

Senior PLC

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Senior slides further as Peel Hunt joins in with Boeing-related downgrades

With Boeing's 737 Max still some way off resuming flights, Peel Hunt downgraded its rating on aircraft component maker Senior PLC (LON:SNR) on Friday.

Based on recent newsflow about continued grounding of the planes after crashes in Indonesia and Ethiopia, the broker expects the disruption to the Boeing airframe build rate will persist to the year end.

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

"Pending a further update from either Boeing or Senior, we have assumed that the airframe build rate remains at 42 per month until the end of 2019 and is then 52 per month throughout 2020," analysts said in the note to clients.

Not only does it supply Boeing directly with parts for the 737 Max, but Senior also has a deal with Spirit AeroSystems, which makes the fuselage for the plane.

As well as the Boeing issue, a weaker outlook for global industrial production in the second half led Peel Hunt to trim its organic sales growth assumption for Senior's Flexonics business, resulting in underlying earnings seen as flat for the year.

Although sterling weakness provides some respite, Peel Hunt cut its group forecasts for profit before tax for this year and the next by 4% and 8% respectively.

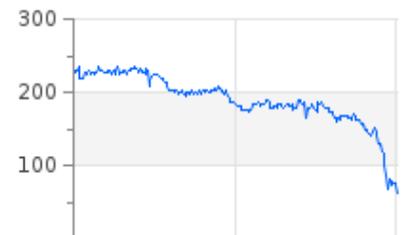
As a result, the 12-month share price target was cut to 230p from 260p and the recommendation to 'hold' from 'add'.

Senior shares, already hit by a Barclays downgrade last month, fell another 3% to 210.80p by midday on Friday.

Price: 67.45

Market Cap: £282.9 m

1 Year Share Price Graph



April 2019 September 2019 March 2020

Share Information

Code: SNR

Listing: LSE

52 week High Low
237 45.1282

Sector: Manufacturing & engineering

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.

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