

## John Menzies plc – Interim Management Statement

11 November 2009

**John Menzies plc** today announces its Interim Management Statement in accordance with its obligations under Section 4.3 of the Disclosure and Transparency Rules.

Despite continued challenging marketplaces, particularly at Menzies Aviation, the **Group** has traded strongly and the Board expects that the full year results will now be well above current market expectations.

**Menzies Aviation** is demonstrating continued resilience and is expected to deliver full year results ahead of current market expectations. Rigorous management actions across the network have resulted in substantial cost savings, which have helped to mitigate the ongoing volume weakness.

Cargo volumes continue to be significantly behind last year although the rate of deterioration appears to be levelling. This significant drop in volume has led to over capacity and predatory pricing in the major cargo markets, which has resulted in some contract losses.

Within Ground Handling like for like volumes are marginally down but, following a number of contract gains, absolute volumes in Q3 are up 5.4%. Winter schedules have commenced although they are still subject to change. Current volumes are in line with our expectations but visibility into 2010 is limited.

**Menzies Distribution** has encountered a transformational change to its business in the second half of the year. The substantial contracts awarded following the administration of Surridge Dawson Limited have significantly expanded the business. The integration of these contracts has gone well and two new hub branches have been opened, on time and budget. The costs incurred in this very rapid start-up are largely being offset by the increased profit generated.

Aside from the new business the underlying business is trading well. Magazine volumes, whilst still in decline, have improved in the second half. Cost initiatives continue to deliver savings and the full year outturn will now benefit from a 53<sup>rd</sup> week of trading. Overall this places the division in line to exceed current market expectations.

The **Group** focus remains on cash generation and debt reduction. Cash raised during the year from the sale and re-financing of assets is now expected to be around £15m. Year end net debt, at current exchange rates, will continue to reduce in line with our expectations demonstrating the cash generative nature of both divisions, even in a difficult economic climate.

William Thomson, Chairman, who will be 70 next year, has confirmed that he will retire at the AGM in May 2010. William has been Chairman for the last seven years and will hand over to Iain Napier who joined the Board in September 2008. Iain is also Chairman of Imperial Tobacco plc and McBride plc.

**For further information:**

Paul Dollman, Group Finance Director, John Menzies plc

+44 131 459 8018

John Geddes, Company Secretary, John Menzies plc

+44 131 459 8180

