

20 November 2018

John Menzies plc

Trading Update

John Menzies plc (“Menzies”, the “Group”) the global aviation services business, today announces a trading update for the period 1 July 2018 to 31 October 2018.

The Group is continuing to trade ahead of last year and is on track to meet expectations for the full year.

Looking forward we firmly expect to achieve our 8% per annum revenue growth target as we move to 2019 and beyond.

Menzies continues to make progress and is on track to grow the operating margin for the third consecutive year. 2018 has been a commercially challenging year and revenue growth has slowed, primarily due to licences not renewed, some contracts lost and the exiting of less favourable contracts. Despite these headwinds, throughout the period we have gained significant new business winning 34 net contracts generating £8m of annualised revenue. Notable gains include hub operations with Sunwing in Toronto; Czech Airlines in Prague; and an award from Singapore Airlines in Sydney. We also opened a new business in Jakarta, Indonesia and we see this region as one of great potential and we will look to win further contracts during 2019.

In addition to new contracts we continued our successful track record of renewing key contracts. Most significant was a renewal with American Airlines of into-plane fuelling contracts at 24 locations across the USA. Previously highlighted labour challenges in North America are being addressed and we have been successful in gaining significant price increases to help mitigate the increased staff costs. This progress will help to reduce staff turnover and the costs associated with it at the same time as providing greater operational stability.

Margin improvement is the primary focus of management and we continue to demonstrate our ability to win business at rates we believe to be sustainable and will continue to price all contracts accordingly. We are a portfolio business but we believe our continuing investment into people, processes and technology which deliver productivity benefits for us and service delivery for customers, to be a sensible strategy that will deliver further growth.

Our pension position continues to improve with the latest triennial valuation close to being finalised. We are expecting the actuarial deficit following the triennial valuation, and subsequent completion of the disposal of Menzies Distribution, to be in the range of £50m to £55m representing a significant reduction on the 2015 position of £116m. This substantial improvement reflects the continued funding by the Group and the decisions made working with the Trustee to close to future accrual and to split the Menzies Pension Fund into two sections, ahead of transferring part of the liability with the Menzies Distribution business

Net debt continues to track to forecast and we expect the year-end position to be in line with our expectations.

The Group is today hosting a Capital Markets Day, the details of which have been released in a separate announcement.

Forsyth Black, Chief Executive Officer, John Menzies plc said:

“I am pleased that we are continuing to make solid progress against our strategic objectives. Our focus on excellent service delivery is key to our success and continuing to deliver on our margin improvement plans will drive better returns.

“Looking forward, there is no doubt that our industry is evolving with the introduction of fuel efficient composite aircraft, a greater focus on on-time performance and the need to deliver great customer experiences. We aim to be at the forefront of the evolution as we strive to position ourselves as the logistics partner of choice to our airline customers. To do so we will deliver the highest standards of service underpinned by our extensive risk management solutions and our innovative technological solutions.

“We have invested in and built a strong platform for growth and will strive to lead the industry with the technological service offering that underpins the delivery of safe and secure on-time performance. We continue to be excited by the opportunities available to us and we believe we are excellently placed as a pure play aviation services business in a structural growth market.”

For further information:

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