

02 May 2000

## **MENZIES AND LUFTHANSA FORM MENZIES WORLD CARGO**

John Menzies plc ("Menzies") and Lufthansa AG ("Lufthansa") have agreed to extend their relationship in air cargo handling through their respective subsidiaries Menzies Transport Services ("MTS") and GlobeGround GmbH ("GlobeGround"). Currently MTS and GlobeGround's principal involvement is the 50:50 London Cargo Centre joint-venture at Heathrow airport.

Under the agreement MTS will hold an 80% stake in the combined air cargo operation, to be named Menzies World Cargo - a GlobeGround partner.

MTS have therefore now purchased from GlobeGround an additional 30% holding in the London Cargo Centre for £4.7m, and GlobeGround have purchased 20% of MTS' existing UK cargo operations, including Concorde Express and its recently acquired BOC Cargo Services and Aer Lingus terminals, for £7.1m. MTS have received the net balance of £2.4m from GlobeGround in cash. This transaction is expected to have a marginally positive impact on Menzies' earnings per share.

MTS will retain full control of its other airport services, principally "Connect", its Heathrow inter-terminal passenger and baggage transfer contract, Execair, its executive aircraft handler, and AMI, its air cargo wholesaler.

Menzies World Cargo, which is expected to have an initial annual turnover of around £40m, will be one of the largest independent air cargo handlers in the UK with a handling capacity of over 420,000 tonnes per annum. Its principal operations are at Heathrow, Manchester and Birmingham airports, where it operates 15 cargo sheds for 35 airline customers and employs 800 staff. MTS also has operations at a further seven major UK airports.

David Mackay, Chief Executive of Menzies, said:

"This is an important step in the development of MTS as a principal provider of cargo handling services in the UK, and in the furthering of our relationship with Lufthansa and its subsidiary GlobeGround.

Our airport services business has expanded rapidly since it was set up some five years ago. We are determined to drive this business forward, and this agreement creates a firm base from which we can continue to expand MTS's operations both within the UK and abroad."

Peter Bluth, President and CEO of GlobeGround, said:

"I am very satisfied with our relationship with MTS. The creation of Menzies World Cargo reflects a further cementing of GlobeGround's close and burgeoning relationship with MTS which I fully expect to develop beyond UK cargo."