

**24 November 2015**

## **John Menzies plc**

### **Trading Update**

**John Menzies plc** today provides a trading update for the 10 months from 1 January 2015 to 30 October 2015.

The outlook for **Group** full year earnings is now expected to be some £2m below the Board's previous expectations.

Within the **Aviation** division, service levels at London Gatwick have been restored. However, the actions we have put in place to mitigate the operational issues and deliver the customer's operational requirements will cost £6m of additional investment, mainly in manpower, in the second half of the year, and will impact this year's earnings. Contract negotiations with this customer continue, and we are working towards a resolution before the year end.

During the period we have seen strong earnings growth from our US hubs. Outside the UK, all regions continue to perform well.

Ground handling turns and cargo tonnes were up 9% and 4% respectively, with revenue in the period up 6% on last year. Contract renewals remain strong, and we will continue to target new business that will deliver sustainable earnings.

Our **Distribution** business is delivering ahead of forecast, with the impact of print media declines expected to be fully mitigated in this financial year. Cost management actions, including the rationalisation of our network, will deliver over £5m of cost savings in the full year, and sales volume reduction of 3.5% has been slightly better than expected.

We have seen continued progress against our strategic goals with new contract wins, including cross border e-commerce parcel deliveries, as we build on the recent AJG Parcels acquisition which has been successfully integrated.

The new National Living Wage legislation commences from April 2016, and mostly affects our Distribution business. The cost in 2016 is £2.5m, and we expect to mitigate this increase with a number of improvement initiatives.

Looking more broadly at the **Group's** geographical investment and service offerings, the Board will seek to accelerate a review of the strategic options available, as we continue to build operational excellence throughout the network and re-shape into areas where higher shareholder returns can be sustained.

Overall, our balance sheet remains strong, supported by a relentless focus on cash management actions.

**Jeremy Stafford, Chief Executive of John Menzies plc**, commented:

“During a busy period of transition, we continue to progress with the Group’s strategic objectives. Our Distribution business is quickly gaining traction in the UK e-logistics market, whilst continuing to deliver cost and cash improvement initiatives. Aviation continues to benefit from growth in the Americas, whilst we continue to work through UK operational matters. I am disappointed that contractual issues at London Gatwick have led us to revise our aviation outlook for this year, albeit largely offset with strong progress in our Distribution business. The Group remains well placed to drive earnings.”

**For further information, please contact:**

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