

09 July 2003

## Trading Statement

John Menzies plc, the international support services group, will announce interim results for the period ended 28th June on Tuesday 9th September 2003 and today issues the following trading update:

### **Menzies Distribution**

At Menzies Distribution trading continues to be in line with management expectations with all major product categories showing year on year sales growth.

The final stage of our branch rationalisation programme will be complete in early 2004 with the opening of our fourth "super branch" in East London. These new branches have been successful and projected efficiency gains have been achieved. We continue to innovate, and our high standards of customer service and communication with retailers were again recognised at recent industry awards.

The management team at Distribution is driving this business forward and will continue to look for appropriate expansion opportunities.

### **Menzies Aviation**

Our annual general meeting statement, issued on 9th May, highlighted difficult trading conditions at Menzies Aviation. These conditions have since deteriorated, affected in particular by the impact of the SARS virus on air travel. We nevertheless expect that the full year result for Menzies Aviation will be slightly ahead of last year's profit of £3.7m. Actions to reduce our cost base, which will have full effect in 2004, are under way.

SARS has had a significant effect on a number of our operations, with over 75% of daily passenger flights being cancelled at Macau while the virus was at its peak. The incidence of the virus has now reduced and the World Health Organisation has lifted its restrictive travel advisories. We are now seeing a gradual reinstatement of airline passenger services.

The cargo handling market at Heathrow is still very competitive, although there are signs of modest recovery with year on year volumes up. In Amsterdam, Fr8's labour costs have remained higher than anticipated and corrective action is now under way.

North America remains a difficult market. We recently sold our loss-making Canadian operations at a book loss but on a broadly cash neutral basis to a local handler, and are working to reduce costs further in our USA business. In Australia, revenue has been behind expectations and we are driving cost and volume improvements.

Throughout the rest of the portfolio our Eastern European and Latin American operations have performed well, with satisfactory volumes boosted by contract wins and tight cost control. Our Support Services operations in the UK continue to prosper and we are seeking expansion opportunities in this area.

**Patrick Macdonald, Chief Executive, commented:**

"The aviation sector remains challenging and the SARS virus has slowed the progress of our Aviation division. However, we are taking firm and decisive action to drive profits and cashflow. The medium term fundamentals of the aviation market remain positive and we will benefit as it recovers.

Our Distribution division is producing an excellent performance. New title launches and cover price increases support the top line, and cost control remains tight. We continue to achieve efficiencies while delivering a high standard of customer service."

Contact:

Patrick Macdonald, Chief Executive, John Menzies plc - 0207 233 5550

Paul Dollman, Finance Director, John Menzies plc - 0131 459 8018

John Geddes, Head of Investor Relations, John Menzies plc - 0779 633 6173

Jonathan Rooper, Cardew Chancery - 0207 930 0777