

09 March 1998

JOHN MENZIES RETAIL SOLD TO W H SMITH

John Menzies plc ("John Menzies") has entered into a definitive agreement to sell its John Menzies Retail business to the W H Smith Group plc ("WH Smith") for £68m (including £10m for freehold property), payable in cash upon completion. Completion of the sale is conditional upon the transfer of an agreed number of leases used in the business of John Menzies Retail to WH Smith, and approval by the shareholders of John Menzies at an Extraordinary General Meeting. It is anticipated that both conditions will be achieved during April 1998.

David Mackay, Chief Executive of John Menzies, said:

"In January the Board announced its intention to withdraw from Retailing. I am therefore delighted to announce the sale of the John Menzies Retail business to WH Smith, a move which I am convinced is in the best long-term interests of our shareholders and the majority of our staff. The John Menzies Group can now focus on its strategy of developing its core distribution strengths."

John Menzies' current financial year ends on 2nd May 1998 and the impact of this transaction on its earnings in the next full year is expected to be broadly neutral. It is the Board's intention that the proceeds of the sale be used initially to reduce Group borrowings and thereafter to provide funds for both internal investment and future acquisitions in support of the Group's distribution services activities.

The sale consideration of £68m is subject to adjustment based on the net asset value of John Menzies Retail at completion, currently estimated to be £58m.

John Menzies Retail is a nationwide chain of over 230 high street stores, station bookstalls, airport and hospital shops selling news, confectionery, stationery, music and video, cards and books. In the year ended 3rd May 1997 it made operating profits of £2.4m (after non-recurring items and rents on the freehold properties covered by the consideration) on turnover of approximately £282m. Net assets at 3rd May 1997 were £52.3m. The use of the John Menzies retail name will be licensed to WH Smith. Upon completion all employees involved in the activities of John Menzies Retail will transfer to the employment of WH Smith. In addition, following completion, Mr S J Robinson (Managing Director of John Menzies Retail) will resign from the Board of John Menzies plc.

The John Menzies Group, whose corporate headquarters will remain in Edinburgh, are to continue their listing under the name John Menzies plc.

A circular providing details of the disposal and convening an Extraordinary General Meeting of John Menzies plc will be posted to shareholders shortly. SBC Warburg Dillon Read is acting on behalf of John Menzies in this transaction.