

3 April 2009

## **Trading Update & New Contract Wins**

Hampson Industries PLC (“Hampson” or “the Group”), the international aerospace and precision engineering group, today issues the following pre-close trading update covering the period since the last Interim Management Statement published on 3 February 2009, to 31 March 2009. A statement of preliminary results for the year then ended will be published on 3 June 2009.

### **Trading Results**

Trading over the final quarter of the current financial year has followed the trends highlighted in the February Interim Management Statement.

In particular, our tooling businesses, Coast Composites Inc., Odyssey Industries Inc. and Global Tooling Systems Inc. (“GTS”) have continued to perform very well which, together with the continuing translational benefit of the strong US dollar, has offset the impact of the expected losses now being incurred in our automotive business.

The Group expects, as a result, to report a strong overall trading performance for the full year, in line with the Board’s expectations.

### **New Contracts**

Several important new contracts have been secured by the Group’s Composites & Transparencies businesses since the February IMS.

GTS has secured a further contract on a major US military aerospace programme. The two year contract, worth approximately US\$16 million, encompasses design engineering and manufacturing responsibility for wing assembly tooling. The work will be performed at the company’s new 215,000 square foot facility near Detroit, Michigan.

Los Angeles-based Composites Horizons Inc. (“CHI”), has won four new multi-year contracts exceeding US\$17 million to supply advanced, high temperature composite components for major US-military and fighter engine programmes. The components will be manufactured in a new 41,000 square foot extension to CHI’s existing premises and will employ several advanced new technologies.

### **Asset Impairments & Exceptional Charges**

The results for the year ended 31 March 2009 will include non-cash impairment charges of approximately £28 million. Of these charges, £21 million is in respect of the impairment of tangible and intangible assets associated with the terminated Eclipse 500 programme, as previously announced in our half year report. The remaining charges relate primarily to the Automotive Turbocharger business, which has seen a significant reduction in volumes as a result of unprecedented demand reduction in global automotive markets generally. As highlighted earlier this year, the Automotive Turbocharger business currently represents less than 8% of Group revenue.

Decisive action has been taken to reduce costs further in our Automotive Turbocharger and Aerospace Components & Structures businesses. Exceptional cash costs of approximately £3 million will be included within operating profit as a result of the necessary restructuring and rationalisation activity in these businesses.

The impact of the expected net exceptional charge on the book value of the Group’s shareholders’ funds will be more than offset by a net gain arising from the retranslation back into sterling of net assets denominated in US dollars, which is expected to exceed £50 million.

Exceptional items (including impairments) are excluded from the measurement of EBITDA used to determine compliance with financial covenants contained within the Group's borrowing facilities and hence the exceptional charges referred to above have no impact on the Group's funding arrangements.

### **Net Debt**

Net debt is expected to end the current financial year in line with market expectations following payment of the first tranche of earn-out consideration to the vendors of Odyssey and GTS in February 2009.

The Group continues to benefit from committed bank and capital market facilities on competitive terms that will not require refinancing until April 2013 at the earliest. Total committed borrowing facilities were increased during the year and now stand at £203 million.

The ratio of net debt to rolling twelve month EBITDA (as determined for the purposes of measuring compliance against borrowing covenants) is estimated to be no greater than 2.7 times, for the twelve month period to 31 March 2009. The financial covenant for the equivalent period is 3.5 times.

### **Outlook**

The outlook assessment for the Group's businesses is largely unchanged from the guidance set out in our February Interim Management Statement.

The global recession has resulted in declining orders for new commercial aircraft and as difficult economic conditions persist we recognise the increased risk of some softening in demand in this market in 2009/10. The global automotive market continues to face severe challenges and is unlikely to see any significant upturn for the foreseeable future.

Despite the current greater degree of uncertainty surrounding the outlook for the Group's markets, healthy current order books, recent new contract wins in composites and our strong position in tooling, leave the Group well placed to weather any down-turn. We will, however, remain vigilant and will act promptly to take any further restructuring action that is necessary going forward to ensure we continue to generate long term, sustainable value.

Commenting on the recent contract wins, Group Chief Executive Kim Ward said:

"These latest contract wins on several of the most high profile military aerospace programmes in the world, not only attest to the technology within our businesses, but also underpin the confidence we have in our strategy to develop world-leading positions in both advanced composite structures and specialist tooling systems."

*The terms "Trading Results" or "Results" used in this Trading Update are before exceptional items relating to restructuring and rationalisation charges, impairment charges, changes in the net value of derivative financial instruments and the amortisation of intangible assets on acquisition.*

Ends.

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### **About Hampson:**

The Group's operations are structured into three business segments, serving primarily the global commercial and military aerospace and specialist engineering markets from manufacturing facilities in the UK, North America and India.

Approximately 93% of the Group's sales are derived from its aerospace activities, the balance from the market for automotive turbocharger components.

In June 2008, Hampson completed the acquisition of Odyssey Industries, Inc. and Global Tooling Systems, Inc. for a total consideration comprising initial and deferred elements of USD314 million, partly financed through a £65 million placing and open offer. The Group employs approximately 2,100 people worldwide.

Hampson Industries PLC is listed on the main market of the London Stock Exchange (Symbol: HAMP). For more information on Hampson: [www.hampsongroup.com](http://www.hampsongroup.com)

**Cautionary Statement:**

This announcement contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could, is confident, or other words of similar meaning. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Hampson's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are a number of factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are; increased competition, the loss of or damage to one or more key customer relationships, changes to customer ordering patterns, delays in obtaining customer approvals for engineering or price level changes, the failure of one or more key suppliers, the outcome of business or industry restructuring, the outcome of any litigation, changes in economic conditions, currency fluctuations, changes in interest and tax rates, changes in raw material or energy market prices, changes in laws, regulations or regulatory policies, developments in legal or public policy doctrines, technological developments, the failure to retain key management, or the key timing and success of future acquisition opportunities or major investment projects.

Hampson undertakes no obligation to revise or update any forward looking statement contained within this announcement, regardless of whether those statements are affected as a result of new information, future events or otherwise, save as required by law and regulations.