

JOHN MENZIES PLC

FINAL
RESULTS
PRESENTATION

8 MARCH 2016

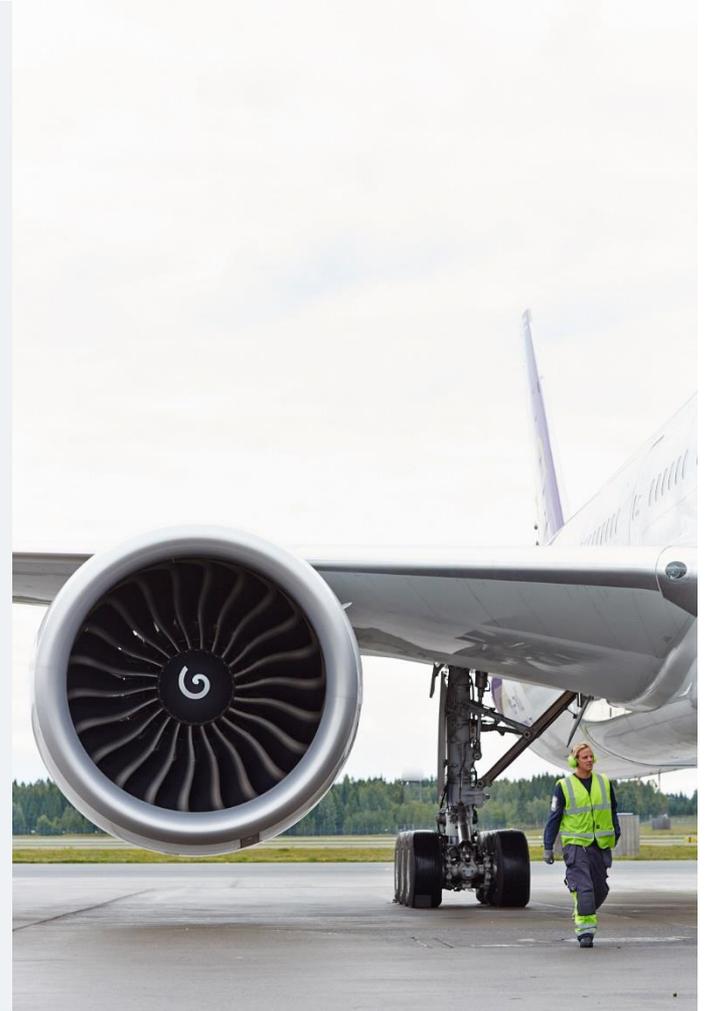
John Menzies plc – Final Results

8 March 2016



Agenda

- Headlines
- Performance Overview
- Business Updates
- Questions



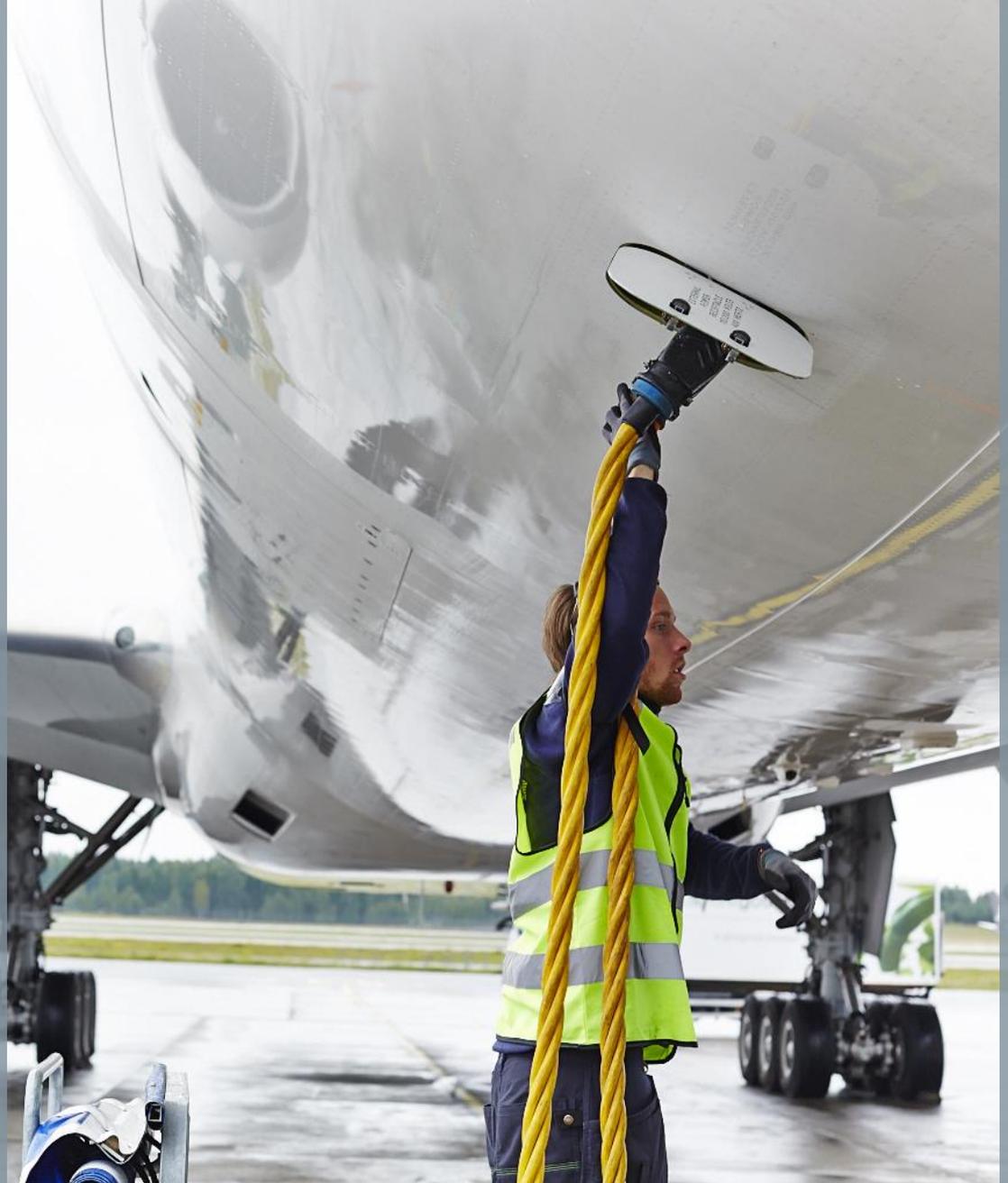
Headlines

- Implementation of Group strategy on track
- Group earnings impacted by Aviation operational issues at London Gatwick – now resolved
- Aviation turnover up 6%
 - Business performed well outside of the UK
 - Strong cargo handling volumes driving margin improvement
 - Ground handling hub wins performing well
- Distribution strategy delivering
 - Good progress, media decline mitigated
 - Distribution network rationalisation complete
 - Winning new contracts in wider logistics market
 - E-commerce bolt-ons acquired and integrated
- Strong cash conversion, robust balance sheet
- Dividend up 4% to 16.8p

JOHN MENZIES PLC

PERFORMANCE OVERVIEW

PAULA BELL
CHIEF FINANCIAL OFFICER



Financial overview



£m	2015	2015	2014
	Reported	Constant currency	
Turnover	1,993.3	2,029.3	1,999.9
Underlying operating profit	44.9	46.0	51.0
Interest	(6.7)	(6.7)	(6.4)
Underlying profit before tax	38.2	39.3	44.6
Free cash flow	31.7		30.0
Net debt	123.2		110.9
Net debt: EBITDA	1.78x		1.48x
Underlying effective tax rate	32%		32%
Underlying EPS	42.7p		49.2p
Basic EPS	16.5p		22.7p
Dividend	16.8p		16.2p
Pension deficit (net of deferred tax)	35.6		47.2

Divisional performance



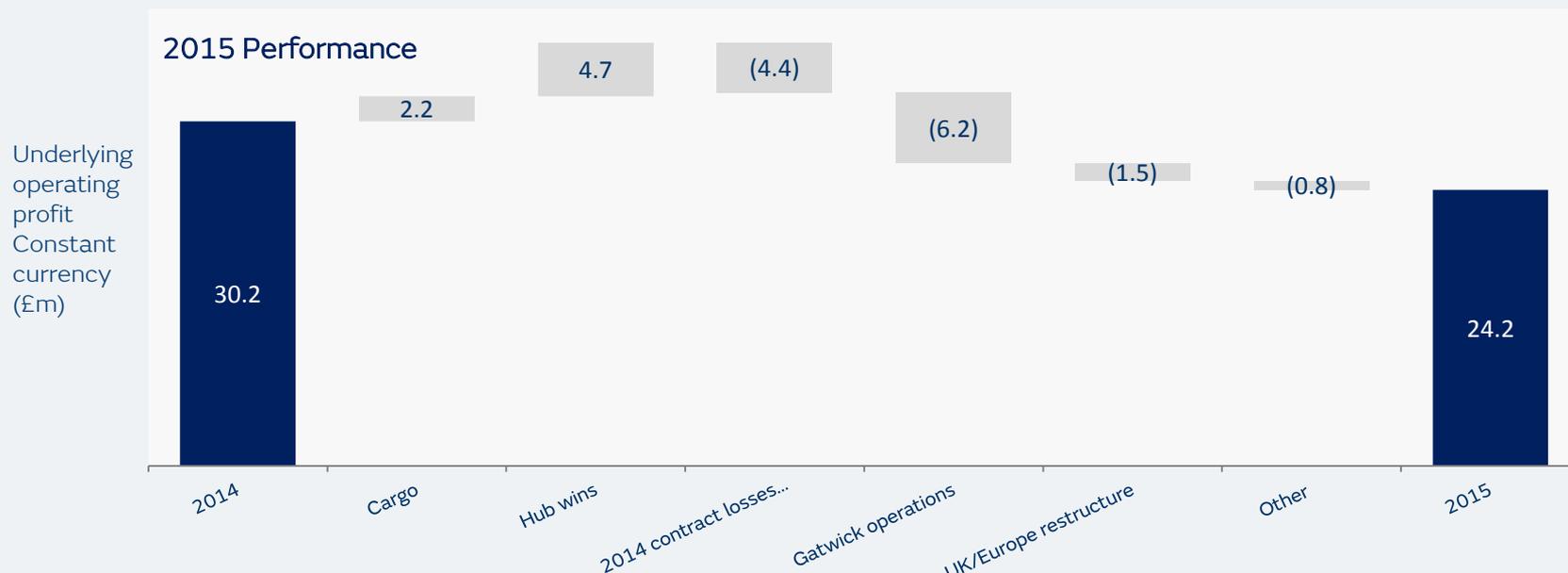
£m	Turnover			Underlying operating profit		
	2015	2015	2014	2015	2015	2014
	Reported	Constant currency		Reported	Constant currency	
Ground handling	490.0	512.6	470.6	4.1	3.8	12.0
Cargo handling	146.8	154.2	149.4	14.7	16.0	13.8
Cargo forwarding	112.5	116.1	118.6	4.3	4.4	4.4
Aviation	749.3	782.9	738.6	23.1	24.2	30.2
Distribution	1,244.0	1,246.4	1,261.3	25.1	25.1	24.0
Corporate	-	-	-	(3.3)	(3.3)	(3.2)
Group	1,993.3	2,029.3	1,999.9	44.9	46.0	51.0

Menzies Aviation

2015 overview



- Continued progress in cargo – tonnes up 3%
- North American hub wins delivering well
- Q4 2014 contract losses (SA Express and UK customers)
- Exit of non-viable stations included as an operating cost
- London Gatwick operational challenge – now resolved

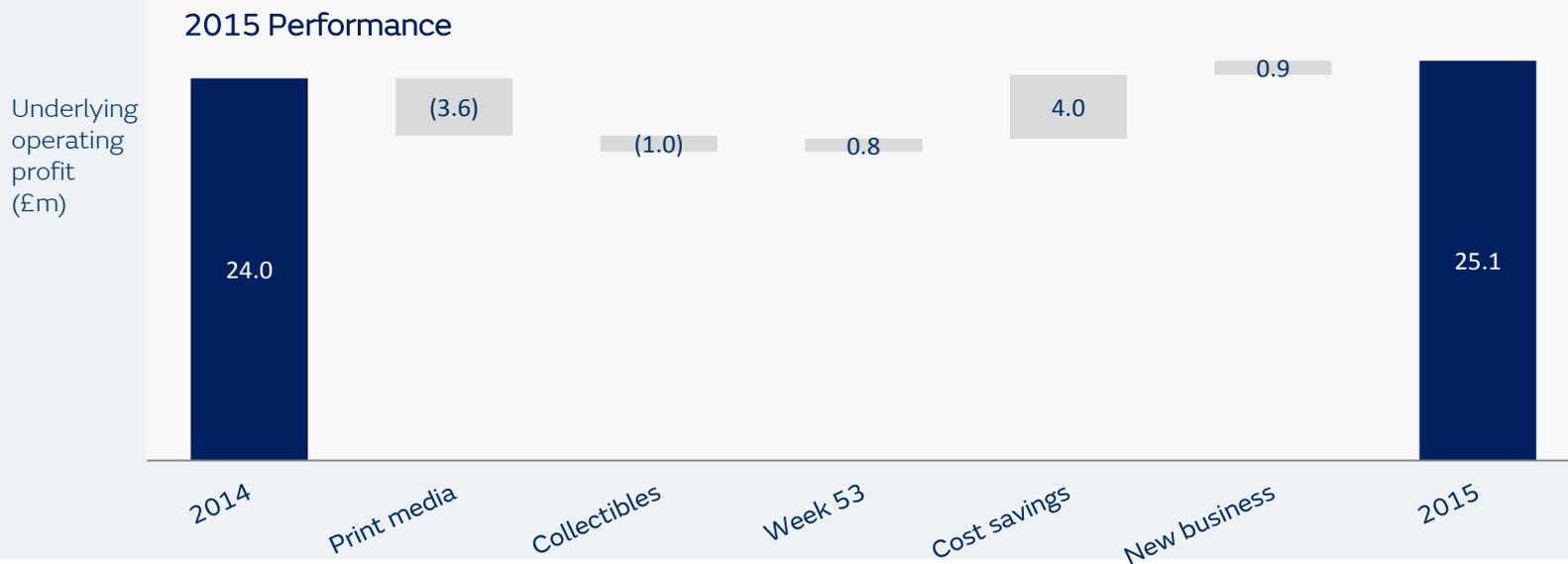




Menzies Distribution

2015 overview

- Media decline mitigated
- Network rationalisation complete
- National Living Wage headwind from 2016
- Move into e-commerce parcel market
- Optimising assets
- Bolt-on acquisitions drive new business opportunities
- Scaling opportunities exist





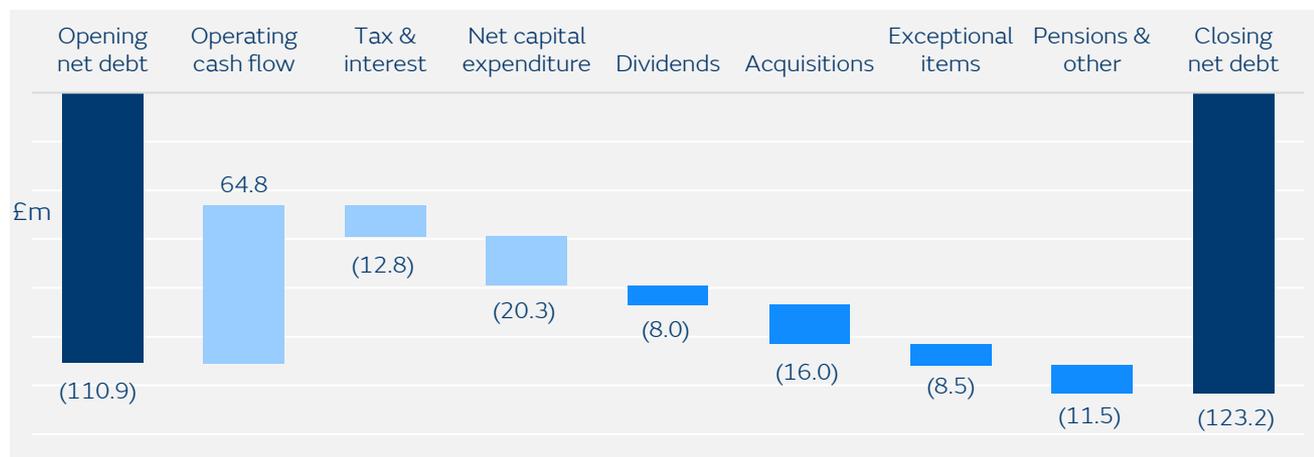
Non-recurring items 2015

£m	Cash	Non-cash	Total
Network rationalisation costs	3.5	-	3.5
Organisation restructure and strategic review	1.7	-	1.7
Impairment of assets – Spain	-	4.7	4.7
Acquisition related costs	0.6	-	0.6
	5.8	4.7	10.5

Cash flow



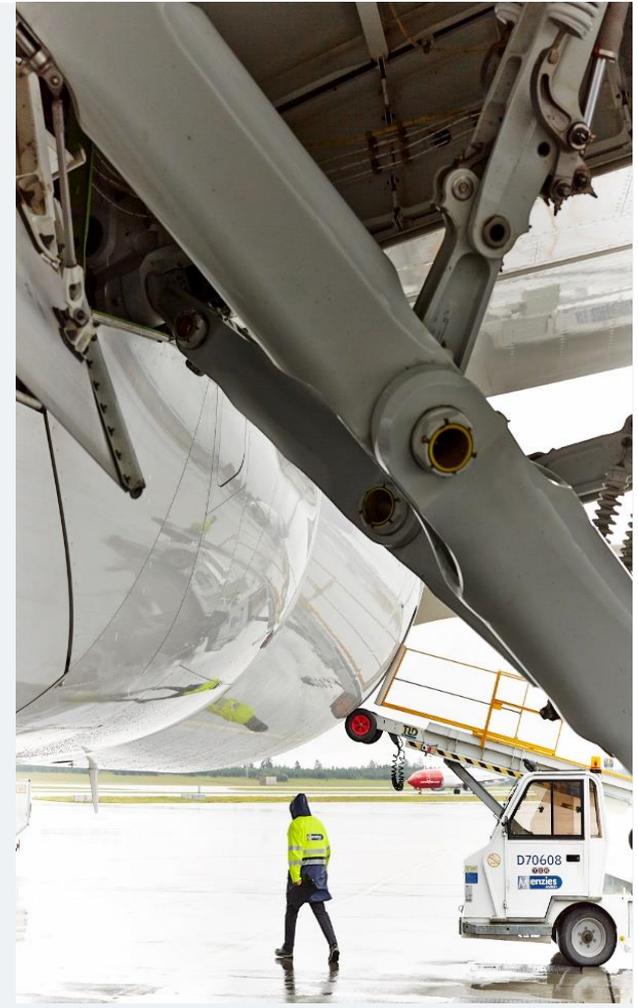
£m	2015	2014
Underlying EBITDA	69.4	74.9
Working capital movement	(2.2)	2.0
Other movements	(2.4)	(2.9)
Operating cash flow	64.8	74.0
Tax and net interest paid	(12.8)	(13.9)
Capital expenditure	(24.8)	(31.1)
Asset sales	4.5	1.0
Free cash flow	31.7	30.0



Headroom and ratios

At 31 December 2015

- Committed bank facilities of £217.7m
- Undrawn committed bank facilities of £64.3m
- Net debt £123.2m (2014: £110.9m)
- Net debt: EBITDA 1.78x (2014: 1.48x)
- Interest cover ratio (EBITA to external interest charge) 8.8x



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BUSINESS UPDATE

FORSYTH BLACK
MANAGING DIRECTOR
AVIATION



Menzies Aviation

Strategic update



Clear strategy

Focus on key customers

Pursue hubs and bases

Accelerate complementary services offering

Re-focus geographical investment

Expand in emerging markets



Progress

- Focus on key accounts delivers preferred supplier status with Cathay Pacific and Etihad
- Further hub and base wins in Oslo, Copenhagen, Cincinnati, Lubbock, Tucson and Wichita
- Complementary services are an area of slow burn – but opportunities on horizon
- Closure of under-performing stations – focus on station density in growth markets progressing
- Regional office in Dubai opened. Additional emerging market opportunities being explored



Menzies Aviation

2015 overview

Building a stable platform

- Ground handling performed well outside the UK
 - London Gatwick operational issues addressed
 - Strong progress in North America
 - Key contracts secured
- Cargo handling performed well
 - Continued margin improvement
 - New contracts secured
- Commercial focus on key accounts delivering results
 - Preferred supplier status secured with Etihad and Cathay Pacific
- Continued focus and reshape of non-performing activities
- Period of transition underway
 - A focus on operational excellence continues

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Contracts



Contract gains & losses

- Net 53 contracts gained during the year
- £47m additional revenue – drives H2 2016 revenue weighting
- Key ground handling wins with United, Norwegian, Copa, easyJet
- Key cargo handling wins with Virgin Australia, ANA, Cathay Pacific
- Acquisition in Bermuda in February 2016



Contract renewals

- 68 contract renewals during the year
- £106m revenue secured for up to four years
- Key ground handling renewals with easyJet, Singapore, LAN
- Key cargo handling renewals with Thai Airways, Air China, Lufthansa



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Operational issues – London Gatwick and UK

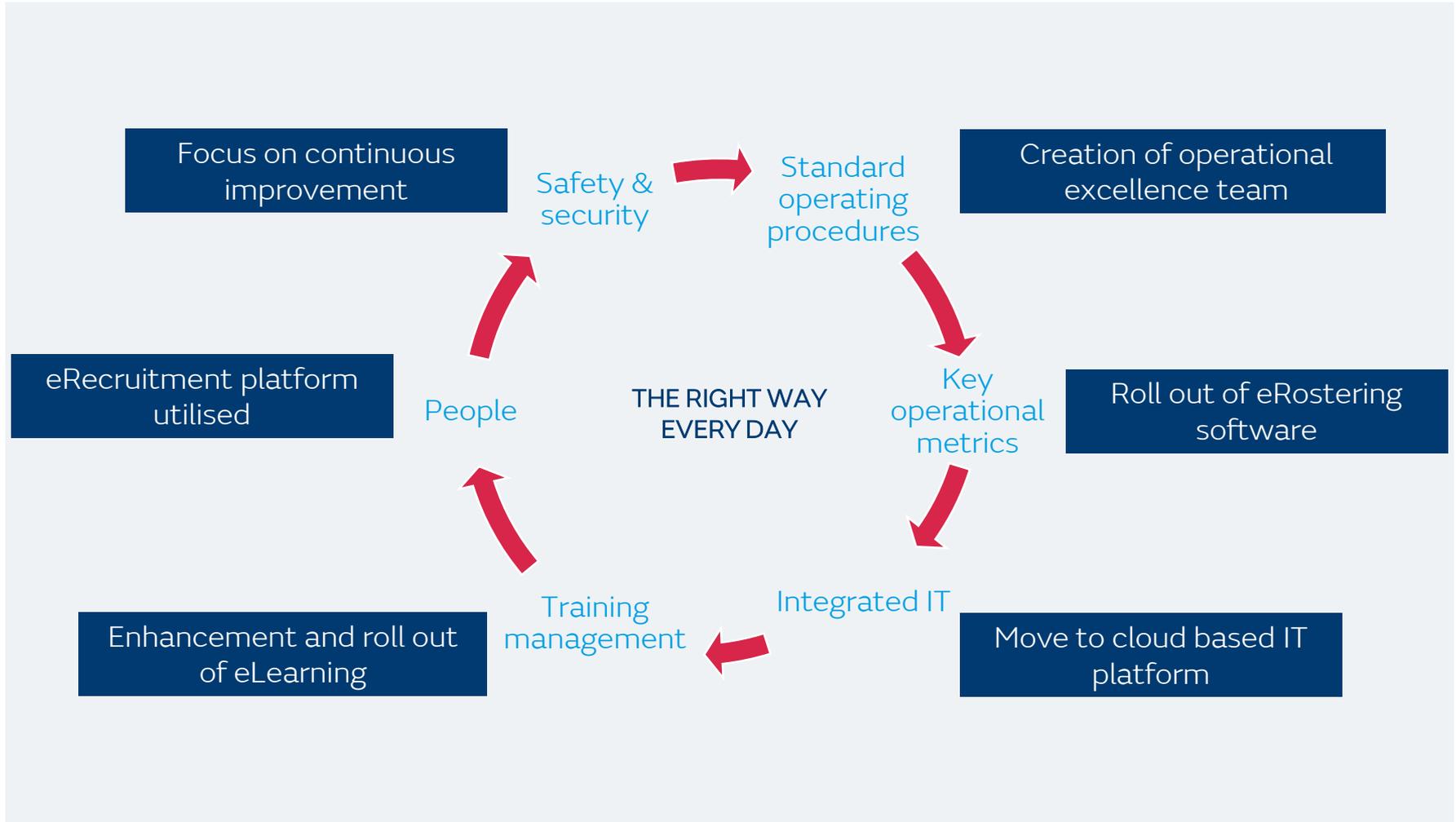
- Material operational issues at London Gatwick
 - High staff turnover created by new market entrants
 - Increased resources were deployed to meet contractual obligations
 - Material impact on profitability – £6m
 - Contractual terms renegotiated
 - Station now operationally sound
- UK reshaping continues to align with overall strategy
 - Review sub-scale stations
 - Focus on customer and station density
 - Embed operational excellence
 - Low “single digit” margin region





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Driving standardisation



JOHN MENZIES PLC

BUSINESS UPDATE

MARK CASSIE
MANAGING DIRECTOR
DISTRIBUTION



Menzies Distribution

Strategic update



Clear strategy

Grow B2C business through neutral consolidation

Expand Menzies Response

Focus on key customers

Sustain cash generation

Continued focus on cost & network rationalisation



Progress

- Move into new and growing e-commerce market has commenced
- Three acquisitions made (AJG Parcels, Oban Express in 2015 and Thistle Couriers in 2016)
- Operations focused on Rushden hub and expansion into existing property network
- New relationships with major parcel carriers and B2C businesses
- Impressive cash conversion
- Branch rationalisation complete – further automation initiatives on stream

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Print media



Strong performance – protecting the core

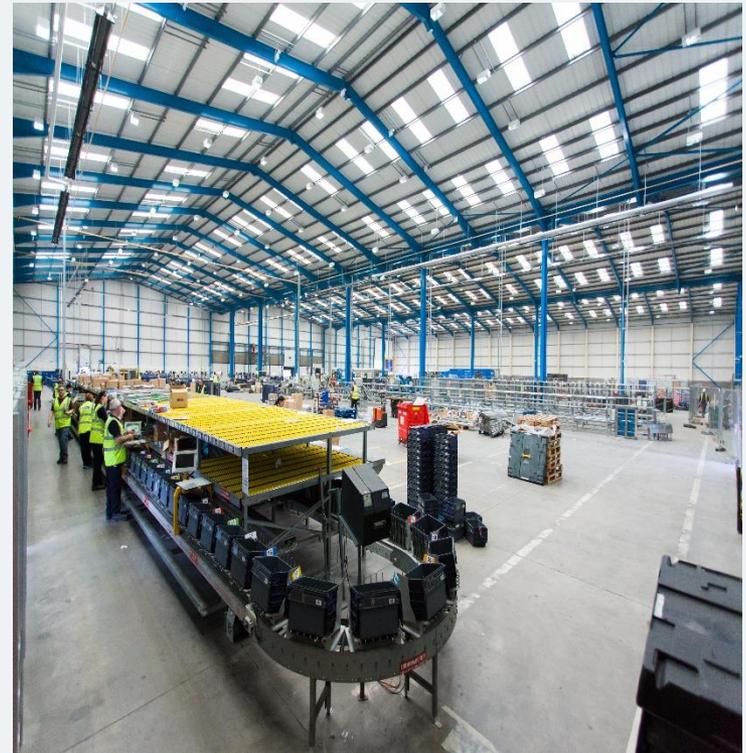
- Magazine volumes ahead of expectations
 - Frozen, Star Wars and Minions titles boost sales
- Newspaper volumes in line with expectations
 - New contract wins by Fore taking newspapers into new retailers
- Strong performance from collectibles despite no major football event



Menzies Distribution Network rationalisation



- Successful delivery of a complex network rationalisation from 10 main hubs to 5
- 3 super hubs now live, serving our network of spokes across the UK
- Linwood, Wakefield and Maidstone strategically placed to serve 25,000 retailers with magazine media product
- Strategy to replace volume with volume underway
- Focus to better utilise property and vehicle assets has commenced

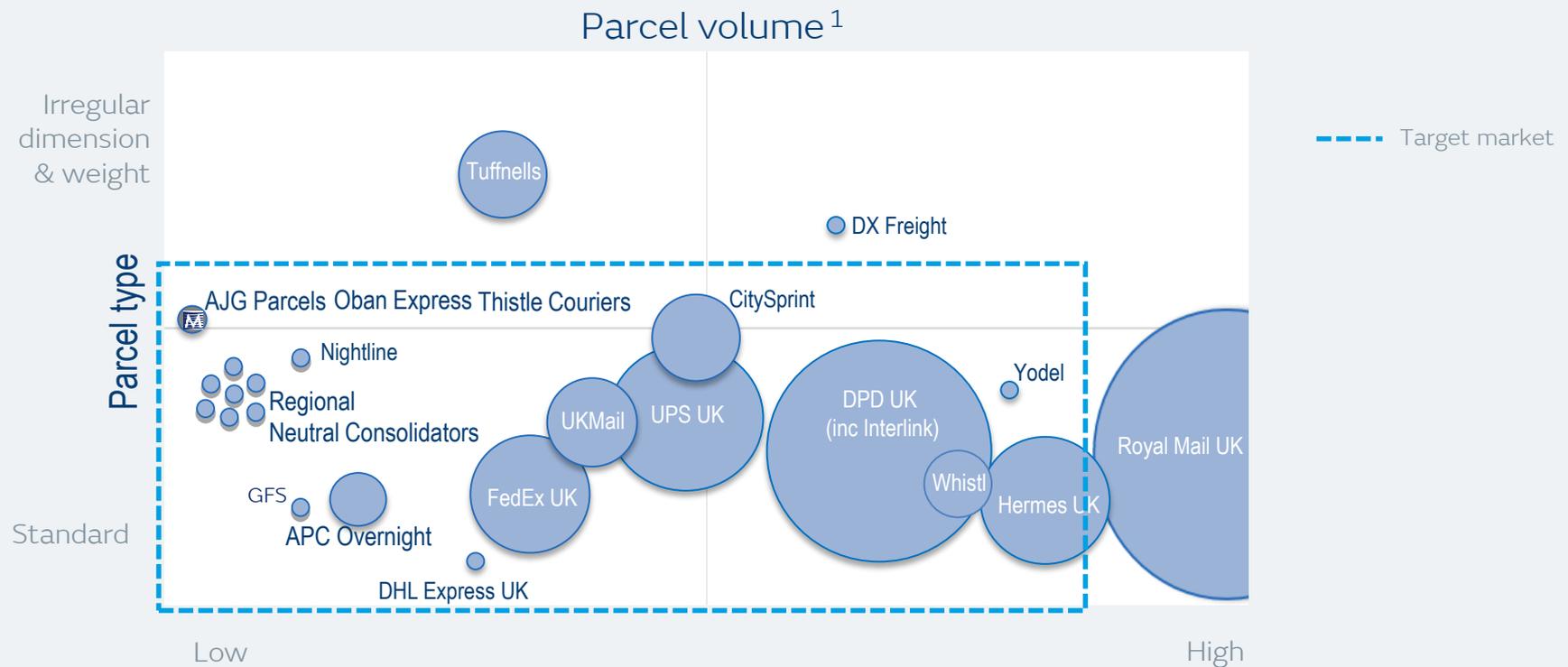


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Collaborator in the UK parcel market



Grow B2C business through neutral consolidation



¹ excluded from the overall market are all B2B parcels, Royal Mail B2C parcels and 50% of the two-man and specialist B2C market

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E-commerce fulfilment



Evolution plans on track

- Acquisition of AJG Parcels
 - Integration successfully completed
- Acquisition of Oban Express
 - Complementary to AJG Parcels
 - Major customer contracts secured
- Acquisition of Thistle Couriers in February 2016
 - Aberdeen based parcel business
- Contract gains
 - WnDirect, B2C Europe, Card Factory, WHSmith
- Solid pipeline of opportunities being pursued





John Menzies plc

Summary and outlook

- 2015 a challenging year
- Aviation impacted by London Gatwick operational challenges – now resolved
- Slowing of contract wins
- Focus on driving new business wins and execution increased
- Distribution strategy delivering results
- Move into e-commerce gaining traction
- M&A focus – earnings enhancing deals
- Strong cash conversion and robust balance sheet

Reshaping for growth