

# Senior Plc

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## Senior warns on margin hit after Boeing production cuts following the global grounding of its 737 MAX planes

Senior PLC (LON:SNR) has warned that its 2019 aerospace margins will be hit by Boeing Co's (NYSE:BA) production cuts following the global grounding of its 737 MAX planes after two crashes.

In an update covering the three months to end March 2019, the FTSE 250-listed aerospace engineer said overall trading has been in line with expectations but said it is expecting some impact from the 737 MAX situation.

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However, the firm added, it is taking action to reduce costs across the group and together with a slightly lower forecast tax rate, it expects only a modest reduction in earlier expectations.

The company said: "We continue to monitor developments on the 737 MAX situation closely and should anything change that affects our current assumptions, we will update the market accordingly."

The group noted that Senior Aerospace AMT (AMT), based in the Seattle area, the biggest business in its Structures Division, has the largest exposure within the company to 737 MAX production.

It pointed out: "AMT has also secured a high level of new content on the Boeing 777X and therefore is already absorbing high new product introduction (NPI) and industrialisation costs as that platform moves closer to entry into service.

"As a consequence, AMT is less able than our other operating businesses to fully absorb the likely impact of the 737 MAX production cuts and this will have some impact on Aerospace margins for the rest of 2019."

In a note to clients, analysts at Peel Hunt said that it expects to cut the December 2020 pre-tax profit by 6% to £93m, just below the current consensus of £94m.

The City broker maintains its 'add' rating and 260p target price on Senior, shares in which were 0.3% lower at 227p in late morning trade.

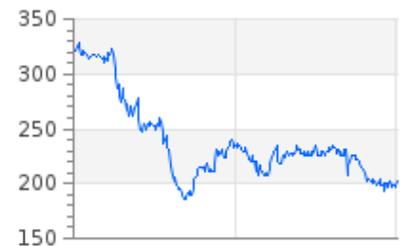
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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

**Price:** 202.2p

**Market Cap:** £83212600000M

### 1 Year Share Price Graph



August 2018 February 2019 August 2019

### Share Information

**Code:** SNR

**Listing:** LSE

**52 week High Low**  
329.60p 184.30p

**Sector:** Engineering [T3]

**Website:** www.seniorplc.com

### Company Synopsis:

Senior is an international manufacturing group with operations in 11 countries. Senior designs, manufactures and markets high technology components and systems for the principal original equipment producers in the worldwide civil aerospace, defence, diesel engine, exhaust system and energy markets.

action@proactiveinvestors.com

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