

**22 June 2020**

## **John Menzies plc**

### **Trading Update**

John Menzies plc, the global aviation services business, today provides an update regarding current trading and its financing position.

#### **Key points:**

- Trading in Q2 to date has been ahead of management expectations, with a recovery in flight activity anticipated to begin from early July
- The Board believes the Group now has sufficient liquidity capable of supporting the Group's requirements into 2021 following significant proactive cost action taken and the benefit of government schemes around the network
- Additional actions are being progressed to ensure the Group retains a robust and flexible financial position through this crisis, including constructive discussions on necessary revisions to the Group's banking covenants
- The Board is confident in the long-term growth potential of the aviation services market and believes that, as a global leader, John Menzies plc will emerge strongly from this challenging period

#### **Trading update**

As set out in its trading update of 27 March 2020 (the 'March Trading Update'), the spread of COVID-19 has had a significant adverse impact on the Group's financial performance. As expected, the very challenging conditions experienced from the end of the first quarter have continued during the second quarter to date, with the majority of customer flights grounded.

During April and May 2020, ground handling and fuelling activity was c75% lower than 2019, with the Group's ancillary passenger airline services similarly affected. Cargo performance continues to be slightly more resilient overall with total volumes down c37% year on year in April. As a result of this substantial reduction in activity levels, revenues in April and into May were consistent with expectations at the time of the March Trading Update and c64% below budgeted levels.

Despite the significantly reduced revenue, strong cost management, together with quick and effective mitigating actions, resulted in an overall performance for April and into May that was better than expected at the time of the March Trading Update. We continue to tightly manage outstanding payments with our airline customers and are pleased that in the majority of cases payment terms continue to be adhered to. At this time, whilst we have been affected by the impact on our customers, we have not incurred any material bad debts during the current crisis.

Whilst the level of ongoing uncertainty is such that the Board does not consider it appropriate to provide financial guidance for the remainder of the current financial year at this time, the Group has been working closely with its customers on planning for forthcoming flight schedules. The Board currently expects activity levels witnessed in May to remain subdued into June, before a gradual return from early July.

As volume builds, we expect to see short haul capacity return first with long haul capacity taking longer to recover. In addition, we expect cargo revenues to continue to build back as customers employ more innovative measures to meet demand, such as using passenger aircraft for cargo only flights. Our freight forwarding business, AMI, continues to trade well and in line with 2019 performance, with a positive outlook for the coming months.

### **Funding position**

During April and May, the Group has been cash generative as a result of unwinding its working capital and achieving good cash collection from customers, whilst also benefiting from reduced cash costs and the material benefits of government support and payroll schemes. These schemes covering many countries have helped to mitigate a large proportion of our direct payroll costs, the Group's largest cost, accounting for in excess of 60% of our revenue.

Despite the impact of reduced revenues through the remainder of the year, the ongoing liquidity position will continue to benefit from the cost actions implemented as well as significant cashflow support from various government schemes in a number of territories. With the benefit of all the actions taken and the various government schemes, we expect our liquidity headroom to increase in the short term, peaking in excess of c£180m towards end of June against the Group's committed loan facilities. As volumes begin to grow from July, the Group will need to reinvest to build back up its working capital to prepare for a return to more normalised activity. However, after taking into account the benefit of the actions taken and support schemes, the Board believes that current available liquidity is capable of providing sufficient headroom under its current loan facilities for the Group through the remainder of the year and into 2021.

Mindful of the continued uncertainty, as well the negative impact of the crisis on earnings in the near term, the Board remains focused on ensuring the Group's financial position continues to be robust in all circumstances and will continue to review all options available as required to achieve this. The Group has maintained a close dialogue with its lending banks throughout the crisis and is in constructive discussions regarding a revised banking covenant structure that will be required for the remainder of 2020 and 2021. Further updates will be made as and when appropriate.

### **Summary**

The Board recognises that there will be significant opportunities for aviation services groups who are able to emerge from this crisis with their capability and service offering preserved. We are pleased that our liquidity headroom is capable of providing a secure platform as we start to build back our operations. Overall, the Board is confident in the long-term growth potential of the aviation services market and believes that, as a global leader, John Menzies plc will emerge strongly from this challenging period.

### **Notice of Results**

The Group will announce its interim results for the period ended 30 June 2020, on 29 September 2020.

**For further information, please contact:**

**John Menzies plc**

John Geddes, Corporate Affairs Director & Group Company Secretary

0131 459 8044

**FTI Consulting**

Jonathon Brill/Fern Duncan

0203 727 1068

**Notes:**

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR") EU no.596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, the person responsible for arranging for the release of this Announcement on behalf of the Company is John Geddes, Corporate Affairs Director & Group Company Secretary.

**Forward Looking Statements**

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and involve predictions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events, and depend on circumstances, that will occur in the future. Forward-looking statements may and often do differ materially from actual results expressed or implied in these forward looking statements. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the business, results of operations, financial position, liquidity, prospects, growth or strategies of the Company, and the industry in which John Menzies operates. Forward looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance. Save as required by law or regulation, John Menzies disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.