Senior Plc: Ten-month Trading Update - 20.11.2025

Thursday, 20 November 2025

Operator: Hello, everyone, and thank you for joining the Senior Plc ten-month trading update call. My name is Claire, and I will be coordinating your call today. During the presentation, you can register a question by pressing star followed by one on your telephone keypad. If you change your mind, please press star followed by two on your telephone keypad.

I will now hand over to David Squires, Group Chief Executive of Senior Plc, to begin. Please go ahead.

Ten-month trading update

David Squires

Group Chief Executive Officer, Senior Plc

Welcome

Good morning, everybody. Thanks very much for joining the call. We've issued our ten-month trading update today, and although it's relatively brief, we thought it'd be worthwhile having a quick call in case there's any questions around it.

Highlights

Just to maybe recap on the highlights from the trading update today. We feel we've had really healthy trading in the period, and importantly, our full year performance is now anticipated to be comfortably above the Board's previous expectations.

Divisions

Aerospace and Flexonics

If we look at our divisions, we've had a strong performance in Aerospace and Flexonics. Actually, we continued to outperform our end markets, and that means our performance is going to be slightly better than 2024. Previously, we'd said broadly in line with '24, and therefore overall, the Board anticipates full year group performance to be comfortably above the previous expectation.

Group revenue

Just to look at what's driving that, our group revenue went up 5.9% year-on-year for the ten-month period on a constant currency basis. Aerospace sales went up 9.4% and Flexonics actually grew by 1.3% in the ten-month period, so that was healthier than might have been anticipated.

Aerospace

In Aerospace, the growth has really been driven by three things:

- Increasing production rates of commercial aircraft;
- Higher defence spending, so our sales of defence products are good;
- Also the improved pricing, of course, we've been talking about for some time now. We expect that to continue for the full year and beyond through next year and beyond.

Aerospace

In Flexonics, the reason for our perhaps slightly improved performance relative to previously is really about the strong aftermarket demand for our nuclear and downstream oil and gas products, so in particular, something that we all know that's our Pathway business in Texas. That demand there remains robust.

Vehicle markets

We have continued to outperform vehicle markets, as I'm sure you've all been following, particularly heavy-duty truck in North America. Markets are softening considerably here at the end of the year, and that's anticipated to continue into the start of next year. We won't be immune from that, but we are doing better than the end markets are, and that's why we feel, based on our trading so far in Flexonics, and what we see to the end of the year, we'll be doing a bit better than we thought previously.

The other thing I should say, of course, we are still very much tracking to those medium-term targets that we've laid out at our Capital Markets Day and at our results presentations previously.

Structures

Just a word on structures, which, of course, is our discontinued operations. All those previous comments were in relation to the continuing operations. We're still aiming to complete this year. Actually, the transition has been going very well. The one slight fly in the ointment was the US government shutdown meant that the processing of the regulatory approvals in the US went on hold while the US government shutdown was enforced, but it's now back up and running, and with the expected timeline, we should still aim to complete for this year.

Trading perspective

Then, of course, from a trading perspective in structures, we just drive that as hard as we can, because the earnout associated, element of the transaction associated with the structured sale is directly related to the EBITDA that we generate this year. There are a couple of issues in the supply chain as ever. On the customer side and the supplier side, we're working those really hard so we get the best possible outcome for the business and for our shareholders.

Summary

That's the summary of the note, and I'll maybe just pause there, and Alpna and I will be pleased to take any questions.

Q&A

Operator: Thank you. To ask a question, please press star followed by one on your telephone keypad. Now, if you change your mind, please press star followed by two. When preparing to ask your question, please ensure your device is unmuted locally. Our first question comes from Andrew Douglas from Jefferies. Your line is now open. Please go ahead.

Andrew Douglas (Jefferies): Good morning, guys. Thank you for taking my questions. I've got three, please, and I'll jump back into the queue. Can we talk, please, a little bit more about aerospace and the pricing dynamics that you talked about? Previously, we've talked about pricing being a big part of the margin progress. We've talked about the opportunities for pricing to benefit not only '25, but '26 and '27. Is that still intact, and where are you in terms of having your negotiations? Are you pretty much done now, and then the pricing flows through, or do you have more to do? That's the first question.

David Squires: Okay. Yeah, happy with the progress of pricing. We've done the majority of the long-term agreement price negotiations. I think in the summer, as I said, we've got two to do, a couple left to do. One of those is nearing signature, and the other one is in negotiation, but everything else is pretty well done. That's great because that's really helping drive growth and improvement in margins this year and beyond.

In terms of when that increased pricing cuts in, some of it was this year at the start of the year, some was the second half of the year, some was actually next year, and some is actually even in '27. It's phased out over the next few years.

Then just coming back, Andy, to what that means in terms of aerospace margins, our medium-term target was to have at least mid-teens margins, we said. Remember, we were at 9.4% last year. We said that progression would be reasonably linear. Half of that improvement was coming from pricing, and the other half was coming from a combination of operating leverage, with volumes dropping through, and then operational efficiencies, our senior operating system lead manufacturing programme.

Those three elements are all on track. Pleased to say, as we head towards medium-term targets and pricing remains the key element of that. Yeah, very satisfied with where we've got to so far in pricing.

Andrew Douglas: Spencer was a good driver of growth in the first half of the year. Has that continued to grow, and can you just give us an update on the "standard parts strategy," how far we've got in Europe as well, please?

David Squires: Yeah, Spencer continues to be a fantastic success story. In fact, we had the whole board there two weeks ago for our strategy meeting, meeting the team, and yeah, they're all excited about the continuing growth prospects in that business. We didn't call out their specific growth in the ten-month period. We'll do that for the full year in line with what we're expecting, growing all the time, margins getting better all the time as volumes improve, and yes, now starting to penetrate the European market, expecting our first orders imminently.

Going through qualifications for the European customers, as well as additional qualifications for our US customers, and then that extends into other standard parts. That's really around hydraulic fluid fittings. We're also continuing to advance the work we've been doing on flanges and other highly engineered components. You'll see news about that in due course as well, but yes, all progressing at least in line with our plan. Very, very happy with the way the standards strategy is going.

Andrew Douglas: Okay, cool. Then last one, Pathway is clearly doing well, and that's good to see. Trying to understand what's going on in oil and gas for you guys compared to other downstream oil and gas players who are struggling at the moment. Can you expand on where the good performance is, maybe geographically or by a market, and is this just a little bit of conservatism previously baked into your guidance, which you've done better than, or is the market good for you as well?

David Squires: Yeah, I think with Pathway, and just a reminder for those who are less familiar with it, so they provide these huge expansion joints and related products into industrial process companies. It could be refineries, carbon projects, nuclear power plants. Other forms of industrial processing. We have a very large installed base, so that means the aftermarket is really good, so spares, repairs, maintenance, repair and overhaul, emergency site visits.

I mean, the team in Pathway probably don't see it as aftermarket because of the size of the product, but they are supplying into existing infrastructure, and really, in the last month or so, we've had customers needing our help on an emergency basis to keep their operations running. That could be refineries in one case, nuclear plant in another case, where they need us to turn around a product very quickly for them. That always is extremely helpful for us. Customers are delighted with the performance and it saves them a ton of money if we manage to keep them up and running. That's what's been really strong in the last couple of months.

The OE side has been as expected, so we had that big India contract the second half of last year, first half of this year, which has now finished. We're back to our steady run rate of aftermarket business, and that's been very strong in the last couple of months.

Andrew Douglas: Okay. I'll let someone else have a go, and I'll jump back in with you. Thank you very much.

Operator: Thank you. Our next question comes from Richard Paige from Deutsche Numis. Your line is now open. Please go ahead.

Richard Paige (Deutsche Numis): Morning. I've got two questions, sorry, and this one probably has two parts on aerospace. Just seeing general commentary over Q3, supply chain challenges easing. Just wondering how you're seeing it on the ground and what that means for '26 for you, and then align to that on '26. Obviously, defence has been strong in the second half on top of a good first half. What's your thinking around the outlook for 26 on that one, please?

David Squires: Yeah, so on the supply chain, definitely easing. Yeah, I would say that. Of course, we've been on a journey here the last few years, the whole industry and lead times are still extended, so raw materials are still in long lead times. It still takes a lot of careful planning and management. We're getting less shocks than we had before. I think the whole industry is getting less shocks, and you can see the whole industry getting back to a more normal modus operandi, I would say, and that includes us. You still get the odd problems.

I mentioned a couple in the structure side here, just getting hold of particular parts from time to time, but that's always been the case in the aerospace, to be honest. I'd say getting back to normal, not fully back to normal, but certainly getting back to normal, and we see that continuing to improve and becoming more predictable in 2026, and we've taken a lot of self-help here as well. We've insourced some components we previously outsourced that were causing particular difficulty. We've added additional suppliers, qualified additional suppliers, so we've got more than one source. Sometimes three or four sources for key parts as well. We've done a lot of self-help on the supply chain side, and that, in addition to the generally better climate, is helping. Yeah, I think reasonably optimistic about supply chain. It always needs a lot of work.

I think secondly, in defence, yeah, our defence sales have held up well in the second half of this year. Remember, our key products are really gone to military aircraft programmes, so things like F-35, C-130 in the US in the future, T-7A Red Hawk. The good news on additional orders for Rafale and Eurofighter in Europe will help us when those aircraft are sold, so that's all good. What we don't really – we're not really an ordinance or ground vehicle, so if the spending is on those that doesn't benefit us so much, but yes, the core products that we have and the military aerospace programmes are doing well from both an OE perspective and an aftermarket perspective.

Richard Paige: That's very helpful. Thank you. Then just my second one, aligned to just an addendum to Andy's one on Pathway. Been a good year this year. Can you do the same again in '26? I know there's obviously some benefit from the project work this year. Is there anything else in the pipeline, essentially, please?

David Squires: I mean, one [inaudible], of course, we haven't given any formal guidance for '26 yet. Pathway always has a good steady core run rate of business because of that installed base and all the aftermarket that we do for it, but look, they're turning the orders very quickly. It's hard to predict a year ahead exactly what's going to be like, but we're predicting a decent year for Pathway. We're not expecting one of those big OE programmes next year. The next one, the hopper for that is a couple of years out if we win it, but yeah, that core base of business should continue at a decent level.

Alpna Amar: Just to add to that, Rich, if you look at Pathway in particular, they've got over 4,000 customers, to David's point, and a lot of the work that is repairs and maintenance, so it's not always easy to predict and see what comes in when.

Richard Paige: Okay. Thank you. That's very helpful. Thanks. I'll stop there. Thank you.

Operator: Thank you. Our next question comes from Thomas Rand from Berenberg. Your line is now open. Please go ahead.

Thomas Rand (Berenberg): Thank you. Good morning, David. Two of my questions have just been asked around the Flextronics and Pathway outlook, but I was just wondering kind of, I know you're not giving formal guidance, but how should we think about margins within Flextronics for next year, and the various moving parts and the work you've done in recent years to protect the downside, maybe just from a modern perspective. Then I'll come on to a second question afterwards. Thanks.

Alpna Amar: Thanks for that question, Tom. What we said at the Investor Day back in March, and as part of the medium-term guidance that we gave to the market, was that we would look to hold Flextronics' margins at least 10%, and that would be even in a downturn. Going into 2026, and I know we're not giving formal guidance here, but we would be very much just looking at where the market's at. We'd be very much looking to hold margins at that 10% for next year, and that's down to a lot of the work that the team has done over the years to take cost out of the business. That hasn't just happened by chance. David, did you want to add to that?

David Squires: Yeah. No, that's right. Whereas in aerospace we said we'll see gradual linear improvement up to that mid-teens, for Flextronics, we said 10% to 12% is a good way of thinking about it. The upper end of that when we're in an up cycle, and the lower end of that in a down cycle, and that would be very telling for us. Those of you who followed us for a long time will remember that with these down cycles, if you think back in '16, for example, your margins were down 4%, 5%, 6% in Flextronics, so to hold it at double digit in the down cycle would be good. We have got down cycle in heavy-duty truck next year, not saying in all the

Flextronics markets, but heavy-duty truck definitely down by as much as up to 40% if you read what UCT are saying. For us to hold double digit will be a good outcome and we're confident of doing that.

Richard Paige: Okay. Great. Thank you. Then the second question is just on aero structures and the comments around the supply chain issues. I was just wondering if you can give any more on what those are. Are they similar issues to what you're seeing elsewhere in aerospace, and how – just to get a gauge as to how material that could be in the delay and profit issues or profit outcome for this year, obviously, affecting the earnout? I know you've made some comments, but anything extra you could add would be great, please.

David Squires: It's just I won't go into the specific suppliers and parts, but it's stuff we need to get in to convert, to finish goods and ship. We got daily expediting with two key suppliers and then on our side, we got customer needs to take some action to pull inventory that we have available as well. Those are the two things that we're managing every single day and what we got up to 31st December, so about six weeks left, including the Christmas period, and we'll be working pretty much every day of those to maximise the sales and therefore the EBITDA.

It's just a timing issue, really, Tom, and we're just trying to make sure that those sales fall this side of the year rather than just into January. That's what we're working really hard to do, and it's all about getting parts in, converting finished goods and shipping and then with one customer, making sure they take the inventory that we have available. Those are the two things that we're doing.

Richard Paige: Okay. Understood. Thank you very much.

Operator: Thank you. Our next question comes from Andrew Humphrey from Peel Hunt. Your line is now open. Please go ahead.

Andrew Humphrey (Peel Hunt): Hi. Good morning, everyone. Thanks for taking my questions. I've got a couple on aerospace, if I may. The first is on volumes on aerospace, and I want to try and get a sense for the extent to which visibility extends in that business. We know this is a business that operates on long lead times, but I'd love to get a sense on your major programmes of like how deep into FY'26 your visibility extends, also with half an eye on some of the inventory moving around. We had in the first half of this year, and the sense that we might want to be a bit cautious about volumes, given the potential for them to move around.

David Squires: Yeah. No, good question, Andrew. Just as a reminder on our split in aerospace division and our airspace defence work, about a third is large commercial, a third is regional [inaudible], and a third is defence. We've then got a small amount of industrial business. We actually supply from aerospace companies mainly into the semiconductor equipment and medical market. Just focusing on those three subsectors, I think large commercial, we've got good visibility from Airbus and Boeing and the engine guys on what the build rates are anticipated to be next year, and both Airbus and Boeing have been fairly public about what their goals are.

Everybody's trying to get to 75 on the 320 and marching towards that with conviction, and Boeing on the single aisle, the good news that the FA have lifted the cap to 42 from 38, and Boeing are stabilising around 38 before they got to that 42, and I think publicly, they said they didn't want to get to 47 and beyond at the appropriate time but they were first one to stabilise at 38, then stabilise at 42, then look to get the cap lifted. We get very regular information from both those customers on the planned point of their increased rates, that we're not allowed to share with anybody outside of our relationship with the customer. Yeah, good visibility in that and that supports good growth.

Similarly, on the regional business side, if you think our customers there are people like Bombardier and Embraer, the two big ones, and yeah, we get really good forecasts from them as well. Then on the military, it's more firm purchase orders we get for long-term contracts, so to give 35, we've already got – one of our businesses, Tyco, does a load of 35 work. They've basically got all their orders for next year already. We get very good visibility on the defence side as well, same in C-130, very good visibility of the product. We sell both to Lockheed Martin and GKN on that programme, so the defence is pretty good.

What you have on top of that, of course, is aftermarket, and that's a bit less predictable, and some of our military programmes are where we do have some aftermarket more so than the commercial programme, so that can change year to year, but on the OE side, yes, pretty good visibility, and you can see the predictability. We're talking about supply chain area. You can see the predictability of the commercial rates, production rates definitely very much stabilising, and I think every industry is very confident about continued growth there.

Andrew Humphrey: Great. Thank you. That's helpful. Maybe on the margin on aerospace side as well. Clearly, we've seen a very strong performance since the last update in the four months to October. I think you've said that there's still some work to do on optimisation of performance in parts of that business, but overall, ex-aero structures feels like we're on a fairly firm footing operationally. I just want to ask, to what extent should we be seeing higher drop-throughs in that business on the margin side, thinking about the latter half of this year and to the extent you can comment into next year.

David Squires: Well, I think I'll come back to what I said earlier. I think when we put out those medium-term targets, we said we were 9.4% last year. We aim to get to mid-teens to medium term, and it would be a fairly linear progression, and we haven't changed our view. We've not finalised our budget for next year, but from what we've seen so far, that linear progression pretty much in sight, so yes, and those three elements talked about for pricing drop through and also operational efficiencies, and of course, the last part never stops. That's the small incremental changes that we look to achieve week by week in every single business. That's more of an incremental process. Pricing, obviously, we get an immediate lift when those are implemented, albeit implemented over several years, as I've described to Andy. Think about it in terms of that linear progression would be the best way, Andrew.

Andrew Humphrey: Okay. Very helpful. Thank you.

Operator: Thank you. Our next question comes from Andrew Douglas from Jefferies. Andrew, your line is now open. Please go ahead.

Andrew Douglas: Hello again. Three more questions, please. We've had a spate of contract wins and contract win announcements over the last 18 months, and in fact, beyond that. Where are we in terms of the runway of opportunity for market share gains? I appreciate you can't tell us everything that you're winning, but is there still opportunities there? Tied to that, and I guess tied to previous contract wins, does that allow you to outperform your underlying markets again in '26, or have we that nice delta between market performance and Seniors' performance, has that gone away, or does that continue into next year?

Then one for Alpna, can we just talk about year-end leverage? I appreciate that the aero structures disposal is going to play a key part in that, but if we can just look through the structures bit and just talk about maybe cash flow generation and year-end leverage. Thank you.

David Squires: Okay. Andy, was your question on markets in relation to Flextronics, aerospace, or both?

Andrew Douglas: Both, if you're able to answer on both. If not, then Flextronics.

David Squires: Silly question for me, wasn't it?

Andrew Douglas: Yeah, let's go for both.

David Squires: Okay. Yeah. I think again coming back to the Capital Markets Day, we did we said that the financial targets we have set would be underpinned by mid-single digit growth through the cycle, which is roughly 50%, outperforming markets by about 50%. Our view hasn't changed in that. Look, near term, we know that large commercial is growing faster than that, and that's reflected in some of the numbers, but over the long term, large commercial aero is growing 3% to 4% per annum forever, driven by increasing passenger numbers, so that's the long-term trend. We haven't moved off that.

I think whether markets are up or down, we always expect to outperform them, and I think we've been doing that very well this year in Flextronics. Obviously, we'll go through the detailed full year results once we get to the end of the year, and we'll look to do the same next year. That's not to say that we'll grow in a down market. That's very hard. Heavy-duty trucks are going down by 40%.

Clearly, we're not going to grow, but we'd like to think we do a little bit better than the end market, and of course, you probably also remember we picked up some really good passive vehicle business from competitors and that's helped us this year, massively outperformed the passenger vehicle market this year, albeit a small part of the business. We always look to try and do more of that. Directionally, hopefully, we'll continue to outperform our end markets without being specific about what that might look like, but the medium-term guidance we gave a mid-single digit growth through the cycle, we'll stick with that. I think we're quite happy with that.

Alpna Amar: Then just on the cash piece, Andy, in terms of leverage, at the half year, we were at 1.9 times net debt to EBITDA. If I look at full year 2025, we've got good free cash flow generation. The guidance was given on working capital. We said at the half-year, we were about 16% of working capital as a percentage of sales, and the guidance we gave was we'd be at between 17% and 18% of working capital to sales based on the growth we've got in the market.

Then in terms of CAPEX, we said at the half-year we were at 1.3 times and we said for the full year we would be at 1.5 times based on the fact that we've had the new innovation centre open this year and then we've also had a site move happen for India. Yeah, so we're seeing good free cash flow generation.

Then in terms of leverage, if I exclude structures, we still expect to be below the 1.9 times for the full year, and then if structures goes through for the year-end, then obviously we'd expect to be much better than that.

Andrew Douglas: That's really good. Perfect. Thank you very much.

Operator: Thank you. As a reminder to ask a question, please press star, followed by one on your telephone keypad now. We currently have no further questions, and I would like to hand back to the management team for any closing remarks.

David Squires: Okay, great. Well, thanks very much for joining in. Hopefully, people see the update today as a positive, nice uplift in current year guidance, and we'll look forward to speaking again when we get the results. In the meantime, if there's anything specific, don't hesitate to contact [inaudible] and we'll be happy to help. Thank you very much, everybody.

Operator: This now concludes today's call. Thank you for joining. You may now disconnect your lines.

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