

11 May 2021

John Menzies plc
(the “Company” or the “Group”)

Trading Update

John Menzies plc, the global aviation services business, today provides an update on current trading.

Summary

Overall, Group trading has been encouraging in the year to date, with underlying profitability ahead of previous management expectations. With passenger flight volumes remaining below 2019 levels across the Group, this strong performance is testament to the cost savings programme delivered by the management team in 2019 and 2020, the ongoing contribution from governmental support schemes and the continued new business success being generated by the Company’s enhanced commercial focus.

As a result of this and with encouraging signs of airlines rebuilding flight schedules, the Board is confident that this momentum leaves the Company well placed to meet or exceed management’s underlying profit expectations for 2021.

Financial position

Alongside the solid trading performance, the Group’s financial and liquidity position continues to be robust. As at 31 March 2021, net debt was £218m on a pre-IFRS 16, covenant basis, and total liquidity stood at £126m, with significant headroom against a covenanted level of £45m.

Whilst there remains uncertainty associated with the pandemic, the Board currently expects net debt to continue to track in line with management’s expectations over the remainder of the year with liquidity remaining well in excess of £100m, in each case before taking into account the effects of the of the proposed non-pre-emptive fundraising separately announced by the Company today. Moreover, utilisation of the proceeds from the fundraise will further enhance the ability of the Group to operate within its original interest cover covenant when this is reinstated at 30 June 2022.

Regional overview

Americas

Domestic passenger flight activity in the USA is returning strongly, with performance in our ground and fuelling services product lines ahead of management’s expectations year to date. Outside of the USA most other countries are recovering steadily and we expect this to continue in Q2. Air cargo volumes were ahead of expectations in all countries in the region, benefitting from both good underlying demand and prior year contract wins.

EMEA

The ongoing impact of the pandemic and consequent travel restrictions in Europe have meant that the recovery in ground and fuelling services has been below the Group’s expectations for the year to date. However, our air cargo services continue to perform well with favourable tonnage across all facilities in the region. New start-ups in the region have commenced successfully and are delivering to plan.

Rest of World

In the Rest of World, the Group is trading well with the domestic ground services business won in Australia early in the year helping to drive an increase in volumes. Air cargo services in Australia and New Zealand have also been strong and ahead of our expectations.

Cargo forwarding

Our cargo forwarding business, AMI, has maintained good momentum, following a record year in 2020. The business is trading ahead of internal expectations as it continues to benefit from constrained air cargo capacity, and we expect this strong performance to continue throughout the year.

Continued commercial progress

Since the release of our full year results on 9 March 2021, the positive momentum in new business wins has continued, with further contract wins, most notably in air cargo services. In Sydney, Australia, the Group won the cargo business of United Airlines. The Group also recently secured its largest ever individual air cargo services contract in Miami, USA with Avianca at their US hub. Operations for Avianca started on 1 May 2021 and the Group aims to deliver significant service improvements and deepen our relationship with the airline that may open up opportunities in other locations.

Outlook

The solid recovery performance in year to date has provided a strong platform for further progress over the remainder of the year. In the short term, the Board expects trading trends across its regions and product lines to remain consistent with those experienced in the year to date. Further strengthening in volumes is expected in the latter part of the year as the roll out of global vaccine programmes continues, albeit visibility remains limited, particularly on the pace and timing of recovery in European passenger flight activity.

Whilst overall volumes are still expected to remain below pre-Covid levels in 2021, the benefits of strong air cargo demand, new business wins, cost savings and ongoing government support programmes mean that the Group's performance should continue to be robust and the Board remains very confident in its expectations for the current year.

With the benefit of expected further recovery in revenues next year, the structural improvement to the Group's business mix and cost base should enable further significant progress in 2022.

Overall, the Board remains confident in the medium and long term growth potential of the aviation services market and believes that, as the global aviation market recovers, Menzies as a well invested global leader is well positioned to capitalise.

Philipp Joeinig, Chairman and CEO said:

"Our actions in recent years to restructure the business are already delivering improved profitability, despite aviation activity levels continuing to be well below pre-Covid 19 levels. This is very encouraging as we look towards our profitability in the years ahead."

"Our pipeline of acquisition and joint venture opportunities has accelerated in recent weeks and we now have some very exciting opportunities to expand our network across all product categories. Current market conditions mean that adding these opportunities now, represents a compelling opportunity to create significant shareholder value."

For further information

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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, 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.