

Regulatory Announcements

08 March 2006

John Menzies plc announces acquisition of Aeroground, Inc.

John Menzies plc, the time-critical logistics company, is pleased to announce that it has reached conditional agreement for Menzies Aviation, its aviation support services subsidiary, to acquire the entire issued share capital of Aeroground, Inc., a provider of air cargo handling services to customers at 9 airports in the USA and Canada. The total cash consideration for Aeroground amounts to \$28m on a cash free / debt free basis with a further maximum of \$2m payable dependent on the future performance of the business over the next 2 years. It is expected that the transaction will be completed by the end of April 2006 subject to regulatory clearance.

Aeroground was established in 1988. It employs over 1,200 staff and operates at many of North America's key international cargo airports, including Los Angeles, Chicago O'Hare, New York JFK, Dallas/Fort Worth and Vancouver. In particular, Los Angeles airport is the key US cargo gateway serving Asian carriers operating in the fast growing trans-pacific cargo market. The acquisition of Aeroground will substantially improve and expand Menzies Aviation's cargo offering in North America and will double its turnover in the region.

Anthony Bonino, Aeroground's major shareholder and chief executive, will retain responsibility for the business as part of the Menzies Aviation North America management team.

Aeroground's reported unaudited results for the year to 31 December 2004 were as follows :

Profit before tax	\$1.1m
Gross assets	\$13.0m

Profit before tax was struck after one off items of \$1.0m. During 2005 the business recorded a significant like for like improvement in performance.

The acquisition is expected to be earnings enhancing in 2006.

Patrick Macdonald, CEO of John Menzies plc, said:

"This is an exciting acquisition for Menzies Aviation. There is a strong strategic fit with our existing ground handling and cargo handling business in North America, with operations overlapping at four airports and new sites at a further five. We will now be able to offer a wider range of services to an expanded group of customers. Aeroground will give us critical mass in important US cargo airports and we are looking forward to working with its management team to achieve further growth in this large market."

Enquiries

John Menzies plc

Patrick Macdonald, Chief Executive	0131 459 8186
Paul Dollman, Group Finance Director	0131 459 8186

Citigate Dewe Rogerson

Ginny Pulbrook	020 7282 2945
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Anthony Kennaway	020 7282 1076
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NOTES TO EDITORS

1. Menzies Aviation is acquiring Aeroground, Inc. from A Bonino, P Scherer, S Ballard, J Speegle, D Yonge, C Galli, John Peery and M Peery.
2. John Menzies plc, the time-critical logistics company, is one of Scotland's largest companies. The company has two operating divisions, Menzies Distribution and Menzies Aviation. These divisions operate in two distinct sectors where success depends on providing an efficient, high quality, time-critical service to their customers and partners.
3. In the year ended 25 December 2004, John Menzies reported turnover of £1,369.2m (2003 - £1297.7m) and Group profit on ordinary activities before tax and exceptionals of £30.3m (2003 - £17.1m). Turnover at the Distribution division was £1,109.4m (2003 - £1,058.0m) whilst pre-exceptional operating profit was £30.6m (2003 - £26.2m). In the Aviation division turnover was £259.8m (2003 - £239.7m) and pre-exceptional operating profit was £10.4m against £2.4m in 2003.
4. John Menzies was established in 1833 and its head office is in Edinburgh, Scotland. Today the company is an international operation with offices, partners and contracts located in Europe, North and South America, Asia, Australasia and Africa.
5. Menzies Aviation is one of the world's major independent suppliers of ground handling services to the aviation market providing passenger, ramp and cargo services for many of the world's leading airlines and some of the busiest international airports. The division employs over 10,500 people across the globe, at 93 airports in 23 countries servicing more than 500 airline customers.
6. Aeroground and Menzies Aviation each operate at Los Angeles, San Francisco, Seattle and Portland airports. In addition, Aeroground operates at a further 3 airports in the USA - New York JFK, Chicago O'Hare and Dallas/Fort Worth. It also operates at Vancouver and Calgary airports in Canada.
Menzies Aviation operates at a further 3 airports in USA - San Jose, Washington National and Houston.
7. The current world air cargo market is estimated at 156.5bn RTK (revenue tonne-kilometres) per annum. The North America - Asia sector is expected to grow by 7.2% per annum. In 2003, it accounted for 21% of global traffic and this is expected to grow to 26% by 2023. Source: Boeing World Air Cargo Forecast 2004/2005.

Los Angeles airport is the key cargo gateway for Asian carriers serving the US with over 550,000 tonnes of trans-pacific cargo handled per annum.
8. Further information on John Menzies plc can be found at: www.johnmenziesplc.com; www.menziesdistribution.com and www.menziesaviation.com.