

Senior PLC

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Senior slides after second-quarter sales slump

Senior PLC (LON:SNOR), the high-tech components maker, saw its shares slide 5.5% to 57.25p after it warned of margin pressure and more hard times ahead.

The company, which counts the aerospace & defence sectors among its key target markets, said activity significantly slowed across both its Aerospace and Flexonics Divisions in the second quarter of 2020, as customers temporarily closed their facilities and lowered production rates.

Senior said it now expects first-half revenue to be around 20% lower than in the same period of last year and that margins will be significantly lower.

When it announced its full-year results in March the group indicated it expected Aerospace revenue in 2020 would be around 20% below 2019 levels as a consequence of Boeing's temporary halt in 737 MAX production and Senior's decision to not renew certain contracts; since then, the impact of the coronavirus (COVID-19) pandemic has led to severe end market disruption and, as a consequence, Senior now expects Aerospace sales in the first half of 2020 will be down about 31% year-on-year.

On a quarterly constant currency basis, Aerospace sales are expected to have declined 22% year-on-year in the first quarter and 40% in the second.

As for the Flexonics business, Senior now expects first-half sales will be down by some 27% year-on-year, with sales 23% lower on a constant currency basis in the first quarter and down 33% in the second quarter.

With market conditions changing so rapidly, Senior has extended its restructuring plans and as a result, the anticipated restructuring charge it expects to take in its accounts has increased by £23m to around £35m.

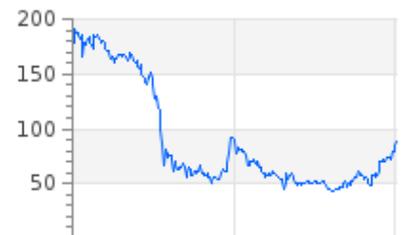
"The Coronavirus pandemic has had a profound effect on our markets and customers since March and the impact will be with us for some time to come," warned Senior's chief executive officer, David Squires in a statement.

"Based on our analysis of economic and industry expert forecasts, and our customers' response to those, we expect the difficult conditions to remain for many months to come. Our original restructuring programme has progressed in line with plans. Whilst we are doing everything possible to sustain jobs, regrettably, market conditions are such that we have extended and broadened the scope of that restructuring and we will provide more details of that at our interim results," he added.

Price: 89

Market Cap: £373.28 m

1 Year Share Price Graph



December 2019 June 2020 December 20

Share Information

Code: SNR

Listing: LSE

52 week High Low
192.7 41

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.

action@proactiveinvestors.com

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

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