2017	2016	2015	2014	Dec 2017	Dec 2016	Dec 2015	Dec 2014
Boeing	763	748	762	723	912	668	768	1,432	5,864	5,715	5,795	5,789
Airbus	718	688	635	629	1,109	731	1,080	1,456	7,265	6,874	6,831	6,386
<b>Total</b>	<b>1,481</b>	<b>1,436</b>	<b>1,397</b>	<b>1,352</b>	<b>2,021</b>	<b>1,399</b>	<b>1,848</b>	<b>2,888</b>	<b>13,129</b>	<b>12,589</b>	<b>12,626</b>	<b>12,175</b>

Regional Jets	Deliveries				Net Orders				Order Book			
	2017	2016	2015	2014	2017	2016	2015	2014	Dec 2017	Dec 2016	Dec 2015	Dec 2014
Bombardier <sup>(1)</sup>	43	53	44	59	28	136	25	107	390 <sup>(2)</sup>	405	322	341
Embraer	101	108	101	92	86	45	155	122	435 <sup>(3)</sup>	450	513	459
<b>Total</b>	<b>144</b>	<b>161</b>	<b>145</b>	<b>151</b>	<b>114</b>	<b>181</b>	<b>180</b>	<b>229</b>	<b>825</b>	<b>855</b>	<b>835</b>	<b>800</b>

Business Jets	Deliveries			
	2017	2016	2015	2014
<b>Total</b>	<b>676</b>	<b>667</b>	<b>718</b>	<b>722</b>

(1) Bombardier figures exclude Q-Series turboprop Q-Series  
2017 deliveries: 30 (2016: 33; 2015: 29);  
2017 net orders: 42 (2016: 25; 2015: 26)

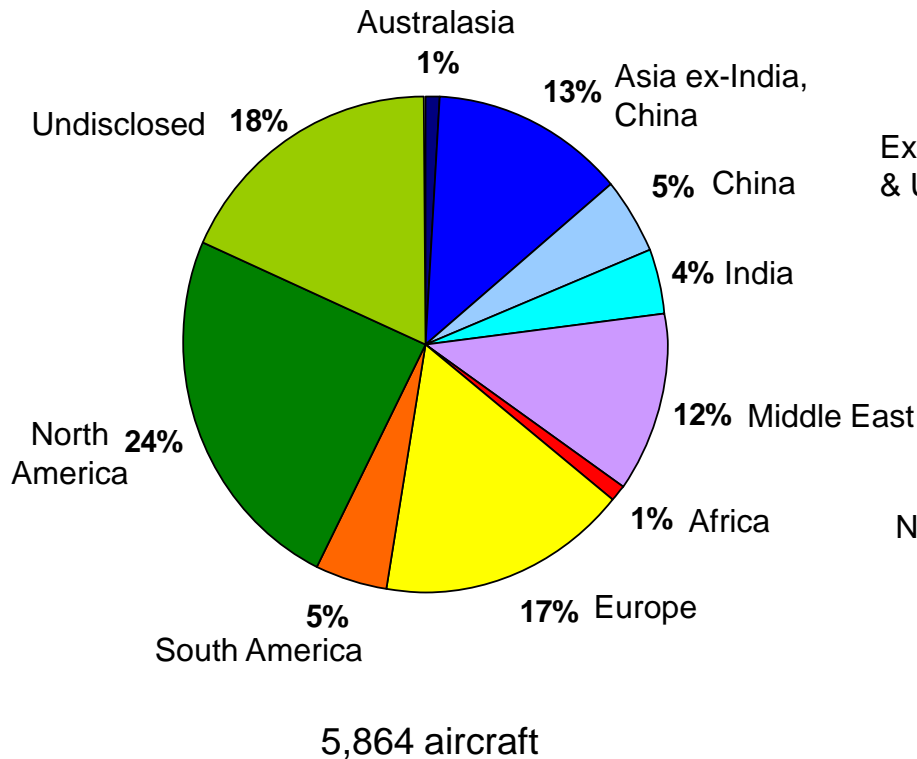
(2) Bombardier currently has 348 firm orders for CSeries

(3) Includes 280 orders for E175/190/195-E2

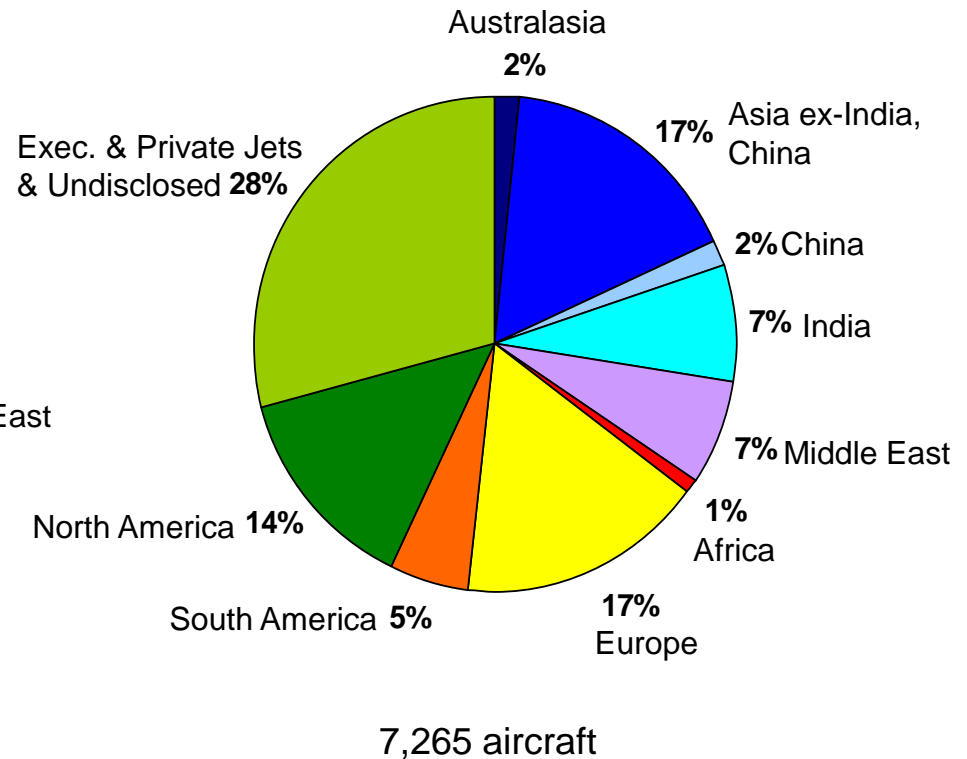
Source: GAMA and customers

# AEROSPACE – LARGE COMMERCIAL AIRCRAFT BACKLOG

Boeing backlog by region: Dec 2017



Airbus backlog by region: Dec 2017



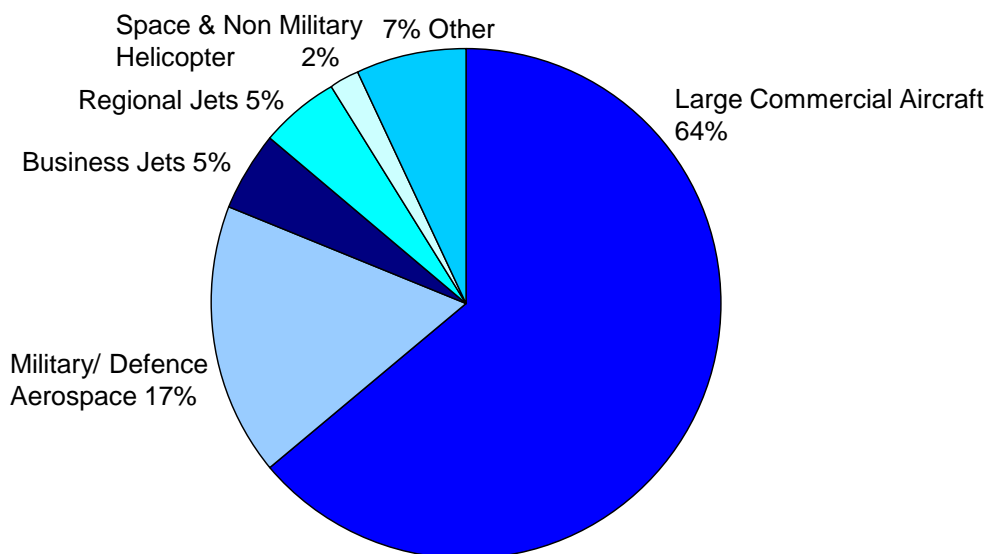
Source: Boeing and Airbus

# AEROSPACE DIVISION: A SUMMARY

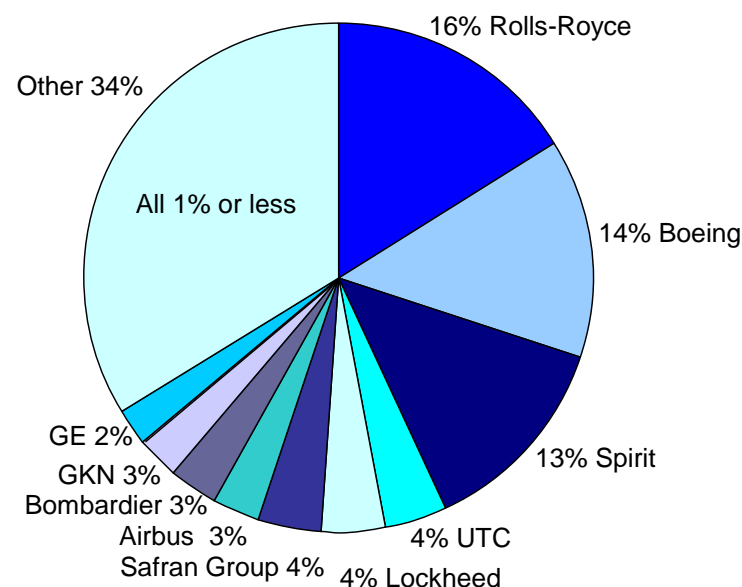
	2017	2016 <sup>(2)</sup>	Change
Revenue	<b>£725.3m</b>	£695.6m	<b>+4.3%</b>
Adjusted Operating Profit <sup>(1)</sup>	<b>£76.6m</b>	£78.4m	<b>-2.3%</b>
Adjusted Operating Margin <sup>(1)</sup>	<b>10.6%</b>	11.3%	<b>-0.7ppts</b>

19 Operations	
NAFTA	10
Europe	3
UK	4
ROW	2

## Markets



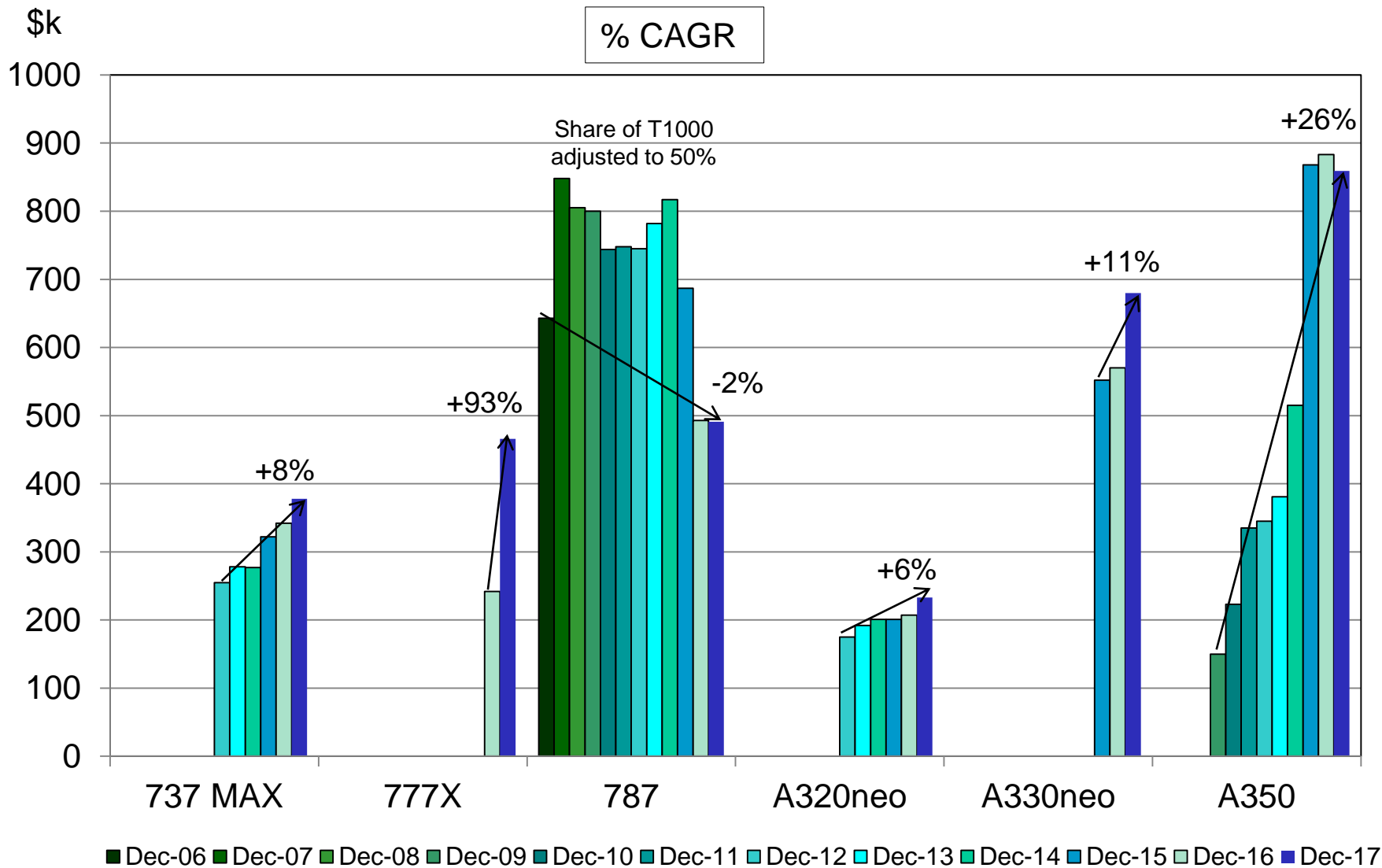
## Customers



(1) Before amortisation of intangible assets from acquisitions £8.5m (2016: £11.3m).

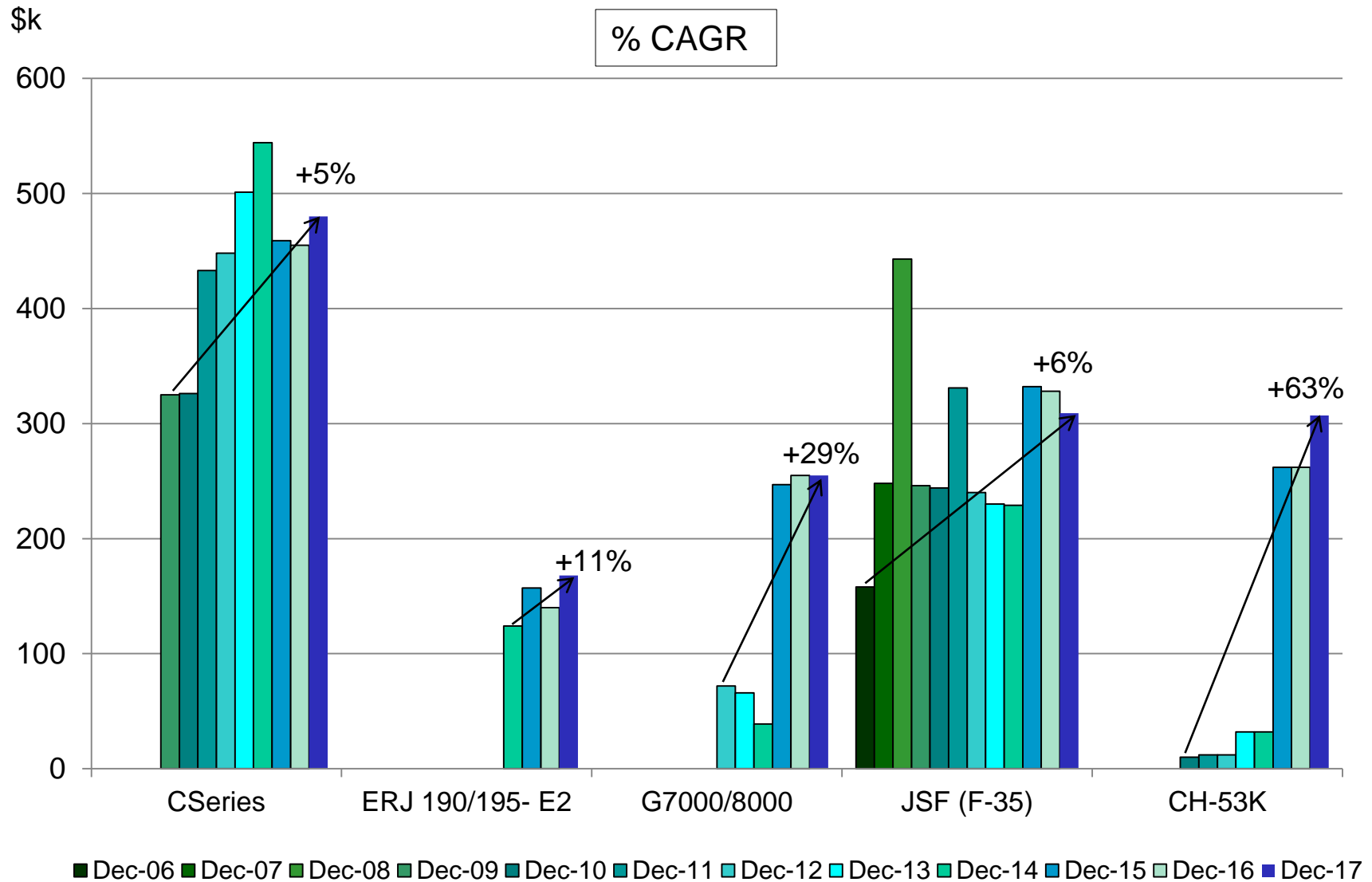
(2) All at 2017 exchange rates – translation effect only.

# SHIPSET VALUE<sup>(1)</sup> PROGRESSION – Large Commercial Aircraft



<sup>(1)</sup> Average based on programme share and estimated engine variant

# SHIPSET VALUE<sup>(1)</sup> PROGRESSION – Regional, Business and Military



(1) Average based on programme share and estimated engine variant

# FLUID CONVEYANCE

## Low Pressure Ducting

Engineered Silencer Duct Assembly

Low Pressure Ducting Assemblies

Low Pressure Ducting Cabin Assembly

Typical Regional Jet Ducting Layout

## High Pressure Ducting

Welded Duct Assemblies

Typical Wing Duct Products

HP Bleed Air Duct

Bombardier C Series High Pressure Ducting Layout

Main Operations: BWT

SSP, Steico, Bird Bellows, Calorstat

Main Customers: Bombardier, Mitsubishi, Embraer

Airbus, Boeing, Bombardier, Lockheed Martin



# FLUID CONVEYANCE

## Aerospace Control Products



Welded Bellows  
Maintenance Free Accumulators



Control Actuators



Hydraulic System Couplings

## Non-Aerospace Control Products



Pin Lift Actuators  
(Semi-Conductor)



Drug Pump Implants  
(Medical)

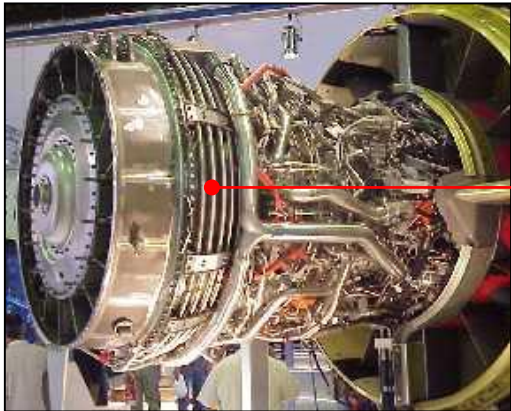
Main Operations: Metal Bellows, Calorstat, Bird Bellows, Ermeto

Main Customers: Airbus, Boeing, Lockheed Martin, Northrop Grumman, Embraer, LAM Industries

# GAS TURBINE ENGINES

## Fluid Conveyance Systems

## Engine Components



Active Clearance Control System

Engine Bleed Ducts, Gimbals, Vibreakers, Ball Joints



Hydraulic/Fuel Feed Manifolds



Engine Casing (B787 Trent 1000 )



Aerofoil for gas turbine engines



Static Seals



Bent tubes



Bellows Face Seals

Main Operations:

Bosman, Ermeto, Metal Bellows, Bird Bellows, SSP, Thermal Engineering

Ketema, Jet, Weston, S A Thailand, Thermal Engineering, Bird Bellows, Metal Bellows, Steico, Ermeto

Main Customers:

Rolls-Royce, Snecma, MTU, UTC (Pratt & Whitney)

GE, Rolls-Royce, Honeywell, UTC (P&W), Safran

# STRUCTURES

## Airframe

## Assemblies



737 Boeing Wing Ribs



737 Main Landing Gear Wheel Well



737 Wing to Body Frame (Birdcage)



737 Air Inlet (2ea) Ram Air

Premium Seat Chassis



Main Operations: AMT, Absolute, Damar, Mexico, Weston, S A Thailand, S A Upeca

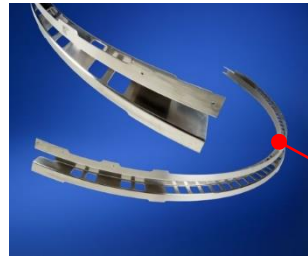
Main Customers: Boeing, Spirit, UTC (Goodrich)

AMT, Weston, S A Thailand

Boeing, Spirit, Zodiac

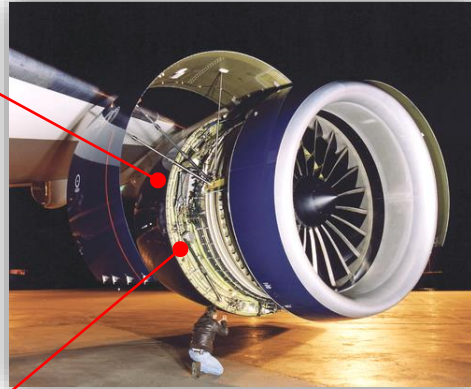
# STRUCTURES

## Nacelles



777 Load Share Ring

B777 Engine Nacelle Housing



CF34-10 Torque Box Ring,  
(Embraer 190)

## Helicopter Transmissions



Sikorsky UH60 Blackhawk



Blackhawk Gear Housing Assy.



Blackhawk Spindle

Main Operations: Jet, Ketema, Thermal Engineering

S A Connecticut

Main Customers: Boeing, Goodrich, Spirit, Middle River (GE)

Lockheed Martin (Sikorsky), Rolls-Royce



# FLEXONICS DIVISION

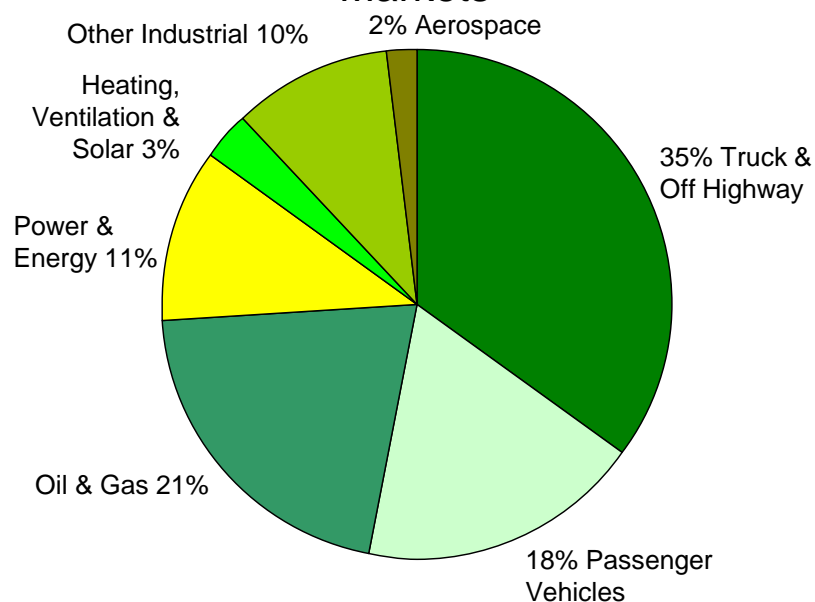
# FLEXONICS DIVISION: A SUMMARY

	2017	2016 <sup>(2)</sup>	Change
Revenue	<b>£298.8m</b>	£267.2m	<b>+11.8%</b>
Adjusted Operating Profit <sup>(1)</sup>	<b>£20.0m</b>	£22.2m	<b>-9.9%</b>
Adjusted Operating Margin <sup>(1)</sup>	<b>6.7%</b>	8.3%	<b>-1.6ppts</b>

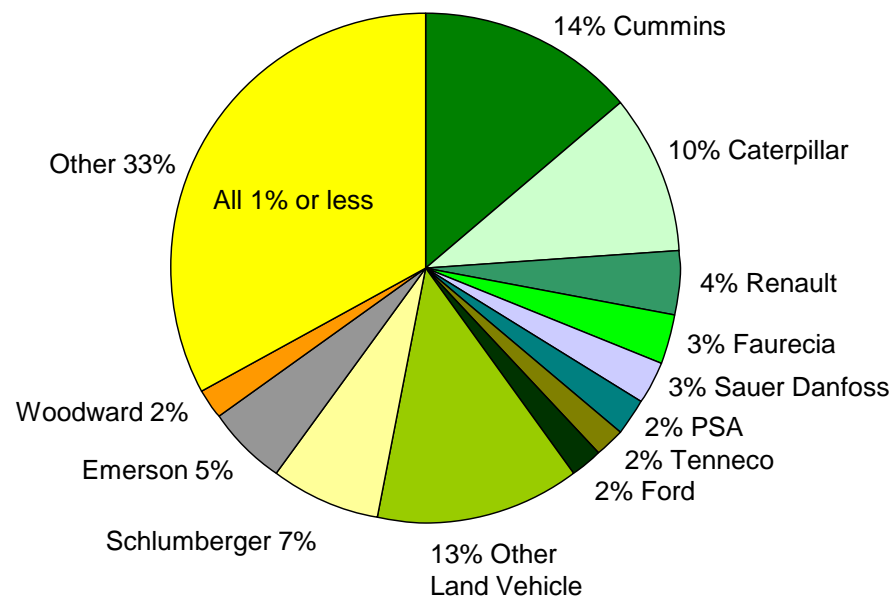
14 Operations Incl JV

NAFTA	4
Europe	3
UK	2
ROW	4
China JV	1

### Markets



### Customers



(1) Before amortisation of intangible assets from acquisitions £8.6m (2016: £8.5m).

(2) All at 2017 exchange rates – translation effect only.

# LAND VEHICLE EMISSION CONTROL

Tubes

Turbo-oil  
feed and  
drain



Common Rails



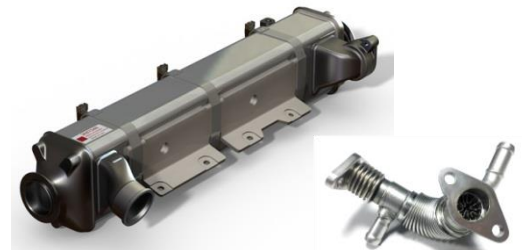
High Pressure  
Fuel Lines



Exhaust  
Bellows



Diesel fuel injector components



EGR Coolers/Heat  
Exchangers

Main Operations: Bartlett, GA, Germany, Blois, Cape Town, Sao Paulo, New Delhi

Main Customers: Cummins, Perkins, CAT, MAN, Scania, JCB, PSA, Ford, Renault, Faurecia

# INDUSTRIAL PROCESS CONTROL (1)



Metal Expansion Joints



Fabric Expansion Joints



Petrochemical,  
Refineries, &  
Steel Mills



Power  
Generation



Dampers/Diverter



Oil & Gas Directional Drilling Equipment



Oilfield Services  
Packers



Flow Control Valve  
Bodies

Main Operations: Pathway, S F Upeca, LPE

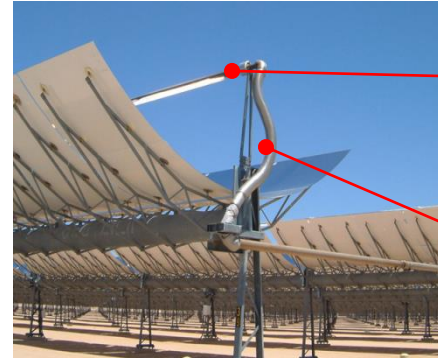
Main Customers: US domestic operators (400+), Constructors (Global), Emerson, Schlumberger



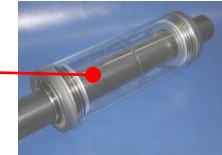
# INDUSTRIAL PROCESS CONTROL (2)



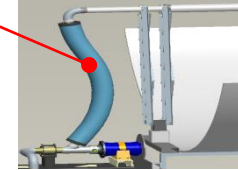
Flexible Tubes & Hoses



CSP - Solar Troughs



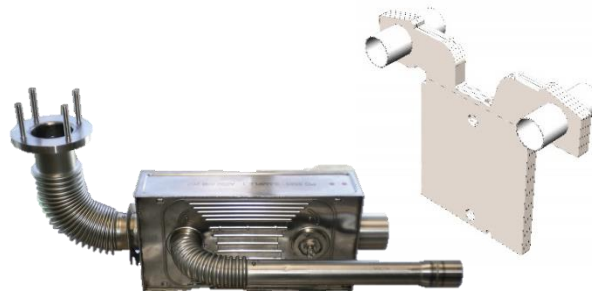
Vacuum Seal Bellows



RotationFlex®



Medical Heat Exchangers



Fuel Cell Components



Instrument Control Bellows

Main Operations: Bartlett, Canada, Germany, Crumlin

Main Customers: Medtronics, Valliant, Rioglass, Bloom Energy

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