John Menzies plc

2021 Full Year Results

8 March 2022
• Revenue up 27% to $1.35bn
• Underlying operating profit turnaround
• Strategy being successfully delivered
• Resilient product mix
• Group ready to prosper
Highlights
Strategy being delivered
Commercial success
Sustainability
Strategy being delivered
Since 2019 we have achieved tangible delivery against each of our strategic priorities

1  Optimise portfolio

   1  Delivering a more resilient revenue mix with air cargo services growth
   • Cargo facilities from 38 to 58 since 2019
   • Major cargo contracts won and new customers welcomed
   • Annual cargo volumes up from 1.2m tonnes to 1.7m tonnes

2  Targeted growth

   2  Focus on higher margin emerging markets with operations in five new countries
   • Iraq, Pakistan, Costa Rica, Guatemala and El Salvador

3  Margin improvement

   3  Overall margin improving – medium-term target north of 6%
   • Cost action taken to permanently lower cost base
   • New business margin accretive. Emerging markets typically attract higher margins

4  Customer focused

   4  Focus on being a solutions orientated provider to our customers
   • Customer relationships enhanced
   • Strong collaboration through the pandemic. Significant new business won

5  People centric

   5  People are our greatest strength, it’s all about them
   • Management top 100 group created
   • Focus on transparency, leadership and great communication
Excellent year for commercial wins

$112m annualised revenue from net commercial gains

Renewed $315m annualised revenue

EMEA $39m

Americas $39m

Rest of World $34m

EMEA $164m

Americas $120m

Rest of World $31m

Flyr

Avianca

AEROMEXICO

flair airlines

ultra

QANTAS

Virgin australia

UNITED

easyJet

American Airlines

Lufthansa

Emirates

norwegian

WESTJET

American Airlines

LATAM

UNITED

CHINA AIRLINES
Sustainability strategy
Signatory of the UN Global Compact and targeting carbon neutral by 2033

- Embedded across the business in 2021
- Groupwide priorities, actions and targets set for the most material issues across the ESG spectrum

- Participated in UN Target Gender Equality and UN Climate Ambition Accelerator
- Electric equipment now 13% of our motorised fleet
- Go Paperless initiative delivering savings
- Reviewed carbon offsetting and socially responsible projects with ClimateCare
- Purchased and retired 43,000 tonnes of carbon offsets

Our 2022 plans
- Analyse our scope 3 emissions with the aim of setting science based targets for scope 1, 2 and 3 emissions
- Full supplier ESG assessment
Financial
### Financial highlights

**Revenue**
- **$1,353m** up 27%

**Underlying operating profit**
- **$76m** up $100m

**Underlying EPS**
- **34¢** up 114¢

**Net debt pre-IFRS 16**
- **$267m**
- **$225m liquidity**

### Operational volumes

<table>
<thead>
<tr>
<th>Service</th>
<th>2021 vs 2020 Absolute</th>
<th>2021 vs 2019 Absolute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air cargo services</td>
<td>+45%</td>
<td>+19%</td>
</tr>
<tr>
<td>Fuel services</td>
<td>+29%</td>
<td>-30%</td>
</tr>
<tr>
<td>Ground services</td>
<td>+23%</td>
<td>-49%</td>
</tr>
</tbody>
</table>

**Air cargo remains strong. Flight volume recovery well underway**
## Financial performance

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,353</td>
<td>1,064</td>
</tr>
<tr>
<td>Underlying EBITDA</td>
<td>191</td>
<td>90</td>
</tr>
<tr>
<td>Underlying operating profit</td>
<td>76</td>
<td>(24)</td>
</tr>
<tr>
<td>Interest</td>
<td>(29)</td>
<td>(26)</td>
</tr>
<tr>
<td>Underlying profit before tax</td>
<td>47</td>
<td>(50)</td>
</tr>
<tr>
<td>Underlying earnings per share</td>
<td>34¢</td>
<td>(80)¢</td>
</tr>
<tr>
<td>Net debt pre-IFRS 16</td>
<td>267</td>
<td>293</td>
</tr>
<tr>
<td>Net borrowings</td>
<td>499</td>
<td>486</td>
</tr>
<tr>
<td>Cash and undrawn facilities</td>
<td>225</td>
<td>194</td>
</tr>
</tbody>
</table>

### Highlights

- **$100m turnaround in underlying operating profit**
- **Continued support from global government schemes, particularly in the USA**
- **Net debt $26m lower than 2020**
- **Net debt/EBITDA at 2.7x**
- **Liquidity at $225m is $31m stronger than 2020**
### Exceptional items

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition and transaction costs</td>
<td>(1)</td>
<td>(3)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(8)</td>
<td>(41)</td>
</tr>
<tr>
<td>Impairments</td>
<td>2</td>
<td>(35)</td>
</tr>
<tr>
<td>Insurance settlement</td>
<td>-</td>
<td>(12)</td>
</tr>
<tr>
<td></td>
<td><strong>(7)</strong></td>
<td><strong>(91)</strong></td>
</tr>
</tbody>
</table>
## Our business segments

<table>
<thead>
<tr>
<th>$m</th>
<th>Revenue 2021</th>
<th>Revenue 2020</th>
<th>Underlying operating profit 2021</th>
<th>Underlying operating profit 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>461</td>
<td>376</td>
<td>52</td>
<td>22</td>
</tr>
<tr>
<td>EMEA</td>
<td>441</td>
<td>348</td>
<td>1</td>
<td>(66)</td>
</tr>
<tr>
<td>Rest of World</td>
<td>155</td>
<td>118</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Cargo Forwarding</td>
<td>296</td>
<td>222</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,353</strong></td>
<td><strong>1,064</strong></td>
<td><strong>76</strong></td>
<td><strong>(24)</strong></td>
</tr>
</tbody>
</table>

### Highlights

- **Strong profitability in Americas** from wins, returning flights and government schemes
- **Substantial bounce back in EMEA** from flight growth, wins and cargo volumes
- **Ground services contract wins in Rest of World**, fewer cargo only flights
- **Record sales and profit in AMI freight forwarding**

### Substantial profit bounce back in EMEA
## Liquidity, debt and headroom

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committed bank facilities</td>
<td>421</td>
<td>433</td>
</tr>
<tr>
<td>Undrawn bank facilities</td>
<td>57</td>
<td>27</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>168</td>
<td>167</td>
</tr>
<tr>
<td>Liquidity</td>
<td>225</td>
<td>194</td>
</tr>
<tr>
<td>Net debt pre-IFRS 16</td>
<td>267</td>
<td>293</td>
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<td>Net borrowings</td>
<td>499</td>
<td>487</td>
</tr>
</tbody>
</table>

Target of under 2.5x net debt/EBITDA remains on track

**Highlights**

- **Cash generative for full year**
- **Liquidity at $225m is $31m stronger than 2020**
- **Term loan debt repayments made in line with facility agreement**
- **Operating well within covenant levels**
- **Net debt reduction of $26m in year**
## Strong cash flow and liquidity

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying EBITDA</td>
<td>191</td>
<td>90</td>
</tr>
<tr>
<td>Government grants unutilised</td>
<td>35</td>
<td>33</td>
</tr>
<tr>
<td>Working capital and other movements</td>
<td>(17)</td>
<td>78</td>
</tr>
<tr>
<td>Underlying operating cash flow</td>
<td>209</td>
<td>201</td>
</tr>
<tr>
<td>Net capital expenditure</td>
<td>(39)</td>
<td>(27)</td>
</tr>
<tr>
<td>Tax and net interest paid</td>
<td>(41)</td>
<td>(30)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>129</td>
<td>144</td>
</tr>
<tr>
<td>Exceptionals, pension and share issue</td>
<td>8</td>
<td>(47)</td>
</tr>
<tr>
<td>M&amp;A activities</td>
<td>(23)</td>
<td>-</td>
</tr>
<tr>
<td>Principal element of lease repayments</td>
<td>(81)</td>
<td>(77)</td>
</tr>
<tr>
<td>Change in borrowings</td>
<td>(26)</td>
<td>64</td>
</tr>
<tr>
<td>Increase in cash before currency</td>
<td>7</td>
<td>84</td>
</tr>
</tbody>
</table>
## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible fixed assets and investments</td>
<td>389</td>
<td>343</td>
</tr>
<tr>
<td>Goodwill and other intangibles</td>
<td>270</td>
<td>257</td>
</tr>
<tr>
<td>Working capital and others</td>
<td>(163)</td>
<td>(166)</td>
</tr>
<tr>
<td>Net borrowings</td>
<td>(499)</td>
<td>(487)</td>
</tr>
<tr>
<td>Retirement benefit scheme</td>
<td>2</td>
<td>(9)</td>
</tr>
<tr>
<td>Net liabilities</td>
<td>(1)</td>
<td>(62)</td>
</tr>
<tr>
<td>Share capital and premium</td>
<td>108</td>
<td>78</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(187)</td>
<td>(220)</td>
</tr>
<tr>
<td>Other reserves and interests</td>
<td>78</td>
<td>80</td>
</tr>
<tr>
<td>Equity</td>
<td>(1)</td>
<td>(62)</td>
</tr>
</tbody>
</table>
## Summary and Outlook

### Summary
- Strategy being delivered
- Strong growth in air cargo services
- Overall margin improving
- Commercial progress continues
- Strong underlying profit turnaround
- Positive debt and liquidity position

### Outlook
- Strong start to 2022
- Growth in air cargo services expected to continue
- Passenger flight volumes to steadily increase
- Commercial momentum to continue
- Underlying operating profit margin to increase
- Strong underlying cash generation and robust liquidity positioned expected

Well placed to prosper as the aviation industry continues to recover
Appendix 1

Market data
**Market position**

**Our market view**

- Cargo market is strong, supported by Boeing’s forecast of 4% p.a. global growth to 2039
- Regional and domestic flight volumes recovering
- Geographic variations in flight recovery
- Long haul slower but improving
- New restrictions expected to be fewer
- Marketplace remains competitive

**IATA flight volume view**

<table>
<thead>
<tr>
<th>Flight volumes vs 2019</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>52%</td>
<td>65%</td>
<td>91%</td>
<td>98%</td>
</tr>
</tbody>
</table>

- Global passengers to grow to 5.6 billion by 2030
- 2030 levels are forecasted 7% lower than projected in 2019
- Two years of growth lost to Covid

Air cargo remains strong. Flight volume recovery well underway
Appendix 2

Additional company data
Our purpose is to provide safe and trusted aviation services and flexible solutions, serving the needs of our customers now and for the future.

- Safety & Security
- Agility
- Integrity
- Teamwork
- Customer Focus

Our purpose
Our history

We are proud of our heritage and journey to become the leading time critical global aviation services provider.

**Air cargo services**
- Full-service cargo handling operator and international cargo forwarder

**Ground services**
- Full suite of passenger and ramp activities to aircraft on the ground

**Fuel services**
- Fuel farm and hydrant system management, into-plane fuel services, technical services and fuel logistics

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1833 — Founded in Edinburgh
1962 — Listed on London Stock Exchange
1993 — Air Menzies International established
2000 — Ogden international aviation services business acquired, entry in USA
2000 — Cargo services start in Australia
2005 — Network grows to 100 airports
2017 — Becomes largest independent into-plane fuelling provider
2018 — UK distribution business sold
2022 — Operating at 212 airports in 38 countries
Menzies at a glance

$\text{m}$

<table>
<thead>
<tr>
<th>Year</th>
<th>Countries</th>
<th>Employees</th>
<th>Cargo Centres</th>
<th>Forwarding Depots</th>
<th>Ground Service Airports</th>
<th>Air Cargo Tonnes</th>
<th>Fuelling Turns</th>
<th>Ground Service Turns</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
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<td>2018</td>
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<td>2019</td>
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<td>2020</td>
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<tr>
<td>2021</td>
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Underlying EBITDA up 112% on 2020

Revenue up 27% on 2020

EBITDA reported under IFRS 16 from 2019

2021 Full Year Results