

Regulatory Story

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Menzies(John) PLC - MNZS Impact from new US Tax legislation
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John Menzies plc
("John Menzies" or the "Group")

Impact from new US Tax legislation

Following the recent changes to the US federal corporate tax rate, the Group is not expecting any material impact on its underlying effective tax rate for 2018 onwards. This is because historically our effective tax rate on US profits has been reduced by the offset of net operating losses brought forward and the recognition of a deferred tax asset in relation to net operating losses carried forward. We continue to consider the impact the full US tax reform will have on the Group, however our current expectation is that, as those net operating losses are utilised, the reduction in US tax rates should allow the Group to maintain the underlying effective tax rate at or around 28% going forward. Were the composition of the Group structure to change in the future, we would provide the market with an update on the underlying effective tax rate impact at that point.

In 2017, the Group's US deferred tax assets will be revalued due to the change in the federal corporate tax rate leading to a one-off, non-cash, increase to the Group's underlying effective tax rate in the year. There is potential for some other impacts from the changes, the guidelines and regulations for which are still being developed, however at this stage, they are not expected to be material and overall we still expect the 2017 underlying effective tax rate to be lower than the prior year.

John Menzies plc will announce its full year results on 13 March 2018.

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