Senior plc

Results for the year ended 31 December 2021

Robust results; recovery underway

FINANCIAL HIGHLIGHTS	Year ended 31 December 2021	2020	change	change (constant currency) [4]
REVENUE	**£658.7m**	£733.6m	**-10%**	-6%
OPERATING PROFIT/(LOSS)	**£10.5m**	£(177.3)m		
ADJUSTED FOR:				
GOODWILL IMPAIRMENT AND WRITE-OFF	**£nil**	£134.3m		
NET RESTRUCTURING (INCOME)/COSTS	**£(4.4)m**	£39.0m		
OTHER ADJUSTING ITEMS	**£nil**	£7.7m		
ADJUSTED OPERATING PROFIT [1]	**£6.1m**	£3.7m	**+65%**	+110%
ADJUSTED OPERATING MARGIN [1]	**0.9%**	0.5%	**+40 bps**	+50 bps
PROFIT/(LOSS) BEFORE TAX	**£23.7m**	£(191.8)m		
ADJUSTED LOSS BEFORE TAX [1]	**£(1.9)m**	£(6.2)m		
BASIC EARNINGS/(LOSS) PER SHARE	**5.82p**	(38.20)p		
ADJUSTED EARNINGS/(LOSS) PER SHARE [1]	**0.17p**	(0.84)p		
FREE CASH FLOW [2]	**£14.0m**	£46.5m		
NET DEBT EXCLUDING CAPITALISED LEASES [2]	**£79.9m**	£129.4m	**£50m decrease**	Net debt / EBITDA 1.9x
NET DEBT [2]	**£153.1m**	£205.9m	**£53m decrease**	
ROCE [3]	**1.0%**	0.5%	**+50 bps**	

Summary

- Full year trading in line with expectations
- Healthy book to bill ratio of 1.16
- Positive free cash flow of £14.0m
- Strengthened balance sheet with net debt (excluding capitalised leases) reduction of £50m, modestly ahead of expectations
- Improved profitability supported by successful restructuring and cost management actions
- Overall, recovery underway in core markets including civil aerospace

Commenting on the results, David Squires, Group Chief Executive Officer of Senior plc, said:

"We have delivered a robust set of results in what was another very challenging year for our industry. We improved profitability, generated good free cashflow, won important new contracts and continued to make good progress on our sustainability goals, maintaining our sector leading position. That we were able to do so, while navigating through the impact of pandemic waves, was down to the skill, application and commitment of our leadership teams and colleagues around the world.

It is heartening to see recovery underway in our core markets including civil aerospace and we anticipate that continuing in 2022 and beyond.

While the impact of the pandemic and industry wide supply chain constraints are still with us, we continue to manage these diligently. The Board anticipates good progress in 2022, in line with previous expectations, as we continue the multi-year recovery back to pre-COVID levels of performance.

Over the medium term we remain committed to delivering a strong recovery across our two Divisions, driving the Group ROCE to a minimum of 13.5% in line with our previously stated ambition.

Looking ahead, our differentiated offering in fluid conveyance and thermal management products coupled with our global footprint and positioning in attractive and diverse end markets, gives the Board confidence that Senior is well positioned to build on our strong capabilities and to capture growth opportunities. Our continued investment in low carbon technology and advanced manufacturing combined with our commitment to the highest sustainability standards provide additional foundations for continued success."

Further information

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Notes

This Release represents the Company's dissemination announcement in accordance with the requirements of Rule 6.3.5 of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority. The full Annual Report & Accounts 2021, together with other information on Senior plc, can be found at: www.seniorplc.com

The information contained in this Release is an extract from the Annual Report & Accounts 2021, however, some references to Notes and page numbers have been amended to reflect Notes and page numbers appropriate to this Release.

The Directors' Responsibility Statement has been prepared in connection with the full Financial Statements and Directors' Report as included in the Annual Report & Accounts 2021. Therefore, certain Notes and parts of the Directors' Report reported on are not included within this Release.

(1) Adjusted operating profit and adjusted loss before tax are stated before £nil goodwill impairment and write-off (2020 - £134.3m, see Note 4 for further detail), £4.4m net restructuring income (2020 - £39.0m net restructuring cost, see Note 4 for further detail) and £nil amortisation of intangible assets from acquisitions (2020 - £7.7m). Adjusted loss before tax is also stated before income associated with corporate undertakings of £21.2m (2020 - £4.6m cost, see Note 4 for further detail). Adjusted operating margin is the ratio of adjusted operating profit to revenue. Adjusted earnings/loss per share is also stated before exceptional non-cash tax credit of £0.6m (2020 – £nil).

(2) See Note 12b and 12c for derivation of free cash flow and of net debt, respectively.

(3) Return on capital employed ("ROCE") is derived from annual adjusted operating profit (as defined in Note 4) divided by the average of the capital employed at the start and end of that twelve-month period, capital employed being total equity plus net debt (as derived in Note 12c).

(4) 2020 results translated using 2021 average exchange rates - constant currency.

The following measures are used for the purpose of assessing covenant compliance for the Group's borrowing facilities:

- EBITDA is adjusted loss before tax (defined in Note 4) before interest (defined below), depreciation, amortisation and profit or loss on sale of property, plant and equipment. It also excludes EBITDA from businesses which have been disposed and it is based on frozen GAAP (pre-IFRS 16). EBITDA for 2021 was £42.1m.
- Net debt is defined in Note 12c. It is based on frozen GAAP (pre-IFRS 16) and as required by the covenant definition, it is restated using 12-month average exchange rates.
- Interest is finance costs and investment income before net finance income of retirement benefits. It also excludes interest from businesses which have been disposed and it is based on frozen GAAP (pre-IFRS 16).

The Group's principal exchange rate for the US Dollar applied in the translation of Income Statement and cash flow items at average 2021 rates was $1.38 (2020 - $1.29) and applied in the translation of balance sheet items at 31 December 2021 was $1.35 (31 December 2020 - $1.37). Currently assuming exchange rate for the US Dollar to Pound Sterling of $1.34: £1 average for 2022.

Annual Report

The full Annual Report & Accounts 2021 is now available online at www.seniorplc.com. Printed copies will be distributed on or soon after 14 March 2022.

Webcast

There will be a presentation on Monday 28 February 2022 at 11.00am GMT accessible via a live webcast on Senior's website at www.seniorplc.com/investors. The webcast will be made available on the website for subsequent viewing.

Note to Editors

Senior is an international manufacturing Group with operations in 12 countries. It is listed on the main market of the London Stock Exchange (symbol SNR). 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.

Cautionary Statement

This Release 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 Release 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.

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview of 2021 results

In 2021, Senior maintained a strong focus on operational performance and delivered improved profitability, robust free cash flow generation and further strengthened the balance sheet. This was despite the continued impact of the coronavirus (COVID-19) pandemic on our markets and customers.

With markets starting to recover, we saw order intake increasing with a healthy book to bill ratio of 1.16 for the Group, which underpins our confidence in a return to growth in 2022, 2023 and beyond. We announced notable contract extensions and new contract wins including new orders with Boeing and Honda which help to demonstrate Senior's reputation as a reliable and innovative supplier to our blue-chip customer base: attributes which are highly valued during the uncertain times through which we and our customers have been navigating.

In our Post-close Trading Update on 14 January 2022, we reported that, for the full year, both Group revenue and adjusted loss before tax(1) were in line with management's expectations. Group revenue was 6% lower than the prior year on a constant currency basis, part of which was pre-COVID-19 and included Senior Aerospace Connecticut (which was divested on 22 April 2021) for the full year.

In Aerospace, revenue declined 12% year-on-year on a constant currency basis, reflecting that part of 2020 was pre-COVID and 2020 included a full year contribution from Senior Aerospace Connecticut. Excluding Senior Aerospace Connecticut, revenue for the full year on an organic, constant currency basis declined by 7%. The year-on-year decline reflected the reduction in civil aircraft production rates, partly offset by growth from semi-conductor equipment, defence and space markets.

In Flexonics, revenue grew 10% compared to prior year, on a constant currency basis. The performance in 2021 benefited from the recovery in heavy-duty truck and off-highway and passenger vehicle markets, partially offset by a decline in oil & gas and the closure of the Senior Flexonics business in Malaysia.

We measure Group performance on an adjusted basis, which excludes items that do not directly reflect the underlying in-year trading performance (see Note 4). References below therefore focus on these adjusted measures.

The decisive actions taken by the Group on managing costs in 2021 have delivered significant benefits and improved profitability. This has helped us to generate an adjusted operating profit of £6.1m (2020 - £3.7m), despite the reduction in Group revenue. Savings of £50m were realised in 2021. The Group's adjusted operating margin increased by 40 basis points, to 0.9% for the year.

Adjusted loss before tax reduced to £1.9m (2020 - £6.2m loss). The adjusted tax credit was £2.6m (2020 - £2.7m). Adjusted earnings per share increased to 0.17 pence (2020 – adjusted loss per share of 0.84 pence).

Reported profit before tax was £23.7m (2020 - £191.8m loss). Basic earnings per share was 5.82 pence (2020 – basic loss per share of 38.20 pence).

Maintaining a strong focus on cash generation throughout 2021, the Group delivered free cash flow of £14.0m (2020 - £46.5m). Our diligent management of working capital and capital expenditure have benefited this year's free cash flow and net debt position. Gross investment in capital expenditure was £21.3m (2020 - £26.8m) and the Group incurred £2.6m cash outflows (2020 - £32.3m inflows) from working capital. Reflecting the actions taken, the Group generated net cash flow of £57.7m (2020 - £23.2m) in the year, due to free cash flow of £14.0m (2020 - £46.5m) and £43.7m cash inflows (2020 - £23.3m outflows) primarily related to corporate undertakings and restructuring activity.

The Group's financial position remains resilient, with £208.0m of headroom on our committed borrowing facilities at 31 December 2021. Net debt at the end of December 2021 was £153.1m (including capitalised leases of £73.2m), a reduction of £52.8m from December 2020, after taking into account favourable currency movements of £0.7m and £5.6m increase for lease movements.

Considered and effective capital deployment is a strategic priority for the Group and, in line with our strategy to review the overall portfolio of our businesses and evaluate their strategic fit within the Group, on 22 April 2021 we completed the divestiture of our Senior Aerospace Connecticut, USA, operating business. The net proceeds for this divestiture were £49.7m. As previously announced, in 2021, we closed our small oil & gas operating business in Malaysia, Senior Flexonics Upeca, and also our Senior Aerospace Bosman operating business in the Netherlands following the seamless transfer of production from Rotterdam to our French Aerospace sites.

While Group performance in 2021 has improved compared to 2020, it was still impacted by the pandemic, and as such, the Board believes it is not appropriate to pay a final dividend for the 2021 financial year. We are optimistic that the recovery currently underway in our core markets will continue and therefore we currently expect to resume dividend payments in 2022. We will continue to follow a progressive dividend policy reflecting earnings per share, free cash flow generation, market conditions and dividend cover over the medium term.

(1) Adjusted loss before tax is before amortisation of intangible assets from acquisitions, goodwill impairment and write-off, net restructuring income/costs and corporate undertakings.

Delivery of Group Strategy

Senior has a focused and compelling strategy to maximise value for shareholders, and is confident of delivering its target return on capital employed of a minimum of 13.5% (post IFRS 16) over the medium-term through the following:

- a strategic focus on intellectual property ("IP") rich fluid conveyance and thermal management;
- organically growing our Aerostructures business fully utilising our world class global footprint;
- maintaining strong focus on efficiencies through our Senior Operating System as end markets continue to recover;
- executing on its portfolio optimisation strategy to maximise value creation; and
- driving intrinsic strong cash generation.

Senior has maintained its focus on IP-rich technology and manufacturing, by developing expertise in fluid conveyance and thermal management technology and capabilities. These capabilities are supported by a strong body of design and manufacturing process intellectual property and know-how. Using these technologies and capabilities, Senior is able to develop and supply proprietary products, sub-systems and systems for our customers' demanding applications across a range of diverse and attractive end markets.

Across the portfolio, our businesses manufacture highly engineered products and systems with applications that incorporate pivotal technologies for emissions reduction and environmental efficiency. We have identified significant current and future opportunities for the Group in fluid conveyance and thermal management applications and these capabilities continue to be highly relevant as the world transitions towards a low carbon economy.

We have already developed novel solutions for low and zero carbon applications and are involved in a range of research and development projects that support the drive for electrification and hydrogen propulsion systems on land and in the air. This is discussed further in the "Technology and product design and development" section below.

As well as our businesses being actively focused on product offerings for the transition to a low carbon world we continue to be actively involved in making conventional technology cleaner to bridge the gap between both worlds. In addition, Senior's end-markets are evolving to reflect the global effort to achieve net zero carbon emissions. Senior's technology and product roadmap is aligned to these trends with a product development strategy that is compatible with our focus on sustainability.

In addition to our fluid conveyance and thermal management capabilities, we also have excellent build-to-print precision machining and structural assembly capabilities. These businesses focus on a wide range of both complex airframe and aeroengine applications. Examples include compressor fan blades for multiple engine types, wing ribs for narrow-body aircraft, complex structures assemblies for wing and fuselage, highly engineered engine casings and complex machined products for satellites. Our Structures businesses are well capitalised with state-of-the-art equipment and operate across North America, the UK and South-East Asia.

Our strategy for our Structures businesses as we emerge from the pandemic is to focus and drive:

- filling our existing capacity;
- pursuing some further diversification into Space and Defence; and
- growing market share profitably in Civil Aerospace.

We remain confident that our Aerostructures core market will recover, driving performance improvement and providing the Group with strategic optionality.

Technology and product design and development

We continue to invest in new technology and product development in the areas of fluid conveyance, thermal management and Additive Manufacturing in support of our key markets in Aerospace, Land Vehicles and Power & Energy, as they transition towards a low carbon economy.

Aerospace

- Our traditional fluid conveyance products are entirely compatible with sustainable aviation fuels, the increasing use of which will be the fastest route to lowering aviation emissions.
- Our Additive Manufacturing capabilities are enabling advances in complex product design for improved performance and weight reduction for the benefit of our customers.
- Our world-class capability in thermal management and fluid conveyance provides opportunities to support the development of electric/hybrid air vehicle applications.
- We are leveraging and building upon our long experience of providing hydrogen fluid handling and distribution products for industrial markets to support development of both on-aircraft and off-aircraft hydrogen technologies as this alternative propulsion system evolves.

Land Vehicles

- Our current exhaust gas recirculation and waste heat recovery products continue to support evolving Land Vehicle propulsion systems as they become more efficient and lower their environmental impact.
- We focus on product offerings for the transition to a low carbon economy and engage with our customers' new product development programmes by providing design and engineering support for cooling and fluid handling solutions for batteries and electronics on the growing number of electric/ hybrid vehicles.
- We are supporting the development of commercial vehicle hydrogen fuel cell cooling and conveyance by capitalising on our experience of producing hydrogen fuel cell products in the energy sector.

Power & Energy

- We continue to develop an established wide range of fluid conveyance products, bellows and expansion joints for harsh environments in carbon-free energy generation including solar farms, wind power plants, hydroelectric, geothermal, fuel cell and nuclear power applications.
- Our extensive experience of providing fluid conveyance products for demanding environments, and specifically hydrogen fuel cell cooling and conveyance, opens up opportunities in hydrogen production and infrastructure applications.

Portfolio optimisation

The Group actively reviews its overall portfolio of operating businesses and evaluates them in terms of their strategic fit within the Group. Senior has continued its "Prune to Grow" strategy of portfolio optimisation by divesting, closing, or combining non-core or performance-challenged assets. Most recently in 2021 we:

- successfully raised £49.7m from the strategic divestment of the Senior Aerospace Connecticut helicopter structures business;
- realised value from the sale of the property following the closure of our oil and gas machining Senior Flexonics Malaysia facility, which offset some of the closure costs; and
- completed the transfer of production from the Netherlands to France and closed the Senior Aerospace Bosman facility.

Senior understands the importance of considered and effective capital deployment to maximise shareholder value creation. Expanding Senior's high quality fluid conveyance and thermal management businesses remains an ongoing priority. Investments are supported by a business case and are assessed using a rigorous investment appraisal process.

Sustainability

Senior is a values-driven organisation: we believe with conviction that how you do business is every bit as important as what you do. We always put safety and ethics first and we strongly encourage and promote diversity and inclusivity across our international operations. For many years, therefore, we have had a strong focus on Environmental, Social and Governance ("ESG"). As sustainability themes and issues become ever more important to our stakeholder groups, our strong track record means that we are well positioned to meet and exceed their ESG expectations.

Our industry leading ESG disclosures and ratings are evidence of Senior's longstanding approach to sustainability.

In 2021, we have again made good progress with our key sustainability metrics and activities:

Environment

- In 2020, Senior became the first, and remains the only, company in the Global Aerospace and Defence sector to have its Scope 1, 2 and 3 greenhouse gas emissions targets approved and verified through the Science-Based Targets Initiative (SBTi) and in 2021 these are now verified "Near Term Net-Zero Targets" in line with the updated classification system.
- Maintained our CDP leadership rating of A- for our climate disclosure, which is defined by CDP as "implementing current best practices".
- Achieved the highest CDP leadership rating for the work with our supply chain. Recently, Sonya Bhonsle, Global Head of Value Chains & Regional Director Corporations, CDP stated, *"As a Supplier Engagement Leader, Senior plc is a trailblazer driving the transition towards a sustainable net-zero future".*
- Reduced our SBTi Scope 1 and 2 (market based) carbon emissions by 18.9% compared to our 2018 base year.
- 36% of our electricity was sourced from renewable energy, an increase from 25% in 2020.
- Recycled 93% of waste produced.

Social

- Achieved an 81% response rate on our global employee engagement survey in May 2021. This response rate exceeded the benchmark for manufacturing companies.
- Reduced the number of lost time injuries from 21 in 2020 to 18 in 2021. We remain on track to meet our 2025 reduction target.
- The percentage of women on the Board increased to 50% in 2021 from 43% in 2020.
- Donated £200,000 to UNICEF to support its Covid-19 Vaccines appeal. Our donation was the equivalent of providing vaccinations for every Senior employee and their families.

Governance

- Updated the Group's Code of Conduct with a booklet issued to all employees and provided training on it.
- Information security was a key area of focus to safeguard the Group's assets, particularly as during the pandemic many of the Group's employees worked from home. During the year, all staff received training and regular reminders about the risks related to information security and the importance of awareness of matters such as fraud, scammers and ransomware, proper use of the internet and smart downloading.
- Training on Anti-Money Laundering and the Corporate Criminal Offence Act was also rolled out to all relevant staff.

Restructuring

The decisive actions the Group took on restructuring and cost management since 2019 have delivered the expected benefits, with savings of £50m realised in 2021. In 2021, net restructuring income of £4.4m was recognised as our operating businesses maximised opportunities to realise income from assets that had no alternative use.

Since its inception in 2019:

- the cumulative cost of the programme has been £46.7m (£6m lower than initially expected);
- cumulative cash outflow has been £19.0m (£10m lower than expected); and
- savings delivered of £4m in 2019, £36m in 2020 and £50m in 2021 (a year earlier than initially expected).

These decisive actions taken to insulate the Group through the pandemic in 2020 and 2021 mean that we are now an even leaner and more efficient business.

Market Overview

Civil Aerospace (37%[(2)] of Group)

Production volumes for civil aerospace are expected to be higher in 2022 than 2021, driven by increasing single aisle rates.

Global air traffic recovery in 2021 showed ongoing progress as the COVID-19 vaccine delivery gathered pace and travel restrictions eased globally: in North America, US domestic travel recovered strongly; in the Asia Pacific region we saw the start of the re-opening of international travel in the second half of the year; transatlantic travel opened up in November 2021; and there were signs of corporate travel picking up. With travel restrictions being eased, demand for air travel is increasing, driving the recovery in air traffic and this is expected to improve further through 2022.

The most recent IATA forecast is that world passenger flows will return to 2019 levels by the end of 2023. IATA expects domestic traffic to reach 2019 levels by 2022 and international traffic to return to 2019 levels by 2025. As demand recovers, production of new aircraft will be supported by the replacement cycle driven by the retirement of older, less efficient, aircraft. Beyond this, the drivers supporting air traffic growth over the long-term of c. 4% per annum remain in place.

With our diversified product portfolio in the aerospace sector, including attractive positions across the newest generation of single aisle aircraft platforms, Senior is well positioned to benefit from the expected medium-term market recovery.

Defence (18%[(2)] of Group)

Defence markets are anticipated to remain stable in 2022. Senior's sales to the Defence sector are primarily focused on the US defence market, which in fiscal year 2022 is likely to be in the region of $770 billion following the bipartisan US Senate support for the National Defence Authorisation Act (NDAA) in December 2021.

Senior is well placed with good content on mature programmes such as the C-130 transport aircraft, the F-35 Joint Strike Fighter as well as new programmes such as the USAF T-7A Red Hawk trainer.

Other Aerospace (11%[(2)] of Group)

Sales from our Aerospace operating businesses into end markets outside of the civil aerospace and defence markets are classified under "Other Aerospace" and include sales into the space, semi-conductor equipment and medical markets. Using our world class bellows technology, we manufacture highly engineered proprietary products to provide unique solutions for semi-conductor manufacturing equipment.

The semi-conductor equipment market continued to be strong in 2021, reflecting the increase in global demand for microchips. Robust consumer demand pushed double-digit growth-rates, as a result of pandemic-related consumer and work-from-home trends, and was further strengthened by recovering industrial markets such as automotive. According to the World Semiconductor Trade Statistics ("WSTS"), the global semi-conductor market increased by 26% in 2021 and is forecasted to grow by 9% in 2022.

Land Vehicle (18% of Group)

In Flexonics, Land Vehicle markets are expected to continue to grow in 2022, as supply chain constraints gradually ease through the year.

Americas Commercial Transportation ("ACT") Research reported that North American heavy-duty truck production increased by 23% in 2021. ACT Research is forecasting 2022 production to grow by 13% and envisages that in 2023, production will increase by 21%, supported by the pent-up demand from the 2021/22 period and pre-buy activity ahead of the tightening of emission standards. IHS Markit Inc. ("IHS") reported that European truck and bus production grew by 14% in 2021 and is forecasting that it will grow by a further 7% in 2022.

Passenger vehicle production in 2021, especially during the second half of the year, was impacted by semi-conductor shortage. IHS reported that European (including the UK) passenger vehicle production decreased by 6% in 2021 and is forecasted to grow by 20% in 2022.

According to the International Energy Agency ("IEA"), in 2021, electric car sales more than doubled to 6.6 million, representing close to 9% of the global car market and more than tripling their market share over two years. Furthermore, all the net growth in global car sales in 2021 came from electric cars. With the increasing adoption of electrification for both land vehicle and stationary power applications continuing, this market is fast growing and represents a major opportunity for Senior in the medium and long term, particularly for our proprietary battery cooling technology.

(2) Excluding Senior Aerospace Connecticut.

Power & Energy (16% of Group)

Some positive momentum is expected in power & energy markets now that recovery in the upstream oil & gas sector is underway.

Global oil demand is forecast to exceed pre pandemic levels before the end of 2022 and to further strengthen in 2023, in the absence of any further COVID-related disruption. Industry macro fundamentals, for upstream oil and gas in particular, are looking very favourable due to the combination of projected steady demand recovery, an increasingly tight supply market, and supportive oil prices. Nevertheless, the rise in geopolitical tensions could have a potential impact on the supply side.

Global refining capacity, on the other hand, fell for the first time in 30 years in 2021, as new capacity was outweighed by closures. We anticipate this stabilising in 2022 although dependent on geopolitical and economic conditions.

In power generation, the IEA forecasts electricity demand growing by 2.7% a year on average in 2022-2024. It also forecasts an acceleration in the growth of renewable capacity in the next five years, accounting for almost 95% of the increase in global power capacity through 2026.

We are ensuring we are appropriately resourced to take advantage of the market recovery led opportunities.

Outlook

Overall, we are seeing recovery underway in our core markets including civil aerospace and we anticipate that continuing in 2022 and beyond.

While the impact of the pandemic and industry wide supply chain constraints are still with us, we continue to manage these diligently. The Board anticipates good progress in 2022[3], in line with previous expectations, as we continue the multi-year recovery back to pre-COVID levels of performance.

Over the medium-term we remain committed to delivering a strong recovery across our two Divisions, driving the Group ROCE to a minimum of 13.5% in line with our previously stated ambition.

Looking ahead, our differentiated offering in fluid conveyance and thermal management products coupled with our global footprint and positioning in attractive and diverse end markets, gives the Board confidence that Senior is well positioned to build on our strong capabilities and to capture growth opportunities. Our continued investment in low carbon technology and advanced manufacturing combined with our commitment to the highest sustainability standards provide additional foundations for continued success.

DAVID SQUIRES
Group Chief Executive Officer

(3) Currently assuming exchange rate for the US Dollar to Pound Sterling of $1.34: £1 average for 2022.

DIVISIONAL REVIEW

Aerospace Division

The Aerospace Division represents 66%[(1)] (2020 – 70%[(1)]) of Group revenue and consists of 14[(2)] operations. These are located in North America (six), the United Kingdom (four), continental Europe (two), Thailand and Malaysia. This Divisional review is on a constant currency basis, whereby 2020 results have been translated using 2021 average exchange rates and on an adjusted basis to exclude the charge relating to amortisation of intangible assets from acquisitions, goodwill impairment and write-off and net restructuring income/costs. The Division's operating results on a constant currency basis are summarised below:

	2021	2020 [(3)]	Change
	£m	£m	
Revenue	**439.3**	498.0	-11.8%
Adjusted operating profit	**7.9**	5.5	+43.6%
Adjusted operating margin	**1.8%**	1.1%	+70 bps

(1) This number is excluding Senior Aerospace Connecticut

(2) This excludes Senior Aerospace Connecticut and Senior Aerospace Bosman in The Netherlands.

(3) 2020 results translated using 2021 average exchange rates - constant currency.

Divisional revenue decreased by £58.7m (11.8%) to £439.3m (2020 – £498.0m) whilst adjusted operating profit increased by £2.4m (43.6%) to £7.9m (2020 – £5.5m).

Revenue Reconciliation	**£m**
2020 revenue	498.0
Civil aerospace	(43.8)
Defence	1.0
Other	9.8
Disposal of business	(25.7)
2021 revenue	**439.3**

Revenue in the Aerospace Division reduced by 11.8% year-on-year on a constant currency basis, reflecting that part of 2020 was pre-COVID and 2020 included a full year contribution from Senior Aerospace Connecticut. Excluding Senior Aerospace Connecticut, which was divested on 22 April 2021, revenue for the full year on an organic, constant currency basis declined by 7.1%. The year-on-year decline reflected the reduction in civil aircraft production rates, partly offset by growth from semi-conductor equipment, defence and space markets.

The civil aerospace sector was the most impacted by the pandemic with Senior's sales decreasing by 15.2% compared to prior year. This was reflective of aircraft production rates remaining lower in 2021 compared to pre-pandemic levels including the impact of lower 787 production as Boeing address the quality issues.

Excluding the divestment of Senior Aerospace Connecticut, total revenue from the defence sector increased by £1.0m, 0.9% during the year, as the F-35 production rate increase was partly offset by the timing gap between the completion of deliveries on parts for F-35 Lot 14 and the commencement of deliveries on Lot 15 and lower military aftermarket sales in 2021.

Revenue derived from other markets such as space, power & energy, medical and semi-conductor equipment, where the Group manufactures products using very similar technology to that used for certain aerospace products, increased by £9.8m as a result of the increasing demand in the semi-conductor equipment market and growth in the space satellite sector.

Even though divisional revenue decreased in 2021, adjusted operating profit increased by 43.6% to £7.9m (2020 - £5.5m). This reflected the drop through impact of the reduction in revenue, mitigated by additional savings delivered from the restructuring programme. On an organic basis (excluding Senior Aerospace Connecticut), the Divisional adjusted operating margin increased by 140 basis points to 1.6% (2020 – 0.2%).

In 2022, we expect production volumes for civil aerospace to be higher than 2021, driven by increasing single aisle rates. Positively, in 2021 both Airbus and Boeing confirmed plans to ramp up single aisle production in the near-term.

- Airbus increased the A320 Family production to 45 aircraft per month by the end of 2021. They have stated that the ramp-up is on trajectory to achieve a monthly rate of 65 aircraft by summer 2023. For production rates beyond 2023, Airbus is still in the assessment phase and working with suppliers to potentially enable an increase above rate 65; recently, they have indicated that they expect to have clarity on their 2024 and 2025 production targets by the middle of 2022.
- Boeing announced at their recent earnings call that the 737 programme is currently producing at a rate of 26 per month, reiterated that it will continue to progress towards a production rate of 31 per month in early 2022 and stated that the company is evaluating the timing of further rate increases. Boeing have an order backlog of around 3,400 aircraft and there are currently 335 MAX aircraft in inventory with the majority of these expected to be delivered by the end of 2023. Boeing also stated that since the FAA's approval to return the 737 MAX to operations in November 2020, 299 737 MAX aircraft have been delivered and that there are 36 operators who have returned the 737 MAX to service. Furthermore, the Civil Aviation Administration of China (CAAC) has now issued the appropriate airworthiness directives (AD's), clearing the way for the 737 MAX to return to service in China in the near future.
- COMAC recently announced that its C919 aircraft is continuing its flight certification programme and expect first delivery in 2022.

Recovery in long-haul routes, which typically use wide body aircraft, is expected to take longer than short-haul routes. IATA has signalled that this segment will return to 98% of 2019 levels by 2025 and 106% of 2019 levels by 2026.

- Airbus continue to expect to increase the A350 Family production rate, currently at an average production rate of 5 per month, to around 6 by early 2023. For the A330 Family, production will increase from around 2 per month to almost 3 per month at the end of 2022.
- On the 787 platform, Boeing continues to perform rework on aircraft in inventory which has led to production being reduced to a very low rate. This will continue until deliveries resume, with an expected gradual return to 5 per month over time. Boeing confirmed on their 26 January 2022 earnings call that they will have 110 airplanes in inventory at the end of the first quarter of 2022.
- Production of the 767 will continue at a rate of 3 per month.
- On the 777/777X combined production rate, Boeing announced that they will be increasing from 2 per month in H1 2021 to 3 per month in 2022. They are still anticipating first delivery of the 777X in late 2023.

Business jet flight activity was resilient in 2021, with strong leisure demand as travel restrictions loosened. With 3.3 million flights from January through December, business jet traffic was 7% higher than in 2019, the previous high point for global business jet demand, according to WingX Global Market Tracker. Activity in 2022 is also continuing this upward trend, with January 2022 traffic increasing 35% when compared to 2021. In regional jets, the entry into service of Embraer's E175-E2 jet has been delayed until 2027-28 although they continue to sell the current E175 jet. Airbus reaffirmed that production of the A220, which is currently at around rate 5 aircraft per month, will rise to around 6 per month in early 2022. Airbus is also envisaging a monthly production rate of 14 by the middle of the decade.

We expect defence revenue to be stable in 2022 with bipartisan support for US defence spending. The strength in US military spending can be primarily attributed to heavy investment in research and development and long-term projects such as the 5th generation F-35 Joint Strike Fighter.

- Lockheed Martin delivered 142 F-35 aircraft in 2021, which was higher than the range they set out of 133-139. At their full year results presentation, they reiterated their existing production for F-35; 151-153 aircraft in 2022 and then 156 thereafter. They further stated that the annual production may increase beyond the planned full-rate production of 156 aircraft per year given strong recent international order intake.

Senior has a diversified product portfolio in the aerospace sector and the potential to add content on existing programmes as our customers recognise and appreciate Senior's financial resilience, stability, and global footprint. Our businesses are well capitalised with equipment that can be utilised across civil, defence and space sectors. We have secured new multi-year contracts and contract extensions on defence and civil platforms which, coupled with increasing production rates, will help to underpin our return to growth in our Aerospace Division in 2022 and beyond. In 2021, new contracts of note that were signed include:

- Senior Aerospace was awarded a multi-year contract to supply major floor beam structural assemblies for the Boeing 767 platform. Production of the structural assemblies will be undertaken from the Senior Aerospace AMT facility in Arlington, WA, USA with deliveries commencing January 2022.
- Senior Aerospace won a multi-year contract to supply quadrant assemblies for flight control systems on the Boeing 737 and Boeing 777 platforms. The quadrant assemblies for the Boeing 737 Elevator Control and Boeing 777 Horizontal Stabilizer flight control system will commence in Q1 2022 from the Senior Aerospace Damar facility in Monroe, WA, USA.

Flexonics Division

The Flexonics Division represents 34% (2020 – 30%) of Group revenue and consists of 12[(1)] operations which are located in North America (four), continental Europe (two), the United Kingdom (two), South Africa, India, and China (two) including the Group's 49% equity stake in a land vehicle product joint venture. This Divisional review, presented before the share of the joint venture results, is on a constant currency basis, whereby 2020 results have been translated using 2021 average exchange rates and on an adjusted basis to exclude the charge relating to amortisation of intangible assets from acquisitions, goodwill write-off and net restructuring income/costs. The Division's operating results on a constant currency basis are summarised below:

	2021	2020 [(2)]	Change
	£m	£m	
Revenue	**219.9**	200.0	+9.9%
Adjusted operating profit	**12.9**	10.5	+22.9%
Adjusted operating margin	**5.9%**	5.3%	+60 bps

(1) This figure excludes Senior Flexonics Upeca, Malaysia following its closure.

(2) 2020 results translated using 2021 average exchange rates - constant currency.

Divisional revenue increased by £19.9m (9.9%) to £219.9m (2020 – £200.0m) and adjusted operating profit increased by £2.4m (22.9%) to £12.9m (2020 – £10.5m).

Revenue Reconciliation	**£m**
2020 revenue	200.0
Land vehicles	33.5
Power & energy	(13.6)
2021 revenue	**219.9**

Recovery is underway across some of our Flexonics end-markets with sales in 2021 increasing by 9.9% compared to prior year. The performance in the year benefited from the recovery in heavy-duty truck and off-highway and passenger vehicle markets, partially offset by a decline in oil & gas and the closure of the Senior Flexonics business in Malaysia.

Group sales to land vehicle markets increased by 39.3%. Senior's sales to the North American truck and off-highway market increased by £19.6m (42.9%), as off-highway sales were strong and market production of heavy-duty diesel trucks increased by 23%. Sales to other truck and off-highway regions, including Europe and India, increased by £7.6m (41.1%). Group sales to passenger vehicle markets increased by £6.3m (29.9%) in the year, reflecting higher demand in our core European and Indian markets.

In the Group's power & energy markets, sales decreased by £13.6m (11.9%) in the year. Sales to oil and gas markets decreased by £11.2m (26.7%), as a result of weaker demand, particularly for upstream activity and also the closure of our Senior Flexonics Upeca, Malaysia business. Downstream oil and gas activity was lower year-on-year because part of the prior year was pre pandemic with higher levels of economic activity. Some maintenance projects continue to be deferred. Sales to other power & energy markets decreased by £2.4m.

Adjusted operating profit increased by £2.4m compared to prior year and the divisional adjusted operating margin increased by 60 basis points to 5.9% (2020 – 5.3%). This reflected the drop through impact of growth in revenue coupled with additional savings delivered from the restructuring programme which more than offset the inflationary impact of freight and commodity costs.

Land vehicle markets are expected to continue to grow in 2022, as supply chain constraints gradually ease through the year.

- ACT Research is forecasting a 13% increase in North American heavy-duty truck production in 2022, and further growth of 21% in 2023.
- The North American medium-duty diesel truck production is forecast to increase by 11% in 2022.
- IHS Markit Inc. forecasts that European truck and bus production will grow by 7% in 2022 and that passenger vehicle production will grow by 20% in 2022.
- Indian passenger vehicle production is forecasted to grow by 7% in 2022.

Some positive momentum is expected in power & energy markets now that recovery in the upstream oil & gas sector is underway.

- Global oil demand is forecast to exceed pre pandemic levels before the end of 2022 and to further strengthen in 2023, in the absence of any further COVID-related disruption. Industry macro fundamentals, for upstream oil and gas in particular, are looking very favourable, due to the combination of projected steady demand recovery, an increasingly tight supply market, and supportive oil prices. Nevertheless, the rise in geopolitical tensions could have a potential impact on the supply side.
- In power generation, the IEA forecasts electricity demand growing by 2.7% a year on average for 2022-2024. They also forecast the growth of renewable capacity in the next five years to accelerate, accounting for almost 95% of the increase in global power capacity through 2026.
- According to the IEA, nuclear power sustained significant growth in 2021; output from nuclear was 8% above 2019 levels, with emerging market and developing economies increasing their share of global nuclear output to almost one-third.

We will continue to focus our development efforts on differentiated technology and products, applicable across a diverse range of attractive industrial markets. In 2021, new contracts of note that were signed include:

- Senior Flexonics Canada was awarded an additional contract with Bruce Power Limited Partnership as a key supplier for their Major Component Replacement (“MCR”) Project to supply replacement bellows expansion joints for critical equipment in the primary and secondary circuits for Reactor Units. The work will be performed at the Senior Flexonics facility in Ontario, Canada and Senior Flexonics Pathway facility in Texas, USA.
- Senior Flexonics was awarded new contracts to supply Honda with exhaust flexible connectors for the automotive manufacturer’s 1.5L and 2.0L gasoline engines. To meet Honda’s demanding performance requirements, Senior Flexonics undertook a rigorous development to ensure the flexible exhaust connectors met the required durability, weight and emissions standards. Manufacturing of these components will be performed at Senior Flexonics’ facilities in India and China and deliveries have recently commenced.
- Senior Flexonics Olomouc in the Czech Republic has secured the Group’s first contract for a fully electric heavy-duty truck application for one of our large European truck customers. We will be providing electronics cooling components.

OTHER FINANCIAL INFORMATION

Group revenue

Group revenue was £658.7m (2020 - £733.6m). Excluding the adverse exchange rate impact of £36.4m, and the year-on-year effect of the disposal of £25.7m, Group revenue decreased by £12.8m (1.9%), with lower revenues in Aerospace partly offset by higher revenues in Flexonics year-on-year.

Operating profit/loss

Adjusted operating profit increased by £2.4m (64.9%) to £6.1m (2020 – £3.7m). Excluding the adverse exchange rate impact of £0.8m, adjusted operating profit increased by £3.2m (110.3%) on a constant currency basis. After accounting for £nil amortisation of intangible assets from acquisitions (2020 – £7.7m), £nil goodwill impairment and write-off (2020 – £134.3m) and £4.4m net restructuring income (2020 – £39.0m net restructuring cost), reported operating profit was £10.5m (2020 – £177.3m loss).

The Group’s adjusted operating margin increased by 40 basis points, to 0.9% for the full year. This improvement in profitability reflected the savings delivered from the restructuring programme as well as our focus on cost management activities, which more than offset the drop through effect of the reduction in revenue and the inflationary impact of freight and commodity costs. While the impact of the pandemic and industry wide supply chain constraints are still with us, we continue to manage these diligently.

Finance costs and investment income

Finance costs, net of investment income decreased to £8.0m (2020 – £9.9m) and comprise IFRS 16 interest charge on lease liabilities of £2.6m (2020 – £3.0m), net finance income on retirement benefits of £0.4m (2020 – £0.9m) and net interest charge of £5.8m (2020 – £7.8m). The decrease was mainly due to lower borrowings including the repayment in October 2020 of $20.0m (£14.6m) US Private Placement Note carrying a high interest rate.

Tax charge

The adjusted tax rate for the year was 136.8% credit (2020 – 43.5% credit), being a tax credit of £2.6m (2020 – £2.7m) on adjusted loss before tax of £1.9m (2020 – £6.2m loss). The adjusted tax rate benefits from prior year items as well as enhanced deductions for R&D expenditure in the US and capital expenditure in the UK.

The reported tax rate was 2.1% credit, being a tax credit of £0.5m on reported profit before tax of £23.7m. This included £2.1m net tax charge against items excluded from adjusted loss before tax, of which £2.9m related to the corporate undertakings in the year and £0.6m credit to the revaluation of UK deferred tax assets at the substantially enacted 25% corporation tax rate effective from 1 April 2023. The 2020 reported tax rate was 17.4% credit, being a tax credit of £33.3m on reported loss before tax of £191.8m. This included the tax credit of items excluded from adjusted profit before tax of £30.6m, of which £21.7m related to the reversal of deferred tax liabilities held against goodwill impaired in 2020.

Cash tax paid was £5.3m (2020 – £3.5m) and is stated net of refunds received of £0.9m (2020 – £0.3m) of tax paid in prior periods, including refunds arising from the offset of tax losses against taxable profits of prior periods. Tax payments during the year are £2.3m higher than they would otherwise have been as a result of coronavirus relief measures in some countries which allowed the deferral of tax bills normally due in 2020 into 2021.

Earnings/loss per share

The weighted average number of shares, for the purposes of calculating undiluted earnings/loss per share, increased to 415.7 million (2020 – 414.9 million). The increase arose principally due to exercising of share-based payment awards during 2021. The adjusted earnings per share was 0.17 pence (2020 – adjusted loss per share of 0.84 pence). Basic earnings per share was 5.82 pence (2020 – basic loss per share of 38.20 pence). See Note 7 for details of the basis of these calculations.

Return on capital employed (ROCE)

ROCE, a key performance indicator for the Group as defined above, increased by 50 basis points to 1.0% (2020 – 0.5%). The increase in ROCE was mainly a result of the increase in adjusted operating profit compared to prior year.

Cash flow

The Group generated robust free cash flow of £14.0m in 2021 (2020 - £46.5m) as set out in the table below:

	2021 £m	2020 £m
Operating profit/(loss)	**10.5**	(177.3)
Amortisation of intangible assets from acquisitions	**-**	7.7
Goodwill impairment and write-off	**-**	134.3
Net restructuring (income)/costs	**(4.4)**	39.0
Adjusted operating profit	**6.1**	3.7
Depreciation (including amortisation of software)	**47.8**	53.9
Working capital and provisions movement, net of restructuring items	**(2.6)**	32.3
Pension payments above service cost	**(5.1)**	(5.0)
Other items[(1)]	**2.2**	2.0
Interest paid, net	**(8.0)**	(10.6)
Income tax paid, net	**(5.3)**	(3.5)
Capital expenditure	**(21.3)**	(26.8)
Sale of property, plant and equipment	**0.2**	0.5
Free cash flow	**14.0**	46.5
Corporate undertakings	**46.9**	(4.2)
Net restructuring cash paid	**(0.9)**	(15.2)
US Class action lawsuits	**(2.3)**	(3.9)
Net cash flow	**57.7**	23.2
Effect of foreign exchange rate changes	**0.7**	2.4
IFRS 16 non-cash additions and modifications after disposals	**(5.6)**	(1.9)
Change in net debt	**52.8**	23.7
Opening net debt	**(205.9)**	(229.6)
Closing net debt	**(153.1)**	(205.9)

(1) Other items comprises £3.5m share-based payment charges (2020 – £3.0m), £(0.2m) profit on share of joint venture (2020 – £(0.2m)), £(1.1m) working capital and provision currency movements (2020 – £(0.7m) before £0.5m foreign exchange loss recycled to the Income Statement on restructuring activities) and £nil profit on sale of fixed assets (2020 – £(0.1m) profit).

Capital expenditure

Gross capital expenditure of £21.3m (2020 – £26.8m) was 0.6 times depreciation excluding the impact of IFRS 16 (2020 – 0.6 times). The disposal of property, plant and equipment raised £0.2m (2020 – £0.5m). As previously advised, the Group's operating businesses are capitalised and prepared for growth. Therefore, we can expect future capital investment to be at more normal levels: 2022 capital investment is expected to be slightly below 2022 depreciation (excluding the impact of IFRS 16). We are prioritising new investment on health and safety related items; important replacement equipment for current production; and growth projects where contracts have been secured.

Working capital

Working capital decreased by £3.0m in 2021 to £103.0m (2020 – £106.0m), reflecting our relentless and effective focus on working capital management. With demand recovery underway in our key end markets, and some supply chain lead times increasing, we may see an increase in working capital over the coming months. We will continue to manage this diligently.

Net debt

Net debt which includes IFRS 16 lease liabilities decreased by £52.8m to £153.1m at 31 December 2021 (31 December 2020 – £205.9m). As noted in the cash flow above, the Group generated net cash flow of £57.7m (as defined in Note 12(c) of the Financial Statements) and benefited from £0.7m favourable foreign currency movements, partially offset by £5.6m non-cash changes in lease liabilities due to additions and modifications.

Net debt excluding IFRS 16 lease liabilities of £73.2m (31 December 2020 – £76.5m) decreased by £49.5m to £79.9m at 31 December 2021 (31 December 2020 – £129.4m).

Funding and Liquidity

As at 31 December 2021, the Group's gross borrowings excluding leases and transaction costs directly attributable to borrowings were £132.0m (31 December 2020 – £154.4m), with 62% of the Group's gross borrowings denominated in US Dollars (31 December 2020 – 62%). Cash and bank balances were £51.1m (31 December 2020 – £23.6m).

The maturity of these borrowings, together with the maturity of the Group's committed facilities, can be analysed as follows:

	Gross borrowings [(1)] £m	Committed facilities £m
Within one year	14.8	14.8
In the second year	-	35.9
In years three to five	71.5	191.5
After five years	45.7	45.7
	132.0	287.9

(1) Gross borrowings include other loans and committed facilities, but exclude leases of £73.2m and transaction costs directly attributable to borrowings of £(1.0m).

At the year-end, the Group had committed facilities of £287.9m comprising private placement debt of £132.0m and revolving credit facilities of £155.9m. The Group is in a strong funding position, with headroom at 31 December 2021 of £208.0m in cash and undrawn facilities.

In April 2021, the Group refinanced its US revolving credit facility of $50.0m (£37.0m at year end exchange rate) and extended the maturity to June 2023.

The weighted average maturity of the Group's committed facilities at 31 December 2021 was 3.0 years.

The Group has £nil (2020 - £0.4m) of uncommitted borrowings which are repayable on demand.

The Group has two existing covenants ("Existing Covenants") for committed borrowing facilities, which are tested at June and December: the Group's net debt to EBITDA (defined in the Notes to the Financial Headlines) must not exceed 3.0x and interest cover, the ratio of EBITDA to interest must be higher than 3.5x. The Group's lenders, both banks and US private placement investors, have been supportive and we agreed covenant relaxations ("New Covenants") in relation to the June 2020, December 2020, June 2021 and December 2021 testing periods and agreed an additional September 2021 testing period to provide financial flexibility for the Group through this unprecedented period.

For the testing period ended 31 December 2021, the New Covenants required the Group's net debt to EBITDA must not exceed 4.5x, interest cover must be higher than 3.5x and liquidity headroom must be higher than £40.0m. At 31 December 2021, the Group's net debt to EBITDA was 1.9x and interest cover was 7.3x, both comfortably within the Existing (and New) Covenants limits. The Group's liquidity headroom at £208.0m was also comfortably within covenant limits.

Going concern and viability

In accordance with provisions 30 and 31 of the 2018 UK Corporate Governance Code, the Directors have concluded that there is a reasonable expectation as to the Group's longer-term viability and have continued to adopt the going concern basis in preparing the Financial Statements. The full viability statement can be found on page 64 of the Annual Report & Accounts 2021.

In assessing going concern, taking into account the level of cash and available committed facilities the Directors concluded that the Group has sufficient funds, and is forecast to be in compliance with debt covenants at all measurement dates, to allow it to operate for the foreseeable future (a period of at least 12 months from the date of approval of the Financial Statements), even in a severe but plausible downside scenario.

In forming their conclusion, the Board has undertaken a rigorous assessment of the financial forecasts, key uncertainties, sensitivities, and has reviewed a severe but plausible downside scenario, which reflects the probability weighted and cumulative estimated effects of the Group's principal risks and uncertainties as disclosed on pages 50 to 55 of the Annual Report & Accounts 2021.

Risks and uncertainties

The principal risks and uncertainties faced by the Group are set out in detail on pages 50 to 55 of the Annual Report & Accounts 2021.

BINDI FOYLE

Group Finance Director

Responsibility statement of the Directors in respect of the Annual Report & Accounts 2021

We confirm that to the best of our knowledge:

1. the Financial Statements, as included in the Annual Report & Accounts 2021, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
2. the Strategic Report, set out in the Annual Report & Accounts 2021, includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report & Accounts 2021, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By Order of the Board

David Squires Group Chief Executive Officer	Bindi Foyle Group Finance Director
25 February 2022	25 February 2022

Consolidated Income Statement

For the year ended 31 December 2021

	Notes	Year ended 2021 £m	Year ended 2020 £m
Revenue	3	658.7	733.6
Trading profit/(loss)		10.3	(177.5)
Share of joint venture profit	9	0.2	0.2
Operating profit/(loss) (1)	3	10.5	(177.3)
Investment income		0.5	1.1
Finance costs		(8.5)	(11.0)
Corporate undertakings	4	21.2	(4.6)
Profit/(loss) before tax (2)		23.7	(191.8)
Tax credit	5	0.5	33.3
Profit/(loss) for the period		24.2	(158.5)
Attributable to:			
Equity holders of the parent		24.2	(158.5)
Earnings/(loss) per share			
Basic (3)	7	5.82p	(38.20)p
Diluted (4)	7	5.73p	(38.20)p

(1) Adjusted operating profit	4	6.1	3.7
(2) Adjusted loss before tax	4	(1.9)	(6.2)
(3) Adjusted earnings/(loss) per share	7	0.17p	(0.84)p
(4) Adjusted and diluted earnings/(loss) per share	7	0.17p	(0.84)p

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Year ended 2021	Year ended 2020
	£m	£m
Profit/(loss) for the period	24.2	(158.5)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
(Losses)/gains on foreign exchange contracts - cash flow hedges during the period	(2.1)	2.0
Reclassification adjustments for (gains)/losses included in profit	(1.3)	0.6
(Losses)/gains on foreign exchange contracts - cash flow hedges	(3.4)	2.6
Foreign exchange (gain)/loss recycled to the Income Statement on disposal and restructuring (business closures)	(2.9)	0.5
Exchange differences on translation of overseas operations	(3.8)	(3.6)
Tax relating to items that may be reclassified	0.8	(0.5)
	(9.3)	(1.0)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on defined benefit pension schemes	19.7	(11.4)
Tax relating to items that will not be reclassified	(6.4)	1.6
	13.3	(9.8)
Other comprehensive income/(expense) for the period, net of tax	4.0	(10.8)
Total comprehensive income/(expense) for the period	28.2	(169.3)
Attributable to:		
Equity holders of the parent	28.2	(169.3)

Consolidated Balance Sheet

As at 31 December 2021

	Notes	Year ended 2021 £m	Year ended 2020 £m
Non-current assets			
Goodwill	8	150.2	165.0
Other intangible assets		4.2	4.8
Investment in joint venture	9	3.9	3.6
Property, plant and equipment	10	294.6	330.5
Deferred tax assets		5.7	4.7
Retirement benefits	13	72.2	46.5
Trade and other receivables		0.1	0.1
Total non-current assets		530.9	555.2
Current assets			
Inventories		145.2	147.6
Current tax receivables		2.6	3.0
Trade and other receivables		98.0	85.3
Cash and bank balances	12c)	51.1	23.6
Total current assets		296.9	259.5
Total assets		827.8	814.7
Current liabilities			
Trade and other payables		143.0	126.1
Current tax liabilities		14.6	19.8
Lease liabilities		0.4	0.5
Bank overdrafts and loans	12c)	14.8	0.4
Provisions		13.8	23.5
Total current liabilities		186.6	170.3
Non-current liabilities			
Bank and other loans	12c)	116.2	152.6
Retirement benefits	13	11.0	10.9
Deferred tax liabilities		10.5	5.5
Lease liabilities		72.8	76.0
Provisions		2.2	2.3
Others		3.4	3.8
Total non-current liabilities		216.1	251.1
Total liabilities		402.7	421.4
Net assets		425.1	393.3
Equity			
Issued share capital	11	41.9	41.9
Share premium account		14.8	14.8
Equity reserve		5.8	5.1
Hedging and translation reserve		28.6	37.9
Retained earnings		343.2	305.1
Own shares		(9.2)	(11.5)
Equity attributable to equity holders of the parent		425.1	393.3
Total equity		425.1	393.3

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

All equity is attributable to equity holders of the parent

	Issued share capital	Share premium account	Equity reserve	Hedging reserve	Trans-lation reserve	Retained earnings	Own shares	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2020	41.9	14.8	5.5	(40.2)	79.1	472.5	(14.0)	559.6
Loss for the year 2020	-	-	-	-	-	(158.5)	-	(158.5)
Gains on foreign exchange contracts - cash flow hedges	-	-	-	2.6	-	-	-	2.6
Foreign exchange loss/(gain) recycled to the Income Statement on restructuring (business closures)	-	-	-	0.9	(0.4)	-	-	0.5
Exchange differences on translation of overseas operations	-	-	-	-	(3.6)	-	-	(3.6)
Actuarial losses on defined benefit pension schemes	-	-	-	-	-	(11.4)	-	(11.4)
Tax relating to components of other comprehensive income	-	-	-	(0.5)	-	1.6	-	1.1
Total comprehensive income/(expense) for the period	-	-	-	3.0	(4.0)	(168.3)	-	(169.3)
Share-based payment charge	-	-	3.0	-	-	-	-	3.0
Tax relating to share-based payments	-	-	-	-	-	-	-	-
Purchase of shares held by employee benefit trust	-	-	-	-	-	-	-	-
Use of shares held by employee benefit trust	-	-	-	-	-	(2.5)	2.5	-
Transfer to retained earnings	-	-	(3.4)	-	-	3.4	-	-
Dividends paid	-	-	-	-	-	-	-	-
Balance at 31 December 2020	41.9	14.8	5.1	(37.2)	75.1	305.1	(11.5)	393.3
Profit for the year 2021	-	-	-	-	-	24.2	-	24.2
Losses on foreign exchange contracts - cash flow hedges	-	-	-	(3.4)	-	-	-	(3.4)
Foreign exchange loss/(gain) recycled to the Income Statement on disposal	-	-	-	2.6	(5.5)	-	-	(2.9)
Exchange differences on translation of overseas operations	-	-	-	-	(3.8)	-	-	(3.8)
Actuarial gains on defined benefit pension schemes	-	-	-	-	-	19.7	-	19.7
Tax relating to components of other comprehensive income	-	-	-	0.8	-	(6.4)	-	(5.6)
Total comprehensive income/(expense) for the period	-	-	-	-	(9.3)	37.5	-	28.2
Share-based payment charge	-	-	3.5	-	-	-	-	3.5
Tax relating to share-based payments	-	-	-	-	-	0.1	-	0.1
Purchase of shares held by employee benefit trust	-	-	-	-	-	-	-	-
Use of shares held by employee benefit trust	-	-	-	-	-	(2.3)	2.3	-
Transfer to retained earnings	-	-	(2.8)	-	-	2.8	-	-
Dividends paid	-	-	-	-	-	-	-	-
Balance at 31 December 2021	41.9	14.8	5.8	(37.2)	65.8	343.2	(9.2)	425.1

Consolidated Cash Flow Statement

For the year ended 31 December 2021

	Notes	Year ended 2021 £m	Year ended 2020 £m
Net cash from operating activities	12a)	27.0	48.9
Investing activities			
Interest received		0.1	0.2
Proceeds on disposal of property, plant and equipment		0.2	0.5
Purchases of property, plant and equipment		(20.2)	(25.2)
Purchases of intangible assets		(1.1)	(1.6)
Proceeds on disposal activities net of cash balances	14	51.7	0.4
Net cash generated/(used) in investing activities		30.7	(25.7)
Financing activities			
Dividends paid		-	-
New loans		20.0	135.6
Repayment of borrowings		(41.1)	(142.8)
Repayment of lease liabilities		(8.4)	(7.9)
Net cash used in financing activities		(29.5)	(15.1)
Net increase in cash and cash equivalents		28.2	8.1
Cash and cash equivalents at beginning of period		23.2	15.1
Effect of foreign exchange rate changes		(0.3)	-
Cash and cash equivalents at end of period	12c)	51.1	23.2

Notes to the above Financial Statements

For the year ended 31 December 2021

1. General information

These results for the year ended 31 December 2021 are an excerpt from the Annual Report & Accounts 2021 and do not constitute the Group's statutory accounts for 2021 or 2020. Statutory accounts for 2020 have been delivered to the Registrar of Companies, and those for 2021 will be delivered following the Company's Annual General Meeting. The Auditor has reported on both those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under Sections 498(2) or (3) of the Companies Act 2006 or equivalent preceding legislation.

2. Significant accounting policies

Whilst the financial information included in this Annual Results Release has been prepared in accordance with UK-adopted international accounting standards, this announcement does not itself contain sufficient information to comply with UK-adopted international accounting standards. Full Financial Statements that comply with UK-adopted international accounting standards are included in the Annual Report & Accounts 2021 which is available online at www.seniorplc.com. Printed copies will be distributed on or soon after 14 March 2022.

At the date of authorisation of the Group's Financial Statements, there are no relevant and material new standards, amendments to standards or interpretations which are effective for the year ended 31 December 2021.

3. Segment information

The Group reports its segment information as two operating Divisions according to the market segments they serve, Aerospace and Flexonics, which is consistent with the oversight employed by the Executive Committee. The chief operating decision maker, as defined by IFRS 8, is the Executive Committee. The Group is managed on the same basis, as two operating divisions.

Segment information for revenue and operating profit/(loss) and a reconciliation to the Group profit/(loss) after tax is presented below:

	Aerospace	Flexonics	Eliminations / central costs	Total	Aerospace	Flexonics	Eliminations / central costs	Total
	Year ended 2021 £m	Year ended 2021 £m	Year ended 2021 £m	Year ended 2021 £m	Year ended 2020 £m	Year ended 2020 £m	Year ended 2020 £m	Year ended 2020 £m
External revenue	438.9	219.8	-	658.7	525.4	208.2	-	733.6
Inter-segment revenue	0.4	0.1	(0.5)	-	0.8	0.1	(0.9)	-
Total revenue	439.3	219.9	(0.5)	658.7	526.2	208.3	(0.9)	733.6
Adjusted trading profit	7.9	12.9	(14.9)	5.9	5.9	11.0	(13.4)	3.5
Share of joint venture profit	-	0.2	-	0.2	-	0.2	-	0.2
Adjusted operating profit (Note 4)	7.9	13.1	(14.9)	6.1	5.9	11.2	(13.4)	3.7
Amortisation of intangible assets from acquisitions	-	-	-	-	(6.3)	(1.4)	-	(7.7)
Goodwill impairment and write-off	-	-	-	-	(112.1)	(22.2)	-	(134.3)
Net restructuring income/(costs) (Note 4)	2.2	2.2	-	4.4	(32.5)	(6.5)	-	(39.0)
Operating profit/(loss)	10.1	15.3	(14.9)	10.5	(145.0)	(18.9)	(13.4)	(177.3)
Investment income				0.5				1.1
Finance costs				(8.5)				(11.0)
Corporate undertakings				21.2				(4.6)
Profit/(loss) before tax				23.7				(191.8)
Tax credit (Note 5)				0.5				33.3
Profit/(loss) after tax				24.2				(158.5)

Trading profit and adjusted trading profit is operating profit/(loss) and adjusted operating profit respectively before share of joint venture profit. See Note 4 for the derivation of adjusted operating profit.

3. Segment information (continued)

Segment information for assets and liabilities is presented below:

Assets	Year ended 2021 £m	Year ended 2020 £m
Aerospace	506.6	563.3
Flexonics	184.9	170.4
Segment assets for reportable segments	691.5	733.7
Unallocated		
Central	4.6	2.9
Cash	51.1	23.6
Deferred and current tax	8.3	7.7
Retirement benefits	72.2	46.5
Others	0.1	0.3
Total assets per Consolidated Balance Sheet	827.8	814.7

Liabilities	Year ended 2021 £m	Year ended 2020 £m
Aerospace	148.1	153.9
Flexonics	63.9	55.7
Segment liabilities for reportable segments	212.0	209.6
Unallocated		
Central	15.4	14.1
Debt	131.0	153.0
Deferred and current tax	25.1	25.3
Retirement benefits	11.0	10.9
Others	8.2	8.5
Total liabilities per Consolidated Balance Sheet	402.7	421.4

3. Segment information (continued)

Total revenue is disaggregated by market sectors as follows:

	Year ended 2021 £m	Year ended 2020 £m
Civil Aerospace	244.5	304.2
Defence	125.0	158.5
Other	69.8	63.5
Aerospace	439.3	526.2
Land Vehicles	118.8	89.2
Power & Energy	101.1	119.1
Flexonics	219.9	208.3
Eliminations	(0.5)	(0.9)
Total revenue	658.7	733.6

Other Aerospace comprises space and non-military helicopters and other markets, principally including semiconductor, medical, and industrial applications.

4. Adjusted operating profit and adjusted loss before tax

The presentation of adjusted operating profit and adjusted loss before tax measures, derived in accordance with the table below, have been included to identify the performance of the Group prior to the impact of amortisation of intangible assets from acquisitions, goodwill impairment and write-off, net restructuring income/cost, and the income and costs associated with corporate undertakings. The Board has adopted a policy to separately disclose those items, where significant in size, that it considers are outside the results for the particular year under review and against which the Board measures and assesses the performance of the business.

COVID-19 introduced unprecedented challenges and economic disruption. This has directly impacted the business performance of both the Aerospace and Flexonics Divisions. The Board has not changed the policy for adjusted measures to present the COVID-19 financial impact, but instead, have described the impact within the narrative sections of the Strategic Report in the Annual Report and Accounts.

The adjustments are made on a consistent basis and also reflect how the business is managed on a day-to-day basis.

The amortisation charge relates to prior years' acquisitions. It is charged on a straight-line basis and reflects a non-cash item for the reported year. Goodwill impairment related to the Aerostructures group of cash generating units (CGU group), reflecting the significant impact of the COVID-19 pandemic on the civil aerospace sector, where there has been a significant reduction in the short-term demand for new aircraft on existing programmes. Goodwill write-offs related to operating business closures. The Group implemented a restructuring programme in 2019 which was expanded further in 2020 and 2021 in response to the impact of COVID-19 on some of the Group's end markets. The aerospace manufacturing grant, within net restructuring income, represents incentives specific to only part of the Group for a limited time period. Corporate undertakings relate to gain on disposal of a business, bid defence and other costs relating to corporate activities and are exceptional in nature, being presented outside the normal operating results of the Group. None of these charges are reflective of in-year performance. They are therefore excluded by the Board and Executive Committee when measuring the performance of the businesses.

	Year ended 2021 £m	Year ended 2020 £m
Operating profit/(loss)	10.5	(177.3)
Amortisation of intangible assets from acquisitions	-	7.7
Goodwill impairment and write-off	-	134.3
Net restructuring (income)/cost	(4.4)	39.0
Adjusted operating profit	6.1	3.7
Profit/(loss) before tax	23.7	(191.8)
Adjustments to profit/loss before tax as above	(4.4)	181.0
Corporate undertakings	(21.2)	4.6
Adjusted loss profit before tax	(1.9)	(6.2)

Goodwill impairment and write-off

As previously reported, during the first half of 2020, an impairment loss of £110.5m was recognised in relation to the goodwill allocated to the Aerostructures CGU group (now within Aerospace CGU group). This reflected the significant impact of COVID-19 on the short to medium term outlook for Aerostructures, given the end market, which is focused on the civil aerospace sector. In the second half of 2020, write-offs of £1.6m and £22.2m were recognised in respect of the closures of Senior Aerospace Bosman and Senior Flexonics Upeca.

4. Adjusted operating profit and adjusted loss before tax (continued)

Net restructuring income/(cost)

The Group focused on taking actions to conserve cash to manage through the pandemic, including curtailing capital expenditure, tightly managing working capital and implementing further cost cutting actions. At 31 December 2021, none of the Group's employees were on furlough (2020 – 7%).

The decisive actions taken on restructuring and cost management over the last couple of years has delivered the expected benefits. In addition, the Group has continued to review inventory and asset exposures on programmes that have been reduced, cancelled or where the Group will no longer participate. As part of the restructuring focus, we have assessed critically any inventory or asset exposures on these programmes and written down the carrying values on excess holdings and assets where there is no alternate use. Where demand has picked up on previously reduced or cancelled programmes, inventory impairments have been reversed to the extent that there are confirmed orders in place. Our operating businesses have also worked hard to maximise cash realised from disposal of assets where there is no alternate use.

The restructuring, which involves business closures and sale of associated assets, headcount reductions and other benefits, has resulted in net income of £4.4m (2020 – £39.0m net cost). Of this, £4.2m income (2020 - £nil) related to an aerospace manufacturing grant, £1.0m net income for closures of Senior Flexonics Upeca and Senior Aerospace Bosman (2020 - £10.5m cost), £0.4m cost related to headcount reduction (2020 - £13.5m cost) and £1.0m cost related to consultancy and other activities (2020 - £1.5m cost). For certain specific programmes, and in conjunction with the focus on restructuring, management has also identified inventory impairment reversals of £1.4m (2020 - £8.5m charge) where customer demand has increased, and further impairment provisions on property, plant and equipment in 2021 with a charge of £0.8m (2020 - £5.0m charge) to cover the risk where there are no alternative uses and in part due to customers choosing to cancel and/or significantly reduce future build rates.

Net cash outflow related to restructuring activities was £0.9m (2020 – £15.2m). At 31 December 2021, a restructuring provision of £1.3m (31 December 2020 – £8.9m) was recognised and is expected to be utilised in 2022.

Corporate undertakings

Net income associated with corporate undertakings was £21.2m in 2021, of which £24.2m gain relates to the disposal of Senior Aerospace Connecticut in April 2021, partly offset by £3.0m bid defence and costs relating to other corporate activities. In 2020, costs of £4.6m were incurred relating to employee costs and external professional fees for the potential divestment of the Aerostructures business. See Note 14 for further details on the £24.2m gain on disposal.

5. Tax charge

	Year ended 2021	Year ended 2020
	£m	£m
Current tax:		
Current year	7.0	3.1
Adjustments in respect of prior periods	(6.0)	(6.0)
	1.0	(2.9)
Deferred tax:		
Current year	(1.7)	(31.3)
Adjustments in respect of prior periods	0.2	0.9
	(1.5)	(30.4)
Total tax credit	(0.5)	(33.3)

The adjusted tax rate for the year was 136.8% credit (2020 – 43.5% credit), being a tax credit of £2.6m (2020 – £2.7m) on adjusted loss before tax of £1.9m (2020 – £6.2m loss).

The adjusted tax rate benefits from prior year items as well as enhanced deductions for R&D expenditure in the US and capital expenditure in the UK.

The reported tax rate was 2.1% credit, being a tax credit of £0.5m on reported profit before tax of £23.7m. This included £2.1m net tax charge against items excluded from adjusted loss before tax, of which £2.9m charge related to the corporate undertakings in the year and £0.6m credit to the revaluation of UK deferred tax assets at the substantially enacted 25% corporation tax rate effective from 1 April 2023. The 2020 reported tax rate was 17.4% credit, being a tax credit of £33.3m on reported loss before tax of £191.8m. This included the tax credit of items excluded from adjusted profit before tax of £30.6m, of which £21.7m related to the reversal of deferred tax liabilities held against goodwill impaired in 2020.

Cash tax paid was £5.3m (2020 – £3.5m) and is stated net of refunds received of £0.9m (2020 – £0.3m) of tax paid in prior periods, including refunds arising from the offset of tax losses against taxable profits of prior periods. Tax payments during the year are £2.3m higher than they would otherwise have been as a result of coronavirus relief measures in some countries which allowed the deferral of tax bills normally due in 2020 into 2021.

6. Dividends

No dividends were recorded in the current or prior period.

7. Earnings/(loss) per share

The calculation of the basic and diluted earnings/loss per share is based on the following data:

Number of shares	Year ended 2021 million	Year ended 2020 million
Weighted average number of ordinary shares for the purposes of basic earnings/loss per share	415.7	414.9
Effect of dilutive potential ordinary shares:		
Share options	6.8	-
Weighted average number of ordinary shares for the purposes of diluted earnings/loss per share	422.5	414.9

	Year ended 2021		Year ended 2020	
Earnings/(loss) and earnings/(loss) per share	Earnings	EPS	Loss	EPS
	£m	pence	£m	pence
Profit/(loss) for the period	24.2	5.82	(158.5)	(38.20)
Adjust:				
Amortisation of intangible assets from acquisitions net of tax of £nil (2020 - £2.0m)	-	-	5.7	1.38
Goodwill impairment and write-off net of tax of £nil (2020 - £21.7m)	-	-	112.6	27.14
Net restructuring (income)/cost and tax credit of £0.2m (2020 - £6.5m)	(4.6)	(1.11)	32.5	7.83
Corporate undertakings net of tax of £2.9m (2020 - £0.4m)	(18.3)	(4.40)	4.2	1.01
Non-cash tax credit	(0.6)	(0.14)	-	-
Adjusted earnings/(loss) after tax	0.7	0.17	(3.5)	(0.84)
Earnings/(loss) per share				
- basic		5.82p		(38.20)p
- diluted		5.73p		(38.20)p
- adjusted		0.17p		(0.84)p
- adjusted and diluted		0.17p		(0.84)p

The denominators used for all basic, diluted and adjusted earnings/loss per share are as detailed in the table above.

The presentation of adjusted earnings/loss per share, derived in accordance with the table above, has been included to identify the performance of the Group prior to the impact of amortisation of intangible assets from acquisitions, goodwill impairment and write-off, net restructuring income/cost, corporate undertakings and non-cash tax credit. The Board has adopted a policy to separately disclose those items, where significant in size, that it considers are outside the earnings/loss for the particular year under review and against which the Board measures and assesses the performance of the business. See Note 4 for further details.

8. Goodwill

Goodwill decreased by £14.8m during the year to £150.2m (2020 - £165.0m) due to the disposal of Senior Aerospace Connecticut of £15.1m (see Note 14) and exchange translation differences of £0.3m.

9. Investment in joint venture

The Group has a 49% interest in Senior Flexonics Technologies (Wuhan) Limited, a jointly controlled entity incorporated in China which was set up in 2012. The Group's investment of £3.9m represents the Group's share of the joint venture's net assets as at 31 December 2021 (2020 - £3.6m).

10. Property, plant and equipment

During the period, the Group spent £20.2m (2020 - £25.2m) on the acquisition of property, plant and equipment. The Group also disposed of property, plant and equipment with a carrying value of £0.2m (2020 - £0.4m) for proceeds of £0.2m (2020 - £0.5m). At 31 December 2021, right-of-use assets were £67.4m (2020 - £72.5m).

11. Share capital

Share capital as at 31 December 2021 amounted to £41.9m. No shares were issued during 2020 and 2021.

12. Notes to the Consolidated Cash Flow statement

a) Reconciliation of operating profit/(loss) to net cash from operating activities

	Year ended 2021 £m	Year ended 2020 £m
Operating profit/(loss)	10.5	(177.3)
Adjustments for:		
Depreciation of property, plant and equipment	46.3	52.1
Amortisation of intangible assets	1.5	9.5
Profit on sale of fixed assets	-	(0.1)
Share-based payment charges	3.5	3.0
Pension payments in excess of service cost	(5.1)	(5.0)
Corporate undertaking costs	(4.8)	(4.6)
Share of joint venture	(0.2)	(0.2)
(Increase)/decrease in inventories	(7.2)	19.6
(Increase)/decrease in receivables	(16.1)	48.1
Increase/(decrease) in payables and provisions	11.6	(20.1)
Goodwill impairment	-	134.3
Restructuring impairment of property, plant and equipment and software	3.8	8.0
US class action lawsuits	(2.3)	(3.9)
Working capital and provisions currency movements	(1.1)	(0.2)
Cash generated by operations	40.4	63.2
Income taxes paid	(5.3)	(3.5)
Interest paid	(8.1)	(10.8)
Net cash from operating activities	27.0	48.9

12. Notes to the Consolidated Cash Flow statement (continued)

b) Free cash flow

Free cash flow, a non-statutory item, enhances the reporting of the cash-generating ability of the Group prior to corporate activity such as acquisitions, restructuring, disposal activities, financing and transactions with shareholders. It is used as a performance measure by the Board and Executive Committee and is derived as follows:

	Year ended 2021 £m	Year ended 2020 £m
Net cash from operating activities	27.0	48.9
Corporate undertaking costs	4.8	4.6
Net restructuring cash paid	0.9	15.2
US class action lawsuits	2.3	3.9
Interest received	0.1	0.2
Proceeds on disposal of property, plant and equipment	0.2	0.5
Purchases of property, plant and equipment	(20.2)	(25.2)
Purchases of intangible assets	(1.1)	(1.6)
Free cash flow	14.0	46.5

c) Analysis of net debt

	At 1 January 2021	Net cashflow	Non cash	Exchange movement	Other movements[1]	At 31 December 2021
	£m	£m	£m	£m	£m	£m
Cash and bank balances	23.6	27.8	-	(0.3)	-	51.1
Overdrafts	(0.4)	0.4	-	-	-	-
Cash and cash equivalents	23.2	28.2	-	(0.3)	-	51.1
Debt due within one year	-	-	(14.5)	(0.3)	-	(14.8)
Debt due after one year	(152.6)	21.1	14.5	0.8	-	(116.2)
Lease liabilities	(76.5)	8.4	-	0.5	(5.6)	(73.2)
Liabilities arising from financing activities	(229.1)	29.5	-	1.0	(5.6)	(204.2)
Total	(205.9)	57.7	-	0.7	(5.6)	(153.1)

[1] Other movements include lease additions and modifications of £5.6m.

	Year ended 2021 £m	Year ended 2020 £m
Cash and cash equivalents comprise:		
Cash and bank balances	51.1	23.6
Overdrafts	-	(0.4)
Total	51.1	23.2

Cash and cash equivalents (which are presented as a single class of assets on the face of the Consolidated Balance Sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

12. Notes to the Consolidated Cash Flow statement (continued)

d) Analysis of working capital and provisions

Working capital comprises the following:

	Year ended 2021 £m	Year ended 2020 £m
Inventories	145.2	147.6
Trade and other receivables	98.0	85.3
Trade and other payables	(143.0)	(126.1)
Working capital, including derivatives	100.2	106.8
Items excluded:		
Foreign exchange contracts	2.8	(0.5)
Deferred consideration relating to disposals - current	-	(0.3)
Total	103.0	106.0

Working capital and provisions movement, net of restructuring items, a non-statutory cash flow item, is derived as follows:

	Year ended 2021 £m	Year ended 2020 £m
(Increase)/decrease in inventories	(7.2)	19.6
(Increase)/decrease in receivables	(16.1)	48.1
Increase/(decrease) in payables and provisions	11.6	(20.1)
Working capital and provisions movement, excluding currency effects	(11.7)	47.6
Items excluded:		
Decrease/(increase) in restructuring related inventory impairment	1.5	(9.3)
Decrease/(increase) in net restructuring provision and other receivables	7.6	(6.0)
Total	(2.6)	32.3

13. Retirement benefit schemes

At 31 December 2021, aggregate retirement benefit liabilities of £11.0m (2020 - £10.9m) comprise the Group's US defined benefit pension funded schemes with a total deficit of £5.3m (2020 - £4.7m) and other unfunded schemes, with a deficit of £5.7m (2020 - £6.2m). The retirement benefit surplus of £72.2m (2020 - £46.5m) comprises the Group's UK defined benefit pension funded scheme.

The liability and asset values of the funded schemes have been assessed by independent actuaries using current market values and discount rates.

14. Disposals

On 22nd April 2021, the Group sold its stand alone, build-to-print helicopter structures operating business, Senior Aerospace Connecticut, based in the USA. The decision to sell was based on its primary focus on build-to-print parts for the rotary sector, with proceeds from the sale strengthening the Group's balance sheet and providing greater flexibility for the Group to operate within its capital deployment framework. For the year ended 31 December 2021, Senior Aerospace Connecticut external revenue was £8.1m (2020: £36.2m) and operating profit was £0.8m (2020: £5.1m).

A gain of £24.2m arose on disposal after taking fair value of net assets disposed (£28.4m including £15.1m of goodwill, £7.5m property, plant and equipment and £5.8m of working capital), offset by net cash consideration of £49.7m after £1.8m disposal costs, and the previously recorded foreign exchange gain that has been recycled to the Income Statement of £2.9m.

In 2021 the Group received £0.2m (2020: £0.4m) deferred consideration relating to the disposal of its Aerospace business Senior Aerospace Absolute Manufacturing.

15. Provisions

Provisions include warranty costs of £6.9m (2020 - £6.6m), restructuring of £1.3m (2020 - £8.9m), and other provisions including contractual matters, claims and legal costs that arise in the ordinary course of business of £7.8m (2020 - £10.3m). During the year ended 31 December 2021, £2.3m was paid relating to the Ametek class action lawsuit in the US, comprising £2.4m provision at 1 January 2021 and £0.1m of exchange differences.

16. Contingent liabilities

The Group is subject to various claims which arise from time to time in the course of its business including, for example, in relation to commercial matters, product quality or liability, and tax audits. Where the Board has assessed there to be a more likely than not outflow of economic benefits, provision has been made for the best estimate as at 31 December 2021 (see Note 15). For all other matters, the Board has concluded that it is not more likely than not that there will be an economic outflow of benefits. While the outcome of some of these matters cannot be predicted with any certainty, the Directors do not expect any of these arrangements, legal actions or claims, after allowing for provisions already made where appropriate, to result in significant loss to the Group.

17. Related party transactions

Bloom Energy Corporation is a related party of the Group as Susan Brennan, an independent non-executive Director of the Group, was its Executive Vice-President and Chief Operations Officer until resignation date of 5 August 2021. In 2021, the Group sold £2.7m (2020- £2.2m) of components to Bloom Energy Corporation. The gross receivable position as at 31 December 2021 was £0.4m (2020- £0.4m).