John Menzies plc

2021 Full Year Results Announcement

8 March 2022

John Menzies plc

Global aviation logistics services business

Results for the Year Ended 31 December 2021

Financial Summary

	2021[1,2]	2020[1]
Revenue	$1,353m	$1,064m
Underlying operating profit/(loss)[3]	$76m	$(24)m
Operating profit/(loss)	$59m	$(124)m
Underlying profit/(loss) before taxation[4]	$47m	$(50)m
Profit/(loss) before tax	$30m	$(155)m
Underlying earnings/(loss) per share[5]	34.0¢	(79.8)¢
Basic earnings/(loss) per share	17.1¢	(195.3)¢
Underlying operating cash flow[6]	$209m	$201m
Cash generated from operations	$184m	$155m

Results Overview

Delivering Our Strategy

- Long-term margin opportunity enhanced by structural cost savings, entry into higher margin emerging markets and enhanced product mix
- Significant air cargo growth from greater global reach and continued commercial success
- Record Air Menzies International (AMI) freight forwarding revenue and profits
- New aviation services markets established in Pakistan and Iraq
- Successful entry into new emerging aviation markets with expansion into China, Costa Rica, El Salvador and Guatemala
- Acceleration of commercial win momentum, evidenced by net wins contributing $112m incremental annual revenue, highlighted by the Avianca cargo win at Miami, outsourcing ground services with Qantas across Australia, and renewals with easyJet at 23 airports in Europe
- Significant turnaround in profitability driven by restructuring, firm cost actions and new business wins, together with continued support from governmental schemes
- Our reshaped business is emerging from Covid in a strong position for profitable future growth
- Growth to be driven by continued recovery in volumes and growth in the market, further commercial gains, and successful conversion of the business development pipeline. As a result of significant management action, this growth will be achieved on a structurally lower cost base

Financial Results

- Revenue up 27% on prior year to $1.35bn
- Underlying operating profit of $76m reversed $24m loss in the prior year
- Substantial profit turnaround reflects air cargo robustness, returning flight volumes, continued management actions to control costs and reshape the business, and governmental support schemes
- Successful equity raise of $30m in May 2021 to fund exciting business development and M&A pipeline, and reduce leverage
- Strong cash flow resulted in substantial cash and undrawn banking facilities, with available liquidity of $225m
- Net borrowings, including our lease liabilities, were $499m. Net debt was $267m, 2.7 times underlying operating profit before depreciation and amortisation

Since the Year End

On 21 February 2022, the Board announced that, following a further revised proposal from National Aviation Services, a subsidiary of Agility Public Warehousing Co K.S.C.P., it had considered its final proposal and indicated that it would be willing to recommend an offer at the financial terms of the final proposal to the Company's shareholders, subject to the satisfactory resolution of other terms of the offer. The Board announced this morning that the deadline for the announcement of a firm intention to make an offer has been extended from 9 March 2022 to 30 March 2022. Further information can be found at johnmenziesplc.com.

Outlook

We anticipate that our air cargo business line will continue to grow reflecting ongoing, strong demand for fast and flexible logistics solutions for moving freight worldwide. In addition, we expect that the steady increase in passenger flight volumes will continue and that this trend will accelerate as we progress through 2022. This recovery will extend beyond 2022 as air travel activity volumes are not expected to return fully to the levels that we saw pre-pandemic until 2024. This continued recovery would support further growth in revenues for our fuelling and ground services businesses into the medium-term.

We are anticipating that the commercial progress that we have seen since the start of the pandemic will continue. Since the year end, we have seen this momentum continue, with the renewal and expansion of a five-year contract to provide into-plane fuelling and fuel farm services for Shell in the UK and gaining a five-year cargo contract with Geodis at Amsterdam. Our pipeline of opportunities is full. In 2022, we are targeting to generate approximately $100m of net new annualised revenue, and several business development opportunities that would deliver approximately $200-275m of new revenue over the short- to medium-term.

As passenger flights steadily return, the resilience of our restructured cost base and reshaped business portfolio should enable the Group to generate improved operating margins from growth in fuel and ground services revenue that would fully offset the impact of lower levels of governmental support for Menzies and the wider aviation industry.

The Group is on track to maintain significant liquidity headroom throughout the year ahead. Our strong underlying cash generation, the robustness of the air cargo business and steadily improving flight volumes will provide Menzies with the capability to invest in support of our commercial and business development objectives, and to reduce leverage.

Menzies has successfully navigated through an unprecedented period for the aviation industry, and as the industry and the Group emerge from the pandemic, the Board believes that we are well positioned to take advantage of the significant opportunities ahead as the aviation industry continues to recover. The Board believes that the Group will benefit from the decisive management actions taken over the last two years, and that Menzies will be able to capitalise on a broad range of commercial, investment and growth opportunities that are available to the Group.

The Board's confidence about Menzies' long-term operational, commercial and financial outlook as a major aviation logistics player is as strong as ever. The Group's decisive action since the onset of the Covid pandemic has placed us well to prosper as the aviation industry continues to recover. Our clear strategy and a disciplined approach to our operations and our investments means that Menzies will continue to deliver sustainable profitable growth.

Philipp Joeinig, Chairman and Chief Executive of John Menzies plc said:

"I am delighted to report a strong set of results for 2021, despite the continuing impact of Covid on aviation activity levels. The rebalancing of our business as a major aviation logistics player continues at pace. We have seen significant growth in our air cargo business by winning contracts and widening the global reach of our network, while our fuel and ground services businesses go from strength to strength.

The reshaped business is emerging strongly from Covid and our opportunity for growth is significant. Our future growth will be driven by continued recovery in volumes, growth in the global aviation market, further commercial gains and the successful conversion of our exciting business development pipeline. As a result of significant management action to reduce costs, we expect that this growth will be achieved while delivering structurally higher margins.

Our strong results and the successful implementation of our strategy would not be possible without the hard work of our global team. I would like to thank every member of the Menzies team for their continued hard work and dedication."

Notes

1. This results announcement does not constitute John Menzies plc's final statutory accounts.
2. The Group is presenting its results in US dollars for the first time. Previously, the Group's presentational currency was British pounds.
   Prior year comparatives have been translated at the appropriate US dollar exchange rate.
   Previously, the Group has presented performance in constant currency where items in the Income Statement for the reported year were translated into British pounds at the previous year's exchange rates to make comparison of results to the prior year more meaningful. With the move of presentational currency to US dollars, such adjustments are less impactful and this analysis has been discontinued.
3. Underlying operating profit/loss is operating profit/loss adjusted for exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles, and the Group's share of interest and tax on joint ventures and associates.
4. Underlying profit before taxation is underlying operating profit/loss less net finance charges.
5. Underlying earnings per share is profit/loss after taxation and non-controlling interest, but before intangible amortisation and impairment and exceptional items, divided by the weighted average number of ordinary shares in issue.
6. Underlying operating cash flow is underlying operating profit/loss adjusted for depreciation, amortisation, income and dividends from joint ventures and associates, retirement obligation and share based payments, and movements in working capital and provisions.

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Chairman and Chief Executive's Statement

Growing Responsibly and Sustainably

Our people are at the heart of our growth and success. I am proud of how the Menzies team has continued to deliver great service for our customers while upholding our number one priority – safety.

Despite the continued impact of the Covid pandemic, we had a strong year of growth thanks to our focused leadership team and clear strategic direction.

We have seen a more sustained recovery in our markets through the second half of the year, with a gradual rebound in flight volumes, driven by increased cargo demand and high regional traffic, particularly in the Americas region and the emerging aviation markets. We expect to see this recovery continue through 2022, particularly in the European market, which saw further Covid-related disruption to air travel in 2021.

Growth Strategy

We remain resolutely focused on growing responsibly, protecting the planet, supporting our people and creating a fairer future. During the year, we made clear progress on delivering our five strategic priorities and we are ready to accelerate in 2022.

We entered new markets, deepened relationships with existing customers, invested in growing our business and provided development opportunities for our people. Through a combination of continuing delivery on these strategic priorities, together with the normalisation of air traffic activity, we believe that the business has the potential to generate sustainable revenues in excess of $2bn that would further cement Menzies' position as a leader in the aviation services market. Menzies is on an upward trajectory and I am very confident about our future.

Optimise Portfolio Growth

Our portfolio mix has changed with new business wins in air cargo services providing strong returns in a market that has performed well throughout the crisis. I am pleased to report record annual cargo volumes at 1.7 million tonnes, a substantial increase on the prior year. We remain the largest independent aviation fuel services provider in the world and one of the biggest ground services providers.

Targeted Growth

New business wins and market entries resulted in significant growth. We made gains in emerging aviation markets throughout 2021 with expansion into China, Costa Rica, El Salvador, and Guatemala. First time operations also commenced in Iraq and Pakistan during the year. We now operate at 212 airports in 38 countries and have a compelling pipeline of opportunities where we expect stronger recovery and higher margins.

Margin Improvement

Structural improvement in the Group's underlying operating margin has been achieved through cost actions, inorganic and organic growth and active portfolio management across the existing business. Our leaner, more focused business is ready to support growing revenue, and we intend to continue improving our underlying operating profit margin.

Customer Orientated

We are trusted by our customers to deliver safe and secure time-critical services every time. Throughout 2021, we have deepened relationships with existing customers and fostered new partnerships in all regions. We have benefited from airlines outsourcing their handling, particularly in Latin America and Australia, and strive to collaborate with customers to find effective and cost-efficient solutions.

People Centric

Our values guide our actions and describe who we are as a business. They help create a culture that everyone wants to be part of. We are committed to promoting diversity, providing development opportunities and being a great place to work for our 27,000 employees. We believe that everyone at Menzies has a role to play in delivering our growth strategy and being part of our success.

Fair, Sustainable and Profitable Future

In 2021, we focused on making positive changes to enhance our Environmental, Social and Governance impact to advance our goal of becoming carbon neutral by our 200th anniversary in 2033. We are a proud signatory of the UN Global Compact and have committed to setting science based targets. Making a positive difference in a changing world is of vital importance and one we take seriously.

I am confident that flight volumes will rebound further during 2022. However, the world has changed and aviation is entering a new normal that will see a change in passenger mix, with less business and more leisure travel. Menzies is well placed to take advantage of this new normal and to accelerate our growth, both responsibly and sustainably, through 2022 and beyond.

Finally, I would like to thank our customers, our suppliers and the Menzies team around the world who have given us the foundations on which to build strong profitable growth.

Group Performance Review

Robust Response to the Covid Pandemic

2021 has seen the Group respond well to the challenges of the restrictions on flight volumes imposed in response to the Covid pandemic. Revenue increased 27% over the prior year, driven by the continued success of the air cargo business, recovering flight volumes and significant commercial and business development successes. Increasing revenues has supported a strong turnaround in profit. This has been further enhanced by the improved mix of business lines, the impact of restructuring largely completed in the prior year, a firm control of costs and investments made, and the continued impact of support from governmental schemes.

Our swift and decisive actions taken in response to the impact of flight restrictions have enabled us to flex our headcount in line with projected volumes. As flights return, we are welcoming back our employees and scaling up our operations as required. Our global Menzies team is now 27,000 strong.

In 2021, we continued to optimise use of the various government support schemes around the world, some of which have added to the Group's level of liquidity.

Our restructured cost base means our business is still smaller than before the pandemic, but this smaller cost base has the scalable capability to support revenues in excess of pre-pandemic levels and is well positioned to compete effectively to win new profitable business.

Business Line Summary

The air cargo services business comprised 42% of the Group's revenue in 2021, at $574m, which represented year on year growth of 39%. This was driven by commercial success and new cargo locations, particularly in the USA where we won a significant contract with Avianca at Miami. As a result, the volume of cargo handled grew substantially from 1.2 million tonnes in 2020 to 1.7 million tonnes in 2021. Our cargo forwarding revenues were 33% higher than the prior year, driven by stronger yields, the extension of reach and higher volumes. We expanded our network of air cargo warehouses from 49 to 58 and the number of freight forwarding depots from 21 to 24.

Our fuel services business revenue in 2021 was $207m, 15% of the Group's revenue. Revenue was 17% higher than 2020 despite the prior year having the first quarter of the year with volumes at pre-Covid level. At the year end, the Group fuelled aircraft at 67 airports and managed 56 fuel farms across North America and in Europe.

Ground services accounted for 41% of Menzies' revenue at $573m, up 21% year on year. Similar to the fuel services business, ground services benefited from the steady recovery of passenger flights, in addition to continued commercial momentum. We reshaped our network of airports served during the Covid pandemic by discontinuing uneconomic businesses.

In the year, we opened operations at 11 new stations including the start-up in Iraq, the acquisitions of a controlling interest in Royal Airport Services in Pakistan and operations in Costa Rica, Guatemala and El Salvador, and we now operate in 38 countries at 212 airports.

Commercial Performance

We have had considerable commercial success in 2021, generating incremental annualised revenue of $112m, with our air cargo and ground services business lines being the main beneficiaries from these new contracts. All regional segments had net commercial wins. Highlights of the year were the air cargo win with Avianca win at Miami, outsourcing ground services with Qantas across Australia and renewals with easyJet at 23 airports across Europe.

Segmental Performance

Americas

Americas revenue was up 22% on the prior year led by strong air cargo volumes, which more than doubled in absolute terms. Despite the first quarter in the prior year having flight volumes at pre-pandemic levels, fuelling events were up 33% on 2020 and ground services turns up 16%.

Our air cargo business has strengthened significantly across the region. We benefited from the full year impact of adding Qatar Airways' air cargo services won at Los Angeles and San Francisco to our growing global relationship with the carrier. In April 2021, we were pleased to win a five-year cargo contract with Avianca at Miami. At 250,000 tonnes per annum this represents Menzies' largest ever cargo win at a single airport. In Colombia, air cargo volumes were up 40% at nearly 40,000 tonnes.

In August 2021, we expanded our air cargo operations with the acquisition of a controlling stake in Interexpresso, a cargo focused aviation service provider based in Costa Rica. Our initial focus will be on growing Interexpresso's core cargo security offering with the potential to expand into more general air cargo handling and ground services. The business also has operations in El Salvador and Guatemala, creating a strong foothold in Central America to develop further our new range of product lines across this emerging regional market and build upon our reputation for high quality service.

In our fuel services and ground services businesses, we have seen a good recovery in passenger flight volumes, particularly in the USA, Mexico and Colombia, as a result of the surge in domestic and cross-border leisure flights. However, passenger volumes have been slower to recover in Canada and the Atlantic and Caribbean islands. In fuel services, absolute fuelling events were up 33% despite the loss of American Airlines into-plane fuelling at two of the airports that we serve in the USA. Ground services volumes were up 16%, strengthened in Mexico by the full year impact of the wins in 2020 and further contract wins with American Airlines at five airports and Delta Air Lines at two airports. Additionally, we have successfully started up with Flair Airlines at a further seven airports across Canada and with Avianca at an additional five locations across the region.

Our actions to reduce costs and close a number of uneconomic stations, and the resilient nature of the US market in particular, have helped protect profitability in the region. Government support schemes in the region, focused on offsetting the effect of lost volume and maintaining employment, have made a significant impact on financial performance. As a result, the pandemic's impact on profitability in the Americas has been less than in other parts of the world. In the year, the US business received $122m of grants and loans under the Coronavirus Aid, Relief, and Economic Security Act as upfront job support payments to provide support for the duration of the impact of the pandemic. In Canada, we received wage subsidies worth $10m in the year.

EMEA

The EMEA segment produced a significant turnaround in profitability well in excess of the 27% increase in revenue. The $93m improvement in revenue has been largely driven by the return of passenger flights, the impact of prior year restructuring, tight management of costs, exiting of loss-making locations and new business wins. The region also benefited from government support schemes, particularly in the UK, Netherlands and Spain.

Absolute air cargo volumes in EMEA were 32% up on 2020, 23% on a like-for-like basis, predominantly due to continuing strong volumes at our major Amsterdam warehouse and the Qatar Airways contract win at London Heathrow in the prior year. In November 2021, we started up air cargo and freighter handling for Avianca at Amsterdam.

In our European fuel services business, events were up 1% on a like-for-like basis reflecting a slow recovery in flight volumes in the UK and the insourcing of fuel services by a customer in France. However, the business has been profitable throughout the pandemic and margins have held firm due to the robust downside volume protection in a number of our contracts. In January 2022, we were pleased to announce that we had renewed and expanded a five-year contract to provide into-plane and fuel farm services to Shell across their fuelling network of seven UK airports.

Our ground services volumes have been impacted by ever-changing travel and quarantine rules in Europe, with the UK and Spain remaining notably weak. Overall like-for-like ground services volumes were up 10%. Our customer centric approach has helped us win a number of important contracts. In April 2021, we commenced ground services with Wizz Air at their main hub at Budapest. This was followed in November 2021 with the announcement that we had completed the renewal of contracts with easyJet at 23 airports across Europe providing a range of passenger, ramp, cabin cleaning and de-icing ground services. In the year, we have supported Flyr with the launch of operations at their home base at Oslo and also at Nice.

The EMEA segment expanded in the year with two new ventures. In January 2021, we acquired a controlling interest in Royal Airport Services at eight airports in Pakistan. The business provides both air cargo and ground services and fits with our strategy of building profitable and growing businesses in attractive emerging aviation markets. In the same month, we commenced ground services at Baghdad, where we are near to completing the implementation of Menzies' systems and processes that are already enhancing operational performance and profitability.

Rest of World

Oceania and eastern Asia are the primary focus of our Rest of World segment. Revenue was 31% up on 2021 with strong performances in both the air cargo and ground services businesses.

Air cargo volumes were down 8% on a like-for-like basis reflecting the reduction in international flights, but on an absolute basis were up 17% on the prior year following contract gains with Qatar Airways and United Airlines. We took a significant strategic step in expanding our cargo reach in emerging aviation markets by acquiring a minority equity stake in JFreight, a new cargo terminal development at Guangzhou, in October 2021. This venture at one of the world's busiest cargo airports represents our first significant air cargo venture in mainland China.

In ground services, like-for-like turns were down 4% reflecting the reduction in volumes in Australia and New Zealand. Absolute turns were ahead of the prior year following the gains from Qantas outsourcing its handling of domestic flights, and wins with Jetstar, the airline's low cost carrier. Our operations in Macau, China are still experiencing restricted passenger volumes, however the airport's air cargo traffic remains resilient, broadly at pre-pandemic levels.

We continue to enjoy commercial success in the Rest of World. In addition to the wins with Qantas and Jetstar, we won air cargo contracts with United Airlines at two airports and secured and retained significant ground and air cargo services with Virgin Australia at 10 locations across Australia.

Profitability of the ground services business has remained resilient in the Rest of World through tight operations management, the handling of repatriation relief flights in Australia and New Zealand, the increased number of cargo only aircraft, and the optimisation of government job retention schemes, particularly in Australia.

Cargo Forwarding

Our Air Menzies International (AMI) cargo forwarding business reported record revenue and underlying operating profit of $296m and $13m respectively, as we continued to benefit from higher yields in the airfreight market. In 2021, AMI has strengthened its position as one of the world's largest neutral providers of airfreight and express cargo services.

We have benefited from restricted cargo capacity reflecting the reduced passenger flights and seaport congestion in some markets. Bookings were up 10% on the prior year and the size and yield of each booking has been considerably higher than in recent years.

We have strengthened our core capabilities by expanding our commercial team to drive new business and invested in the support structure with new sales and operational systems platforms. In the year, we opened two important freight forwarding depots at Seattle and Frankfurt. We are looking to expand our global footprint in the AMI business both organically and through our pipeline of investment opportunities.

Financial Overview

Financial Results Summary

Revenue for the year was $1,353m (2020: $1,064m), a 27% increase over the prior year due to the continuing success of the air cargo business line, recovering flight volumes and strong commercial and business development successes.

The Group recorded an operating profit of $59m, compared with an operating loss of $124m in 2020. Adding back the impact of exceptional and other items, the underlying operating profit for the period was $76m compared with a loss of $24m in the prior year.

The turnaround in profitability was primarily a result of the more sustained recovery in passenger flight activity, enhanced by the improved mix of business lines, the impact of restructuring largely completed in the prior year, the firm control of costs and investments made, and the continued impact of support from governmental schemes. In 2021, we have recognised $133m of governmental support in the Income Statement, most significantly reported as offsetting operating costs in the EMEA reporting segment for the UK, in Americas for the USA and Canada, and in the Rest of World for Australia.

Profit before tax was $30m (2020: loss of $155m) and the underlying earnings per share was 34.0¢ (2020: 79.8¢ loss per share).

Exceptional Items in Operating Profit

Exceptional items in operating profit were a $7m charge (2020: $91m) comprising restructuring costs to reshape the business in response to and because of the Covid pandemic travel restrictions, a net value of asset impairments and transaction related costs, primarily to set up new businesses.

Finance Costs and Taxation

The Group’s underlying net finance costs were $29m (2020: $31m).

As a multinational business, the Group is liable for taxation in multiple jurisdictions around the world. The Group’s underlying tax charge for the year was $17m (2020: $18m) representing an effective underlying tax rate of 36% (2020: negative 28%). The substantial favourable impact on underlying tax rates was due to the inability to recognise the full value of tax losses in various jurisdictions that were significantly higher in the prior year.

Defined Benefit Pension Obligation

The reported UK defined benefit pension obligation has moved from a net liability of $9m at the beginning of the year to a net surplus of $2m. This positive financial impact is broadly attributable to $21m positive impact of higher discount rates on future liabilities, $11m of Company contributions and a $13m return on assets, partly offset by $18m for future increases in mortality and $14m of experience losses in respect of existing pensions in payment.

Impact of Foreign Currency Movements

We have chosen to present the Group results in US dollars, rather than in British pounds as in previous years, reflecting the declining proportion of results generated in the UK. The expected exposure to the fluctuations in exchange rates is therefore lower than in previous years.

The majority of the Group’s operations account in currencies other than the US dollar, hence many balance sheet and income statement disclosures include the impact of currency movements. The translation of profits from trading entities reporting in currencies other than US dollars is not hedged, and as a result, the movement of exchange rates affects the Group’s reported results. In 2021, there was an adverse impact on reported revenue and profit from the weakening the US dollar against the British pound. Net borrowings have also been adversely impacted by the weakening of US dollar, primarily on the retranslation of the British pound denominated revolving credit facility and on lease liabilities that are not denominated in US dollars.

Earnings per Share and Dividends

The Group's underlying earnings per ordinary share was 34.0¢ (2020: 79.8¢ loss). The improvement was a result of the increase in underlying profits and an increase in the effective underlying tax rate, partly offset by an increase in the average number of ordinary shares in issue following the equity raise in May 2021.

No dividend is proposed to be paid in respect of the year (2020: $Nil).

Cash Flow, Liquidity and Net Borrowings

The Group has been effective in the proactive management of cash and liquidity. Underlying operating cash flow for the year was $209m (2020: $201m).

The cash inflow was largely the result of continuing good trade debtor collections and upfront support from governmental agencies, partly offset by increased working capital as passenger flight activity recovered. Net cash flow was boosted by the receipt of $30m net proceeds from the equity raise in May 2021 that resulted in the Company issuing 7.6 million new shares at £2.90 ($4.09) each.

Free cash flow was $129m (2020: $144m). Net capital expenditure was $39m (2020: $27m). The resulting net cash and cash equivalents at 31 December 2021 was $168m, $1m higher than at the prior year end.

At 31 December 2021, reported net borrowings were $499m (2020: $487m), the increase reflecting the increase in liabilities on leases entered into as flight volumes return and on new business wins, partly offset by favourable operating cash flows. Net debt, excluding the impact of the finance element of operating leases, was $267m (2020: $293m). The Group had $421m of committed banking facilities at 31 December 2021, of which $57m were undrawn.

Going Concern Affirmation

The UK Corporate Governance Code requires the Board to state whether it is appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.

In adopting the going concern basis for preparing these financial statements, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties. The impact of Covid has precipitated an unprecedented level of air travel restriction imposed by governments across the world over the last two years. The impact has been broadly positive impact on revenue and profitability of the air cargo services business lines, and the negative impact on flight volumes that drive the ground and fuel services businesses has demonstrated strong signs of sustainable improvement.

After reviewing the Company's current liquidity, net debt, financial forecasts and stress testing of potential risks, before considering the possible offer for the Company as described below, the Board has a reasonable expectation that the Company and Group has sufficient resources to continue in operational existence for the period analysed, which is to 31 December 2023. As a result, the Board continues to adopt the going concern basis of accounting in preparing the Company and Group financial statements.

As set out in Note 17, a proposal regarding a possible cash offer was received post year end for the shares of the Company. The Board has indicated it would be willing to recommend an offer at the financial terms of the final proposal from the bidder to shareholders, subject to the satisfactory resolution of other terms of the offer. Were an offer for the Company to complete before 31 December 2023, this would be within the Company's going concern assessment period, and would trigger the change of control clauses in certain of the Company's debt facilities that may, at the lenders' discretion, require repayment in part or in full. It would then be the responsibility of the bidder to determine the necessary future financing arrangements of the Company. It is expected that the bidder will put in place alternative financing arrangements to take effect upon the completion of the offer for the Company. The

Board has identified that, if the offer for the Company completes during the going concern assessment period and the lenders request repayment under the change of control clause, in the event of alternative financing arrangements were not in place, there would be a material uncertainty surrounding the Company's financing arrangements, which may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company and Group were unable to continue as a going concern.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2021 (year ended 31 December 2020)

	Notes	Before exceptional and other items $m	Exceptional and other items $m	2021 $m	Before exceptional and other items $m	Exceptional and other items $m	2020 $m
Continuing operations							
Revenue	2	**1,352.5**	**-**	**1,352.5**	1,063.8	**-**	1,063.8
Net operating costs		**(1,281.8)**	**(16.7)**	**(1,298.5)**	(1,090.0)	(99.1)	(1,189.1)
Operating profit/(loss) before joint ventures and associates		**70.7**	**(16.7)**	**54.0**	(26.2)	(99.1)	(125.3)
Share of post-tax results of joint ventures and associates		**5.1**	**(0.4)**	**4.7**	2.3	(1.2)	1.1
Operating profit/(loss)	2	**75.8**	**(17.1)**	**58.7**	(23.9)	(100.3)	(124.2)
Analysed as:							
Underlying operating profit/(loss)[ii]	2	**75.8**	**-**	**75.8**	(23.9)	**-**	(23.9)
Exceptional items - transaction related and integration	3	**-**	**(1.3)**	**(1.3)**	**-**	(3.1)	(3.1)
Exceptional items - restructuring related	3	**-**	**(8.0)**	**(8.0)**	**-**	(40.9)	(40.9)
Exceptional items - asset impairment reversal/(cost)	3	**-**	**1.5**	**1.5**	**-**	(23.0)	(23.0)
Exceptional items - credit loss reversal/(loss)	3	**-**	**0.7**	**0.7**	**-**	(12.0)	(12.0)
Exceptional items - insurance settlement	3	**-**	**-**	**-**	**-**	(11.6)	(11.6)
Amortisation of acquired intangible assets	3	**-**	**(9.6)**	**(9.6)**	**-**	(8.5)	(8.5)
Share of joint ventures and associates interest		**-**	**0.1**	**0.1**	**-**	-	-
Share of joint ventures and associates tax		**-**	**(0.5)**	**(0.5)**	**-**	(1.2)	(1.2)
Operating profit/(loss)		**75.8**	**(17.1)**	**58.7**	(23.9)	(100.3)	(124.2)
Finance income		**0.3**	**-**	**0.3**	0.3	**-**	0.3
Finance charges excluding retirement benefit obligation interest		**(29.2)**	**(0.1)**	**(29.3)**	(26.5)	(5.0)	(31.5)
Retirement benefit obligation interest		**-**	**-**	**-**	(0.1)	**-**	(0.1)
Profit/(loss) before taxation		**46.9**	**(17.2)**	**29.7**	(50.2)	(105.3)	(155.5)
Taxation		**(17.0)**	**2.1**	**(14.9)**	(18.3)	8.0	(10.3)
Profit/(loss) for the year		**29.9**	**(15.1)**	**14.8**	(68.5)	(97.3)	(165.8)
Attributable to equity shareholders		**30.3**	**(15.1)**	**15.2**	(67.3)	(97.3)	(164.6)
Attributable to non-controlling interests		**(0.4)**	**-**	**(0.4)**	(1.2)	**-**	(1.2)
		29.9	**(15.1)**	**14.8**	(68.5)	(97.3)	(165.8)
Earnings per ordinary share							
Basic	5	**34.0¢**	**(16.9)¢**	**17.1¢**	(79.8)**¢**	(115.5)**¢**	(195.3)**¢**
Diluted	5	**34.0¢**	**(16.9)¢**	**17.1¢**	(79.8)**¢**	(115.5)**¢**	(195.3)**¢**

Notes:
[i] As set out in Note 1, from 1 January 2021, the Group's presentational currency has changed to the US dollar from the British pound. All comparatives have been presented in US dollars and translated as if the presentational currency for that period was the US dollar.
[ii] Underlying operating profit adjusts for exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles and the Group's share of interest and tax on joint ventures and associates to provide an appreciation of the impact of those items on operating profit.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021 (year ended 31 December 2020)

	Note	2021 $m	2020 $m
Profit/(loss) for the year		**14.8**	(165.8)
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain/(loss) on defined benefit retirement obligation	14	**1.8**	(4.9)
Actuarial gain/(loss) on unfunded retirement benefit obligation		**0.1**	(0.3)
Income tax effect on defined benefit retirement obligation		**(0.4)**	-
Items that may be reclassified subsequently to profit or loss			
Movement on cash flow hedges		**3.7**	(2.9)
Income tax effect on cash flow hedges		**(0.9)**	0.6
Movement on net investment hedges		**0.9**	(1.6)
Income tax effect on net investment hedges		**(0.2)**	0.3
Exchange loss on translation of foreign currency net assets		**(8.1)**	(3.5)
Income tax effect of exchange loss on foreign currency net assets		**0.9**	(0.3)
Other comprehensive loss for the year		**(2.2)**	(12.6)
Total comprehensive income/(loss) for the year		**12.6**	(178.4)
Attributable to equity shareholders		**13.0**	(177.0)
Attributable to non-controlling interests		**(0.4)**	(1.4)
		12.6	(178.4)

CONSOLIDATED BALANCE SHEET
as at 31 December 2021 (31 December 2020 and 31 December 2019)

	Notes	**2021 $m**	2020 $m	2019 $m
Assets				
Non-current assets				
Intangible assets	6	**241.9**	228.3	235.9
Property, plant and equipment	7	**363.4**	323.3	368.4
Investments in joint ventures and associates		**20.8**	19.1	21.6
Other investments		**4.9**	0.2	0.3
Deferred tax assets		**27.7**	28.9	28.9
Retirement benefit surplus		**2.4**	-	-
		661.1	599.8	655.1
Current assets				
Inventories		**8.2**	7.8	7.6
Trade and other receivables	8	**332.1**	253.1	321.9
Current income tax receivables		**2.1**	2.5	5.2
Derivative financial assets	9	**0.7**	0.3	1.1
Cash and cash equivalents	11	**254.2**	285.8	119.8
		597.3	549.5	455.6
Liabilities				
Current liabilities				
Borrowings	9	**(173.5)**	(187.3)	(121.3)
Derivative financial liabilities	9	**(0.4)**	(1.1)	(0.3)
Trade and other payables		**(356.3)**	(319.5)	(248.0)
Current income tax liabilities		**(20.5)**	(19.8)	(16.6)
Provisions	13	**(25.2)**	(61.8)	(75.4)
		(575.9)	(589.5)	(461.6)
Net current assets/(liabilities)		**21.4**	(40.0)	(6.0)
Total assets less current liabilities		**682.5**	559.8	649.1
Non-current liabilities				
Borrowings	9	**(580.1)**	(581.0)	(517.8)
Other payables		**(36.7)**	(0.5)	(0.7)
Derivative financial liabilities	9	**-**	(3.3)	(0.2)
Deferred tax liabilities		**(4.4)**	(4.1)	(1.5)
Provisions	13	**(62.7)**	(23.4)	(6.0)
Retirement benefit obligation	14	**-**	(9.1)	(7.0)
		(683.9)	(621.4)	(533.2)
Net (liabilities)/assets		**(1.4)**	(61.6)	115.9
Ordinary shares		**39.0**	36.3	36.3
Share premium account		**69.1**	41.5	41.4
Treasury shares		**(2.9)**	(2.9)	(3.5)
Other reserves		**(42.1)**	(38.4)	(30.6)
Merger relief reserve		**67.6**	82.1	82.1
Retained earnings		**(187.4)**	(220.0)	(51.1)
Capital redemption reserve		**41.3**	41.3	41.3
Total shareholders' equity		**(15.4)**	(60.1)	115.9
Non-controlling interest in equity		**14.0**	(1.5)	-
Equity		**(1.4)**	(61.6)	115.9

The accounts were approved by the Board of Directors on 8 March 2022 and signed on its behalf by:

Philipp Joeinig
Chairman and Chief Executive Officer

Alvaro Gomez-Reino
Chief Financial Officer

Company No. SC34970

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at 31 December 2021 (31 December 2020)

	Ordinary shares $m	Share premium account $m	Treasury shares $m	Translation and hedge reserves $m	Merger relief reserve $m	Retained earnings $m	Capital redemption reserve $m	Total shareholders' equity $m	Non-controlling equity $m	Equity $m
At 31 December 2020	36.3	41.5	(2.9)	(38.4)	82.1	(220.0)	41.3	(60.1)	(1.5)	(61.6)
Profit/(loss) for the year	-	-	-	-	-	15.2	-	15.2	(0.4)	14.8
Other comprehensive (loss)/income	-	-	-	(3.7)	-	1.5	-	(2.2)	-	(2.2)
Comprehensive (loss)/income	-	-	-	(3.7)	-	16.7	-	13.0	(0.4)	12.6
Share capital issued	2.7	27.6	-	-	-	-	-	30.3	-	30.3
Subsidiaries acquired	-	-	-	-	-	-	-	-	11.0	11.0
Capitalisation of subsidiary	-	-	-	-	-	-	-	-	5.2	5.2
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Realisation	-	-	-	-	(14.5)	14.5	-	-	-	-
Share-based payments	-	-	-	-	-	1.4	-	1.4	-	1.4
At 31 December 2021	**39.0**	**69.1**	**(2.9)**	**(42.1)**	**67.6**	**(187.4)**	**41.3**	**(15.4)**	**14.0**	**(1.4)**

	Ordinary shares $m	Share premium account $m	Treasury shares $m	Translation and hedge reserves $m	Merger relief reserve $m	Retained earnings $m	Capital redemption reserve $m	Total shareholders' equity $m	Non-controlling equity $m	Equity $m
At 31 December 2019	36.3	41.4	(3.5)	(30.6)	82.1	(51.2)	41.3	115.8	(0.1)	115.7
Loss for the year	-	-	-	-	-	(164.6)	-	(164.6)	(1.2)	(165.8)
Other comprehensive income/(loss)	-	-	0.6	(7.8)	-	(5.2)	-	(12.4)	(0.2)	(12.6)
Comprehensive income/(loss)	-	-	0.6	(7.8)	-	(169.8)	-	(177.0)	(1.4)	(178.4)
Share capital issued	-	0.1	-	-	-	-	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	1.0	-	1.0	-	1.0
At 31 December 2020	36.3	41.5	(2.9)	(38.4)	82.1	(220.0)	41.3	(60.1)	(1.5)	(61.6)

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2021 (year ended 31 December 2020)

	Notes	**2021 $m**	2020 $m
Cash flows from operating activities			
Cash generated from operations	10	**183.5**	154.7
Interest received		**0.3**	0.3
Interest paid on lease liabilities		**(9.7)**	(9.4)
Other interest paid including arrangement fees		**(16.3)**	(21.4)
Tax paid		**(15.2)**	(3.2)
Net cash flow from operating activities		**142.6**	121.0
Cash flows from investing activities			
Purchase of property, plant and equipment	15	**(41.5)**	(31.3)
Intangible asset additions	15	**(1.1)**	(1.2)
Proceeds from sale of property, plant and equipment		**4.0**	5.8
Dividends received from equity accounted investments		**2.8**	2.7
Deferred consideration settled		**(2.3)**	-
Acquisitions		**(16.0)**	-
Cash acquired with subsidiaries		**0.3**	-
Other investments		**(4.6)**	-
Net cash flow used in investing activities		**(58.4)**	(24.0)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		**30.3**	0.1
Proceeds from borrowings		**18.2**	63.9
Repayment of borrowings excluding leases		**(43.8)**	(0.1)
Principal element of lease repayments		**(81.2)**	(77.2)
Dividends paid to non-controlling interest		**(0.3)**	-
Net cash flow used in financing activities		**(76.8)**	(13.3)
Increase in net cash and cash equivalents(i)		**7.4**	83.7
Effects of exchange rate movements		**(6.2)**	(12.4)
Opening net cash and cash equivalents(i)		**166.5**	95.2
Closing net cash and cash equivalents(i)	11	**167.7**	166.5

Note:
(i) Net cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of preparation and presentational currency
The consolidated financial statements, which have been prepared under the historical cost convention, in accordance with UK adopted international accounting standards, incorporate the financial statements of the Company and its subsidiaries, joint ventures and associates from the effective date of acquisition or to the date of deemed disposal.

As announced on 27 January 2022, the Group's presentational currency changed from British pounds to US dollars to better reflect the global nature of the business and the denomination of a significant and increasing proportion of the Group's revenue. Following this change in accounting policy, the comparatives in the consolidated financial statements are represented in US dollars. Assets and liabilities have been translated into US dollars at closing rates of exchange to the British pound of 1.3544 (2020: 1.3669, 2019: 1.3247). Trading results have been translated into US dollars at the rates of exchange prevailing at the dates of transaction or average rates where these are a suitable proxy. The average rate of the British pound to the US dollar for the year was 1.3756 (2020: 1.2906). Differences resulting from the retranslation on the opening net assets and the results for the years reported have been presented in the translation and hedge reserve, a component within shareholders' equity. Share capital, share premium and other reserves have been translated at historic rates prevailing at the dates of transactions.

The currency translation reserve was set to zero as of 1 January 2005, the date at which the Group first adopted IFRS. Cumulative currency translation adjustments have been presented as if the Group had used US dollars as the presentation currency of its consolidated financial statements since that date.

Going concern
The UK Corporate Governance Code requires the Board to state whether it appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties to the Company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements. In adopting the going concern basis for preparing these financial statements, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties for the period to 31 December 2023.

The impact of Covid has precipitated an unprecedented level of air travel restrictions imposed by governments across the world in the last two years, which in turn has adversely impacted flight volumes that drive much of the ground and fuel services businesses. In 2021, both impacted business lines have demonstrated positive signs of sustainable improvement. The air cargo services business line has continued to grow as it has done so throughout the pandemic. The lifting of travel restrictions and improved passenger flight volumes on the back of vaccination rollouts throughout the world have resulted in the ground and fuel services business lines trading ahead of the severe but plausible downside case considered when reporting the prior year results.

Furthermore, the Group's liquidity position has been enhanced through management actions that have resulted in tight operational control, material cost saving measures, the application for and the receipt of significant government support, particularly in the USA, the UK and Australia, and the proceeds from the share placing in May 2021.

Key assumptions in forecasts and banking covenant compliance
The Board considered the liquidity, net debt and forecast EBITDA in the Group's financial forecasts prepared to 31 December 2023 under a base case and a severe but plausible downside case. These scenarios have considered the Group's principal risks, notably the extent to which volumes recover in the ground and fuel services business lines, and the findings of the work performed to support the statement on the long-term viability of the Company. The severe but plausible case reflects a number of pessimistic downside adjustments, including the impact on flight schedules of further Covid variants. Underlying air cargo volume assumptions are that they increase in line with long-term industry forecast growth in all scenarios analysed, reflecting the continuing robustness of the market. Underlying fuel and ground services volume assumptions reflect the Company's view on the likely rate of recovery along with information from various airline customers. The fuel and ground services volume assumptions have been benchmarked against recovery scenarios for the industry prepared by external third parties including Eurocontrol and the International Air Transport Association. These are summarised below.

	First half of 2022	Second half of 2022	First half of 2023	Second half of 2023
Base case	69%	78%	88%	96%
Severe but plausible downside case	59%	71%	74%	88%

The Group has certain banking covenants measured quarterly. At 31 March 2022, these relate to maintaining a minimum pre-determined level of liquidity and exceeding predetermined minimum level of earnings before interest, tax, depreciation and amortisation as measured on a pre-IFRS 16 basis (EBITDA). At 30 June 2022, the minimum pre-determined level of liquidity continues to apply and the covenants revert to interest cover exceeding three times and a net debt to EBITDA ratio not exceeding three times as per the original facilities agreement before the Covid pandemic began to impact. Under both the base case and the severe but plausible downside case analysed, the Group is forecast to have favourable headroom against all banking covenants to 31 December 2023, the end of the going concern analysis period.

A further downside case, more pessimistic than the severe but plausible downside case, has been analysed to find a theoretical point at which the results modelled would imply that the covenanted measure of net debt to EBITDA leverage would start to be reached. This theoretical stress point has been assessed as being when underlying annual passenger flight volumes are less than 54% of pre-Covid levels in the first half of 2022, 64% in the second half of 2022, 67% in the first half of 2023 and 79% in the second half of 2023. The Board considers these forecast volumes to represent an implausibly low rate of recovery, particularly when considering the wider industry outlook for the aviation sector and the level of recovery already achieved. Furthermore, the theoretical stress point volumes have been calculated before considering the impact of the significant range of readily implementable and controllable management actions that would be taken were any of the covenants to be at risk of being reached over the period analysed to 31 December 2023.

Going concern statement

After reviewing the Company's current liquidity, net debt, financial forecasts and stress testing of potential risks, before considering the possible offer for the Company as described below, the Board has a reasonable expectation that the Company and Group has sufficient resources to continue in operational existence for the period analysed, which is to 31 December 2023. As a result, the Board continues to adopt the going concern basis of accounting in preparing the Company and Group financial statements.

As set out in Note 17, a proposal regarding a possible cash offer was received post year end for the shares of the Company. The Board has indicated it would be willing to recommend an offer at the financial terms of the final proposal from the bidder to shareholders, subject to the satisfactory resolution of other terms of the offer. Were an offer for the Company to complete before 31 December 2023, this would be within the Company's going concern assessment period, and would trigger the change of control clauses in certain of the Company's debt facilities that may, at the lenders' discretion, require repayment in part or in full. It would then be the responsibility of the bidder to determine the necessary future financing arrangements of the Company. It is expected that the bidder will put in place alternative financing arrangements to take effect upon the completion of the offer for the Company. The Board has identified that, if the offer for the Company completes during the going concern assessment period and the lenders request repayment under the change of control clause, in the event of alternative financing arrangements were not in place, there would be a material uncertainty surrounding the Company's financing arrangements, which may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company and Group were unable to continue as a going concern.

New accounting standards and amendments

Three new accounting amendments are applicable for the first time in 2022. However, they have no material impact on the financial statements of the Group. These new standards are:

Amendment to IFRS 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021 - effective date 1 April 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Rate Benchmark Reform - effective date 1 January 2021
Amendments to IFRS 4 - Insurance Contracts - effective date 1 January 2021

Standards and amendments to standards that have been issued that are applicable for the Group but are not effective for 2021 and have not been early adopted are:

IFRS 17 Insurance Contracts, including Amendments to IFRS 17 - effective date 1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - effective date 1 January 2023
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 - effective date 1 January 2022
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies - effective date 1 January 2023

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates - effective date 1 January 2023
Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities from a Single Transaction - effective date 1 January 2023

Non-GAAP measures
The Group's consolidated financial statements are prepared in accordance with UK adopted international accounting standards. In measuring our performance, the financial measures that are used include those that have been derived from the reported results in order to eliminate factors that distort year-on-year comparisons. These are considered non-GAAP financial measures. This information, along with comparable GAAP measurements, is useful to investors in providing a basis for measuring our operational performance. Management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating performance and value creation. Non-GAAP measures should not be considered in isolation from, or as a substitute for, financial information in compliance with GAAP. Non-GAAP financial measures as reported by the Group may not be comparable with similarly titled amounts reported by other companies.

Contract, customer relationship and brand amortisation
As disclosed above, contract, customer relationship and brand amortisation relates to intangible assets recognised on historic acquisitions and since it is transaction related it is presented separately in order to provide stakeholders and management with an appreciation for underlying business performance.

Share of earnings from joint ventures and associates
As disclosed in the Income Statement, the Group's share of post-tax profit relating to joint ventures and associates is included within operating profit given the similarity of those operations to wholly owned businesses.

Underlying operating profit
As disclosed on the face of the Income Statement, underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with non-current assets, joint venture assets and other intangibles, contract, customer relationship and brand amortisation and the Group's share of joint ventures and associates interest and tax to provide an appreciation of the impact of those items on operating profit.

Underlying profit before taxation
As disclosed on the face of the Income Statement, underlying profit before taxation is defined as underlying operating profit less net finance charges and before exceptional items as set out above in the underlying operating profit definition.

Underlying earnings per share
As disclosed on the face of the Income Statement, underlying earnings per share is defined as profit after taxation and non-controlling interest before intangible amortisation and impairment and exceptional items, divided by the weighted average number of ordinary shares in issue. The calculation of underlying earnings per share is set out in Note 5.

Free cash flow
Free cash flow is defined as the cash generated after net capital expenditure, interest and taxation, before special pension contributions, cash flow on acquisition of businesses, disposals, exceptional items, cash raised, capitalised lease repayments, ordinary dividends and net spend on shares.

	2021 $m	2020 $m
Cash generated from operations	**183.5**	154.7
Adjusted for:		
Net interest paid	**(25.7)**	(30.5)
Exceptional interest paid	**-**	3.6
Tax paid	**(15.2)**	(3.2)
Dividends received from equity accounted investments	**2.8**	2.7
Purchase of property, plant and equipment	**(41.5)**	(31.3)
Intangible asset additions	**(1.1)**	(1.2)
Proceeds from sale of property, plant and equipment	**4.0**	5.8
Additional retirement benefit obligation contribution	**11.1**	4.8
Exceptional cash spend(i)	**11.4**	38.8
Free cash flow	**129.4**	144.2

Note:
(i) Current year exceptional spend relates mainly to redundancy and workforce restructuring costs as set out in Note 3.

Underlying operating cash flow
Underlying operating cash flow is free cash flow before net capital expenditure, net interest paid and taxation.

	2021 $m	2020 $m
Free cash flow as set out above	**129.4**	144.2
Adjusted for:		
Purchase of property, plant and equipment	**41.5**	31.3
Intangible asset additions	**1.1**	1.2
Proceeds from sale of property, plant and equipment	**(4.0)**	(5.8)
Net interest paid excluding exceptional interest	**25.7**	26.9
Tax paid	**15.2**	3.2
Underlying operating cash flow	**208.9**	201.0

2. Operating Segments, Geographic and Employment Cost Information

The Group provides ground and cargo services as well as into-plane fuelling and fuel farm management services across the world. Cargo forwarding services are separately disclosed as they are distinct from the other types of aviation related services provided and are provided around the world.

The Board assesses the performance of the operating segments based on underlying operating profit. These results are before exceptional items, intangible amortisation and share of interest and tax on joint ventures and associates. Transfer prices between segments are set on an arm's length basis.

Business segments
Segmental revenue and the reconciliation of segmental underlying operating profit to profit before tax for the year is set out below.

2021	Note	**Americas $m**	**EMEA $m**	**Rest of World $m**	**Cargo Forwarding $m**	**Group $m**
Revenue		**461.1**	**440.7**	**155.1**	**295.6**	**1,352.5**
Underlying operating profit(i),(ii)		**52,0**	**1.4**	**9.8**	**12.6**	**75.8**
Exceptional items - transaction related	3					**(1.3)**
Exceptional items - restructuring related	3					**(8.0)**
Exceptional items - asset impairment	3					**1.5**
Exceptional items - credit loss reversal	3					**0.7**
Amortisation of acquired intangible assets	3					**(9.6)**
Share of joint ventures and associates interest						**0.1**
Share of tax on joint ventures and associates						**(0.5)**
Operating profit						**58.7**
Net finance expense						**(29.0)**
Profit before taxation						**29.7**

2020	Note	Americas $m	EMEA $m	Rest of World $m	Cargo Forwarding $m	Group $m
Revenue		375.5	347.8	118.5	222.0	1,063.8
Underlying operating profit/(loss)(i),(ii)		21.6	(66.2)	11.4	9.4	(23.9)
Exceptional items - transaction related	3					(3.1)
Exceptional items - restructuring related	3					(40.9)
Exceptional items - asset impairment	3					(23.0)
Exceptional items - estimated credit loss						(12.0)
Exceptional items - insurance settlement						(11.6)
Amortisation of acquired intangible assets	3					(8.5)
Share of tax on joint ventures and associates						(1.2)
Operating loss						(124.2)
Net finance expense						(31.3)
Loss before taxation						(155.5)

Notes:
(i) Underlying operating profit is defined as operating profit excluding intangible amortisation as shown in Note 3 and exceptional items but including the pre-tax share of results from joint ventures and associates.
(ii) Included within underlying operating profit are the Group's share of profit/(loss) of joint ventures and associates in EMEA $3.3m and Rest of World $1.2m (2020: EMEA $3.0m and Rest of World $(0.7)m).

The information reported to the Chairman and Chief Executive Officer, the chief operating decision maker, does not include an analysis of assets and liabilities by segment and accordingly no such information is presented.

	Capital expenditure		Depreciation(i)		Amortisation	
	2021 $m	2020 $m	**2021 $m**	2020 $m	**2021 $m**	2020 $m
Americas	**12.4**	11.6	**37.6**	46.7	**5.9**	4.8
EMEA	**14.6**	23.9	**53.1**	46.6	**3.9**	2.5
Rest of World	**5.2**	2.8	**14.1**	13.3	**1.8**	1.4
Cargo Forwarding	**1.3**	0.9	**7.7**	5.0	**0.6**	0.7
	33.5	39.2	**112.5**	111.6	**12.2**	9.4

Note:
(i) Includes $82.9m of depreciation relating to right of use assets (2020: $81.4m).

Geographic information

	Revenue(i)		Non-current assets(ii)	
	2021 $m	2020 $m	**2021 $m**	2020 $m
USA	**414.5**	342.7	**170.3**	178.3
UK	**239.4**	222.5	**97.2**	105.3
Australia	**182.4**	132.8	**45.6**	50.7
Others	**516.2**	365.8	**317.9**	236.6
	1,352.5	1,063.8	**631.0**	570.9

Notes:
(i) 98% of the Group's revenue is earned at the point of service. The remaining 2% comprise franchise and consortia fees earned in Americas and EMEA.
(ii) Non-current assets exclude deferred tax assets and derivative financial assets.

Employee costs	2021 $m	2020 $m
Wages and salaries	**689.2**	645.5
Government payroll subsidies[i]	**(133.3)**	(179.7)
Share-based payments	**1.4**	1.0
Social security costs	**58.3**	54.6
	615.6	521.4
Pension charge - defined contribution schemes[ii]	**18.9**	19.0
Pension charge - defined benefit scheme[iii]	**1.2**	1.7
	20.1	20.7
	635.7	542.1

Notes:
[i] The Group benefited from various Covid related government grants and assistance programmes in many countries around the world, most notably the Coronavirus Aid, Relief, and Economic Security (CARES) Act in the USA, and the Coronavirus Job Retention Scheme (CJRS) in the UK.
During 2020 and 2021, the Group benefited from governmental funding under the CARES Act in the USA as set out in Note 9. Grant income is released over the period over which the US-based business is expected to be impacted by travel restrictions in response to Covid. The release is based on the expected revenue level compared to pre-Covid levels of revenue and applied to expected payroll over the anticipated recovery timeline at date of receipt. In 2021, $66.3m (2020: $50.1m) was recognised in the Income Statement.
Under the CJRS scheme, grant income has been claimed in respect of certain costs to the Group of furloughed employees. The grant income recognised of $34.7m (2020: $61.4m) reflects the costs incurred in the UK that are eligible to be included in claims to the extent management considers there to be reasonable certainty that the grant will be received.
[ii] Certain subsidiaries participate in a number of pension schemes that are of a defined contribution nature and some of which operate overseas. The Income Statement charge for defined contribution schemes represents the contributions payable.
[iii] A defined benefit scheme is operated in the UK as set out in Note 14.

3. Exceptional and Other Items

Exceptional items included in operating profit

	2021 $m	2020[vi] $m
Acquisition and transaction related costs[i]	**(1.3)**	(3.1)
Restructuring[ii]	**(8.0)**	(40.9)
Asset impairment reversal/(cost)[iii]	**1.5**	(23.0)
Credit loss reversal/(cost)[iv]	**0.7**	(12.0)
Insurance settlement[v]	**-**	(11.6)
	(7.1)	(90.6)

Notes:
[i] Acquisition and transaction related costs comprise $2.8m of joint venture set up and acquisition costs, partly offset by a $1.5m credit on historical transaction costs. In the prior year, acquisition and transaction costs related to joint operation set up costs.
[ii] Restructuring costs include $3.1m of costs to restructure the Group's lease portfolio including penalties to exit uneconomic leases, $2.7m of closure costs for uneconomic stations, including $1.3m impairment of goodwill relating to a closed business and $2.2m redundancy costs. In the prior year, restructure costs comprised $31.2m of redundancy and workforce restructure costs, $5.0m for professional adviser fees related to the renegotiation of covenants of the Group’s banking facilities and $4.7m in station closure costs all in response to the need to resize the business following the result of the governmental responses to the Covid pandemic.
[iii] Asset impairment reversals of $1.5m are recognised in respect of right-of-use property and equipment assets impaired in previous years for which settlement has been reached to exit the associated leases. In the prior year, impairment costs included $10.3m of owned equipment assets and $12.7m of leased property and equipment assets following a review of post-Covid asset utilisation.
[iv] Estimated net credit gains of $0.7m relate to $2.2m recovery of credit losses previously recognised, partly offset by the recognition of an additional $1.4m of estimated credit losses as a result of airlines facing financial difficulties due to flight restrictions in response to Covid. In the prior year, losses of $12.0m were incurred.
[v] Insurance settlement costs of $11.6m in the prior year relate to unanticipated reimbursement of costs to the insurers in respect of a historical incident.
[vi] The Group's bank facilities were revised during the prior year resulting in a fair value charge of $5.0m, which was recognised in the Income Statement as an exceptional finance charge.

Acquired intangible assets amortisation included in operating profit

Acquired intangible asset amortisation costs incurred were $9.6m (2020: $8.5m). The amortisation relates to contract, customer relationship and brand assets recognised on the acquisition of businesses.

Tax effect of exceptional items

The taxation effect of the exceptional items is a net credit of $1.6m (2020: $6.5m) due to tax deductible costs incurred during the year, offset in part by deferred tax credits not taken on tax deductions available for a proportion of the exceptional costs arising during the year.

4. Dividends

The Board is not recommending a final dividend payment for the year (2020: $Nil).

5. Earnings per Share

	Basic		Underlying(i)	
	2021	2020	**2021**	2020
	$m	$m	**$m**	$m
Profit/(loss) for the year after tax as set out in the Income Statement	**14.8**	(165.8)	**29.9**	(68.5)
Adjustment to exclude result relating to non-controlling interests	**0.4**	1.2	**0.4**	1.2
Earnings/(loss) for the year attributable to equity shareholders	**15.2**	(164.6)	**30.3**	(67.3)
Basic earnings per ordinary share				
Earnings/(loss) per ordinary share	**17.1¢**	(195.3)¢		
Diluted earnings/(loss)per ordinary share	**17.1¢**	(195.3)¢		
Underlying earnings per ordinary share(i)				
Earnings/(loss)per ordinary share			**34.0¢**	(79.8)¢
Diluted earnings/(loss)per ordinary share			**34.0¢**	(79.8)¢
Number of ordinary shares in issue				
Weighted average (million)	**89.1**	84.3		
Diluted weighted average (million)	**89.1**	84.3		

Note:
(i) Underlying earnings is presented as an additional performance measure and is stated before exceptional items.

The weighted average number of fully paid shares in issue during the year excludes those held by the employee share trusts. The diluted weighted average is calculated by adjusting for all outstanding share options that are potentially dilutive (i.e. where the exercise price is less than the average market price of the shares during the year). There was no impact of these share options on the diluted weighted average number of shares (2020: None) and there was no anti-dilutive impact on basic or underlying EPS in the year (2020: None).

6. Intangible Assets

	Goodwill $m	Contracts, customer relationships and brands $m	Computer software $m	Total $m
Cost				
At 31 December 2020	207.8	149.2	27.4	384.4
Additions	17.6	12.1	-	29.7
Acquired	-	-	1.1	1.1
Disposals	-	-	(7.1)	(7.1)
Currency translation	(3.1)	(1.3)	(0.1)	(4.5)
At 31 December 2021	**222.3**	**160.0**	**21.3**	**403.6**
Amortisation and impairment				
At 31 December 2020	31.9	104.2	20.0	156.1
Amortisation charge	-	9.6	2.6	12.2
Released on disposal	-	-	(7.1)	(7.1)
Impairment(i)	1.3	-	-	1.3
Currency translation	(0.3)	(0.5)	-	(0.9)
At 31 December 2021	**32.9**	**113.3**	**15.5**	**161.7**
Net book value				
At 31 December 2021	**189.4**	**46.7**	**5.8**	**241.9**
At 31 December 2020	**175.9**	**45.0**	**7.4**	**228.3**

Note:
(i) Goodwill of $1.3m was impaired in the year following the closure of a business in EMEA ground and fuel services due to a contract loss.

	Goodwill $m	Contracts, customer relationships and brands $m	Computer software $m	Total $m
Cost				
At 31 December 2019	203.5	144.1	25.4	373.0
Additions	-	-	1.2	1.2
Currency translation	4.3	5.1	0.8	10.2
At 31 December 2020	207.8	149.2	27.4	384.4
Amortisation and impairment				
At 31 December 2019	31.0	90.6	15.5	137.1
Amortisation charge	-	8.5	2.7	11.2
Impairment[(i)]	-	-	1.4	1.4
Currency translation	0.9	5.1	0.3	6.3
At 31 December 2020	31.9	104.2	20.0	156.1
Net book value				
At 31 December 2020	175.9	45.0	7.4	228.3
At 31 December 2019	172.5	53.5	9.9	235.9

Note:
[(i)] Computer software assets of $1.4m were impaired in the prior year following a review of post-Covid asset utilisation.

7. Property, Plant and Equipment

	Owned freehold property $m	Leasehold property improvements $m	Right of use asset property $m	Right of use asset subleased as lessor $m	Owned plant and equipment $m	Right of use asset plant and equipment $m	Total $m
Cost							
At 31 December 2020	8.6	71.8	185.0	1.1	316.1	103.1	685.7
Additions	-	4.1	-	-	28.3	-	32.4
Acquired with subsidiaries	1.1	-	-	-	3.4	-	4.5
Right of use assets recognised	-	-	95.2	-	-	38.2	133.4
Disposals	-	(1.6)	(11.2)	-	(19.2)	(12.8)	(44.8)
Currency translation	(0.3)	(1.3)	(8.1)	-	(10.6)	(3.4)	(23.7)
At 31 December 2021	**9.4**	**73.0**	**260.9**	**1.1**	**318.0**	**125.1**	**787.5**
Depreciation							
At 31 December 2020	6.0	50.0	69.6	0.3	191.8	44.7	362.4
Charge for the year	0.3	4.2	55.3	-	25.1	27.6	112.5
Disposals	-	(1.2)	(12.0)	-	(15.4)	(9.9)	(38.5)
Currency translation	(0.1)	(1.1)	(3.3)	-	(6.3)	(1.5)	(12.3)
At 31 December 2021	**6.2**	**51.9**	**109.6**	**0.3**	**195.2**	**60.9**	**424.1**
Net book value							
At 31 December 2021	**3.2**	**21.1**	**151.3**	**0.8**	**122.8**	**64.2**	**363.4**
At 31 December 2020	2.6	21.8	115.4	0.8	124.3	58.4	323.3

	Owned freehold property $m	Leasehold property improvements $m	Right of use asset property $m	Right of use asset subleased as lessor $m	Owned plant and equipment $m	Right of use asset plant and equipment $m	Total $m
Cost							
At 31 December 2019	7.7	68.2	144.9	1.1	310.1	153.0	685.0
Additions	0.1	2.7	-	-	35.0	-	37.8
Right of use assets recognised	-	-	57.6	-	-	7.7	65.3
Disposals	-	(1.7)	(25.6)	-	(37.6)	(60.4)	(125.3)
Currency translation	0.8	2.6	8.1	-	8.6	2.8	22.9
At 31 December 2020	8.6	71.8	185.0	1.1	316.1	103.1	685.7
Depreciation							
At 31 December 2019	5.7	45.7	40.4	0.3	183.6	40.9	316.6
Charge for the year	0.1	3.7	48.2	-	26.4	33.2	111.6
Disposals	-	(1.5)	(22.2)	-	(31.4)	(30.8)	(85.9)
Impairment	-	-	-	-	8.1	-	8.1
Currency translation	0.2	2.1	3.2	-	5.1	1.4	12.0
At 31 December 2020	6.0	50.0	69.6	0.3	191.8	44.7	362.4
Net book value							
At 31 December 2020	2.6	21.8	115.4	0.8	124.3	58.4	323.3
At 31 December 2019	2.0	22.5	104.5	0.8	126.5	112.1	386.4

8. Trade and Other Receivables

	2021 $m	2020 $m
Trade receivables	**201.7**	154.5
Less: provision for estimated credit loss	**(5.4)**	(17.9)
Net trade receivables	**196.3**	136.6
Accrued income	**53.2**	31.6
Consortia related receivables	**8.8**	8.7
Prepayments	**34.1**	25.1
Other receivables	**39.7**	51.1
	332.1	253.1

The average credit period on sale of goods is 53 days (2020: 44 days). Interest is not charged on trade receivables.

During the year $53.2m of accrued income at 31 December 2021 was recognised in the Income Statement (2020: $31.6m).

Consortia related receivables include re-billable expenses and restricted cash relating to fuel farm management services. Restricted cash represents funding received from customers and held in a fiduciary capacity to be used on their behalf to satisfy fuel farm cash funding requirements within 12 months.

9. Financial Instruments

Derivative financial instruments

Recognised in the Balance Sheet

	2021 $m	2020 $m
Current asset	**0.7**	0.3
Current liability	**(0.4)**	(1.1)
Non-current liability	**-**	(3.3)
Net fair value	**0.3**	(4.1)

Adjusted to fair value through the Statement of Other Comprehensive Income

	2021 $m	2020 $m
Cash flow hedges:		
Interest rate swaps	**0.2**	(3.3)
Foreign currency net investment hedges:		
Foreign exchange forward contracts	**0.1**	(0.8)
Net fair value	**0.3**	(4.1)

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Group only enters into derivative financial instruments that are designated as hedging instruments. The fair values of foreign currency instruments are calculated by reference to current market rates.

The Group uses a hierarchy for determining and disclosing the fair value of financial instruments by valuation technique as set out below.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the year all derivative financial instruments were measured using Level 2 fair value measurements (2020: all Level 2). For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash flow hedges

During the year the Group held foreign currency forward contracts designated as hedges of transaction exposures arising from revenue in foreign currencies. These contracts were in line with the Group's policy to hedge significant forecast transaction exposures for a maximum 18 months forward. The cash flow hedges for revenue in foreign currencies were assessed to be highly effective, therefore there is no ineffectiveness recognised within the Income Statement. At the year end on 31 December 2021 the Group did not hold any hedges of transaction exposures.

The notional value of forward contracts utilised to hedge forecast foreign currency transaction exposures at 31 December is $Nil (2020: $Nil). The cash flow hedge reserve records the portion of the gains or losses on hedging instruments used as cash flow hedges that are determined to be effective.

The Group holds interest rate swaps that do not amortise and run to 29 January 2025. The interest on the loan received in the US under the Coronavirus Aid, Relief, and Economic Security Act is fixed. At 31 December 2021, 23.0% (2020: 31.9%) of the interest on the Group's external borrowings was fixed.

Interest rate swaps designated as cash flow hedges were valued as an asset of $0.2m their fair value (2020: $3.3m liability).

Foreign currency net investment hedges

	2021		2020	
	Assets $m	**Liabilities $m**	Assets $m	Liabilities $m
Fair value of foreign currency net investment hedges	**0.3**	**(0.2)**	0.3	(1.1)
Current value	**0.3**	**(0.2)**	0.3	(1.1)

Other financial instruments

Contingent consideration

The liabilities for contingent consideration and other acquisition related amounts are Level 3 derivative financial instruments. The fair value of contingent acquisition related amounts is set out below.

	2021 $m	2020 $m
Royal Airport Services (Pvt) Ltd	**4.0**	-
GTO Global Logistics Inc	**0.2**	0.2
PlaneBiz 2015 Ltd	**-**	2.3

Interest-bearing loans and borrowings

	Maturity	**2021 $m**	2020 $m
Bank overdrafts	On demand	**86.5**	119.3
Non-amortising sterling bank loan	January 2025	**138.1**	170.9
Amortising US dollar term loan	January 2025	**228.9**	240.1
US government loan	January 2030	**58.5**	35.8
Spanish government backed loans	June 2025	**3.8**	4.9
French government backed loans	July 2026	**1.7**	1.8
Other loans	September 2022	**1.8**	-
Lease liabilities	Various	**232.4**	193.3
Preference shares	Non-redeemable	**1.9**	1.9
		753.6	768.3
Current value		**173.5**	187.3
Non-current value		**580.1**	581.0
		753.6	768.3

The Company has issued 1,394,587 British pound denominated cumulative preference shares of £1 each. These shares are not redeemable and pay an interest coupon of 9% semi-annually.

Financing

The Group's facilities comprise a $235m amortising term loan and a $196m British pound denominated revolving credit facility, both due to mature in January 2025.

The Group continues to operate under modified covenants renegotiated in September 2020, with a requirement to maintain minimum liquidity headroom of $61m denominated in British pounds, and a minimum EBITDA covenant measured quarterly until 30 June 2022. The Group will revert to the original covenants on 30 June 2022. During the year the Group repaid $10.0m of the term loan.

As set out in Note 3, a fair value adjustment of $5.0m was recognised in the prior year as an exceptional charge and increased debt relating to increased interest margin agreed under the revised facilities. This increased debt will be amortised over the remaining term of the facility, and the fair value at December 2021 is $3.9m.

Government grant and loan financing

During the year the Group received $122.0m of federal funding in the USA under the Coronavirus Aid, Relief, and Economic Security Act. This comprised $101.3m of grant funding to support the payroll of the US business and $20.7m in the form of a loan note.

Since June 2020, the Group has received $240.3m in funding under the Act, comprising $184.1m in grant funding and a $56.2m loan note. The loan note is a ten-year non-amortising term loan that attracts 1.0% cash and 3.0% non-cash interest during the first five years. There are no early repayment penalties relating to this loan. The loan note is set out in Note 10 and included within proceeds from borrowings in the Statement of Cash Flows. The Group has complied with the grant agreement and applicable federal law in the year. The Group has also complied with the requirements of the separate loan note during the year. The purpose of the grant is to support the business through the period when aviation activity has been most adversely impacted by the pandemic. As there in no specific period over which the grant funding is to be utilised management has applied judgment in determining the appropriate systematic basis to recognise the grant income for the Group. Grant income is recognised from the point when monies are received over the period in which the revenue and costs of the US-based business is expected to be impacted by travel restrictions in response to Covid. The recognition is based on the expected revenue level compared to pre-Covid revenue and applied to the expected payroll costs over the anticipated recovery timeline at date of receipt. The unutilised grant funding at 31 December 2020 and 2021 is included in Trade and Other Payables and the movement is disclosed separately in Cash Generated from Operations. In the year grant funding recognised in the Income Statement was $66.3m (2020: $50.1m).

During the year the Group accounted for government support in Pakistan in the form of a $0.8m government-backed bank loan acquired with the Royal Airport Services business. The loan was drawn in two tranches, both of which carry a liability of $0.4m and are repayable in September 2022. The loans attract a fixed interest rate of 2.0% on the first tranche and 3.0% on the second.

In the prior year the Group received support in Spain where the Group received a $4.9m bank loan that is backed by an 80% guarantee from the Spanish government. This five-year term loan amortises monthly over four years from July 2021 and attracts a margin of 2.5% above EURIBOR, with a minimum rate payable of 2.5%.

In the prior year the Group received further support in France in the form of a $1.8m bank loan, guaranteed by the French government. This loan attracts a margin of 0.25% above EURIBOR for the first year. After the first year the loan can be repaid immediately or over a period from one to five years. The interest rate for the repayment period is EURIBOR +1% for one to two years duration and EURIBOR +2% for the three to five year period.

Net borrowings

	2021 $m	2020 $m
Interest-bearing loans and borrowings	**753.6**	768.3
Derivative financial instruments	**(0.3)**	4.1
Total borrowings	**753.3**	772.4
Less: cash at bank, cash in hand and short-term deposits	**(254.2)**	(285.8)
	499.1	486.6

The book and fair values of net borrowings is provided below.

	2021		2020	
	Book value $m	**Fair value $m**	Book value $m	Fair value $m
Short-term bank borrowings	**15.8**	**15.8**	11.9	11.9
Medium-term bank borrowings	**363.4**	**363.4**	400.7	400.7
Long-term borrowings	**55.5**	**55.5**	43.1	43.1
Short-term lease liabilities	**71.2**	**71.2**	56.0	56.0
Long-term lease liabilities	**161.2**	**161.2**	137.3	137.3
Derivative financial instruments	**(0.3)**	**(0.3)**	4.1	4.1
Bank overdrafts	**86.5**	**86.5**	119.3	119.3
Total financial liabilities	**753.3**	**753.3**	772.4	772.4

Less: cash at bank, cash in hand and short-term deposits	**(254.2)**	**(254.2)**	(285.8)	(285.8)
Net borrowings	**499.1**	**499.1**	486.6	486.6

At 31 December 2021 undrawn committed facilities of $58.2m expired in more than five years (2020: $44.0m between two and five years).

10. Cash Generated from Operations

	2021 $m	2020 $m
Profit/(loss) before tax	**29.7**	(155.5)
Net interest charge	**29.0**	31.3
Share of post-tax results of joint ventures and associates	**(4.7)**	(1.1)
Depreciation	**112.5**	111.6
Amortisation of intangible assets	**12.2**	11.2
Share-based payments expense	**1.4**	1.0
Cash spend on onerous leases	**(2.3)**	(3.7)
Gain on sale of property, plant and equipment	**-**	0.1
Pension charge	**1.2**	1.7
Pension contributions in cash	**(11.1)**	(4.8)
Continuing operations exceptional items	**7.1**	90.6
Cash spend on exceptional items[i]	**(9.1)**	(35.1)
Movement in US government support	**35.0**	32.7
Movement in working capital	**(17.4)**	74.7
	183.5	154.7

Note:
[i] Current year spend relates mainly to redundancy and workforce restructuring costs as set out in Note 3.

11. Changes in Net Borrowings

	31 December 2020 $m	Lease liabilities during the year less terminations $m	Cash flows $m	Arising on acquisition $m	Fair value movements $m	Currency translation $m	**31 December 2021 $m**
Cash at bank and in hand	285.8	-	(26.5)	0.3	-	(5.4)	**254.2**
Bank overdrafts	(119.3)	-	33.6	-	-	(0.8)	**(86.5)**
Net cash and cash equivalents	166.5	-	7.1	0.3	-	(6.2)	**167.7**
Bank loans due within one year	(11.9)	-	(3.9)	-	-	-	**(15.8)**
Lease liability due within one year	(56.1)	(41.9)	24.9	-	-	1.9	**(71.2)**
Preference shares	(1.9)	-	-	-	-	-	**(1.9)**
Government loans due after one year	(35.8)	-	(21.2)	-	(1.5)	-	**(58.5)**
Debt due after one year	(406.0)	-	50.7	(2.1)	-	(1.1)	**(358.5)**
Lease liability due after one year	(137.3)	(84.5)	56.3	-	-	4.3	**(161.2)**
Net derivative (liabilities)/assets	(4.1)	-	(0.2)	-	4.6	-	**0.3**
Net borrowings	(486.6)	(126.4)	113.7	(1.8)	3.1	(1.1)	**(499.1)**

As set out in the Statement of Cash Flows, proceeds from borrowings in the year were $18.2m (2020: $63.9m) and repayments of borrowings were $43.8m (2020: $0.1m). The principal element of lease payments were $81.2m (2020: $77.2m).

Currency translation movements result from the Group's policy of hedging net assets denominated in currencies other than British pounds, the Company’s functional currency, mainly in US dollars, euros and Australian dollars. The translation effect on net debt is offset by the translation effect on net assets, which resulted in an overall net exchange loss of $6.5m (2020: $5.1m). The net loss is recognised in other comprehensive income.

12. Leasing

As lessee, the Group leases offices, warehouses, ground handling equipment and vehicles. Lease contracts are typically entered into for fixed periods of one to ten years but may have break options or extension options. The Group’s obligations under its leases are secured by the lessors’ title to the leased assets. The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and low value assets recognition exemptions for these leases.

Note 7 sets out the carrying amounts of right of use assets recognised and the movements during the year. Note 9 and Note 11 set out the carrying amounts of lease liabilities and the movements during the year. The maturity profile of the Group's lease liabilities based on contractual undiscounted payments are set out in Note 9 along with the currency and interest rate profile. Cash outflows relating to both capitalised and non-capitalised leases were $117.3m (2020: $123.2m).

The following are the lease related amounts recognised in the Income Statement.

	Note	**2021 $m**	2020 $m
Depreciation charge of right of use assets	7	**82.9**	81.4
Interest charge on lease liabilities		**9.7**	9.4
Expense relating to short-term leases		**15.0**	19.2
		107.6	110.0

The Group has lease commitments relating to non-lease components of contracts as well as short-term leases where the exemption from capitalisation has been utilised. Future aggregate minimum commitments under non-capitalised leases are set out below.

	2021 $m	2020 $m
Within one year	**13.5**	15.3
Between one and two years	**5.0**	11.5
Between two and three years	**0.7**	4.9
Between three and four years	**0.1**	0.7
Between four and five years	**-**	0.1
After five years	**-**	0.1
	19.3	32.6

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term applicable for accounting purposes, management considers facts and circumstances that create economic incentive to exercise an extension option or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In addition, the Group has entered into one operating lease as lessor consisting of part of an office building. Rental income recognised by the Group during the year was $0.4m (2020: $0.5m). Future minimum rentals receivable under the non-cancellable operating lease as at 31 December 2021 are $0.4m (2020: $0.4m) within one year and $0.3m (2020: $0.7m) between two and five years. This subleased asset is disclosed separately in Note 7.

13. Provisions

	Insurance $m	Legal and employee related $m	Property and equipment $m	Other $m	Total $m
At 31 December 2020	59.9	13.4	5.9	6.0	85.2
Provided during year	8.6	3.4	2.7	1.3	16.0
Arising on acquisition	-	2.6	-	-	2.6
Utilised during year	(11.5)	(4.6)	(2.3)	(0.3)	(18.7)
Reclassifications	3.8	0.8	-	(0.7)	3.9
Currency translation gain	(0.4)	(0.5)	(0.1)	(0.1)	(1.1)
At 31 December 2021	**60.4**	**15.1**	**6.2**	**6.2**	**87.9**
Current	**6.8**	**9.2**	**3.8**	**5.4**	**25.2**
Non-current	**53.6**	**5.9**	**2.4**	**0.8**	**62.7**
	60.4	**15.1**	**6.2**	**6.2**	**87.9**

	Insurance $m	Legal and employee related $m	Property and equipment $m	Other $m	Group $m
At 31 December 2019	43.3	27.5	6.9	3.7	81.4
Provided during year	18.7	8.6	2.8	6.0	36.1
Utilised during year	(3.0)	(22.9)	(3.7)	(3.9)	(33.5)
Reclassifications	-	0.2	(0.3)	-	(0.1)
Currency translation gain	0.9	-	0.2	0.2	1.3
At 31 December 2020	59.9	13.4	5.9	6.0	85.2
Current	46.8	6.3	3.7	5.0	61.8
Non-current	13.1	7.1	2.2	1.0	23.4
	59.9	13.4	5.9	6.0	85.2

Insurance provisions relate to anticipated settlement obligations arising from past events. Reimbursement receivable assets of $23.3m (2020: $43.4m) relating to insurance and legal provisions are included in other receivables in Note 8. The timing and amount of these liabilities is uncertain and is based on estimates using available information on the claims and historical experience of similar claims.

Legal and employee related provisions include amounts in respect of the cost of settling workers' compensation claims in the USA. The timing and amount of these liabilities is uncertain and is based on estimates using available information on the claims and historical experience of similar claims. Property, plant and equipment provisions include equipment refurbishments and dilapidation obligations on leasehold properties that the Group has exited or anticipate exiting within the next two years, and non-rent costs associated with two retail premises on long leaseholds. Other provisions mainly comprise amounts recognised in relation to vendor settlement negotiations.

Contingent liabilities

The Group has a number of claims in the normal course of business that management believes should not result in a material impact to the consolidated financial statements.

14. Retirement Benefit Obligation

Defined benefit scheme

The principal Group-funded defined benefit pension scheme is the Menzies Pension Fund in the United Kingdom. The fund closed to future accrual in March 2017.

The components of the actuarial gain/(loss) in the consolidated Statement of Comprehensive Income are:

	2021 $m	2020 $m
Returns on fund assets excluding interest income	**13.1**	41.4
Changes in demographic assumptions	**(18.4)**	5.3
Changes in financial assumptions	**20.7**	(50.6)
Experience	**(13.6)**	(1.2)
Actuarial gain/(loss)	**1.8**	(4.9)

Changes in fund assets and defined benefit obligation

	2021 $m	2020 $m
Fair value of fund assets at 1 January	**502.6**	454.1
Interest income	**6.5**	8.5
Returns on assets excluding interest income	**13.1**	41.4
Company contributions	**11.1**	4.8
Benefits and expenses paid	**(23.2)**	(22.6)
Currency translation	**(4.7)**	16.4
Fair value of fund assets at 31 December	**505.4**	502.6
Return on fund assets including interest income	**19.6**	49.9

	2021 $m	2020 $m
Defined benefit obligation at 1 January	**511.8**	461.1
Administrative costs	**1.2**	1.7
Interest cost	**6.5**	8.5
Benefits and expenses paid	**(23.2)**	(22.6)
Changes in demographic assumptions	**18.4**	1.2
Changes in financial assumptions	**(20.7)**	50.6
Experience	**13.6**	(5.3)
Currency translation	**(4.7)**	16.6
Defined benefit obligation at 31 December	**502.9**	511.8

The fair value of fund assets and liabilities is set out below.

	2021			2020		
	Quoted $m	**Unquoted[(i)] $m**	**Total $m**	Quoted $m	Unquoted[(i)] $m	Total $m
Equities	**89.9**	**-**	**89.9**	85.7	-	85.7
Bonds	**199.6**	**-**	**199.6**	151.6	-	151.6
Investment funds	**41.0**	**41.2**	**82.2**	23.8	38.7	62.5
Liability driven investment funds	**-**	**79.4**	**79.4**	-	114.8	114.8
Property	**-**	**-**	**-**	-	32.0	32.0
Annuity contracts[(ii)]	**-**	**7.0**	**7.0**	-	7.0	7.0
Cash	**23.7**	**4.9**	**28.6**	37.6	-	37.6
Other	**0.4**	**18.1**	**18.6**	0.8	10.6	11.4
Assets	**354.6**	**150.7**	**505.3**	299.5	203.1	502.6
Defined benefit obligation			**(502.9)**			(511.8)
Recognised in Balance Sheet			**2.4**			(9.2)
Related deferred tax asset			**-**			-
Net retirement asset/(obligation)			**2.4**			(9.2)

Notes:
(i) The valuations of unquoted assets have been determined by reference to appropriate manager valuation reports.
(ii) The fund holds annuity contracts in respect of a number of members that provide cash flows to the fund that match the benefit payments to these members.

The triennial valuation process in which the Company and Trustee agree the medium-term funding strategy is nearing completion for 31 March 2021 with final agreement expected before the 30 June 2022 deadline.

The schedule of Company contributions have remained unchanged since that agreed 29 November 2018. The schedule sets out the additional contributions required to meet the funding shortfall between the value of the fund's assets and liabilities. These are annual contributions of $13.4m, denominated in British pounds and translated at the 31 December 2021 US dollar rate, until 31 March 2026 increasing with any increase in the UK retail price index. In addition, it has been agreed that the Company will continuing repaying the amounts deferred in 2020 at $1.8m per annum, denominated in British pounds and translated at the 31 December 2021 US dollar rate, until 31 March 2026.

The value of the net liabilities of the fund at 31 March 2021 as measured on the Trustee's technical provisions basis was $52.2m and the funding level, being the ratio of assets to liabilities measured on the technical provisions basis was 90%. The Company and the Trustee have agreed that the schedule of contributions may be revised should the funding level reach 98% following any quarter end before 31 March 2026. The purpose of any revision would be to ensure that contributions are sufficient to reach 100% by 31 March 2026 without the possibility of overfunding at that time. The Company has an unconditional right to a refund of a projected future fund surplus at some point in the future. There is no requirement for the Group to adjust the Balance Sheet to recognise the future agreed deficit recovery contributions. The next triennial valuation of the fund after that for 31 March 2021 will be effective as at 31 March 2024.

15. Acquisitions

There were two material acquisitions in the year. On 21 January 2021, the trade and assets of the Iraqi Airways ground services operations at Baghdad (Iraq) were acquired for $7.7m consideration. On 26 January 2021, 51% of Royal Airport Services (RAS) in Pakistan was acquired for $10.3m consideration. The trade and assets of DAL Global Services, LLC. in Guam were acquired in January 2021 for $1.0m. On 30 September 2021 51% of Interexpresso Costa Rica Corporacion ILC S.A., Interexpresso de Guatemala, S.A. and Interexpresso El Salvador, S.A. de C.V. were acquired for $0.8m. On 29 November, the Group acquired the remaining 50% stake in its Hamilton Aero Avionics joint venture in New Zealand for $0.3m. There were no acquisitions in the prior year.

	Iraq $m	RAS $m	Others $m	2021 $m
Purchase consideration:				
Cash paid	3.9	10.0	2.1	16.0
Deferred consideration	3.8	4.3	-	8.1
	7.7	14.3	2.1	24.1
Non-controlling interest measured	-	10.2	0.8	11.0
Less: fair value of net assets acquired	(7.7)	(8.9)	(0.9)	(17.5)
Goodwill	-	15.6	2.0	17.6

Goodwill recognised with respect to acquisitions is primarily attributable to workforce expertise and synergies with other Group companies.

The consideration for RAS includes $4.0m that is deferred and contingent upon future performance.

The fair values of assets and liabilities arising from the acquisitions were:

	Iraq $m	RAS $m	Others $m	2021 $m
Intangible assets – contracts and customer relationships	3.9	7.6	0.6	12.1
Deferred tax assets	-	0.6	-	0.6
Property, plant and equipment	3.8	4.5	-	8.3
Inventory	-	-	0.1	0.1
Trade and other receivables	-	6.3	0.7	7.0
Cash	-	0.2	0.1	0.3
Trade and other payables	-	(3.4)	(0.4)	(3.8)
Provisions	-	(2.6)	-	(2.6)
Non-current borrowings	-	(2.1)	-	(2.1)
Deferred tax liability	-	(2.2)	(0.2)	(2.4)
Net assets acquired at fair value	7.7	8.9	0.9	17.5

Current assets acquired with RAS included $1.0m of trade receivables at fair value, the gross amount acquired. The fair values of the net assets of Interexpresso remain provisional pending the formal completion of the valuation process.

The acquired businesses contributed $37.1m of revenue and $6.1m of profit before taxation from acquisition dates. If the businesses had been acquired on 1 January 2021, the Group's revenue and profit before taxation would have been $1,355.5m and $30.3m, respectively. As disclosed in Note 3, $1.3m of acquisition and transaction costs have been expensed in the year (2020: $3.1m).

Prior to the acquisition of trade and assets in Iraq, funding was received from non-controlling interests in the acquiring entity, The United Iraqi Company for Airports and Ground Handling Services Limited, and its parent, Aviation Service Iraq Limited. A non-controlling interest of $5.2m is recognised in the Statement of Changes in Equity reflecting the investment by non-controlling interests. In connection with funding the minimum capital requirements of the operating company in Baghdad, a loan of $3.9m was extended to a non-controlling interest. This loan was subsequently repaid during the year.

16. Related Party Transactions

During the year, the Group transacted with related parties in the normal course of business and on an arm's length basis. These sales to and from related parties are made at normal market prices and details are set out below.

	Group share holding %	**Sales to related party 2021 $m**	**Amounts owed by related party at 31 December 2021 $m**	Sales to related party 2020 $m	Amounts owed by related party at 31 December 2020 $m
Menzies Macau Airport Services Ltd	29	**0.5**	**0.1**	0.6	0.1
Menzies Aviation Bobba (Bangalore) Private Ltd	49	**0.2**	**0.1**	0.1	0.1
Menzies Aviation Cairns Pty Ltd	50	**0.3**	**2.1**	0.2	0.6

Remuneration of key management personnel, who comprise Directors of the Company and those having authority and responsibility for planning, directing and controlling activities of the business as disclosed in the segmental analysis is set out below.

	2021 $m	2020 $m
Short-term employee benefits	**6.2**	3.5
Post-employment pension and medical benefits	**0.4**	0.4
Share-based payments	**1.4**	0.9
	8.0	4.8

17. Events after the Reporting Period

On 21 February 2022, the Board announced that, following a further revised proposal from National Aviation Services, a subsidiary of Agility Public Warehousing Co K.S.C.P., it had considered its final proposal and indicated that it would be willing to recommend an offer at the financial terms of the final proposal to the Company's shareholders, subject to the satisfactory resolution of other terms of the offer.

Following the Russian invasion of Ukraine in February 2022, the Board has considered the impact on the Group's operations and continue to monitor the developing situation. Whilst the Group does not have operations in Ukraine and Russia and has no exposure in terms of revenue arising in these territories, we are continuing to monitor any wider impacts on air travel and recognise that these are difficult to assess fully at this time.

18. Annual Report and Accounts

The figures used in this statement, which was approved by the Board of Directors on 8 March 2022, are not the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006 for the year, but are taken from those accounts. The Auditor's report on the statutory accounts was unqualified and did not contain a statement under section 428 (4(f)) of the Companies Act 2006.

The Annual Report and Accounts will be made available on or around 7 April 2022 and shareholders will be notified via RIS in due course regarding the date of the Company's Annual General Meeting.