

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



Results overview



People.
Passion.
Pride.
Since 1833.

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



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





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Financial



Financial highlights

Financial performance

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

	2021 vs 2020		2021 vs 2019
	Absolute	Like for like	Absolute
Air cargo services	+45%	+15%	+19%
Fuel services	+29%	+29%	-30%
Ground services	+23%	+24%	-49%

Air cargo remains strong. Flight volume recovery well underway

Financial performance

\$m

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

Financial strength. Profit turnaround

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

\$m

	2021	2020
Acquisition and transaction costs	(1)	(3)
Restructuring	(8)	(41)
Impairments	2	(35)
Insurance settlement	-	(12)
	(7)	(91)

Highlights

Significant action in 2020

Restructuring completed in 2021

Delivering over \$30m of annualised and sustainable cost savings over pre-Covid levels

Our business segments

\$m	Revenue		Underlying operating profit	
	2021	2020	2021	2020
Americas	461	376	52	22
EMEA	441	348	1	(66)
Rest of World	155	118	10	11
Cargo Forwarding	296	222	13	9
	1,353	1,064	76	(24)

Substantial profit bounce back in EMEA

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

Liquidity, debt and headroom

\$m

	2021	2020
Committed bank facilities	421	433
Undrawn bank facilities	57	27
Cash and cash equivalents	168	167
Liquidity	225	194
Net debt pre-IFRS 16	267	293
Net borrowings	499	487

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

\$m

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

Highlights

Step up in EBITDA

Working capital outflow as volumes recover

Continued government support, particularly in the USA

\$2m pension surplus

Pakistan, Latin America and Guam acquisitions

\$30m share issue funding M&A

Paying down portion of term loan each January

Balance sheet

\$m

	2021	2020
Tangible fixed assets and investments	389	343
Goodwill and other intangibles	270	257
Working capital and others	(163)	(166)
Net borrowings	(499)	(487)
Retirement benefit scheme	2	(9)
Net liabilities	(1)	(62)
Share capital and premium	108	78
Retained earnings	(187)	(220)
Other reserves and interests	78	80
Equity	(1)	(62)

Highlights

Equipment and cargo facilities investment and lease renewals

New markets investment in intangibles

Working capital increased with volumes and deferred government grants

Net borrowings reduced by cash generation and equity raise, offset by lease liability investments

Discount rates move pension scheme to surplus

Share issue strengthens equity

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



People. Passion. Pride. Since 1833.

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

- Flight volumes vs 2019

2021	2022	2023	2024
52%	65%	91%	98%

- 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

A man in a warehouse setting, wearing a high-visibility yellow safety vest over a dark blue long-sleeved shirt. He is also wearing large yellow earplugs, red and black work gloves, and black knee pads. He is looking upwards and to the right with a slight smile. The background shows industrial equipment, including a blue overhead crane and metal grates on the ceiling.

Appendix 2

Additional company data



People. Passion. Pride. Since 1833.

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



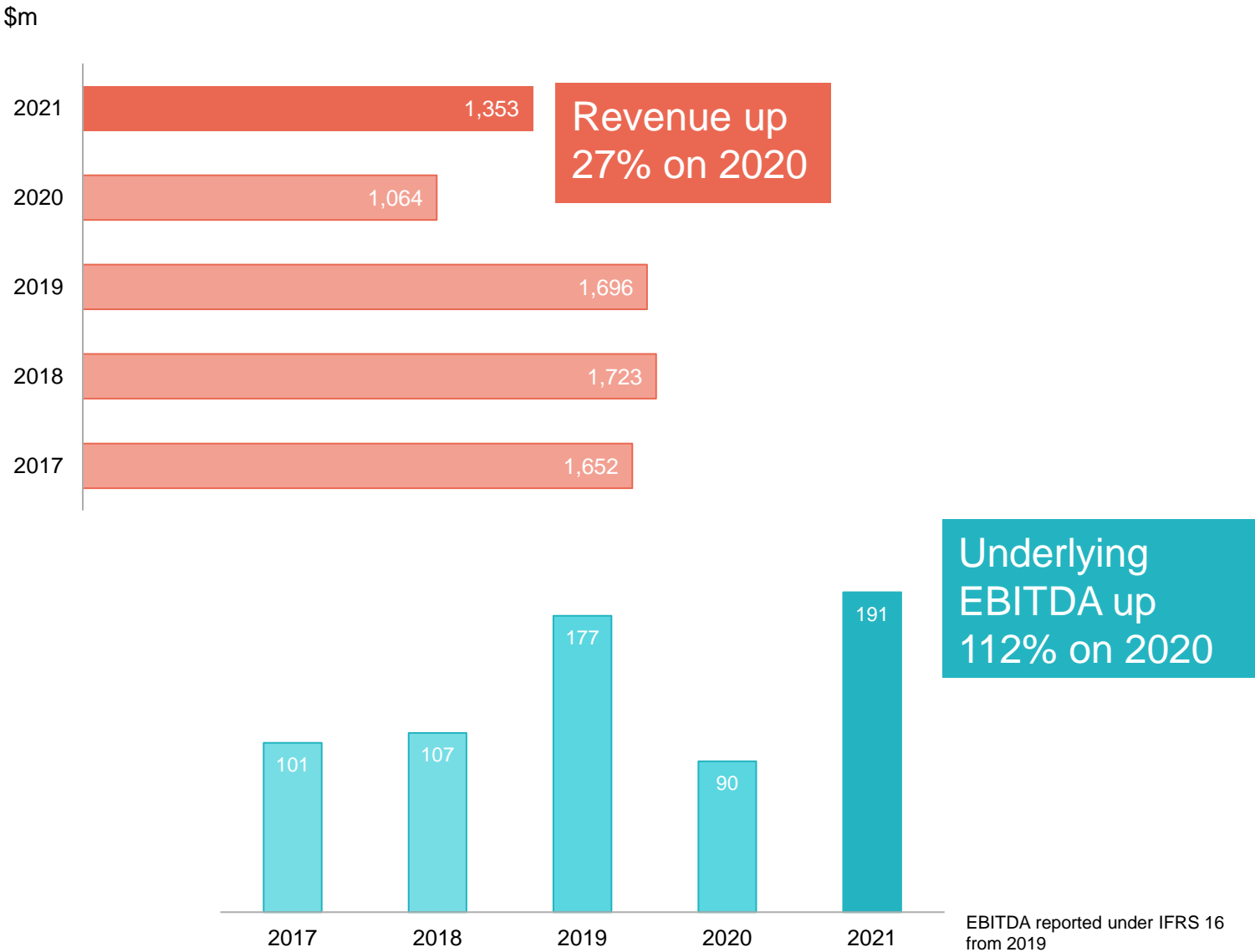
Fuel services

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



- 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



38

>

countries

27k

>

employees

58

>

cargo centres

24

>

forwarding depots

212

>

ground service airports

1.7m

>

air cargo tonnes

2.5m

>

fuelling turns

0.6m

>

ground service turns