



## **Trading Update**

Morson, the UK's leading provider of technical engineering personnel and project design solutions to the aerospace and defence, nuclear and power and rail industries is pleased to issue the following trading update ahead of its preliminary results. The Group expects to announce its preliminary results for the year ended 31 December 2010 in the week commencing 21 March 2011.

Morson's trading performance for the 2010 financial year is expected to be in line with market expectations.

Trading through the latter part of 2010, and since the year end, has remained challenging. Whilst trading in civil aerospace, nuclear, power and rail has remained relatively stable, our activity in the defence sector has been impacted by the implications of the UK Government's Strategic Defence and Security Review (SDSR).

In November, one of our key customers BAE Systems announced it was consulting on approximately 1,300 of potential job losses across five of its UK sites and also at RAF Cottesmore and RAF Kinloss, as well as job losses resulting from the potential early closure of the Woodford Site in Cheshire. This followed the cancellation of the Nimrod MR4 programme and the early withdrawal from service of the Harrier fleet. There has understandably been an impact of these announcements on the contractors supplied to our client in connection with these projects. Over the last few weeks we have seen reductions at Woodford, Cottesmore and Warton sites. There are also further less significant reductions through the first quarter of 2011 at these sites as programme levels are wound down and internal resource reallocated.

Morson is of course making every effort to redeploy affected contractors to other projects. In particular, our work on the Helicopter programmes has been largely unaffected by the SDSR and there are good civil aviation prospects for the forthcoming year. Also the continuation of the Aircraft Carriers and London Cross Rail programmes is encouraging.

Morson's business model is strong as a result of the breadth of services it provides and the range of markets it operates in. In the forthcoming period we anticipate building on the 2010 investment in overseas markets and growing our footprint in new regions. There remain many new business tender opportunities and these are allowing us to invest in and increase our permanent recruitment offering. We also see increased demand for the Composite Design skills of Morson Projects. As a result the Board continues to believe that it is well placed to benefit from any upturn in trading conditions.

**ENDS**

**For further information, please contact:**

**Morson Group PLC**

Ged Mason, Chief Executive

+44 (0)161 707 1516

Paul Gilmour, Finance Director

Kevin Gorton, Managing Director

**Brewin Dolphin (NOMAD)**

Matt Davis

+44 (0)845 213 4730

**Buchanan Communications**

Diane Stewart / James Strong / Carrie Clement

+44 (0)20 7466 5000

**Notes to Editors**

Established in 1969 Morson is the largest and one of the longest established technical staffing companies in the UK. The Group currently provides personnel on long term assignments for some well known major infrastructure and defence projects. These include the Queen Elizabeth aircraft carrier, Bombardier Lear Jet, rail maintenance and upgrades for Network Rail, Transport for London and also nuclear design, decommissioning, maintenance and asset improvement.