



John Menzies plc

Final Results Presentation

5 March 2013

People Powering Performance





1. Group highlights & financial overview

Paul Dollman,
Group Finance Director

2. Aviation business review

Craig Smyth,
MD Menzies Aviation

3. Distribution business review

David McIntosh,
MD Menzies Distribution

4. Summary & Outlook

Paul Dollman,
Group Finance Director

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Group Highlights & Financial Overview

Paul Dollman, Group Finance Director



Group highlights

Financial performance

Underlying operating profit expectations met
Group continues to deliver its strategy
Progressive dividend policy continues

Key actions

Both divisions continue to deliver operational excellence
Structural cargo issues resolved at Aviation
Branch network reorganisation completed at Distribution

Value creation

Scale acquisition made at Distribution
Organic and acquisitive momentum at Aviation
Clear and deliverable growth prospects for the Group

Strategy delivers

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Segmental operating profit

£m	2012	2011	Change
Aviation	35.6	32.3	+10%
Distribution	28.8	28.8	-
Corporate	(1.3)	(1.2)	
Underlying operating profit	63.1	59.9	+5%
External interest	(3.8)	(4.9)	
Pension interest (charge) / income	(0.9)	1.4	
	(4.7)	(3.5)	
Underlying profit before tax	58.4	56.4	+4%
Underlying earnings per share	73.4 p	73.2 p	-
Dividend per share	25.2 p	24.0 p	+5%

Stability and growth

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Menzies Aviation – financial overview

£m	2012	2011	Change
Turnover (incl. JVs and Assoc.)	697.2	676.8	+3%
Underlying operating profit	35.6	32.3	+10%
Operating margin %	5.1%	4.8%	
Underlying operating profit at constant FX	37.5	32.3	+16%

Underlying earnings growth continues

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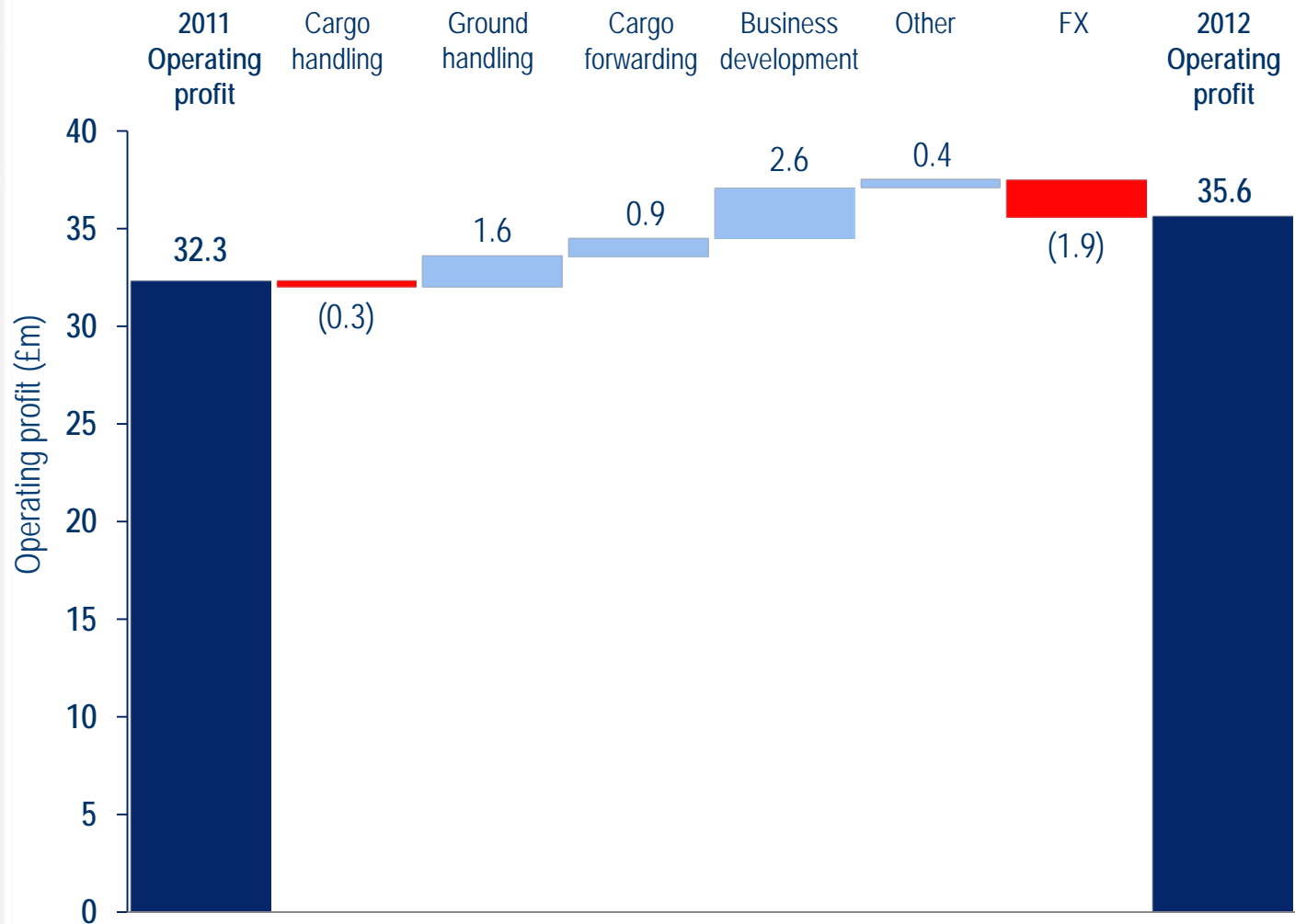
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Menzies Aviation – Underlying operating profit bridge



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Momentum continues



Menzies Distribution – Financial overview

£m	2012	2011	Change
Turnover (incl. JVs and Assoc.)	1,299.6	1,337.0	-3%
Underlying operating profit	28.8	28.8	-
Operating margin %	2.2%	2.2%	

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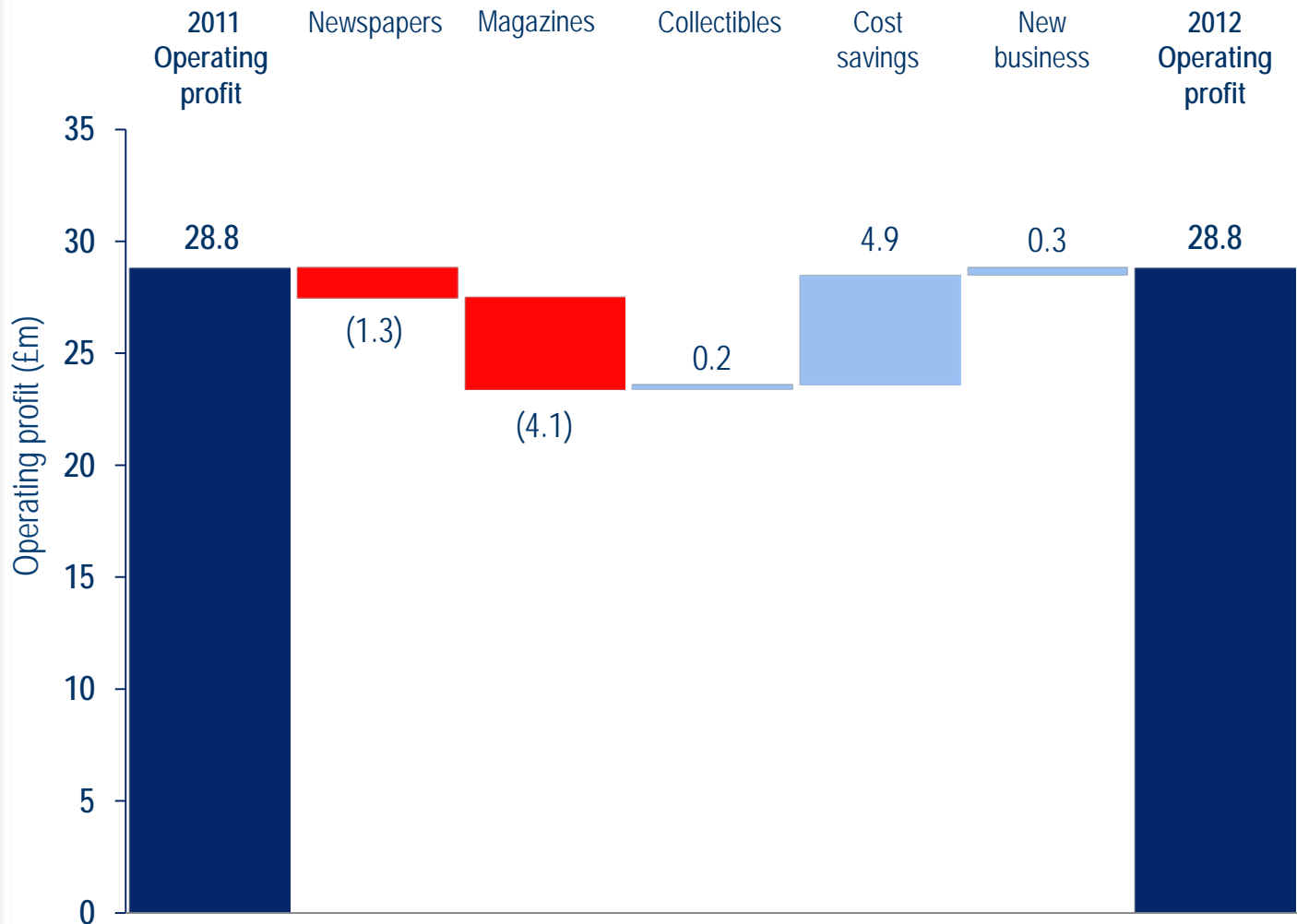
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Consistent profit performance



Menzies Distribution – Underlying operating profit bridge



Cost savings offsetting top line pressures

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Debt

Net debt of £93.0m (2011: £80.1m)

Significant investment in acquisitions and restructuring
£50m facility renewed in January 2013

Covenants

Total debt : EBITDA remains below 1.5

Interest cover above 15 times

Scope for investment given right opportunities

Investing in profit growth

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Exceptionals

£m	2012
Aviation - Cargo	(10.0)
Aviation - Rationalisation	(4.3)
Distribution - Rationalisation	(4.1)
	(18.4)

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Improving resilience



Business Review - Menzies Aviation

Craig Smyth, Managing Director



Targets delivered

Operating profit up £3.3m at £35.6m

Margin now > 5%

Decision made on major loss making cargo sheds

Momentum continues

Ground handling turns LFL 3.5%  Absolute 8.9% 

Cargo volumes LFL 5.6%  Absolute 0.2% 

Building the business organically & selective acquisitions

Looking ahead...

Leverage operational excellence in growing market

Analytical approach to targeting new attractive stations

Organic and acquisition business development

Good performance in tough economic conditions

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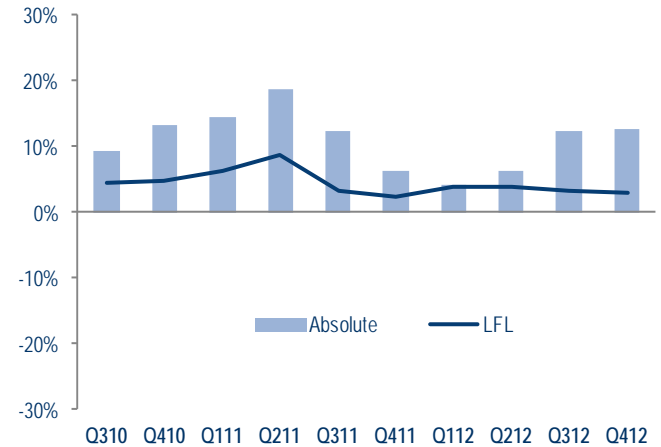


Another year of progress

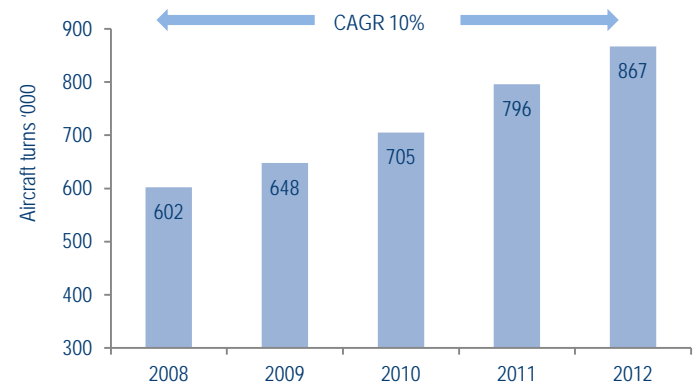
- Underlying profit up 5% to £22.8m
- Underlying margin maintained at 5.4%
- Airline failures temper momentum
- Contracts:
 - 22 net wins adding £22m revenue
 - 72 renewed securing £93m revenue
- Customer relationships deepened



Turns Performance year on year



Turns Momentum



Our growth engine

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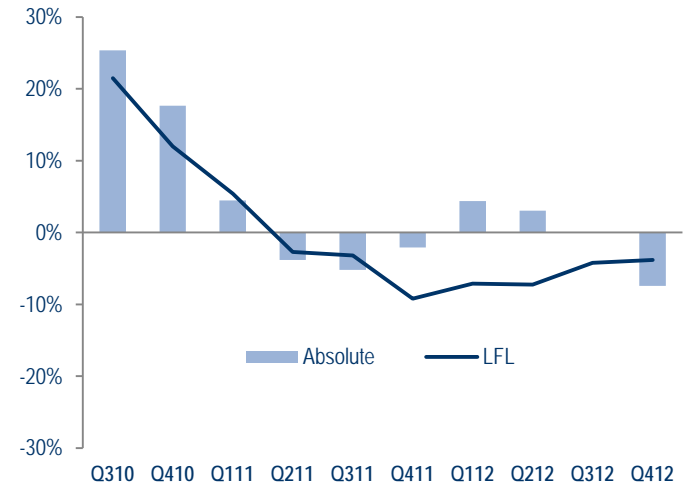
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Focusing on profitable cargo

- Underlying profit up 18% to £10.3m
- Underlying margin improves 1.1% to 6.5%
- Volumes reflect GDP uncertainty
- Net contract wins offset by restructuring
- Decisive actions taken on loss makers
- Now operating 32 profitable facilities

Tonnes performance year on year



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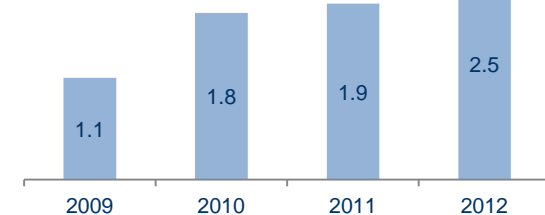
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Operating profit £m

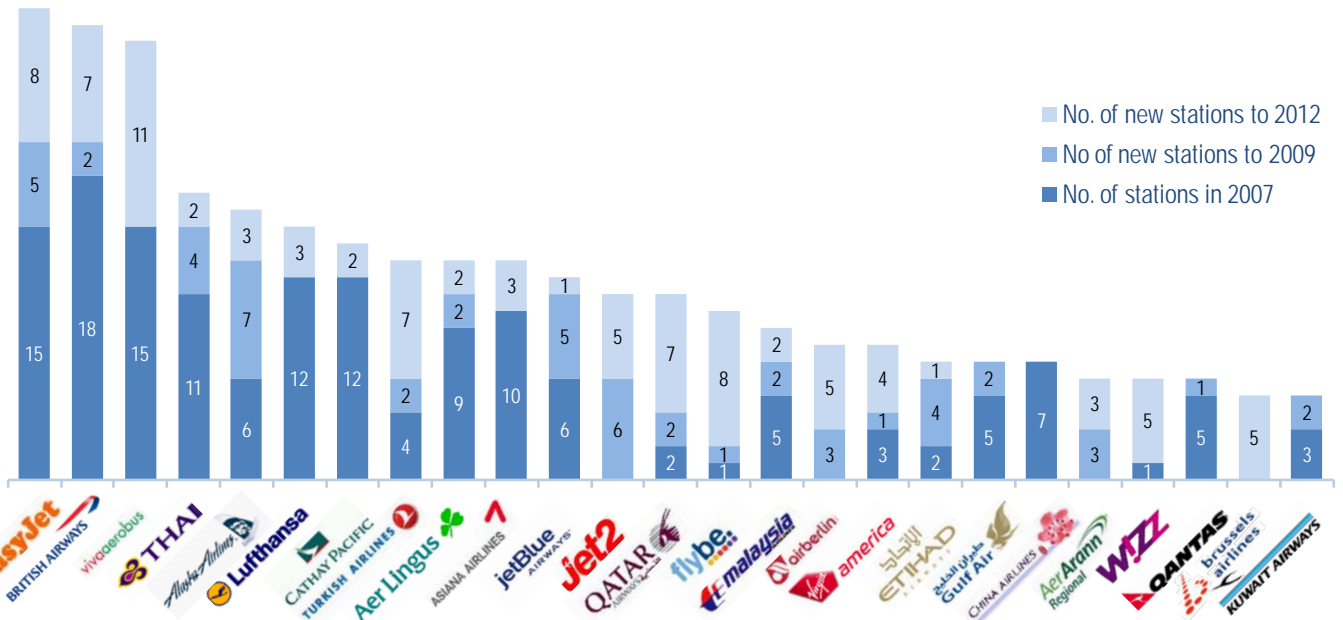


- Alternative exposure to cargo market

Good returns where dynamics right



Customer penetration



Top 5 customer penetration



Formidable track record building customer trust

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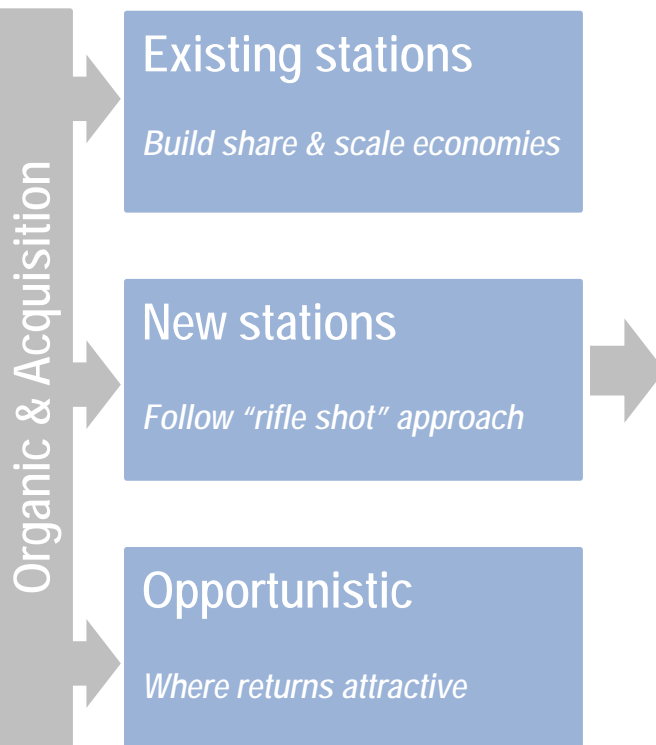
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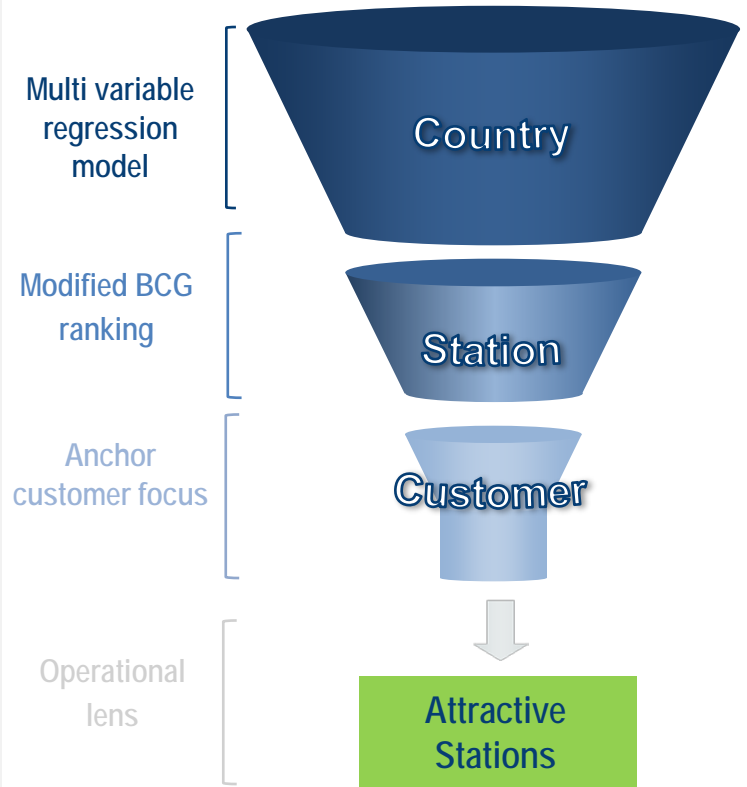
Refined growth strategy

To be the world's Number One aviation ground services provider

Growth strategy



Strategic Analysis Model



Focused growth model to deliver strategy

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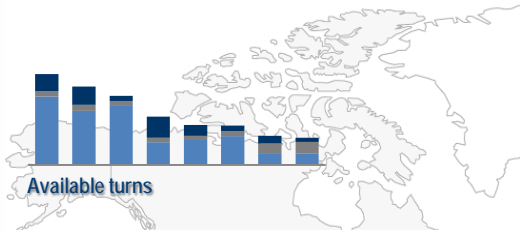
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Refined growth plan

Top 50 attractive stations

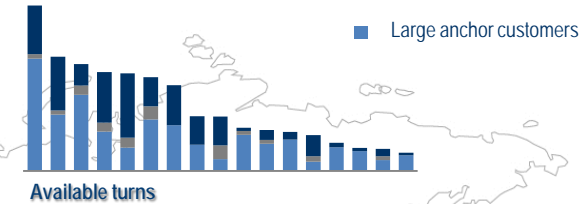
AMERICAS



UNITED KINGDOM



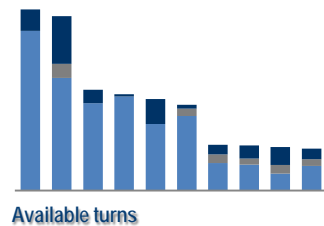
EUROPE



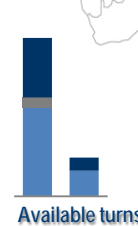
- Remaining customers
- Small anchor customers
- Large anchor customers

	Stations	Countries	% Addressable turns
Europe	17	9	35%
Oceania/SE Asia	11	7	24%
Latin America	10	3	18%
Americas	8	2	12%
Africa/ME	2	2	8%
UK	2	1	2%

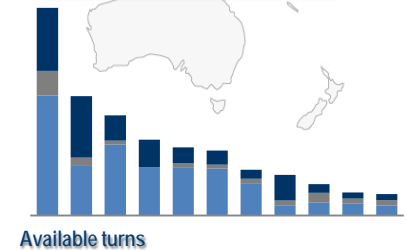
LATIN AMERICA



AFRICA/ME



OCEANIA / SE ASIA



c.£1bn revenue opportunity from top attractive stations

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Good year

Full year expectations delivered in a difficult market

Continued contract win & renewal success

Taken action on major loss making cargo sheds

Looking ahead

Strong foundation for growth

Structured plan in place

Organic and acquisitive opportunities

Resilient business with growth prospects

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Business Review - Menzies Distribution

David McIntosh, Managing Director



Performance

- Stable profit stream maintained
- Newspapers benefit from cover price increases
- Cost savings delivered

Marketplace

- Volume declines generally as forecast
- Weekly magazine titles behind expectations
- Monday to Friday newspapers perform well

Securing the future

- News International contract secured for 7 years
- Further regional press gains
- Complementary acquisition made – Orbital Marketing Services

Stable profit performance

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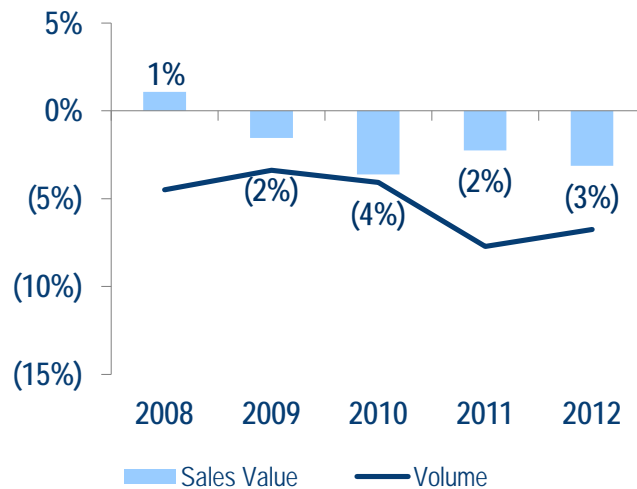
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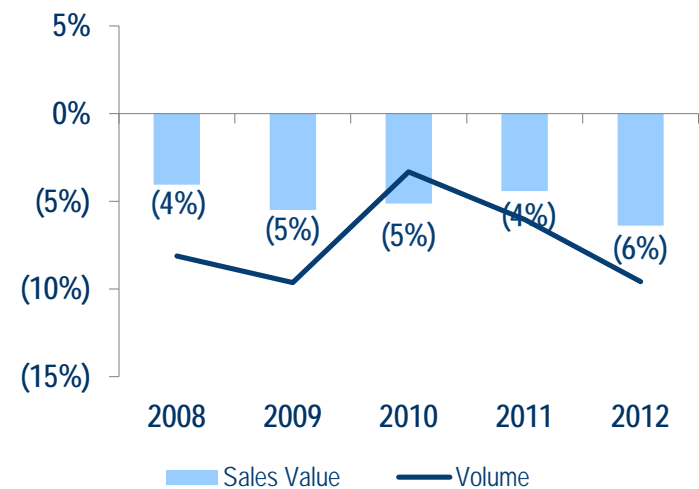


Newspapers



- Cover price growth continues
- Mon - Fri category performs well
- Stability returns to Sunday market

Magazines



- Monthlies volumes in line with expectations
- Weeklies/celebrity sector performs poorly
- Stickers benefit from Euro 2012

Tough market conditions

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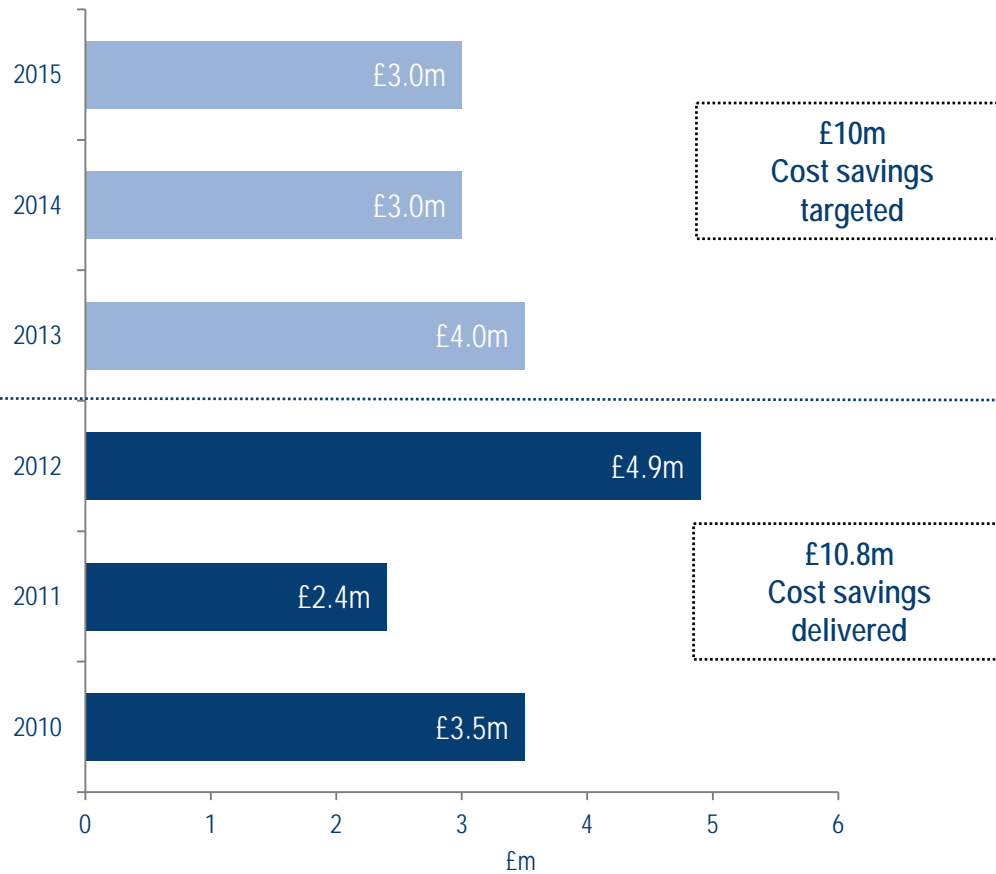
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Continuous Improvement



Operational efficiencies

Network rationalisation

SAP implementation

Headcount reduction

Continuous improvement through innovation

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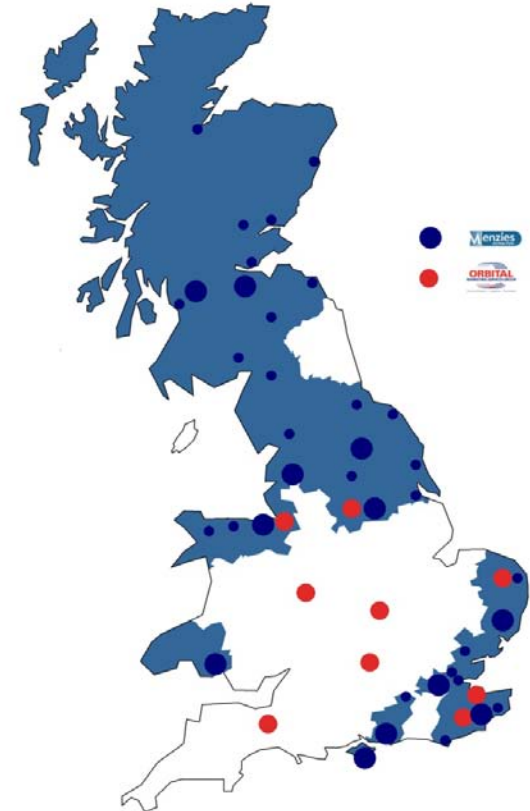
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Acquisition of Orbital Marketing Services Group

- Strategic move to complement core distribution
- EBIT growth prospects
- Significant cost & revenue synergies
- Entry into new growth markets
 - Fulfilment & mailing, leaflet distribution
- Potential national logistics opportunities



Expansion opportunities being pursued

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Distribution summary

Robust performance

Continuing to deliver stable profit stream
Volume trends largely as predicted
Contract renewals secured

Cost efficiency

SAP environment helping drive efficiencies
Major rationalisation of branch infrastructure
Good visibility on future years' savings

Outlook

Integration of Orbital progressing well
Pursue growth opportunities within Orbital
Continue to protect the core

Good progress – new opportunities

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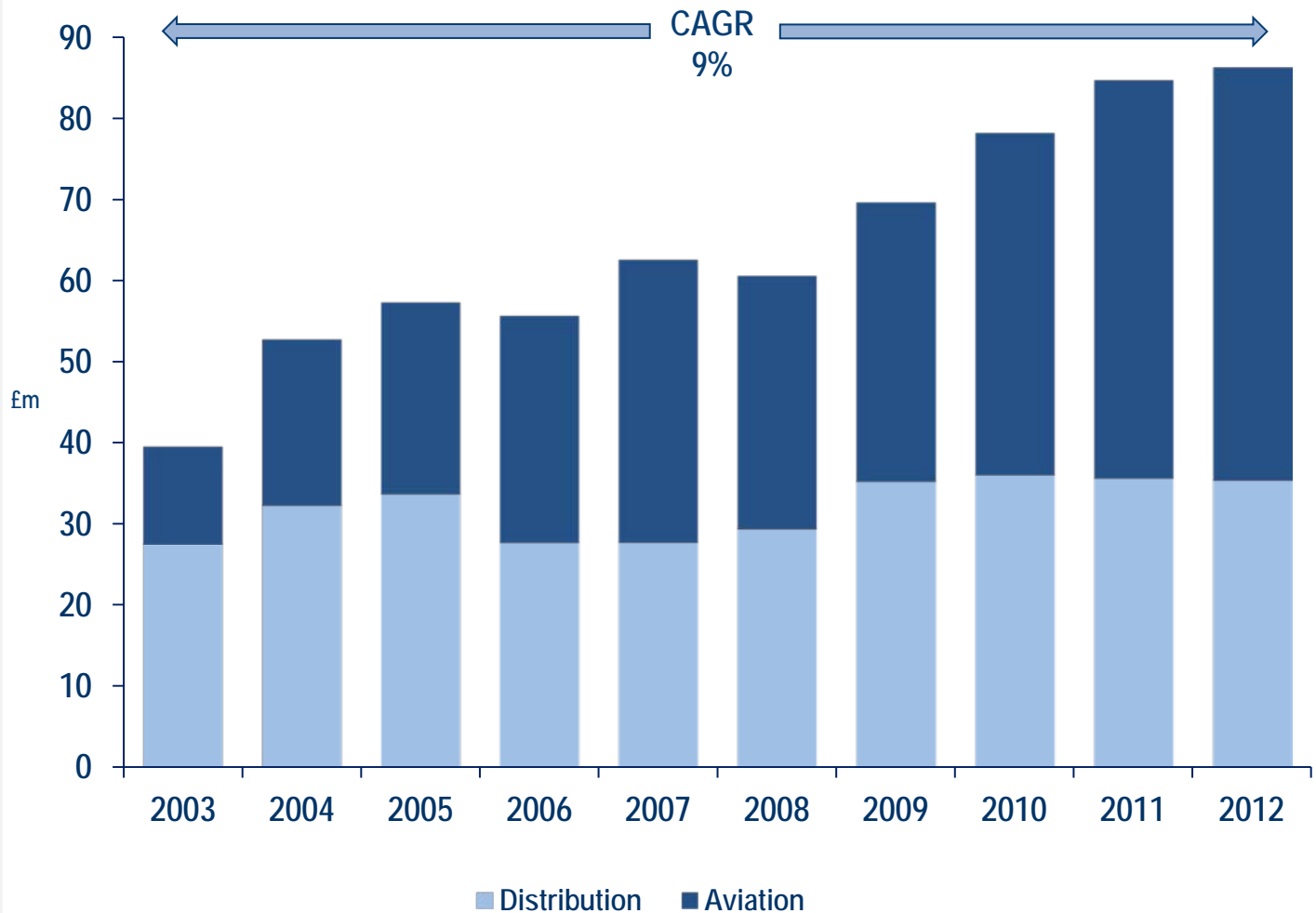


Summary & Outlook

Paul Dollman, Group Finance Director



Group resilience – 10 year EBITDA



Consistent growth

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Clear and consistent strategy

Menzies Aviation

Continue to deliver profit growth

- Grow in existing markets
- Leverage customer relationships to expand into new markets
- Organic and acquisitive expansion
- Large available market

Menzies Distribution

Core business to maintain stable profit stream

- Secure contract renewals
- Deliver operational efficiencies

New business streams to generate growth

- Deliver synergies
- Drive profit growth

John Menzies plc delivers consistent EPS growth

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Summary

Good results

Structural progress made at both divisions

Investment for growth

Outlook

Difficult economic conditions persist

Group continues to deliver growth

Well positioned to create further shareholder value

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Well positioned Group



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Additional financial information



Pensions

£m	2012 (IAS 19)	2012 (IAS 19 Revised)
Service charge	(0.6)	(2.7)
Interest charge	(0.9)	(2.7)
Total P&L charge	(1.5)	(5.4)

£3.9m impact on P&L

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Profit before tax reconciliation

£m	2012
Underlying profit before tax	58.4
Non-recurring items	(18.4)
JVs & Associates tax	(1.6)
Contract amortisation	(4.6)
Goodwill impairment	(1.8)
Profit before tax	32.0

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Balance sheet

£m	2012	2011
Tangible fixed assets and investments	144.3	151.6
Goodwill, intangibles and other assets	124.4	112.1
	268.7	263.7
Working capital and other	(44.1)	(47.7)
Net debt	(93.0)	(80.1)
Pension liability (net of deferred tax)	(52.4)	(48.2)
Net assets	79.2	87.7
Total equity	79.2	87.7

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Earnings per share

	2012	2011	Change
Basic earnings per share	36.0p	71.8p	-50%
Underlying earnings per share	73.4p	73.2p	-
Weighted ave. number of shares (m)	60.066	58.363	

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Free cash flow

£m	2012	2011
Underlying operating profit	63.1	59.9
Depreciation	20.2	22.5
Dividends from JVs & associates	4.5	6.7
Working capital movement	(17.9)	(3.1)
Net pension movement	(3.0)	(1.8)
Other non-cash items	(2.6)	(5.4)
Operating cash flow	64.3	78.8
Tax	(9.5)	(10.0)
Net capex	(15.9)	(20.8)
Net interest paid	(4.2)	(5.0)
Free cash flow	34.7	43.0

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Net cash flow

£m	2012	2011
Free cash flow	34.7	43.0
Dividends	(15.3)	(12.2)
Acquisitions and investments	(14.9)	(2.4)
Exceptionals	(10.0)	(3.6)
Additional pension payment	(6.5)	(6.3)
Net spend on shares	(3.0)	(1.2)
Net cash flow	(15.0)	17.3
Net debt at start of period	(80.1)	(99.0)
Currency translation	2.1	1.6
Net debt at end of period	(93.0)	(80.1)

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Aviation segmental analysis

£m	2012	2011	Change
Underlying operating profit			
Ground handling	22.8	21.7	
Cargo handling	10.3	8.7	
Cargo forwarding	2.5	1.9	
	35.6	32.3	+10%
Operating margin			
Ground handling	5.4%	5.4%	
Cargo handling	6.5%	5.4%	
Cargo forwarding	2.1%	1.7%	
	5.1%	4.8%	+0.3%

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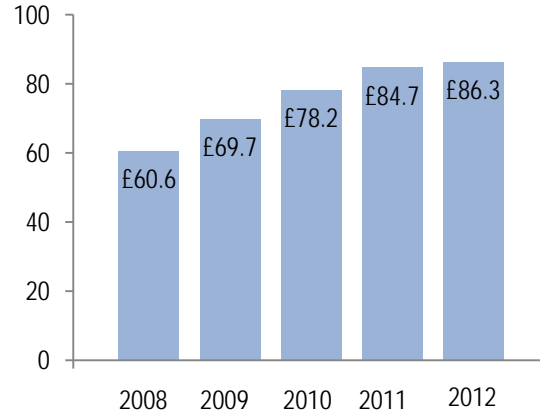
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Additional Information

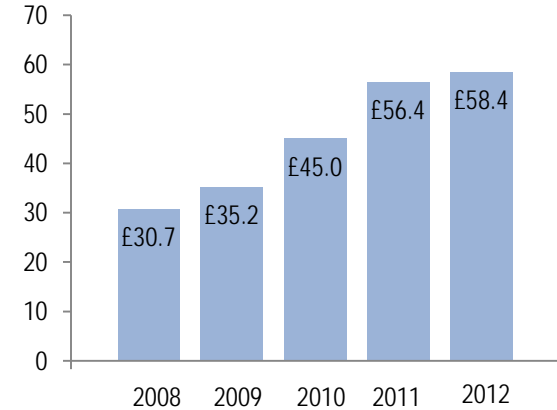


Track record for delivery

EBITDA - £m



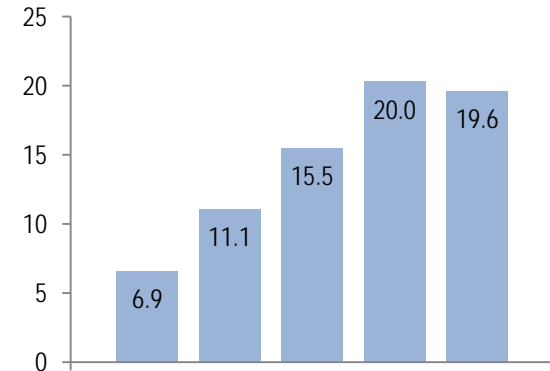
Profit before tax - £m



Net Debt - £m



Return on capital employed - %



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Strong
management
team

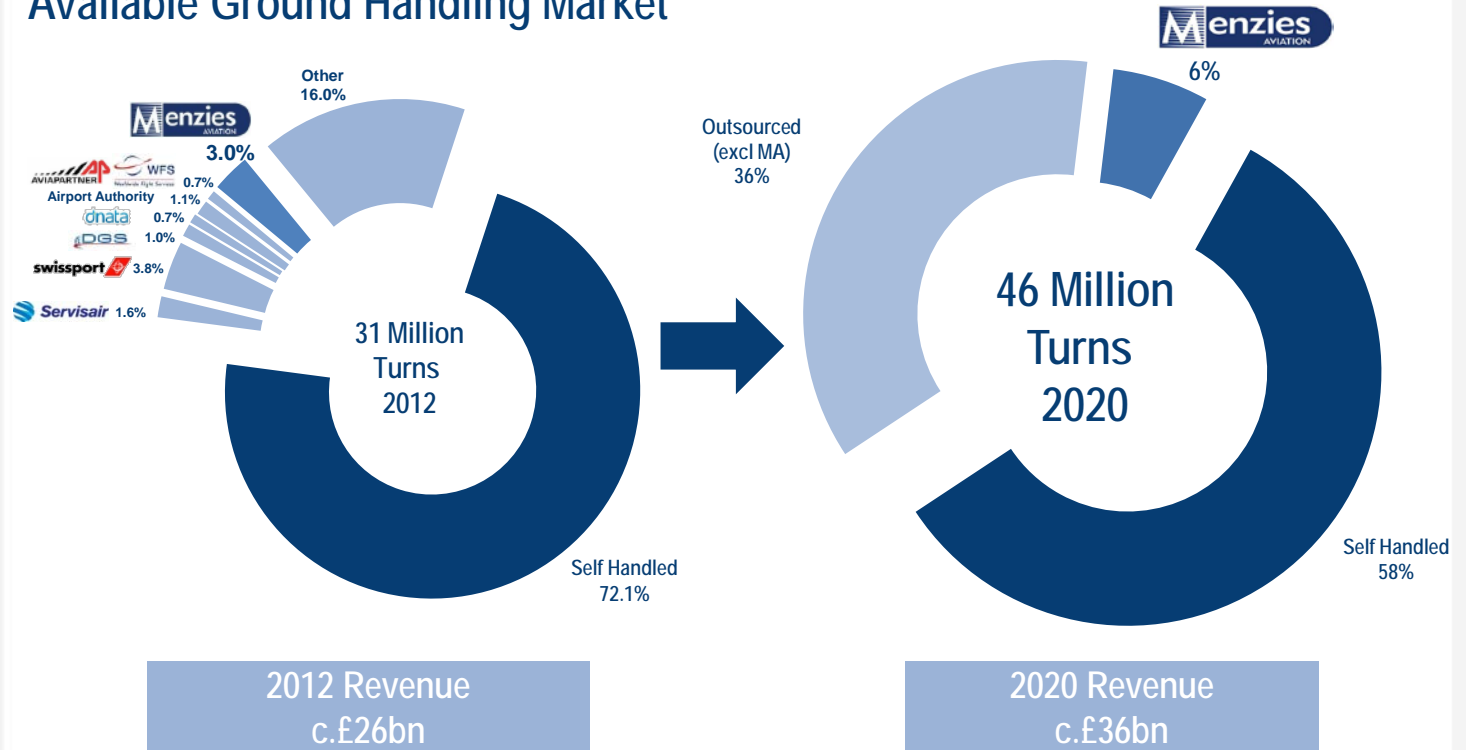
Consistent
strategy

Shareholder
value



Longer term ambition

Available Ground Handling Market



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Growth over the next 8 years:
Market Growth 5%

Shape of Menzies Aviation in 2020:

Revenue £2bn, EBIT £100m
40 countries & 250 stations

Source: OAG of handling market (2011), Boeing Current market outlook



Ground handling

61% of total revenue

- Check-in & boarding
- Baggage, ramp handling and de-icing
- Cleaning
- Lounges
- Other passenger services

Cargo handling

23% of total revenue

- Build & break
- Roll-through
- Trucking (airside & landside)
- Manpower provision
- Documentation processing

Cargo forwarding

16% of total revenue

- World's largest wholesale freight forwarder
- Air freight & Express
- Support major passenger carriers as well as freighters

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Menzies Aviation network



132 stations	30 countries	5 continents	18,000 employees
500 airlines	71m passengers	1.7m tonnes of cargo	870,000 aircraft turns

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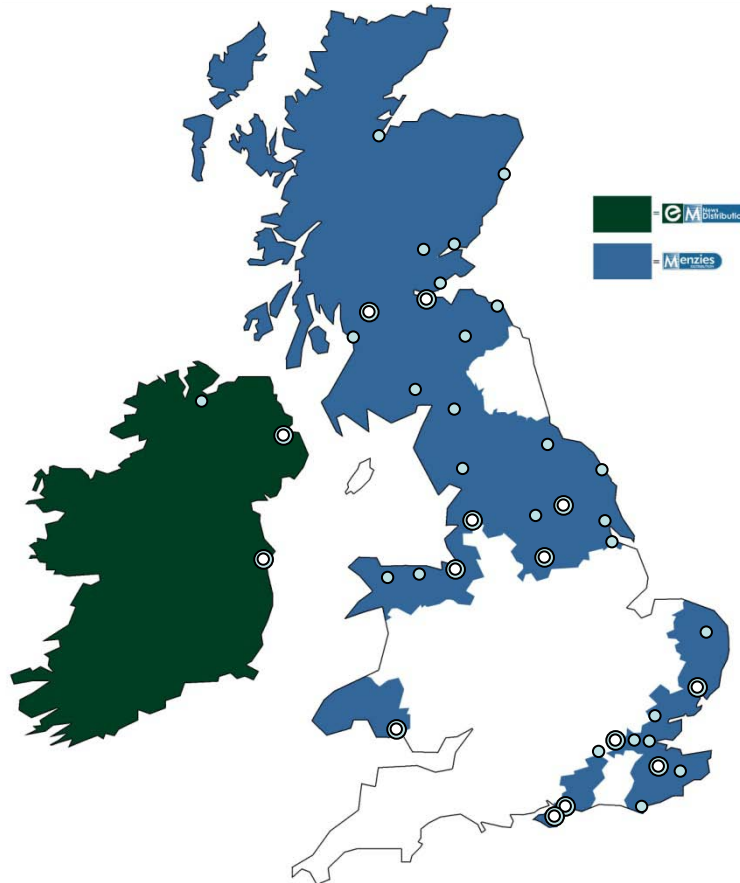
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Menzies Distribution network

Newspaper & Magazine Wholesale



13

Hub branches

4,000

Employees

5.0m

Newspapers
EVERY DAY

2.1m

Magazines
EVERY DAY

25,000

customers
EVERY DAY

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Branch rationalisation programme

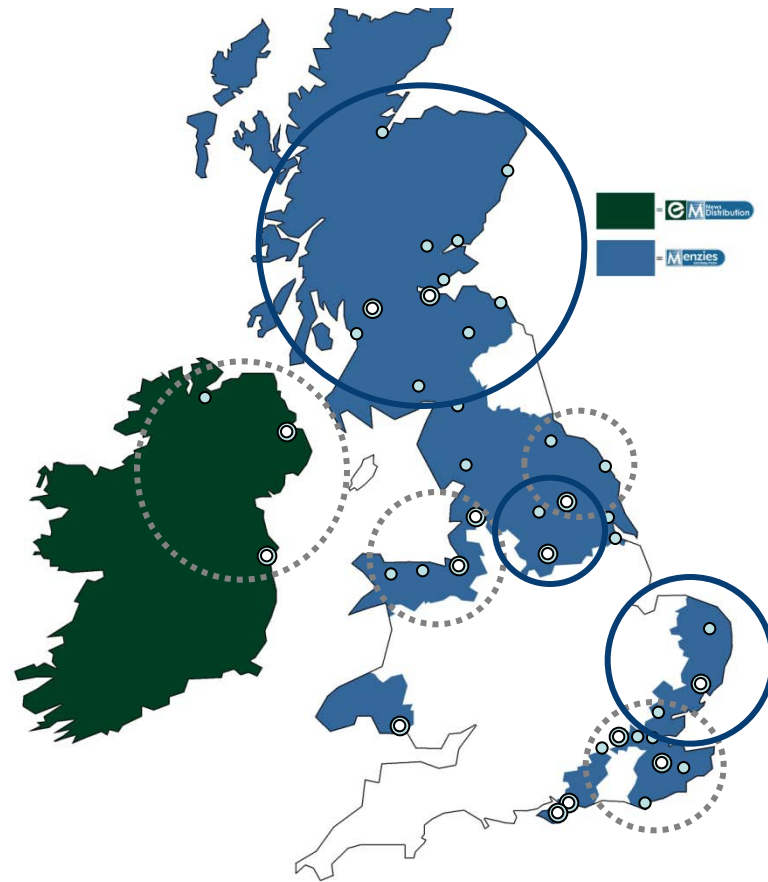
4
Branch closures

3
Downsized to spoke

Magazine packing in hubs

Returns processing centralised

Transport routes redrawn



Constant evolution of the branch network

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