

27 March 2020

John Menzies plc
(the “Company” or the “Group”)
Trading update / COVID-19 update

John Menzies plc, the global aviation services business, today provides an update on the impact of the continued spread of COVID-19 and the measures the Group is taking to mitigate the risks presented by it.

Trading update

Following the Group’s preliminary results announcement for the year ended 31 December 2019 (the “FY19 Results”) on 10 March 2020, the impact on our business of the spread of the COVID-19 virus has increased significantly and extended across all of our international operations. John Menzies are a global business, with operations in 34 countries and this adds very significant complexity to the situation, given the range of local circumstances, governmental and customer reactions.

In the period since 10 March 2020, we have seen our international and domestic airline customers ground passenger flights on an unprecedented scale. In turn this has resulted in significant ongoing reductions in activity for our core operations, with the number of flights handled in the past two weeks down by over 60% and ancillary services similarly adversely impacted. The dynamics in the cargo sector are more mixed, with increases in activity in certain areas as freight customers seek to respond to underlying demand patterns, but volumes overall were down approximately 20% in the past two weeks.

Whilst it is clear that this disruption will have a very significant adverse impact on the Group’s financial performance in the short term, the level of continued uncertainty means that the Board has determined that it is not possible to provide financial guidance for the remainder of the current financial year.

Financial position and liquidity

In the FY19 Results, a number of initiatives were set out that have already been initiated to improve the Group’s financial position. These included a tight focus on cost management, the deferral of non-essential capital investment, selected asset sales and the suspension of dividend payments. In addition to this all Directors and senior management have now taken 20% fee and salary reductions.

As part of our cost reduction initiatives, we have reduced global headcount by over 17,500 in response to the dramatic fall in volume. Reductions are being supported in some countries by governmental schemes and we hope that in the fullness of time a high number of these employees can return to the business.

We are engaged with the UK Government as we attempt to secure some of the emergency funding announced by the Chancellor of the Exchequer and await the refinement of the eligibility criteria for the COVID Corporate Financing Facility (CCFF) which we currently do not currently qualify for.

Given the challenging backdrop described above, we are taking mitigating action wherever we can but the situation is very fluid. We are engaged in constructive discussions with our lending banks and we continue to review all options with regards to the Group's overall liquidity needs to ensure we are well positioned to withstand the impact of the virus on the aviation industry.

Giles Wilson, Chief Executive said:

"John Menzies plc has existed since 1833 and been listed since 1962 but never have we faced such difficult and unpredictable times. Our industry has been one of the most affected by COVID-19 and we are doing everything we can to reduce costs whilst looking after the needs of our employees."

"I now look to our Government to support our business and for them to provide the support required to help the UK aviation sector to navigate this crisis. For the aviation supply chain to function it requires a strong inter-reliant chain of airlines, airports and service providers. Without these three components of the supply chain, working together, the sector will not function. Handlers such as Menzies are therefore essential to the recovery and future success of the UK and global aviation industry."

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