

# John Menzies plc

## 2021 Interim Results

1 September 2021



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# 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
- Summary and outlook
- Questions and discussion





# Highlights

## React, Reset, Rebuild

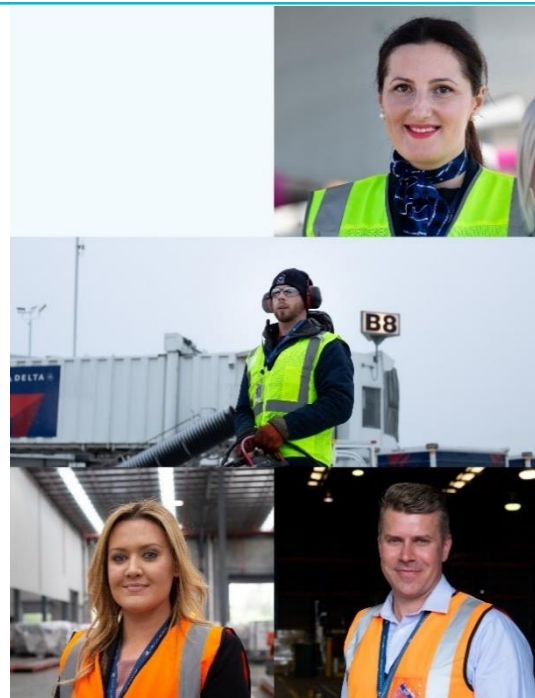
Philipp Joeinig

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# H1 highlights

- Management actions driving recovery in underlying operating profit
- EMEA and Americas regions deliver significant profit turnarounds
- Air cargo services continue to perform very well
- Commercial momentum accelerated, record net contract gain (£45m)
- Strong cash flow and liquidity position maintained
- Successful equity raise to fund business development pipeline



**Significant turnaround, momentum across all operations**



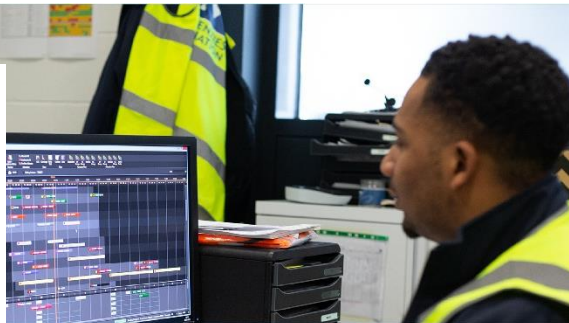




# Financial overview

Alvaro Gomez-Reino

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# H1 financial highlights

## FINANCIAL HIGHLIGHTS

### Revenue

**£415.8m**

down 1% excl. currency

### Underlying operating profit

**£21.6m**

up £60.6m

### Earnings per share

**9.2p**

up 78.4p

### Net debt (pre-IFRS 16)

**£183.1m**

£178.5m liquidity

## OPERATIONAL VOLUMES

	H1 2021 v 2020		H1 2021 v 2019
	Absolute	Like-for-like	Absolute
Ground services	-21%	-22%	-62%
Air cargo services	+38%	+11%	+9%
Fuelling services	-6%	-6%	-45%

**Restructured cost base ready for projected volume recovery**



# H1 financial performance

£m	H1 2021	H1 2020
<b>Revenue</b>	<b>415.8</b>	431.5
Underlying EBITDA	59.2	8.5
<b>Underlying operating profit</b>	<b>21.6</b>	(39.0)
Interest	(10.7)	(9.7)
<b>Underlying profit before tax</b>	<b>10.9</b>	(48.7)
Underlying effective tax rate	39%	-22%
Underlying earnings per share	9.2p	(69.2)p
Net debt (pre-IFRS 16)	183.1	159.9
Net borrowings (post-IFRS 16)	348.7	337.1
<b>Liquidity</b>	<b>178.5</b>	201.1

## Highlights

- £60.6m turnaround in underlying operating profit
- Continued support from global government schemes
- Net debt (pre-IFRS 16) higher than 30 June 2020, but £31.6m lower than 31 December 2020
- Net debt/EBITDA at 3.1x
- Liquidity (cash plus undrawn facilities) lower than 30 June 2020, but £56.7m higher than 31 December 2020

**Strong liquidity position**





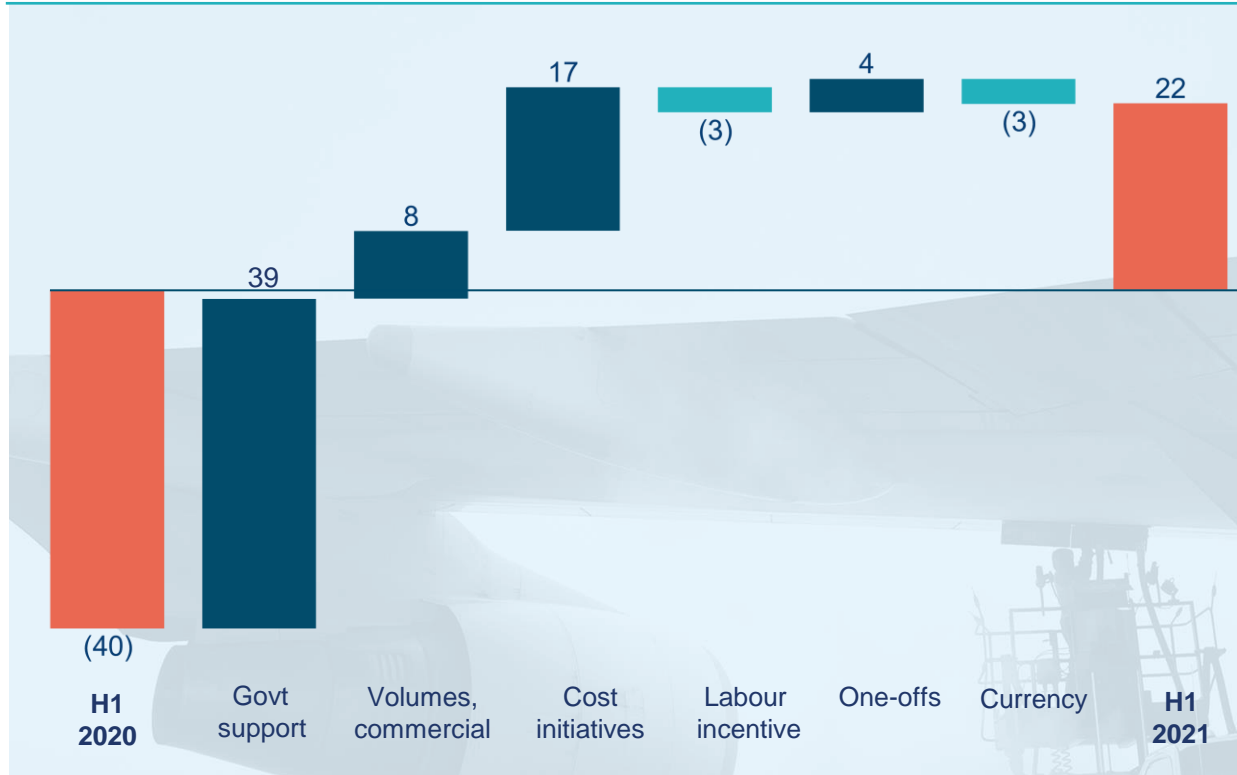
# H1 segmental reporting

£m	REVENUE				UNDERLYING OPERATING PROFIT			
	H1 2021	H1 2021 Constant currency	H1 2020	H1 2019	H1 2021	H1 2021 Constant currency	H1 2020	H1 2019
Americas	142.8	154.4	160.5	230.4	21.6	24.1	(8.7)	10.6
EMEA	123.3	124.6	148.8	268.6	(6.0)	(5.9)	(34.6)	1.0
Rest of World	52.6	49.6	50.1	80.0	1.4	1.3	2.4	4.5
Cargo Forwarding	97.1	97.2	72.0	70.9	4.6	4.8	1.9	1.8
	<b>415.8</b>	<b>425.8</b>	<b>431.5</b>	<b>649.9</b>	<b>21.6</b>	<b>24.3</b>	<b>(39.0)</b>	<b>17.9</b>

**Significant turnaround in underlying operating profit**



# H1 underlying operating profit vs prior year



## Highlights

- Strong recovery
- Government support for business
- Cargo growth drives portfolio optimisation
- Management actions deliver tangible benefit
- New business wins

# H1 cash flow

£m	H1 2021	H1 2020
Underlying EBITDA	59.2	8.5
Working capital movement	(16.5)	68.4
Government grants and other	43.9	54.4
<b>Underlying operating cash flow</b>	<b>86.6</b>	131.3
Tax and net interest paid	(14.3)	(11.3)
Net capital expenditure	(15.7)	(10.5)
<b>Free cash flow</b>	<b>56.6</b>	109.5
M&A and deferred consideration	(10.3)	-
Exceptionals and pensions	(9.9)	(11.7)
Share issue net proceeds	21.4	0.1
Principal element of lease repayments	(26.4)	(31.1)
Repayment of borrowings	(14.5)	55.5
<b>Increase in cash</b>	<b>16.9</b>	122.3

## Highlights

- Step up in EBITDA
- Working capital outflow as volumes recover
- Continued government support, particularly in USA
- Investment in fixed assets includes electric equipment refresh
- Pakistan and Guam acquisitions
- Successful share issue raised net £21.4m
- Paid down portion of term loan in January

# H1 liquidity, debt and headroom

Cash

£135.5m

Undrawn facilities

£43.0m

Net borrowings

£348.7m

Net debt (pre-IFRS 16)

£183.1m

## Highlights

- Cash generative in H1
- Liquidity of £178.5m
- Term loan debt repayments made in line with facility agreement
- Operating well within covenant levels
- Net debt reduction of £31.6m since 31 December 2020

Target to be less than 2.5x Net debt/EBITDA remains on track



# H1 balance sheet

£m	H1 2021	FY 2020
Tangible fixed assets and investments	272.2	250.6
Goodwill and intangibles	179.9	167.1
Working capital and others	(114.2)	(100.1)
Net borrowings	(348.7)	(355.9)
Retirement benefit scheme	4.5	(6.7)
<b>Net liabilities</b>	<b>(6.3)</b>	<b>(45.0)</b>
Share capital and premium	66.1	46.7
Retained earnings	(146.8)	(158.5)
Other reserves	74.4	68.8
<b>Equity</b>	<b>(6.3)</b>	<b>(45.0)</b>

## Highlights

- Equipment refresh underway and key cargo facility lease renewed
- New markets investment in intangibles
- Working capital increased with volumes and deferred government grants
- Net borrowings reduced by cash generation and equity raise, offset by increased lease liabilities
- Discount rates move pension scheme to surplus
- Share issue strengthens equity



# ESG

John Geddes

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# ESG priorities

## LEGAL AND ETHICAL

Vetting of all suppliers to ensure credentials, modern slavery principles embedded throughout the organisation, good governance principles in all transactions

## COMMUNITIES AND CHARITIES

Dedicated weeks to allow employees to participate in local communities, help make a difference where we operate and support local charities

## GOING GREEN FOR GSE

All new GSE will be electric unless local infrastructure does not support it. Working with customers and airports to produce best solutions for all motorised equipment



## GO PAPERLESS

Project to remove paper from operations and day to day activities. Printers removed. Working with customers to deliver joint benefits

## REPORTING AND STANDARDS

Signatories to UN Global Compact. Committed to science based targets and TCFD compliance. CDP climate questionnaire completed

## PEOPLE

Working groups set up across all regions. Regular communication to ensure everyone is part of the journey

**Creating social value**





# Delivering a strong future

Philipp Joeinig

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# Our strategy in action

## STRATEGIC PRIORITIES

### 1 OPTIMISE PORTFOLIO



- Increased focus on air cargo services delivering upside
- Cargo portfolio increased from 36 to 53 facilities since 2019

### 2 TARGETED GROWTH



- New operations commenced in Iraq, Pakistan
- Expansion into China, Costa Rica, El Salvador, Guatemala

### 3 MARGIN IMPROVEMENT



- Restructured cost base delivering sustainable higher margins
- Leaner, smaller business ready to support returning revenue

### 4 CUSTOMER ORIENTATED



- Existing customer relationships deepened – easyJet, Wizz, Qatar
- New customer relationships secured – Avianca, Flyr, Flair

### 5 PEOPLE CENTRIC



- People focus continues – Menzies100, EVP Fuels, Communication

**Continued delivery underpins growth ambitions**



# Commercial momentum accelerated

## £48M COMMERCIAL CONTRACT GAINS



## RENEWED £136M ANNUALISED REVENUE



Record half year contract wins



# Summary and Outlook

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# Summary and Outlook

## Summary

- Strong turnaround delivered
- Cost actions have delivered benefits
- Commercial progress continues
- Positive debt and liquidity position

## Outlook

- Market recovery has started
- Leaner cost base ready to support additional revenue
- Project pipeline very strong
- Outlook for 2022 is positive

**Menzies – Strive to be the best**





**People.**  
**Passion.**  
**Pride.**  
Since 1833.





# Appendix 1

## Additional financials

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# H1 financial overview in US dollars

\$m	H1 2021	H1 2020
<b>Revenue</b>	<b>577</b>	547
Underlying EBITDA	82	11
<b>Underlying operating profit</b>	<b>30</b>	(49)
Interest	(15)	(12)
<b>Underlying profit before tax</b>	<b>15</b>	(68)
Net debt (pre-IFRS 16)	253	198
Net borrowings (post-IFRS 16)	482	417
<b>Liquidity</b>	<b>247</b>	248

## Information

- Conversion rates from sterling for income statement: H1 2021 \$1.389 and H1 2020 \$1.269
- Conversion rates from sterling for balance sheet: H1 2021 \$1.381 and H1 2020 \$1.236



# Appendix 2

Additional company details

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# Market position

## Our market view

- Regional and domestic volume recovering
- Geographic variations in recovery rates
- Long haul slow as expected
- Each region susceptible to new restrictions
- Cargo market is strong globally
- Marketplace remains competitive

## IATA market view

	2021	2022	2023
Volume vs 2019	52%	88%	105%

- By 2030 global passenger numbers are expected to have grown to 5.6 billion
- That would be 7% below the pre-Covid-19 forecast and an estimated loss of 2-3 years of growth due to Covid-19

**Volume recovery underway**



# Our product offering

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



## GROUND SERVICES

Performing aircraft turns, managing passengers, handling baggage, de-icing planes and providing premium experiences for travellers



## FUELLING SERVICES

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



## AIR CARGO SERVICES

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





# ESG strategy



## SUSTAINABLE DEVELOPMENT GOALS



climatecare



SCIENCE BASED TARGETS  
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TCFD

2020 Identify, Engage, Prioritise

2021 Embed, Report, Progress 2022

2033







# Competitive landscape

## GLOBAL PLAYERS

					
47	298	G	F	C	E
35	205	G	F	C	E
22	171	G		C	
19	126	G		C	E

## REGIONAL PLAYERS

	13	60	<b>G</b>		<b>C</b>	
	6	38	<b>G</b>		<b>C</b>	<b>E</b>
	4	40	<b>G</b>		<b>C</b>	
	3	96	<b>G</b>	<b>F</b>	<b>C</b>	

## MARKET SHARE

