John Menzies plc
2020 Interim Results Announcement

29 September 2020

John Menzies plc

Half Year Results for the Six Months Ended 30 June 2020

Financial Summary

	H1 2020 Reported	H1 2020 Constant currency[6]	H1 2019 Reported
Revenue	£431.5m	£437.3m	£649.9m
Underlying operating (loss)/profit[1]	£(39.0)m	£(39.1)m	£17.9m
Operating (loss)/profit	£(70.3)m	---	£5.4m
Underlying (loss)/profit before taxation[3]	£(48.7)m	£(48.8)m	£8.2m
Loss before tax	£(80.1)m	---	£(4.4)m
Underlying (loss)/earnings per share[4]	(69.2)p	---	6.8p
Basic loss per share[5]	(104.7)p	---	(3.3)p
Underlying operating cash flow[6]	£131.3m	---	£58.9m

These half year results and prior period half year comparatives are unaudited.

Results Overview

Covid-19

- Results reflect the severe impact of the Covid-19 pandemic, particularly on the ground handling and into-plane fuelling services, with the European business most significantly affected
- Menzies has acted decisively in facing the challenges caused to the aviation industry by the Covid-19 pandemic through:
  - Reducing costs and preservation of cash – disciplined approach to capital expenditure and discretionary spend stopped
  - Moving to right size operations to match volume – including a significant reduction in headcount
  - Working with our customers - focusing on cash management and tight credit control
  - Focusing on the recovery and emerging stronger – becoming a leaner, more agile and more profitable business
  - Post period end, agreeing a revised banking covenant structure with our lenders

Financial

- Revenue down 33% as a result of a 43% year on year decrease in passenger flight volumes
- Revenue reduction partly offset by very significant cost management, together with the benefit from governmental support schemes to limit the underlying operating loss to £39.0m
- Resilient cargo handling services and cargo forwarding business performance with stronger yields
- Commercial progress and significant new business wins resulting in a net £27m annualised revenue added
- Exceptional costs of £27.6m incurred to resize the cost base and deal with redundant assets
- Underlying operating cash flow ahead of expectations with good debtor collections and upfront support from governmental agencies
- Available cash resources of over £175m at 31 August 2020

Philipp Joeinig, Executive Chairman of John Menzies plc said:

"The first six months of the year have seen us operate in unprecedented times due to the Covid-19 pandemic. The impact on our global operations has been material, but I am very pleased with how we have reacted. We acted decisively to reduce costs and moved to right-size our operations. As a result, our liquidity position is good, and we are well placed to navigate through the winter season and beyond.

Due to the actions taken in 2019 to re-shape the business commercially, we are making real progress, winning new contracts, particularly in cargo, and I expect this to continue in the second half. Expansion opportunities are emerging, and we will selectively look to take advantage of the current situation.

Like others in aviation, we know we are not out of the woods yet. We continue to keep a strong grip on our costs, whilst encouraging governments across the world to react to the exceptional impact Covid-19 continues to have on the industry and extend their support schemes, as recovery will be gradual.

Menzies has faced exceptional challenges as a result of the pandemic, however it remains a strong business with committed leaders and dedicated employees. We will emerge from this pandemic as a smaller but stronger team with a clear plan to recover and grow again."

Outlook

On the basis of current visibility and assumptions for ground handling and cargo volumes second half revenue is expected to be at a similar level to the first half with profitability benefiting from a more significant contribution from various government support programmes and continuing tight cost management. We continue to review the marketplace and work with our customers to gauge flying volumes. We are expecting a reduced winter season with flight schedules substantially lower than the previous year and have planned accordingly.

We have made significant strides expanding our cargo handling portfolio in the first half. Given the current market outlook, we will look at further opportunities to rebalance our portfolio with further expansion in the cargo market and a greater focus on into-plane fuelling where we believe there are opportunities to increase our market share.

Commercially we continue to have success. Since the period end we have won further cargo business with Qatar Airways in Los Angeles, USA, our fifth contract award with Qatar this year, and won the ground handling and cabin cleaning business of Air France/KLM in Toronto, Canada.

The ability of the Group to maintain significant liquidity headroom through this period reflects the strong fundamental cash generation capability of the business. We expect that continued strong cash generation, as activity levels recover, will give us the capability to invest in support of our commercial objectives whilst also enabling the Group to reduce net indebtedness.

We currently anticipate market conditions will remain challenging through the winter and the early part of next year, but expect a sustainable recovery in activity levels thereafter, contributing to modest revenue growth in 2021 over 2020. Whilst cautious on the pace of activity level recovery over the next 18 months, our restructured cost base and the rationalisation of the global portfolio should enable the Group to generate higher returns as volumes improve.

We are a leader within our markets and our restructured model will enable the Group to emerge strongly from the Covid-19 crisis. Alongside a continuation of the commercial momentum we are generating, we will continue to assess opportunities to accelerate business development targets where we can identify a clear strategic fit and create value enhancement.

Overall, the Board believe the Group is on a solid footing and is planning prudently for the future. As markets recover, we believe Menzies is well placed to prosper and return the Group to a growth trajectory.

Notes

1. Underlying operating profit/loss is operating profit/loss adjusted for non-recurring exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles, and the Group's share of interest and tax on joint ventures and associates.
2. Underlying profit/loss before taxation is underlying operating profit/loss less net finance charges.
3. Underlying earnings/loss per share is profit/loss after taxation and non-controlling interest, but before intangible amortisation and impairment and exceptional items, divided by the weighted average number of ordinary shares in issue.

4. Underlying operating cash flow is underlying operating profit/loss adjusted for depreciation, amortisation, income and dividends from joint ventures and associates, retirement obligation and share based payments, and movements in working capital and provisions.
5. Prior year basic loss per share includes the benefit of 2.5p from discontinued operations.
6. In order to increase comparability with prior year numbers, performance at constant currency has been calculated by translating non-sterling earnings for the current year into sterling at the exchange rates used for the same period in the prior year.

Enquiries

John Menzies plc

John Geddes, Corporate Affairs Director — 0131 459 8144

FTI Consulting — 020 3727 1068

Jonathon Brill/Fern Duncan

Analyst Presentation

There will be a presentation for analysts today at 09:30 GMT via a live webcast on the John Menzies plc website http://www.johnmenziesplc.com. Copies of the presentation slides will be available on the website.

Executive Chairman’s Statement

Firstly, I would like to express my appreciation for the huge efforts made by our employees worldwide in responding to the Covid-19 pandemic, adapting quickly while continuing to serve our customers safely and reliably in very difficult circumstances.

My primary concern at all times is the safety of all our employees along with their families and our airport communities. They have shown great spirit and dedication throughout and made me proud of the Menzies team.

The Covid-19 pandemic has had a material impact on our business in the first half and will continue to do so in the near term. We took immediate and decisive action when the scale of the crisis became clear. We significantly reduced our cost base, using the flexibility of our labour force where possible as well as halting all non-essential capital expenditure and discretionary spend as well as exiting financially unviable businesses.

I am pleased to report that we have not needed to source additional liquidity from our banking syndicate or shareholders during the period. Menzies’ liquidity position remains healthy thanks to the decisive actions taken, excellent cash management and the benefits of government support schemes across the world.

We have been working with our banking syndicate and have reached agreement on a revised covenant package through to 2022 that will allow us the flexibility to restructure and grow the business as the aviation industry recovers.

During 2019 we had already worked on re-shaping the business, reducing head office costs and applying resources to key areas that would help us grow. These changes put us on a strong footing as we entered 2020 and the year had started positively. Commercially, where the teams were strengthened, we have delivered excellent results. We have worked with our existing customers renewing key contracts and I am delighted to note a number of significant new contracts, particularly in cargo handling, with key global customers that show we are making good progress despite the global pandemic.

Looking forward we still face difficult times ahead and I expect volumes in the winter season to be significantly lower than the prior year. We are speaking to all our major customers to ascertain their plans and we are matching our cost base accordingly. Whilst some of the actions taken are temporary in nature, aimed at mitigating the immediate impact of the pandemic on our business, many will underpin positive and sustainable structural change in the Group’s operating model and cost base.

As the new normal takes shape, we will emerge as a more efficient, agile and profitable business with a more focused footprint having exited stations that are no longer economically viable. In order to build on the cost and commercial actions taken in the last 18 months, we are launching Menzies 2.0. This programme will set our progressive agenda into the medium term through the four strategic pillars of Safety & Security, People, Service and Efficiency to drive excellence in everything we do as we continue to win new business and increase our operating margin.

I want our business to be solutions oriented, working with customers to deliver their goals to make Menzies Aviation the handling provider of choice where we operate. Whilst we will focus on our systems and processes to deliver safe and secure operations, it is our people who really make the difference. We are investing in leadership programmes and training initiatives across the business to support our ambition to be the handling service provider of choice to our customers.

The ability of the Group to maintain significant liquidity headroom through this period reflects the strong fundamental cash generation capability of the business. We expect that continued strong cash generation as activity levels recover would give us the capability to invest in support of our commercial objectives, whilst also enabling the Group to reduce net indebtedness.

We currently anticipate market conditions will remain challenging through the winter and the early part of 2021, but would expect a sustainable recovery in activity levels thereafter. Whilst cautious on the pace of activity level recovery over the next 18 months, our restructured cost base and the rationalisation of the global portfolio should enable the Group to generate higher returns as volumes improve. We are a leader within our markets and our restructured model will enable the Group to emerge strongly from the Covid-19 crisis. Alongside a continuation of the commercial momentum we are generating, we will continue to assess opportunities to accelerate business development targets where we can identify a clear strategic fit and create value enhancement.

Group Performance Overview

The first half of 2020 has presented the business with a number of significant challenges. Until the impact of the Covid-19 pandemic hit, the Group had been trading in line with expectations, with the cost reduction actions taken in 2019 and the renewed focus on commercial activity showing positive results. Trading in the second half of the period as the pandemic spread across all markets was materially impacted by a reduction in global flight activity.

From mid-March, the impact of the pandemic had become a worldwide crisis impacting our people, operations and the customers we serve, and at the date of this report, the situation is still evolving. The spread of Covid-19 has precipitated the imposition of an unprecedented level of travel restrictions by governments across the world severely impacting the aviation industry.

These restrictions have affected the Group's revenue from the ground handling and into-plane fuelling services in particular. Volumes across all product categories were down compared with the first half of 2019: ground handling turns down 50%, cargo tonnage down 22% and fuelling events down 41%, as was to be expected with the dramatic reduction in flights. Our cargo handling service line and our cargo forwarding business have been far more resilient with reduced capacity on passenger flights driving up yields to historical highs.

Swift and decisive actions were taken as we reacted to the fast-moving landscape. Headcount was reduced dramatically, with large numbers of staff put on furlough, as the various government support schemes around the world were utilised. These schemes have aided the Group liquidity position. In addition, all non-essential capital expenditure was stopped together with all discretionary spend. These actions and tight credit control allowed the Group to operate at a sustainable liquidity level and we are pleased not to have increased bank borrowings or needed to take UK government loan support.

As a result of these conditions, revenue was £431.5m (H1 2019: £649.9m) a 33% reduction in constant currency from the prior period.

The Group recorded an operating loss of £70.3m in the first six months compared with a £5.4m profit in the prior period. Excluding exceptional and other items, the underlying operating loss for the period was £39.0m compared with a profit of £17.9m in the prior period. The reduction in profit was a direct result of the impact of the pandemic. The loss before tax was £80.1m (H1 2019: £4.4m). Excluding exceptional and other items, the underlying loss before tax was £48.7m compared with a profit of £8.2m in the prior period. The underlying loss per share was 69.2p (H1 2019: 6.8p earnings per share).

Business Review

The **Americas** region started the period in line with expectations after allowing for an unseasonably mild start to the year. The impact of the pandemic was initially not as severe in comparison to the rest of the world with flight volumes in the USA and Canada holding up well. As the pandemic progressed, the volumes softened and ground handling operations in Mexico and Colombia were impacted, with operations in Colombia effectively closed down. As a mainly fee for service business, fuel farm management was less impacted by volume reductions and the margin was maintained.

Commercially within the region we made good progress, starting a new station in the USA at Bozeman, Montana. We renewed with our key customer in Mexico, VivaAerobus, at 21 stations and at various locations across the region we were successful in securing enhanced commercial terms.

The **EMEA** region saw the largest reduction in flight schedules with ground handling turns down 58%. The markets in UK, Spain, across Eastern Europe and Scandinavia, and in South Africa were severely disrupted and at times almost closed.

Within the into-plane fuelling business, which operates largely in the UK with some operations in France, margins were maintained due to the fee-per-service nature of the contracts, although volume was significantly down.

Cargo volumes in Amsterdam were robust ahead of the prior year, and operations at London Heathrow were boosted by the contract awarded by Qatar Airways for their cargo handling business. The UK ground handling business was impacted by the bankruptcy of Flybe in March with the failure felt most significantly at Manchester, Glasgow and the Isle of Man.

In March we started up operations for Mango Airways across South Africa. This is a significant contract win and helps to turnaround the South African operations. The contract was awarded for five years and the projections were for more than 20,000 annual flights.

The **Rest of World** region is the most geographically diverse. Our operations in Macau were the first to be affected by Covid-19. The reduction in flight schedules was swift with approximately 200 daily flights reducing to almost zero within a week. Despite the recovery in the Chinese market, operations in Macau remain materially impacted and we do not expect to see a return until later in Q4 of this year. Operations in Indonesia progressed with the successful integration of the 2019 acquisition of PT Mitra Adira Utama, a cargo handling business, with the existing ground handling business. We continue to see Indonesia as a real opportunity and will look to grow from this new platform in the near to medium term future.

In line with the rest of the Group, overall volumes were depressed in the region (cargo handling volumes -22%, ground handling -42%) but the mix of business, which is predominantly cargo handling, resulted in profitability being more resilient than elsewhere in the network. Cargo volumes across Australia were robust and latterly in the period, we handled a number of flights that were cargo only, and many with cargo replacing passengers in the main deck. Our into-plane fuelling business in Thailand has been mothballed during the crisis and we continue to explore our options, but we are unlikely to restart unless sufficient scale can be achieved.

Our **Cargo Forwarding** business, AMI, a neutral provider of airfreight and express services, has performed strongly during the year and is trading ahead of our expectations. AMI has benefited from a shortage of cargo capacity across the world as passenger flights were grounded. This led to an upturn in bookings and a general improvement in rates across the business. The business reacted swiftly and innovatively to the shortage by chartering aircraft and filling them with cargo demand on key trade lanes to meet customer requirements.

Despite the pandemic, we have made very encouraging commercial progress winning significant new business. In the first six months we added £27m of net annualised revenue from commercial activities. This is in part thanks to the restructuring of the commercial team during 2019 and a greater emphasis on cargo handling where we have won a number of new contracts.

Since the half year end, we have won the ground handling and cabin cleaning business of Air France/KLM in Toronto, Canada, and further strengthened our relationship with Qatar Airways securing new cargo handling contracts at six locations across three countries together with ground handling contracts at four of these locations. There were a number of airline failures during the period and we were only significantly exposed to Flybe's demise.

In response to the pandemic we have had to reduce our headcount as much as possible to match the lower activity. At its height we had a reduction of 16,000, with many on temporary leave or furlough schemes, although this number is now lower with some staff returning to work. As volumes return, we expect to scale up our operations and welcome back many colleagues. We will however be a smaller business in the near term and we will have a smaller global workforce than before. We recognise the significant impact this will have on our colleagues leaving us and throughout this process we are doing everything we can to minimise the number of job losses across the network.

To ensure we are as competitive as possible as we emerge from the crisis we have undertaken projects to harmonise pay and conditions at larger airports where previous acquisitions or TUPE transfers have led to a number of different contract terms existing within teams at one location. These projects can be difficult to deliver but we firmly believe they are vital to ensure we are competitive as volume returns and opportunities present themselves. We have previously highlighted issues around high staff turnover and the associated costs. These issues were particularly prevalent in Eastern Europe and North America. This issue has now largely gone away and our businesses in these areas will see a significant benefit as a result.

Financial Overview

Banking facilities

As reported in January, the Company completed the refinance of the Group's bank facilities that were due to mature in 2021 and replaced them with a US$235m amortising loan and a £145m revolving credit facility, both due to mature in January 2025.

As reported this month, in response to the financial impact of the Covid-19 pandemic, the Company has agreed a revised temporary banking covenant structure with its banking group for the amortising loan and revolving credit facilities.

The new covenant structure provides additional flexibility to support the Group as the aviation industry recovers from the impact of the pandemic. The key terms are that the net leverage covenant has been replaced with a minimum EBITDA covenant tested on a quarterly basis, and a new minimum liquidity covenant has been introduced requiring the Group to keep a minimum of £45m liquidity. The interest cover covenant has been suspended. The new covenant structure will remain in place until the earlier of June 2022 or whenever the Group's leverage as measured on a pre-IFRS 16 basis remains below 3.0 times for three consecutive quarters. At that point, the Group will revert to the original net leverage and interest cover covenants for the remainder of the facilities' term. The interest margin has been increased by 0.5% to 4.0% until the Group's leverage, as measured on a pre-IFRS 16 basis, falls back below 3.5 times.

Exceptional items in operating profit

Exceptional items in operating profit were a £27.6m charge to profits (H1 2019: £8.5m) comprised £26.3m of restructuring incurred in response to and because of the Covid-19 pandemic, and transaction related costs of £1.3m, primarily to set up a new business in Iraq.

The Covid-19 pandemic restructuring costs comprised £15.3m of costs incurred to terminate leases and write down assets, £8.8m of costs to resize the business as a result of the downturn in volumes, and £2.2m of professional and advisory fees to secure the successful renegotiation of the new covenant structure.

Net finance costs

The Group's net underlying finance costs were £9.7m (H1 2019: £9.7m).

Taxation

As a multinational business, the Group is liable for taxation in multiple jurisdictions around the world. The Group's underlying tax charge for the period was £10.1m (H1 2019: £2.4m) representing an effective underlying tax rate of -21% (H1 2019: 29%). The increase was mainly due to de-recognising part of the UK and US deferred tax assets.

Loss per share

The Group's underlying loss per share was 69.2p (H1 2019: 6.8p earnings per share). The reduction was a result of the decrease in underlying profits and the increase in the effective underlying tax rate. The corresponding basic loss per share was 104.7p (H1 2019: 3.3p per share for continuing and discontinued operations).

Defined benefit retirement obligation

The reported UK defined benefit retirement obligation net of deferred taxation has increased by £6.7m since 31 December 2019 to £11.1m as a result of the £25.9m adverse impact of lower discount rates on future liabilities, partly offset by £15.5m positive impact of returns on the pension scheme assets and £3.7m of contributions from the Group.

Impact of foreign currency movements

The majority of the Group's operations are located outside the UK and account in currencies other than the Group's reporting currency. The Group hedges the sterling exposure of foreign currency denominated assets to manage the impact of currency movements in the Group's net assets using forward contracts. The translation of profits from overseas trading entities is not hedged and, as a result, the movement of exchange rates affects the

Group's reported results. In the first half of 2020, there was minimal impact on the Group's results due to exchange rate movements against the prior period. Net borrowings are also subject to foreign currency movements, primarily on the US dollar denominated term loan and non-sterling lease liabilities.

Dividend

No dividend is to be paid in respect of the first half results (H1 2019: 6.0p per share).

Group liquidity

The Group has been effective in the proactive management of cash and liquidity. Operating cash flow was £131.3m (H1 2019: £58.9m). The increase was largely the result of strong debtor collections and upfront support from governmental agencies. Working capital management remains a key focus for the business. Free cash flow was £109.5m (H1 2019: £26.8m). Net capital expenditure was £10.5m (H1 2019: £16.3m). The resulting net cash and cash equivalents on hand at 30 June 2020 was £201.1m, £129.2m higher than 31 December 2019.

At 30 June 2020 reported net borrowings were £337.1m (H1 2019: £421.8m) reflecting the improved cash flow. Net debt used for measuring leverage for banking covenant purposes, excluding the impact of reporting leases under the IFRS 16 accounting standard, was £159.9m (H1 2019: £215.1m). The Group had £335m of committed banking facilities at 30 June 2020, all of which were drawn.

Going concern

In adopting the going concern basis for preparing this interim financial information, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties. The spread of Covid-19 has precipitated an unprecedented level of air travel restrictions being imposed by governments across the world. Although this has had a broadly positive impact on cargo handling and forwarding businesses, it has had a negative impact on flight volumes that drive the ground handling and into-plane fuelling businesses.

The Board has reviewed the financial forecasts with scenarios of varying speeds of recovery in flight volumes across the world around a base case that forecasts ground handling and into-plane fuelling to recover to c.70% of their pre-Covid-19 levels by the end of 2021. These forecasts take into account expectations of compensating management actions to reduce capital and lease expenditure, optimise working capital and further reduce the cost base.

The Group has modelled a severe but plausible downside scenario based on further waves of the pandemic. Further details of this scenario are disclosed in Note 2 to the Financial Statements. In the event that this downside scenario were to occur, the Board believes that there would be sufficient mitigating actions that could be taken to ensure the Group's ability to continue as a going concern.

Forecasting the impact of Covid-19 on flight volumes remains highly uncertain given the continued development of the virus across the world. If the recovery in passenger flight volumes were to be significantly delayed beyond those assumed in the severe but plausible downside scenario, the Group could face a material uncertainty of meeting the minimum EBITDA covenants in 2021. The Group has a good working relationship with its banking syndicate, and should these circumstances arise, the Board would seek to negotiate a second restructuring of covenants to ensure continuity of lender support, together with considering further cost reductions.

GROUP INCOME STATEMENT (unaudited)
for the half year to 30 June 2020

	Notes	**Before exceptional and other items £m**	**Exceptional and other items £m**	**Half year to 30 June 2020 £m**	Before exceptional and other items £m	Exceptional and other items £m	Half year to 30 June 2019 £m
Continuing operations							
Revenue	3	**431.5**	**-**	**431.5**	649.9	-	649.9
Net operating costs		**(471.3)**	**(31.0)**	**(502.3)**	(635.7)	(11.7)	(647.4)
Operating (loss)/profit before joint ventures and associates		**(39.8)**	**(31.0)**	**(70.8)**	14.2	(11.7)	2.5
Share of post-tax results of joint ventures and associates		**0.8**	**(0.3)**	**0.5**	3.7	(0.8)	2.9
Operating (loss)/profit	3	**(39.0)**	**(31.3)**	**(70.3)**	17.9	(12.5)	5.4
Analysed as:							
Underlying operating (loss)/profit[(i)]	3	**(39.0)**	**-**	**(39.0)**	17.9	-	17.9
Exceptional items – transaction related and integration	4	**-**	**(1.3)**	**(1.3)**	-	(5.6)	(5.6)
Exceptional items – restructuring	4	**-**	**(11.0)**	**(11.0)**	-	(2.9)	(2.9)
Exceptional items – asset impairments	4	**-**	**(15.3)**	**(15.3)**	-	-	-
Acquired intangible asset amortisation	4	**-**	**(3.4)**	**(3.4)**	-	(3.2)	(3.2)
Share of joint venture and associate interest		**-**	**0.1**	**0.1**	-	0.1	0.1
Share of joint venture and associate tax		**-**	**(0.4)**	**(0.4)**	-	(0.9)	(0.9)
Operating (loss)/profit		**(39.0)**	**(31.3)**	**(70.3)**	17.9	(12.5)	5.4
Finance income		**0.2**	**-**	**0.2**	0.3	-	0.3
Finance charges excluding retirement benefit obligation interest		**(9.9)**	**(0.1)**	**(10.0)**	(9.8)	(0.1)	(9.9)
Retirement benefit obligation interest	11	**-**	**-**	**-**	(0.2)	-	(0.2)
(Loss)/profit before taxation		**(48.7)**	**(31.4)**	**(80.1)**	8.2	(12.6)	(4.4)
Taxation	5	**(10.1)**	**1.4**	**(8.7)**	(2.4)	2.0	(0.4)
(Loss)/profit for the period from continuing operations		**(58.8)**	**(30.0)**	**(88.8)**	5.8	(10.6)	(4.8)
Discontinued operations							
Profit for the period from discontinued operations	4	**-**	**-**	**-**	-	2.1	2.1
(Loss)/profit for the period		**(58.8)**	**(30.0)**	**(88.8)**	5.8	(8.5)	(2.7)
Attributable to equity shareholders		**(58.3)**	**(30.0)**	**(88.3)**	5.7	(8.5)	(2.8)
Attributable to non-controlling interests		**(0.5)**	**-**	**(0.5)**	0.1	-	0.1
		(58.8)	**(30.0)**	**(88.8)**	5.8	(8.5)	(2.7)
Earnings per ordinary share							
Continuing operations							
Basic	6	**(69.2)p**	**(35.5)p**	**(104.7)p**	6.8p	(12.6)p	(5.8)p
Diluted	6	**(69.2)p**	**(35.5)p**	**(104.7)p**	6.8p	(12.6)p	(5.8)p
Continuing and discontinued operations							
Basic	6	**(69.2)p**	**(35.5)p**	**(104.7)p**	6.8p	(10.1)p	(3.3)p
Diluted	6	**(69.2)p**	**(35.5)p**	**(104.7)p**	6.8p	(10.1)p	(3.3)p

Note:
[(i)] Underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles and the Group's share of interest and tax on joint ventures and associates to provide an appreciation of the impact of those items on operating profit.

GROUP INCOME STATEMENT (continued)
for the year ended 31 December 2019

	Notes	Before exceptional and other items £m	Exceptional and other items £m	Full year to 31 December 2019 £m
Continuing operations				
Revenue	3	1,325.6	-	1,325.6
Net operating costs		(1,280.7)	(11.3)	(1,292.0)
Operating profit before joint ventures and associates		44.9	(11.3)	33.6
Share of post-tax results of joint ventures and associates		7.6	(1.6)	6.0
Operating profit	3	52.5	(12.9)	39.6
Analysed as:				
Underlying operating profit[i]	3	52.5	-	52.5
Exceptional items – transaction related and integration	4	-	5.1	5.1
Exceptional items – legal settlements and other	4	-	5.8	5.8
Exceptional items – restructuring related	4	-	(10.2)	(10.2)
Exceptional items – asset impairment	4	-	(5.4)	(5.4)
Acquired intangible asset amortisation	4	-	(6.6)	(6.6)
Share of joint venture and associate interest		-	0.2	0.2
Share of joint venture and associate tax		-	(1.8)	(1.8)
Operating profit		52.5	(12.9)	39.6
Finance income		0.6	-	0.6
Finance charges excluding retirement benefit obligation interest		(22.3)	(0.2)	(22.5)
Retirement benefit obligation interest	11	(0.4)	-	(0.4)
Profit before taxation		30.4	(13.1)	17.3
Taxation	5	(9.5)	1.2	(8.3)
Profit/(loss) for the year from continuing operations		20.9	(11.9)	9.0
Discontinued operations				
Profit for the period from discontinued operations		-	1.7	1.7
Profit/(loss) for the year		20.9	(10.2)	10.7
Attributable to equity shareholders		21.0	(10.2)	10.8
Attributable to non-controlling interests		(0.1)	-	(0.1)
		20.9	(10.2)	10.7
Earnings per ordinary share				
Continuing operations				
Basic	6	24.9p	(14.1)p	10.8p
Diluted	6	24.9p	(14.1)p	10.8p
Continuing and discontinued operations				
Basic	6	24.9p	(12.1)p	12.8p
Diluted	6	24.9p	(12.1)p	12.8p

Note:
[i] Underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles and the Group's share of interest and tax on joint ventures and associates to provide an appreciation of the impact of those items on operating profit.

GROUP STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the half year to 30 June 2020

	Note	**Half year to 30 June 2020 £m**	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
(Loss)/profit for the period		**(88.8)**	(2.7)	10.7
Items that will not be reclassified subsequently to profit or loss				
Actuarial (loss)/gain on defined benefit retirement obligation	11	**(11.3)**	2.1	2.0
Actuarial loss on unfunded retirement benefit obligation		**-**	-	(0.1)
Income tax effect on defined benefit retirement obligation		**2.1**	(0.3)	(0.4)
Loss on equity instrument at fair value through other comprehensive income		**-**	-	(2.0)
Items that may be reclassified subsequently to profit or loss				
Movement on cash flow hedges		**(3.1)**	(1.5)	(1.9)
Income tax effect on cash flow hedges		**0.6**	0.3	0.3
Movement on net investment hedges		**(1.3)**	(0.8)	0.7
Income tax effect on net investment hedges		**0.2**	0.2	(0.1)
Exchange gain/(loss) on translation of foreign currency net assets		**5.1**	1.3	(8.1)
Income tax effect of exchange movement on foreign currency net assets		**-**	(0.2)	-
Other comprehensive (loss)/income for the period		**(7.7)**	1.1	(9.6)
Total comprehensive (loss)/income for the period		**(96.5)**	(1.6)	1.1
Attributable to equity shareholders		**(96.0)**	(1.7)	1.2
Attributable to non-controlling interests		**(0.5)**	0.1	(0.1)
		(96.5)	(1.6)	1.1

GROUP BALANCE SHEET (unaudited)
as at 30 June 2020

	Notes	**30 June 2020 £m**	30 June 2019 £m	31 December 2019 £m
Assets				
Non-current assets				
Intangible assets	7	**181.6**	175.2	178.1
Property, plant and equipment		**279.9**	324.6	278.1
Investments in joint ventures and associates		**14.7**	17.2	16.2
Other investments		**0.2**	5.4	0.2
Deferred tax assets		**16.6**	22.8	23.7
		493.0	545.2	496.3
Current assets				
Inventories		**5.3**	6.6	5.8
Trade and other receivables		**163.3**	266.2	242.7
Current income tax receivables		**3.9**	-	3.9
Derivative financial assets	8	**0.4**	0.4	0.8
Cash and cash equivalents	10	**224.2**	92.5	90.5
		397.1	365.7	343.7
Liabilities				
Current liabilities				
Borrowings	10	**(87.2)**	(107.9)	(91.6)
Derivative financial liabilities	8	**(1.3)**	(0.7)	(0.2)
Trade and other payables	8	**(248.5)**	(208.2)	(187.2)
Current income tax liabilities		**(6.8)**	(4.6)	(12.4)
Provisions		**(57.7)**	(70.1)	(55.2)
		(401.5)	(391.5)	(346.6)
Net current liabilities		**(4.4)**	(25.8)	(2.9)
Total assets less current liabilities		**488.6**	519.4	493.4
Non-current liabilities				
Borrowings	10	**(470.0)**	(406.1)	(390.8)
Other payables		**(0.5)**	(3.7)	(0.5)
Derivative financial liabilities		**(3.2)**	(0.1)	(0.2)
Deferred tax liabilities		**(3.2)**	(3.4)	(3.1)
Provisions		**(6.3)**	(8.5)	(6.2)
Retirement benefit obligation	11	**(13.7)**	(12.1)	(5.3)
		(496.9)	(433.9)	(406.1)
Net (liabilities)/assets		**(8.3)**	85.5	87.3
Ordinary shares		**21.1**	21.1	21.1
Share premium account		**23.6**	23.4	23.5
Treasury shares		**(1.2)**	(1.2)	(1.2)
Other reserves		**(15.7)**	(8.8)	(17.2)
Merger relief reserve		**67.3**	67.3	67.3
Retained earnings		**(124.4)**	(33.9)	(27.7)
Capital redemption reserve		**21.6**	21.6	21.6
Total shareholders' equity		**(7.7)**	89.5	87.4
Non-controlling interest in equity		**(0.6)**	(4.0)	(0.1)
Equity		**(8.3)**	85.5	87.3

GROUP STATEMENT OF CHANGES IN EQUITY (unaudited)
as at 30 June 2020

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Translation and hedge reserves £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Total shareholders' equity £m	Non-controlling equity £m	Equity £m
Equity at 31 December 2019	21.1	23.5	(1.2)	(17.2)	67.3	(27.7)	21.6	87.4	(0.1)	87.3
Loss for the period	-	-	-	-	-	(88.3)	-	(88.3)	(0.5)	(88.8)
Other comprehensive income/(loss)	-	-	-	1.5	-	(9.2)	-	(7.7)	-	(7.7)
Total comprehensive income/(loss)	-	-	-	1.5	-	(97.5)	-	(96.0)	(0.5)	(96.5)
New share capital issued	-	0.1	-	-	-	-	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	0.8	-	0.8	-	0.8
At 30 June 2020	**21.1**	**23.6**	**(1.2)**	**(15.7)**	**67.3**	**(124.4)**	**21.6**	**(7.7)**	**(0.6)**	**(8.3)**
Adjusted equity at 1 January 2019	21.1	23.1	(2.6)	(8.1)	67.3	(18.8)	21.6	103.6	(3.9)	99.7
(Loss)/profit for the period	-	-	-	-	-	(2.8)	-	(2.8)	0.1	(2.7)
Other comprehensive (loss)/income	-	-	-	(0.7)	-	1.8	-	1.1	-	1.1
Total comprehensive (loss)/income	-	-	-	(0.7)	-	(1.0)	-	(1.7)	0.1	(1.6)
New share capital issued	-	0.3	-	-	-	-	-	0.3	-	0.3
Share-based payments	-	-	-	-	-	(0.5)	-	(0.5)	-	(0.5)
Dividends approved	-	-	-	-	-	(12.2)	-	(12.2)	(0.2)	(12.4)
Disposal of Company's shares	-	-	1.4	-	-	(1.4)	-	-	-	-
At 30 June 2019	21.1	23.4	(1.2)	(8.8)	67.3	(33.9)	21.6	89.5	(4.0)	85.5
Adjusted equity at 1 January 2019	21.1	23.1	(2.6)	(8.1)	67.3	(18.8)	21.6	103.6	(3.9)	99.7
Profit/(loss) for the year	-	-	-	-	-	10.8	-	10.8	(0.1)	10.7
Other comprehensive loss	-	-	-	(9.1)	-	(0.5)	-	(9.6)	-	(9.6)
Total comprehensive (loss)/income	-	-	-	(9.1)	-	10.3	-	1.2	(0.1)	1.1
New share capital issued	-	0.4	-	-	-	-	-	0.4	-	0.4
Share-based payments	-	-	-	-	-	0.8	-	0.8	-	0.8
Income tax effect of share-based payments	-	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Subsidiaries acquired	-	-	-	-	-	-	-	-	2.2	2.2
Recapitalisation of subsidiary	-	-	-	-	-	-	-	-	0.5	0.5
Expiry of acquisition related options	-	-	-	-	-	-	-	-	1.6	1.6
Dividends paid	-	-	-	-	-	(17.3)	-	(17.3)	(0.4)	(17.7)
Repurchase of Company's shares	-	-	(1.0)	-	-	-	-	(1.0)	-	(1.0)
Disposal of Company's shares	-	-	2.4	-	-	(2.4)	-	-	-	-
At 31 December 2019	21.1	23.5	(1.2)	(17.2)	67.3	(27.7)	21.6	87.4	(0.1)	87.3

GROUP STATEMENT OF CASH FLOWS (unaudited)
for the half year to 30 June 2020

	Notes	**Half year to 30 June 2020 £m**	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Cash flows from operating activities				
Cash generated from operations	9	**119.8**	45.9	104.1
Interest received		**0.2**	0.3	0.6
Interest paid on lease liabilities		**(4.0)**	(3.9)	(7.6)
Other interest paid		**(8.3)**	(5.4)	(13.5)
Tax paid		**(2.0)**	(6.8)	(11.8)
Net cash flow from operating activities		**105.7**	30.1	71.8
Cash flows from investing activities				
Acquisitions		**-**	(3.1)	(7.2)
Cash acquired with subsidiaries		**-**	-	0.4
Bank overdraft acquired with subsidiary		**-**	(0.1)	-
Investment in joint ventures		**-**	(0.3)	(0.4)
Disposal of joint ventures		**-**	2.6	2.6
Disposal of minority equity investment		**-**	-	3.0
Increased disposal consideration		**-**	-	1.8
Purchase of property, plant and equipment		**(12.3)**	(15.5)	(29.7)
Intangible asset additions		**(0.8)**	(1.4)	(5.3)
Proceeds from sale of property, plant and equipment		**2.6**	0.6	13.5
Dividends received from equity accounted investments		**2.6**	2.5	6.3
Net cash flow used in investing activities		**(7.9)**	(14.7)	(15.0)
Cash flows from financing activities				
Proceeds from issue of ordinary share capital		**0.1**	0.3	0.4
Purchase of Company's shares		**-**	-	(1.0)
Proceeds from borrowings		**55.5**	28.8	50.0
Repayment of borrowings excluding leases		**-**	(10.9)	(10.9)
Principal element of lease repayments		**(31.1)**	(28.1)	(57.1)
Dividends paid to non-controlling interests		**-**	(0.2)	(0.4)
Dividends paid to ordinary shareholders		**-**	-	(17.3)
Net cash flow from/(used in) financing activities		**24.5**	(10.1)	(36.3)
Increase in net cash and cash equivalents		**122.3**	5.3	20.5
Effects of exchange rate movements		**6.9**	0.8	(3.1)
Opening net cash and cash equivalents(i)		**71.9**	54.5	54.5
Closing net cash and cash equivalents(i)	10	**201.1**	60.6	71.9

Note:
(i) Net cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

Notes to the Interim Accounts

1. Introduction

These interim condensed financial statements are prepared in a consolidated format. They relate to the half year to 30 June 2020 and are unaudited. They were approved by the Board on 28 September 2020. These interim condensed financial results do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year to 31 December 2019, prepared in accordance with IFRS, have been filed with the Registrar of Companies. The report of the Auditors included in that 2019 Annual Report was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006.

Seasonality of operations

Prior to the disruption caused by the Covid-19 pandemic, the Group's trading has been subject to the seasonal airline industry where our customers' flight volumes are higher during the summer in the northern hemisphere. Accordingly, the Group has traditionally reported higher revenue and profitability in the second half of the financial year. In the first half of the year, flight schedules were severely disrupted by the Covid-19 pandemic and this impact will continue in the second half of the financial year.

2. Basis of preparation

These interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and the basis of the accounting policies set out in the 2019 Annual Report, except for the adoption of new standards and interpretations effective from 1 January 2020 as noted below.

Going concern

These interim condensed financial statements have been prepared on a going concern basis as the Directors, having considered the available relevant information, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Covid-19 pandemic has had a significant impact on the business of the Group, specifically in relation to revenues generated from passenger aircraft volume, ground handling and into-plane fuelling. Significant actions that have been taken in response, including cost saving measures, the application for and the receipt of significant government support in several countries, tight cash management and the successfully agreed revised covenant structure with the Group's bank finance providers. The Group is therefore well placed to manage through the ongoing market uncertainty over the medium term.

The balance that the Group has within its business model has also given some protection against the level of decline in passenger related volumes experienced as a result of Covid-19. This balance includes exposure to less impacted markets including cargo handling, cargo forwarding and fuel farm management, a greater proportion of ground handling and into-plane revenues being generated from less impacted domestic travel rather than international travel, and the geographical spread as a result of operating in over 30 countries.

Going concern assessment

The Board has assessed going concern based upon forecast performance compared with the Group's revised banking covenants. These revised covenants have two key elements; a minimum EBITDA covenant taking into account expected government support and a minimum liquidity covenant of £45m. In order to assess compliance with the covenants, various forecast scenarios have been prepared. In preparing these scenarios, the key area of forecasting uncertainty relates to the extent and speed of the recovery in domestic and international passenger flights, which impacts the number of aircraft turnarounds we perform in ground handling and into-plane fuelling and the resultant revenues in these lines of business.

The two scenarios modelled that have informed the Board's assessment of going concern over the period to 31 December 2021 are referred to as the base case and the severe but plausible downside scenario. The base case reflects a reasonable expectation of how the business expects to recover to higher passenger traffic and therefore ground handling and into-plane fuelling revenues, although still at levels significantly below pre Covid-19. The severe but plausible downside scenario reflects a further reduction in the rate of the recovery, reflecting the risk that further waves of Covid-19 could affect the Group's markets, leading to passenger flight volumes being restricted for an extended period. This scenario is not considered likely.

The relevant ground handling and into-plane fuelling forecast revenues under the two scenarios, as a percentage of the average pre Covid-19 levels, in the final quarter of 2020 and for the full year 2021 are as follows:

	Base case	Severe but plausible downside scenario
Quarter ending 31 December 2020	49%	43%
Full year ending 31 December 2021	63%	58%

These assumptions reflect an internal view on the likely rate of recovery and information from some of our largest airline customers. The percentages have then been benchmarked against various recovery scenarios prepared by external third parties including the European Organisation for the Safety of Air Navigation, the International Civil Aviation Organization and the International Air Transport Association. The revenue assumptions in the base case and the severe but plausible downside scenario outlined above are either below or at the lower end of the comparable ranges prepared by the external third parties.

Under the base case scenario, the Group is forecast to have reasonable headroom against its two banking covenants through the period to 31 December 2021. Under the severe but plausible downside scenario, the Group is also forecast to retain headroom provided certain management actions, largely related to cost mitigation, are implemented. These actions are within the control of management and therefore the Board is confident they can be implemented in the unlikely circumstance that such a scenario arises.

Taking the above into account, the Board has a reasonable expectation that the Group has sufficient resources to continue into operational existence for the foreseeable future, that is for a period of at least twelve months from the date of approval of these financial statements. As a result, the Board continues to adopt the going concern basis of accounting in preparing these interim financial statements.

However, forecasting the impact of Covid-19 on flight volumes remains highly uncertain given the continued development of the virus across the world. If the recovery in passenger flight volumes were to be significantly delayed beyond those assumed in the severe but plausible downside scenario, the Group could face a material uncertainty of meeting the minimum EBITDA covenants in 2021. The Group has a good working relationship with its banking syndicate, and should these circumstances arise, the Board would seek to negotiate a second restructuring of covenants to ensure continuity of lender support, together with considering further cost reductions.

New accounting standards and amendments

Five new accounting amendments are applicable for the first time in 2020. However, they have no material impact on the annual consolidated financial statements or the interim condensed financial statements of the Group. These new standards are:

Amendment to IFRS 16 Leases – Covid-19 Related Rent Concessions[i] - effective 1 June 2020
Amendments to IFRS 3 Business Combinations - effective date 1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 17 – Rate Benchmark Reform - effective 1 January 2020
Amendments to IAS 1 and IAS 8 – Definition of Material - effective date 1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards – effective date 1 January 2020

Note:
[i] Amendment to IFRS 16 is not yet adopted for use in the European Union.

Standards and amendments to standards that have been issued that are applicable for the Group but are not effective for 2020 and have not been early adopted are:

IFRS 17 Insurance Contracts, including Amendments to IFRS 17[i] - effective date 1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current[i] - effective date 1 January 2022
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020[i] - effective date 1 January 2022

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9[i] - effective date 1 January 2021

Note:
[i] IFRS 17 and other amendments and improvements set out above are not yet adopted for use in the European Union.

Non-GAAP measures
The Group's reported results are prepared in accordance with IFRS as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006. In measuring the Group's performance, the financial measures that are used include those that have been derived from the reported results in order to eliminate factors that distort period-on-period comparisons. These are considered non-GAAP financial measures. This information, along with comparable GAAP measurements, is useful to investors in providing a basis for measuring our operational performance. Management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating performance and value creation. Non-GAAP measures should not be considered in isolation from, or as a substitute for, financial information in compliance with GAAP. Non-GAAP financial measures as reported by the Group may not be comparable with similarly titled amounts reported by other companies.

Contract, customer relationship and brand amortisation
Contract, customer relationship and brand amortisation relates to intangible assets recognised on historic acquisitions and therefore since it is transaction related it is presented separately in order to provide stakeholders and Management with an appreciation of underlying business performance.

Share of earnings from joint ventures and associates
As disclosed in the Income Statement, the Group's share of post-tax profit relating to joint ventures and associates is included within operating profit given the similarity of those operations to other wholly owned businesses.

Underlying operating profit
As disclosed on the face of the Income Statement, underlying operating profit/(loss) adjusts for non-recurring exceptional items, impairment charges associated with non-current assets, contract, customer relationship and brand amortisation and the Group's share of joint ventures and associates interest and tax to provide an appreciation of the impact of those items on operating profit.

Underlying operating profit/(loss) and the reconciliation to operating profit/(loss) are set out on the face of the Income Statement.

Underlying profit before taxation
As disclosed on the face of the Income Statement, underlying profit/(loss) before taxation is defined as underlying operating profit/(loss), less net finance charges and before exceptional and other items.

Underlying earnings per share
As disclosed on the face of the Income Statement, underlying earnings per share is defined as profit/(loss) after taxation and non-controlling interest before intangible amortisation and impairment and exceptional items, divided by the weighted average number of ordinary shares in issue. The calculation of underlying earnings per share is set out in Note 6.

Free cash flow
Free cash flow is defined as the cash generated after net capital expenditure, interest and taxation, before special pension contributions, acquisitions, disposals, exceptional items, cash raised, ordinary dividends and net spend on shares.

	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Cash generated from operations	**119.8**	45.9	104.1
Adjusted for:			
Net interest paid	**(12.1)**	(9.0)	(20.5)
Exceptional interest paid	**2.8**	-	-
Tax paid	**(2.0)**	(6.8)	(11.8)
Dividends received from equity accounted investments	**2.6**	2.5	6.3

Purchase of property, plant and equipment	**(12.3)**	(15.5)	(29.7)
Intangible asset additions	**(0.8)**	(1.4)	(5.3)
Proceeds from sale of property, plant and equipment	**2.6**	0.6	13.5
Additional retirement benefit obligation contribution	**3.7**	4.6	12.1
Exceptional cash spend	**5.2**	5.9	12.4
Free cash flow	**109.5**	26.8	81.1

Underlying operating cash flow

Underlying operating cash flow is free cash flow before net capital expenditure, net interest paid and taxation.

	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Free cash flow as set out above	**109.5**	26.8	81.1
Adjusted for:			
Purchase of property, plant and equipment	**12.3**	15.5	29.7
Intangible asset additions	**0.8**	1.4	5.3
Proceeds from sale of property, plant and equipment	**(2.6)**	(0.6)	(13.5)
Net interest paid excluding exceptional interest	**9.3**	9.0	20.5
Tax paid	**2.0**	6.8	11.8
Underlying operating cash flow	**131.3**	58.9	134.9

3. Segment information

The Group provides ground handling and cargo services as well as into-plane fuelling and fuel farm management services across the world. Cargo forwarding services are separately disclosed as they are distinct from the other types of aviation related services provided around the world.

The Board assesses the performance of the operating segments based on a measure of adjusted segment result before exceptional items, intangible amortisation and share of interest and tax on joint ventures and associates. Transfer prices between segments are set on an arm's length basis.

Business segments

Segmental revenue and the reconciliation of segmental underlying operating profit/(loss) to profit/(loss) before tax for the period is set out below.

	Notes	**Americas £m**	**EMEA £m**	**Rest of World £m**	**Cargo Forwarding £m**	**Group £m**
Continuing operations						
Half year to 30 June 2020						
Revenue		**160.5**	**148.8**	**50.1**	**72.1**	**431.5**
Underlying operating (loss)/profit[i]		**(8.7)**	**(34.6)**	**2.4**	**1.9**	**(39.0)**
Exceptional transaction related items	4					**(1.3)**
Exceptional restructuring items	4					**(11.0)**
Exceptional asset impairments	4					**(15.3)**
Acquired intangible asset amortisation	4					**(3.4)**
Share of interest on joint ventures and associates						**0.1**
Share of tax on joint ventures and associates						**(0.4)**
Operating loss						**(70.3)**
Net finance expense						**(9.8)**
Loss before taxation						**(80.1)**

Half year to 30 June 2019	Notes	Americas £m	EMEA £m	Rest of World £m	Cargo Forwarding £m	Group £m
Revenue		230.4	268.6	80.0	70.9	649.9
Underlying operating profit(i)		10.6	1.0	4.5	1.8	17.9
Exceptional transaction related items	4					(5.6)
Exceptional restructuring items	4					(2.9)
Acquired intangible asset amortisation	4					(3.2)
Share of interest on joint ventures and associates						0.1
Share of tax on joint ventures and associates						(0.9)
Operating profit						5.4
Net finance expense						(9.8)
Loss before taxation						(4.4)

Full year to 31 December 2019	Notes	Americas £m	EMEA £m	Rest of World £m	Cargo Forwarding £m	Group £m
Revenue		464.3	552.5	161.3	147.5	1,325.6
Underlying operating profit(i),(ii)		20.9	13.4	12.2	6.0	52.5
Exceptional transaction related and integration	4					5.1
Exceptional legal settlements and other	4					5.8
Exceptional restructuring items						(10.2)
Exceptional asset impairments	4					(5.4)
Acquired intangible asset amortisation	4					(6.6)
Share of interest on joint ventures and associates						0.2
Share of tax on joint ventures and associates						(1.8)
Operating profit						39.6
Net finance expense						(22.3)
Profit before taxation						17.3

Notes:
(i) Underlying operating profit/(loss) is defined as operating profit/(loss) excluding intangible amortisation as shown in Note 4 and exceptional items but including the pre-tax share of results from joint ventures and associates.
(ii) Included within underlying operating profits/(losses) are the Group's share of profits/(losses) of joint ventures and associates in EMEA £0.9m and Rest of World £(0.1)m (half year to 30 June 2019: EMEA £1.6m and Rest of World £2.2m; full year to 31 December 2019: EMEA £2.9m and Rest of World £4.7m).

Revenue by country

	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
United States of America	**139.7**	184.1	372.1
United Kingdom	**88.5**	138.6	287.6
Australia	**51.8**	79.3	161.2
Others	**151.5**	247.9	504.7
	431.5	649.9	1,325.6

Revenue by performance obligation

	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
At the point of service	**418.9**	636.9	1,298.2
Franchise and consortia fees	**12.6**	13.0	27.4
	431.5	649.9	1,325.6

Revenue is earned at the point of service in each segment of the business. Franchise and consortia fees are earned in Americas and EMEA.

The business provides customers with a comprehensive handling service whilst aircraft are on the ground, encompassing a variety of critical support services including baggage handling, cleaning, fuelling, de-icing and towing. The level of service required can vary according to conditions therefore judgement is exercised in determining the distinct performance obligations under the contract. Performance obligations under ground handling and cargo handling contracts constitute a package of services provided together within a single aircraft turnaround. The interrelated activities are considered to be integrated in providing a single turnaround to customers. Revenue on these contracts is recognised according to the actual work carried out, typically governed by a schedule of agreed rates, at the time the service is provided.

The cargo forwarding business contracts with customers to fulfil the single performance obligation to facilitate the transportation of goods from one location to another. The business directs the performance of this obligation, selecting carriers to use. Revenue is recognised at the point of delivery as this is the point at which the revenue is significantly assured.

Franchise and consortia fees represent revenue earned from periodic management fees for fuel farms and franchising arrangements, which are recognised in accordance with contractual rates.

4. Exceptional and other items

Exceptional items included in operations operating (loss)/profit

Continuing operations	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Acquisition and transaction related costs(i)	**(1.3)**	(2.7)	(3.9)
Acquisition integration costs(ii)	**-**	(1.0)	(3.3)
Acquisition claims settlement(iii)	**-**	(1.9)	12.3
Other legal settlements(iv)	**-**	-	5.8
Restructuring costs(v)	**(11.0)**	(2.9)	(10.2)
Asset impairments(vi)	**(15.3)**	-	(5.4)
	(27.6)	(8.5)	(4.7)

Notes:

(i) Acquisition and transaction related costs comprise £1.2m of new business set up costs and £0.1m of other related costs. In the prior year, acquisition and transaction related costs comprised £2.9m of costs in relation to aborted potential transactions, £0.9m of new business set up costs and £0.1m of other related costs.

(ii) In the prior year, acquisition integration costs related to the integration of the Airline Services business.

(iii) In the prior year, a net credit acquisition claims settlement of £12.3m was recognised.

(iv) In the prior year other legal settlements resulted in a net credit of £5.8m.

(v) Restructuring costs include £8.6m of redundancy payments, £2.2m for professional adviser fees related to the re-negotiation of covenants of the Group's banking facilities and £0.2m in station closure costs in response to the need to re-size the business following the result of the impact of Covid-19. In the prior year, restructuring costs comprised £8.0m of redundancy payments and £1.3m relating to station closure costs. Professional fees of £0.9m were also incurred to complete a programme to de-risk the UK defined benefit pension scheme.

(vi) Asset impairments include £7.5m of owned equipment assets and £4.8m of leased property and equipment assets following a review of post-Covid-19 asset utilisation and £3.0m of receivables as a result of certain airlines facing financial difficulties as a due to Covid-19. In the prior year £5.4m of asset write-downs and refurbishments relating to an asset optimisation programme were recognised.

Discontinued operations

Discontinued operations	**Half year to 30 June 2020 £m**	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Transaction related items[(i)]	**-**	2.1	1.7

Note:
[(i)] In the prior year, transaction related items related to the £1.8m increased consideration received in respect of the disposal of the former newspaper and magazine distribution business in the UK in 2018. Other items included the reassessment of warranty claim provisions of £1.3m and the write off of computer software assets £1.4m. At the half year ended 30 June 2019, £2.1m was recognised relating to the consideration for the disposal of the former newspaper and magazine distribution business.

Acquired intangible assets amortisation included in operating profit/(loss)
Acquired intangible asset amortisation costs incurred were £3.4m (half year to 30 June 2019: £3.2m and full year to 31 December 2019: £6.6m). The amortisation relates to contract, customer relationship and brand assets recognised on the acquisition of businesses.

5. Taxation

The underlying effective tax rate for the full year 2020 is estimated at -21% (full year 2019: 31%). Therefore, the underlying effective tax rate used for the half year 2020 was -21% (half year 2019: 29%). The share of results from the joint ventures and associates for the half year is after taxation of £0.4m (half year to 30 June 2019: £0.9m and full year to 31 December 2019: £1.8m).

The taxation effect of the exceptional items is a £1.4m net credit (half year to 30 June 2019: £1.1m net credit, full year to 31 December 2019: £1.4m net credit) in relation to tax deductions available for a proportion of the exceptional costs arising during the half year to 30 June 2020.

6. Earnings per share

	Basic			Underlying[(i)]		
	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m	**Half year to 30 June 2020 £m**	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
(Loss)/profit for the period as set out in the Income Statement	**(88.8)**	(2.7)	10.7	**(58.8)**	5.8	20.9
Adjustment to exclude result relating to non-controlling interests	**0.5**	(0.1)	0.1	**0.5**	(0.1)	0.1
(Loss)/earnings for the period attributable to equity shareholders	**(88.3)**	(2.8)	10.8	**(58.3)**	5.7	21.0
Basic earnings per ordinary share						
(Loss)/earnings per ordinary share	**(104.7)p**	(3.3)p	12.8p			
Diluted (loss)/earnings per ordinary share	**(104.7)p**	(3.3)p	12.8p			
Underlying earnings per ordinary share[(i)]						
(Loss)/earnings per ordinary share				**(69.2)p**	6.8p	24.9p
Diluted (loss)/earnings per ordinary share				**(69.2)p**	6.8p	24.9p
Number of ordinary shares in issue						
Weighted average (million)	**84.3**	84.2	84.2			
Diluted weighted average (million)	**84.3**	84.2	84.2			

Continuing operations

(Loss)/profit for the period as set out in the Income Statement	**(88.8)**	(2.7)	10.7	**(58.8)**	5.8	20.9
Adjustment to exclude result from discontinued operations	**-**	(2.1)	(1.7)	**-**	-	-
Adjustment to exclude result relating to non-controlling interest	**0.5**	(0.1)	0.1	**0.5**	(0.1)	0.1
(Loss)/earnings for the period attributable to equity shareholders	**(88.3)**	(4.9)	9.1	**(58.3)**	5.7	21.0
Basic						
(Loss)/earnings per ordinary share	**(104.7)p**	(5.8)p	10.8p			
Diluted (loss)/earnings per ordinary share	**(104.7)p**	(5.8)p	10.8p			
Underlying						
(Loss)/earnings per ordinary share				**(69.2)p**	6.8p	24.9p
Diluted (loss)/earnings per ordinary share				**(69.2)p**	6.8p	24.9p

Discontinued operations

(Loss)/profit for the period as set out in the Income Statement	**(88.8)**	(2.7)	10.7	**(58.8)**	5.8	20.9
Adjustment to exclude result from continuing operations	**88.8**	4.8	(9.0)	**58.8**	(5.8)	(20.9)
Earnings/(loss) for the period attributable to equity shareholders	**-**	2.1	1.7	**-**	-	-
Basic						
Earnings per ordinary share	**-**	2.5p	2.0p			
Diluted earnings per ordinary share	**-**	2.5p	2.0p			
Underlying						
Earnings per ordinary share				**-**	-	-
Diluted earnings per ordinary share				**-**	-	-

Note:
(i) Underlying earnings is presented as an additional performance measure and is stated before exceptional items.

The weighted average number of fully paid shares in issue during the year excludes those held by the employee share trusts. The diluted weighted average is calculated by adjusting for all outstanding share options that are potentially dilutive (i.e. where the exercise price is less than the average market price of the shares during the year). There is no impact of these share options on the diluted weighted average number of shares (half year to 30 June 2019: no impact, full year to 31 December 2019: no impact) and there is no anti-dilutive impact on basic EPS.

7. Intangible assets

Intangible assets comprise goodwill of £135.5m (June 2019: £127.2m, December 2019: £130.2m), contracts, customer relationship and brand intangibles of £40.0m (June 2019: £42.8m, December 2019: £40.4m) and capitalised software costs of £6.1m (June 2019: £5.2m, December 2019: £7.5m). Favourable currency translation in the half year to 30 June 2020 increased reported net intangible assets by £8.3m. The Covid-19 pandemic triggered a requirement to conduct an impairment review of goodwill and other intangible assets at 30 June 2020. The review concluded that no impairment was required and all CGUs continue to demonstrate adequate headroom.

8. Financial instruments

Derivative financial instruments

Recognised in Balance Sheet

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Current asset	**0.4**	0.4	0.8
Current liability	**(1.3)**	(0.7)	(0.2)
Non-current liability	**(3.2)**	(0.1)	(0.2)
Net fair value	**(4.1)**	(0.4)	0.4

Adjusted to fair value through the Statement of Other Comprehensive Income

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Cash flow hedges:			
Foreign exchange contracts – hedged	**(0.2)**	0.3	-
Interest rate swaps – hedged	**(3.2)**	(0.1)	(0.2)
Foreign currency net investment hedges:			
Foreign exchange contracts – hedged	**(0.7)**	(0.6)	0.6
Net fair value	**(4.1)**	(0.4)	0.4

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Group only enters into derivative financial instruments that are designated as hedging instruments. The fair values of foreign currency instruments are calculated by reference to current market rates. During the period, all derivative financial instruments were measured using Level 2 fair value measurements. The Group uses a hierarchy for determining and disclosing the fair value of financial instruments by valuation technique as set out in the Annual Report and Accounts 2019.

All financial assets and liabilities approximate fair value.

Refinancing
In January 2020 the Group completed the refinance of the Group's bank facilities maturing in June 2021, replacing them with a $235m US dollar denominated amortising term loan and a £145m revolving credit facility both due to mature in January 2025.

Government grant and loan financing
In June 2020 the Group received £67.4m of federal funding in the US under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This comprised £51.1m of grant funding to support the payroll of the US business and £16.3m in the form of a loan note. This grant funding is included in Trade and Other Payables on the Balance Sheet and disclosed separately in Note 9 Cash Generated From Operations. The loan note is a ten year non-amortising term loan, which attracts 1.0% cash and 3.0% non-cash interest during the first five years. There are no early repayment penalties relating to this loan. The loan note is set out in Note 10 and included within proceeds from borrowings in the Statement of Cash Flows.

The Group has complied with the grant agreement and applicable federal law in the period. The Group has also complied with the requirements of the separate loan note during the period.

A further £21.2m was received in July 2020 comprising £11.8m grant funding and £9.3m loan note and on the same terms as set out above.

The grant income received and a further contribution in July will be allocated across future periods in order to match with the related costs for which they are intended to compensate, which is expected to be over the three quarters ending 31 March 2021. No such income was recognised in the period ending 30 June 2020.

On 3 June 2020 the Group also received support in Spain where the Group received a £3.6m bank loan that is backed by an 80% guarantee from the Spanish government. This is a five year term loan that amortises monthly over four years from July 2021 and attracts a margin of 2.5% above EURIBOR, with a minimum rate payable of 2.5%.

Contingent consideration
The liabilities for contingent consideration and other acquisition related amounts are Level 3 derivative financial instruments.

The acquisition of PlaneBiz 2015 Ltd in 2014 included options in relation to the 40% shareholding owned by a third party. These options took the form of a put option in favour of the third party shareholders for up to 30% of the share capital, exercisable in 2019. During the prior year options relating to 15% of the share capital lapsed while the options relating to the remaining 15% were exercised and remain outstanding as a £1.7m payable at 30 June 2020.

The acquisition of GTO Global Logistics Inc during the prior year included an earn out mechanism relating to the future profitability of the business. There is a base earn out and a growth earn out mechanism that compares actual EBITDA generated by the business over a three-year period compared to stipulated profit levels. The maximum amount payable is £0.4m and the minimum amount payable £Nil. As part of the acquisition accounting process the amount provided in the prior year as deferred consideration was £0.2m and this remains unchanged at the period end.

The liabilities for these items are set out below.

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Fair value of contingent and other acquisition related amounts:			
PlaneBiz 2015 Ltd	**1.7**	3.3	1.6
GTO Global Logistics Inc	**0.2**	-	0.2

9. Cash generated from operations

	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Operating (loss)/profit before joint ventures and associates[(i)]	**(70.8)**	4.6	35.3
Depreciation	**46.4**	41.0	84.7
Amortisation of intangible assets	**4.5**	3.9	8.2
Share-based payments	**0.8**	0.4	0.8
Cash spend on onerous leases	**-**	-	(0.9)
Gain on sale of property, plant and equipment	**(0.1)**	(0.2)	(1.7)
Pension charge	**0.8**	-	1.0
Pension contributions in cash	**(3.7)**	(4.6)	(12.1)
Continuing operations exceptional items	**27.6**	8.5	4.7
Discontinued operations exceptional items	**-**	(2.1)	(1.7)
Cash spend on exceptional items	**(5.2)**	(5.9)	(11.5)
US CARES grant funding received	**51.1**	-	-
Decrease/(increase) in working capital	**68.4**	0.3	(2.7)
	119.8	45.9	104.1

Note:
[(i)] Includes both continuing and discontinued operations.

10. Changes in net borrowings

	31 December 2019 £m	Lease liabilities recognised during the period net of terminations £m	Half year cash flows £m	Fair value movements £m	Currency translation £m	**30 June 2020 £m**
Cash at bank and in hand	90.5	-	126.8	-	6.9	**224.2**
Bank overdrafts	(18.6)	-	(4.5)	-	-	**(23.1)**
Net cash and cash equivalents	71.9	-	122.3	-	6.9	**201.1**
Bank loans due within one year	(16.2)	-	8.1	-	-	**(8.1)**
Lease liability due within one year	(56.8)	(10.3)	11.1	-	-	**(56.0)**
Preference shares	(1.4)	-	-	-	-	**(1.4)**
Government loan due after one year	-	-	(16.3)	-	-	**(16.3)**
Debt due after one year	(270.7)	-	(47.2)	-	(12.8)	**(330.7)**
Lease liability due after one year	(118.7)	(19.4)	24.0	-	(7.5)	**(121.6)**
Net derivative assets/(liabilities)	0.4	-	(0.1)	(4.4)	-	**(4.1)**
Net borrowings	(391.5)	(29.7)	101.9	(4.4)	(13.4)	**(337.1)**

As set out in the Statement of Cash Flows, proceeds from borrowings excluding lease liabilities were £55.5m (half year ended 30 June 2019: £28.8m, full year 2019: £50.0m) and repayments of borrowings were £Nil (half year ended 30 June 2019: £10.9m, full year 2019: £10.9m).

Currency translation movements result from the Group's policy of hedging overseas net assets, which are denominated mainly in US dollars, euros and Australian dollars. The translation effect on net debt is offset by the translation effect on net assets, which resulted in an overall net exchange gain of £4.0m (half year ended 30 June 2019: gain of £0.6m, full year 2019: loss of £7.4m). The net gain/loss is recognised in other comprehensive income.

11. Retirement benefit obligation

Defined benefit scheme

The principal Group-funded defined benefit pension scheme is the Menzies Pension Fund ("the Fund") in the United Kingdom. The scheme valuations were assessed in accordance with independent actuarial advice from PricewaterhouseCoopers ("the Actuary").

Fund financial assumptions and information

The Actuary undertook a valuation of the Fund as at 30 June 2020 (30 June 2019 and 31 December 2019). In deriving the results the Actuary used the following financial assumptions:

	Half year to 30 June 2020 %	Half year to 30 June 2019 %	Full year to 31 December 2019 %
Price inflation	**2.9**	3.2	3.0
Discount rate	**1.5**	2.3	2.0
Rate of increase on pensions accrued before 2006	**3.5**	3.6	3.5
Rate of increase on pensions accrued after 2006	**2.1**	2.2	2.1

Assumptions regarding future mortality experience are set based on advice that uses published statistics and experience in the business.

The fair value of Fund assets and liabilities is set out below.

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Total value of assets	**356.1**	336.5	342.8
Defined benefit obligation	**(369.8)**	(348.6)	(348.1)
Recognised in Balance Sheet	**(13.7)**	(12.1)	(5.3)
Related deferred tax asset	**2.6**	2.1	0.9
Net pension liabilities	**(11.1)**	(10.0)	(4.4)

Pension expense

The charge to the Income Statement is assessed in accordance with independent actuarial advice from the Actuary using the projected unit method. The components of pension expense are set out below.

	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Amounts charged to operating profit			
Administrative costs	**0.8**	0.6	1.0
Amounts included in finance costs			
Interest cost on defined benefit obligation	**3.3**	4.5	8.9
Interest income on Fund assets	**(3.3)**	(4.3)	(8.5)
Net finance charge	**-**	0.2	0.4
Pension expense	**0.8**	0.8	1.4

The components of the actuarial gain/loss recognised in the Statement of Comprehensive Income are set out below.

	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Returns on assets excluding interest income	**15.5**	28.8	36.9
Changes in demographic assumptions	**(0.9)**	1.3	2.7
Changes in financial assumptions	**(25.9)**	(28.0)	(39.1)
Experience	**-**	-	1.5
Actuarial (loss)/gain	**(11.3)**	2.1	2.0

Changes in Fund assets and defined benefit obligation

	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Fair value of assets at start of period	**342.8**	305.0	305.0
Interest income	**3.3**	4.3	8.5
Returns on assets excluding interest income	**15.5**	28.8	36.9
Company contributions	**3.7**	4.6	12.1
Benefits and expenses paid	**(9.2)**	(6.2)	(19.7)
Fair value of assets at end of period	**356.1**	336.5	342.8
Return on scheme assets including interest income	**18.8**	33.1	45.4

	Half year to 30 June 2020 £m	Half year to 30 June 2019 £m	Full year to 31 December 2019 £m
Defined benefit obligation at start of period	**348.1**	323.0	323.0
Administrative cost	**0.8**	0.6	1.0
Interest cost	**3.3**	4.5	8.9
Benefits and expenses paid	**(9.2)**	(6.2)	(19.7)
Changes in demographic assumptions	**0.9**	(1.3)	(2.7)
Changes in financial assumptions	**25.9**	28.0	39.1
Experience	**-**	-	(1.5)
Defined benefit obligation at end of period	**369.8**	348.6	348.1

12. Acquisitions

There were no acquisitions during the half year ended 30 June 2020 (full year 2019: £28.3m spend for acquisitions). Following a review of the fair value of the net assets acquired of GTO Global Logistics, PT Mitra Adira Utama and AMI Asia HK, no adjustments to the acquisition accounting are required. As set out in Note 8, £0.2m remains outstanding as contingent consideration at 30 June 2020 (full year 2019: £0.2m) relating to GTO Global Logistics.

13. Foreign currency sensitivity

For the period to 30 June 2020, if sterling had weakened or strengthened by 10% on currencies that have a material impact on the Group profit before tax and equity, with all other variables held constant, the effect would have been:

		Half year to 30 June 2020		Half year to 30 June 2019		Full year to 31 December 2019	
	Weakening/ (strengthening) of sterling	**Effect on profit before tax £m**	**Effect on equity £m**	Effect on profit before tax £m	Effect on equity £m	Effect on profit before tax £m	Effect on equity £m
US dollar	10%	**(1.2)**	**0.7**	1.3	(0.2)	2.8	(0.5)
US dollar	(10)%	**1.0**	**(0.8)**	(1.1)	0.2	(2.3)	0.6
Euro	10%	**(0.7)**	**(0.9)**	0.4	0.7	1.4	0.4
Euro	(10)%	**0.5**	**0.8**	(0.3)	(0.5)	(1.1)	(0.3)
Australian dollar	10%	**0.5**	**0.2**	0.4	1.6	1.0	1.0
Australian dollar	(10)%	**(0.4)**	**(0.2)**	(0.3)	(1.3)	(0.8)	(0.9)

The impact of the Group's exposure to all other foreign currencies is not considered material to the overall results of the Group.

Risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group remain those detailed in the 2019 Annual Report and Accounts, a copy of which is available on the Group website at www.johnmenziesplc.com. The Board considers that these remain a current reflection of the risks and uncertainties facing the business for the remaining six months of the financial year, including the impact caused by the external shock of the Covid-19 pandemic.

Directors' responsibility statement in respect of the condensed interim financial statements

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and that the interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, paragraphs DTR 4.2.7 R and DTR 4.2.8 R. The Directors of John Menzies plc are listed in the Annual Report and Accounts. A list of current Directors is maintained on the Company website: www.johnmenziesplc.com.