Interim Results Presentation

15 August 2017

John Menzies plc

John Menzies plc – Results Highlights

- The Group has enjoyed a **positive first half** with underlying profit before taxation **up 36% to £24.7m** (up 17% at constant currency)
- Menzies Aviation **underlying operating profit more than doubled to £21.7m** - demonstrating excellent progress underpinned by good contract win and renewal rates
- **Acquisition of ASIG completed** on 1 February 2017. Integration plans are on track and progressing well
- Network wide focus on **margin improvement at station level** by widening the product offering, embracing innovation and improving yields is delivering benefits
- Menzies Distribution continues to perform robustly with **underlying operating profit** at £10.8m
- **Pension re-structuring** exercise is now complete giving **optionality** as we continue to seek ways to split the Group and create two strong stand-alone businesses

John Menzies plc

Financial Overview

John Menzies plc – Financial overview

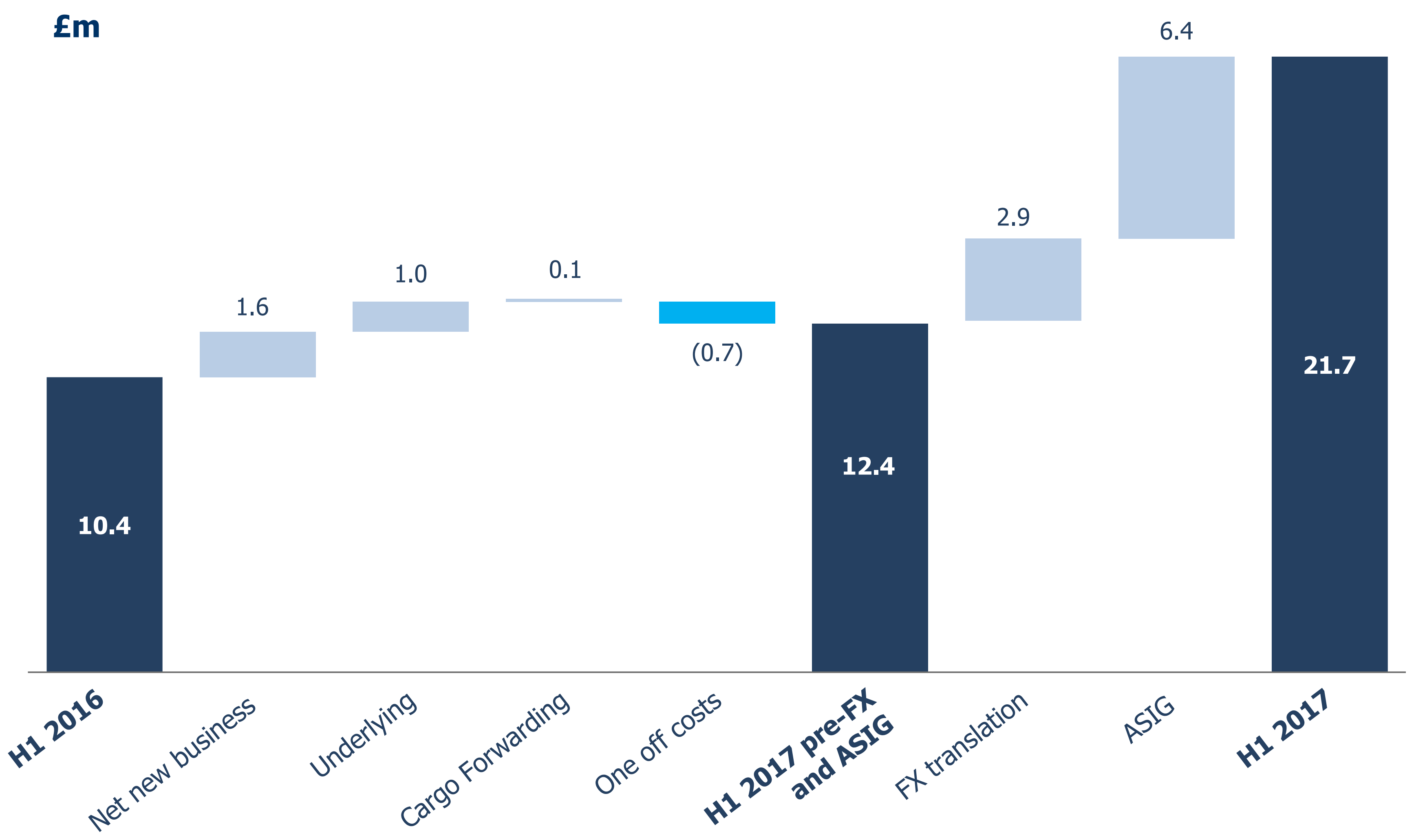
£m	H1 2017	H1 2017	H1 2016	FY 2016
	Reported	Constant currency		
Turnover	**1,216.6**	**1,157.7**	**1,002.2**	**2,076.7**
Underlying operating profit	30.1	26.5	21.1	55.2
Interest	(5.4)	(5.4)	(3.0)	(5.5)
Underlying profit before tax	**24.7**	**21.1**	**18.1**	**49.7**
Operating cash flow	35.5		31.0	75.0
Net debt	235.4		126.6	70.5
Exceptional charge in operating profit	17.6		10.0	18.4
Net debt: EBITDA	2.3x		1.7x	0.8x
Underlying effective tax rate	28%		32%	32%
Underlying EPS[1]	21.8p		18.0p	47.8p
Basic EPS[1]	(4.3)p		(2.2)p	11.8p
Dividend per share	6.0p		5.4p	18.5p

[1] H1 2016 EPS restated for impact of October 2016 rights issue

John Menzies plc – Divisional performance

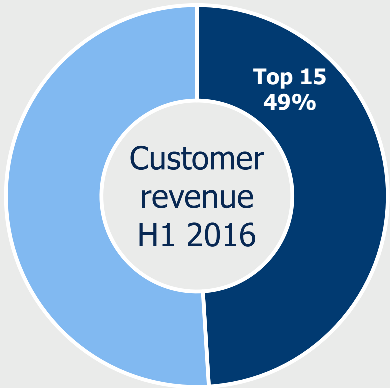
£m	Turnover			Underlying operating profit		
	H1 2017	H1 2017	H1 2016	H1 2017	H1 2017	H1 2016
	Reported	Constant currency		Reported	Constant currency	
Americas	226.5	199.3	100.7	11.9	10.0	5.3
EMEA	248.2	235.9	181.8	1.8	1.4	(0.2)
Rest of World	84.6	73.0	61.7	6.1	5.0	3.7
Cargo Forwarding	66.1	59.2	52.4	1.9	1.7	1.6
Aviation	**625.4**	**567.4**	**396.6**	**21.7**	**18.1**	**10.4**
Distribution	**591.2**	**590.3**	**605.6**	**10.8**	**10.8**	**12.0**
Corporate	**-**	**-**	**-**	**(2.4)**	**(2.4)**	**(1.3)**
Group	**1,216.6**	**1,157.7**	**1,002.2**	**30.1**	**26.5**	**21.1**

Menzies Aviation – Underlying operating profit



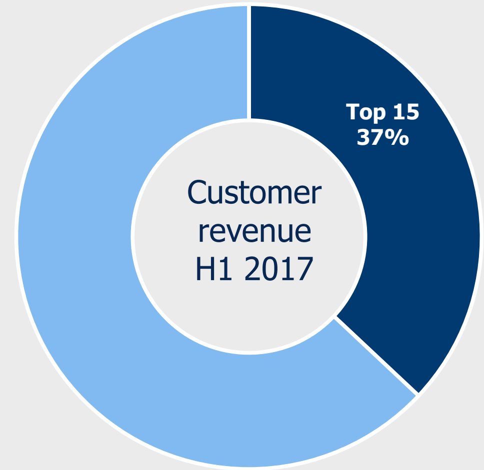
Menzies Aviation – Changing customer profile

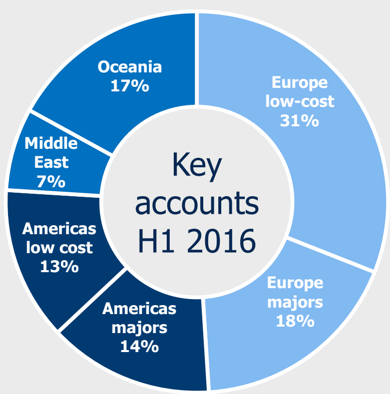
2016



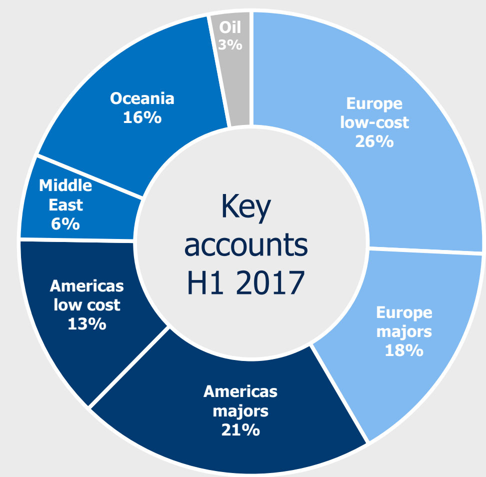
Increased customer diversity

2017

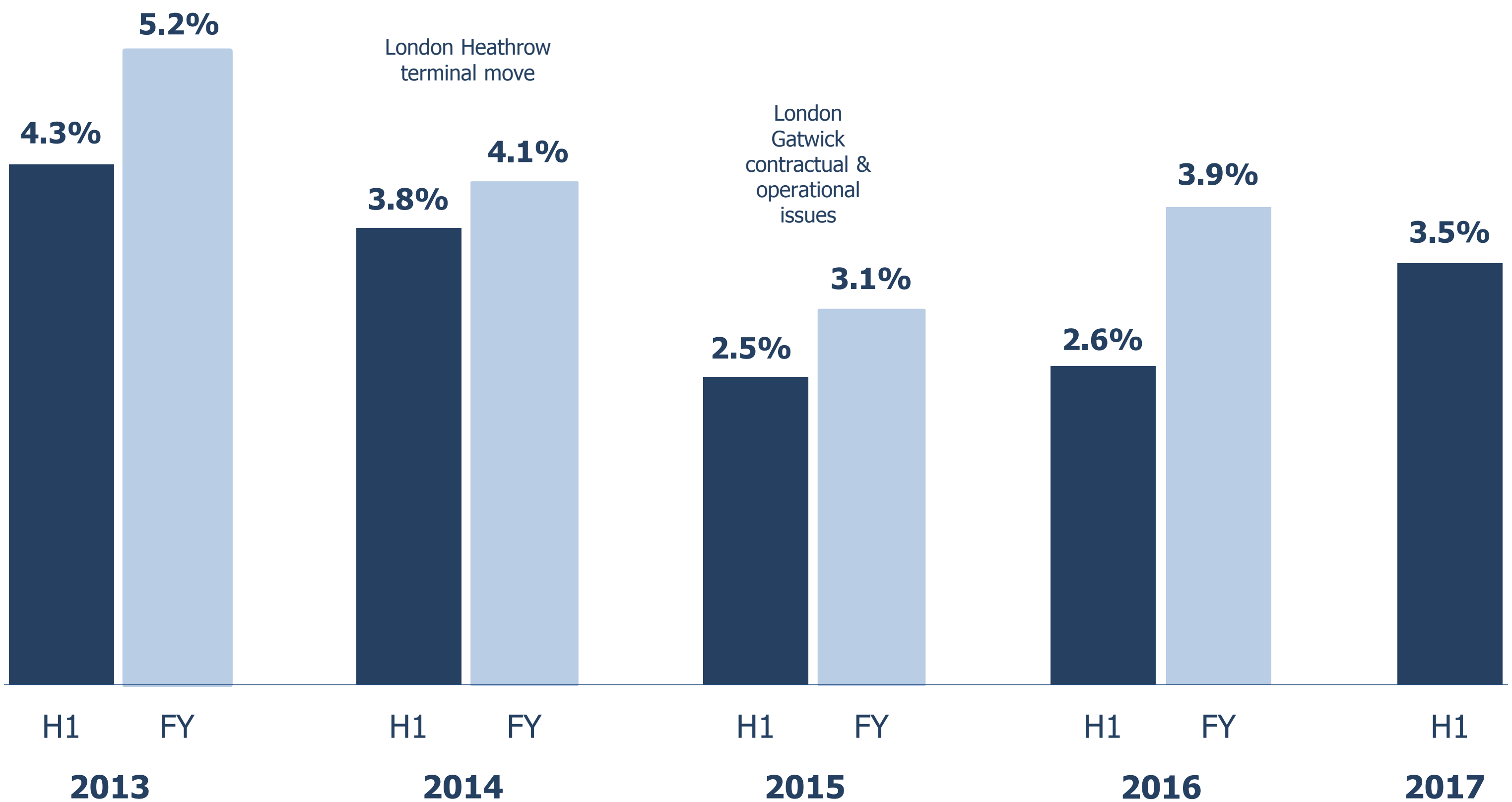




Enhanced regional balance

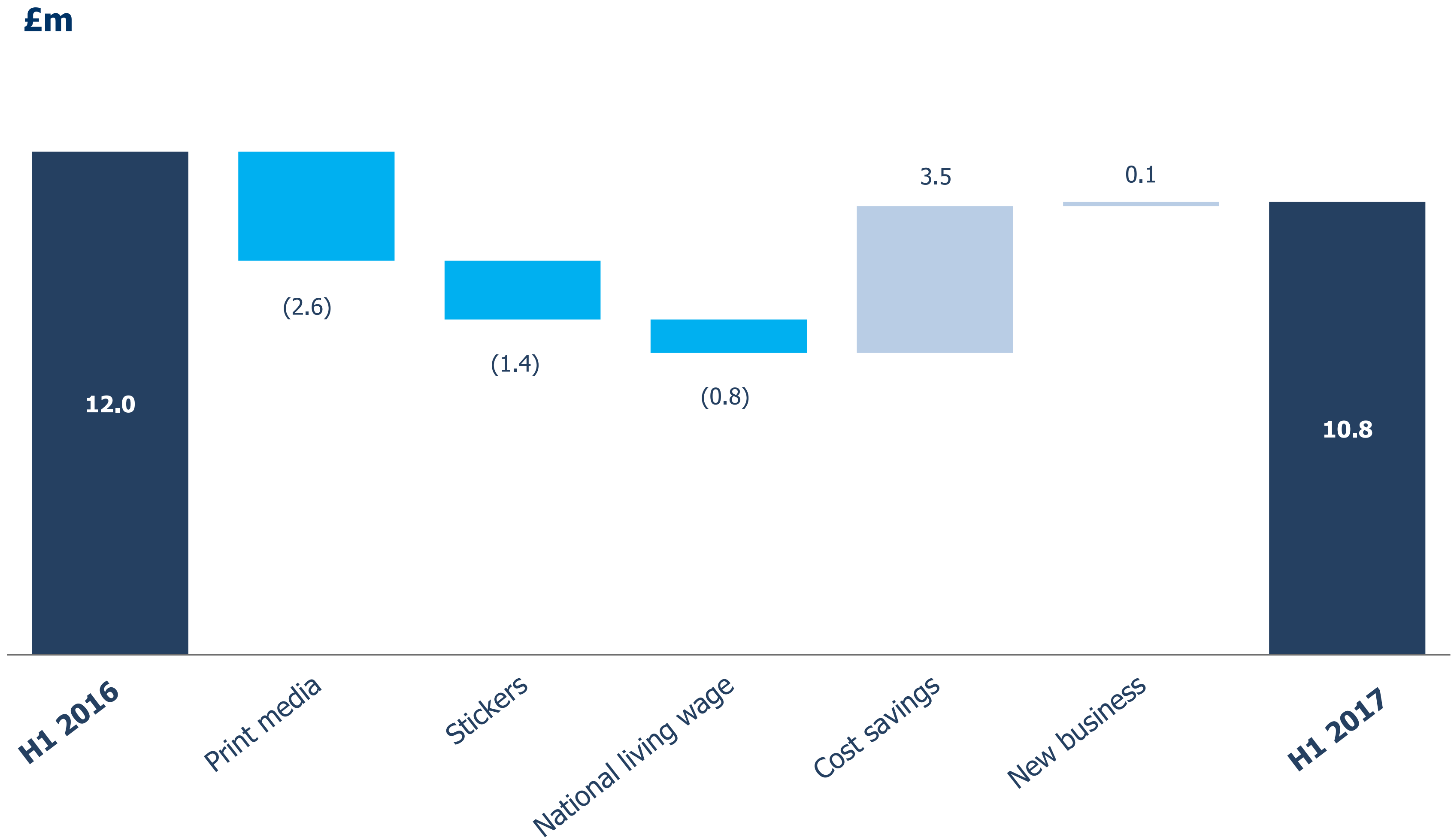


Menzies Aviation – Margin progression



Note: Margin is reported underlying operating profit divided by turnover

Menzies Distribution – Underlying operating profit



John Menzies plc – Exceptional charge in operating profit

£m	H1 2017
ASIG acquisition and integration	7.4
Distribution demerger and corporate restructuring	3.2
Pension sectioning and closure (non-cash £2.7m)	5.1
Other transaction related costs	1.9
	17.6

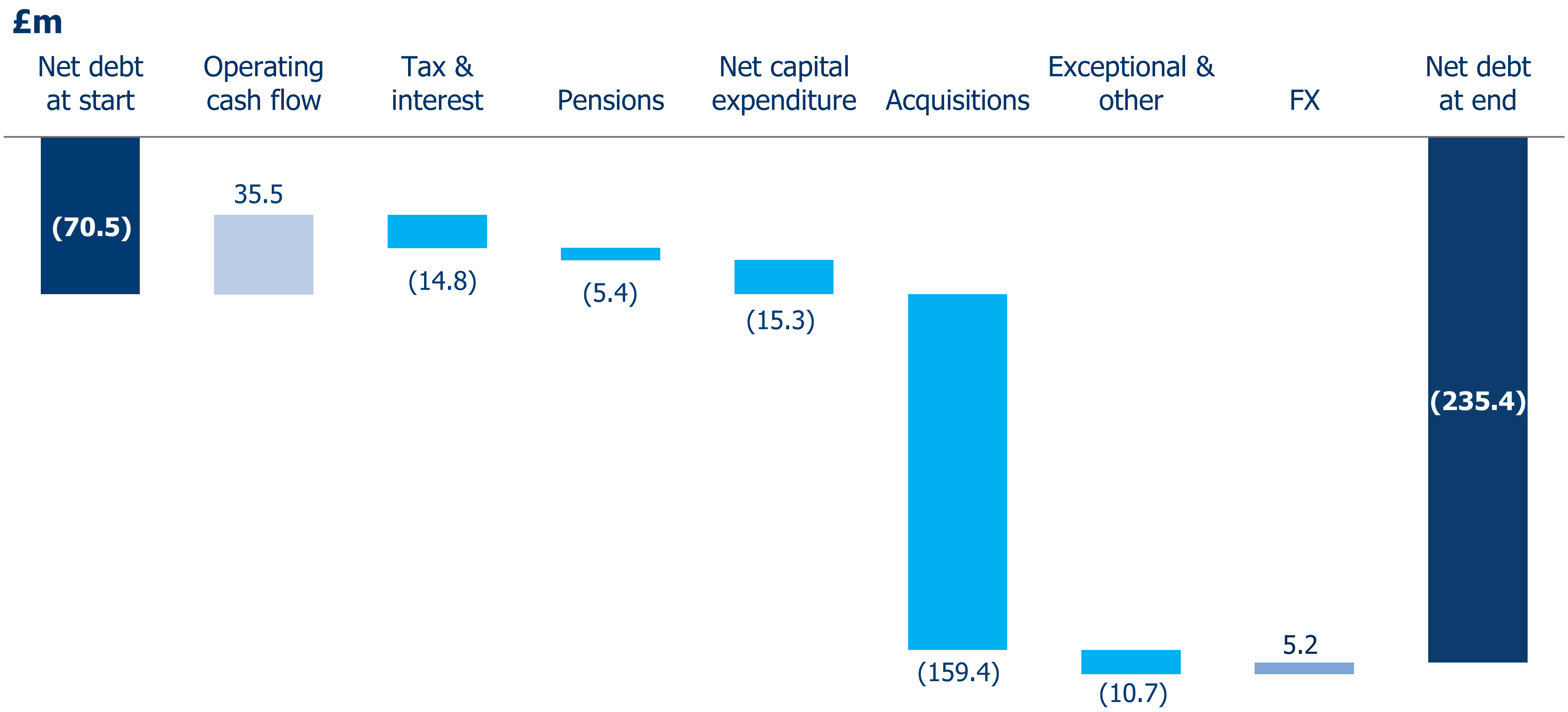
John Menzies plc – Debt and facilities

At 30 June 2017

- Committed bank facilities of £351.0m, undrawn £57.9m
  - $250m term loan and £150m revolving credit facility to June 2021
  - Led by Barclays & HSBC with RBS, Lloyds, KBC, BNP Paribas, SunTrust & Fifth Third
- Net debt of £235.4m following ASIG acquisition (June 2016: £126.6m)
- Net debt: EBITDA 2.3x (June 2016: 1.7x)
- Strong position with headroom to support future growth
- On track to return Net debt: EBITDA below 2.0x by the end of 2018
- Interest cover (EBITA to underlying external interest charge) 9.7x (June 2016: 9.3x)
- Interest rate fixed in February 2017 on 50% of $250m term loan for duration

Net debt in line with expectations

John Menzies plc – Movement in net debt in the period



John Menzies plc – Pensions

Closure to accrual

- March 2017 defined benefit pension scheme closed to future accrual
- Exceptional charge £3.9m – accounting revaluation of past benefits (£2.7m), costs (£0.7m) and fees (£0.5m)

Sectionalisation to provide greater optionality

- May 2017 scheme sectionalised
    - New section supported by Menzies Distribution covenant
    - Remainder supported by the Company
    - Company to guarantee Menzies Distribution section while part of the Group
- June 2017 17% of scheme's assets and liabilities transferred to Menzies Distribution section
- Exceptional charge £1.2m – adviser fees

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Business Review

Menzies Distribution – Review of H1 2017

- **Underlying operating profit broadly in line** with the prior year after adjusting for football related sticker sales
- Cost savings initiatives deliver **£3.5m of savings** in the first half
- **Magazine volumes** were poor during the period – 11% behind last year and 8.7% behind in value terms
- Further progress made in the **retail logistics sector** with the award and successful start of NHS Scotland contract
- Buy out of Eason & Son from our Irish joint ventures **strengthens our newstrade footprint** ahead of impending contract renewals
- **2019-2020 publisher contract negotiations** – planning commenced

Menzies Distribution – Overview

Newstrade

- Volume decline
  - Newspaper like-for-like value down 1.7%, largely as forecast
  - Magazines like-for-like value down 8.7%, behind forecast but stabilising

- Cost savings help to mitigate volume decline and rising wage costs
  - Paragon route planning enhances efficiency of our transport fleet
  - Flattening of the branch management structure / flexible working arrangements

Response

- Customers returning after 2016 operational issues
- Recovery plan in place to win back lost business
- Sustainable pipeline for growth for the fulfilment business

Menzies Distribution – Overview

Retail logistics

- Further progress made with the gain and successful start up of a contract with NHS Scotland
- Operational lessons being learned as WHSmith contract beds in
- Exciting opportunities being explored

Parcels

- Good volume recovery during second half of H1
  - 11,000 parcels per day being handled
- Integration of Oban Express and Thistle Couriers now complete
- Opportunities to work collaboratively within our footprint being explored
- Enhanced IT capability will help win contracts

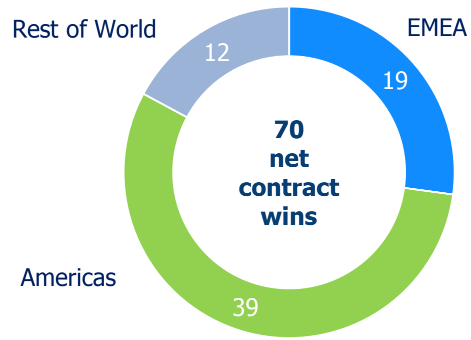
Menzies Aviation – Review of H1 2017

- 2017 has **started very well** with good revenue and underlying operating profit progression
- Contract win and renewal momentum continued underpinned by integrated **commercial focus** and relentless drive for **operational excellence**
- Investments **in people and innovation** continue to professionalise our service offering and enables airlines to concentrate on core offering
- Acquisition of **ASIG is integrating well** with synergies being delivered in line with our expectations
- Customer **reaction to the ASIG acquisition has been very positive**. Commercial teams forging new relationships with oil companies and airlines
- Drive to expand into **higher margin executive and offline services** continued with a new lounge facility, aircraft cleaning contract and GSE maintenance facilities

Business development

Excellent commercial progress across all regions

Net contract wins



Contract renewals

Operational excellence – Leading the field

- Continuous improvement to force standardisation across the network
- Bring our customers closer – we'll take care of the ground support, they can take care of flying planes
- Commercially joined up approach benefits our customers
- Innovation in the integration of systems drives efficiencies
- Develop the use of analytical data to make more informed decisions

Standardisation **Audit** **Innovation**

Driving better returns

- Focus on margin improvement delivering benefits
  - Adding new products
    - Copenhagen lounge
    - Aircraft cleaning in Scandinavia
  - Winning and renewing contracts at acceptable rates
    - Australia, Colombia, London Heathrow
- Tactical acquisitions to bolster local network
  - Coast Cargo at Gold Coast, Australia
- New talent to energise existing operations
- Exploring new markets
  - Office opened in Kuala Lumpur, Malaysia
  - New operations starting in Jakarta, Indonesia

ASIG – Integration and beyond

Integration

- Integration tracking to plan and hitting deadlines
- Transitional services agreement exited
- Fuelling billing system designed and implemented
- Synergy benefits being delivered
- Further synergy opportunities being identified

Opportunities

- Cross selling of product portfolio
- Expansion of into-plane fuelling
  - Within existing network
  - In new territories
- New customer relationships
  - Oil companies – BP, Shell, ExxonMobil
  - Major airlines – Southwest Airlines
- Very positive customer reaction

Embedding our culture

Las Vegas conference

200+ senior managers attended conference in Las Vegas

Embedding Menzies culture and values

Launch of the excellence agenda

Community challenge

CROSS CULTURAL TEAM CHALLENGE

Cultural challenge for high potential managers

Developing our talent pool

Team working and bonding in stretching environments

Mark Beaumont's journey

Around the world in 80 days: Supporting Mark Beaumont in his historic journey

"Setting goals on our own terms"

Challenging boundaries

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Summary and Outlook

John Menzies plc – Summary and Outlook

- Group has **enjoyed a positive first half** producing good earnings growth
- **Menzies Aviation continues to go from strength to strength** and we are well placed to deliver on the exciting growth opportunities that exist
- Continued investment into **people and innovation** will support our drive to be the undisputed quality handler in the marketplace
- The acquisition of ASIG is a **step change** for the Aviation business and we have many opportunities to pursue
- Continue to seek ways of **creating shareholder value** by optimising the Group structure
- **Group is in a strong position** and is firmly on track to meet the Board expectations for the full year

Questions

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Appendix 1

Further financial information

John Menzies plc – Profit before tax

£m	H1 2017	H1 2016
Underlying profit before tax	24.7	18.1
Non-recurring items in operating profit	(17.6)	(2.8)
Non-recurring items in finance costs	(0.7)	(0.1)
JVs and associates tax	(1.0)	(1.1)
Contract amortisation	(4.9)	(3.9)
Impairment of assets	-	(7.2)
Profit before tax	**0.5**	**3.0**

John Menzies plc – Cash flow and net debt

£m	H1 2017	H1 2016
Underlying EBITDA	44.9	33.1
Working capital movement	(9.7)	(0.3)
Other movements	0.3	(1.8)
Operating cash flow	35.5	31.0
Tax and net interest paid	(14.8)	(7.7)
Net capital expenditure	(15.3)	(6.9)
Free cash flow	5.4	16.4
Acquisitions and investments	(159.4)	(5.2)
Exceptional items	(11.0)	(2.8)
Additional pension contribution	(5.4)	(5.6)
Other	0.3	0.1
Net cash flow	**(170.1)**	**2.9**
Net debt at start of period	(70.5)	(123.2)
Currency translation	5.2	(6.3)
Net debt at end of period	**(235.4)**	**(126.6)**

John Menzies plc – Balance sheet

£m	H1 2017	H1 2016
Tangible fixed assets and investments	187.5	148.9
Goodwill, intangibles and other assets	217.1	107.9
Working capital and others	(2.6)	(14.9)
Net debt	(235.4)	(126.6)
Pension liability, net of deferred tax	(43.2)	(43.2)
Net assets	**123.4**	**72.1**

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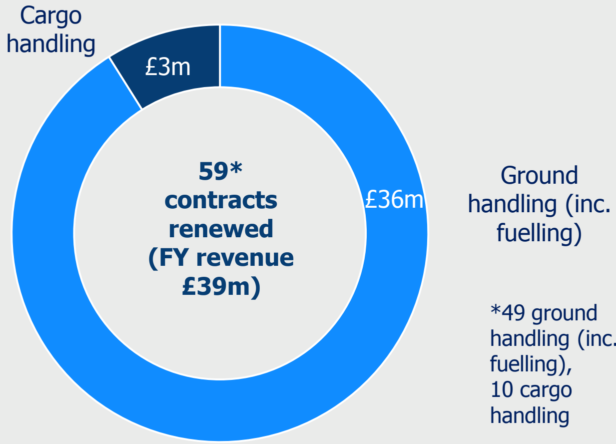
Appendix 2

Further information

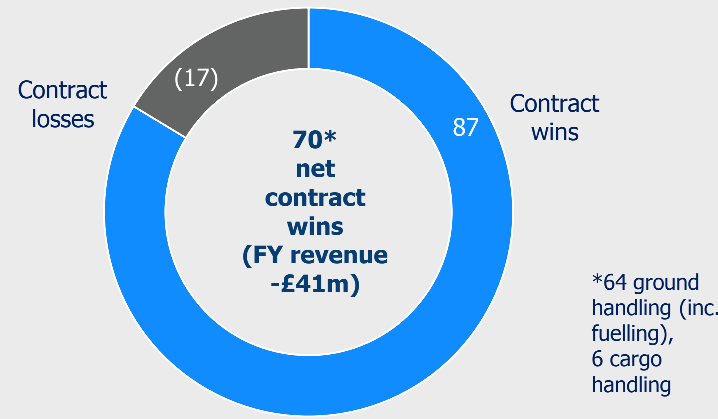
Aviation business development

Contract renewals



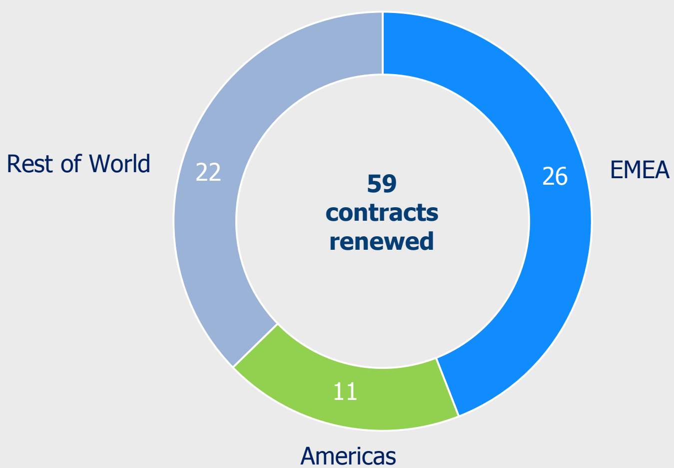
*49 ground handling (inc. fuelling), 10 cargo handling

Net contract wins

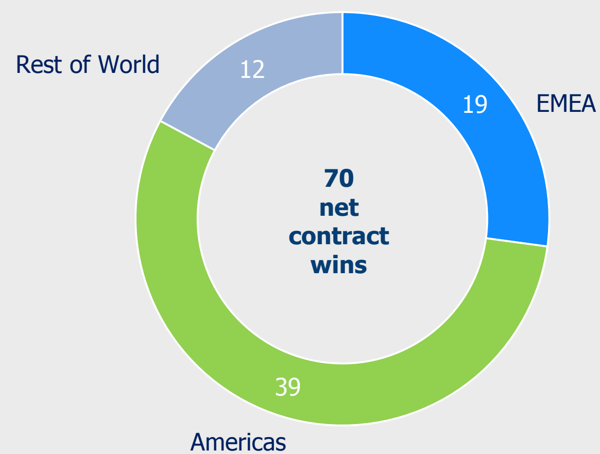


*64 ground handling (inc. fuelling), 6 cargo handling

Contract renewals by region



Net contract wins by region



Distribution – What we do

NEWSTRADE

This business trunks, packs and delivers over 5 million newspapers and magazines to retailers daily across UK&I. It is also an outsourced service provider for all other Menzies Distribution businesses

PARCELS

This business carries out parcel collection and delivery work across the UK, acting as a neutral consolidator for parcel networks in Scotland

RETAIL LOGISTICS

This business delivers caged product to retail locations, bridging the gap between distribution centres and the store-front

FORE

This business provides retail consultancy and event management services to its clients

RESPONSE

This business commercially manages the distribution of travel brochures to travel agents. It also provides fulfilment services to a range of specialist sectors

JYL H2H

This business performs specialist micro-delivery, sampling and free distribution activities, primarily within Central London