

John Menzies plc

2020 Full Year Results

9 March 2021



People. Passion. Pride. Since 1833.

Disclaimer

This presentation, including any printed or electronic copy of these slides, the talks given by the presenters, the information communicated during any delivery of the presentation and any question and answer session and any document or material distributed at or in connection with the presentation (together, the "Presentation"), has been prepared by **John Menzies plc** (the "Company"). The information in the Presentation is not intended to form the basis of any contract. By attending (whether in person or by telephone) or reading the Presentation, you agree to the conditions set out below.

The Presentation is not a prospectus and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares or other securities of the Company, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with or act as any inducement to enter into, any contract whatsoever relating to any securities. This Presentation is produced for information only and not in connection with any specific or proposed offer of securities of the Company. Any securities offered for sale by the Company will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may only be offered or sold pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable US state securities laws.

The Presentation is provided for general information only and does not purport to contain all the information that may be required to evaluate the Company. The information in the Presentation is provided as at the date of the Presentation (unless stated otherwise) and is subject to updating, completion, revision and further verification. No reliance may be placed for any purpose whatsoever on the information or opinions contained or expressed in the Presentation or on the accuracy, completeness or fairness of such information and opinions. To the extent permitted by law or regulation, no undertaking, representation or warranty or other assurance, express or implied, is made or given by or on behalf of the Company, or any of its parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings or any of their respective directors, officers, partners, employees, agents, affiliates, representatives or advisors, or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in the Presentation. Save in the case of fraud, no responsibility or liability is accepted by any such person for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred, however arising, directly or indirectly, from any use of, as a result of the reliance on, or otherwise in connection with, the Presentation. In addition, no duty of care or otherwise is owed by any such person to recipients of the Presentation or any other person in relation to the Presentation. Recipients of this Presentation should be aware that the operations of the Company and its subsidiaries are subject to a number of risks and uncertainties including, without limitation, the principal risks and uncertainties disclosed in the Company's 2018 Annual Report. There may be further risks, uncertainties and other factors that could cause the price of the Company's securities to decline such that investors lose all or part of their investment.

Nothing in the Presentation is, or should be relied on as, a promise or representation as to the future. The Presentation includes certain statements, estimates, opinions and projections provided by the Company in relation to strategies, plans, intentions, expectations, objectives and anticipated future performance of the Company and its subsidiaries. By their nature, such statements, estimates, opinions and projections involve risk and uncertainty since they are based on various assumptions made by the Company concerning anticipated results which may or may not prove to be correct and because they may relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. No representations or warranties of any kind are made by any person as to the accuracy of such statements, estimates, opinions or projections, or that any of the events expressed or implied in any such statements, estimates or projections will actually occur. The Company is not under any obligation, and expressly disclaims any intention, to update or revise any such statements, estimates, opinions or projections following the date of this Presentation. No statement in the Presentation is intended as a profit forecast or a profit estimate.

Certain industry and market data contained in this Presentation has come from third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In addition, certain of the industry and market data contained in this Presentation comes from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the market in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice.

The Presentation is confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by its recipients to any other person for any purpose, other than with the consent of the Company. By accepting receipt of, attending any delivery of, or electronically accessing, the Presentation, you agree to be bound by the above limitations and conditions and, in particular, you represent, warrant and undertake to the Company that: (i) you will not forward the Presentation to any other person, or reproduce or publish this document, in whole or in part, for any purpose and (ii) you have read and agree to comply with the contents of this notice.



Team



Philipp Joeinig
Chairman & Chief Executive Officer



Alvaro Gomez-Reino
Chief Financial Officer



John Geddes
Corporate Affairs Director &
Company Secretary

Agenda

- Highlights
- Financial overview
- Delivering a strong future
- Outlook and summary
- Questions and discussion



Review of 2020

- Most challenging year in the history of aviation
- Responded proactively to the crisis
- Decisive management actions help to control costs and maximise liquidity
- Business reshaped to address the new marketplace
- Ready for recovery – pipeline of opportunity

Financial results

Revenue	£824.2m
Underlying operating loss	£(18.5)m
Operating loss	£(96.2)m
Underlying loss per share	(61.8)p
Underlying operating cashflow	£149.6m
Exceptional operating costs	£(70.2)m

Operational statistics

Ground services turns	↓ 59%
Air cargo tonnes handled	↓ 18%
Fuelling events	↓ 46%



Managing a crisis

1. React

- Immediate actions taken to cut costs and preserve cash
- **Secured liquidity position**
- Banking covenants renegotiated through to 30 June 2022
- Significant utilisation of **government support schemes**
- Non-essential spend stopped

2. Reset

- **Headcount reduced by 29%**
- Review of station viability undertaken
- 15 stations closed
- **Renegotiation of customer terms** to recognise volume reduction
- Focus on leadership

3. Rebuild

- Recalibration of the portfolio
- Being agile to meet customer needs
- **Strong commercial performance**
- Operations primed to react to market recovery
- **Well positioned to be strong market participant**



Financial overview

Alvaro Gomez-Reino

People. Passion. Pride. Since 1833.



Financial overview

£m	2020	2019
Revenue	824.2	1,325.6
Underlying EBITDA	69.9	138.7
Underlying operating loss	(18.5)	52.5
Interest	(20.4)	(22.1)
Underlying loss before tax	(38.9)	30.4
Underlying effective tax rate	-37%	31%
Underlying loss per share (pence)	(61.8)	24.9
Net debt (pre-IFRS 16)	214.7	216.6
Net borrowings (post-IFRS 16)	355.9	391.5
Cash and cash equivalents	121.8	71.9

Highlights

- Ground services turns down 59%
- Fuelling events down 46%
- Cargo tonnes handled down 18%
- Strong support from global government schemes
- Underlying operating profit generated in second half
- Liquidity position remained strong throughout year



Exceptional items

£m	2020	2019
Acquisition and transaction costs	(2.4)	5.1
Restructuring costs	(31.7)	(10.2)
Fixed asset impairments	(17.8)	(5.4)
Receivables impairment	(9.3)	-
Insurance and other settlements	(9.0)	5.8
Exceptional items	(70.2)	(4.7)

Highlights

- Restructuring costs reflect measures taken to resize and refocus the business
- £30m cost savings of which two-thirds are permanent

Segmental reporting

	Revenue		Underlying operating profit/(loss)	
£m	2020	2019	2020	2019
Americas	290.8	464.3	16.7	20.9
EMEA	269.5	552.5	(51.3)	13.4
Rest of World	91.8	161.3	8.8	12.2
Cargo Forwarding	172.0	147.5	7.3	6.0
	824.2	1,325.6	(18.5)	52.5



Strong cash flow and liquidity

£m	2020	2019
Underlying EBITDA	69.9	138.7
Working capital movement	53.2	(2.7)
Government grants unutilised	23.9	-
Other	2.6	(1.1)
Operating cash flow	149.6	134.9
Tax and net interest paid	(23.2)	(32.3)
Net capital expenditure	(20.7)	(21.5)
Free cash flow	105.7	81.1
Exceptionals, pension and dividends	(36.5)	(42.6)
Principal element of lease repayments	(59.9)	(57.1)
Proceeds from borrowings	46.6	39.1
Increase in cash	55.9	20.5

Highlights

- Working capital movement reflects debtor unwind
- Gross capital expenditure lower with tight cash management



Liquidity and headroom

New covenant package agreed in September 2020

At 31 December 2020

• Committed bank facilities	£316.9m
• Undrawn bank facilities	£20.0m
• Cash and cash equivalents	£121.8m
• Net debt (pre-IFRS 16)	£214.7m
• Net borrowings (post-IFRS16)	£355.9m

Highlights

- Group traded within revised covenant terms
- Net debt position ahead of expectations





Delivering a strong future

Philipp Joeinig

People. Passion. Pride. Since 1833.



Market overview

Structural growth

- Aviation industry has proven resilient over the long term
- Market forecast to grow 4% p.a. to 2039
- Emerging market growth forecast to be stronger

Air cargo demand

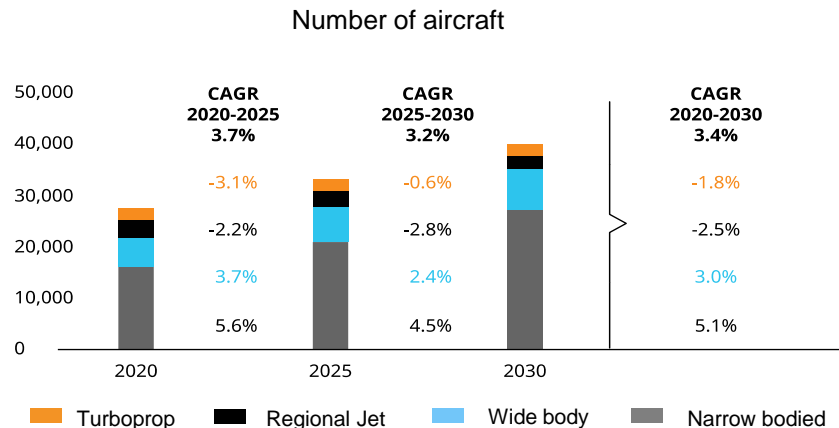
- Air cargo forecast to grow at 4% p.a. to 2039
- Emerging markets forecast to grow faster

Single aisle aircraft

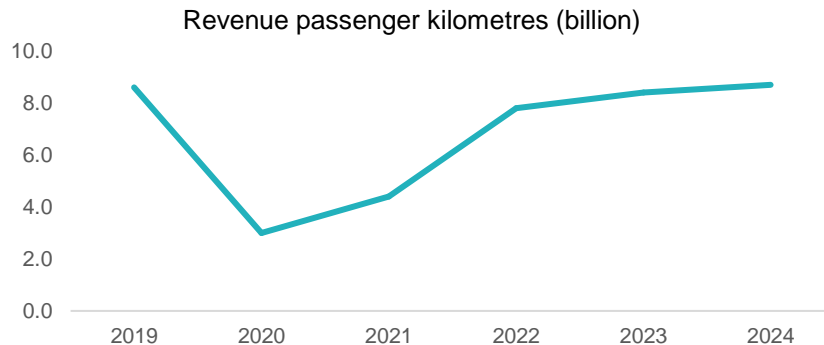
- Dominance of single aisle aircraft continues to grow
- Single aisle: 75% of 2020 orderbook vs 71% in 2015

Source: Oliver Wyman's Global Fleet and MRO Forecast 2021-2031

Aviation remains a structural growth market



Source: Boeing Market Forecast 2020-2039



Source: McKinsey & Company



Our strategic focus

Five strategic priorities



- 1 OPTIMISE PORTFOLIO
- 2 TARGETED GROWTH
- 3 MARGIN IMPROVEMENT
- 4 CUSTOMER ORIENTATED
- 5 PEOPLE CENTRIC



Our strategic focus

Five strategic priorities



1 OPTIMISE PORTFOLIO

- Rebalance **product mix**

2 TARGETED GROWTH

- **Expand air cargo services** by winning customers in locations where sustainable returns are generated

3 MARGIN IMPROVEMENT

- **Develop fuel services** by exploiting business development opportunities

4 CUSTOMER ORIENTATED

- Broaden **ancillary services** where market dynamics are right

5 PEOPLE CENTRIC



Our strategic focus

Five strategic priorities



- 1 OPTIMISE PORTFOLIO
- 2 TARGETED GROWTH
- 3 MARGIN IMPROVEMENT
- 4 CUSTOMER ORIENTATED
- 5 PEOPLE CENTRIC

- **Focus on emerging markets:**
 - Attractive country/region
 - Attractive station size
 - Growth characteristics
 - Competitive environment
- Focus on **scale ground handling operations** with high volume narrow bodied business, achieving above average margins
- Be ready to **respond to outsourcing trend** that will be accelerated as major airlines review their cost bases

Our strategic focus

Five strategic priorities



- 1 OPTIMISE PORTFOLIO
- 2 TARGETED GROWTH
- 3 MARGIN IMPROVEMENT
- 4 CUSTOMER ORIENTATED
- 5 PEOPLE CENTRIC

- We are committed to **driving a structural improvement** in the Group's operating margin
- This will be achieved by:
 - a relentless focus on **lean cost base and unit cost**
 - active **portfolio management** across the existing business
 - focusing our **organic and inorganic growth** in structural growth markets

Our strategic focus

Five strategic priorities



- 1 OPTIMISE PORTFOLIO
- 2 TARGETED GROWTH
- 3 MARGIN IMPROVEMENT
- 4 CUSTOMER ORIENTATED
- 5 PEOPLE CENTRIC

- Taking a **customer centric approach** by engaging with our customers to develop services and solutions tailored to their requirements
- Making contracting simple with central **global terms agreements** for major key account customers
- Developing our **technology offering** to benefit customers
- Keep abreast of new **innovative solutions** that offer a win/win solution

Our strategic focus

Five strategic priorities



- 1 OPTIMISE PORTFOLIO
- 2 TARGETED GROWTH
- 3 MARGIN IMPROVEMENT
- 4 CUSTOMER ORIENTATED
- 5 PEOPLE CENTRIC

- People have been at **our heart since 1833**. They make us unique
- We are building a team of **motivated and passionate** people
- **Menzies 100** launched to drive leadership and investment into our vision
- We will **invest in our people** at every level to become the employer of choice in our industry



Strategy in action

Five strategic priorities



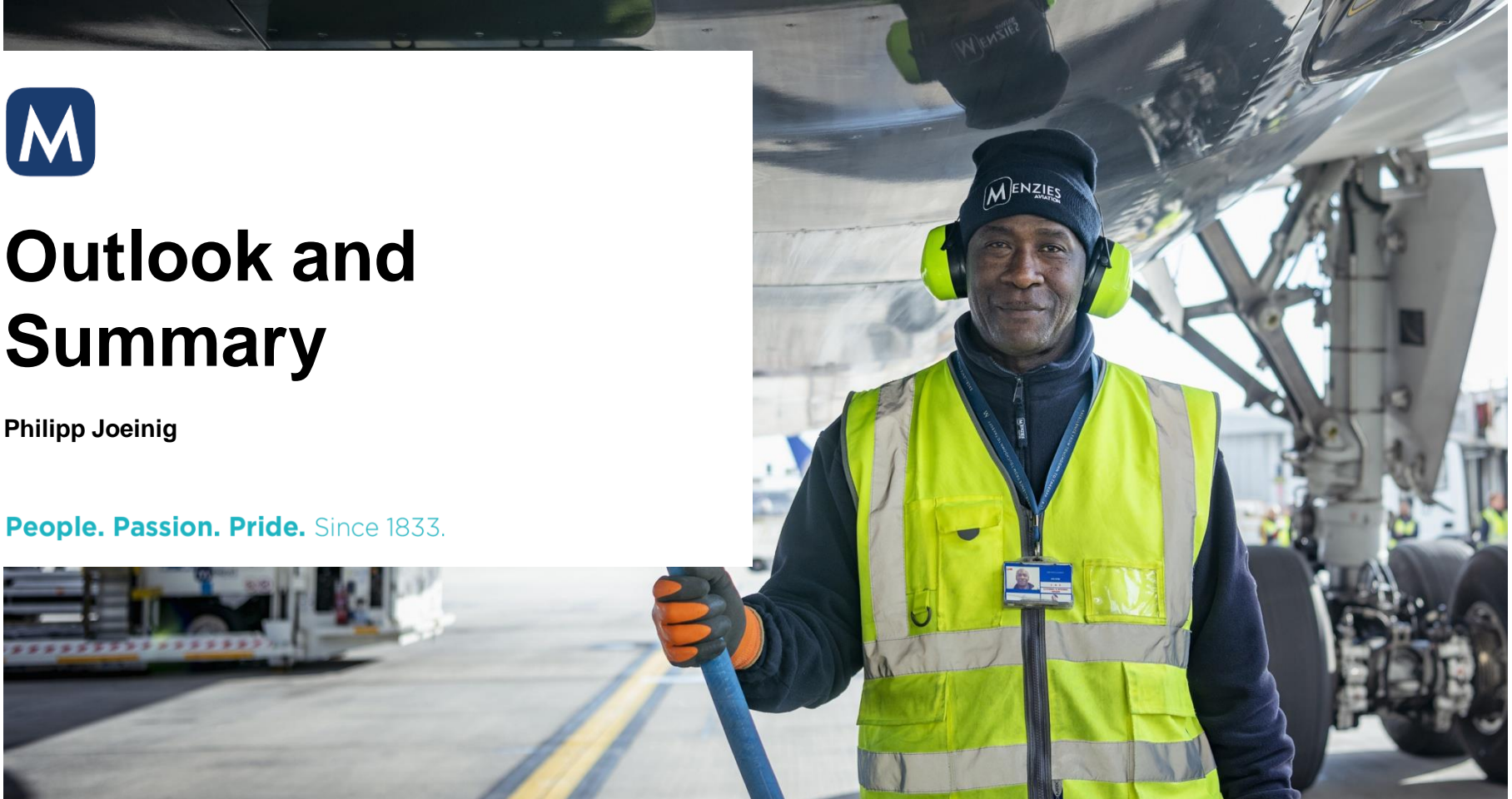
- 1 OPTIMISE PORTFOLIO**  Increased cargo portfolio, Qatar Airways wins
- 2 TARGETED GROWTH**  New markets: Iraq, Pakistan
Scale contracts: Wizz, Qantas, Jetstar
- 3 MARGIN IMPROVEMENT**  Tight cost management, station closures
- 4 CUSTOMER ORIENTATED**  Global terms agreements, key account focus
- 5 PEOPLE CENTRIC**  Leadership group established, focus on employee development



Outlook and Summary

Philipp Joeinig

People. Passion. Pride. Since 1833.



Outlook and Summary

Near term

- Well positioned to benefit from proactive actions taken
- 2021 revenue currently expected to grow 15-20% year on year
- Liquidity position secured through to 2022 and beyond
- Business is ready to react to the recovery in volumes

Medium to long term

- Aviation market currently expected to recover strongly in 2022 and beyond
- Targeting above market revenue growth vs market growth of 4% p.a.
- Exciting pipeline of organic and business development opportunities

Cash generative nature of the business allows us to pursue growth ambitions and reduce leverage



People.
Passion.
Pride.
Since 1833.

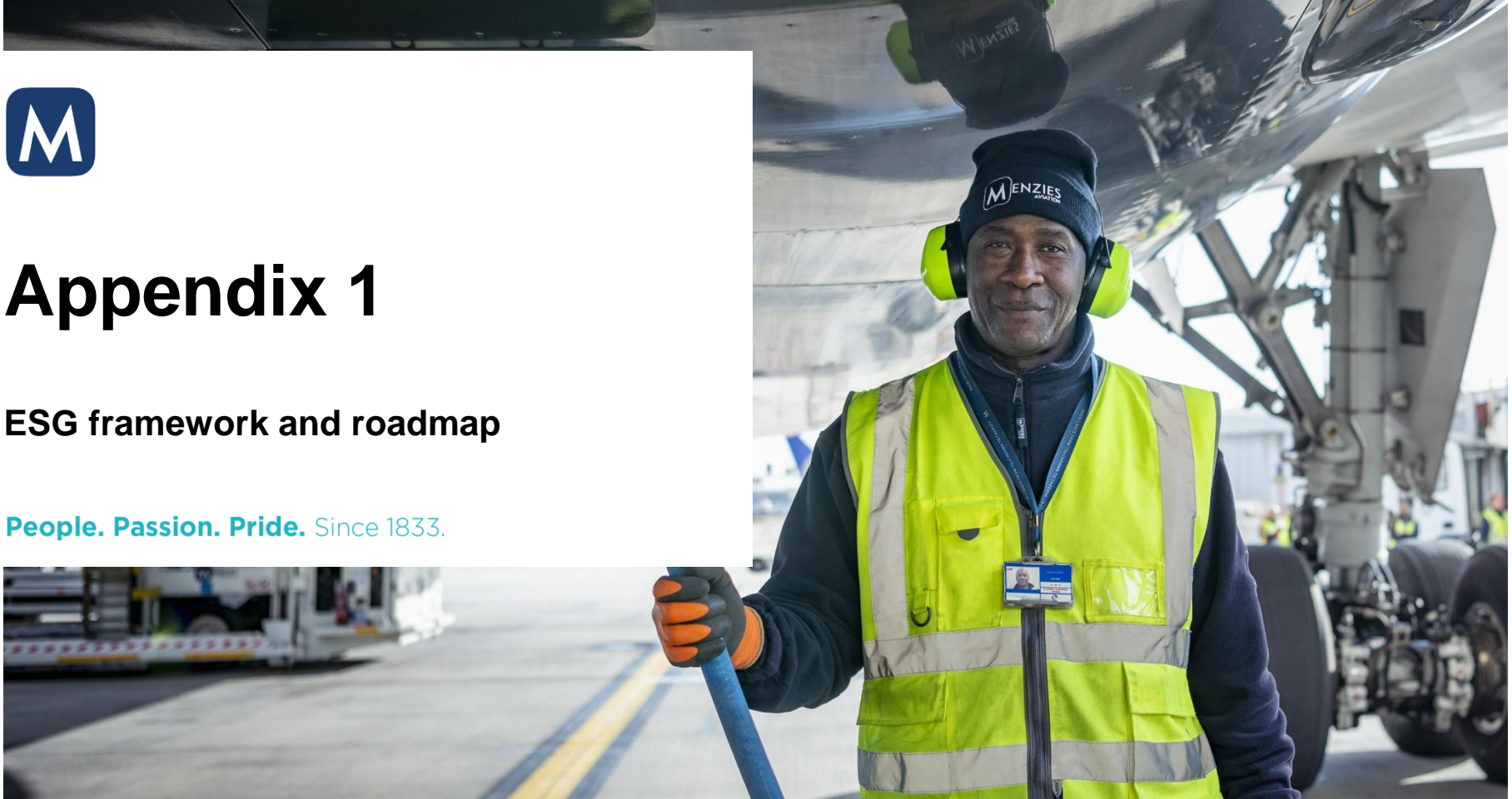




Appendix 1

ESG framework and roadmap

People. Passion. Pride. Since 1833.



ESG matters

Environment

We will take action to protect our environment and are starting a journey to become carbon neutral by 2033.

Safety

We are committed to providing safe and trusted aviation services for our customers and to making sure our people return home safely at the end of each day, by promoting and improving our safety culture through our MORSE code.

People

A skilled and dedicated workforce is the heartbeat of our business. We aim to create an inclusive working environment, and fundamental to our success is ensuring that we recruit, develop and retain a diverse workforce.

Legal & Ethical

Ensuring the highest ethical business and governance practices are adhered to everywhere we operate; nurturing an ethical culture that is vital to both our success and the delivery of sustainable value for all our stakeholders.



Our ESG strategy



Our sustainability strategy

Evolving our business since 1833 to take the lead in providing sustainable aviation services



People.
Passion.
Pride.



Our ESG roadmap

Developing our sustainability strategy

2020

Identify

We identified and defined the most material sustainability issues that will have the greatest impact on our business and underpin the basis for our sustainability strategy.

- Over 200 material issues identified and assessed
- 14 issues taken forward for deeper exploration

Engage

We engaged with a wide range of internal and external stakeholders through qualitative and quantitative research methods to test and qualify the material issues identified.

- 407 employee survey responses
- 10 x key stakeholder interviews including senior management, investors, customers and supply partners
- Senior management workshop

Prioritise

The top priority issues were taken forward into the strategy development stage. We have set clear goals and actions to be implemented across the business functions and regions for the near, mid and longer terms.

- Four key focus areas
- Clear plan, goals and actions set

Embedding sustainability into our business

Reporting

Review and develop our systems and processes to report progress against targets and commitments

- Establish baselines and reporting
- Audit and monitor
- Report against baselines

Processes

Review and develop our systems and processes to deliver the sustainability programme

- Optimise operational training
- Harmonise tools and systems
- Review and embed policies and governance

People

Support and develop our people to deliver the actions and targets set.

- Increase management development
- Embed safety culture
- Improve employee engagement
- Focus on Diversity and Inclusion

2021

Signatory to UN Global Compact

ESG framework published

2022

Integrating sustainability into our supply chain

Having established a solid foundation within John Menzies' operations the focus going forward will be to embed sustainability deeper into our supply chain

- Partner with ESG focused suppliers
- Onboard and monitor
- Supplier audit and support

TCFD reporting launched

2023

Fully compliant and aligned with reporting requirements such as TCFD/SASB standards.

2033

Become carbon neutral.

Complete

In progress

Future ambitions





Appendix 2

Market data

People. Passion. Pride. Since 1833.



Growth drivers – recovery from Covid

Relative to 2019 in %

Flow	2019	2020	2021	2022	2023	2024
Intra Asia	100%	45%	76%	97%	102%	107%
Intra North America	100%	44%	62%	93%	95%	99%
Intra Europe	100%	38%	60%	95%	98%	101%
Asia - Europe	100%	28%	29%	83%	91%	94%
Europe - North America	100%	17%	29%	88%	96%	99%
Asia - North America	100%	23%	27%	77%	83%	84%
Intra South America	100%	39%	50%	86%	96%	102%
Intra Australasia	100%	30%	33%	88%	100%	104%
Others	100%	28%	40%	89%	100%	105%

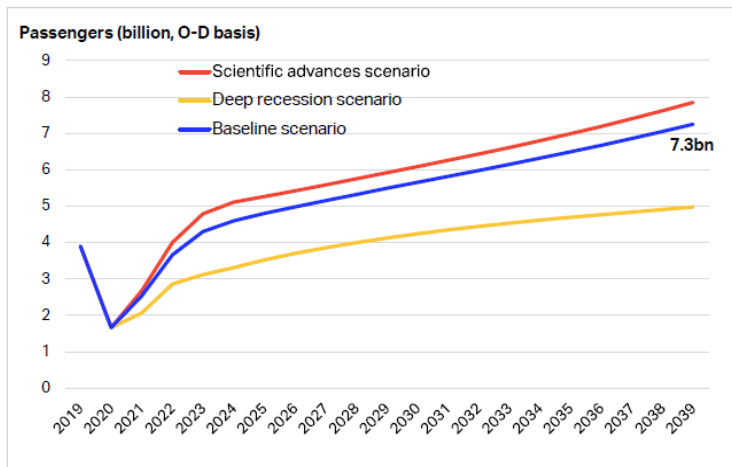
Source: McKinsey & Co

- Internal flights in Asia, North America and Europe forecast to recover back to 2019 levels quickest
- Relatively strong bounce back expected in 2022
- In some markets growth on 2019 base levels expected in 2023 with narrow body routes leading recovery
- 2024 is the year that demand fully recovers to 2019 levels

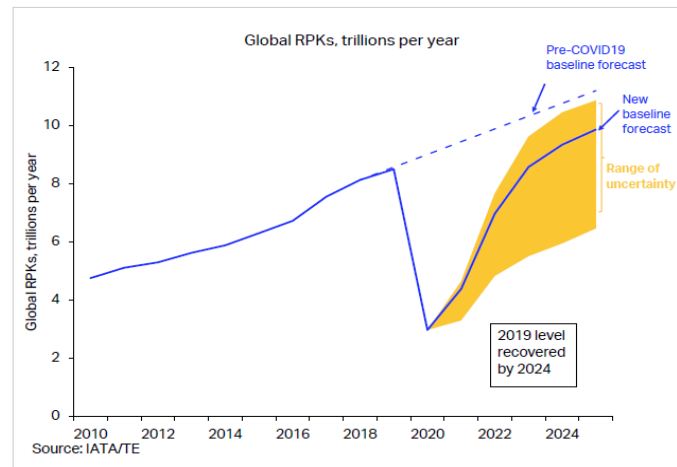


Growth drivers – passenger growth

Base forecast that 2019 passenger numbers regained by 2023



Global RPKs return to 2019 levels one year after passenger numbers



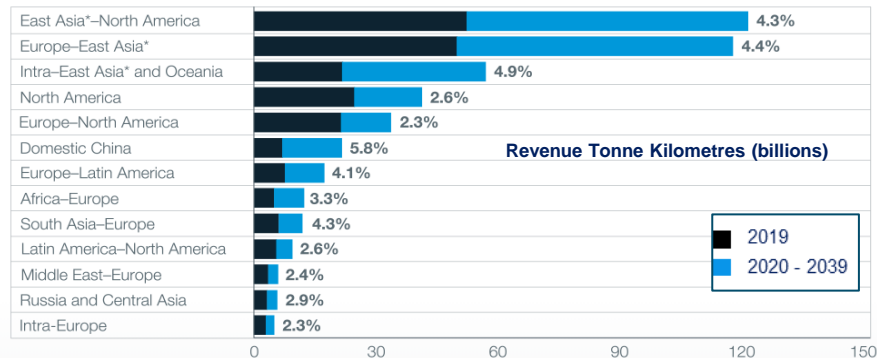
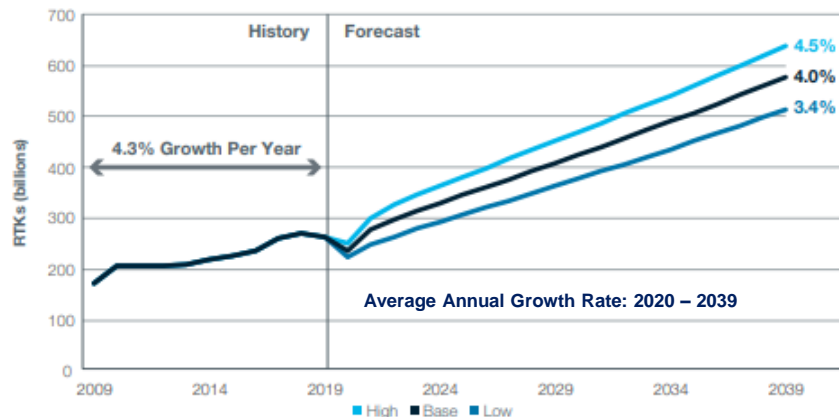
- IATA forecast 3.2% average yearly passenger growth 2019 to 2039
- Growth rate is a reduction on pre-Covid forecast, but additional aircraft and airport capacity will still be needed
- Pre-Covid levels recovered by 2024 in terms of global RPKs

Source: IATA – Air Passenger Forecast – Updated Jan 2021



Growth drivers – cargo growth

Global cargo growth 3.4% to 4.5% p.a. over next 20 years



- Impact on global cargo volumes due to Covid-19 has been less severe than traditional ground services
- Long term forecast remains c4%
- Significant regional differences – East Asia trade lanes will continue to lead industry growth

Source: Boeing world air cargo forecast 2020 - 2039

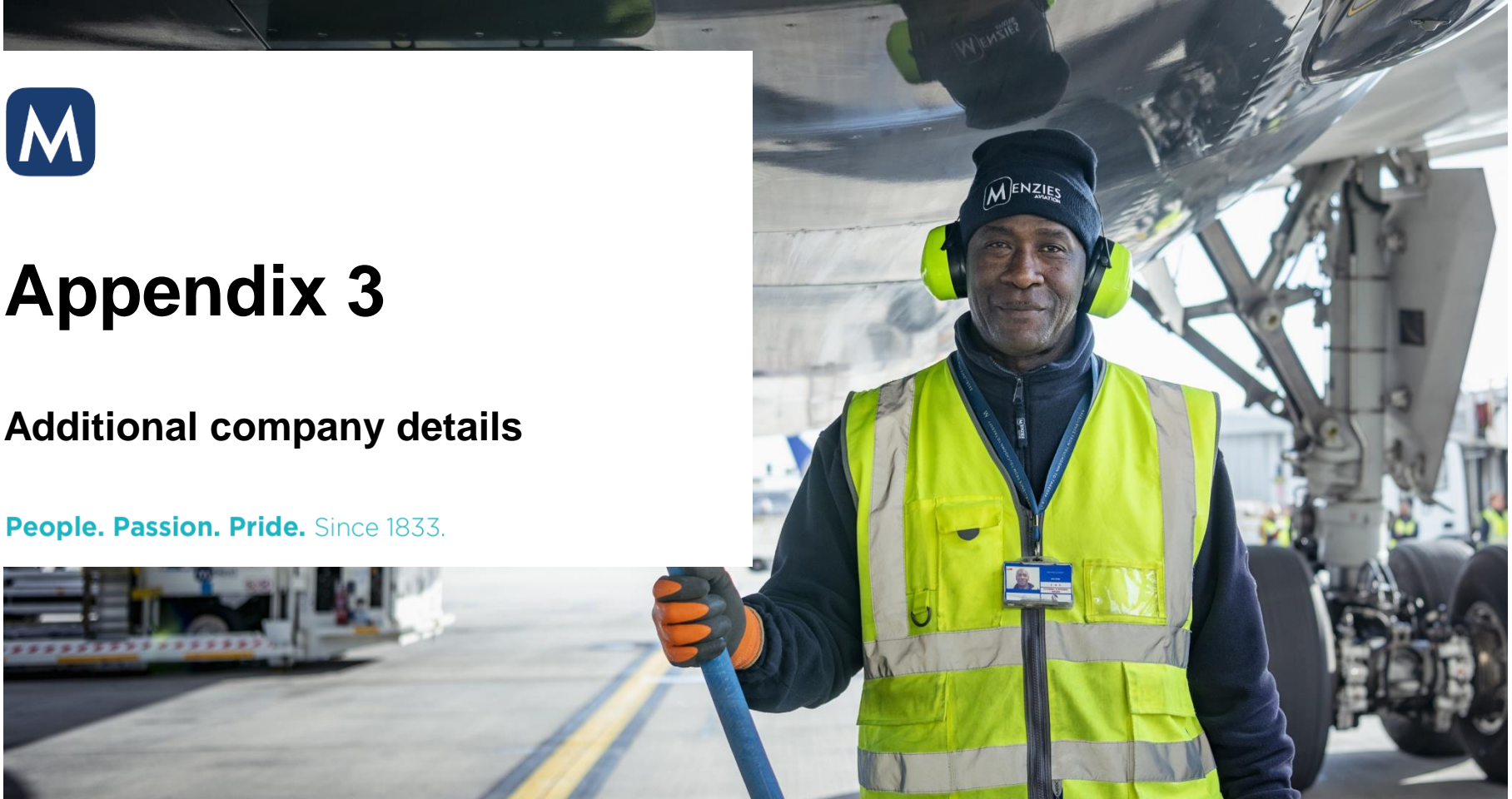




Appendix 3

Additional company details

People. Passion. Pride. Since 1833.

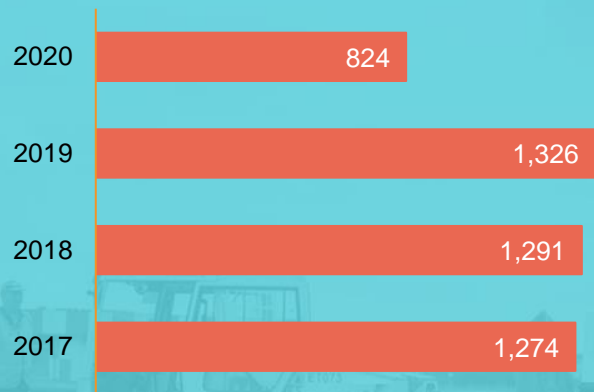


Menzies at a glance

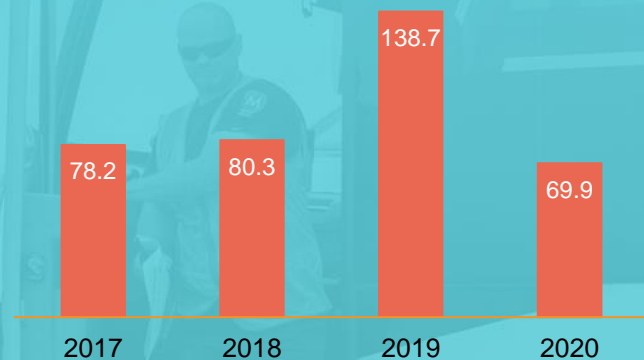
£m

Financial overview

Revenue



Underlying EBITDA



Note: Figures reported under IFRS 16 from 2019

Coverage

As at 31 December 2020

COUNTRIES	34	AIRPORTS	198	EMPLOYEES	23,000
GROUND SERVICES TURNS	0.5M	AIR CARGO TONNES	1.2M	FUELLING TURNS	1.9M

Our product offering

We operate in a range of markets that serve the needs of the aviation services sector. Our core products are:



GROUND SERVICES

Performing aircraft turns, managing passengers and handling baggage. Providing premium experiences for travellers via executive lounges, VIP meet-and-greet services, and more



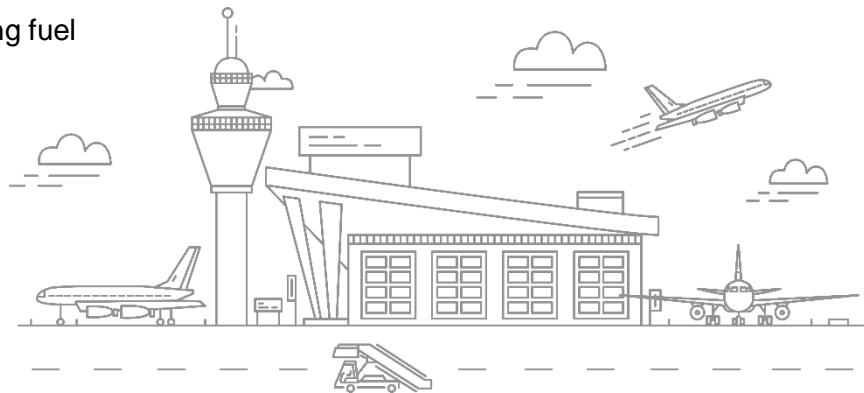
FUELLING SERVICES

Providing into-plane fueling services for airlines and managing fuel farms for our partners



AIR CARGO SERVICES

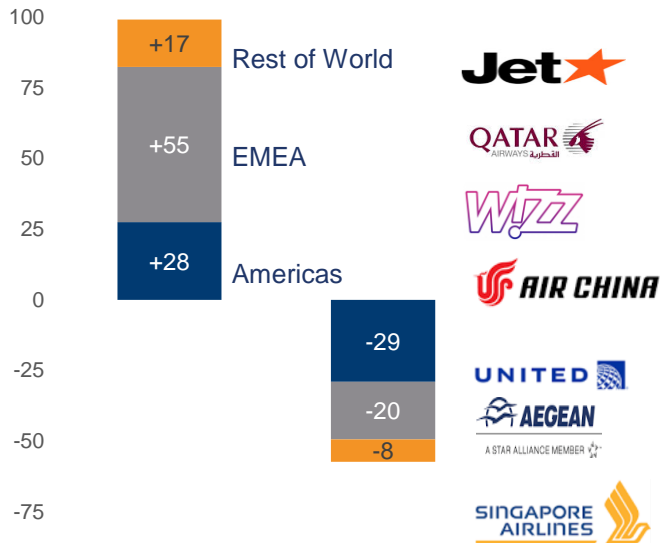
Receiving air cargo and storing and preparing it for transit, loading and unloading the consignment and readying it for onward transit, and wholesale of air cargo capacity



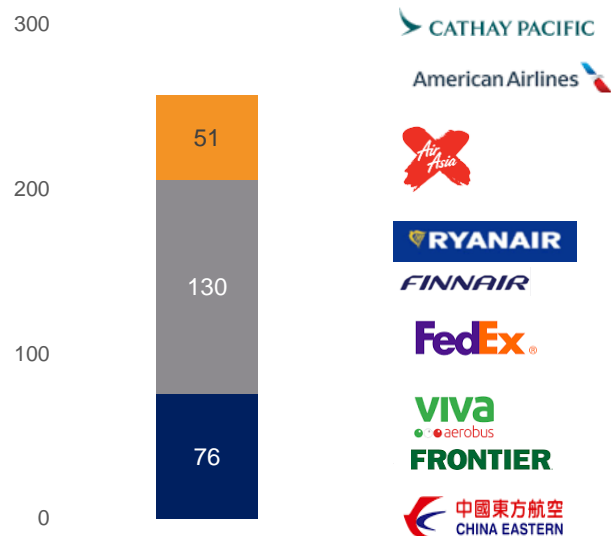
Strong commercial performance

£m

£40m commercial net gains



Renewed £257m annualised revenue



Competitive landscape

GLOBAL PLAYERS



47

298

G

F

C

E

34

198

G

F

C

E

22

171

G

C

19

126

G

C

E

REGIONAL PLAYERS



13

60

G

C

6

38

G

C

E

4

40

G

C

3

96

G

F

C

MARKET SHARE

