

03 September 1999

CHAIRMAN'S STATEMENT TO THE 1999 ANNUAL GENERAL MEETING

Mr Gavin Reed, Chairman of John Menzies plc, told shareholders at today's Annual General Meeting that:

"The Group continues to make good progress on all fronts.

John Menzies Wholesale is up on last year, with magazine sales growth of 6 per cent offsetting the continuing slow decline in newspapers. The magazine market remains buoyant and dynamic. There has been a significant increase in the number of titles published and in the number and professionalism of the retailers selling magazines in the past few years. Our expertise in managing and marketing this increased range of titles emphasises the added value which we bring to both publisher and retailer alike.

Menzies Transport Services is successfully realising synergies from its recent acquisition of BOC Cargo Services. Connect, our passenger transfer service at Heathrow which started operations on 1st May, is performing very well. The division remains active, on its own account and in conjunction with GlobeGround, its Lufthansa partner, in seeking new ground handling contracts and opportunities. The outlook for this business remains very encouraging.

Steady progress is being maintained at T.H.E, where a £1m investment in automated conveyor and packaging systems has been successfully completed. Other operational improvements are well in hand, and costs in this business are firmly under control. Sales, however, are relatively weak as the business rebuilds its customer base.

T.H.E Games is, as expected, actively managing the Nintendo 64 through a market which is on a downward cycle whilst awaiting the launch of the next generation hardware. Gameboy meanwhile continues to perform strongly and remains the dominant player in the hand-held console sector. We have previously indicated that we do not expect T.H.E Games to match its 1998/99 performance in the current year, but the business nevertheless remains on track to make a useful contribution to profits.

Customer reaction to the new summer lines of Early Learning Centre has been excellent, with customer flow now regularly up over 10 per cent. Aided by a highly successful summer promotion, sales through all channels have increased by 14 per cent in the year to date, albeit at some expense to margins. The repositioning of this business continues as it prepares for its key Autumn/Winter trading season, and we remain confident that it will return a small profit in the current year.

Overall, the Group is performing to expectation, confirming your Board's belief that the strategy we are now pursuing will deliver sustainable growth in shareholder value in the years ahead."