



Interim Results Presentation

21 August 2008



Agenda

- Group Highlights and Financial Review
- Business Review
 - Menzies Aviation
 - Menzies Distribution
- Current Trading
- Questions





Group Highlights and Financial Review

Paul Dollman, Group Finance Director



John Menzies plc - Financial Highlights

£m	<u>H1 2008</u>	<u>H1 2007</u>	<u>Change</u>
Revenue	826.5	749.6	10%
Underlying profit before tax	11.4	14.6	-22%
Free cash flow	(21.4)	(19.1)	12%
Underlying earnings per share	14.3 p	18.9p	-24%
Interim dividend	7.56 p	7.20p	5%



Segmental Operating Profit

£m	<u>H1 2008</u>	<u>H1 2007</u>	<u>Change</u>
Aviation	4.1	6.2	-34%
Distribution	10.9	10.9	0%
Corporate	(0.9)	(1.4)	36%
	<u>14.1</u>	<u>15.7</u>	-10%
Interest	(2.7)	(1.1)	
Underlying profit before tax	<u>11.4</u>	<u>14.6</u>	-22%
Tax	(2.9)	(3.5)	
Underlying profit after tax	<u>8.5</u>	<u>11.1</u>	-23%
Tax rate	25%	24%	

Exceptional Items

£m	<u>H1 2008</u>
Gain on disposal of Peru JV	8.2
Goodwill impairment	(3.4)
Onerous lease provision	(2.4)
	<u>2.4</u>
H1 2007 exceptional items	2.5



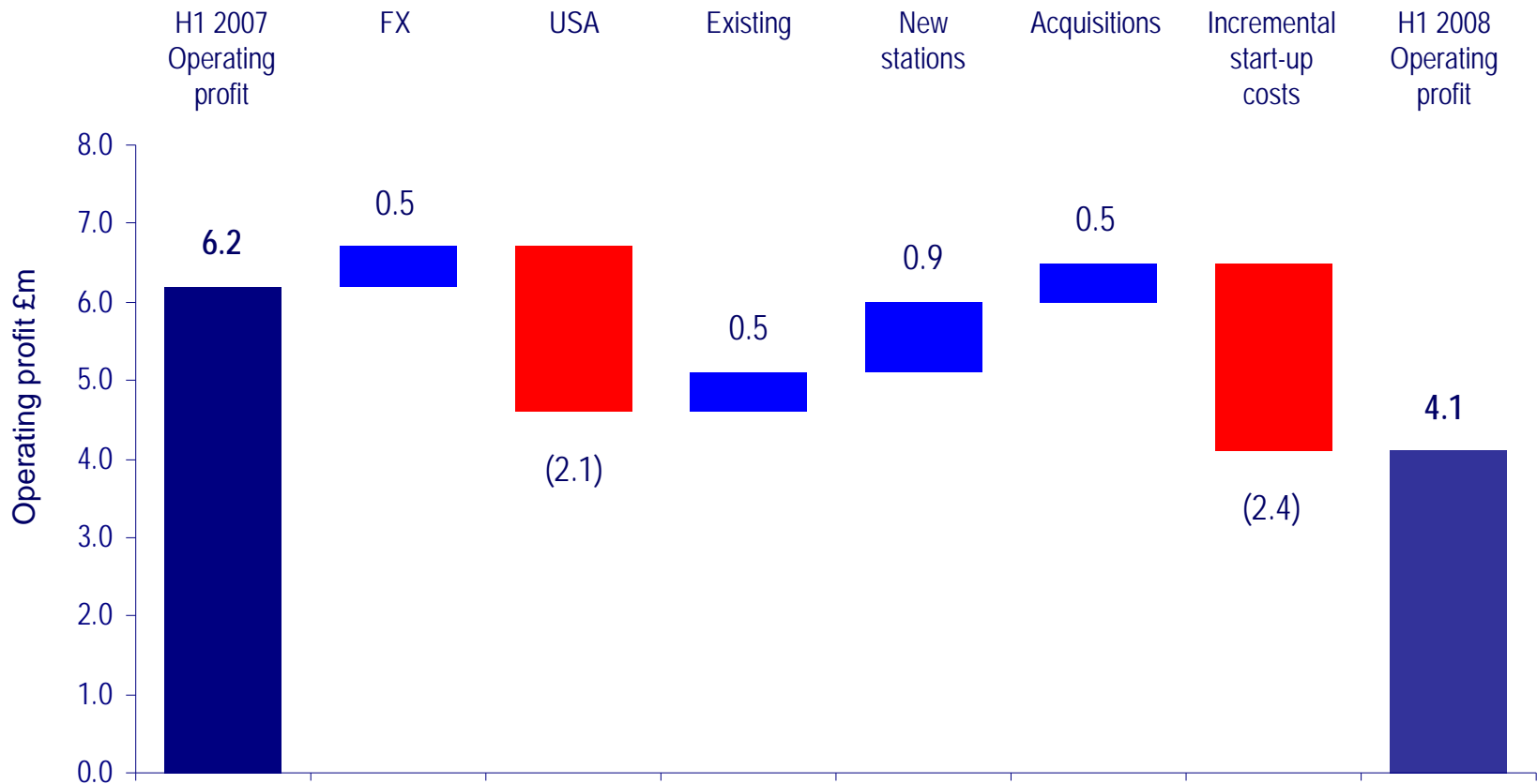
Aviation

£m	<u>H1 2008</u>	<u>H1 2007</u>	<u>Change</u>
Turnover *	257.1	196.1	31%
Underlying operating profit before start-up costs	7.6	7.3	4%
Operating margin before start-up costs	2.9%	3.7%	
Underlying operating profit	4.1	6.2	-34%
Operating margin	1.6%	3.2%	

* Turnover includes £17.8m attributable to JVs and associates (2007: £14.0m)



Aviation Underlying Operating Profit Bridge



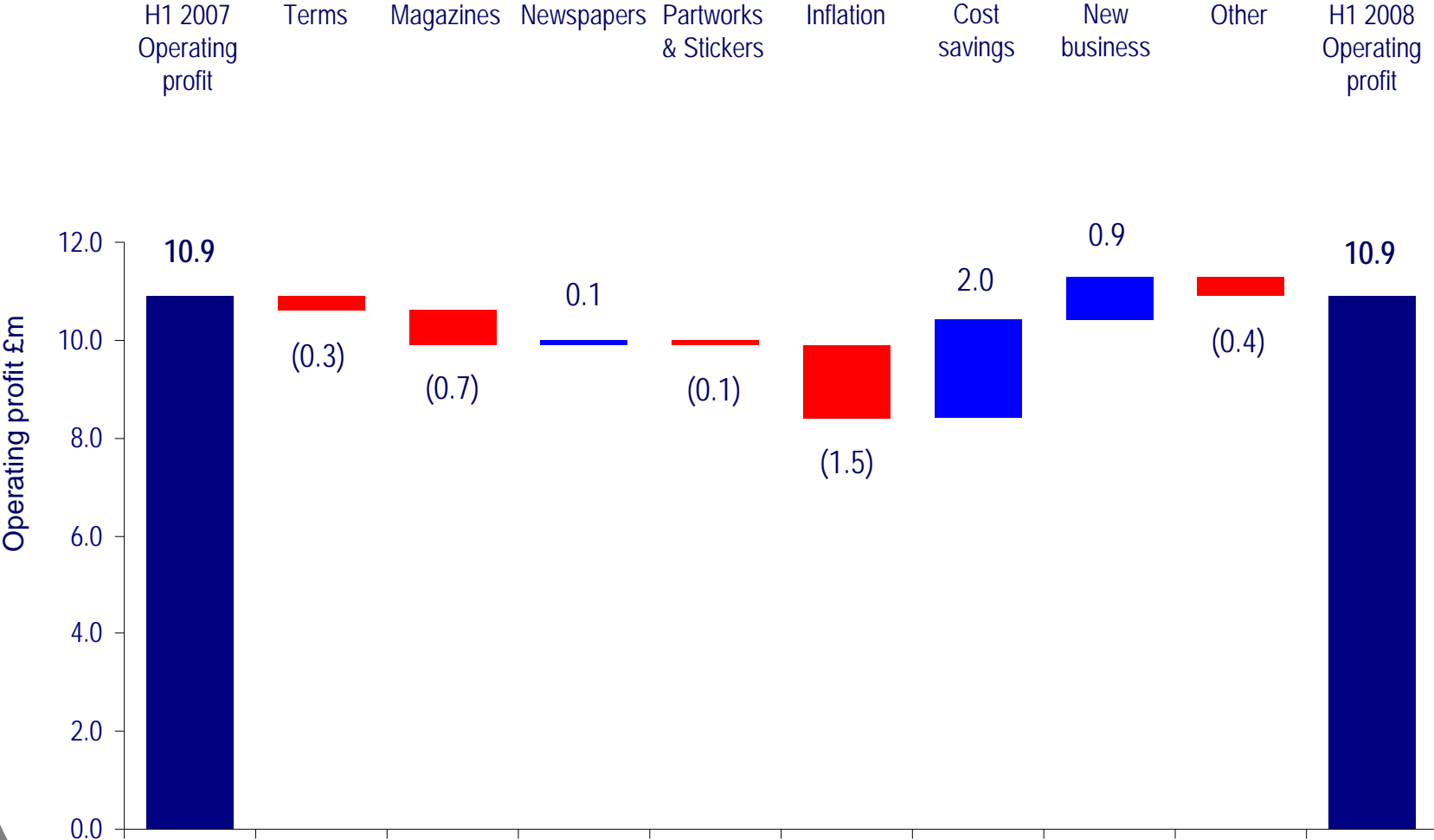
Distribution

£m	<u>H1 2008</u>	<u>H1 2007</u>	<u>Change</u>
Turnover *	628.2	580.3	8%
Underlying operating profit	10.9	10.9	0%
Operating margin	1.7 %	1.9 %	

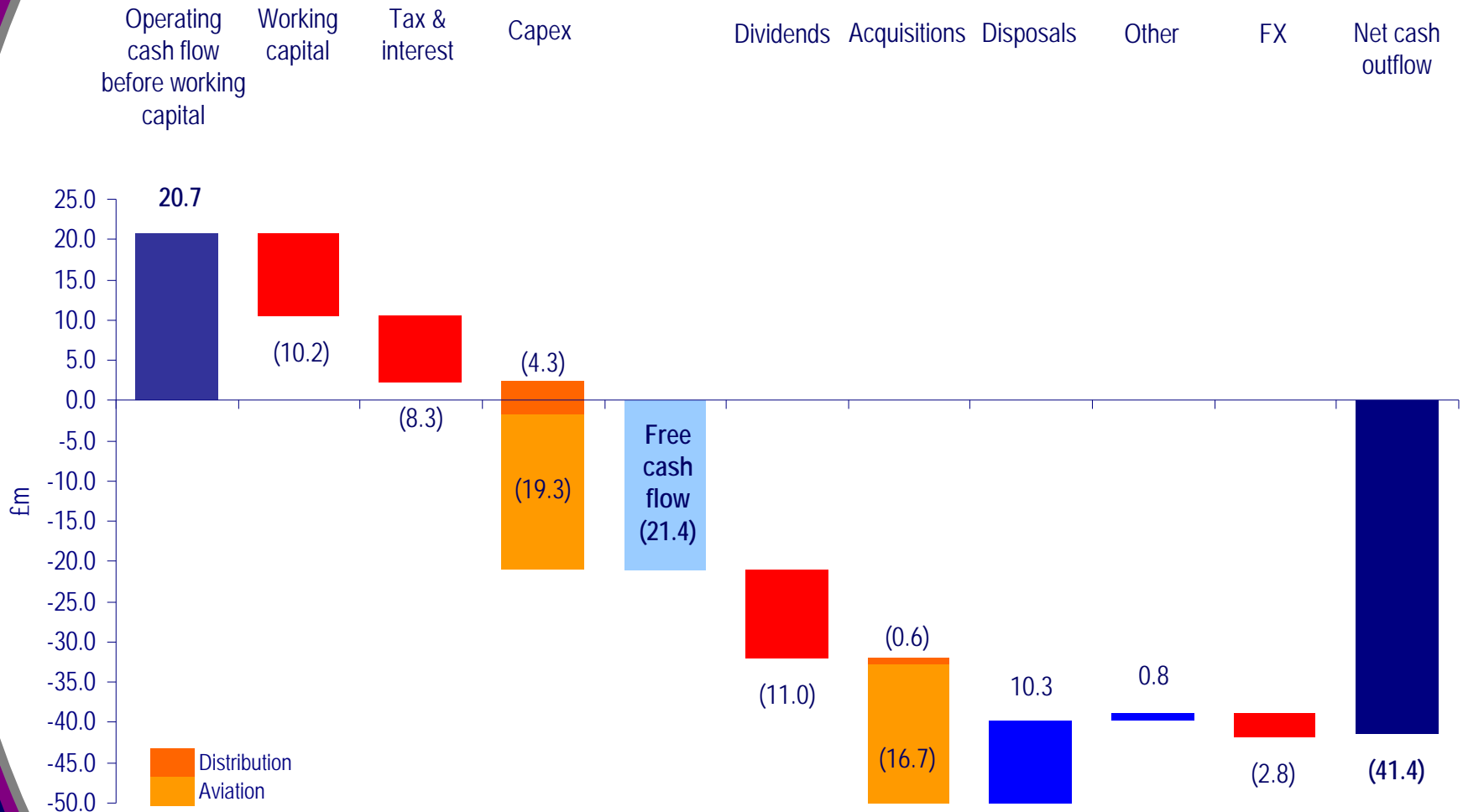
* Turnover includes £41.0m attributable to JVs and associates (2007: £12.8m)



Distribution Underlying Operating Profit Bridge



Cash Flow



- Net debt increased to £152.7m



Balance Sheet

£m	June 2008	June 2007
Tangible fixed assets and investments	195.6	152.4
Goodwill and intangibles	95.6	78.1
Deferred tax assets	6.9	3.8
	<u>298.1</u>	<u>234.3</u>
Working capital	(31.7)	(21.3)
Net debt	(152.7)	(115.7)
Creditors >1 year	(10.0)	(17.9)
Pension	(9.0)	34.1
	<u>94.7</u>	<u>113.5</u>
Equity shareholders funds	94.7	113.1
Minority interest	-	0.4
	<u>94.7</u>	<u>113.5</u>



Business Review – Menzies Aviation

Craig Smyth, MD



Menzies Aviation - Overview

- A challenging market
 - Oil prices remain high, slowing global economic growth
 - Airlines under increasing revenue and cost pressures
 - Volumes flat with challenges ahead
- Our strategy is delivering
 - Strong organic contract wins with attractive airlines
 - Important contract renewals
 - New licences at attractive airports
 - Selective 'bolt-on' acquisitions
 - Decisive management action on the cost base
- A robust aviation services business model
 - Complementary product mix
 - Portfolio of attractive customers and attractive airports
 - Global diversification with regional density



Aviation - Focus Areas

- India

- Start-ups delivered and progressing very well
- Station density achieved in 2 airports, further product density opportunities
- Attractive growth market
- More tenders in the pipeline for Delhi, Mumbai and Cochin



- South Africa

- Start-ups delivered within tight timeframe
- Regional and product density achieved through organic growth and acquisition
- Commercial success with customer wins exceeding expectations
- Actions underway to reduce labour cost



Aviation - Focus Areas

- Scandinavia
 - Regional density achieved through organic growth and acquisition
 - Largest independent ground handler, operating at 5 airports



- United States
 - Economic slowdown exacerbated operational weaknesses
 - New team addressing service and labour management issues
 - Chicago & San Francisco relocation expected to be completed by year end
 - Turnaround on track

Aviation - Outlook

- Challenging market set to continue
 - Slowing global economic growth
 - Prudent outlook on passenger and cargo volumes
 - Regional densities increase our resilience
- Strategy unchanged...
 - Targeting attractive airlines in attractive markets
 - Growing organically and by selective acquisition
 - Creating station and regional market density
- ...with decisive actions
 - Vigorous management of labour costs
 - Rationalise indirect and management costs
 - Fix, close or sell underperforming stations and customer contracts



Business Review – Menzies Distribution

Ellis Watson, MD



Menzies Distribution - Overview

- Market performed in line with expectations
- News International secured for five years
- Ireland JVs
 - Northern Ireland now more profitable
 - Successful entry into the Republic of Ireland
- Cost savings continue to outrun inflation
- New revenue streams progressing well



Distribution - Marketplace

- Stability in 2007 has continued into H1 2008
- Volume declines in Magazines partially offset by cover price increases
- Newspaper cover price increases compensating for volume declines



Distribution - Initiatives

- SAP
 - Blueprint and prototype phases complete
 - Moving into realisation phase
 - Initial go live phase scheduled for Q1 2009
 - Costs in line with budget
- New initiatives
 - Hub and spoke network changes now complete, hubs performing well
 - New magazine packing and returns machinery delivering projected operational efficiencies
 - Call centre migration achieved and customer service centralised
 - Future growth from D-Cipher and Digital





Current Trading

Paul Dollman, Group Finance Director



Current Trading

- Aviation
 - Challenging market leading to inevitable volume reduction
 - New contract momentum continues
 - Robust business model
 - Division well placed for growth in H2 and into 2009
- Distribution
 - H1 stability expected to continue
 - Cover price increases help offset volume decline
 - Continue to drive cost initiatives and pursue new revenue streams

Broadly in line with market expectations



Questions





Appendix 1

Additional Financial Information



Appendix 1: Definitions

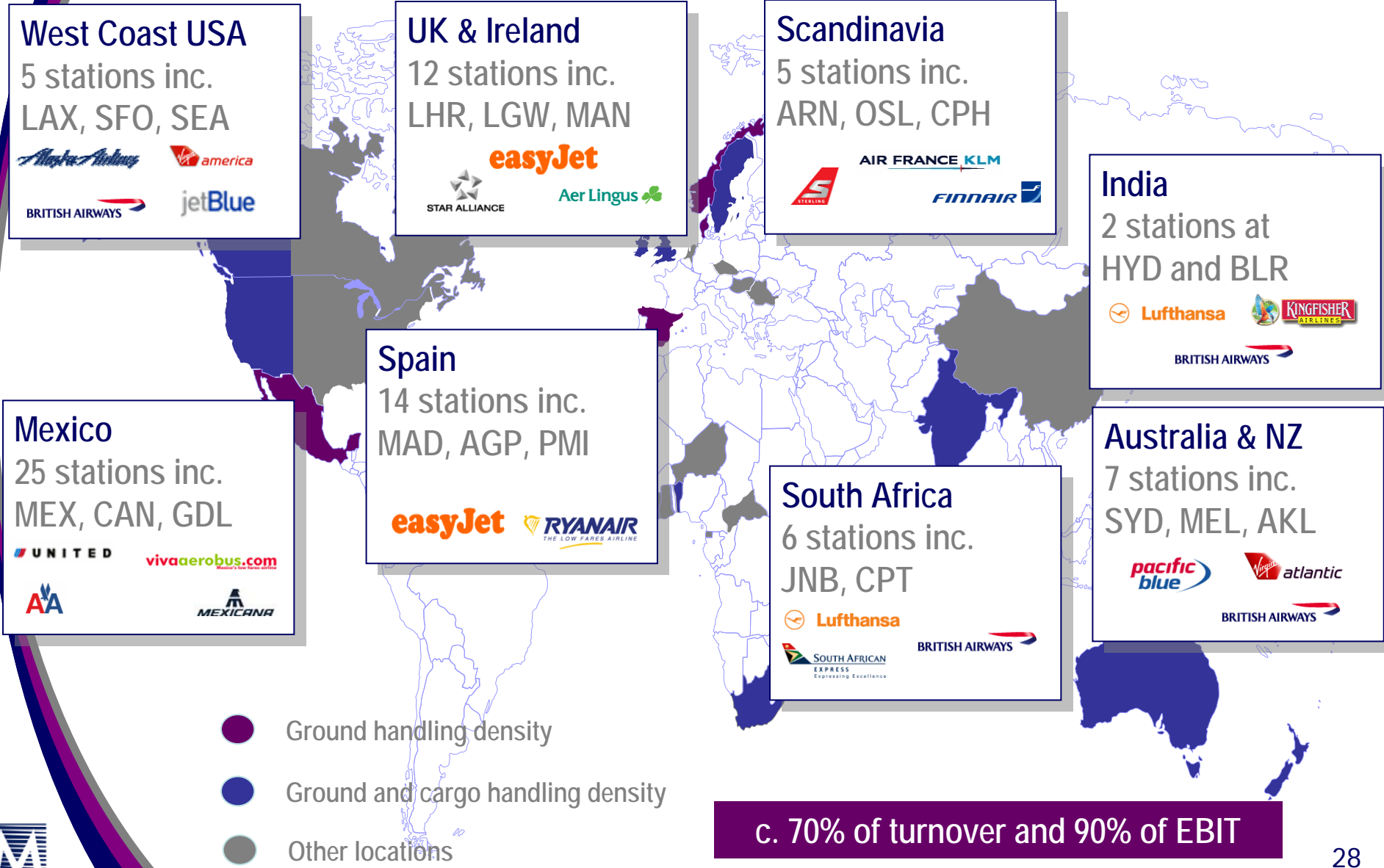
- Underlying profit before tax is defined as profit before taxation, intangible amortisation and exceptional items.
- Underlying operating profit includes each division's share of pre-tax profit from joint ventures and associates, and excludes intangible amortisation and exceptional items.
- Underlying earnings per share is profit after taxation and minority interest, but before intangible amortisation and exceptional items, divided by the weighted average number of ordinary shares in issue.
- Free cash flow is defined as the cash generated by the business after capital investment, interest and tax, and before acquisitions, disposals, ordinary dividends, share issues and one-off pension fund contributions.
- Operating cash flow is cash generated from operations plus dividends received but excluding one-off pension payments.



Appendix 1: EPS and Dividends

	<u>H1</u> <u>2008</u>	<u>H1</u> <u>2007</u>	<u>Change</u>
EPS			
Basic earnings per share	14.3 p	21.0 p	-32%
Underlying earnings per share	14.3 p	18.9 p	-24%
Interim dividend	7.56 p	7.20 p	5%

Appendix 2: Aviation - Creating Regional Densities With Attractive Customers



c. 70% of turnover and 90% of EBIT