

People **Passion** Pride

Since 1833



Our purpose is simple, to provide **safe** and **trusted** aviation services, for every customer, every time.

Our business has been evolving since we started in 1833. Connecting people, the movement of goods and world travel was a bit different in those days but we've always been a trusted service provider with people at our core.

Now, as aviation changes, we're playing our part too. Our exemplary approach to **safety**, seeking and implementing **innovative technology** and **sustainable solutions** will enable airlines and airports to shape the future of flight, reducing impacts and enhancing safety, so passengers around the world can trust every journey they take.

Our aim is to deliver the **safest, most secure** and **sustainable landside** and **airside services** tailored to our customers' needs, and by doing so, be recognised as a solution provider and the leading aviation services provider in our marketplace.

We keep our feet on the ground, but our aspirations know no bounds.

Front Cover Image:
Nicholas Caprice,
Cleaning Agent



HIGHLIGHTS

FINANCIAL HIGHLIGHTS

£1.3bn

Continuing revenue
£m

2019	1,325.6
2018	1,291.0
2017	1,273.6

£52.5m

Continuing underlying operating profit
£m

2019	52.5
2018	55.1
2017	53.1

£134.9m 6.0p

Operating cash flow
£m

2019	134.9
2018	94.9
2017	109.9

Dividend per share

2019	6.0p
2018	20.5p
2017	20.5p

OPERATIONAL AND STRATEGIC HIGHLIGHTS

- Decisive actions taken to right size business and position the Group for sustainable growth.
- Strengthened executive team and management structure.
- Revitalised commercial approach resulting in return to organic growth.
- Cost and efficiency programme completed.
- Robust results in challenging trading environment.
- Top line revenue of £1,325.6m, up 2% on 2018 at constant currency.
- Underlying operating profit of £52.5m and reported operating profit of £39.6m – a robust performance.
- Underlying earnings per share was 24.9p.
- Exceptional charge of £3.0m (2018: £43.8m) included restructuring costs and spend for transactions and their integration, offset by net recoveries on settlement of legal claims and increased disposal proceeds.

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Our global network

Menzies Aviation is a leading global provider of landside and airside services operating at 202 airports in 34 countries, supported by over 32,000 dedicated and highly skilled Menzies people.

Best in class safety and security is the number one priority each and every day.

Menzies Aviation manages its operating locations in three regional segments: Americas, EMEA and Rest of World.

Revenue by Segment

- Americas 39%
- EMEA 47%
- Rest of World 14%



Top 10 Customers by Revenue

- Norwegian
- IAG
- easyJet
- United Airlines
- American Airlines
- Cathay Pacific
- Air Canada
- WestJet Airlines
- Lufthansa
- Air France-KLM

Customers globally

500+

Flights handled

1.2m

Passengers served 2019

200m+

Litres fuelled

34bn





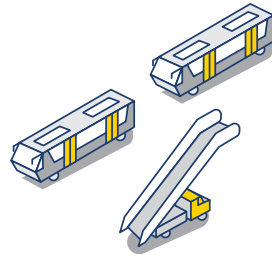
Ground handling

We provide front-line airport services, both above and below wing, ensuring passengers and aircraft complete journeys efficiently and on schedule.

Our services include welcoming and serving passengers at check-in and baggage drops, sorting, loading and unloading baggage, ramp handling services, de-icing aircraft in icy conditions and cleaning cabins ready for the next flight. Every passenger journey can have multiple seen and unseen interactions with Menzies and we always do our best to deliver safe and trusted service and a world-class passenger experience for every customer, every time.

Ground handling turns
2019

1.2m



Bogdan Slatculescu,
Load Controller



Cargo

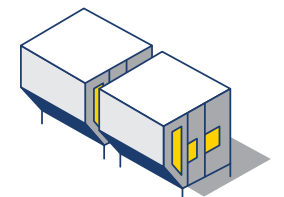
Jamaia Rochdi,
Ramp Supervisor



Air cargo travels the world every day either in dedicated freighter aircraft or in the holds of passenger aircraft. We provide an important role in this vital part of global logistics. We support our airline customers with reliable, safe, secure and timely handling of their cargo. These shipments tend to be high value and/or time critical. Our role involves the acceptance, security screening, build up, breakdown and delivery of the cargo at the airport.

Cargo handled (tonnes)
2019

1.5m





Fuelling

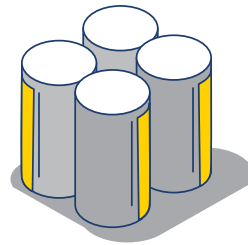
We provide into-plane fuelling services and fuel farm management to airlines, airports, oil companies and other partners across the world.

Managing the refuelling of aircraft and the infrastructure required to support this service, is a precision activity which must operate to exacting government and industry standards, including safety and environmental regulations.



Fuelling turns 2019

3.6m



Jason Flowers,
Fueller



Executive services

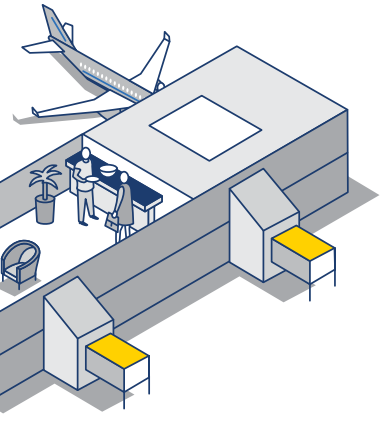


Lounge guests 2019

1.5m

Valerie
Saakwa-Mante,
Passenger
Services Agent

Our Executive Services offering, which includes provision of stylish lounges and meet-and-greet services, enhances the comfort and convenience of executive and VIP air travel.

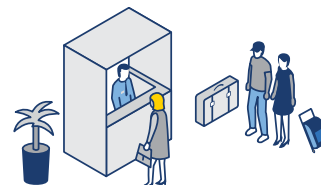


Offline services

We provide services such as line maintenance and aircraft washing, which take place outside the scope of our customers regular flying schedules, as well as global baggage tracing and related customer services on behalf of airlines.

Bags found and delivered 2019

17,000



Harpreet Gill,
Ramp Agent



CHAIRMAN'S STATEMENT

A sustainable strategy for the future

Our brand has been around since 1833 and I am proud to now be its custodian. I am committed to delivering the next successful stage of the Group's journey.

“ I am honoured to be Chairman of John Menzies plc in the first full year that the Group has become a pure play aviation services business.

At Menzies our greatest asset is our people. We have over 32,000 employees globally and I would like to thank them on behalf of the Board for their efforts during 2019.

We operate in dynamic environments, sometimes in challenging conditions but I am proud that our People deliver 24 hours a day, 365 days a year as we aim to be an employer of choice. Staff recruitment and retention are therefore a major focus as we continue to invest in our People to ensure our industry leading position is maintained. This investment is vital as we look to operate with a highly skilled and motivated workforce led by dynamic leadership whilst always working within a safe and secure environment. I want our People to feel they are part of the Menzies family, that there are genuine career paths for everyone and that Menzies is a company they can be proud of.

In 2019, we experienced very difficult market conditions and I am therefore pleased to have delivered a solid set of results. During the year we reshaped our organisational structure and streamlined costs to ensure the Group is in the optimum shape to hit the ground running in 2020 and deliver our exciting growth plans.

We have become a customer-centric organisation that is now fit and focused on delivering our defined strategy. By diligently following our plans, with a disciplined approach to cost control, we will deliver

profitable growth which will increase our appeal to shareholders who seek to invest in a company that operates in a growth industry with a loyal shareholder base.

As I look to 2020, I am very pleased with our outlook and internal expectations for the year. We have the right team for the journey, with great experience but also lots of energy and passion. We are building our business to deliver great results and we are also looking at sustainability with sensible medium to long term planning.

New leadership

2019 saw a period of transition for the Group's leadership with a number of key Board changes taking place to ensure that the Group has a Board with the requisite combination of skills, experience and knowledge to effectively discharge its duties whilst driving the business forward. Following full external and internal recruitment processes, Giles Wilson was appointed as Chief Executive Officer and Alvaro Gomez-Reino joined the Board as Chief Financial Officer. Both Giles and Alvaro bring strong aviation services experience and financial acumen to the Board and I firmly believe the Group now has a strong leadership team in place who are fully equipped to drive sustainable growth for the future.

Investing in the future

We are alert to the changing and increasing expectations placed on businesses such as

ours to respond to the social and environmental challenges being faced globally and within the communities we operate, with the aviation industry perhaps under more pressure than most to reduce its carbon footprint and environmental impact. As a Board, we accept that responsibility and I firmly believe that our future-focused strategies, our investment in our people and our commitment to change will enable our business to lead the way in meeting our own challenges and in supporting our customers, providing new opportunities and ensuring we continue to evolve for a sustainable future.

Outlook

Looking into 2020 we are pleased with how we have right-sized the business during the second half of 2019 and given the otherwise positive momentum of the business, the headwind presented by COVID-19 is very disappointing.

The short term focus is on strengthening our balance sheet. A number of measures, including reduction in capital expenditure and a clampdown on discretionary spend, are already in place and we will look to materially reduce our leverage position during the year.

Overall, we firmly believe the Group is well positioned to manage the short term issues that exist and will return to our positive growth trajectory for this year and beyond.

I would like to thank all our customers, partners and shareholders who have worked with and supported us during the year and I look forward to building relationships and helping them to grow and deliver the service that their own customers require. We strive to be the service provider of choice for our customers wherever we operate.

I am excited as we look forward to the year ahead, working alongside our People to deliver our purpose and vision, taking pride in all that we do.



Philipp Joeinig
Executive Chairman
10 March 2020

OUR PURPOSE

We provide safe and trusted aviation services to every customer, every time. Through our People, our aim is to be recognised as a solution provider and the leading aviation services brand in our marketplace, delivering services to our customers and long term sustainable value for our shareholders with the highest levels of safety and security. We will deliver this by engaging with our customers, deploying innovative solutions and standardised processes.

OUR BUSINESS MODEL

We focus on creating **value** and **sustainable returns** for all of our stakeholders

➔ Read more overleaf

Raspal Singh,
Ramp Supervisor



OUR BUSINESS MODEL

We want to be the leading aviation service brand in our marketplace by delivering the safest, most secure and sustainable landside and airside services tailored to our customers' needs, delivering **stakeholder value** and **sustainable returns**.

KEY RESOURCES AND INPUTS

Key resources are essential in the delivery of our strategy.

OUR PEOPLE

We have a workforce of 32,000 highly trained employees who drive our productivity.

OUR NETWORK

An established network gives us the reach to service customers from more than 200 locations in 34 countries.

IT AND INNOVATION

We seek out and invest in new solutions to support stronger performance, improved data and greater efficiency and prioritise new thinking in order to find innovative ways of satisfying our customers and gaining competitive advantage.

SAFETY AND SECURITY

Our exacting standards, driven by our expert safety and security teams, provide clear frameworks for safe operations across the Group.

OUR RELATIONSHIPS

We have reinvigorated our approach to engaging with our customers and developing trusted and valued relationships with all our stakeholders.

GOVERNANCE

We provide clear corporate governance and compliance processes and controls to drive quality, reduce risk and support effective working throughout our business.

OUR VISION AND VALUES

We expect all of our employees to role model and champion our values, to create a culture where everyone feels supported in their role and can perform at their highest level.

-  **WE CARE ABOUT OUR PEOPLE**
-  **WE CARE ABOUT SAFETY, SECURITY & SERVICE**
-  **WE ARE INNOVATIVE**
-  **WE WORK AS A TEAM**
-  **WE DO THE RIGHT THING**

OUR STRATEGY

We are passionate about being a customer-centric business: engaging with our customers to meet their needs and delivering safe, secure and innovative solution-based services. We are focused on driving profitable organic growth, developing in emerging markets and maximising our impact and offering at our key operating hubs and bases.

- 1 OPTIMISED PORTFOLIO MIX**
- 2 TARGET SCALE OPERATIONS**
- 3 CUSTOMER ENGAGEMENT**
- 4 EMPLOYER OF CHOICE**
- 5 FOCUS ON MARGIN IMPROVEMENT**


[Read more about our strategy on page 12](#)

WHAT WE DO

We are very proud of our heritage and the part that we've played as a trusted service provider since 1833. We are striving to build a stronger legacy for the next generation by serving the sustainable growth needs of the aviation services sector.


 **EXECUTIVE SERVICES**
We provide premium experiences for passengers via executive lounges, VIP meet-and-greet experiences, and more.



 **FUELLING**
We provide into-plane fuelling services and fuel farm management to airlines, airports, oil companies and other partners across the world.


[Read more on page 11](#)



 **CARGO**
We facilitate transportation of goods by accepting, storing and preparing cargo for worldwide transit with our airline customers.

[Read more on pages 10 and 22](#)



 **OFFLINE SERVICES**
We handle key services such as line maintenance, aircraft washing, and central load planning and baggage tracing, which take place away from front-line operations.

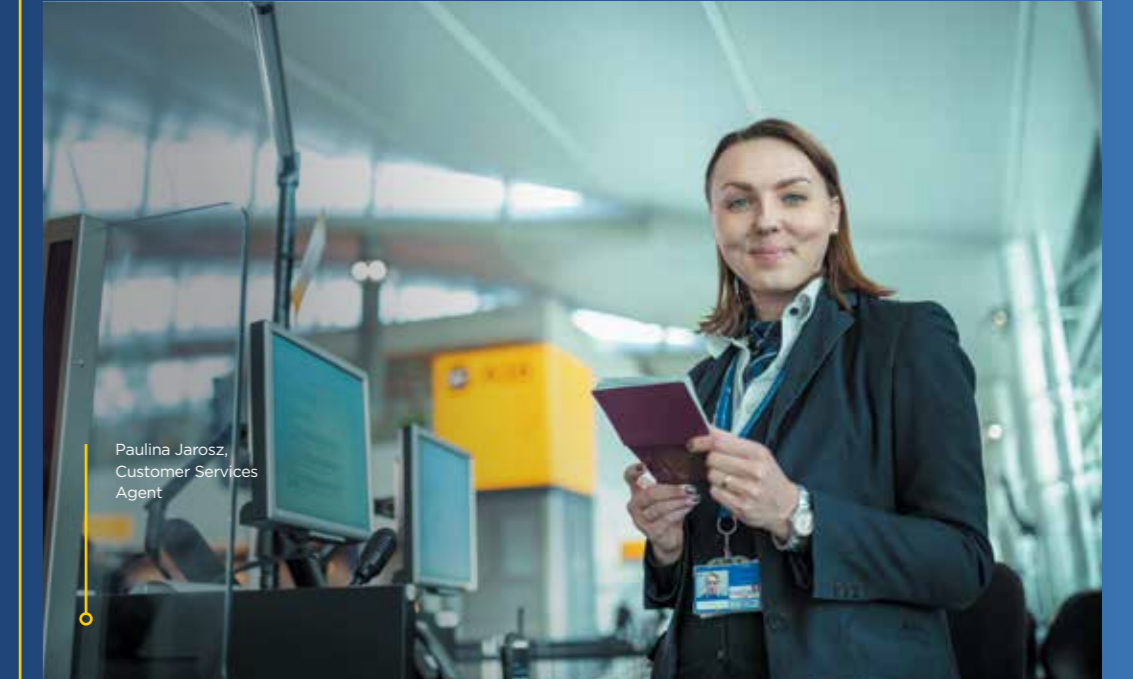


 **GROUND HANDLING**
We provide front-line airport services, both above and below the wing, ensuring passengers and aircraft complete journeys efficiently and on schedule.

[Read more on pages 10 and 24](#)

DELIVERING STAKEHOLDER VALUE

We believe that proactive and effective consideration and **engagement** with our **stakeholders** when making decisions is key to creating **value**, ensuring our long term success and achieving our **purpose** to provide safe and trusted aviation services, for every customer, every time.



- SHAREHOLDERS**
We seek to maintain effective dialogue with our shareholders and shareholder bodies, and always act in a way that is likely to enrich the success of the Company for the benefit of its members as a whole.
- EMPLOYEES**
We offer varied careers in dynamic environments, ensuring our employees remain engaged in delivering results.
- SUPPLIERS**
We seek to work with suppliers who share the same values as we do and who can support our growth and add value to our business.
- CUSTOMERS**
We work in partnership with our customers to ensure our service offering is the right one to help them meet their own business challenges. As a professional aviation services business, our customers benefit from our R&D activities.
- COMMUNITIES AND ENVIRONMENT**
We rely on, and aim to make a positive impact on, the local communities and environments in which we operate including reducing environmental impacts.

A strong platform for driving success



I am proud to be announcing my first full year results as Chief Executive Officer of John Menzies plc.

Dear Shareholder,

Since my appointment we have taken a number of actions to re-focus the Group on what I believe to be the key priorities so we start 2020 ready to drive the business forward.

Delivering on Priorities for 2019

I set out five priorities to be delivered in 2019. These were: to reduce overhead costs; to fix underperforming operations; to re-engage with customers and drive organic growth; to focus on developing our People and recruiting the best when required; and to build plans for structural growth. Substantial progress has been made on each of the priorities.

Right-sizing the business

In December we completed a wide ranging restructuring programme that has resulted in the removal of a layer of management and certain support costs, the focusing of the Group's systems to minimise operational risk and maximise financial returns, right-sizing of three regional offices and the rationalisation of our operational asset base. The savings from this programme has incurred an exceptional charge of £8.0m and will deliver over £10m of full year benefit, the majority of which will be realised in 2020.

Fix underperforming operations

The improved responsiveness of the company to challenges and opportunities is already seeing results. Under the direction of our new Chief Operating Officer, Mervyn Walker, we have systematically implemented a range of improvements to fix operations in markets and at airports where we have underperformed financially in the past. Actions taken include seeking price increases, driving labour efficiencies, targeting new profitable contracts and where necessary closing down operations.



In particular, the turnaround of the UK business is continuing apace with the new management team renewing important business, winning new contracts and driving the business forward. The win of a further five-year contract at London Luton with easyJet, one of our leading customers at their home airport, was particularly pleasing and evidence of the growing ability of our UK team to deliver.

Re-engage with customers and drive organic growth

Our global commercial team has been restructured around our customers, growing key accounts and targeting our customers' largest scale operations. We have introduced a new sales based incentive programme to retain and win profitable business. In addition, we have significantly improved our customer engagement programmes to ensure we are effectively and proactively engaging with all our customers. We have already started to see the benefits of these actions. Our contract renewal rate has been robust with key renewals secured and overall margin increased. We have won new contracts and extended our product lines following the integration of the Airline Services business in the UK.

Investment in our People

Our investment in our People has included several important initiatives to build a corporate culture that will attract and retain talent. At an operational level we have invested in training our station managers, the key position that ensures strong operational performance and customer satisfaction. We have also embarked on a global leadership development programme to support those in senior positions to be more effective and for Menzies to remain the employer of choice.

Targeting commercial growth

Looking to the future we now have sales and action plans to target commercial opportunities and exploit the changing global market to deliver success and shareholder value growth for 2020 and beyond. My senior leadership team has identified a series of strategic priorities to ensure that we are strongly positioned within the growing and dynamic aviation services market. These include business development opportunities to enter new geographic regions and countries, to rebalance

and optimise our global portfolio product mix and to drive profitable complementary services.

Our aim is to continue to develop our portfolio with a focus on our three main product categories namely; ground handling, cargo handling and into-plane fuelling. In our two largest product categories, ground handling and into-plane fuelling, we see significant opportunity with passenger traffic projected to grow by 4.6% per year and the world's aircraft fleet expected to grow by 3.4% annually through to 2038. In our cargo handling product category, annual air cargo volume growth rates tend to be more cyclical but have consistently trended ahead of global trade volume growths for the last four decades and our view is that they are set to do so going forward. We continue to invest in all three product categories as we see opportunities in each for sustainable growth in future years.

Group Performance Review

2019 presented the business with several challenges due to weaker markets across the wider aviation sector. Cargo volumes and yields were very poor, and airlines were under pressure in part due to the grounding of the Boeing 737 Max which resulted in a lack of integrity in the flying schedules and generally through the wider economic uncertainty that prevailed for much of the year. There have also been several airline failures in the year with the demise of Thomas Cook in the UK having the most impact on the Group.

2019 results were also impacted by prior year events, making the comparison with 2018 more challenging. These events include the loss of exclusive licences in the Dominican Republic and Panama, the conclusion of our cargo joint venture in Hyderabad and the incurrance of some central costs that are no longer absorbed by Menzies Distribution disposed of in the prior year. In response, we have taken decisive actions that have built a strong platform for future success.

Giles Wilson
Chief Executive Officer
10 March 2020

MARKET REVIEW

Our new commercial structure and strategic focus will open up **significant market opportunities**



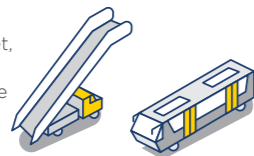
Ground Handling

Across the world, airlines outsource much of their ground handling operations to ground handling agents such as Menzies who are well placed to offer a portfolio of services more efficiently than the airlines could achieve working in isolation, particularly away from their own hub airports.

The market in ground handling continues to grow in line with passenger growth. It is estimated that between 50%-70%¹ of the market is outsourced to ground handling agents and there is strong potential for further outsourcing, as well as further consolidation in an industry that has numerous regional and local handlers operating on a small scale.

Menzies is one of four international aviation service providers who have a truly global footprint and, as such, has the necessary scale to maximise on opportunities as airlines demand more exacting standards of safety and performance. Handlers such as Menzies are trusted to deliver on all aspects of an airline's operation, from check in and supervision of passenger boarding through to loading and unloading of an aircraft and its safe dispatch.

In a historically fragmented market, many of the major international airlines are now looking to rationalise their supply chain and place greater dependence on global suppliers with the capacity to



innovate and deliver consistent services regardless of location across the world. Key airline requirements include delivering high levels of safety; provision of a skilled, motivated and stable workforce; delivery of customer service and operational standards under Service Level Agreements; quality assurance; alignment to the airline's environmental agenda and ensuring the aircraft is punctually "turned around" in line with planned schedules. It is critical that "on time" performance is delivered, given the increased scope for customer compensation in delay situations, for example under the EC261 regulation.

In awarding ground handling contracts, there is a growing trend for airlines to consider all aspects of the handler's capabilities, rather than reach decisions based purely on price.

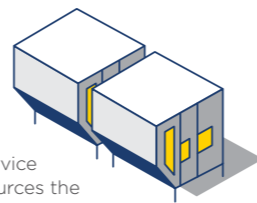
In a market that continues to expand, Menzies has the capacity and capability to meet the changing demands of our customers and is well placed to capitalise on the significant trends in outsourcing, consolidation within the market and the growing need for innovation.

➔ [Read more on pages 15 to 18](#)



Cargo

The air cargo logistics model includes a number of specialised service roles. Specifically, the 'forwarder' sources the space on aircraft and ensures all documentary and customs requirements are satisfied; the airline provides the aircraft to transport the goods; and the 'handler' has warehouse capacity and equipment to accept the cargo on behalf of the airline and load it onto their aircraft. Menzies Aviation's primary role in this supply chain is as a handler, with Air Menzies International (AMI), our subsidiary business, acting as a forwarder. This traditional model is expected to continue to evolve with the growth and development of the e-commerce market as the forwarder/airline accountabilities merge.



The Cargo Forwarding market can generally be split into retail forwarding, which is concerned with collecting consignments from their originators and organising onward transit; and wholesale forwarding, which is concerned with the consolidation of smaller consignments and their onward transport. Wholesale forwarders, such as AMI, purchase carrying capacity in bulk and re-sell it to smaller shippers and retail forwarders.

2019 proved to be a challenging year overall for cargo volumes with the market acknowledging a downturn from the peak of 2017. Both carriers and forwarders were impacted with many realigning their focus to higher yielding products such as pharmaceutical - temperature sensitive shipments and e-commerce traffic. This in an attempt to increase yields whilst volumes remain low.

Menzies cargo business is well placed to support our customers as they seek cost effective but quality driven handling solutions. Our global network helps support those carriers that are looking to reduce their service providers and require a global handler with multiple airport locations. We have strengthened our senior cargo management team to provide both operational and commercial subject matter expertise to cargo specific customers. We expect to continue our growth trajectory within the cargo business through targeted customer relationships, organic growth as well as creative and innovative network expansion opportunities. The forecast for cargo volumes continues to predict growth over time with a shorter term focus on product development which Menzies are well placed to invest in and support. Most notably with certification to specific handling expectations at key locations for pharmaceutical cargo handling solutions.

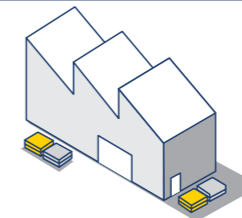
➔ [Read more on pages 15 to 19](#)

Global market estimated ground handling turns 2019¹

44.6m

Cargo handled 2019 (tonnes)

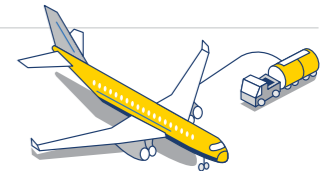
1.5m



Fuelling turns 2019

3.6m

¹ Source: www.iata.org



Fuelling

Menzies is a major global player in the aircraft fuelling sector, with extensive operations in North America and the UK, and a strong network of established relationships with airline, airport and oil company partners.

Given our focus on safety, quality assurance and corporate governance, Menzies is trusted to perform against exacting safety and environmental requirements and specifications laid down by government, industry and our own customers and partners. In some locations we act on behalf of oil companies with strong alignment to their safety and technical standards.

Market trends are also very favourable in this sector, with the continued growth in air travel, and a willingness of oil companies to sub-contract activities that they may have historically delivered themselves. Activities comprise the fuelling of aircraft (into-plane (ITP) fuelling) and the management of fuel farm infrastructure which can include storage and underground hydrant facilities which serve oil companies, airports and airlines.

This is a critical part of the aviation supply chain, ensuring that fuel supplies are properly received, stored and managed in the airport environment, and then transferred safely into the wing of each individual aircraft. Together with our ground and cargo handling operations, this makes Menzies a vital delivery partner for many international airlines.

Various commercial models can be deployed, with Menzies sometimes contracting directly with individual airlines, or with consortia, and sometimes acting as subcontractor on behalf of oil companies. If oil companies continue to step back from "downstream" activities at airports, then further opportunities will emerge with regard to both fuel infrastructure management and ITP fuelling. Already, our network of operations in Europe has expanded from the UK into France and further opportunities are being actively pursued.

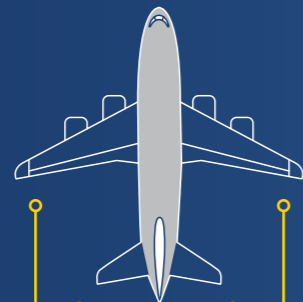
➔ [Read more on pages 15 to 18](#)



OUR STRATEGY

Improving our strategic focus

During 2019 we **realigned our priorities and right-sized our business.** With the right focus and leadership team in place, we have a strong platform to deliver our strategy going forward.



➔ Read more on pages 20 to 25

KEY PERFORMANCE INDICATORS

We measure and track our performance against a carefully selected set of financial and non-financial key performance indicators to provide a balanced assessment of the performance of our operations and progress against the Group's strategic objectives.

Operational delivery success

Employee turnover (%)

2019	52.1
2018	53.0
2017	53.3

Why we measure this
We strive to employ the right individuals with the right skills. We train and develop our People and therefore monitor employee turnover as a key determinant in the investment we make in them. Regional and seasonal variations exist as we operate in many different countries. This KPI is measured on a station-by-station basis.

Employee hours per fuelling turn

2019	1.8
2018	1.7
2017	1.7

Why we measure this
Into-plane fuelling is a core service for our business and measuring the average number of employee hours utilised for each fuelling turn provides critical information on how efficiently we perform this activity throughout our operations.

Employee hours per ground handling turn

2019	32.7
2018	31.9
2017	30.5

Why we measure this
Although changes in the mix of wide and narrow-bodied aircraft handled by our business can impact this measure, the average number of employee hours invested to perform each ground handling turn remains a critical measure of how efficiently we operate.

Employee injuries per 100 full-time equivalents

2019	0.18
2018	0.16
2017	0.15

Why we measure this
Our People are our greatest asset and deliver our industry-leading service. We operate in areas with heavy machinery and must ensure that training is appropriate to minimise injuries.

Aircraft damage per 1,000 turns

2019	0.016
2018	0.02
2017	0.06

Why we measure this
Aircraft damage per 1,000 turns underpins our quality service provider reputation and ensures we maintain an industry-leading position in safety and service delivery. Insurance costs are also monitored and controlled.

Delivering value and profitable growth

Revenue growth (%)

2019	2.7
2018	1.4
2017	51.0

Why we measure this
We are committed to growing our Aviation business and revenue growth is therefore a key metric.

Ground handling turns

2019	1,205,154
2018	1,293,233
2017	1,380,551

Why we measure this
Ground handling is a growing, dynamic market. We monitor aircraft turns to ensure our business is growing both on a like for like and absolute basis.

Ground handling contract renewal rate (%)

2019	79.7
2018	80.1
2017	82.2

Why we measure this
The rate of ground handling contracts that we successfully tender for and renew is a key sign of how satisfied our customers are with the levels of service and price we are able to provide.

Operating margin (%)

2019	4.0
2018	4.3
2017	4.2

Why we measure this
Operating margin is a standard measurement demonstrating our ability to turn our revenue into profit, encompassing our efficiency, controls and value generation.

Total shareholder return v FTSE SmallCap over three years (%)

2019	-38.8
2018	31.0
2017	89.4

Why we measure this
Total shareholder return is the most commonly used measurement of value generated for shareholders, capturing both capital and dividend growth.



Handeep Kular,
Ramp Supervisor

Gaining momentum with renewed focus on customer engagement

“

We have completed several central projects aimed at streamlining our business operations and processes, removing certain support costs to help drive improved profitability. With the investment in systems and processes in recent years, we are now able to optimise our systems to minimise operational risk and maximise financial returns. We have restructured our supporting functions and strengthened the oversight over operational performance and delivery of the important cost and efficiency programme.

In our USA business we have refreshed and restructured the operational team to ensure we are focused on service delivery for our customers and implementing actions to minimise the impact of labour turnover. Across Europe we removed a layer of senior management to improve accountability and responsiveness of our regional and local teams.

The business has now been re-energised to deliver both our short term priorities for 2019 and to start building a platform for our longer term growth.

Within the UK we have new teams in place in both the ground handling and cargo handling businesses and this has had an immediate impact with productivity gains, key contract wins and significant contracts renewed. As a result, the UK business is moving to overall country profitability.

The restructured global commercial function is now well positioned to focus on organic growth, to be aligned with our customer needs and to ensure each product category has the right level of support. Our emphasis on customer engagement and relationships and improved operational performance has been recognised with strong contract renewals. Over £150m of annualised revenue was renewed in the year and importantly, overall contract renewals enhanced profit. *In June we won a contract for another five years with easyJet at London Luton, one of the largest single ground handling contracts in the UK. We were delighted to win contracts at three stations with Qatar Airways across Scandinavia in the fourth quarter, along with a five airport contract with Mango Airlines in South Africa. Key to securing these contracts and others in the business has been our commitment to building a continuous improvement culture, investment in process innovation and embracing technological developments where they make a real difference.

Across the Group ground handling turns were boosted by contract gains in the prior year, in particular, Singapore Airlines at Sydney and Sunwing Airlines at Toronto. However, this was more than offset by exclusive licence losses in the Dominican Republic together with a number of contract

Renewed annualised revenue 2019 over

£150m

BUSINESS REVIEW CONTINUED

losses in 2019. On a like for like basis, ground handling turns were up 2% in the year.

The business has now been re-energised to deliver both our short term priorities for 2019 and to start building a platform for our longer term growth aspirations.

As we drive performance in 2020 and beyond, I see our continuing success underpinned by five key pillars. These are: maintaining and enhancing the world class standards of safety and security to which we operate throughout the business; providing operational performance ahead of our customers' expectations; engaging with our People to recruit, develop and retain the best in the industry; seizing the right sustainable profitable growth opportunities wherever they occur; and creating value for our shareholders and other important stakeholders in the business. These are the standards by which we measure our success and on which our performance will be judged.

Americas

2019 has been a year of consolidation for the Americas region with revenue 3% down in constant currency on the prior year, but at a much improved profit margin. This result can be regarded as a significant success against a background of tough short term trading conditions and the business change headwinds from 2018. Contract gains included Frontier Airlines at Newark, United Airlines at Bozeman, Sunwing Airlines at Winnipeg and Interjet at Chicago and Toronto, and we were pleased to extend our contract with Norwegian Air Shuttle at four stations in the USA on similar terms. Renewals with improved margins included Frontier Airlines at Chicago and Korean Air at Los Angeles that helped to partly offset the impact from the losses at the end of 2018 of exclusive licences for into-plane fuelling in Panama and ground handling at two airports in the Dominican Republic, as well as other contract attrition.

Substantial progress has been made to reduce staff turnover in a difficult labour market through improved rewards and conditions, and active engagement with the station managers by way of a central programme to support and develop this critical role in the business. Significantly, much of the improved pay has been funded by price increases from our customers. During the year a successful Veterans Day event was held across the USA where our colleagues who have served in the armed forces were celebrated, recognised and thanked.

As part of our ongoing focus on improving profitability and meeting operational performance targets, we have closed a number of underperforming operations in the USA. Decisions were taken to withdraw from ground handling operations in Atlanta and Phoenix and fuelling operations in Fort Lauderdale despite every effort to turn each of these operations around. The changes have allowed Management to focus efforts and resources on other airports in the region where profitability is more sustainable.

Amsterdam, Prague and Budapest. The cessation of operations at Hyderabad in the prior year also impacted the year on year performance of the region. Strong performances elsewhere in the region partly offset, particularly in Spain where flight volume growth helped drive revenue and profits up significantly on the prior year.

In our UK ground handling business, which has underperformed financially in recent years, we have a new and experienced management in place that is already making a difference. We have seen key contracts being renewed with overall improved margins and we are winning new contracts, particularly within our wider product offering made possible by the acquisition of Airline Services. In July we announced the extension of our long-standing relationship with easyJet by signing a five-year ground handling contract at their home base at London Luton. In November we were delighted to renew some 19,000 turns with airlines in the Lufthansa group at London Heathrow.

Trading in Canada and Mexico has improved year on year. The Canadian business was buoyed by the Sunwing Airlines contract gain at Toronto in the prior year and at Winnipeg and Ottawa in 2019, along with price increases for fuel farms across a number of locations. Our businesses in Mexico and Colombia benefitted from contract wins and expanded services at some of the airports that we serve. Progress continues in Sint Maarten where flight volumes continue to increase following the hurricane devastation in 2017. Our commitment to the island has been rewarded with a new five-year concession agreement with the airport authority, extending our 22-year relationship out into 2026.

Europe, Middle East & Africa

In Europe, Middle East & Africa (EMEA) revenue increased 8% year on year in constant currency driven by ground handling contract wins in the prior year, most notably at Stockholm, Oslo and Prague, and the acquisition of Airline Services in the UK. These ground handling tailwinds were partly offset by decreases in the cargo market which has had an adverse impact on profitability. This was most marked at



Naima Abdullahi, Passenger Services Agent



London Heathrow Airport Ground Handling Team

BUSINESS REVIEW CONTINUED

Other key renewals have included LOT Polish Airlines, TAP Air Portugal, Finnair, EgyptAir and Air Canada at London Heathrow and Ukraine International Airlines, Enter Air and Air Europa at London Gatwick. Ground handling contract wins included Jazeera Airways at London Gatwick and Loganair at Manchester.

The integration of Airline Services in the UK was completed ahead of the winter season. This important acquisition has delivered synergies and with our enhanced product offering has helped to secure aircraft deep cleaning contracts with British Airways at London Heathrow and regular flight cleaning contracts with easyJet at London Luton and Edinburgh. The acquisition also brought some uneconomic ground handling contracts and the team are working to remedy these contracts where possible. As part of the active process to improve profitability, we have closed our operations at Aberdeen and Bristol after prior year contract losses and flight schedule reductions. Our UK fuelling business was buoyed by a contract win with World Fuel Services at London Gatwick.

In our Southern Europe & Africa business financial performance was strong, benefitting from increased easyJet flights across Spain and in France. We continue to provide good services at the three into-plane fuelling locations that have started up in France on behalf of World Fuel Services. We see collaboration with major industry players, such as World Fuel Services, as a significant opportunity to grow the business across Europe and we look forward to further progress in 2020. Our business in South Africa has been strengthened by increased flights and contract wins in the prior year. We were particularly pleased to win a three-year contract with Mango Airlines at five airports in South Africa handling some 23,000 turns per annum.

In our Northern Europe business, there was strong revenue growth driven by the Czech Airlines contract win at their home airport in Prague combined with wins in Scandinavia in the prior year. In November we were pleased to win the Qatar Airways contract at Stockholm, Copenhagen and Gothenburg.

However, the region also saw a number of offsetting contract losses, a significant reduction in cargo volumes and tight labour markets in a number of countries that have made staff recruitment and retention a challenge. Prague and Budapest have been principally impacted with material financial underperformance from increased staff recruitment, training, agency and overtime costs. Significant management time and effort has been deployed at each of the stations to address the issues and we remain confident that 2020 will see a return to expected profitability levels in this part of the region.

Rest of World

Revenue across the Rest of World grew 5% over the prior year before the impact of currency. There was particularly strong growth at our ground handling operations in Sydney and Macau, and cargo operations in Sydney and Brisbane, driven by Singapore Airlines and Virgin Atlantic contract wins in the prior year. Despite positive revenue performance, profits declined year on year primarily due to lower cargo yields from the mix of imports and exports at some locations, albeit on slightly higher volumes.

There was significant commercial activity in the Rest of World region with a number of key customer renewals signed, safeguarding over £35m of annual revenue. In particular, the renewal of our cargo contracts with Cathay Pacific and Thai Airways across a number of airports in Australia and New Zealand further strengthens our relationship with these airlines. Further contract extensions were agreed across the region with Air Macau, Singapore Airlines, China Eastern Airlines, Garuda Indonesia, Royal Brunei Airlines, Jeju Airlines and Shanghai Airlines. In addition, there were two important contract wins at Auckland with Korean Air and Qatar Airways offsetting the loss of Delta Air Lines at Sydney.

During the year we completed the acquisition of the remaining shares in Hamilton Aero Maintenance, having initially acquired a minority shareholding in 2016. Specialising in maintenance, repair and overhaul services, the business complements our existing service offering and provides

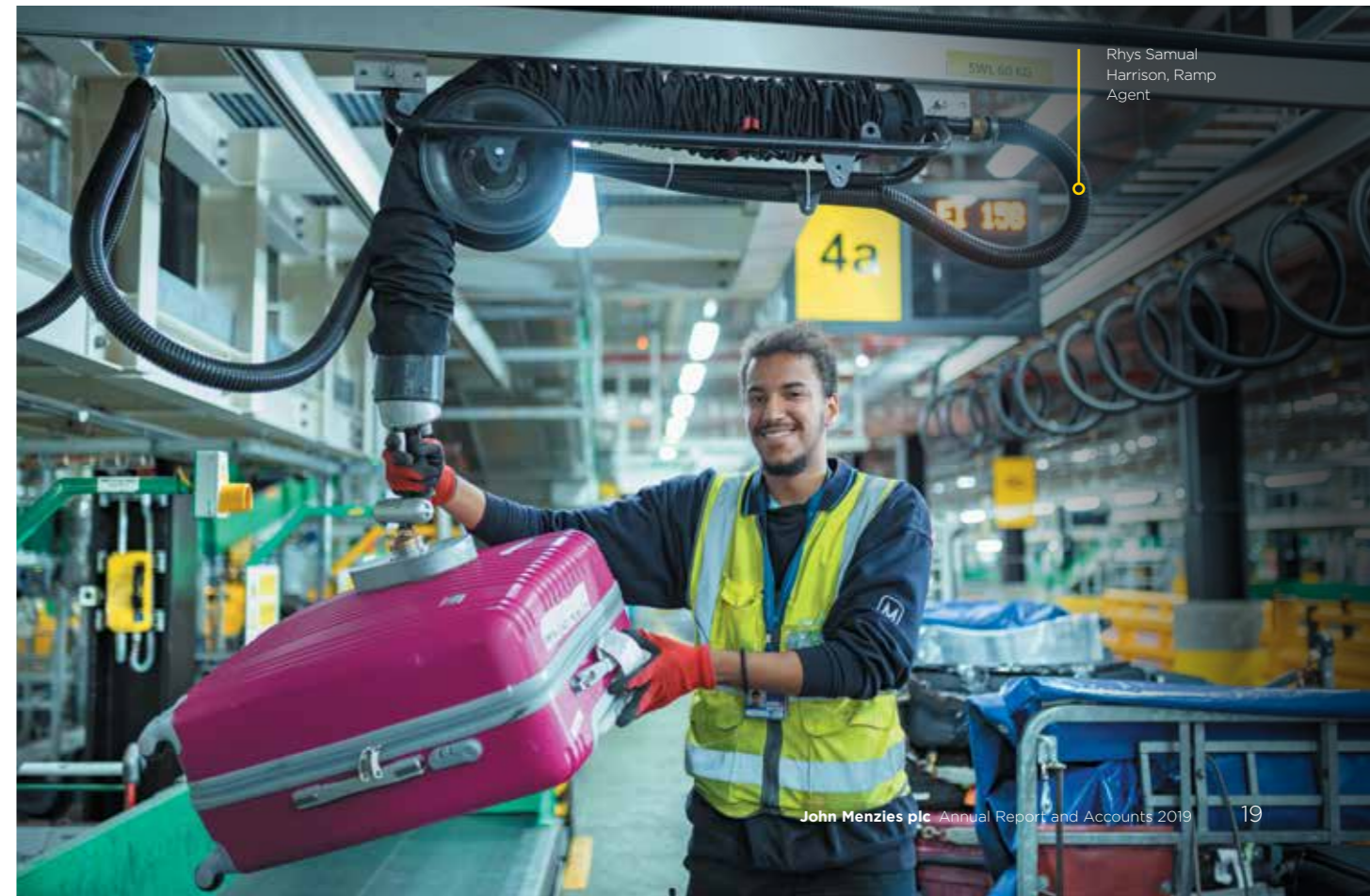
a good opportunity to add ancillary revenue in the region. The acquisition of PT Mitra Adira Utama, a specialist cargo handler in Indonesia, was completed in September to strengthen our position in the growing south east Asian market.

Cargo Forwarding

The global Air Menzies International (AMI) business had a resilient performance in challenging market conditions which saw a slowdown in the global airfreight market that particularly impacted export volumes in the UK and the USA as well as import volumes in Australia. Successes in the year included strong performance in continental Europe and South Africa, and following the new cargo screening regulations in Australia earned enhanced revenue.

In July we acquired GTO Logistics, a freight forwarding wholesaler in Canada, for a consideration of £1.7m. This acquisition represents expansion into the Canadian market for the first time and the addition of an important strategic node on the global airfreight network. We also completed a step acquisition of our Hong Kong operation and expanded our warehousing infrastructure at Manchester and Perth.

Management continues to focus on building the business and its base for future growth. An improved IT infrastructure is being rolled out and will provide simpler interfaces with our customers to drive revenue and to provide real time management information to highlight opportunities. The plans to expand the network and the footprint that we have through bolt-on acquisitions continues apace.



Rhys Samuel
Harrison, Ramp
Agent

BUSINESS REVIEW CONTINUED

easyJet **contract success** and employee engagement

We were delighted to be awarded a new long term ground handling contract by easyJet at their home base in London Luton Airport in 2019, one of the largest single ground handling contracts in the UK.

Our renewed and innovative approach to our relationship with easyJet at all levels throughout Menzies Aviation has helped breath new life into our service. We have adopted a true business partner approach with easyJet, allowing us to deliver a superior service that meets their operational needs.

Investment and engagement with our employees in Luton has further enabled us to improve our culture and in turn, the standard of service for easyJet and their customers.

Luton was our first Menzies station to use the Microsoft Teams application, enabling our front line teams to collaborate and communicate more effectively.

Teams has really taken off in Luton, revolutionising how the workforce communicates. By simplifying the process of sharing information and making our workforce more efficient and effective, we are further benefitting our customers. During the course of 2020, Teams will be rolled out across further stations in our network.

Average number of Teams messages per day in Luton December 2019

50+

Link to strategy

3 CUSTOMER ENGAGEMENT

4 EMPLOYER OF CHOICE

Team collaboration for customer **success**



Paul Sandiford, Ramp Agent

BUSINESS REVIEW CONTINUED

Implementing our cargo strategy through enhanced customer engagement

A key element of our global cargo strategy is to increase awareness of our cargo business both across the aviation market and specifically within the global cargo community. During 2019, our Cargo Leadership team participated in a variety of cargo trade shows and exhibitions, including IATA's World Cargo symposium in Singapore, the Air Cargo Europe bi-annual exhibition in Munich, The International Air Cargo Association's (TIACA) executive summit in Budapest, the CNS Partnership conference in Miami and the Ground Handling Internal (GHI) conference in Amsterdam, increasing our brand awareness and engaging with new and existing customers.

The GHI conference provided a unique opportunity to significantly increase brand awareness with the launch of the inaugural 'Cargozone' by the organisers. Principally focused on ground handling, the event brings together handlers and carriers and is well attended by global airlines and other industry related procurement and commercial teams. The Cargozone was designed to gain the attention of the many

customers present and enabled Menzies Aviation to demonstrate our global cargo business and strength of network in conjunction with both our ground handling and fuelling businesses.

Our Executive team were able to demonstrate their significant industry expertise as key note speakers, panellists on various discussion topics, as well as formally presenting our cargo solutions in a number of case studies during the Cargozone event. We built on Menzies Aviation brand messaging with a social media and print media campaign, including posts and video clips on various online forums attracting many thousands of views. This approach has helped to enhance customer relationships and has opened doors to many new growth and development opportunities for our cargo business. The Cargozone at GHI is set to continue as an annual recurring Menzies Aviation sponsored event, enabling our cargo business to become synonymous with the successful global industry event.

Link to strategy

- 1** OPTIMISED PORTFOLIO MIX
- 2** TARGET SCALE OPERATIONS
- 3** CUSTOMER ENGAGEMENT



Gary Ashton, Forklift Driver

Growing our cargo business

Market leading innovative solutions

As part of our **drive for continuous improvement** in all areas of our aircraft de-icing operation, this year we implemented the **Avtura D-ICE system** across our UK and Central European stations, with a rollout in the USA planned for Winter 2020/21.

Link to strategy

3 CUSTOMER ENGAGEMENT

The Avtura D-ICE cutting-edge software solution, which utilises mobile devices within de-icing rigs aligned to a live operational reporting portal has assisted us in delivering a significantly improved and safer deicing operation.

We have been able to provide more efficient de-icing operations, improve our rig, resource and fluid utilisation, all whilst taking advantage of the versatility of the system across a diverse range of operations and deicing rig types.

The value of real-time secure data exchange between operational de-icing rigs and the operations controllers has ensured that we are able to be more customer focused by sharing this data with our airline and airport customers in the moment.

The Avtura D-ICE system has also allowed us to achieve our goals of continual improvement aligned with environmental sustainability. In particular we have been able to more effectively manage our de-icing fluid stocks, improve fluid spraying techniques and also reduce our fluid wastage.

The reduction in the need for radio communications, paperwork and telephone calls to manage the de-icing service has also been significant and greatly enhanced the operational working environment for both our People and customers.

The fact that we have been able to achieve all of this within a dynamic and demanding winter operational environment and deliver real added value to our customers is testament to both our people and our innovative processes and systems.



Menzies Aviation Oslo de-icing team in action at Oslo Airport, Norway.

De-icing rig movements recorded using Avtura D-ICE in 2019

20,935

De-icing locations using Avtura D-ICE in 2019

20

+7 on 2018

Delivering profitable growth is at the forefront of our agenda



I am delighted to present my first review as Chief Financial Officer.



Impact of Reporting Under the New Lease Accounting Standard

In 2019 the Group has reported under the new lease accounting standard, IFRS 16 Leases, for the first time. This has resulted in a material grossing up of the Balance Sheet with the recognition of a right of use asset and corresponding lease liability for all qualifying leased equipment and property. The Income Statement has also been impacted as the right of use asset has been depreciated and interest charged on the lease liability, largely offset by rental charges no longer recognised. There have been no changes in the reported net cash flows although operating cash flows and financing cash flows have been impacted.

The financial impact of the new lease accounting standard has been to increase underlying operating profit by £3.1m and reduced underlying profit before tax by £4.5m. Underlying profit before tax is adversely impacted by the timing effect of the new lease accounting standard that replaces operating lease charges with assets that are depreciated on a straight line basis and with borrowings that have interest costs that are higher in the early years. In the Balance Sheet, the right of use asset at 31 December 2019 was £168.4m. The lease liability recognised at 31 December 2019 was £175.5m.

Revenue was £1,325.6m (2018 continuing: £1,291.0m) a 2% growth in constant currency. Operating profit of £39.6m was 16% ahead of the continuing business in the prior year. Excluding exceptional and other regular non-trading items, underlying operating profit from continuing operations at £52.5m was down 5% on the continuing business in the prior year, 6% in constant currency. The reduction in profit was as a result of a lower tonnage and yields in both of the cargo handling and cargo forwarding product categories, the impact of the exclusive licences lost and businesses exited in 2018 and trading effects, including the reduction in schedules as a result of the delay in the rollout of the Boeing 737 Max and a number of airline failures. These were partly offset by the net positive impact of commercial activity, overall cost savings and the impacts of the Airline Services acquisition, the new lease accounting standard and foreign currency translation.

Profit before tax was £17.3m (2018 continuing: £21.6m). Excluding exceptional and other items, underlying profit before tax at £30.4m was down 31% on the continuing business in the prior year. In addition to the impacts to underlying operating profit, underlying profit before tax was adversely impacted by the timing effect of the new lease accounting standard that replaces operating lease charges with assets that are depreciated on a straight line basis and with borrowings that have interest costs that are higher in the early years. Underlying earnings per share was 24.9p (2018 continuing: 37.6p).

Underlying operating profit

£52.5m

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Financial Overview**Exceptional items in operating profit**

The Group's continuing and discontinued exceptional items in operating profit were a net £3.0m charge to profits.

Included in the net charge were several corporate transaction related costs and recoveries. Costs of £3.9m were incurred relating to due diligence on aborted corporate transactions and set-up costs for the joint venture in Iraq. The costs to complete the integration of the Airline Services acquisition were an additional £3.3m. These were substantially offset by a net credit of £12.3m from the final settlement of a number of claims and counterclaims relating to the acquisition of the ASIG business from BBA Aviation plc in 2017.

The costs of restructuring the head offices and delayering management structure in Europe and Americas, the closure of a number of UK stations, asset write downs and refurbishments, and the completion of the de-risking programme of the UK deferred benefit retirement obligation were £15.6m. These costs were partly offset by the net received and recoverable of £5.8m from other legal settlements and a £1.7m credit from the outcome of the outstanding items relating to the consideration received and net costs incurred in respect of the sale of Menzies Distribution in 2018.

Net finance costs

The Group's net finance costs were £22.1m (2018 continuing: £11.0m). The increase was adversely impacted by the inclusion of £7.6m of costs relating to the adoption of the new leasing accounting standard of the first time and a charge of £1.6m to hedge the year end sterling value of the US dollar loan in the uncertainty ahead of the exit of the UK from the European Union.

Taxation

As multinational business the Group is liable for taxation in multiple jurisdictions around the world. The Group's underlying tax charge for the year was £9.5m (2018 continuing: £12.4m) representing an effective underlying tax rate of 31% (2018 continuing: 28%). The increase was due to the de-recognition of part of the UK deferred tax asset and an increase in provisions for uncertain tax positions.

Earnings per share

The Group's underlying earnings per share was 24.9p (2018 continuing: 37.6p). The reduction was as a result of the decrease in underlying profits, the increase in the effective underlying tax rate and the impact of adopting the new lease accounting standard and the cost of the US dollar hedge on net finance costs. The corresponding combined continuing and discontinued basic earnings per share was 12.8p (2018: 6.8p loss per share).

Defined benefit retirement obligation

The reported UK defined benefit retirement obligation has reduced by £12.7m since 31 December 2018 to £5.3m primarily as a result of £12.1m ongoing deficit contributions. The £36.9m positive impact of returns on the pension scheme assets partly offset the £39.1m adverse impact of lower discount rates on future liabilities.

Investments and cash flow

Investments by the Group in the period of £7.2m include the step acquisition of Hamilton Aero Maintenance in New Zealand, and the acquisitions of Rendezvous Executive Lounge in the Isle of Man, PT Mitra Adira Utama in Indonesia and GTO Logistics in Canada. These were partly offset by £5.6m receipts from the disposal of the residual equity investment in Endless NewCo1, the parent of the former Menzies Distribution business and the exiting of the ground handling business in Hyderabad.

	2019 £m	2018 £m
Underlying operating profit	138.7	98.7
Working capital	(2.7)	(1.8)
Other items	(1.1)	(2.0)
Operating cash flow	134.9	94.9
Net capital expenditure	(21.5)	(17.3)
Net interest paid	(20.5)	(10.2)
Tax paid	(11.8)	(15.3)
Free cash flow	81.1	52.1
Equity dividends paid	(17.3)	(17.1)
Additional pension payment	(12.1)	(24.8)
M&A	0.2	29.2
Cash spend on exceptional items	(12.4)	(11.0)
Shares and other	(1.0)	(4.4)
Total movement	38.5	24.0
Opening net borrowings	(199.6)	(214.4)
IFRS 16 lease liabilities	(237.1)	-
Currency translation	6.7	(9.2)
Closing net borrowings	(391.5)	(199.6)

Operating cash flow was £134.9m (2018: £94.9m). The increase was largely the result of the impact of reporting under the new lease accounting standard, partly offset by the impact of the cash flow relating to the now disposed Distribution business included in the prior year. Working capital management remains a key focus for the business. Free cash flow was £81.1m (2018: £52.1m). Net capital expenditure was £21.5m (2018: £17.3m).

Net borrowings and facilities

The Group continues to operate on a sound financial footing. At 31 December 2019 net borrowings closed at £216.6m (2018: £199.6m) before accounting for the impact of reporting under the new lease accounting standard. The reported net borrowings were £391.5m reflecting the inclusion of obligations under operating leases reported as borrowings under the new lease accounting standard.

The Group's net debt to EBITDA ratio as measured for covenant testing purposes was 2.9 times at 31 December 2019 (2018: 2.4 times) and interest cover was 3.6 times (2018: 5.2 times), both within covenanted levels. The Group had £328m of committed facilities at 31 December 2019 of which £41m were undrawn.

In January 2020 the Company completed the refinance of the Group's bank facilities maturing in 2021 replacing them with a US\$235m amortising term loan and a £145m revolving credit facility, both due to mature in January 2025.

Impact of foreign currency movements

The majority of the Group's operations are located outside the UK and account in currencies other than the Group's reporting currency. The Group hedges the sterling exposure of foreign currency denominated assets to manage the impact of currency movements in the Group's net assets using forward contracts. The translation of profits from overseas trading entities is not hedged and as a result the movement of exchange rates impacts the Group's reported results. In 2019 the Group's profits were impacted by favourable exchange rate movements against the prior period, particularly with respect to sterling against the US dollar. The year on year impact of foreign currency movement on operating profit was a £0.6m benefit.

Net borrowings are also subject to foreign currency movements on the US dollar denominated term loan.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Dividend

The Board is focused on delivering profitable growth in the 2020 full year and given the previously stated impact of COVID-19 on the operations of the Group and the ongoing uncertainty of the extent of the impact on the aviation industry, the Board believes it prudent and in the best interests of shareholders to suspend the dividend temporarily.

The Board is committed to a dividend strategy which prudently allocates profits between returns to shareholders and further investing in the growth potential of the Group whilst maintaining a strong balance sheet, which protects against the risks in cyclical markets. The Board believes that this decisive action will support the company to maximise shareholder value in the short term by accelerating the pace of deleveraging the balance sheet, targeting a net debt to EBITDA leverage ratio of 2 to 2.5 times by the end 2020, whilst retaining the flexibility to grow the business. The Board is therefore not recommending a final dividend payment for the year.

Going Concern

The Group's core business activities are set out on pages 10 and 11 of this Annual Report and Accounts 2019 and the principal risks impacting these activities are set out on pages 34 to 39. The Group's financial position and cash flows are set out on pages 135 to 137 along with an analysis of its borrowings in Note 16 on page 169. As regards going concern, the Directors have considered market and gearing risks. Sensitivities to capital and liquidity risks are set out in Note 16 on pages 166 to 171 of this Annual Report and Accounts 2019. In relation to the consideration of market risks the Directors have specifically assessed the potential financial impact of the emerging risk represented by COVID-19 (coronavirus). As set out in Note 28 on page 185 it is difficult to assess how extensive the impact of the coronavirus could be on the Group's operations given limited visibility of the impact on flight schedules. The Board currently estimates there is likely to be an adverse profit impact in 2020 of approximately £6m to £9m on the assumption that the impact of the virus subsides towards the end of the first half

of the year. Wherever possible mitigation actions have been and will continue to be put in place along with a tight control on costs and expenditure.

The Group updates trading forecasts covering a forward 12 month period on a regular basis and cash flow forecasts show that the Group is capable of operating within its committed banking facilities and related financial covenants for the foreseeable future, being a period of at least 12 months from the date of signing the Annual Report and Accounts 2019. These updated forecasts specifically reflect the forecast adverse financial impact noted above in relation to the coronavirus. Further downside scenarios, reflecting a longer term impact from the coronavirus alongside extended mitigation actions, have also been prepared and reviewed. These indicate that the Group remains capable of operating within its committed banking facilities and related financial covenants for the foreseeable future.

The Directors, who have reviewed the budgets, forecasts and sensitivities for the coming year, consider that the Group has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis for preparing the financial statements.

Viability Statement

The Directors have assessed the prospects of the Group over a period of three years. The Directors believe this period to be appropriate because the average length of the Group's customer contracts is approximately three years and the Group's planning cycle covers a three year period.

As detailed on pages 32 to 33 of this Annual Report and Accounts 2019, the Board monitors and assesses the risks and uncertainties faced by the Group. This includes a consideration of the principal risks and material uncertainties facing the Group, including those that would threaten its business model, future performance or solvency. During 2019 this process included a detailed strategic review of the Aviation business and a detailed three year planning process.

For the purpose of assessing the Group's viability, the Directors focused their attention on the principal risks that are critical to the Group's success. Each risk and its impact and mitigation are set out on pages 34 to 39 of this Annual Report and Accounts 2019. As noted above this also included an assessment of the risk to the Group of the adverse impact on business operations of the coronavirus.

Other than in the event of a catastrophic large aircraft incident over a populated area, none of the plausible events in isolation or in combination would prevent the Group from continuing to operate and meet its liabilities as they fall due over the period of assessment of three years. In the case of such a catastrophic aircraft incident, the Group would seek to manage the timeframe in which any liabilities arose in order to continue in operation.

As a result, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of assessment of three years.



Alvaro Gomez-Reino
Chief Financial Officer
10 March 2020

RISK MANAGEMENT

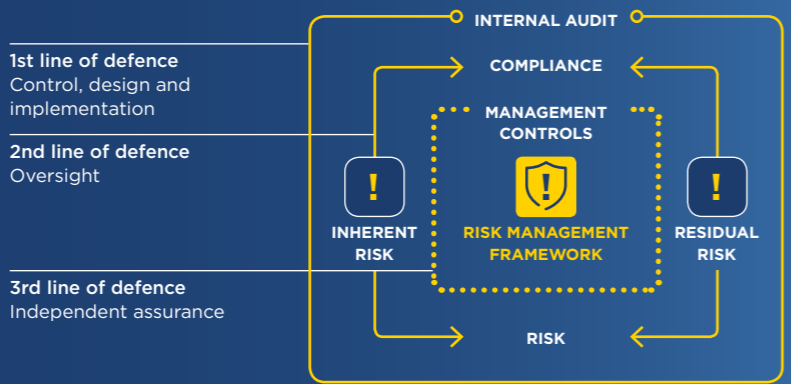


A robust risk management programme is essential if we are to safeguard the Group's assets, protect the welfare of our people and, more generally, promote the interests of its stakeholders. That's why the Group's central and regional Risk functions, incorporating Audit, Security, Health and Safety, Operational Standards and Environmental, perform a key role in identifying, evaluating and managing the financial and non-financial risks that the Group faces.

A strong risk management programme and culture is critical in ensuring risks are identified and managed appropriately. Our Three Lines of Defence model provides an effective way to ensure risk management and controls within our business are effectively communicated to all our employees. Operational management must assume responsibility for maintaining effective internal controls and for executing risk and control procedures on a day to day basis.

A **robust** risk management programme

Risk Management Framework



The Group's Risk framework is underpinned by our '8 Pillar' and 5 Star Programmes from which our Group Risk Register is derived. The 8 Pillar Programme prescribes the minimum standards that are expected throughout our operations, whilst the 5 Star Programme allows us to audit on what matters the most and drives improved compliance behaviour. Both programmes provide the necessary oversight and assurance that risks are adequately managed, and continuous improvement is achieved.

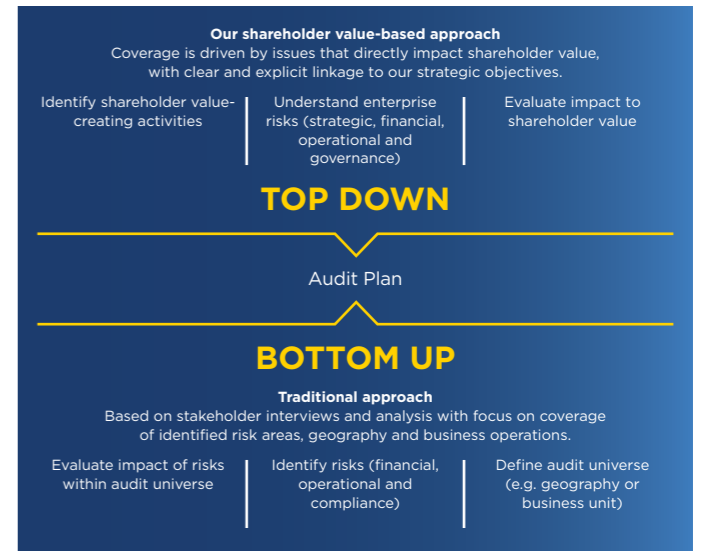
In 2019, and to ensure we continue to set standards of excellence across our operation, we fully aligned our Ground Handling and Cargo manuals with the International Air Transport Association (IATA) standards, ensuring that Menzies Aviation continues to coordinate all of our procedures and quality materials to the highest standards at all times.

Our Risk Register process is designed to identify risk, establish the level of each risk by considering 'Probability of Risk Occurrence' against the "Impact of Financial, Operational and Reputational risk in each of the various categories and seeks to mitigate such risks. Risks are categorised into 15 areas with key identified risks and emerging risks, both financial and non-financial (the latter including environmental, social and governance risks), reviewed by both the Board and the Executive Committee on an ongoing basis.

Supported by the Group's controls assurance provider, formal six-monthly review of risks and controls occurs. Annual certifications on internal control compliance are undertaken and the standard agenda of the Executive Committee includes the review of audit, compliance and safety and security issues and risks. From a Finance perspective, the Tax Committee continues to convene on a two-monthly basis to ensure the potential impact of any global tax changes has been properly assessed whilst the Treasury Review Committee also meets on a two-monthly basis to review the adequacy of the Group's facilities against potential utilisation and commitments and to monitor and manage the Group's exposure to interest rate and currency movements.

The table on pages 34 to 39 of this Annual Report and Accounts 2019 sets out the principal risks and uncertainties, extracted

Approaches to risk



from the Risk Register, that the Group faced, and continues to face, at the end of 2019 and the key control mechanisms it has in place to mitigate them. Whilst the tables do not comprise of all risks faced by the Group, they represent those that the Board considers are most significant. The most notable change from 2018 is the introduction of our emerging risks relating to climate change and disruption.

Our risk appetite is subject to rigorous and constant review, we will therefore continue to evaluate and evolve our approach to risk throughout 2020. The regeneration of our Menzies Operating Responsibly, Safely and Effectively (M.O.R.S.E) ethos and the implementation and global roll-out of the Group's web-based Integrated M.O.R.S.E System will bring together our Risk Management Systems and provide a more automated Risk solution. M.O.R.S.E promotes a risk-conscious culture throughout the Group where safety and security are a top priority in all our operations.




John Geddes
Corporate Affairs Director
& Group Company Secretary
 10 March 2020

RISK MANAGEMENT CONTINUED

Principal risks

The Board has undertaken a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The table below lists those risks and uncertainties that the Board considers most significant and details the key mechanisms which we employ to mitigate them.

- Increase 
- Decrease 
- No change 
- New 
- Emerging 

Risk category	Risk	Strategic link	Risk description	Impact	Key control mechanism	Change from 2018
HUMAN RESOURCES	Succession Planning	4	The risk that the Group does not have a structured and/or effective succession planning programme in place that ensures the necessary pool of talent exists from which to identify the correct individuals to occupy positions that may arise, whether supervisory, managerial or otherwise. Our operations rely on having the right people with the right skills in the right place at the right time and as the Group expands staff retention and talent recruitment is key to guaranteeing the smooth running of our operations and maximising our present day success.	<p>The operational and leadership impact of failing to have robust succession plans in place could result in increased costs to the business, lack of efficiency and a failure to deliver on any, or all, of the key strategic objectives of the Group.</p> <p>Our brand loyalty could be impacted, and a competitive disadvantage arise if we were unable to retain internal candidates to occupy key roles as they become available or we lose individuals with the requisite knowledge and expertise due to a lack of career opportunities.</p>	<p>Succession plans are in place across the Group and are monitored by both Regional and departmental teams as well as centrally at the Leadership Talent Review (LTR) which takes place biannually and at Board level for Senior Management and Executive Positions. The LTR monitors our succession plans for 'critical positions' that require focus. Restructuring has taken place within the Regions which has led to each Region having a HR Senior Manager who is accountable for creating robust succession plans.</p> <p>Structured development programmes are in place aimed at identifying and developing key employees while salaries and benefits are benchmarked to ensure they remain competitive with market standards. Several HR initiatives are in place to develop a talented succession pipeline for critical roles.</p>	
HUMAN RESOURCES	Increased Labour Costs & Staff Turnover	4 5	Our business relies on our People, but we face ongoing risks relating to increased labour costs and labour shortages in certain areas where we operate and wage inflation due to high employment levels. This can lead to difficulties attracting and retaining staff, which could leave our operations exposed and lacking sufficient skilled employees to deliver our business objectives.	<p>An inability to pass on mandatory increases in our staff cost base to our customers could materially impact profitability.</p> <p>Consistently high staff turnover could result in both a reduction in service levels and a loss of customer contracts. Additionally, a high number of inexperienced staff could lead to an increase in safety related incidents.</p> <p>Our competitive advantage could be impacted if we are unable to retain internal candidates to occupy key roles as they become available.</p>	<p>Contracts with customers increasingly contain clauses that specify mandatory wage increases will be passed on to customers. We also continue to evolve our operating model to optimise our cost base and resource management tools are being rolled-out to ensure roster outputs meet applicable regulations and customer demands whilst also providing improved productivity.</p> <p>The Board has a particular focus on staff turnover and regularly monitors the position. Initiatives aimed at reducing turnover are in place and are embedded throughout the Group and in the Americas, for example, a dedicated function exists to address this issue.</p> <p>Investment in onboarding HR systems that vet employees to ensure suitability for the role, exist and have gained traction.</p>	
PRIVACY	Data Breach	3 4	The risk of whether the business is able to report a data breach within the prescribed timescales under the General Data Protection Regulation (GDPR). Due to the nature, size and complexity of our business, we may find it challenging to identify and, where applicable, report a data breach to the relevant supervisory authority within the timescales required.	A major data breach could result in regulatory action, including administrative fines of up to 4% of global annual turnover, litigation brought against the business, the termination of customer contracts and severe reputational damage.	We continue to engage with specialist information security and data protection experts to support our global data protection programme. We launched a new data protection training and awareness campaign in 2019, which will be developed further throughout 2020, continuing to promote a culture of engagement. Our Information Security Incident Policy, together with our incident response process, have been implemented and communicated across the network.	

RISK MANAGEMENT CONTINUED

Risk category	Risk	Strategic link	Risk description	Impact	Key control mechanism	Change from 2018
IT	System Availability & Integrity	2	The risk of a cyber attack that compromises the confidentiality, integrity and availability of systems and data is a growing worldwide issue. Sophisticated IT systems are at the core of our business, driving efficiency and underpinning our operations.	A serious IT systems outage and/or unauthorised access to the Group's network for even a limited period of time could have a significant operational, financial and/or reputational impact.	Improved security has been provided with the outsourcing of our physical hardware data centres, and associated support, to a third-party outsourcing specialist. Appropriate plans and controls to mitigate risks to an acceptable level have been put in place through our Cyber Security Programme including: identification and replacement of all 'end of life' hardware; pro-active management of threats and vulnerabilities; double authentication; move to Office 365; and periodic review of Response and Disaster Recovery plans.	↔
BUSINESS MANAGEMENT	Price Optimisation in Contract Renewals and Tendering/Competitive Pressure	1 2 5	The risk that we fail to re-negotiate existing contracts at acceptable rates or to successfully win new contracts on terms that achieve the Group's internal rate of return and risk profile threshold criteria; together with the risk that a competitor enters an airport/area leading to a loss of key staff and/or contracts.	Inability to re-negotiate and retain key material contracts at rates that provide acceptable returns could significantly impact Group earnings.	Our Commercial teams rigorously undertake advance planning activities to ensure readiness for all upcoming contract renewals and new business tenders. The Group also operates a Menzies Commercial Appraisal Committee that convenes at least monthly to review all pricing and contractual terms before bids are submitted for new/repeat business. In addition, we constantly strive to innovate within our operations to ensure our operational model operates with an optimum cost base.	↔
TRAINING	Employee Training	4 5	The risk that employees are not adequately trained, or refresher training is not provided in a timely manner.	Failure to deliver adequate training or refresher training could give rise to actual or potential safety, security and/or quality breaches. In addition to endangering employees and negatively impacting both our safety record and operational performance, the reputation of the Group would suffer.	Our learning and development platform, Empower Learning, increases the resilience and transparency of our employee training records. The functionality of the system is such that it allows training to be delivered in a more efficient manner reduces variation and simplifies the record-keeping process in terms of, for example, expiry and completion dates. Additionally, all employees undertake a full induction, which includes all mandatory training, upon joining the Group, the results of which are recorded in a business unit training matrix. Training compliance is included as part of the monthly self-certification process and independent audits are conducted at which the Business Unit training matrix is reviewed to identify any irregularities. All mandatory training has a refresher requirement of no more than every 36 months. Training is also one of the key pillars in our Quality Assurance programme.	↔
SAFETY	Adherence to Standard Operating Procedures	2	The risk of a breach of/failure to comply with our internal and airline standard operating procedures or regulations, which are key to ensuring that the Group delivers its strategic objectives and operates safely and securely at all times.	Failure to adhere to standard operating procedures could endanger employees and negatively impact both operational performance and the Group's reputation. An increase in aircraft damage and personal injury incidents may arise and, in turn, a poor safety record could produce increased operating costs, including punitive and compensatory charges and increased insurance rates, and ultimately lead to the loss of customer contracts.	Independent audit programmes exist to ensure applicable operating procedures are being adhered to and all audit scores are reviewed by the senior leadership team. Dedicated teams seek to drive standardisation across the network whilst investment in infrastructure and systems has aided the drive for compliance and standardisation. Tailored training packages exist, and all employees undertake full and rigorous training (as applicable). Safety and security are the number one priority at every station and are never compromised. Industry-leading safety systems are utilised and M.O.R.S.E. is at the heart of all our operations. In addition, each geographic region has a dedicated SVP Risk role with structures in place to drive continuous improvement.	↔
SECURITY	Global Act of Terrorism/ Insider Threat	3 4	The risk that a global terrorism event could materially affect the aviation industry resulting in the number of aircraft flights being significantly reduced for a period of time. Additionally, the risk that a serious security breach or incident occurs that is directly attributable to the actions of one of our employees, former employees or contractors.	A global act of terrorism could lead to a significant loss in revenue as flights would be grounded and air cargo would not be transported. Further, the impact of a serious security related incident could affect the Group's reputation, operational performance and, ultimately, financial performance.	The Group works closely with airport authorities. Rigorous checking and vetting of all employees takes place. Central support is provided to all stations via the Group Security team, utilising the M.O.R.S.E. intranet-based safety and security monitoring system which provides consistent and regular reporting. A dedicated VP Security Management Systems continues to raise standards across the Group and reinforce awareness and a corporate personal security measures assessment is due to be undertaken. Ground Handling cost base is flexible and could be flexed to assist in mitigating the expected financial impact.	↔

RISK MANAGEMENT CONTINUED

Risk category	Risk	Strategic link	Risk description	Impact	Key control mechanism	Change from 2018
EXTERNAL SHOCK	'Brexit' Impact to UK and European Operations	1 2 3 5	The risk that business becomes more difficult within the European Union when the UK exits.	The outcome of finalised Brexit terms and resulting legislation and arrangements creates ongoing uncertainty. This includes the impact terms may have on our customers operations as well as the potential negative impact on our ability to recruit staff (during our peak operating seasons in particular).	This is a key focus for the business with developments in this area remaining under continual review of the relevant business leaders to ensure we are positioned to react and adapt as required. Our resourcing teams have assessed the potential impact and are implementing recruitment strategies to ensure that our operations remain adequately resourced. Commercial teams also have a strategy in place which is aimed at achieving the optimum combination of service portfolio and geography to offset any potential UK-European flight reduction. Further, many major airlines serving the UK have split or are splitting their AOC into UK and European Union to mitigate their risk, in turn mitigating ours.	↔
FINANCE	Menzies Pension Fund	5	The risk associated with the Group's historic defined benefit pension scheme in the UK. The scheme closed to new members in 2003 and to future accrual in 2017 and is currently in deficit. The Group is required to make cash contributions to address this deficit and the potential exists that the deficit increases due to poor asset returns or because of an increase in liabilities arising from current financial assumptions differing from experience.	An increase in the scheme deficit could result in a requirement to increase the current cash contributions which in turn could reduce the amount that the Group can invest in growth business opportunities.	The decision to close the Fund to future accrual was a key determinant in reducing the risk associated with the scheme as changes in the scheme liabilities now only result from a change in liabilities relating to past service, as opposed to a further increase as a result of current and future service. The ongoing controls adopted by the Group to manage this risk include working closely with the Pension Trustee and its advisers to ensure that investment performance and liability experience are reviewed regularly; diversifying pension assets so that the impact decreases in the value of certain asset classes is minimised; and ensuring that the scheme has the optimum investment policy by matching asset profiles with associated liabilities taking into account the future likely mortality of members, investment returns and inflation.	↔

Emerging Risks

EXTERNAL SHOCK	Disruption	2 3 4 5	As a provider in the aviation sector, we are exposed to the inherent risk of incidents affecting countries where we and/or our customers operate. This can include natural catastrophes, outbreaks of disease such as Ebola and the COVID-19, political volatility and as has been seen in recent years, the implications of war in countries near where we operate and terrorist events, resulting in travel/movement of goods restrictions, health and safety concerns and a reduction in the overall requirement for aviation services.	Such events could lead to significant operational disruptions; costs to our business; health and safety concerns and a decline in the requirement for aviation services in the affected areas over an extended period of time.	Official websites and articles are monitored by senior management teams centrally, regionally and locally to capture the most up-to-date information. Contracted third party security and incident experts provide actionable intelligence and bespoke recovery actions. Risk assessments and business continuity plans have been developed and are tailored to suit local and regional requirements. Additionally, regular engagement with employees providing guidance and assurance that controls are in place and support is available when required. Financial planning to ensure availability of liquidity for the business to operate effectively. Ground Handling cost base is flexible and could be flexed to assist in mitigating the expected financial impact.	↑
ENVIRONMENTAL	Climate Change	3 4	Rising climate change concerns on a global basis have led and could lead to additional legal and/or regulatory measures, additional compliance obligations and operational restrictions and potentially overtime a decreasing demand for aviation services.	If the business is unable to develop sustainable solutions that are both economically viable and meet the evolving need for sustainable services in the aviation sector we could experience additional costs or financial penalties and/or a reduced demand for our services, which could have a material adverse effect on our earnings, cash flows and financial condition.	We are monitoring and reporting on our greenhouse gas emissions and participating in government driven carbon reporting schemes. We have partnered with the World Land Trust, supporting verified carbon offsetting projects, allowing us to offset approximately 2,233 tonnes of our 2019 carbon emissions. We are developing our strategy to ensure that we are taking the necessary steps to protect the environment and achieve a sustainable future. This includes: <ul style="list-style-type: none"> taking steps to invest in, renew and replace our equipment with more fuel efficient or electrically powered equipment where possible; our Go Green project in Oslo where we are carrying out a significant trial of electric ground service equipment allowing us to perform fully electric turns at one of our sizeable operations; raising environmental awareness and delivering training across our network; taking the necessary steps to protect the environment around our operations and testing the effectiveness of our responses should an environmental incident happen; and local initiatives making an immediate impact. We are supporting and working collaboratively with many of our customers and partners as they working to reduce their own emissions and impact on the environment.	↑



Ashley Fernandez,
Passenger Services
Agent

Ethics, integrity and sustainability: **acting responsibly**

Our People

Our People are what sets us apart from our competitors, they are the driving force behind our operational achievements – their **unrivalled commitment** to setting high standards, their enthusiasm to deliver for our customers and their drive to deliver results.

This year we continued to focus on our three overarching People priorities:



Attracting and retaining the best



World class training and career development



Creating an engaged team giving great service



Attracting and retaining the best

We have updated our talent acquisition and on-boarding approach, investing in our recruitment and global HR systems to improve candidate experience. We stepped up our social media presence and improved communications on vacancies available across the global business.

While attraction is critical to the continued success of our business, so too is retaining those that join us. In 2019, we focused on early experiences as being a key driver for long term engagement, retention and successful performance. We launched our induction programme for head office roles and Station Managers, a role identified as being critical in driving performance and growth in our operations. In response to feedback from our workforce requesting improved communication, we developed our intranet site, ensuring that employees have access to up-to-date policies and procedures, we improved group wide communications on developments in the business,

giving our People ownership and the opportunity to share stories and successes with their colleagues across the globe and we launched a pilot employee communication tool at one of our key stations, continuing our journey in ensuring that our front line employees feel connected to the purpose of the organisation and can engage in a two-way dialogue with our business leaders across the Group. We monitored closely the impact that these and other initiatives had on our labour turnover statistics across the Group, and implemented improved exit management and interview processes to gain insight from leavers on what we can do better.

RESPONSIBLE BUSINESS CONTINUED

 **World class training and career development**

We are committed to developing talent and this year invested heavily in the learning and development of our People. Our suite of face-to-face classroom based and online training programmes cover all levels of the business, providing business critical operational training as well as other key regulatory and softer skill training topics. We continue to support the movement of talent, with employees moving internationally to fill critical roles.

management roles and the implementation of actions plans to accelerate development when necessary and with a focusing on improving diversity in the talent pipeline. Succession planning sessions were also run regionally focusing on key leadership and critical roles for each region. These are foundational steps on the journey to ensuring a healthy pipeline of diverse leaders for senior and business critical roles.

Preparing for the future requires the right people with the right skills and capabilities to meet the future growth requirements of the Group and we are committed to building these into our workforce. In 2019, we introduced a more structured and systematic approach to succession planning. Talent calibration sessions were introduced at both Board and Executive Management levels. This included identification of potential successors for key

We reviewed our performance management process and now take a more pro-active approach to performance management, with our People leaders assessing the performance of their teams on an ongoing basis. We continue to update our performance management systems ensuring that our agile workforce can easily manage the performance management process wherever their role takes them.



Shazi Khan, Passenger Services Agent

 **Creating an engaged team giving great service**

Menzies Aviation employs over 32,000 committed and talented employees, and we believe that ensuring that our employees feel engaged and creating a positive working culture is fundamental to our success.

our operational teams around the world, brings together leaders from all departments for interactive activities and conversations about Leadership. The aim of the programme is to build the capability and confidence of our leaders, equipping them with a better understanding of the Menzies Leadership behaviours, their own personal leadership style and their role in empowering and getting the best out of the teams they lead.

In 2019, a key focus was ensuring that our leaders are well equipped to get the best out of our People. We developed and launched our global Leadership Development Programme - 'Living Leadership'. The face-to-face programme, designed in collaboration with

Listening to feedback from our workforce, we focused the launch in operational areas which were deemed to be high priority. For those who have completed the programme, we continue to supporting them to embed the learning by providing them with access to our online management modules through our Learning Management platforms.

In 2020, the Living Leadership Programme is to be rolled out over our entire network, with over 4,000 of leaders expected to participate.

Creating an inclusive and respectful workplace in which our People can bring their whole selves to work and deliver their best gives us a vibrant and engaged workforce and is fundamental to our success. Following the launch of our Equality, Diversity and Inclusion (E,D&I) Policy in 2018, our E,D&I Focus Group in 2019 continued to work on initiatives across the Group. We are proud signatories of the Women in Aviation and Aerospace Charter, committing with others in the aviation and aerospace sector to build a more balanced and fair industry for women ensuring that women are provided with opportunities to succeed at the highest levels. We reviewed our policies on flexible working and promotion opportunities, celebrated a number of events across the globe and continued to analyse and take action to improve the diversity of our pipeline for senior and business critical roles. We continue to develop our career paths, making them more visible and accessible to our workforce. Our online recruitment portal was updated to automatically screen vacancies ensuring that they are free from gender bias and accessible to the widest possible audience and we have bolstered our capability in data analytics allowing us to better assess the impact our initiatives have on improving the diversity of our workforce.

We continue to assess, analyse and report on our gender pay gap in line with regulatory requirements in the UK (further details of which can be found on the Company's website at www.johnmenziesplc.com) and in other locations, and are reviewing our ability to gather data to enable us to analyse other pay gap statistics.

Our Executive Leadership Team participated in an Inclusive Leadership workshop where facilitated discussions supported consideration of the impact and influence that each individual leader has in their own roles, and how their own behaviours can support in creating an inclusive workplace culture. These workshops are to be rolled out to other regional leadership teams across the Group during the course of 2020, and all of our employees will participate in online equality, diversity and inclusion training.

Our Safety and Security month in November focused on wellbeing, educating our line managers and supervisors about the resources available to them to support their own wellbeing and that of their team, communicating the availability of our Employee Assistance Programmes to support workforce wellbeing.

Our Board engaged with our workforce through forums, allowing them to hear directly from employees on the issues that matter the most to them. Further details on the forums can be found on page 90 of this Annual Report and Accounts 2019.

We are proud signatories of the **Women in Aviation and Aerospace Charter**, committing with others in the aviation and aerospace sector to build a more balanced and fair industry for women ensuring that women are provided with opportunities to succeed at the highest levels.



Elisa Magnoni and Teodora-Roxana Ungureanu, Passenger Ground Services Agents

Gender Diversity (as at 31 December 2019)		
Employees	Decision-makers	Board of Directors
22,137 Male	231 Male	7 Male
9,863 Female	91 Female	1 Female

RESPONSIBLE BUSINESS CONTINUED

Responsible business in action: Veterans Day

Menzies celebrates Veterans Day across the Americas network

On 11 November each year, many countries around the world recognise the men and women who serve and have served their country in the armed forces.

On Monday 11 November 2019, every Menzies station across America celebrated, recognised and thanked their employee veterans and patriots who have served their country. Our veterans are mothers, fathers, brothers, sisters, friends and work colleagues. They work in all parts of our organisation and we are proud to have so many veterans in our workforce.

Our 534 US based veterans were invited to a remembrance ceremony, held simultaneously in each of their business areas, at 11am on 11 November. As in many locations around the world, a minute's silence was observed to remember all those who made the ultimate sacrifice and to recognise the commitment of our ex-service men and women in our stations and offices. As part of the US celebrations, every location was provided with a full-size American flag which formed the centrepiece of the events and at the close of each ceremony, specially commissioned Menzies Veteran lapel pins were presented to each veteran.



A selection of our teams from across the US, who celebrated Veterans Day.



To our veterans; on behalf of Team Menzies, I would like to take this opportunity to express our appreciation and gratitude that we have for you and the sacrifice you made through your service so that we may remain free. To those in uniform serving today and to those who have served, we honour you.

John Redmond
Executive
Vice President,
Americas

Our ethical journey

As a forward-looking business, we recognise that **nurturing a strong ethical culture** is vital to our success.

Aligned with being a safe and trusted aviation services partner, our culture is built on strong ethics and integrity, underpinned by our values and behaviours. We hope our People are guided and inspired to deliver their best, every day.

We are committed to ensuring our global Compliance Programme remains fit for purpose and continues to improve and evolve in line with changing legislation, business priorities and risk areas, as well as the changing expectations of our stakeholders. It is designed to support and guide all our People in conducting business ethically and in compliance with applicable regulations and legislation.

Our Code of Conduct remains at the centre of our Programme and it is important to us that there is Group-wide understanding and engagement with our Code and the expectations, behaviours and ethical practices it promotes. Our Code is widely translated and will soon be relaunched and accompanied by a new bespoke e-learning module.

Underlining our zero tolerance approach to bribery and corruption, we became a member of TRACE in 2017. TRACE is a globally recognised compliance organisation an leading provider of cost-effective third party risk management solutions. Members and clients include hundreds of multinational companies headquartered worldwide.

For more information, visit www.TRACEinternational.org.



HIGHLIGHTS

- **Directly engaging and supporting our teams through face-to-face training and communication with our senior leadership teams.**
- **Introduction of refreshed data protection and information security training and awareness across the network as well as further development of our data protection governance structure through the implementation of a range of policies, procedures and function-specific/regional working groups.**



Aaron Penrose,
Ramp Agent

RESPONSIBLE BUSINESS CONTINUED

Our ethical journey continued

During 2019 we delivered face-to-face compliance awareness (including our Code of Conduct and Third Party Code of Conduct) and anti-bribery and anti-corruption training with senior teams across the business and we are set to continue with this more interactive and discussion-based approach throughout 2020. Supplemented by a variety of other forms of communication, this more direct approach has enabled us to have valuable open discussions on compliance topics and ethical conduct, and to build trusting relationships across the business. By increasing visibility, awareness and tailored training and guidance and support to our People, our compliance programme continues to develop our strong ethical culture.

Where our People wish to report any concerns anonymously, they can do so confidently by contacting our whistleblowing hotline or website, EXPOLINK. We take all reports and complaints in relation improper conduct, breaches of regulation or legislation or other forms of unethical behaviour seriously. Our People can be assured that all reports are treated confidentially and addressed and that they will be protected at all times.



2019 will be the first financial year in which we are required to report against the new Australian Modern Slavery Act (2018) (Commonwealth) in the first half of 2020, in addition to our existing UK Modern Slavery reporting commitments. We do not tolerate any form of slavery or forced labour within our business or any of our supply chains and as such, improvement of our supply chain and third party risk assessment and due diligence procedures remain a key area of focus for us moving into 2020, including further embedding our Third Party Code of Conduct. In addition to this, our new third party anti-bribery and anti-corruption e-learning will be rolled out to our higher risk business partners.

Our Compliance Programme is ever evolving and we will undertake a risk assessment during 2020 to identify any areas that require additional focus, ensuring we respond and adapt our programme accordingly. As part of our holistic approach to supporting our strategy, culture and engaging our People through our Compliance Programme, we work collaboratively with departments across the Group to ensure our initiatives are truly embedded into workplace culture.

Maria Pankowska, Customer Service Agent



Taha Aftab, Customer Service Agent



Read more about our responsible business online:
<https://www.johnmenziesplc.com/third-party-code-of-conduct>
<https://www.johnmenziesplc.com/anti-slavery-and-human-trafficking-statement>

A sustainable future

As part of ethical journey, we recognise the world is changing and that as a Group, we face new and emerging challenges and increased expectations from our stakeholders and global communities generally, in areas such as social inequality, wellbeing and the environment. We accept those challenges and we are committed to continually evolving and ensuring we operate and grow our business responsibly and sustainably.

Along with challenges come opportunities. Aligned with our purpose of providing safe and trusted aviation services for every customer, every time, and supported by our vision, strategy, values and existing ethical approach to governance, we are currently developing a focused Sustainability Strategy and Programme including setting

goals and targets related to the environment, wellbeing, people, communities and governance. Our strategy and programme will be woven throughout our business and inform our decision making as we develop and grow our business for the future and seek to deliver value for all our stakeholders.

Immediate Areas of Focus

- We are committed to reducing and **offsetting our carbon footprint** and we are setting targets for the next five years, to 2025, and beyond.
- **Planning for the Future**
We will create and pursue new opportunities to collaborate with our airline customers, airports, and suppliers to seek ways we can increase efficiency, reduce environmental impacts, better serve passengers and communities, and play our part

in developing and supporting sustainable aviation into the future.

- **Communities**
We will seek ways to engage and encourage younger generations through development and employment or community-based opportunities.
- **Our People and Wellbeing**
We will develop and seek opportunities to enhance job satisfaction, support employee wellbeing, health and safety, and eradicate social inequality in the workplace.
- **Responsible Business**
We will work with suppliers, seeking partners who share our ethical and sustainable aspirations and offer more sustainable solutions.

Our sustainability strategy will focus on these areas immediately



Supporting our communities

The Group was proud to support a wide variety of **community initiatives** and **charitable organisations** from around the globe during 2019, some who we supported for the first time; others who we have been pleased to support in previous years.

Charities Fund 2019

£100,000

Charities Fund 2020

£120,000

We were also proud of our People who played their part through organising or taking part in their own local fundraising events. Our 2019 charities funds totalled £100,000, including our main charities fund and to satisfy John Maxwell Menzies Fund applications received from individual employees and teams in support of their own charitable or community-related fundraising activities.

In last year's report we committed to reviewing our approach to charitable giving and employee engagement during the year ahead. During 2019 we adopted a revised approach to reviewing our corporate social responsibility aims, being mindful of the increasing expectations being placed upon companies such as ours to demonstrate our ethical credentials at a corporate level, and to take greater responsibility in these areas. As a Group we are keen to develop this further to ensure it correlates with and manifests through our strategy, vision, initiatives and culture, and that it engages and inspires our People.

HIGHLIGHTS

- **£31,598** was paid to charitable and community organisations that support the elderly through improving quality of life and wellbeing, as well as organisations that provide health and end-of-life care to those of all ages.
- **£34,646** was paid to charitable and community organisations that support local communities through tackling poverty, homelessness, inequality and wellbeing, as well as organisations that support families and children.
- **£33,500** was paid to the World Land Trust in support of their carbon offsetting project in Guatemala (see pages 50 to 51 for more information).

As a result, the Board approved plans to evolve our Charitable Framework, aligning this with our core aim of developing our sustainability programme and setting new environmental and socially responsible goals for the future. Linking with our core strategies, particularly relating to People and Customer Engagement, we will create and develop Group-wide focus around two key charities themes: communities and climate. We will follow these

themes for a period of five years, from 2020-2025, evaluating our progress, achievements and the continued relevance annually.

Additionally, our charities fund for 2020 was increased to £120,000.

RESPONSIBLE BUSINESS CONTINUED

Communities and Climate: 2020–2025

Communities

Our People, our Customers, our Stakeholders and our Communities are intrinsically linked. Enhancing the contribution we make to the communities in which we operate is an area our people feel strongly about. We aim to encourage greater employee involvement in shaping our charitable giving and supporting our local communities, empowering our People to contribute time and energy to this area.

Climate

As a responsible business, we want to play our part in addressing environmental challenges, in line with the expectations of our customers, our People and our other stakeholders. We intend to continue our carbon offsetting approach, linking this with initiatives that focus on innovative improvements that we can make across our business in relation to reducing our carbon footprint. Additionally, we will seek new opportunities to link with charities local to our operations, promoting sustainable opportunities within the communities we operate. We will also seek ways to support our customers in their own sustainability goals.

During 2019 we further improved governance and communication around how our charitable funds are selected and communicated throughout our business. As a result, we have updated our employee fundraising support application and we are set to launch a new Charities page on our Group intranet. Focus will be given to this in 2020, particularly around engaging with our staff and encouraging them to take part in either company-related or their own charitable endeavours.

Responsible business in action: World Land Trust

Menzies in partnership with the World Land Trust

In 2019 we began a partnership with the World Land Trust, supporting one of their verified carbon offsetting projects in Guatemala with a donation of £33,500 made on behalf of all our People.

The nature of our business – supporting air services from the ground – was carefully considered in the selection of our chosen charity, with the aim of offsetting some of the unavoidable impact we have on the environment. Our donation to the project in Guatemala enabled us to offset approximately 2,233 tonnes of our 2019 carbon emissions.

The REDD+ Carbon Project for Caribbean Guatemala has been developed by WLT's Guatemalan partner FUNDAECO in partnership with Althelia Climate Fund/Ecosphere+. The project aims to protect 316,000 acres (128,000 hectares) of tropical habitat in Izabal, Guatemala, and by doing so, sequester more than 17 million tonnes of CO₂ emissions through avoided deforestation, while ensuring a safe haven for wildlife. This project has been independently validated and verified by the Climate, Community and Biodiversity Standard (CCB) and the Verified Carbon Standard (VCS), ensuring that the project benefits climate, local communities and biodiversity, while the verifying that emissions reductions have taken place and can issue tradable Verified Carbon Units (VCUs).

The project will ensure the protection of habitat for key species including the vulnerable West-Indian manatee, the endangered golden-cheeked warbler, Baird's tapir and jaguar, and the critically endangered Chinamococh stream frog, which is only found in the Santa Cruz mountains of Guatemala. As well as this, the project is supporting local communities in one of the poorest areas of Guatemala to improve education, to access reproductive health services, and to help develop alternative economies including sustainable agro-forestry and eco-tourism.

We look forward to further developing our partnership with World Land Trust in 2020 and beyond.



Images clockwise from top left:

Species found in Sierra Santa Cruz
Credit: Sean Rovito

Landscapes from the Conservation Coast of Guatemala
Credit: FUNDAECO

Nick Finch and Anna Martin (WLT Young Ambassadors) visit the 'Conservation Coast' of Guatemala
Credit: Nick Finch

Nick Finch and Anna Martin (WLT Young Ambassadors) visit the 'Conservation Coast' of Guatemala
Credit: Nick Finch

Landscapes from the Conservation Coast of Guatemala
Credit: FUNDAECO

Environmental focus for the future

2019 has seen a heightened level of attention on the aviation industry and increasing recognition of its significant **impact on the environment.**

A key area of focus has been aircraft emissions and as an industry leader in the provision of ground services and into-plane fuelling, the Group has a key part to play in the aviation industry's move towards reducing emissions and use of environmentally friendly practices.

The first step to reducing our emissions and becoming more sustainable is recognising and understanding the size and scope of our impact on the environment. Menzies produced a total of 129,734 tonnes of Scope 1 and Scope 2 CO₂e emissions during 2019 with the majority of these emissions coming from our fleet of ground support equipment and, to a lesser extent, electricity use in our buildings and offices. To put this in simple terms, this equates to the emissions created by a Boeing 747-400 flying a return journey from London Heathrow to Dallas Fort Worth 125 times.

The message across the industry is clear and the Group is committed to ensuring that we work for the protection and betterment of our environment. Throughout 2019

we have demonstrated our commitment by raising environmental awareness, investing in new equipment, protecting our environment, supporting local initiatives and assisting our customers and partners realise their own environmental ambitions.

Raising Environmental Awareness

In 2019 the Group has been furthering its efforts to increase the level of environmental awareness amongst our staff and ensuring that all our people have the ability to make more environmentally friendly choices.

In early 2019 we launched a brand new and updated environmental awareness training package. This training package is mandatory for all managers and provides them with a comprehensive understanding of the environment we work in and the areas where our operations impact the environment. Through educating our staff, we can ensure they are aware of the procedures and regulations that must be followed to ensure our environment is protected and provide tips on environment conservation empowering them

Scope 1 and Scope 2 CO₂e emissions 2019 (tonnes)

129,734

Our emissions equivalent in the number of direct return journeys by a Boeing 747-400 from London Heathrow to Dallas Fort Worth

125

to lessen their and their teams impact on the environment.

Initiatives such as Menzies branded reusable water bottles and reusable coffee cups help our staff to reduce use of single use plastics and disposable coffee cups. At many sites we have been increasing the availability recycling bins in our offices and breakrooms and educating people in the how to recycle efficiently, allowing our staff to make conscious efforts to dispose of waste in an environmentally friendly way.

We communicate with our People through newsletters and bulletins, providing information on how they can participate in global campaigns and environment days such as Earth Day and World Environment Day.

Investing in Equipment

A key way for aviation services providers to reduce emissions, is to invest in new ground services equipment. With a large operation traditionally reliant of fossil fuelled equipment, this is a sizeable challenge for our business, along with the rest of the industry. During 2019 we continued to lead from the front, investing and replacing ground support equipment and vehicles with the latest more fuel efficient or electrically powered versions. The most significant investment being our Go Green project in Oslo which is summarised on page 57.

Replacement of old fuelling equipment with the latest vehicles compliant to United States Environmental Protection Agency (EPA) Tier 4 engine standards is another area we can improve. In total, 20 fuelling vehicles were replaced across seven business units in the Americas during 2019.

At Amsterdam Schiphol, we purchased 18 sets of electric steps fitted with solar panels to supplement the electric charging.

Another focus area for electrification of ground support equipment includes the replacement of diesel/gasoline baggage tugs with electric models. New electric tugs were added to our operation at Chicago O'Hare during 2019 and in Bermuda, it is expected that most, if not all, of our diesel/gasoline baggage tugs will be replaced with electric alternatives in 2020.

Following the introduction of the Mototok remote controlled electric pushback tug to our UK operations in 2018, we added a further three of these units to our operations at London Heathrow Airport during 2019.

Overall, 17% or 1200 units of our motorised fleet across our network are electric, a figure that is set to grow in 2020.

We are increasingly fitting telematics to our equipment including ground support equipment in four additional airports; Isle of Man, Amsterdam, Dublin and Glasgow, during 2019. The telematics system was upgraded during 2019, providing a more user-friendly interface and improved reporting. Telematics allows us to ensure we can optimise our ground support equipment fleet; ensuring we have the right numbers of equipment in the right places and that it is being effectively utilised to support our operations. Telematics is also allowing us to monitor driver behaviours leading to reductions in engine idling.

Protecting Our Environment

As well as taking steps to reduce our carbon emissions we recognise the importance of taking the necessary steps to protect the environment around our operations and test the effectiveness of our responses should the worst happen.

In 2019 rigorous testing of our spill response plans and capabilities were carried out as part of the National Preparedness for Response Exercise Program (PREP) at both Charlotte and Cincinnati fuel facilities. Successful performance in both these exercises provided us, our customers and the EPA assurance that should the worst-case scenario – a major fuel spill – happen our People can quickly and effectively implement the spill response plan.

In both exercises, we met the minimum required objectives of having adequately trained personnel to implement the response plan, having all required response resources available and in working condition, and demonstrating that the response can be conducted in a timely manner. These exercises also provide us with an opportunity to improve response plans and response system across our global network.

Working with Our Customers and Partners

Many of our customers and partners are working hard to reduce their own emissions and impact on the environment and throughout 2019 we have supported our customers and partners in achieving their goals.

One example of this can be seen in our ground handling operations provided to Norwegian Air Shuttle. For many years Norwegian Air Shuttle have been performing engine shutdowns directly to ground power which negates the need to run the auxiliary power unit during arrival, thus reducing the amount of aviation fuel burn. Operation Polar Bear enables us to successfully implement ground power shutdowns in this way for Norwegian at both Oslo and Copenhagen airports, ensuring that Norwegian can reduce fuel burn and deliver emissions reduction for these flights.

RESPONSIBLE BUSINESS CONTINUED

Environmental focus for the future continued

Another example can be seen at our fuel facilities managed on behalf Shell Aviation. Shell's Low Carbon Operations Project aims to put in place a framework to reduce the carbon intensity of these operations. We have been working with Shell during 2019 to develop and deliver low carbon plans which define low carbon initiatives and timelines for delivery at each location.

Greenhouse Gas Emissions Reporting

In line with the Climate Change Act 2008 and the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the Regulations), we are mandated to disclose the greenhouse gas (GHG) emissions arising from our operations. We disclose this figure in the form of tonnes of CO₂e on all

material emissions of the six gases covered by the Kyoto Protocol generated from both direct sources and purchased electricity, heat, steam and cooling.

The period covered for the purposes of this GHG Emissions Reporting section is 1 January 2019 to 31 December 2019. We report on Scope 1 emissions (direct combustion of fuels) and Scope 2 emissions (indirect combustion e.g. purchased electricity) as follows: Scope 1 – fuels consumed by passenger and delivery vehicles, natural gas consumption in buildings and fugitive emissions of refrigerants; and Scope 2 – UK electricity and overseas electricity.

Data was collected from financial accounting databases then calculated into CO₂e using emission

factors issued by the Department for Business, Energy and Industrial Strategy (BEIS).



The Group appointed ITP Energised to provide independent assurance and verification of their 2019 greenhouse gas emissions (GHGs) that are reported in this Annual Report and Accounts 2019. Verification has been undertaken using the principles in BS EN ISO 14064-3:2012 for GHG verification. The WBCSD/WRI GHG Protocol and the DEFRA Corporate GHG Reporting Guidance were also referenced during the limited assurance process.

CO₂e emissions

Measure	Global tonnes of CO ₂ e 2019	Global tonnes of CO ₂ e 2018*	Global tonnes of CO ₂ e 2018 [†]	UK tonnes of CO ₂ e 2019	UK tonnes of CO ₂ e 2018*	UK tonnes of CO ₂ e 2018 [†]
	Group total	Menzies Aviation	Group total	UK total	Menzies Aviation	Group UK total
Combustion of fossil fuels	107,447	123,185	141,033	13,401	15,435	33,282
Electricity purchased for own use	22,287	23,973	26,143	1,073	3,690	5,860
Total	129,734	147,158	167,176	14,474	19,125	39,142
Intensity ratios (tonnes of CO₂e)						
Per £000 turnover		0.114			0.072	
Per £000 turnover total	0.098		0.080	0.050		0.037

* The 2018 Group total figures included data for Menzies Distribution for the applicable reporting period i.e. 1 January 2018 to 31 August 2018.

Recommendations for improvement have been made by ITP Energised on the basis of potentially significant findings from the GHG assurance process.

ITP Energised is an independent professional services company that specialises in environmental and energy consulting and advisory services. ITP Energised operates a certified Quality Management System which complies with the requirements of ISO 9001:2015, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. The assurance team did not have any involvement with the Group's business activities or in data gathering.

Overall, the emissions from our global operations have reduced as a result of operational efficiencies, and the introduction of more low emission and electric vehicles.

The Group also participates in the following UK Government-driven carbon reporting schemes:

- the Energy Savings Opportunity Scheme (ESOS); and
- the Carbon Reduction Commitment Energy Efficiency Scheme (the CRC Scheme).



2019 saw the end of the second four-year phase of ESOS. Working together with Carbon Footprint, this required us to complete our ESOS assessment, finalise our evidence pack and submit notification of compliance to the Environment Agency. Energy audits carried out by Carbon Footprint as part of this scheme identified 1,641,324 kWh of energy savings

which could deliver potential cost savings of £253,999 across the United Kingdom. Throughout 2020 the UK & Ireland business will be implementing these savings and wherever possible replicating these initiatives at other sites to further reduce energy consumption.

The final compliance year for the CRC scheme was 2018–2019 which means that following the purchase of 494 units to cover our UK carbon emissions for that period, the Group has completed its obligations to this scheme. This is a significant reduction on the

number of carbon allowances required in 2017–2018 (7,909) which can be attributed to the sale of Menzies Distribution and its fleet of fossil fuel powered delivery vehicles.

Global Challenge, Local Solutions

Throughout 2019, business units across our network have put in place local initiatives which contribute to make a global difference in protecting our environment and achieving a sustainable future. Local initiatives have the advantage of being quick to set up and delivering an immediate impact.



Environmental focus for the future continued

Local Initiative Examples

Washington Dulles Airport

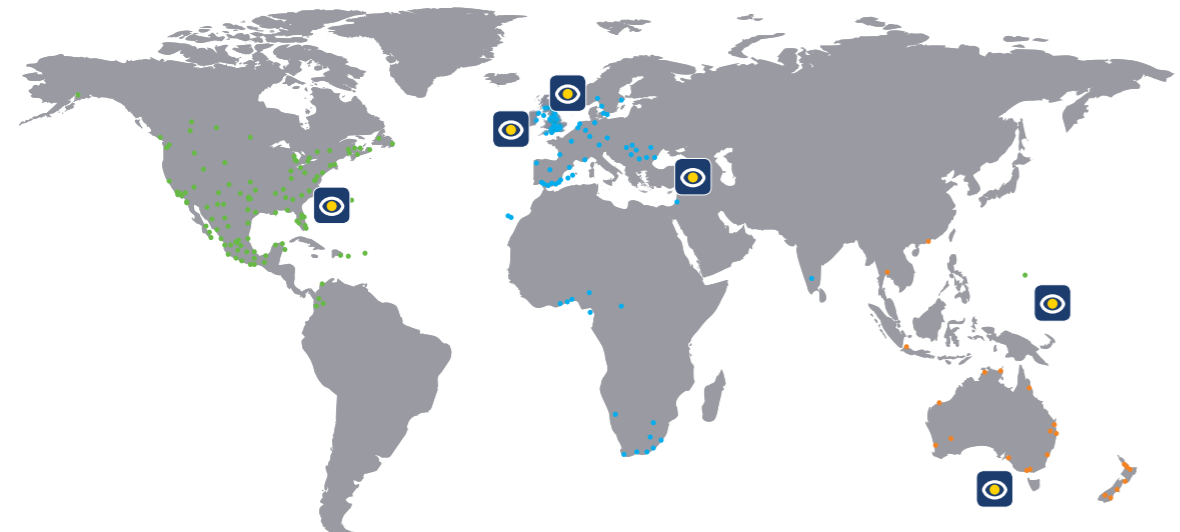
Working with the airport authority and government agencies to enhance waste reduction and recycling programmes. This included the recycling of aluminium, plastic, paper, non-hazardous waste, and used oil.

United Kingdom and Ireland

Across the region Menzies provide baskets of fresh fruit during briefing sessions as part of the Fruits and Boots initiative. This supports Fruitful Offices' Planting Fruit Trees in Africa campaign, where, for every basket of fruit delivered, one fruit tree is planted in Malawi.

Edinburgh Head Office

Installation of voltage optimisation systems and replacement of office lighting with more efficient LED bulbs has allowed the Edinburgh Head Office to reduce its electricity usage.



Amman Airport

Working with the airport operator to increase recycling of waste. A dedicated area for aircraft waste has been set up where a specialist company collects and recycles the waste. Also, used paper is collected and recycled and the business unit has been actively promoting not to print paper or at least to reduce printing to a minimum.

Melbourne Cargo

This business unit is currently trialling the use of tarpaulins to secure goods on barrows. This replaces the need to use plastic wrap and has other benefits such as reducing the risk of foreign object debris at the aircraft and the amount of plastic reaching landfill. Melbourne Cargo business unit have also formed a local environmental committee and have been installing LED lighting.

Oceania and South East Asia

Across the regions business units have been using paper recycle bins within office environments. Other initiatives include the provision and promoting the use of coffee/tea keep cups and reusable drink bottles reducing the use of disposal cups and single use plastics.

Responsible business in action: Oslo

Oslo: electric turns, every day

As part of Menzies ongoing strategy to reduce our carbon footprint, Management continues to make positive changes in Northern Europe and Scandinavia. During the last quarter of 2019, Menzies replaced 19 units of ground support equipment in Oslo with new electric units. This means the total motorised fleet in Oslo is now 80% electric.

Norway is one of the global leaders for environmental sustainability and produces 95% of its energy from hydropower methods. This renewable energy source gives us an advantage as the operation is provided with renewable electricity that Oslo airport include in the airport fees.

Oslo is a sizable operation for Menzies with some 50,000 turns a year; the biggest customer is Norwegian Air Shuttle at their home base. Norwegian airlines have implemented many ways of reducing carbon footprint over the years and it seems fitting their largest ground handling provider does the same. Over the past few years Menzies have been rapidly changing our fleet to a greener handling solution and now completes an average of 100 fully electric turns per day.

The main change is the exchange of conventional pushback tugs and tow bars to electric towbarless pushback tugs. The best part about this is the

pushback operators got to choose the model they believed was the best for the weather conditions in Oslo after rigorous head to head testing of two new models from rival manufacturers.

The Go Green project in Oslo was conceived and planned in 2018 and equipment began to be delivered in 2019. The electric GSE fleet in Oslo now has:

- 23 electric steps
- 21 electric belt loaders
- 39 electric baggage tractors
- 11 narrow body electric towbarless pushback tugs
- 5 electric high-loaders
- 11 electric heaters

The success of the Go Green project in Oslo and expanding use of electric GSE across the region provides a real example of what can be achieved when working in partnership with our airports and airlines. Go Green Oslo has only been possible thanks to Oslo airport and Norwegian Air Shuttle who have provided the necessary support and infrastructure to push ahead with our vision to be the greenest handler. The region is continuing to push forward with electric GSE: more electric equipment is already on order for 2020 and use of electric equipment forms a key part of new contracts in the region.

Electric motorised fleet

80%

Fully electric turns per day (average)

100

Fredrik Langholm Furuli, Crew Chief operating an electric pushback



Health, safety and security

As one of our key strategic pillars and our highest priority, a **strong approach to health, safety and security** risk management, standards and practices across our global network is vital, and directly links to the success of our business and that of our stakeholders.

Setting the highest standards, following best practice, always learning, improving and encouraging employee responsibility and accountability are key in developing and maintaining a safe and secure environment that protects the interests and wellbeing of our People, as well as our business.

In recognition of this, we focused in 2019 on the development and communication of standards, tools and engagement across our network and with key stakeholders.

Our Risk function reshaped how they communicate with employees and share key messages and learning, improving engagement and gaining traction in standardisation across the network through a variety of methods including video messages, a new employee risk induction module and simplified newsletters and bulletins. Safety and Security Action Group meetings are held monthly, which are interactive sessions focused on identifying and sharing learnings from real incidents. As well as this, uptake and embedding our integrated Risk and Incident

HIGHLIGHTS

- We conducted 216 internal audits throughout 2019.
- In 2019 we were subject to a total of 1,124 external audits, 72% of which resulted in zero findings.
- 276,485 inspections were submitted on our SMART self-certification application between April and December 2019.
- The introduction of a new Event reporting module within our Integrated Risk Management System has led to easier reporting and investigation oversight. The system provides the ability to improve near miss and hazard reporting which is crucial in further developing our safety culture.

Management System and new developments including an automated annual self-certification process within our SMART App, are delivering further benefits.

To further understand and remove barriers to achieving the highest standards and results in a small number of less well performing stations, we carried out analysis and assessed the physical environments in those locations. As a result, we are investing in changes to improve learning environments for our People, which we hope

will support them in achieving greater success.

Our Menzies Aviation Ground Operations Manual (GOM) was updated and relaunched earlier in the year, fully aligning with the International Air Transport Association (IATA) Ground Operations Manual (IGOM), ensuring we continue to co-ordinate all of our procedures and quality materials to the highest industry standards at all times, maintaining our goal of setting standards of excellence across

Reduction in aircraft incidents
November 2019

26%

Increase in hazard/near miss
reporting November 2019

3.8%

Reduction in personal injury
incidents November 2019

6.4%

Reduction in security incidents
November 2019

29%

our global network. In addition to this, we have recently begun working with other industry partners on an initiative which hopes to review and standardise industry measures, enabling improved transparency and benchmarking across industry participants.

We have been further collaborating with our customers, including Norwegian Air Shuttle, including sharing and learning from safety data and creating joint safety and security promotions and communications, benefitting both our operations and services. We hope to expand on this type of collaboration in future, gaining more insight and learning, engagement and developing an innovative approach to risk management and taking the lead in setting the highest standards for health, safety and security.

Responsible business in action

Our global safety and security month

Held in November 2019, our global Safety and Security month was a great way to bring our number priority to life in an engaging, inclusive and informative way. Everyone within our business was encouraged to take part and whilst we know safety and security is with us every day in everything we do, the month of November provides the ability to focus, re-energise our passion, and share our care and commitment to ourselves, our colleagues and customers.

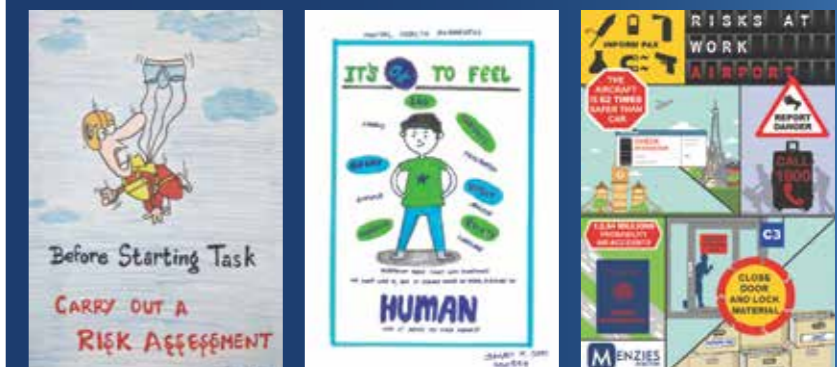
This year, we launched our innovative and dedicated intranet page which provided a 'one-stop-shop' where colleagues could explore useful materials, information and browse activity toolkits across four focused themes:

1. Dynamic Risk Assessment
2. Stop, Think, Do
3. Peer to Peer and Self Reporting
4. Mental Health Awareness

Employees were able to upload and share photos, videos and feedback, enabling us to show the great work our people were doing 'live' as it happened!

Back by popular demand was the poster competition, popular with our more artistic People, receiving 175 entries from across the network. The winning posters covered topics that align with our M.O.R.S.E. code, including airside safety, personal wellbeing and mental health.

We received great engagement from our teams from across the network, with really positive results.



SECTION 172 STATEMENT

Creating long term sustainable value

S172 Companies Act 2006 (2006 Act)

2019 was a year of change for Menzies with: key Executive, Non-Executive Director and senior management appointments; structural changes made to ensure a customer-centric approach focused on delivering our defined strategy and profitable growth; a significant reduction in our cost base while delivering a top line revenue increase of 2% despite challenging trading

environments for the aviation sector as a whole. These changes were driven by strategic decisions made to ensure we manage our business with a focus on creating long term sustainable value for our shareholders and stakeholders with the highest levels of safety and security.

In striving to achieve our purpose to provide safe and trusted aviation services, for every customer, every time, we are mindful of the fact that our business impacts, and is

impacted by, many stakeholders. We believe that proactive and effective consideration of, and engagement with, our broad range of stakeholders when making decisions is fundamental to ensuring our long term success. Our Code of Conduct, together with our vision and values help to create a culture where our People, both at a Board level and throughout the Company, are empowered to make the best decisions in the interests of the

Company and all of its stakeholders. Further details on the Company's purpose are included on the inside cover and page 5 of this Annual Report and Accounts 2019.

At the same time as we re-focused our cost base, we also re-focused how our Executive and senior management engage with our stakeholders. The purpose of this was to ensure stakeholder comments and views are presented to the Board prior to decisions being made, with any matters relevant to the Directors' duties under section 172 of the 2006 Act appropriately highlighted and signposted. To facilitate this, the output from stakeholder engagements was discussed

at Executive Committee and Board Committee level before ultimately being reported to the Board for wider consideration. The details and content of Board reports were subject to a full review during 2019 to ensure stakeholder views and feedback from the Group's network is given due Board consideration, allowing Directors be fully informed and set the correct tone from the top when executing their statutory duties under section 172 of the 2006 Act.

The Directors understand the legal duties which they must consider when making decisions that impact on the Company's stakeholders, and training is given during the year to refresh and update

Directors on developments in this area. The methods that we adopt for stakeholder engagement are kept under review including how responsibility is assigned for engagement, and our policies, processes and systems which integrate engagement activities within the Company's wider governance framework.

Set out in the below table are our key stakeholder groups, detailing how the Board has considered the issues and factors that impact them and how engagement has impacted Board decisions and Company strategies during the 2019 financial year.

Stakeholders	Significance to the business	Key issues and factors	Engagement	Examples of decisions impacted by the engagement	Further links
SHAREHOLDERS	The Board is accountable to its shareholders and must act in a way that is likely to promote the success of the Company for the benefit of its members as a whole. The Company seeks to maintain effective dialogue with its shareholders and shareholder bodies, to ensure that their views and any concerns they may have are understood and considered.	Based on the Board's own assessment and feedback received during the 2019 financial year, the Board understands that the following are the key concerns of our Shareholders: <ul style="list-style-type: none"> The Group's operations and strategies. The Group's financial performance and commercial success. Opportunity for dialogue with Non-Executive Directors and Executive Management on key matters such as financial performance and executive remuneration. The Group's sustainability and environmental impact. The quantum and timing of dividend payments. The process by which capital is allocated to drive long term shareholder value. 	Engagement with our shareholders is led by the Executive Chairman, Deputy Chairman and the Executive Team via a variety of methods and forms including: <ul style="list-style-type: none"> Annual General Meeting held in May 2019 at which all Directors and senior management take the opportunity to engage with shareholders. General Meeting of Shareholders held in September 2019 at which all Directors present took the opportunity to engage with shareholders. Results road shows, led by the Executive Team, followed by detailed investor one-to-one sessions following interim and final year end results. Periodic trading updates. The Executive Team and senior management engaged regularly with investors during 2019 which included a number of site visits at various locations across our global network as well as other Investor relation conferences. 	<ul style="list-style-type: none"> Changes were made to the Remuneration Policy in light of feedback from Shareholders, a process which was led by David Garman, Chair of the Remuneration Committee and a Non-Executive Director. The level of the 2019 final dividend approved by the Board followed feedback from shareholders as to both quantum and timing. Following a rigorous Executive and Senior Management review process, the Board constituted Strategic Committee reviews, and where appropriate recommends to the Board for final approval, commercial proposals resulting in material allocations of the Group's capital. Feedback from engagement influenced the Group's strategy and business model. 	<ul style="list-style-type: none"> Corporate Governance Statement page 77 Remuneration Policy pages 96 to 103 Chief Financial Officer's Review page 30 Strategic Committee Report pages 114 to 115 Business Model pages 6 and 7 Strategy page 12
CUSTOMERS	Delivering a service that meets the needs of our customers in all of the markets that we operate is fundamental to our success.	Based on the Board's own assessment and feedback received during the 2019 financial year, the Board understands that the following are the key concerns of our Customers: <ul style="list-style-type: none"> Our long-term viability as a supplier. Our safety incident record. Our ability to improve and advance our service offering in an environmentally sustainable manner. Competitive pricing structure. Innovative solutions. 	<ul style="list-style-type: none"> Renewed focus on customers, with the Board receiving regular updates on the business' customer profile. The Executive Team and senior management engaged directly with customers and their senior leadership teams on several occasions and covering a variety of topics such as implementation of new technology to drive innovation and costs savings, Boeing 737 Max groundings and EC261 Flight Compensation cost prevention. The Executive Team and senior management engaged with a record number of suppliers and other stakeholders at the CNS Partnership conference in Miami and the Ground Handling Internal conference in Amsterdam. 	<ul style="list-style-type: none"> Restructured operational teams and resources ensuring a customer-centric approach. Developing a business partner approach to our key customer relationships, allowing us to deliver a superior service that meets their specific needs. Investment in the latest technology and equipment such as: introducing the Avtura D-ICE system allowing us to improve our environmental sustainability when de-icing aircraft; adding to our Mototok remote controlled electric pushback fleet during 2019; and our continuing investment in telematics on motorised equipment. 	<ul style="list-style-type: none"> Chief Executive Officer's Statement pages 8 and 9 Strategy page 12 easyJet Case Study page 20 Avtura D-ICE Case Study pages 24 to 25 Responsible Business page 53

SECTION 172 STATEMENT CONTINUED

Stakeholders	Significance to the business	Key issues and factors	Engagement	Examples of decisions impacted by the engagement	Further links
OUR EMPLOYEES	Our 32,000 experienced, diverse and dedicated People are what makes our business what it is. We rely on our People to uphold our vision, values and culture, deliver on our strategic priorities and to create long term sustainable value for our shareholders and stakeholders with the highest levels of safety and security.	Based on the Board's own assessment and feedback received during the 2019 financial year, the Board understands that the following are the key concerns of our People: <ul style="list-style-type: none"> Understanding the performance of the Group and the factors that impact this. Opportunities for career progression and development. Awareness of and alignment with the purpose of the Company. 	<ul style="list-style-type: none"> The Board constituted HR Committee allows for regular overview and input to matters important to our People and initiatives across the Group. Silla Maizey and David Garman (Non-Executive Directors) each took part in engagement forums in Europe and in our Oceania region, speaking with a broad cross section of our People and gathering their views. Members of our Executive Management team spent a significant amount of time out in our operations this year engaging directly with our workforce. Employee attendance at and involvement in Board and Board Committee meetings where relevant. The Board is regularly updated on the anonymised results of the Group's whistleblowing platform, Expolink. The HR Committee is regularly updated on the funding position of pension arrangements for Group employees, both present and those in retirement. Engagement with the Board and senior management via regional employee forums in Europe and Oceania and having the opportunity to discuss workforce retention initiatives, communication, reward and recognition initiatives, the leadership development programme and the exit interview process. The Company intends to keep this method of engagement under review to ensure it engages across all sections of the workforce. 	<ul style="list-style-type: none"> The Board endorsed investment in the Group's Leadership Development Programme and the development of improved communication channels for front-line employees in response to feedback received from Board led employee forums. The Board approved the decision to change the Group's defined contribution pension provider in the UK. In response to feedback from our workforce, we are working with our key uniform suppliers to improve the quality and availability of uniforms and equipment. Introduction of Veterans Day across the Americas region. 	Responsible Business pages 41 to 44 Nomination Committee Report page 84 Corporate Governance Statement pages 76 to 78
SUPPLIERS	Strong working relationships with our suppliers is crucial to the effectiveness of our entire operation, enhancing our efficiency and creating value.	Based on the Board's own assessment and feedback received during the 2019 financial year, the Board understands that the following are the key concerns of our suppliers: <ul style="list-style-type: none"> Ability to create effective longstanding relationships that are mutually beneficial. Negotiation of favourable payment terms. That the Group acts ethically, fairly and transparently ensuring the integrity of its supply chain. 	<ul style="list-style-type: none"> We continue to strengthen the relationships we have with our suppliers across all our service offerings and global network. Suppliers provided with our Third Party Code of Conduct, clearly communicating the expected standards of behaviour. We are working with key suppliers to establish long term strategic relationships. 	<ul style="list-style-type: none"> The Board is supportive of the Company's commitment to long term strategic relationships with our closest supplier partners, increasing the efficiency and integrity of our supply chains. We are working with our suppliers to ensure that they operate in line with our Third Party Code of Conduct requirements. 	Business Model page 7 Responsible Business pages 45 and 47 including Company website links
LOCAL COMMUNITIES AND THE ENVIRONMENT	We rely on, and aim to make a positive impact on, the local communities and environments in which we operate.	Based on the Board's own assessment and feedback received during the 2019 financial year, the Board understands that the following are the key concerns of our local communities: <ul style="list-style-type: none"> Job opportunities and impact on the local economy. Our impact on the environment and the promotion of sustainable ways of working. 	<ul style="list-style-type: none"> Our charitable budget in 2019 totalled £100,000 with donations made to many different charitable and community based organisations across our network. In 2019 we donated to the World Land Trust's carbon offsetting project in Guatemala, enabling the Company to offset over 2,300 tonnes of its carbon emissions. We perform turns in Oslo, using fully-electric ground service equipment, every day. 	<ul style="list-style-type: none"> The Board is committed to supporting local communities, environmental matters and carbon offsetting and has increased its 2020 budget in this area accordingly. Development of and investment in innovative and environmentally sustainable solutions and equipment. Our long term Sustainability Programme will focus on setting targets and identifying and implementing changes and initiatives across our global business that deliver value, engage our employees and our customers, and reduce our impact on the environment including our carbon footprint. 	Responsible Business pages 48 to 57
DEBT PROVIDERS	By providing funds for the Group's working capital and general corporate purposes, our debt providers play an important role in our business.	<ul style="list-style-type: none"> The Group's operations and strategies. The Group's financial performance and commercial success. 	<p>The Group's committed debt facilities are provided by a syndicate of relationship banks. Maintaining a close and supportive relationship with these banks is led by the Chief Financial Officer and Group Treasurer.</p> <p>During 2019 these relationships were strengthened by:</p> <ul style="list-style-type: none"> Regular meetings and updates. Invitations to interim and final year end results. Site visit to Copenhagen Airport. 	The engagement in 2019 enabled the Company to complete the refinancing of the Group's bank facilities maturing in June 2021 replacing them with a similar level maturing in January 2025.	Chief Financial Officer's Review page 29

On behalf of the Board of Directors:



John Geddes

**Corporate Affairs Director
& Group Company Secretary**

10 March 2020

Governance: laying **new foundations**

As Executive Chairman of John Menzies plc, my role is to lead the Board and ensure that it comprehensively and effectively discharges its duties and the regulatory responsibilities incumbent upon it.

Dear Shareholder,

It is the role of the Board to shape and drive the direction of the Group and oversee the delivery of its business objectives and strategy. The Board remains focused on the long term success of the Company and growing the business in a prudent and structured manner to provide stakeholders with sustainable value. The Board is also committed to contributing to wider society. Further details on the Group's activities in this regard can be found on pages 40 to 63.

2019 saw a period of transition for the Group's leadership with a number of key Board changes occurring against a background of challenging market conditions. Board composition and succession planning were therefore key areas of focus for the Board and Nomination Committee to ensure that the Group has a Board with the requisite combination of skills, experience and knowledge to effectively discharge its duties whilst driving the business forward.

I would like to take this opportunity to extend my gratitude to Dr Dermot Smurfit for his contribution and guidance during his time as Chairman of Board, and Forsyth Black for his contribution to the Company over the last 25 years, and latterly as Chief Executive Officer. Following my appointment as Executive Chairman and the recent appointments of Christian Kappelhoff-Wulff as a Non-Executive Director, Giles Wilson as Chief Executive Officer and Alvaro Gomez-Reino as Chief Financial Officer, I firmly believe the Group has a strong leadership team in place who are fully equipped to drive sustainable growth for the future.

Further details on the leadership changes referred to above can be found in the Corporate Governance Statement on pages 70 to 78 and the Nomination Committee Report on pages 79 to 84 of this Annual Report and Accounts 2019.

Stakeholder engagement is an area of renewed focus under the 2018 Corporate Governance Code (the Code) and an area in which we have made good progress during 2019. I am pleased to confirm that the Board intends to build on this during 2020 and beyond. Amongst the key components to our success as a business are our customers and our People. In recognition of this, we have refocused our attention to how we do business and have adopted a more customer-centric approach. This will be mutually beneficial to our customers as we grow our respective businesses together. Our goal is to deliver the safest, most secure and sustainable landside and airside services tailored to our customers' needs and to be recognised as the undisputed premium brand in the aviation services sector.

“ 2019 saw a period of transition for the Group's leadership with a number of key Board changes.

This is not possible without the passion and pride of our 32,000 People across 34 countries who work tirelessly, often in challenging conditions, to help us deliver and achieve this.

Since my appointment, I, along with Giles and other members of the Board, have invested time engaging with our key stakeholders across our network. Much of what we have done over the recent months has been driven by the insights gathered during these interactions. Stakeholder issues are an integral part of the Board's decision-making process and we have been busy outside of the Boardroom in 2019 listening to our stakeholders and deepening these relationships. We do, however, recognise that it is not practicable to satisfy all our stakeholders all of the time and an integral part of the Board process is to balance the sometimes conflicting needs of our stakeholders to ensure a consistent approach is adopted.

Further details of our stakeholder engagement can be found on pages 40 to 59 and 60 to 63 of the Strategic Report, and on pages 77 and 78 of the Corporate Governance Statement and on pages 91 and 92 of the Human Resources Committee Report included within this Annual Report and Accounts 2019.



CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE CONTINUED

In accordance with the UK's Financial Conduct Authority's Listing Rules, we are required to report on how we have complied with the Principles and Provisions of the Code during the 2019 financial year. I am pleased to confirm that the Board is of the view that the Company has complied with most of the Principles and Provisions of the Code. However, as a result of the Board changes described below, the Company was not compliant with the following elements of the Code:

- Christian Kappelhoff-Wulff, whom the Board considers to be a non-independent Non-Executive Director, was appointed as a member of the Remuneration Committee in June 2019. The Board is aware that this appointment does not conform with Provision 32 of the Code. However, the Nomination Committee, having carefully considered the matter, is of the opinion that Christian's strong capital application skills, strategic experience and experience in executive remuneration and incentivisation serves to further strengthen the knowledge and skillset of the Remuneration Committee as a whole.
- Following Alvaro Gomez-Reino's appointment to the Board in December 2019, the composition of the Board did not comply with Principle G and Provision 11 of the Code due to less than half of the Board, excluding the Executive Chairman, comprising independent Non-Executive Directors. The Board considers that the Board had, and continues to have, the appropriate balance of skills, knowledge and experience to enable it to discharge its duties and responsibilities effectively and that each Director was able to provide objective and constructive challenge to management. The Board will keep this matter under review.

The Reports that follow detail the corporate governance measures that we have in place, including our systems of risk management and internal control, and provide insight on the activities and considerations of the Board and its Committees during 2019. The Group Company Secretary undertook a detailed review of the Terms of Reference of all Board-constituted committees to ensure they align with the Code and these were adopted during 2019.

I, together with the Board, very much look forward to developing our governance framework further and leading the Company during 2020 and beyond.



Philipp Joeinig
Executive Chairman
10 March 2020

THE BOARD

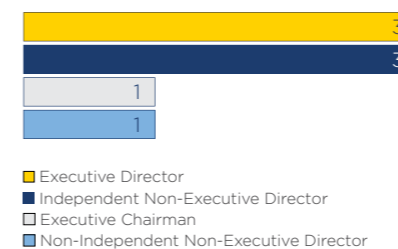
Principal responsibility is to ensure the long term success of the Company, assuming responsibility for the Group's overall strategy and providing shareholders and stakeholders with value and contributing to wider society.

<p>Audit Committee Monitors the integrity of the Group's financial reporting and financial statements, reviews the effectiveness of internal controls and risk management, and oversees the relationship with the external auditor.</p>	<p>Nomination Committee Oversees the development of a diverse pipeline of talent for orderly succession to Board and Senior Management positions and to ensure the Board has the requisite combination of skill, experience and knowledge to effectively discharge its duties and support Group strategy.</p>	<p>Remuneration Committee Determines and agrees the Company's remuneration policy in respect of Executive Directors and the Executive Chairman, together with their specific remuneration packages, ensuring they support Group strategy and promote long term sustainable success.</p>
<p>Human Resources Committee Assists the Board in fulfilling its human resources and employee engagement obligations and ensures standardisation, adequacy and effectiveness of structure, policies and process.</p>	<p>Strategic Committee Keeps under review the delivery of the Group's strategy and structure, evaluating strategic decisions, including significant capital investments and potential merger and acquisition activity.</p>	

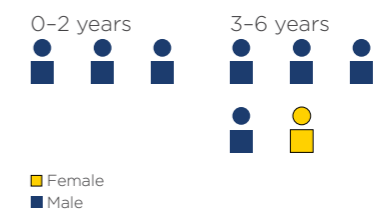
EXECUTIVE COMMITTEE

Responsibility for operational and business performance matters, focusing on bringing back a customer-centric approach and becoming the provider of choice for our customers.

Composition of the Board



Board diversity and tenure



UK Corporate Governance Code

The Board is committed to the principles of good corporate governance contained in the UK Corporate Governance Code (July 2018), published by the Financial Reporting Council and is available on its website at www.frc.org.uk. The Company follows the good practice that the Code recommends and the Board considers, subject to where it was explained otherwise in this Annual Report and Accounts 2019, that the Company has applied the Principles and complied with the Provisions set out in the UK Corporate Governance Code (July 2018) throughout 2019, as detailed in this Statement and the associated reports. The Board believes that the Annual Report and Accounts 2019 are, when taken as a whole, fair, balanced and understandable, providing shareholders with the requisite information to assess the Company's performance, business model and strategy.

OUR BOARD OF DIRECTORS



NAME AND TITLE	Philipp Joeinig Executive Chairman	David Garman Deputy Chairman and Senior Independent Director	Giles Wilson Chief Executive Officer	Alvaro Gomez-Reino Lago De Lanzos (Alvaro Gomez-Reino) Chief Financial Officer	John Geddes Corporate Affairs Director & Group Company Secretary	Paul Baines Non-Executive Director	Christian Kappelhoff-Wulff Non-Executive Director	Silla Maizey Non-Executive Director
DATE OF APPOINTMENT	June 2017	June 2015	June 2016	December 2019	November 2016	June 2016	May 2019	May 2014
EXPERIENCE AND SKILLS	Philipp brings a deep understanding of the aviation services industry to the Board, having occupied a number of executive director roles within Swissport International Limited over a ten year period (2007-2016) as a member of the Management Board, latterly being in charge of all businesses in Europe Central, East and West. Prior to this his career included management consultant roles with both Management Consulting Group PLC and Lausanne Consulting Group Limited.	David brings comprehensive industrial and logistics sector expertise to the Board. He was previously Chief Executive of TDG plc, a European contract logistics and supply chain management business; an Executive Director of Associated British Foods plc; held non-executive directorships at St Modwen Properties PLC, Kewill Limited, Victoria PLC and Phoenix IT Group PLC; and occupied a variety of management roles at United Biscuits.	Giles assumed the position of CEO on 6 June 2019 and prior to that was the Group's CFO, appointed in June 2016. Since 2011, Giles has held a variety of senior finance roles within the Group including Finance Director of Menzies Aviation and SVP of the Group's operations in Central Africa, the Middle East and India. As a chartered accountant, he has held senior finance positions with Commercial Estates Group and Gallaher Group PLC.	Alvaro brings significant financial and international business experience in the aviation services industry where he previously was Chief Financial Officer at Swissport International Limited. Alvaro led the Group's financial matters across more than 45 countries including complex financing structures and several M&A transactions. Alvaro previously held senior finance positions with Amey plc, Ferrovial and Hewlett Packard.	John has held the position of Group Company Secretary since 2006, having joined the Group in 1997, and was appointed to the Board in late 2016 as Director of Corporate Affairs. John possesses a keen and comprehensive understanding of the aviation services market and his responsibilities include Governance, Risk and Investor Relations. As a Chartered Secretary, John's career has included Company Secretariat posts at both Bank of Scotland plc and Guinness plc.	Paul brings extensive corporate finance experience, having been CEO and Executive Chairman of Hawkpoint (2003-13), and, previously, Chief Executive of Charterhouse Bank (Corporate Finance). He sat on the Collins Stewart plc board 2006-12. Since 2013 he remains senior adviser to Smith Square and Vermillion, respectively Chinese and UK investment banking firms. He is Chairman of the Shareholder Committee of the Shepherd Building Group.	Christian brings strong capital allocation and strategic skills to the Board. Christian is the founder and Chief Executive Officer of Lakestreet Capital Partners AG, an investment firm based in Zug, Switzerland. Prior to founding Lakestreet Capital Partners AG, Christian was a Director of Goldsmith Capital Partners AG working directly for its founder for four years.	Silla is a qualified accountant and brings vast experience of the air travel industry to the Board. She enjoyed an executive career at British Airways (1978-2012) holding a number of roles within finance, procurement, corporate responsibility and customer services. Most recently Silla served as Managing Director of London Gatwick.
OTHER APPOINTMENTS	Director of Claphique Invest & Development AG Board member of Karin Privatstiftung	Non-Executive Director of Troy Income & Growth Trust plc Non-Executive Director of Speedy Hire Plc Director of various private companies	Director of various Group companies	Director of various Group companies	Board member of the Airport Services Association Director of various Group companies	Chairman of the Shareholder Committee of Shepherd Building Group Limited Senior Adviser to Smith Square Partners Senior Adviser to Vermilion Partners	Chief Executive Officer of Lakestreet Capital Partners AG	Chair of NHS Business Services Authority Non-Executive Director of the Crown Commercial Service Non-Executive Director of Network Rail Limited
COMMITTEES	N S	A N R H	H S	-	H	A N R	R S	A H N R

COMMITTEE MEMBERSHIP KEY

- A** Audit Committee
- N** Nomination Committee
- R** Remuneration Committee
- H** Human Resources Committee
- S** Strategic Committee
- Indicates Committee Chair

CORPORATE GOVERNANCE STATEMENT

Board Responsibilities

The principal responsibility of the Board is to promote the long-term success of the Company for the benefit of its stakeholders and shareholders. In discharging such responsibility it must ensure that the Company's affairs are always conducted within the parameters of the Group's internal control framework and the interests of internal and external stakeholders appropriately identified and managed. Whilst determining and overseeing delivery of the Group's strategic objectives, the Board also assumes governance and regulatory responsibilities across a diverse range of topics (for example, health and safety, risk and compliance) and has a formal schedule of matters specifically reserved for its attention. This includes, without limitation, consideration and, if appropriate, approval of: the Group's financial statements, going concern statements at half year and year end and its viability statement; and key financial and operational items such as potential disposals and acquisitions, capital expenditure above certain thresholds and major non-recurring projects.

Additionally, the Board has overall responsibility for the Group's systems of internal control, covering financial, operational, compliance, and risk management and for annually reviewing their effectiveness. Whilst the Audit Committee has delegated responsibility from the Board to review the effectiveness of these systems and the day-to-day responsibility for such systems, including deployment and maintenance, rests with the relevant members of the Senior Management team, the Board ensures that it regularly reviews their effectiveness and actively monitors the processes by which principal and emerging risks are identified, evaluated and managed. Further details on how the Board manages business risks are included on pages 32 and 33 of this Annual Report and Accounts 2019.

To ensure the full and proper discharge of its duties, the Board convenes on a regular basis and met six times during 2019, in line with the agreed plan of business for the year and as set-out in the table below. Agendas for each Board meeting are developed from the Board's annual plan of business and tailored to reflect the current status of projects, strategic workstreams and the overarching operating context. Finalisation of Board meeting content is a collaborative process involving the Executive Chairman, Chief Executive Officer and Group Company Secretary, who ensure adequate time is allocated for each Board meeting to support effective and constructive discussion. Board papers are circulated one week prior to all Board meetings through a secure electronic platform, allowing Directors adequate time to familiarise themselves with the items for discussion, whilst the annual Board evaluation process affords Directors the opportunity to comment on the quality and content of Board packs. At Board Meetings, Directors receive and consider presentations from Executive Directors and other relevant colleagues or external advisors, as appropriate.

Board Committees

The Executive Management Board, comprising the Executive Directors and Senior Management, was created in October 2019 and replaced the Executive Committee. The Executive Management Board has Board-delegated responsibility for the overall delivery of the Group's strategy and business performance. Its focus is on driving a customer-centric approach throughout the business and being the provider of choice for our customers. The Executive Management Board will also focus on delivering organic and inorganic growth while ensuring a safe, secure and consistent services for our customers. Environmental matters will also be an area of this Board's responsibility as we strive to reduce our carbon footprint and respect the environments in which we operate.

In May 2019 the Company announced the creation of two new Board constituted Committees:

The Strategic Committee

The Strategic Committee is tasked with keeping under review the delivery of the Group's strategy and structure. The Strategic Committee evaluates key strategic decisions, including significant capital investments and potential merger and acquisition activity. Further details of the work undertaken by the Strategic Committee can be found at the Strategic Committee Report (pages 114 and 115) of this Annual Report and Accounts 2019.

The Performance Management Committee

The Performance Management Committee was tasked with reviewing the Group's operations to ensure the attainment of key operational and commercial metrics that drive the business. However, due to the creation of the Executive Management Board in October 2019, this Committee did not convene during 2019 and was subsequently disbanded.

The Board also delegates certain responsibilities to the Board Committees detailed in the table below; specifically, the Nomination Committee, Audit Committee, Human Resources Committee and Remuneration Committee. Further information on all Board Committees can be found on pages 79 to 115 of this document and the defined Terms of Reference of each are available on the Company's website.

Committee membership is monitored regularly to ensure a suitable balance and rotation of Directors. The Chair of each of the Audit and Human Resources Committees is selected from Directors who are considered independent under the Code with the Senior Independent Director, David Garman, serving as Chair of the Remuneration Committee. In accordance with Provision 32 of the Code, David Garman served on the Remuneration Committee throughout 2017. The Executive Chairman serves as Chair of the Nomination Committee.

Directors must exercise their judgement independently from the influences of others and the independence of individual Directors is reviewed on an ongoing basis, taking into account the characteristics of independence contained within the Code. The Nomination Committee considers that, other than Christian Kappelhoff-Wulff, each of the Non-Executive Directors continues to be independent in character and judgement in line with the 2018 Code. Christian Kappelhoff-Wulff is considered not to be independent due to the Chief Executive Officer position he holds with Lakestreet Capital Partners AG, one of the Company's substantial shareholders. However, the Nomination Committee, having carefully considered the matter, is of the opinion that Christian's strong capital application skills, strategic experience and experience in executive remuneration and incentivisation serves to further strengthen the Board.

As detailed in the Nomination Committee Report (further details of which can be found on pages 79 to 84 of this Annual Report and Accounts 2019), 2019 saw a number of key changes to senior Board positions. As a result, the composition of the Board did not comply with Principal G and Provision 11 of the Code at all times during the year to 31 December 2019 due to the fact that, during the period 1 December 2019 to 31 December 2019, less than half of the Board, excluding the Executive Chairman, comprised independent Non-Executive Directors. During this period, the Board comprised three Executive Directors, the Executive Chairman, three independent Non-Executive directors and one non-independent Non-Executive Director. The Executive Chairman was deemed independent under the provisions of the Code as at the date of his appointment. The Board considers that, despite this non-compliance, the Board had, and continues to have, the appropriate balance of skills, knowledge and experience to enable it to discharge its duties and responsibilities effectively, and that each Director was able to provide objective and constructive challenge to management. No concerns regarding the Board's non-independent majority were raised as part of the Board performance evaluation carried out during the year and referred to above. The Board will keep this matter under review.

Board and Committee meetings attendance in 2019

	Appointed/ Resigned	Board ¹	Nomination Committee	Audit Committee	Human Resources Committee ²	Remuneration Committee ²	Strategic Committee ³	Performance Management Committee
Meetings²		6	5	3	3	4	4	-
P Joeinig	Jun. 2017	6/6	5/5	1/1	2/2	2/2	4/4	-
D Garman	Jun. 2015	6/6	5/5	3/3	3/3	4/4	3/3	-
G Wilson	Jun. 2016	6/6	-	-	2/2	-	4/4	-
A Gomez-Reino	Dec. 2019	1/1	-	-	-	-	-	-
J Geddes	Nov. 2016	6/6	-	-	3/3	-	-	-
P Baines	Jun. 2016	6/6	5/5	3/3	-	4/4	-	-
C Kappelhoff-Wulff	May 2019	4/4	-	-	-	3/3	4/4	-
S Maizey	May 2014	6/6	5/5	3/3	3/3	4/4	-	-
Former Directors								
F Black	Mar. 2019	1/1	-	-	1/1	-	-	-
G Eaton ⁴	May 2019	-	-	-	-	-	-	-
D Smurfit	Jul. 2019	3/3	-	-	-	-	1/1	-

Notes:

1. Additionally, one Board meeting took place in 2019 at which a duly appointed committee of the Board of Directors was present.
2. Claire Hall, Group EVP People, is a member of the Human Resources Committee and Remuneration Committee.
3. Due to the creation of the Executive Management Board in October 2019, this Committee did not convene during 2019 and was subsequently disbanded.
4. Following the announcement on 13 December 2018 that Geoff Eaton would not stand for re-election at the Company's 2019 annual general meeting, he was excused from attending all Board and Committee meetings.

CORPORATE GOVERNANCE STATEMENT CONTINUED
Examples of Board focus during the year include:

Key areas of activity	Matters considered	Outcome	Stakeholders impacted
Board Structure	Following the departure of key senior leaders from the Board during 2019 a key priority of the Board (and its Nomination Committee) was to fill the vacant positions with the correct calibre of person with the requisite combination of skill, experience and knowledge to effectively discharge their duties.	<ul style="list-style-type: none"> Christian Kappelhoff-Wulff was appointed as a Non-Executive Director in May 2019. Giles Wilson was appointed as Chief Executive Officer in June 2019. Philipp Joeinig was appointed as Executive Chairman in July 2019. David Garman was appointed as Deputy Chairman in July 2019. Alvaro Gomez-Reino was appointed as Chief Financial Officer in December 2019. 	People Customers Shareholders Suppliers Debt Providers
Key Business Priorities	In addition to the time allocated during Board meetings to discuss business performance, the Board focused on the following matters in order to meet the Board's 2019 expectations: <ul style="list-style-type: none"> Review of underperforming stations. Reduction of cost base. Customer and wider stakeholder engagement and organic growth. People agenda. Business development. Customer sales focus. 	<ul style="list-style-type: none"> Focused customer engagement, key contract renewals and wins in 2019. Workforce engagement. Station review and approval of remediation plans for station improvement. Decisive management action taken to right size the business implementing a cost and efficiency programme delivering £10m of annualised savings. Strong contract growth and improved overall margins. Continued focus on developing our workforce engagement and communication strategy. Structural review of existing sales support function and implementation of an improved structure to drive success in contract wins and renewals. 	People Customers Shareholders Suppliers Debt Providers

Key areas of activity	Matters considered	Outcome	Stakeholders impacted
Implementation of a new Directors' Remuneration Policy	Significant shareholder votes received against the 2018 Remuneration Policy proposed at the 2018 General Meeting and the 2019 AGM on the basis that the existing policy was unclear in terms of its long-term design, quantum and its potential dilutive effect on shareholders upon pay-out. The objective was to implement a new Directors' Remuneration Policy incentivising Management to grow earnings, deliver total shareholder return and align with shareholder interests in the long term.	<ul style="list-style-type: none"> The Chairman of the Remuneration Committee engaged with shareholders in respect of the terms of the proposed 2019 Directors' Remuneration Policy to establish support prior to shareholders voting at the 2019 General Meeting. Affirmative action was taken where a general meeting was convened on 17 September 2019 proposing the new 2019 Remuneration Policy, which was subsequently approved by shareholders. 	People Shareholders
Strategy Development	In light of the new Board structure and evolving aviation services market, a key focus for the Board was to monitor and maximise the financial position for the 2019 year end and establish a platform for future sustainable growth beyond.	<ul style="list-style-type: none"> Executive and Senior Management session held in June facilitated by Boston Consultancy Group (BCG). Consolidated data from across the Aviation Services industry cross referenced against Group data with opportunities identified and jointly agreed. BCG engaged again in October to conduct a deeper strategic review based on detailed one-to-one discussions with the Executive and Senior Management and based on detailed station and product data sets. Output and recommendations scheduled to be concluded in the first quarter of 2020 and will be incorporated into the three year plan. Creation of the Executive Management Board to monitor the overall delivery of the Group's strategy and business performance. 	People Customers Shareholders Suppliers Debt Providers Local Communities and the Environment

CORPORATE GOVERNANCE STATEMENT CONTINUED

Key areas of activity	Matters considered	Outcome	Stakeholders impacted
Corporate Governance Code (July 2018)	<p>Following the introduction of the Corporate Governance Code (July 2018) the Board, with assistance from the Group Company Secretary took the opportunity to review: Committee Terms of Reference; stakeholder engagement; workforce engagement; succession planning; and diversity.</p> <p>The purpose was to identify where the existing engagement between leadership and employees across the business needed to be developed further to support effective Board decision-making.</p>	<ul style="list-style-type: none"> Noted the practices currently in place to facilitate communication with stakeholders and gave support to the wider focus on stakeholder engagement. For more information on engagement, see pages 60 to 63 of this Annual Report and Accounts 2019. Review of Non-Executive, Executive and Senior Management succession planning and holding strategy sessions to ensure robust succession plans are in place, securing a diverse pipeline of talent for the future. Annual consideration of whether all Directors had time to discharge duties effectively, which is established during the appointment process and is subject to ongoing monitoring. Consideration of section 172(1) of the Companies Act 2006 and the new requirement under the Code requiring Directors to describe how matters set out in section 172(1) have been considered in Board discussions and when carrying out their duties. 	People Customers Shareholders Suppliers Local Communities and the Environment

Board Composition

The Nomination Committee (further details of which can be found on pages 79 to 84 of this document) ensures that the size and composition of the Board is subject to ongoing scrutiny and that the appropriate balance of skills, experience, independence and knowledge exists. Following the resignations of Dr Dermot Smurfit (Chairman) and Forsyth Black (Chief Executive Officer), one of the Nomination Committee's key responsibilities during the course of 2019 was to identify, taking into account Board structure and expertise, the most suitable candidates for the roles of Chairman of the Board, Chief Executive Officer and Chief Financial Officer. The Nomination Committee, together with independent recruitment consultants, where appropriate, led in the identification of suitable candidates for these key positions.

At the time of publication and as detailed in the diagram on page 67 of this document, membership of the Board is constituted as follows:

- the Executive Chairman;
- three Executive Directors; and
- four Non-Executive Directors.

Biographical information on the current Board can be found on pages 68 and 69. As previously announced, Geoff Eaton, Non-Executive Director, did not stand for re-election at the annual general meeting (AGM) in May 2019. The Nomination Committee will keep Board composition under review during 2020 to ensure the leadership needs of the organisation are satisfied and the Company is at all times well-placed to execute its strategy and compete effectively in the markets in which it operates. Any new Director would be subject to election by shareholders at the first AGM following their appointment and, together with all incumbent Directors and in accordance with best practice principles, subject to annual re-election thereafter.

Role of Board Members
Executive Chairman

Our Executive Chairman, Philipp Joeinig, performs a clearly defined role in which he leads the Board in the determination and development of the Company's strategic aims ensuring the necessary resources are in place to meet its objectives whilst also promoting Board effectiveness and general Board relations. In chairing Board meetings, Philipp seeks to foster an atmosphere that encourages constructive debate and discussion between Board members whilst ensuring the appropriate focus is given to key strategic agenda items, the support of business development, M&A activity and delivering long-term shareholder value. Executive Directors may discuss issues of concern with the Executive Chairman who is also actively engaged with the Company's stakeholders and shareholders. In his Executive role, Philipp works alongside the Executive Directors and Senior Management to help guide and implement strategic planning, key projects, and the shaping of key initiatives.

Deputy Chairman and Senior Independent Director

David Garman has been the Senior Independent Director of the Company since August 2015 and was appointed as Deputy Chairman of the Company in July 2019. He continues to support the Executive Chairman in the discharge of his responsibilities and also makes himself available to the Company's shareholders and other stakeholders when discussions with the Executive Chairman and/or Executive Directors are not considered appropriate. David is also on hand to provide the Executive Chairman with advice and guidance in relation to UKLA requirements and general UK related corporate governance matters if requested to do so. In accordance with the Code, David leads the Chairman's annual performance appraisal in addition to the annual Board effectiveness evaluation.

Executive Directors

The Executive Directors set and ensure the delivery of the Group's stated strategic objectives whilst providing the necessary leadership to the Group and overseeing its day-to-day management. The Executive Directors must report regularly to the Board, keeping it apprised of key strategic, financial and operational developments and on any issues or concerns that may arise. The Executive Directors have individual duties and responsibilities aligned with their specific function although these may vary in line with business requirements.

Non-Executive Directors

In accordance with the Code, our Non-Executive Directors provide independent and constructive challenge and assist in the development of strategic proposals. They are also expected to scrutinise and hold to account the performance of management and individual Executive Directors against agreed performance objectives. In line with best practice they must participate in the Chairman's annual evaluation. Additionally, they must satisfy themselves on the integrity of the Group's financial information and be comfortable that its systems of internal financial controls and risk management are both rigorous and robust.

Board recruitment and succession planning

As noted above, the size and composition of the Board is monitored on an ongoing basis by the Nomination Committee, who assess whether the Board has the right mix of skill sets and experience, and the ability to provide constructive challenge and has regard to other key factors such as diversity. The Board is aware of the requirement to ensure that appropriate plans are in place for the orderly succession of the Board and Senior Management and that a diverse pipeline for succession to these positions is in place. Succession was considered extensively, both at a Board and Senior Management level by the Group during 2019 as part of the appointment process for the new Chairman, Chief Executive Officer and Chief Financial Officer, as well as more generally, and will continue to be reviewed on at least an annual basis. If the need arises to fill or create a new Board position, whether Executive or Non-Executive, the Nomination Committee is tasked with considering suitable internal candidates and also nominating external candidates, in relation to which it may employ the services of external recruitment agencies. The Committee must also ensure that contingency plans are in place to provide for Chairman continuity especially in regard to tenure restrictions under the Code.

Induction

All new Directors are required to participate in a structured induction programme upon appointment. Whilst this encompasses standard governance and regulatory items aimed at ensuring that they fully understand, and are equipped to effectively discharge their duties as directors of a listed company (and, as appropriate, members of any Board Committees), it is also tailored to the individual training and developmental needs of new Directors. Additionally, the programme includes a comprehensive introduction to the Group itself, providing new Board appointees with a firm understanding of the Group's operations, its stated strategic

CORPORATE GOVERNANCE STATEMENT CONTINUED

objectives, the markets in which it operates and the risks and challenges to be addressed. Structured meetings will, for example, be arranged with the Executive Chairman and Non-Executive Directors around the functioning of the Board, its Committees and associated operating responsibilities and governance requirements, whilst new Directors will also spend time with the Executive team and relevant members of Senior Management to develop familiarity with key strategic and operational items.

Development

It is the Group Company Secretary's responsibility to ensure that as and when required: (i) all Directors have access to independent professional advice, at the Company's expense, to allow them to effectively discharge their duties; and (ii) Board Committees have the necessary resources available, including external professional support, to properly execute the responsibilities incumbent upon them. More generally, the Group Company Secretary is available at all times to provide support and guidance to both individual Directors and Board Committees.

The Board acknowledges that the regular training and upskilling of its members is key to its effective functioning and, accordingly, a number of measures are in place to ensure Directors are kept apprised of relevant governance, regulatory and policy developments – for example, the attendance of guest speakers at Board meetings and the inclusion of targeted updates within Board packs. The annual Board evaluation process remains a key tool by which to identify the training requirements of individual Directors and the Board more generally, together with areas that may require particular focus or strengthening.

The Board is encouraged to hold Board and Committee meetings in conjunction with site visits across our network. This is an important means for the Board to increase their understanding of the Group's operations and markets and provides a welcome touchpoint for the workforce to engage with the Directors and discuss matters important to them. In July 2019 an offsite Board meeting took place in Nice, France following which the Directors undertook a visit to Nice airport, one of our Aviation network locations. Nice airport is the third busiest commercial airport in France and the visit provided the Board with a valuable opportunity to connect with our French colleagues. The visit also showcased our front of house, ground handling and fuel farm management operations. Board members also led employee forums during the course of 2019, further details of which can be found at pages of this Annual Report and Accounts 2019.

Diversity and Inclusion

The Board believes that, while there is still progress to be made in ensuring that appointments to the Board and succession plans promote diversity of gender, social and ethnic background, there exists a balance range of skill sets, experience and backgrounds amongst our existing Executive and Non-Executive Directors. Several members of the Board have extensive experience in the aviation industry, in other customer-facing service delivery businesses and highly relevant skills derived from serving in a range of executive and non-executive positions, both within the UK and internationally throughout their careers. The Board will continue to appoint on merit, whilst working to broaden the diversity of its talent pool in all respects.

Currently, female representation on the Board equates to 12.5%. The representation of females in our senior management roles is 24%. The Board reviewed and discussed data and reporting on the UK gender pay gap prior to publication of our Gender Pay Gap Report in March 2019. Focus was given to the data gathered in the preparation of the report and the action that is being taken to address the gap as well as the broader issue of diversity within the Company.

The Group aims to be an inclusive employer, and the Board is highly supportive of the initiatives in place to promote diversity and inclusion throughout the business, including the establishment of an Equality, Diversity and Inclusion Focus Group. In 2019, Executive Management, including the Executive Chairman participated in an Inclusive Leadership workshop, where they were encouraged through facilitated group discussion to think about their role as leaders and their own impact and influence on setting culture, in defining appropriate behaviours and in setting the tone of our organisation from the top. Further details can be found on pages 41 to 44 of this Annual Report and Accounts 2019.

Board Evaluation

The Board endorses the Principles and Provisions of the Code in respect of Board evaluation with external consultants being engaged to refresh the evaluation process at least every three years. The last external Board evaluation took place in 2018 and was conducted by Genius Methods, who concluded that the Board had improved

in terms of its effectiveness, providing a safe environment within which Directors could operate in a transparent and open manner.

During 2019 David Garman led the annual Board effectiveness evaluation which involved the circulation of a detailed questionnaire to all Directors followed by one-to-one discussions, the results of which were collectively reviewed by the Board. The outcomes of the evaluation focused on two key themes: successful execution of strategic goals and customer and competitive awareness. These matters will be subject to further detailed discussion and development throughout 2020. It was also noted that holding six Board meetings per year increased the importance of providing detailed and analytical Board papers circulated well in advance of meetings. The overall conclusion was that the Board continued to function in an effective and productive manner with a renewed focus on strategic matters, employee retention and customer awareness, particularly following its change in composition.

Whilst it was welcomed that a renewed customer-centric approach had been adopted, it was noted that this must be developed further in order to deepen our customer relationships and drive organic growth. The Board remains aware of the importance of majority independence and gender balance under the Code and will be mindful of this when considering future appointments. Despite this area of non-compliance the Board considers that it had, and continues to have, the appropriate balance of skills, knowledge and experience to enable it to discharge its duties and responsibilities effectively and that each Director provided objective and constructive challenge to management.

Shareholder Engagement

In line with the Code, the Board has considered the importance of maintaining a clear dialogue with the Company's stakeholders and shareholders and has implemented a programme of activity to ensure that effective and constructive communication takes place. The Company's website, containing a dedicated Investor Centre through which the Company disseminates its announcements, results and reports, was re-launched in 2017 and is currently subject to a further root and branch review to ensure it remains user-friendly and improves dialogue with shareholders and other stakeholders. Work on this is expected to be completed during early 2020.

The Company, through the Chairman of the Remuneration Committee, engaged with shareholders in respect of the terms of the 2019 Directors' Remuneration Policy following the significant number of votes received against the 2018 Remuneration Policy proposed at the 2018 General Meeting and the 2019 AGM. Following shareholder feedback it became apparent that the 2018 Remuneration Policy and, in particular, the Value Creation Plan, lacked simplicity, was unclear in terms of its long-term design, quantum and the potential dilutive effect on shareholders upon payout. Following this period of welcome and constructive engagement, the Remuneration Committee took affirmative action and replaced the existing policy arrangements with the 2019 Remuneration Policy, which was more in line with the previous policies and was subsequently approved by shareholders.

The Company's AGM provides shareholders with the opportunity to engage directly with the Board. Questions can be raised during the AGM in relation to the formal business of the meeting or shareholders may meet with the Directors at the end of the meeting, including the Board Committee Chairs, to discuss other Group or Committee-related matters. Board members may also request meetings with major shareholders and other key stakeholders, arranged via the Group Company Secretary, as and when considered necessary throughout the financial year. Further, as part of the Company's maturing Investor Relations programme, a key stakeholder and analyst update report has become a standard Board agenda item to ensure the Board has full visibility on the engagement activities being undertaken.

In addition to the standard analysts and investors meetings that were scheduled during 2019, full year and interim results presentations took place in London in March and August 2019. There were also investor roadshows held across Europe and in the USA throughout the year.

Customer Engagement

As previously reported, we delivered on our strategic objectives in 2019 by realigning and right-sizing our business whilst negotiating difficult trading conditions. Part of this realignment process involved our Executive Chairman, Executive Directors and Senior Management re-engaging with our customers across the globe. With the Executive Chairman and Chief Executive Officer having face-to-face meetings with six of our customers whilst visiting our US operations and, together with Senior Management, engaging with a significant number of customers and suppliers during the Ground Handling International event held in Amsterdam in November 2019.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Along with delivering first in class services, a key component of our strategy is re-establishing a customer-centric approach, in all that we do. By putting our customers first, listening to their views and delivering the service that is expected of us, we deepen and strengthen these key relationships which in turn generates a positive impact for our shareholders, People, suppliers and other important stakeholders across our network.

The Executive team strongly believes our renewed vigour in this area is now delivering tangible results and, as a direct result, we are continuing to witness commercial opportunities being converted into contract wins and renewals. The Executive and senior management team recognises the importance of our customer engagement strategy which is evidenced by each of them being tasked with taking an active and leading role in developing customer engagement across our portfolio and network.

Engagement of this nature not only places the business in pole position to win and renew contracts, it also gives us the opportunity to help our customers during times of uncertainty. An example of this is the grounding of the Boeing 737 Max aircraft which continues to impact the aviation industry and which requires us to build flexibility to our service offerings, allowing our customers to adapt and realign their schedules so they can deliver to their stakeholders.

We have also assisted customers with the implementation of cost specification reductions such as EC261 Flight Compensation cost prevention and the implementation of technology which improves employee engagement and communication as many of our customers look to innovation as a means to help drive efficiency improvements within their operations.

Workforce Engagement

As part of the Board's commitment to engage with employees to enhance the employee voice in the boardroom, Non-Executive Directors this year led employee forums in the UK & Ireland, Continental Europe and Oceania regions with further forums planned for 2020. The Board felt that this was an effective way in ensuring an open dialogue between the workforce and the Board, and gauging workforce alignment to the Group's purpose and values.

During the forums, employees were encouraged to discuss a wide range of topics in an informal setting and were provided the opportunity to both ask and answer questions. Key themes arising from the forum discussions were identified and fed back to the Board through the HR Committee. The Board and Executive Management have taken this feedback into account, together with feedback obtain from operational visits, from the results of the pilot employee engagement survey run in 2018 and from feedback obtained from employee exit interviews, in making strategic business decisions, and intend to continue this approach to employee dialogue during the course of 2020, ensuring that the Board are given the opportunity to feedback their views and decisions once made to the employee forums.

The themes raised included: a desire from our workforce for better dialogue and communication with management at all levels and for visible investment in their workplace environment. The Board supported the Group in proactive initiatives being taken to address these themes. These initiatives include the piloting of an employee communication tool at London Luton airport, a key station, which is currently ongoing, the development and launch of the Leadership Development Programme, a review of reward and recognition mechanisms across the regions, Executive Management participation in an Inclusive Leadership Workshop and closer monitoring and measures aimed at improving employee retention.

Executive Directors and management in 2019 took a proactive approach to workforce engagement and culture improvement, conducting visits to the operations throughout the year, and hosting events to recognise and celebrate workforce efforts and successes.

Further details of People initiatives can be found in pages 41 to 44 of this Annual Report and Accounts 2019.

NOMINATION COMMITTEE REPORT


Philipp Joeinig
Chair of the
Nomination
Committee

As Chairman of the Nomination Committee and Executive Chairman of the Company, I am pleased to introduce the Nomination Committee Report for the 2019 financial year.

With a number of key Board changes occurring throughout 2019, it has been an eventful year for the Committee with recruitment, Board composition and succession planning being key areas of focus to ensure that the Company has a Board with the requisite combination of skills, experience and knowledge to effectively discharge its duties. This is reflected in the increased number of Committee meetings held throughout 2019.

Membership of the Committee did not change during 2019 with the majority of Committee members being independent Non-Executive Directors, as set out in the table on this page together with a record of attendance at each meeting. John Geddes, Director of Corporate Affairs and the Group Company Secretary, continued as Secretary of the Committee whilst other Executive Directors and members of Senior Management attended Committee meetings by invitation if a particular agenda item required their input.

Committee Members

Name	Position	Attendance
P Joeinig	Chair	5/5
P Baines	Member	5/5
D Garman	Member	5/5
S Maizey	Member	5/5

Terms of Reference

The Nomination Committee operates under Terms of Reference that can be found on the Company's website. These were reviewed during 2019 to ensure they properly align to the applicable provisions of the UK Corporate Governance Code (July 2018) (the Code).

Function and Responsibilities

The primary functions of the Nomination Committee are to oversee the development of a diverse pipeline of talent for orderly succession to Board and Senior Management positions and to ensure the Board has the requisite combination of skill, experience and knowledge to effectively discharge its duties. The Committee therefore regularly evaluates Board composition with this in mind and is responsible for identifying and recommending candidates to the Board when an appropriate position arises.

The Committee, together with the Board, is committed to promoting diversity and inclusion across the Group and at Board level. As a Board, we are proud that diversity

NOMINATION COMMITTEE REPORT CONTINUED

and inclusion is at the heart of our culture. Our People are our most valued asset and are a key stakeholder in our business. We are striving to build a workforce that is reflective of the diversity of our customers and the regional, national and international communities in which we operate.

As a result of new requirements introduced by the Code, the Committee, together with the Human Resources Committee and the Board, reviewed the impact of the Code and undertook a detailed review of our approach to workforce engagement and how we communicate effectively with our People. More details on workforce engagement is included in the Human Resources Committee Report on pages 90 to 92 of this Annual Report and Accounts 2019.

As detailed in its Terms of Reference, the key duties of the Nomination Committee, together with the main activities undertaken during 2019, are detailed in the following table. To ensure the effective discharge of these responsibilities, the Committee may engage such advisers, internal or external, as it considers either necessary and/or desirable. The Committee appointed independent recruitment consultants Korn Ferry and Odgers Berndtson, each of which have no other connection with the Company or individual Directors, to assist in identifying potential candidates for the positions of Chief Executive Officer and Chief Financial Officer, respectively. As detailed in the table below, the outcome of this process was the appointment of Giles Wilson as Chief Executive officer and Alvaro Gomez-Reino as Chief Financial Officer.

Responsibility	Main activities 2019
<p>Leadership and structure</p> <p>Prior to making a recommendation and as set-out above, evaluate the balance of skills, knowledge and experience on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.</p>	<p>Appointment of Chief Executive Officer</p> <p>Following Forsyth Black intimating his intention to step down as CEO in March 2019, it was proposed by the Committee that Giles Wilson be appointed as Interim CEO with immediate effect and, following a full internal and external search process and after due and careful consideration of the skills, experience and expertise required for this position, the Committee identified Giles Wilson as the most suitable candidate and recommended his appointment as CEO to the Board.</p> <p>Appointment of Non-Executive Director</p> <p>Following a review of the structure, size and composition of the Board, the Committee appointed Christian Kappelhoff-Wulff to the Board as a non-independent Non-Executive Director. The balance of skills, knowledge and experience of the Board was evaluated and the Committee considered Christian's strong capital application skills, strategic experience and experience in executive remuneration and incentivisation would serve to strengthen the Board as the Company continues to pursue expansion opportunities and execute its strategy.</p>

Responsibility	Main activities 2019
<p>Leadership and structure</p> <p>continued</p>	<p>Appointment of the Executive Chairman and Deputy Chairman of the Board</p> <p>Following Dr Dermot F. Smurfit intimating his intention to step down as Chairman of the Board in July 2019, the Nomination Committee (chaired by Senior Independent Director, David Garman) identified Philipp Joeinig as the most suitable candidate to be appointed as Executive Chairman of the Company. The Committee considered that Philipp's wealth of leadership experience and his deep understanding of the aviation services industry would be an asset to the Board and Senior Management team and would help the Group deliver a key aim: to be service provider of choice to its customers.</p> <p>The Committee also proposed to the Board that David Garman, the Company's Senior Independent Director, be appointed as the Company's Deputy Chairman, identifying his extensive experience and specialist skills in UKLA requirements and general UK related corporate governance as an asset to Philipp in his new role as Executive Chairman of the Company.</p> <p>Appointment of Chief Financial Officer</p> <p>As result of Giles Wilson's appointment to CEO and following a full internal and external search process taking into consideration the skills, experience and expertise required for this position, the Committee identified Alvaro Gomez-Reino as the most suitable candidate and recommended his appointment as CFO to the Board. The Committee determined that his significant senior financial experience and industry knowledge obtained during his time at Amey plc, Ferroviol and Swissport provided an excellent addition to the senior management team and would further enhance and complement the Board's skillset.</p> <p>Identification of Board Candidates</p> <p>In identifying potential Board candidates the Committee may use open advertising or the services of independent external advisers to facilitate the search in question. The recruitment process will be undertaken in accordance with the relevant Group recruitment policies and candidates from a diverse range of backgrounds, identified on the basis of merit and against objective criteria, including the time they are able to commit to the role, will be considered.</p>

NOMINATION COMMITTEE REPORT CONTINUED

	Responsibility	Main activities 2019
Evaluation	Annually review: (i) the structure, size and composition (including the skills, knowledge and experience) of the Board and its Committees and make recommendations to the Board with regard to any changes; and (ii) the leadership needs, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.	<p>As detailed above, 2019 saw several changes to key Board leadership positions and the Committee has led this process, ensuring at all times that the Board, together with its Committees, has the required balance of skills, knowledge and experience.</p> <p>Taking into account the relevant skillsets and length of service of each Director, together with the key leadership appointments to the Board, the Committee concluded that the Board composition was fit for purpose despite not being fully compliant with the Code for periods of 2020 (as set out on page 66 of this Annual Report and Accounts 2019). This view was endorsed by the annual Board internal evaluation process.</p> <p>In line with the Committee's Terms of Reference, it was agreed that a further review of the Board's composition would be conducted in 2020 to ensure this remained the case and composition was in alignment with current and proposed strategic developments and the requirements of the Code, as market practice in this area develops.</p>
Succession planning	Ensure that appropriate plans are in place for the orderly succession of the Board and Senior Management and that a diverse pipeline for succession to these positions is in place, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore required in the future.	<p>As detailed in the Annual Report and Accounts 2018, the Nomination Committee is tasked with focusing on succession planning from a Board and Executive Management Board, comprising the next immediate level of senior management, perspective.</p> <p>Succession planning was subject to significant scrutiny at a meeting of the Nomination Committee held in May 2019.</p> <p>Following detailed discussions and consideration of length of service to-date together with the recent appointments to the Board, it was agreed that no issues in relation to Non-Executive Director succession required immediate attention. However, succession planning in this area would be kept under regular review.</p> <p>Succession plans in place for the Executives and the wider Senior Management team were also analysed and the Committee's responsibility to ensure that sufficient depth of skills and talent existed within the business acknowledged.</p>

	Responsibility	Main activities 2019
Succession planning continued		<p>The quality of the current succession planning arrangements was subject to detailed review, together with identifying potential areas of vulnerability within the planning process. The Committee concluded that, where possible, the pipeline for succession to Senior Management positions should be fostered from within the Group and it was agreed that the current direct reports of Executives may be viewed as their successors.</p> <p>The Committee noted the importance of having individuals of the requisite calibre in place to support effective succession planning and that there was still work to be done in this area. Accordingly, all matters relating to succession planning will remain a key area of focus for the Committee throughout 2020.</p>
Executive Remuneration	Liaise closely with the Chair of the Remuneration Committee in relation to the service contract and remuneration package to be offered to any proposed Executive Director.	<p>Following the proposal to appoint Giles Wilson to the position of CEO, the Committee considered the remuneration package offered to him. The Committee also considered the remuneration package offered to John Geddes in light of changes to his role and the proposed salary to be offered to Alvaro Gomez-Reino. In conjunction with the Remuneration Committee, it was considered appropriate that:</p> <ul style="list-style-type: none"> • Giles Wilson's salary be increased from £331,500 to £400,000 upon his appointment as CEO in July 2019; • John Geddes' salary be increased from £255,000 to £275,000 effective from July 2019; and • Alvaro Gomez-Reino's salary be £285,000 upon his appointment as CFO in December 2019.
Training and Development	The Chairman leads the training and development of the Board and of individual Directors and regularly reviews and agrees with each Director their individual and collective training and development needs. For Directors joining the Board, the Chairman ensures that on appointment each Director receives a full, formal and structured induction which reflects a Director's skills, experience and Board role.	<p>During 2019, the Board were reminded of their duty to undertake training and development and the facilities made available to them to by the Company in this regard. It was agreed that there were no pressing areas of concern and no training requirements were required.</p> <p>The new members who joined the Board in 2019 were given a full, formal and structured induction with meetings scheduled with the appropriate members of the Board and Senior Management throughout the business and, where necessary, site visits to our operational locations.</p>

In addition to the areas detailed above, the Nomination Committee also considered the following items during 2019:

- The Non-Executive Directors' letters of appointment were reviewed, in conjunction with the Group Company Secretary, to ensure they remained fit for purpose. At the conclusion of the review, it was agreed that the letters of appointment remained the appropriate terms and did not require amendment.
- In light of the application of the Code and, in particular discussions around the method by which the Company proposed to engage with its workforce, the Committee proposed to the Board that matters relating to workforce engagement, employee engagement surveys and the subsequent reporting outcomes relating to these, fall within the remit of the Human Resources Committee. This was agreed by the Board and further details on these matters can be found on pages 90 to 92 of this Annual Report and Accounts 2019.

NOMINATION COMMITTEE REPORT CONTINUED

Diversity, Inclusion and Succession

The Board is committed to building a diverse pipeline of talent across all areas of the Group including, at Board and Senior Management level in line with the Company's Equality, Diversity and Inclusion Policy. Although new appointments are based on merit against objective criteria, careful consideration is given to the benefits of improving and complementing the diversity, skills, experience and knowledge of the Board. In making recommendations to the Board, the Committee makes sure that the Board is made up of competent individuals with the necessary balance of skills and experience required to ensure that the Board can function effectively. Moreover, the Board and Company rigorously endorse the advantages that diversity brings to the Boardroom and the wider business more generally.

The Equality, Diversity and Inclusion Policy is implemented through the Equality, Diversity and Inclusion Plan. Progress against actions and objectives set out in the Plan will be reported by the Equality, Diversity and Inclusion Focus Group to the Board via the Human Resources Committee. The suitability and adequacy of this Policy is assessed periodically by the Focus Group and updated accordingly. The Policy dovetails with a key element of the Company's strategy: to attract, develop and retain the most talented people and to be a place where our People are free to be themselves, no matter their identity or background. By creating a richly diverse working environment in which individuals can utilise their skills and talents to the full without fearing discrimination, bullying, victimisation/retaliation or harassment, we aim to create a culture where our People flourish and reach their fullest potential.

The Committee takes seriously the requirement to ensure the Board and Senior Management team are balanced from a gender perspective and it is committed to make progress in this area. Through the natural cycle of Board and Senior Management renewals, the Board intends to broaden diversity beyond gender diversity alone, to reflect the diversity of our customers and the regional, national and international communities in which we operate. As at 6 March 2020 there was one female Director (12.5%) on the Board and the representation of females in our senior management was 24%.

As can be seen from the table above, succession planning and internal leadership requirements were a key focus of the Nomination Committee during 2019. This will continue to be the case during 2020 with investment in our most valued resource, our People, remaining a key area of focus. The Committee is confident it has a robust succession plan in place ensuring that, as our business continues to expand, the right people are in the right place to lead, contribute to and maximise the success of our global operations. At Board, Senior Management and all other levels of our organisation, the recruitment, retention and development of driven and talented individuals is of vital importance and the Committee is cognisant of the fact that, in order to drive forward the Group's strategy and ensure its sustained growth and success, robust plans must be in place to establish the skills, experience and knowledge our People must have to achieve this.

Further information on the above matters, including the measures which the Group takes to support diversity, can be found on, and is incorporated by reference into, this Nomination Committee Report on pages 75 and 76 of this Annual Report and Accounts 2019.

On behalf of the Nomination Committee



Philipp Joeinig
Chair of the Nomination Committee
10 March 2020

AUDIT COMMITTEE REPORT



Paul Baines
Chair of the
Audit Committee

Welcome to the Audit Committee Report for the 2019 financial year. I am pleased to report that throughout the year the Committee continued to assist the Board of Directors in discharging its oversight responsibilities in respect of the Company's internal financial controls and, ultimately, safeguarding the interests of its stakeholders, including its shareholders.

The Audit Committee operates under Terms of Reference that can be found on the Company's website. These were reviewed during 2019 to ensure they properly align with the applicable provisions of the UK Corporate Governance Code (July 2018) (the Code).

Whilst the Board has overall responsibility for the Group's systems of internal controls, the Audit Committee has delegated responsibility to review the effectiveness of such controls. The Committee's principal role is to assess the quality of the Group's internal and external audit processes and ensure that the risks which our business faces: financial, IT, operational, compliance-related, emerging or otherwise, are effectively managed and, where possible, mitigated against. Whilst no systems of internal control can provide absolute assurance against material loss or disruption, the Group's systems are designed to provide the Directors with reasonable assurance that risks can be promptly identified and the appropriate remedial action taken where necessary.

The Audit Committee carefully considered and evaluated the effectiveness of these controls for the period from 1 January 2019 to the date of approval of this document and concluded that the Group has sound systems of risk management and internal controls in place, further details on which can be found on pages 32 and 33 of this Annual Report and Accounts 2019.

Committee Members

Name	Position	Attendance
P Baines	Chair	3/3
D Garman	Member	3/3
P Joeinig ¹	Member	1/1
S Maizey	Member	3/3

Note:
1. Philipp Joeinig stepped down as a member of the Audit Committee on 12 July 2019 following his appointment as Executive Chairman of the Board.

AUDIT COMMITTEE REPORT CONTINUED

Additional key responsibilities of the Audit Committee include, but are not limited to, the following:

- Reviewing the Company's financial results announcements and financial statements including the significant judgments and estimates contained within them.
- Ensuring compliance with applicable accounting standards and reviewing the appropriateness of the accounting policies and practices in place.
- Advising the Board on whether the Company's annual report and accounts are, when taken as a whole, fair, balanced and understandable and provide the requisite information in order that shareholders and other stakeholders can assess the Company's performance, business model and strategy.
- Overseeing all aspects of the relationship with the external auditor, including its appointment, the external audit process (taking into account relevant UK professional and regulatory requirements), and monitoring its effectiveness, objectivity and independence.
- Developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required.
- Reviewing and monitoring the effectiveness of the Group's internal control and risk management systems, particularly principal and emerging risks that could threaten the Company's business model.
- Reviewing and monitoring the effectiveness of the internal audit function and Management's responsiveness to any findings and recommendations.
- Reviewing the Group's policies and practices concerning business conduct, ethics, integrity and fraud.

To properly fulfil its role and ensure the effective discharge of its duties, the Audit Committee may take such independent professional advice and request any information from any Group employee, including Executive Directors, as it considers necessary. The Audit Committee may also meet with the external and internal auditors in the absence of Executive Directors and other Group employees, allowing for any items of concern to be raised with or by them.

Meetings and Principal Activities

The Audit Committee met, as scheduled, three times with meeting attendance set out on this page and also in the table on page 71 of this Annual Report and Accounts 2019. The Audit Committee comprised four Non-Executive Directors during 2019: Silla Maizey, a qualified accountant; Philipp Joeinig; David Garman; and myself. Philipp Joeinig stepped down as a member of the Audit Committee on 12 July 2019 following his appointment as Executive Chairman of the Board and in line with the requirements of the Code. The current composition of the Audit Committee meets with the requirements of the Code; possessing competence relevant to the sector in which the Company operates, although, in line with good practice, membership will continue to be reviewed annually.

All Committee meetings were held prior to a full Board meeting which afforded me the opportunity to provide a comprehensive update on the Committee's discussions and recommendations to those Directors not in attendance. The Group's Executive Chairman, Chief Financial Officer and Company Secretary, together with certain senior members of the Finance team and representatives from the internal and external audit teams, were given notice of all Audit Committee meetings and invited to attend and speak where considered appropriate.

I met with the Group Company Secretary at the start of the year to agree the agenda for the 2019 Audit Committee meetings and also identify non-standard agenda items that required consideration over the coming months. The Committee also received ad hoc presentations from members of the Management team on a variety of key issues throughout 2019.

The main activities which the Audit Committee undertook in 2019 were as follows:

- Formally reviewed the Company's Annual Report and Accounts 2019 (including the Statements on Internal Control and the work of the Audit Committee) and associated business review together with the Interim Results announcement made by the Company, which aspect of its work focused on key accounting policies, estimates and judgments, including significant or unusual transactions or changes to these. In doing so, the Audit Committee reviewed the reports of Management and the in-house internal audit team and took into account the views of the external auditor. It concluded that a recommendation should be made to the Board that the required disclosure set out in the Statement of Directors' Responsibilities could be made, as set out on page 122 of this Annual Report and Accounts 2019.
- Reviewed the risk management work of Management, which involved assessing key risks according to their significance, likelihood and impact, in addition to the Group's exposure to and management of these risks. The Risk Register and evaluation of risk constantly evolve and the Audit Committee was satisfied that Management had appropriate risk management strategies and systems in place to address the Group's emerging and principal business risks, such strategies and systems having been in place throughout 2019 and up to the date of approval of this document.
- Reviewed and adopted the annual internal audit plan and considered the objectivity and independence of the external auditor.
- Examined and discussed the impact of new accounting standards and disclosures on the Group's financial statements and reporting practices, including IFRS 16 Leases, and analysed the impact this will have on the number of leased assets being recognised as non-current assets.
- Considered the integration of the business and assets of Airline Services Limited and the accounting impact on the Group as a result of the UK Competition and Markets Authority clearance process.

Annual Report and Accounts 2019

The primary areas of assumptions, estimates and judgments considered by the Audit Committee in relation to the financial statements contained within this document and how these were addressed are as follows:

Adoption of IFRS 16 Leases

The adoption of IFRS 16 Leases has resulted in a significant change to the Group's reported numbers. The Audit Committee has reviewed the planning for and execution of the transition to ensure that compliance with the standard has been appropriate and the relevant disclosures made. A key area of judgment in applying the standard has been in relation to the split of the ground service equipment rental charge between the cost of the asset and the other elements of the recurring charge, primarily in relation to preventative maintenance. The Audit Committee was satisfied that the appropriate judgments have been made.

Goodwill and intangible assets

The review for impairment of goodwill and intangible assets is based on cash flow projections to calculate a value in use for each area based on Group forecasts. The achievability of the forecast is a risk, given inherent uncertainty within any financial projection.

The Audit Committee evaluated a paper from Management on the results of the impairment assessment. Key assumptions were reviewed and challenged by the Committee, including discount rates, business risk factors and cash flow projections based on the most recent budget and strategic reviews. Actions and factors likely to influence levels of impairment were reviewed with alternative scenarios requested for further analysis. Taking into account the documentation presented, the Audit Committee was satisfied with the approach and judgments taken.

Retirement obligation accounting

The assumptions made in the calculation for UK defined benefit pension scheme liabilities and asset returns are underpinned by a range of judgments. Assumptions were prepared by external actuaries and reviewed by Management, ensuring they were aligned to prevailing economic indicators. Changes in assumptions and the completeness of disclosures were then summarised for the Audit Committee. The impact of the lower discount rate on the defined benefit obligation and improved asset returns were specifically noted. The Audit Committee was satisfied with the disclosures made and judgments taken.

AUDIT COMMITTEE REPORT CONTINUED

Exceptional and other items

The Audit Committee considered the appropriateness of the measure of underlying profits and the classification and transparency of items separately disclosed as exceptional and other items. It was satisfied that the measure of underlying profits provided a reasonable view of the underlying performance of the Group and that there was transparent disclosure of items shown separately as exceptional and other items.

Revenue recognition

The Audit Committee has reviewed the work to ensure that the Group has appropriately recognised revenues in accordance with its contractual obligations during the financial year. The Audit Committee was satisfied with the approach and judgments taken.

Provisions

The Audit Committee reviewed the analysis of provisions made by Management and challenged the assumptions used by Management in determining whether provisions are appropriate, particularly in relation to workers compensation claims and ongoing litigation matters, and were satisfied that appropriate disclosures have been made.

Going concern

The Audit Committee reviewed the Director's assessment of going concern and in particular the potential financial impact of the emerging risk represented by COVID-19 (coronavirus). It is difficult to assess how extensive the impact of the coronavirus could be on the Group's operations given limited visibility of the impact on flight schedules. The Board currently estimates there is likely to be an adverse profit impact in 2020 of approximately £6m to £9m on the assumption that the impact of the virus subsides towards the end of the first half of the year. Wherever possible mitigation actions have been and will continue to be put in place along with a tight control on costs and expenditure. The Audit Committee were satisfied with the proposed approach set out by the Board.

Taxation

Provisioning for current and deferred tax liabilities and assets requires the exercising of judgment. The Audit Committee addressed this through the receipt of a range of reports from Management and a separate tax committee exists to deal with such requests. Further details can be found on page 33 of this Annual Report and Accounts 2019. The Audit Committee challenged the appropriateness of Management's views, including the extent to which these were supported by appropriate external advice. In particular, the Committee challenged Management's calculations of provision for items under discussion with authorities and of the deferred tax assets and liabilities.

External Group Audit

Following a competitive tender process in 2018, the Audit Committee concluded that Ernst & Young LLP (EY) be reappointed to conduct the Group audit engagement for the 2019 financial year, which was approved by shareholders at the Company's 2019 Annual General Meeting. Kevin Weston was lead audit partner for the reporting period in question. There are no contractual obligations in place that restrict the Audit Committee in its choice of external audit provider. The Audit Committee recognised that the audit services would be reassessed annually and acknowledged that a further competitive tender would not be required for a period of ten years. It was separately agreed that the Audit Committee would formally make a recommendation to the Board after a five year period regarding whether to re-tender or not at that time.

It is vitally important that the Audit Committee considers that its appointed external auditor conducts a full and effective audit and its performance is subject to annual review. In undertaking this review the Chairman of the Audit Committee seeks the opinion of fellow Committee members, the Chief Financial Officer and the views of certain members of Management who have been exposed to or had input into the audit process. The Audit Committee reviews and approves both the Company's audit plan and the findings of the external auditor in respect of its audit of the Company's financial statements, carefully monitoring these to ensure completeness, accuracy, clarity and integrity.

The Audit Committee regularly monitors the objectivity and independence of the external auditor to ensure its continued effectiveness, value for money and compliance with statutory duties. The nature and extent of EY's non-audit services are also subject to the Committee's consideration and in 2019 its non-audit work continued to be managed separately from the audit workstream, distinct from the work undertaken by the EY external audit partner. No conflict of interest is considered to exist between the provision by EY of audit and non-audit services and the arrangement is viewed as the most cost-effective means by which to undertake the services in question. Following a review held at the conclusion of the 2019 audit, the Audit Committee was satisfied that EY continued to provide an effective audit and remained independent and objective.

All non-audit work conducted by professional accounting firms is put out to tender. All non-audit work awards and fees paid to EY are approved by the Chief Financial Officer who reports any significant awards of work or payments to the Audit Committee. The Audit Committee continues to believe that the level and scope of non-audit services awarded to EY do not impair their objectivity and the Audit Committee consistently monitors the remuneration received by EY, whether for audit services or otherwise. For the 2019 financial year EY's non-audit fees amounted to £1.0m and audit-related fees were £1.3m.

Internal Control and Audit

The internal audit function has been strengthened during the year with in-house operational and financial teams conducting the significant majority of reviews. Third party specialists have been used to carry out specific scope internal audits when their services are required. Deloitte LLP have conducted three thematic reviews in 2019.

The Audit Committee has moved from a co-source model with Deloitte to a fully in-house managed and resourced one. It believes that this revised model provides the correct level of effectiveness whilst taking into consideration the global footprint and nature of the Group's operations. The internal audit findings are presented to the Audit Committee and prioritised by Management for action with follow-up reports subject to the Committee's careful scrutiny to ensure that the necessary corrective measures are implemented.

As noted above, the Audit Committee has concluded that the Group has effective systems of risk management and internal controls in place to provide the Directors with reasonable but not absolute assurance that risks can be promptly identified and appropriate remedial action taken to protect against material loss or disruption. Further details on this can be found within the Risk Management section contained on pages 32 to 39 of this Annual Report and Accounts 2019.

On behalf of the Audit Committee



Paul Baines
Chair of the Audit Committee
 10 March 2020

HUMAN RESOURCES COMMITTEE REPORT



Silla Maizey
Chair of
Human Resources
Committee

I am pleased to introduce the Report of the Board-constituted Human Resources (HR) Committee for the 2019 financial year. The main priorities of the HR Committee are detailed in its Terms of Reference, which are available on the Company's website. These are: (i) assisting the Board in fulfilling its obligations in respect of all HR matters; (ii) ensuring standardisation of HR structure, policies and process; (iii) reviewing, monitoring and making recommendations to Executive Management with regard to all HR matters and (iv) monitoring and reporting to the Board matters reported to Expolink, the independent whistleblowing hotline available to our People. The HR Committee also has responsibility for overseeing the mechanism used by the Board to engage with our People and for monitoring wider workplace culture, both of which were key focus areas for the HR Committee in 2019 and areas that will be kept under regular review.

Composition and Meetings

Claire Hall continued to sit on the HR Committee for the 2019 financial year, in her capacity as Group EVP People. Claire sits on the HR Committee with both Executive (Giles Wilson and John Geddes) and Non-Executive (David Garman) Board members and provides updates to the HR Committee on people related issues, and the Group's progress against its HR strategy. As part of the Board's ongoing commitment to workforce engagement, during the course of 2019 the HR Committee also invited a number of managers who were leading on employee initiatives to attend HR Committee meetings to present on specific issues, affording the HR Committee members the opportunity to question them directly and to feedback their views and direction to the Board on strategic People related matters. During the course of 2019, employees presented to the HR Committee on topics including: leadership development and training; HR information systems and recruitment tools; and themes and trends arising from Expolink, the Group's global whistleblowing platform.

I am pleased to report that, in addition to HR Committee members, other Board members also regularly attended our HR Committee meetings throughout the year, demonstrating the Board's ongoing commitment to People related matters and to understanding the views of our People and what is important to them in the workplace. As can be seen from

the table opposite and on page 71 of this Report, the HR Committee convened three times during 2019, in March, July and October.

Progress During 2019

The HR Committee during the course of 2019 monitored the Group's progress against its key HR priority areas of:

- attracting and retaining the best people;
- world class training and career development; and
- creating an engaged team giving great service.

The HR Committee were kept informed on the significant changes that were made to the Group's management and support structures this year, as the Executive Management took action to right-size the business and deliver cost savings.

Employee Retention and Engagement

Improved data communication and statistical analysis allowed the global labour turnover position to be closely monitored by the HR Committee during the course of 2019, and while labour turnover continues to present challenges the HR Committee saw real improvements being made in this area. The HR Committee had oversight of region specific actions being taken by the Group on the focus areas of recruitment and retention, including reward and recognition initiatives and exit interviews to gain better insight from leavers. The Board also conducted a focused review on the reasons why specific locations were facing more challenges in this area than others.

Workforce succession planning was also a focus for the HR Committee this year, with the Board undertaking succession planning sessions for Executive Management roles. The Committee were given oversight of the results of succession planning workshops that had taken place in respect of key leadership roles across all regions. Consideration was also given to the diversity of the talent pool and steps that were being taken by the Group to improve diversity in leadership roles. The HR Committee endorsed the Group's use of improved performance management tools and processes to drive performance and promote a structured talent cycle.

Outside of HR Committee meetings, HR Committee members, including myself, met directly with groups of employees from our UK, Continental Europe and Oceania businesses with further forums with employees planned for 2020. This allowed the HR Committee to engage directly with employees, to hear from them what mattered to the workforce, identify themes and trends and how these vary between regions and to feed input from employees into wider Board discussion.

Training and Talent Development

As detailed in last year's Report, the critical nature of the role of Station Manager was acknowledged by the HR Committee and the need for a robust training curriculum for this population in order to improve retention and development in these key roles. In 2019, the HR Committee had oversight of the development and launch of the Group's Station Manager induction programme, as well as significant progress on other staff learning and development projects.

Taking into account feedback obtained through the Group's pilot engagement survey in 2018, and feedback from the workforce through other workforce engagement measures, the HR Committee monitored the development and launch of the Group's Leadership Development Programme, a programme designed to promote positive leadership behaviours and a greater understanding of how leaders' own behaviours impact workforce engagement, workplace culture and drive performance as well as other HR initiatives focused on improving the Group's talent pipeline.

Additional information on the key areas of the HR Committee's focus are listed in the opposite table, further details on which can be found on pages 60 to 63 of this Annual Report and Accounts 2019.

Committee Members

Name	Position	Attendances
S Maizey	Chair	3/3
F Black ¹	Member	1/1
D Garman	Member	3/3
P Joeinig ²	Member	2/2
J Geddes	Member	3/3
C Hall ³	Member	3/3
G Wilson ⁴	Member	2/2

Notes:

1. Forsyth Black stepped down as a member of the HR Committee on 12 March 2019 and so could only attend one of its meetings during the year.
2. Philipp Joeinig stepped down as a member of the HR Committee on 12 July 2019 following his appointment as Executive Chairman of the Board.
3. Claire Hall sits on the HR Committee in her capacity as Group EVP People.
4. Prior to Giles Wilson's appointment as CEO, he was not a committee member and hence was not present at the first HR Committee of the year.

HUMAN RESOURCES COMMITTEE REPORT CONTINUED

Examples of Board Focus During the Year

Key areas of activity	Matters considered	Outcomes	Stakeholders Impacted
Reduction in labour turnover	The HR Committee throughout the year reviewed labour turnover figures across the global business.	<ul style="list-style-type: none"> The Group's strategy for improving labour turnover figures was considered, with the HR Committee inputting into workforce retention initiatives including approach to workforce communication, reward and recognition initiatives, the leadership development programme and the exit interview process. The Board was pleased to see improving turnover figures and will continue to monitor this closely during the course of 2020. 	People Customers Shareholders
Workforce Engagement	An engaged workforce is critical to the successful delivery of our strategy. Throughout the year, the HR Committee focused on a number of areas to better understand the level of engagement from the workforce and to get their feedback on how to ensure positive engagement and an improved workplace culture.	<ul style="list-style-type: none"> Feedback from employee forums was considered and taken into account in discussions, decisions and direction from the Board on People related strategies. The HR Committee considered HR initiatives focussed on ensuring that we have the right People in key roles, reward and recognition programmes and learning and development opportunities that attract and retain talent, and foster a positive workplace culture. It was agreed that the HR Committee would continue to engage with the workforce through further forums during the course of 2020, and keep the method of engagement under review. 	People Customers Shareholders
Leadership Programmes	The HR Committee supported the Group's initiative to develop its leaders, endorsing a top down approach to improving workplace culture.	<ul style="list-style-type: none"> The HR Committee reviewed the development and launch of the Leadership Development programme. The Board supported the Executive Management participation in an inclusivity training workshop. 	People Customers Shareholders
Succession Planning	The HR Committee focused on succession planning this year, recognising the critical importance of having a strong and diverse talent pipeline.	<ul style="list-style-type: none"> A talent calibration succession planning session took place at Board level leading to a more systematic approach to succession planning being implemented for key Executive and Management roles. Action plans were implemented to accelerate development where relevant and steps taken to improve diversity of the talent pipeline. 	People Customers Shareholders

Looking Forward

Whilst good progress has been made over the course of 2019 in relation to a number of the HR Committee's key agenda items, recruitment and retention continues to be a key focus area and one which the HR Committee will continue to monitor in 2020. I am very pleased with the initial steps we have taken on workforce engagement this year, with workforce insight and feedback being heard directly by the Directors and informing and shaping the Board's strategic decisions. I look forward to the Board continuing that dialogue in 2020, as well as monitoring the impact that the global roll-out of the Leadership Development Programme and other people related initiatives have on the workforce and culture across the Group.

On behalf of the Human Resources Committee



Silla Maizey
Chair of the Human Resources Committee
10 March 2020

DIRECTORS' REMUNERATION REPORT



David Garman
Chair of the Remuneration Committee

ANNUAL STATEMENT

I am pleased to present, on behalf of the Board, the Directors' Remuneration Report for the year ended 31 December 2019. This report is comprised of three parts, namely:

- This **Annual Statement**, which summarises our approach to last year's AGM voting, remuneration for the year just ended and our approach to remuneration going forwards.
- The **Remuneration Report**, which provides a summary of the Remuneration Policy for which shareholder approval was obtained at the 17 September 2019 general meeting. No changes to the Remuneration Policy are being proposed at the 2020 AGM.
- The **Annual Report on Remuneration**, which sets out payments and awards made to the Directors in 2019, details the link between Company performance and remuneration for 2019 and sets out how the Policy will be operated for 2020.

Accordingly, at our 2020 AGM, there will be one remuneration related resolution presented, being the normal annual advisory vote on our Report on Directors' Remuneration.

Committee Members¹

Name	Position	Attendances
David Garman	Chair	4/4
Paul Baines	Member	4/4
Philipp Joeinig ²	Member	2/2
Christian Kappelhoff-Wulff ³	Member	3/3
Silla Maizey	Member	4/4

Notes:

- Claire Hall also attends Remuneration Committee meetings by invitation in her capacity as Group EVP People.
- Philipp Joeinig stepped down as a member of the Remuneration Committee on 12 July 2019 following his appointment as Executive Chairman of the Board.
- Christian Kappelhoff-Wulff was appointed to the Committee on 5 June 2019.

Response to the 2018 and 2019 AGM Voting and Adoption of New Remuneration Policy

The Group underwent significant transformation following the disposal of Menzies Distribution in September 2018 and becoming a pure play aviation services business. 2019 saw a number of changes to the Board resulting in its composition being strengthened with the addition of industry experts bringing a renewed focus on driving the business forward whilst engaging meaningfully with its customers, People and other stakeholders.

The Board was therefore keen to ensure that long term incentive arrangements were aligned to the Company's purpose and values with management incentivised and focused on delivering the strategy and driving significant value for the Company's shareholders. The Remuneration Committee is committed to aligning pay to performance and reviews executive pay in the context of the Company's results as well as considering the pay ratios of the wider employee population throughout the Group.

Shareholders approved the Company's previous Remuneration Policy, which

DIRECTORS' REMUNERATION REPORT CONTINUED

Response to the 2018 and 2019 AGM Voting and Adoption of New Remuneration Policy continued

included the introduction of a Value Creation Plan (VCP), at the Company's general meeting in August 2018, at which the disposal of Menzies Distribution was also approved. However, having considered the level of shareholder opposition and feedback in respect of the remuneration related resolutions at both the 2018 general meeting and the AGM in May 2019, and following my appointment as Committee Chair, the Company convened a general meeting on 17 September 2019 at which a new Remuneration Policy was approved by shareholders.

The new Remuneration Policy is similar to that approved by shareholders at the Company's AGM in May 2017, with a conventional Long Term Incentive Plan (2019 LTIP) replacing the VCP, and updated to reflect the introduction of the new UK Corporate Governance Code (July 2018) (the Code). The new Remuneration Policy introduces a workforce aligned pension for new Executive Director appointments, as well as the addition of a one-off bespoke arrangement for the newly appointed Executive Chairman (the Transformation Incentive Plan or 2019 TIP) to incentivise and reward the Executive Chairman in respect of the transformation of the Group's operations and reflect the time commitment expected of him in his role. Further details on the new Directors' Remuneration Policy are included on pages 96 to 103 of this Annual Report and Accounts 2019.

Board Changes

Forsyth Black stepped down as Chief Executive Officer in March 2019 with Giles Wilson, who was the Company's Chief Financial Officer, assuming the position of Chief Executive Officer on an interim basis until his formal appointment to this position in June 2019.

Having overseen the transformational acquisition of the ASIG business, successfully sectioned the defined benefit pension scheme and completed the sale of Menzies Distribution, Dr Dermot F Smurfit stepped down as Chairman of the Board in July 2019. Thereafter, Philipp Joeinig, who had been appointed as a Non-Executive Director in June 2017, and who had served as both a member and Chairman of a number of the Company's Board constituted committees, was appointed as Executive Chairman in July 2019.

Additionally, and following a rigorous internal and external recruitment process, Alvaro Gomez-Reino was appointed Chief Financial Officer in December 2019. As previously reported, Geoff Eaton did not stand for re-election at the Company's 2019 AGM.

Christian Kappelhoff-Wulff was appointed as a Non-Executive Director in May 2019 and was appointed as a member of the Remuneration Committee in June 2019. Christian is not considered to be an independent Non-Executive Director due to the Chief Executive Officer position he holds with Lakestreet Capital Partners AG, one of the Company's substantial shareholders. Whilst this does not align with the requirement of non-executive director independence under the Code, it is the view of the Remuneration Committee that he brings valued and additional experience in matters relating to executive remuneration and incentivisation which strengthens the overall knowledge and skillset of the Remuneration Committee.

Key Remuneration Committee Activities in the Year

- Reviewed and set annual salaries for the Executive Directors consistent with the wider workforce.
- Engaged with the Company's substantial shareholders with regard to the Remuneration Policy and viability of the VCP and, accordingly, implemented the new Remuneration Policy.
- Set targets for the annual bonus (both financial and strategic objective measures), the 2019 LTIP and the 2019 TIP.
- Reviewed achievement against targets set and determined the appropriate level of pay-out for the annual bonus and 2019 LTIP in the context of wider business performance.
- Reviewed market and corporate governance updates to ensure the Remuneration Committee remained up to date against a backdrop of evolving governance landscape and best practice.
- Carried out a competitive tender process for the adviser to the Remuneration Committee, resulting in the appointment of FIT Remuneration Consultants LLP.
- Reviewed and updated the Terms of Reference of the Remuneration Committee to ensure they reflect the requirements of the Code.

In addition, the Remuneration Committee has ensured that the current Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the Code:

- **Clarity:** The Remuneration Policy is well understood by our Executive Directors and Senior Management team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and during consultation when changes were being made).

- **Simplicity:** The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Executive Remuneration Policy and practices are straightforward to communicate and operate.
- **Risk:** Our Remuneration Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via: (i) the balanced use of both short and long term incentives which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.
- **Predictability:** Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits.
- **Proportionality:** There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.
- **Alignment to culture:** Our Remuneration Policy is aligned to culture through the use of metrics in both the annual bonus, 2019 LTIP and 2019 TIP that measures performance against specific key result areas (KRAs).

The Committee also widened the remit of the Human Resources Committee to consider matters such as workforce pay and practices, succession planning and how the Board engaged with our employees to enhance the 'employee voice' in the Boardroom. As referenced in the Human Resources Committee Report on pages 90 to 92 of this document, the Board is committed to retaining and developing our People as well as creating an inclusive culture that drives world-class engagement.

2019 Remuneration

The Remuneration Committee considered it appropriate that, in recognition of the increased scope of his role, Giles Wilson's salary be increased from £331,500 to £400,000 upon his appointment as Chief Executive Officer of the Company in July 2019. On the same date, having reviewed the significantly expanded remit of the Director of Corporate Affairs in light of the Board changes, John Geddes' salary was increased from £255,000 to £275,000. Alvaro Gomez-Reino was appointed Chief Financial Officer in December 2019 on a base salary of £285,000.

For the 2019 annual bonus plan, the Remuneration Committee reviewed Group underlying profit before tax performance and the performance KRAs which were set at the start of the year and covered a number of key operational and strategic areas. After reviewing the performance of the Company during 2019, the Committee determined that no annual bonus should be payable to the Executive Directors. Details of financial targets and 2019 performance are disclosed on pages 105 and 106 of this Annual Report and Accounts 2019, including further details around the KRA performance element.

The 2017 LTIP awards were assessed by the Remuneration Committee based on performance to 31 December 2019. The Remuneration Committee determined that the relevant performance measures were not met and awards will lapse on 10 March 2019. Further details are provided on page 106 and 107 of this Annual Report and Accounts 2019.

2020 Remuneration

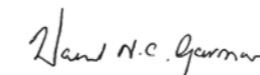
Having reviewed base salary levels the Remuneration Committee has determined that the Executive Chairman and each Executive Director will not receive a salary increase.

Following the introduction of a workforce aligned pension for new Executive Director's, no changes will be made to pension and benefits at this time.

The 2020 annual bonus will continue to be capped at 100% of salary with performance metrics based on underlying profit before tax performance and performance KRAs.

2020 LTIP awards to Executive Directors (excluding the Executive Chairman given his participation in the TIP) are expected to be granted over shares with a value no more than 100% of salary with performance targets based on EPS and share-price related performance conditions. No further TIP awards will be granted in 2020.

On behalf of the Remuneration Committee



David Garman
Chair of the Remuneration Committee
10 March 2020

DIRECTORS' REMUNERATION REPORT CONTINUED
REMUNERATION POLICY REPORT

The Remuneration Policy was approved at a general meeting of the shareholders of the Company held on 17 September 2019 and took effect immediately. A summary of the Remuneration Policy is set out below (the full Remuneration Policy is available on the Company's website at: www.johnmenziesplc.com).

Directors' Remuneration: Principles

The Remuneration Policy was developed to ensure that the Company is well-placed to attract, retain and motivate its Executive Directors with the ability and experience necessary to run the Group successfully, whilst also aligning executive remuneration with the financial returns of its shareholders.

1 Basic salary	
Purpose and link to strategy	Attract and retain high performing individuals, reflecting the market value of the role and Executive Directors' skills and experience.
Operation	Normally reviewed annually. The Remuneration Committee takes into consideration a number of factors when setting salaries including (but not limited to): <ul style="list-style-type: none"> the size and scope of an individual's responsibilities; an individual's skills, experience and performance; typical salary levels for comparable roles at appropriate comparator companies; pay and conditions elsewhere in the Group; and inflation in the relevant market.
Maximum opportunity	There is no maximum opportunity. Salary increases will normally be in line with the average increase awarded in the wider employee population. Higher increases may be made in certain circumstances and at the Remuneration Committee's discretion. This may include (but is not limited to): <ul style="list-style-type: none"> increase in the scope and/or responsibility of an individual's role; development of an individual within the role; corporate events, such as a significant acquisition or Group restructuring which impacts the scope of a role; and where it is considered necessary for the retention of an Executive Director or to reflect significant changes in market practice.
Performance metrics	None, although individual and Group performance are factors taken into account when setting salaries.
2 Annual Bonus	
Purpose and link to strategy	Incentivise Executive Directors (excluding the Company's Executive Chairman) to deliver Group and individual objectives and enhance performance.
Operation	The annual bonus is paid in cash and Ordinary Shares, based on the Remuneration Committee's assessment of performance during the financial year in question.
Maximum opportunity	Maximum annual award is 100% of salary for Executive Directors (excluding the Executive Chairman).
Performance metrics	All measures and targets are reviewed annually and set at the start of each financial year. The measures will include relevant financial measures and may include performance against key results areas ("KRAs") or other strategic measures as appropriate. At least 70% of the bonus will be based on financial measures.

3 Bonus in Deferred Ordinary Shares ("Deferred Bonus Shares")	
Purpose and link to strategy	Encourage a longer-term focus which is aligned to ordinary shareholders and discourages inappropriate risk-taking.
Operation	20% of any bonus award is paid in Deferred Bonus Shares with such ordinary shares having dividend entitlements/dividend equivalents. The Remuneration Committee may increase the level of deferral at any time.
Maximum opportunity	20% of any bonus award.
Performance metrics	None.
4 2019 Long Term Incentive Plan ("2019 LTIP")	
Purpose and link to strategy	To reward the execution of the Group's strategy and align the interests of ordinary shareholders and Executive Directors (excluding the Executive Chairman).
Operation	Conditional right to acquire ordinary shares or an option to acquire ordinary shares. Vesting of awards is subject to continued service and performance targets, which are measured over a three year period. Dividend equivalents may be payable to the extent that awards vest. A two year holding period will apply to all 2019 LTIP awards granted to Executive Directors.
Maximum opportunity	100% of salary for Executive Directors (excluding the Executive Chairman).
Performance metrics	Total shareholder return ("TSR"), earnings per share ("EPS"), return on capital employed or any other Group financial and/or strategic performance measures. All measures and targets are reviewed annually and set prior to each grant. No more than 25% of an award will vest on the attainment of threshold performance.
5 2019 Transformation Incentive Plan ("2019 TIP")	
Purpose and link to strategy	To incentivise and reward the Executive Chairman for delivering absolute TSR and align the interests of ordinary shareholders and the Executive Chairman.
Operation	Conditional right to acquire ordinary shares or an option to acquire ordinary shares. Vesting of awards is subject to personal investment in ordinary shares, continued service and performance targets which are measured over a minimum of a three year period. Dividend equivalents may be payable to the extent that awards vest. A two year holding period will apply.
Maximum opportunity	850,000 ordinary shares in respect of the Executive Chairman only, subject to an equivalent personal investment in ordinary shares.
Performance metrics	Absolute TSR.
6 Pension	
Purpose and link to strategy	Provide market levels of pension provision to Executive Directors (excluding the Executive Chairman).
Operation	Existing Executive Directors can participate in the John Menzies Money Purchase Pension Scheme and/or cash equivalent.
Maximum opportunity	New Executive Directors: workforce aligned pension provision. Existing Executive Directors (excluding the Executive Chairman): pension contribution and/or cash supplement of up to 20% of salary.
Performance metrics	None.

DIRECTORS' REMUNERATION REPORT CONTINUED

7 Benefits	
Purpose and link to strategy	Provide market levels of benefits provision.
Operation	Executive Directors receive benefits which typically may include, but are not limited to, private health insurance, life assurance, ill-health insurance protection and a company car allowance. Other benefits may be operated through salary sacrifice. The Remuneration Committee may introduce or remove benefits offered to individuals where it considers it appropriate to do so. Where Executive Directors are required to relocate, the Remuneration Committee may, if considered appropriate, offer additional relocation or expatriate benefits.
Maximum opportunity	As the cost of providing other benefits, including health insurance and life assurance, may vary from year to year, it is not considered practical to define a maximum level for these or any other benefits. The level of any relocation benefits, allowances and expenses will depend on the specific circumstances. There is no overall maximum level of benefits.
Performance metrics	None.
8 Company's Sharesave Scheme	
Purpose and link to strategy	Provide the Company's UK employees with an interest in the performance of its ordinary shares.
Operation	Accumulated savings may be used to exercise an option to acquire ordinary shares. The option price of such ordinary shares may be discounted by up to the HMRC-approved level (currently 20%).
Maximum opportunity	Monthly contributions of up to the HMRC-approved limit over a three or five year period.
Performance metrics	None.
9 Shareholding Guidelines	
Purpose and link to strategy	Align the Executive Directors with the long-term interests of ordinary shareholders.
Operation	Shareholding guidelines for Executive Directors are 200% of salary (built up over time).
Maximum opportunity	None.
Performance metrics	None.

10 Non-Executive Directors' Fees	
Purpose and link to strategy	Attract non-executive directors with sufficient skills and experience to fulfil the role.
Operation	The fees for Non-Executive Directors comprise a basic payment plus additional payments for being Chairman of a Board Committee, a Board Committee member or for being the Senior Independent Director. Differential fee levels may be paid for Non-Executive Directors depending on the skills, experience, nationality and responsibilities of an individual or additional time commitments for the role. Any Non-Executive Chairman would receive a fee for his services to the Company. A portion of any Non-Executive Chairman's fee and the Non-Executive Directors' fees may be delivered as ordinary shares. Non-Executive Directors' fees are reviewed periodically by the Board with reference to external benchmarking. The Company repays any reasonable expenses that a Non-Executive Director incurs in carrying out their duties as a director, including travel, hospitality-related and other benefits (e.g. office costs), and any tax liabilities thereon, where appropriate.
Maximum opportunity	None.
Performance metrics	None.

Notes:

- Annual bonus**
Annual bonus performance measures have been chosen to provide an appropriate balance between incentivising Executive Directors (excluding the Executive Chairman) to meet financial targets for the year and to deliver the Group's KRAs. This balance allows the Remuneration Committee to effectively reward performance against the key elements of the Group's strategy. Threshold and stretch targets are derived from a review of the historical and projected performance of the Group and its peers, together with an analysis of analysts' expectations.
- 2019 LTIP**
The ultimate goal of the Company is to provide long term sustainable returns to ordinary shareholders. The performance measures are intended to align Executive Director (excluding the Executive Chairman) remuneration with this goal. Targets are set with reference to the strategic goals of the Group and wider market practice and are positioned at a level which the Remuneration Committee considers to represent stretching performance.
- 2019 TIP**
The ultimate goal of the Company is to provide long term sustainable returns to ordinary shareholders. The absolute TSR targets are intended to align the Executive Chairman's remuneration with this goal.
- Differences in remuneration policy for Directors and other employees**
Remuneration arrangements throughout the Group are based on the principle that reward should be set at competitive levels to support the delivery of the Group's strategy and also attract, retain and motivate individuals who have the necessary skills for each role. Pay differs for employees of different seniority and for those operating in different parts of the world. For example, in accordance with market practice and shareholder expectations, the remuneration arrangements for the Executive Directors and senior executives place a more significant emphasis on long term performance related pay compared to other employees. The Company also operates a HMRC-approved Sharesave Scheme, in which all employees (including Executive Directors) are eligible to participate and which aims to promote a sense of ownership amongst staff.

The Remuneration Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments), notwithstanding that they are not in line with the Remuneration Policy set out above, where the terms of the payment were agreed: (i) before 16 May 2014 (the date on which the Company's first shareholder-approved Directors' remuneration policy came into effect); (ii) before the Remuneration Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director. For these purposes 'payments' includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over ordinary shares, the terms of the payment are 'agreed' at the time the award is granted.

Payments may be made in respect of existing awards under the Company's Bonus Share Plan and the previous Long Term Incentive Plan ("LTIP") and the Remuneration Committee may exercise any discretions available to it in connection with such awards in accordance with the shareholder-approved Directors' remuneration policy in force at the time awards were made.

DIRECTORS' REMUNERATION REPORT CONTINUED

The Remuneration Committee may make minor amendments to the Remuneration Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Malus and Clawback

Malus and clawback provisions operate in respect of annual bonus and past LTIP awards. Following ordinary shareholder approval at the General Meeting held on 17 September 2019, for the 2020 annual bonus and any awards under the 2019 LTIP and 2019 TIP granted after the General Meeting, malus and clawback provisions may be applied during the performance period or within three years from payment/vesting in the event of:

- a material misstatement of financial results for any period;
- an error or inaccurate or misleading information or assumptions;
- circumstances which would warrant or would have warranted summary dismissal;
- a material failure of risk management by the Company or a relevant business unit;
- the Company or a relevant business unit having suffered a material downturn in its financial performance; or
- there are circumstances which, in the Remuneration Committee's opinion, have or could have a sufficiently significant impact on the reputation of the Company or of any company in the Group.

Recruitment Policy

In determining appropriate remuneration arrangements upon hiring a new Executive Director, the Remuneration Committee will take into consideration all relevant factors including, but not limited to, the role, the remuneration being forfeited and the jurisdiction the candidate was recruited from. The Remuneration Committee is mindful of the need to avoid paying more than is necessary upon recruitment. Salary would be set to take into account role and responsibilities. For interim positions a cash supplement may be paid rather than salary (e.g. a Non-Executive Director taking on an Executive function on a short term basis).

The Remuneration Committee may make awards on hiring an external candidate to 'buy out' remuneration arrangements forfeited upon leaving a previous employer. In doing so the Remuneration Committee will take account of relevant factors including any performance conditions attached to these awards, the form in which they were granted (i.e. cash or ordinary shares) and the time over which they would have vested. The key principle is that buyout awards should not be more valuable than those forfeited.

Normally the maximum variable remuneration (excluding buyouts) would be in line with the 2019 Remuneration Policy table above. The Remuneration Committee retains the flexibility to determine that for the first year of appointment any annual bonus award will be subject to such conditions as it may determine. Against that background, where the potential exists that a new Executive Director could have different roles and responsibilities to those currently appointed, such responsibilities may require to be reflected in that Executive Director's remuneration arrangements. Taking this into account, the Remuneration Committee may, for the first year, make an additional performance-related incentive award of up to 50% of salary. The form of any award would be determined at the relevant time.

Where an Executive Director is appointed from within the Group, the normal policy of the Company is that any legacy arrangements should be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of, or merger with, another company, legacy terms and conditions should be honoured.

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will be in line with those detailed in the Remuneration Policy.

Service Contracts and Letters of Appointment

The Executive Chairman, Chief Executive Officer and Corporate Affairs Director & Group Company Secretary have service contracts with the Company as detailed below. The Company's practice is that the service contracts of Executive Directors should contain a 12 month notice period for both the Executive Director and the Company, except in relation to the Executive Chairman whose notice period is three months.

Executive Director	Date of Service Contract	Notice Period
Philipp Joeinig	16 August 2019	3 months
Giles Wilson	2 June 2017	12 months
Alvaro Gomez-Reino	12 October 2019	12 months
John Geddes	2 June 2017	12 months

Each of the Non-Executive Directors have letters of appointment. The letters of appointment do not contain any contractual entitlement to a termination payment and the Non-Executive Directors can be removed in accordance with the Company's articles of association.

All Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office.

All Directors are subject to annual re-election.

Payments to Outgoing Executive Directors

Executive Directors will be entitled to receive their basic salary and any contractual benefits for any notice period. The Company may, in its absolute discretion, elect to terminate an Executive Director's contract by making a payment in lieu of notice of the individual's salary for that period. The Remuneration Committee may structure any such payments in such a way as it deems appropriate, taking into account the circumstances of departure.

Any compensation payments will be subject to negotiation, and the Remuneration Policy includes consideration of appropriate mitigation, including phasing of payments.

In the event of an Executive Director's departure, any outstanding share awards will be treated in accordance with the rules of the relevant share plan.

The following principles apply for the treatment of remuneration elements following loss of office of an Executive Director:

Annual Bonus	There is no automatic entitlement to annual bonus. Taking into account the circumstances of leaving, the Remuneration Committee may award a bonus in respect of performance in the relevant financial year with appropriate consideration of time pro-rating, where relevant.
Deferred Bonus Shares	Deferred Bonus Shares are required to be transferred back to the Company (or the Executive Director to pay the market value of such ordinary shares to the Company) in circumstances of resignation or dismissal. In other circumstances the Deferred Bonus Shares would normally be retained by the Executive Director.
2019 LTIP	<p>If an Executive Director ceases office or employment with the Company before the end of the performance period any unvested 2019 LTIP awards will lapse unless the individual is a good leaver.</p> <p>Good leavers are those participants who leave by reason of injury, disability, retirement (with the agreement of the employing company), redundancy, the transfer of the individual's employing company or business out of the Group or such other circumstances as the Remuneration Committee may determine. This discretion will not be exercised where the individual is dismissed for misconduct.</p> <p>If an Executive Director ceases office or employment with the Company during the holding period, 2019 LTIP awards would normally be retained unless the individual leaves due to misconduct.</p>

DIRECTORS' REMUNERATION REPORT CONTINUED

2019 LTIP (continued)	<p>Awards will normally vest on the normal vesting date subject to performance to the end of the relevant performance period and time pro-rating (unless the Remuneration Committee decides that awards should vest early and/or that time pro-rating should be disapplied in part or in full). Any post vesting holding period will normally continue to apply post cessation.</p> <p>If the participant dies, awards will normally vest as soon as practical on a time-apportioned basis and subject to the Remuneration Committee's assessment of the likelihood that the performance conditions will be met in the ordinary course of events.</p>
2019 TIP	<p>If the Executive Chairman ceases office with the Company before the end of the performance period any unvested TIP Awards will lapse unless the individual is a good leaver. Good leavers are those participants who leave by reason of death, ill-health, injury or disability, or the exercise of the Remuneration Committee's discretion. This discretion will not be exercised where the individual is dismissed for misconduct.</p> <p>Should the Executive Chairman revert to Non-Executive Chairman during the three-year vesting period, the Matching Award will continue on the agreed terms (i.e. there would be no acceleration of vesting and no time pro-rating to reflect the change in role).</p> <p>If the Executive Chairman ceases employment or office with the Company during the holding period, awards made under the 2019 TIP would normally be retained unless the individual leaves due to misconduct.</p> <p>Awards for good leavers will normally vest on the normal vesting date subject to performance to the end of the relevant performance period and time pro-rating (unless the Remuneration Committee decides that awards should vest early and/or that time pro-rating should be disapplied in part or in full). Any post vesting holding period will normally continue to apply post cessation.</p> <p>If the participant dies, awards will normally vest as soon as practical on a time-apportioned basis and subject to the Remuneration Committee's assessment of the performance conditions.</p>
Pension	An Executive Director will be eligible to receive the standard contribution to the defined contribution pension plan, or cash equivalent, during the notice period, where relevant.
Sharesave Scheme	Leavers will be treated in accordance with the rules of the approved Sharesave Scheme.
Benefits	The Company may make a contribution towards reasonable legal fees incurred in relation to any agreement to cease employment.
Buyout awards and additional recruitment awards	The Remuneration Committee shall determine the leaving terms for any such reward at the time of grant.

The Remuneration Committee reserves the right to make any other payments in connection with an Executive Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of an Executive Director's office or employment. Any such payments may include, but are not limited to, amounts in respect of accrued leave, paying any fees for outplacement assistance and/or the Executive Director's legal or professional advice fees in connection with his cessation of office or employment.

In the event of a change of control, the Remuneration Committee may determine the extent to which any annual bonus should be payable and awards made under the 2019 LTIP and 2019 TIP may vest, taking into account performance conditions and time pro-rating (unless the Remuneration Committee decides to disapply time pro-rating).

Consideration of Employee Conditions Elsewhere in the Group

The average base salary increase awarded across the workforce provides a key reference point when determining levels of increase for the Executive Directors to ensure that all arrangements remain reasonable. Given the number of employees and diverse locations, the Remuneration Committee did not believe it practical or reasonable to consult employees on the new Remuneration Policy. That said, the Remuneration Committee did take into account employee conditions across the Group when determining the Remuneration Policy.

Consideration of Shareholder Views

The Remuneration Committee reviews shareholder feedback on remuneration matters as well as developments in investor body guidelines and has taken these into account in formulating Executive Director remuneration policies. The Remuneration Committee consulted with a number of the Company's major shareholders in relation to the replacement of the Company's Value Creation Plan with the 2019 LTIP and the introduction of the 2019 TIP.

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual Report on Remuneration

Total Remuneration Received for the Year Ended 31 December 2019

The table below provides a single figure of remuneration for each member of the Board, broken down into each element of pay and compared to the previous year.

The table below and the subsequent sections 1 to 9 are subject to audit by the Company's auditor.

	Base salary/fee £000		Taxable benefits ¹ £000		Annual bonus £000		Legacy Awards £000		LTIP £000		Total long-term incentives £000		Pension ² total £000		Total remuneration £000		Proportion of total remuneration fixed (%)	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Executive Directors																		
P Joeinig	85 ³	-	-	-	-	-	-	-	-	-	-	-	-	-	85	-	100	-
G Wilson	371 ⁴	329	15	15	0	252	-	91	0	208	-	299	74	66	460	960	100	43
A Gomez-Reino	24 ⁵	-	1	-	-	-	-	-	-	-	-	-	5	-	30	-	100	-
J Geddes	265 ⁶	253	15	15	0	189	-	91	0	172	-	264	53	51	333	771	100	41
Non-Executive Directors																		
P Baines	46	46	-	-	-	-	-	-	-	-	-	-	-	-	46	46	100	100
D Garman	71 ⁷	52	-	-	-	-	-	-	-	-	-	-	-	-	71	52	100	100
P Joeinig	24 ³	43	-	-	-	-	-	-	-	-	-	-	-	-	24	-	100	100
C Kappelhoff-Wulff	28 ⁸	-	-	-	-	-	-	-	-	-	-	-	-	-	28	-	100	-
S Maizey	46	46	-	-	-	-	-	-	-	-	-	-	-	-	46	46	100	100
Former Directors																		
F Black ⁹	479	368	17	14	-	267	-	177	-	407	-	584	96	74	592	1,308	100	35
G Eaton	18 ¹⁰	46	-	-	-	-	-	-	-	-	-	-	-	-	18	46	100	100
D Smurfit	80 ¹¹	253 ¹²	-	-	-	-	-	-	-	-	-	-	-	-	80	46	100	100

Notes:

- Taxable benefits offered to Executive Directors comprise a car allowance and health insurance. The Company has agreed to meet relocation costs to be incurred by Alvaro Gomez-Reino during 2020.
- Details of the pension arrangements for each of the Directors are included on page 109 of this Annual Report and Accounts 2019.
- Philipp Joeinig switched from Non-Executive Director, receiving an annual fee of £43,000, to Executive Chairman, receiving an annual salary of £180,000, on 12 July 2019. Philipp Joeinig's annual salary includes an annual contribution of £30,000 towards office costs.
- The figure of £371,000 reflects the pro-rated increase of Giles Wilson's salary from £331,500 to £400,000 upon his appointment as Chief Executive Officer on 6 July 2019.
- Relevant remuneration reflects the appointment date of Alvaro Gomez-Reino to the Board in December 2019.
- The figure of £265,000 reflects the pro-rated increase of John Geddes' salary from £255,000 to £275,000 upon his salary increase on 6 July 2019 to reflect his expanded role.
- The figure of £71,000 reflects the pro-rated increase of David Garman's salary from £52,000 to £92,000 upon his appointment as Deputy Chairman on 12 July 2019 and includes his fee as Committee Chair and Senior Independent Director.
- Christian Kappelhoff-Wulff was appointed to the Board on 23 May 2019.
- Forsyth Black stepped down from the Board on 11 March 2019.
- Geoff Eaton did not stand for re-election at the 2019 AGM and, accordingly, resigned from the Board on 17 May 2019.
- Dr Dermot Smurfit resigned from the Board on 11 July 2019.
- The Company's Remuneration Committee determined that it would be appropriate for part of the Company's fee arrangement with Dr Dermot Smurfit to be a cash fee satisfied by way of issue of up to 20,000 Ordinary Shares, issued on an annual basis for three years (the Chairman's Award). Accordingly, in satisfaction of the Chairman's Award for the financial year ending 31 December 2018, the Company transferred 20,000 Ordinary Shares out of Treasury to Dr Smurfit on 8 November 2018 at a price of 514.6p pence per Ordinary Share. For the avoidance of doubt, the value of these Ordinary Shares is included in the fee figure for Dr. Smurfit.

1. Base Salary

Salaries of Executive Directors and other Company staff are reviewed annually. The current salaries for the Executive Chairman and Executive Directors are set out below and are usually reviewed annually on 1 May. It has been determined that there will be no salary increase for each of Philipp Joeinig, Giles Wilson, Alvaro Gomez-Reino and John Geddes.

When determining the remuneration of the Executive Chairman and Executive Directors, the Remuneration Committee takes account of pay and employment conditions in the Group as a whole.

	2018	2019	2020	% increase for 2020
P Joeinig	N/A	£180,000	£180,000	0
G Wilson	£331,500	£400,000	£400,000	0
A Gomez-Reino	N/A	£285,000	£285,000	0
J Geddes	£255,000	£275,000	£275,000	0

As previously announced, and following Giles Wilson's appointment as Chief Executive Officer of the Company on 6 July 2019, the Remuneration Committee determined that it was appropriate for his salary to be increased from £331,500 to £400,000. At the same time, having reviewed the significantly expanded remit of the Director of Corporate Affairs in light of the Board changes, the Remuneration Committee determined that it was appropriate for John Geddes' salary to be increased from £255,000 to £275,000.

2. Deputy Chairman, Non-Executive Directors' and Chair Fees

The fee policy for Non-Executive Directors for 2020 is as follows:

	2019	2020	% increase for 2020
Deputy Chairman	£80,000	£80,000	0
Basic payment	£40,000	£40,000	0
Board Committee Chair	£6,000	£6,000	0
Board Committee membership	£2,500	£2,500	0
Senior Independent Director	£6,000	£6,000	0

Directors receive one fee either for Board Committee chairmanship or Board Committee membership, irrespective of the number of Board Committees on which they serve. The fees paid to Non-Executive Directors in respect of each of the positions detailed above are reviewed annually. With the exception of the position of Deputy Chairman, they were reviewed in March 2020 and it was agreed that no changes would be made at this time. As previously announced, following David Garman's appointment as Deputy Chairman of the Company and taking into consideration his expanded role, David's basic payment was increased from £40,000 to £80,000 effective from July 2019.

3. Annual Bonus for 2019

For 2019 bonuses were calculated as follows:

Financial performance (80% of awards)

Measure	Weighting (percentage of salary)	Threshold target	Stretch target	Performance achieved	Overall achieved (percentage of salary)
Group Underlying Profit before Tax	80	£47.4m	£52.4m	£36.7m	0

DIRECTORS' REMUNERATION REPORT CONTINUED

KRA performance (20% of awards)

The KRAs for the Executive Directors were set at the start of the year and covered a number of key operational and strategic areas including:

KRAs - Giles Wilson	Weight %
Net borrowings adjusted for significant unbudgeted corporate transactions to be below certain thresholds	16.6
Self-certified financial non-compliances on average to be lower than agreed thresholds, with all non-compliances resolved within agreed targeted time periods	16.6
In-house internal audit function to be established with an agreed increase in audit coverage and lower cost, with all findings resolved within agreed targeted time periods	16.7
Group underlying operating profit margin to improve over prior year	16.7
Targeted number of significant new investors to be added to the shareholder register	16.7
Revenue to exceed agreed target growth over prior year	16.7
KRAs - John Geddes	Weight %
Targeted number of significant new investors to be added to the shareholder register	20
New risk management system to be implemented to enable more in-depth analysis of the Group's forward looking risk profile	20
Company to be compliant with latest GDPR requirements by targeted date	20
Operational internal audit scores to exceed targeted levels	20
Legal costs across Group to be reduced by agreed target	20

The Group's financial performance was such that there was no pay-out relating to KRAs. Therefore the Remuneration Committee has not rated the achievement of the 2019 KRAs.

KRA performance (20% of awards) continued

Name	Weighting (maximum percentage of salary)	KRA performance achieved (percentage of salary)
G Wilson	20	N/A
A Gomez-Reino ¹	N/A	N/A
J Geddes	20	N/A

Total annual bonus awards

Name	Financial performance achieved (percentage of salary)	KRA performance achieved (percentage of salary)	Overall achieved (percentage of salary)	Cash value of award £000
G Wilson	0	N/A	0	£0
A Gomez-Reino ²	-	-	-	£-
J Geddes	0	N/A	0	£0

Notes:

- Calculation in accordance with bonus scheme rules.
- Alvaro Gomez-Reino formally joined the Company as Chief Financial Officer in December 2019 and did not participate in the 2019 annual bonus award.

4. LTIP Awards Vesting in Respect of Performance Ending 31 December 2019

2017 LTIP awards granted to Executive Directors, which are due to vest in 2020 based on performance to 31 December 2019, are as follows:

Criteria	Weighting	Threshold target (25% vesting)	Stretch target (100% vesting)	Attainment	Overall vesting (percentage of maximum)	Performance period
TSR v FTSE SmallCap	100%	TSR = FTSE SmallCap median	TSR > FTSE SmallCap median + 30%	0%	0%	1/1/2017-31/12/2019
Name	Shares Granted	Shares vesting				
G Wilson	51,813	0				
A Gomez-Reino ¹	N/A	N/A				
J Geddes	43,178	0				

Note:

- Alvaro Gomez-Reino formally joined the Company as Chief Financial Officer in December 2019 and did not participate in the 2017 LTIP.

5. TIP Awards Granted in 2019

Following shareholder approval of the 2019 TIP at the September 2019 General Meeting, and the Executive Chairman purchasing a minimum of 850,000 Ordinary Shares (Investment Shares) using his own funds, the following TIP award (Matching Award) was granted on 18 September 2019:

	Nil-cost options awarded	Face value of awards £000's	Maximum vesting	Percentage vesting for threshold performance	Vesting period
P Joeinig	850,000	3,315 ¹	100%	25%	Awards will vest on 31 December 2022

Note:

- Based on a share price of 390 pence at the date of grant.

The following performance targets will operate:

- 25% of the Matching Award will vest if the average share price in the three months ending on the day prior to 31 December 2022 is 752 pence, with vesting increasing on a pro-rata basis to 100% vesting if the average share price is 903 pence (with the average share price used for these calculations being adjusted as appropriate for any dividends during the vesting period using the standard methodology of reinvesting dividends on a net basis in shares on the ex-dividend date). In addition, for the Matching Award to vest, the Remuneration Committee must be satisfied that the share price performance of the Company reflects the Company's underlying financial performance.
- If there is a change of control before 31 December 2022, the following targets would apply:

	25% threshold vesting price ²	100% maximum vesting price ²
Between shareholder approval of the TIP and 31 December 2020	600p	720p
31 December 2021 ¹	672p	806p
31 December 2022 ¹	752p	903p

Notes:

- Vesting would be pro-rated between threshold and maximum values for each period.
- Targets would be pro-rated for part years (i.e. a change of control part way through 2021 or 2022).

- In addition, any allocation above 25% of the Matching Award is contingent upon three consecutive re-elections of the Executive Chairman by shareholders at the 2020, 2021 and 2022 AGMs.

The Matching Award will vest subject to continued employment, the retention of Investment Shares and the performance targets detailed above on 31 December 2022. A further two year post vesting holding period will apply to these awards. Dividend equivalents may be awarded in additional Ordinary Shares to the extent that the Matching Award vests.

DIRECTORS' REMUNERATION REPORT CONTINUED

6. LTIP Awards Granted in 2019

Following shareholder approval of the 2019 LTIP at the September 2019 General Meeting, the following LTIP awards were granted on 18 September 2019:

	Basis of award granted	Nil-cost options awarded	Face value of awards £000's	Maximum vesting	Percentage vesting for threshold performance	Vesting period
G Wilson	75% of salary	74,074	300 ¹	100%	25%	Awards will vest on 31 December 2022
J Geddes	75% of salary	50,925	206 ¹	100%	25%	

Note:

1. Based on a share price of 405 pence at the date of grant.

The following performance targets will operate:

- For 50% of awards: 25% of this part of awards will vest for earnings per share (EPS) growth of RPI+3% p.a., increasing pro-rata to 100% vesting of this part for EPS growth of RPI+8% p.a. as measured over the three financial years ending 31 December 2021, using EPS for the year ended 31 December 2018 as the base year.
- For 50% of awards: Absolute TSR targets will be operated as per the TIP Award above.
- Awards will vest subject to continued employment and the performance targets detailed above on 31 December 2022. In addition, dividend equivalents may be awarded in additional Ordinary Shares and a two-year holding period will apply, to the extent that awards vest.

7. Scheme Interests as at 31 December 2019

Outstanding LTIP awards as at 31 December 2019 are shown below:

Name		31 December 2018	Granted during 2019	Market price of award	Vested during 2019	Lapsed during 2019	Gain/(loss) £000	31 December 2019	Performance period
P Joeinig	TIP	-	850,000	390p	-	-	-	850,000	18/09/2019-31/12/2022
F Black	LTIP	76,736 ¹	-	443p	76,736	-	-	-	1/1/2016-31/12/2018
	LTIP	60,449 ²	-	579p	-	-	-	60,449 ²	1/1/2017-31/12/2019
	LTIP	51,244	-	683p	-	-	-	51,244	1/1/2018-31/12/2020
	VCP	25% of pool ⁴	-	630p	-	25% of pool ⁴	-	-	26/7/18-26/01/24
G Wilson	LTIP	37,610 ¹	-	443p	37,610	-	-	-	1/1/2016-31/12/2018
	LTIP	51,813 ²	-	579p	-	-	-	51,813 ²	1/1/2017-31/12/2019
	LTIP	47,584	-	683p	-	-	-	47,584	1/1/2018-31/12/2020
	LTIP	-	74,074 ³	405p	-	-	-	74,074 ³	01/01/2019-31/12/2022
	VCP	19.8% of pool ⁴	-	630p	-	19.8% of pool ⁴	-	-	26/7/18-26/01/24
J Geddes	LTIP	33,571 ¹	-	443p	33,571	-	-	-	1/1/2016-31/12/2018
	LTIP	43,178 ²	-	579p	-	-	-	43,178 ²	1/1/2017-31/12/2019
	LTIP	36,603	-	683p	-	-	-	36,603	1/1/2018-31/12/2020

Name		31 December 2018	Granted during 2019	Market price of award	Vested during 2019	Lapsed during 2019	Gain/(loss) £000	31 December 2019	Performance period
	LTIP	-	50,925 ³	405p	-	-	-	50,925 ³	01/01/2019-31/12/2022
	VCP	15.2% of pool ⁴	-	630p	-	15.2% of pool ⁴	-	-	26/7/18-26/01/24

Notes:

- These LTIP awards vested in March 2019.
- As the performance criteria have not been achieved, this award shall lapse following the Company's final results announcement on 10 March 2020.
- As detailed in the Company's Circular dated 22 August 2019, these awards were made under the 2019 LTIP following the cancellation of awards made under the VCP.
- All VCP awards held by Executive Directors/former Executive Directors were cancelled during 2019.

8. Total Pension Entitlements

Scheme benefits/cash payments in lieu of pension contributions

John Geddes was a member of the Menzies Pension Fund, accruing 1/30th respectively of his pensionable salary (subject to the scheme earnings cap) for each year of pensionable service. On 31 March 2017 the Menzies Pension Fund was closed to future accrual. From 1 April 2017 John Geddes receives a cash payment equal to 20% of his salary in lieu of pension contribution. Giles Wilson receives a cash payment equivalent to 20% of his salary in lieu of pension contribution. Alvaro Gomez-Reino receives a cash payment of 10% of his salary in lieu of pension contribution, which aligns with pension contributions to graded managers within the workforce. The Executive Chairman does not receive any pension contribution.

Unfunded arrangement

The total of the transfer values for unfunded pension entitlements, held on the Company's Balance Sheet at 31 December 2019 for former Directors, totalled £2,100,000 (2018: £2,000,000), from which annual pensions of £70,000 were paid to former Directors (2018: £60,000).

9. Directors' Shareholdings and Share Interests

Executive Directors are expected to build a shareholding in the Company of 200% of salary under the Remuneration Policy. The Remuneration Committee believes that shareholding guidelines of 200% of salary, coupled with the 12 month holding period for 2016 LTIP awards and the two year holding period applicable to Ordinary Shares that vest under the 2019 LTIP and 2019 TIP, create a strong, but proportionate, alignment with shareholders and further align Executive interests with sustained value creation. Executive Directors are given a period of time to build their shareholding in the Company.

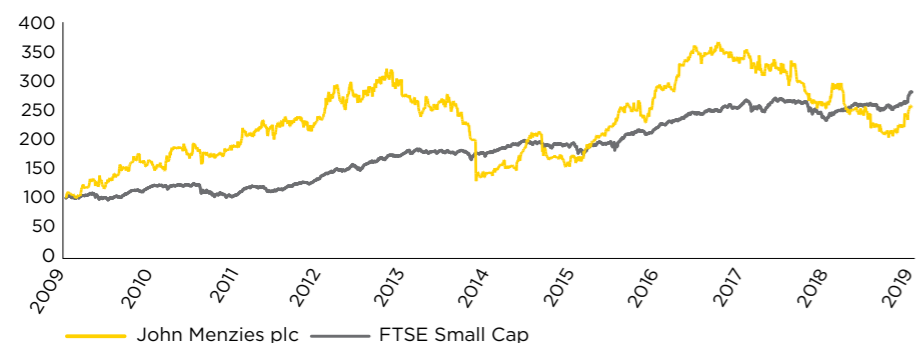
The following table shows Directors' shareholdings and share interests as at 31 December 2019 (including shares held by Directors' (or their persons closely associated) together with share options exercised during 2019:

	Number of Ordinary Shares owned (including Deferred Bonus Shares)	Unvested conditional Ordinary Shares subject to performance conditions (2016 LTIP, 2019 LTIP and 2019 TIP)	Unvested options over Ordinary Shares subject to savings contracts (SAYE)	Vested options exercised during 2019	Unvested conditional Ordinary Shares not subject to performance conditions
P Joeinig	1,300,000	850,000	-	-	-
D Garman	40,871	-	-	-	-
G Wilson	79,134	173,471	2,716	40,367	0
A Gomez-Reino	-	-	-	-	-
J Geddes	67,771	130,706	1,372	33,571	0
P Baines	3,000	-	-	-	-
C Kappelhoff-Wulf	5,450,643	-	-	-	-
S Maizey	5,450	-	-	-	-

DIRECTORS' REMUNERATION REPORT CONTINUED

10. Ten Year Historical TSR Performance and Executive Director Pay

The following graph compares the Company's TSR for the ten years to December 2019 with the equivalent performance of the FTSE SmallCap Index.



The Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (the Regulations) require companies to show the total remuneration of any director who undertakes the role of Chief Executive Officer (CEO) in each of the last ten years. As the Company's Executive structure did not include the role of CEO prior to October 2014 and until 5 September 2018, the following table shows the required figures for the highest paid Director in each year:

Highest paid Director in year	2010: Dollman	2011: Dollman	2012: Dollman	2013: Smyth	Jan.- Oct. 2014: Smyth	Oct.- Dec. 2014: Stafford	2015: Stafford	1/1/16- 13/1/16: Stafford	13/1/16- 31/12/16: Black	2017: Wilson	2018: Black	1/1/19- 13/3/19 Black	13/3/19- 31/12/19 Wilson
Role	Group Finance Director	Group Finance Director	Group Finance Director	MD, Menzies Aviation	MD, Menzies Aviation	CEO	CEO	CEO	President & MD, Menzies Aviation	Chief Financial Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer
Total remuneration (£000)	750	3,578	1,735	1,203	725	167	493	41 ¹	648	1,240	1,308	97 ²	379 ³
Annual bonus award (percentage of maximum)	74	74	63	46	-	45	-	-	95	98	98	0	0
Long-term incentive vesting (percentage of maximum)	40	100	100	84	-	n/a	-	-	0	100	100	0	0

Notes:

- A payment of £65,200 (gross) was also made to Jeremy Stafford for loss of office together with a contribution of £4,000 plus VAT towards legal fees incurred in connection with his loss of office.
- Forsyth Black received a gross payment of £94,000 for his loss of office together with a maximum contribution of £10,750 plus VAT towards legal fees incurred in connection with his leaving. Forsyth Black did not receive an annual bonus for the financial year ending 31 December 2019.
- Giles Wilson held the position of Chief Financial Officer until 12/03/2019 following which he was appointed Interim Chief Executive Officer. On 6 June 2019 Giles Wilson was confirmed as the Company's Chief Executive Officer on a permanent basis.

11. Board Changes and Compensation for Loss of Office

Forsyth Black

As announced by the Company on 12 March 2019, Forsyth Black resigned as Chief Executive Officer and as a Director of the Company. Upon his resignation Forsyth Black was placed on garden leave until 11 September 2019. During this period Forsyth Black continued to receive his salary and contractual benefits and subsequently received a payment for loss of office of £94,000.

No bonus was payable in respect of the financial year ended 31 December 2019.
In respect of outstanding share awards:

- 3,291 shares purchased by Forsyth Black under the 2015 Bonus Share Plan vested on 11 September 2019.
- Awards held under the Value Creation Plan (a 25% of the pool) lapsed on cessation of employment.
- Awards under the 2015 Long Term Incentive Plan (82,201 shares in total under award) will vest at the normal vesting dates, subject to performance and time pro-rating.
- Ordinary Shares held under option as part of the Company's Save As You Earn scheme vested in accordance with the scheme rules.

Forsyth Black also received a maximum contribution of £10,750 plus VAT towards legal fees incurred in connection with the foregoing. No other remuneration payment or any payment for loss of office was paid.

Dr Dermot F Smurfit

As announced by the Company on 12 July 2019, Dr Dermot F Smurfit stepped down as Chairman. He received no payment in respect of a payment in lieu of notice and received no other remuneration payment or any payment for loss of office.

12. Percentage Change in Remuneration

The Regulations also require companies to show the annual change in base salary, benefits and annual bonus for any director undertaking the role of CEO during the financial year in question together with the average change for all Group employees. In this case, the figures below represent the remuneration provided to Forsyth Black and Giles Wilson, pro-rated to reflect their period as CEO.

Whilst the table below details this information, given the geographical spread of the Group's operations and taking into account the different rates of wage inflation that exist, the average for Group employees for comparison with Forsyth Black and Giles Wilson is based on a like for like change in basic pay per full-time equivalent in the UK employee base.

	Base salary (percentage change)	Benefits (percentage change)	Annual bonus (percentage change)
CEO	5	7	100
Average for Group employees	2	0	51

13. Relative Importance of Spend on Pay

The total Group spend on employee remuneration during 2019 and the immediately preceding financial year is reflected in the following table:

	2018	2019
Group employee remuneration costs	£832.3m	£813.6m
Dividend distribution	£17.1m	£17.3m
Share buyback	£3.3m	£Nil

DIRECTORS' REMUNERATION REPORT CONTINUED

14. CEO Pay Ratio

The data shows how the CEO's single figure remuneration for 2019 compares to equivalent single figure remuneration for full-time equivalent UK employees, on a Group basis, ranked at the 25th, 50th and 75th percentile.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019	Option A	26 : 1	19 : 1	15 : 1

In calculating the Single Total Figure of Remuneration for the CEO, total remuneration for Forsyth Black and Giles Wilson, as taken from the single figure table on page 104, was pro-rated to reflect the time served by each individual as CEO in 2019.

In calculating the remuneration for the three comparators, the prescribed methodology for Option A was used. Their earnings can be summarised as follows:

Year	Salary			Total pay and benefits		
	25th %tile	Median	75th %tile	25th %tile	Median	75th %tile
2019	£17,970	£23,770	£31,990	£18,032	£24,689	£32,790

Given that the Company has used the most statistically robust method of calculating the CEO pay ratio (Option A), the median ratio is considered to be consistent with the Company's wider policies on employee pay, reward and progression.

15. The Remuneration Committee

During 2019 the following Non-Executive Directors were members of the Remuneration Committee:

Name	Position	Attendance
D Garman	Chairman	4/4
P Joeinig ²	Member	2/2
P Baines	Member	4/4
C Kappelhoff-Wulff ¹	Member	3/3
S Maizey	Member	4/4

Notes:

1. Christian Kappelhoff-Wulff was appointed to this Board Committee on 5 June 2019.
2. Philipp Joeinig stepped down as a member of the Remuneration Committee on 12 July 2019 following his appointment as Executive Chairman of the Board.

Advisers to the Remuneration Committee

During 2019 the Remuneration Committee was advised by remuneration consultants by FIT Remuneration Consultants LLP. Total fees in relation to Executive remuneration consulting were £77,500.

FIT was appointed by the Remuneration Committee and, as a member of the Remuneration Consultants' Group, voluntarily operates under the Code of Conduct in relation to Executive Remuneration Consulting in the UK. Each year the Chair of the Remuneration Committee agrees the protocols under which FIT will provide advice to support independence.

In addition, legal advice was sought by the Remuneration Committee from the Company's solicitors, Dentons UKMEA LLP, where considered appropriate.

The Group's Chief Financial Officer and Group Company Secretary also provided internal support and guidance to the Remuneration Committee where appropriate. They are, however, specifically excluded from any matters concerning the details of their own remuneration. Members of the Remuneration Committee have no personal financial interest (other than as shareholders) in the matters to be decided by the Remuneration Committee and no day-to-day involvement in the running of the business of the Group.

16. Remuneration Resolutions

The table below provides the results of the 2018 Directors' Remuneration Report resolution, tabled at the Company's AGM in May 2019, and the 2019 Directors' Remuneration Policy resolution, tabled at the Company's general meeting in September 2019:

Resolution	Votes for	Percentage	Votes against	Percentage	Votes total	Votes withheld
2018 Directors' Remuneration Report	52,335,634	77.13	15,518,149	22.87	67,853,783	24,244
2019 Directors' Remuneration Policy	47,254,089	82.98	9,690,558	17.02	56,944,647	13,196

It can be seen that a significant number of votes were cast against the 2018 Directors' Remuneration Report resolution at the 2019 AGM. The Company undertook a detailed review of the feedback received on this resolution and the 2018 Remuneration Policy more generally resulting in the Chairman of the Remuneration Committee engaging with a number of the Company's substantial shareholders in respect of proposed remuneration policy changes to address the concerns raised. Further details of the engagement with shareholders on this matter can be found on pages 77 and 93 to 94 of this Annual Report and Accounts 2019.

An advisory resolution to approve this Remuneration Report will be tabled at the forthcoming AGM.

The Chairman of the Remuneration Committee will be available to answer questions from the Company's shareholders on this Remuneration Report.

17. External Appointments

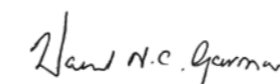
The Board recognises the benefits to the individual and to the Company of involvement by Executive Directors as Non-Executive Directors on the boards of other companies. Prior to accepting an invitation to become a Non-Executive Director of another company, an Executive Director must receive approval from the Chairman of the Company. This approval will not be denied where the Chairman is confident that there is no concern with regard to overboarding and the appointment in question will not interfere with the Director's ability to perform their duties for the Company or provide a conflict of interest. Executive Directors are entitled to retain any fees received under such appointments.

18. Implementation of the Policy for 2020

The Committee intends to operate the Remuneration Policy for 2020 as follows:

- Having reviewed the base salary levels of the Executive Chairman and the Executive Directors, the Remuneration Committee has determined that each of Philipp Joeinig, Giles Wilson, Alvaro Gomez-Reino and John Geddes will not receive a salary increase at this time.
- No changes will be made to pension and benefits.
- The annual bonus will continue to be capped at 100% of salary and the performance metrics will be similar to those operated for 2019. The performance targets, which are currently considered to be commercially sensitive, will be disclosed retrospectively in next year's Directors' Remuneration Report.
- LTIP awards for 2020 for Executive Directors (excluding the Executive Chairman) will be granted over shares with a value of no more than 100% of salary (and will consider the prevailing share price at the time of grant). For 50% of awards: 25% of this part of awards will vest for earnings per share (EPS) growth of RPI+3% p.a., increasing pro-rata to 100% vesting of this part for EPS growth of RPI+8% p.a. as measured over the three financial years ending 31 December 2022. For the other 50% of awards: 25% of this part of awards will vest for median Total Shareholder Return against the constituents of the FTSE SmallCap increasing pro-rata to 100% of this part vesting for median plus 30% measured over the three financial years ending 31 December 2022. There is currently no intention to grant further TIP awards during 2020.

On behalf of the Remuneration Committee



David Garman
Chair of the Remuneration Committee
10 March 2020

STRATEGIC COMMITTEE REPORT



Christian Kappelhoff-Wulff
Chair of the Strategic Committee

Welcome to the inaugural report of the Board-constituted Strategic Committee for the 2019 financial year, chaired by me, Christian Kappelhoff-Wulff and attended by Executive and Non-Executive Directors. In addition to Strategic Committee members, other Board members also regularly attended our Strategic Committee meetings throughout the year demonstrating the Board's ongoing commitment to strategy development and execution.

Meetings and Purpose

The Strategic Committee was constituted by the Board in May 2019 and sits six times per year. The Strategic Committee's primary purpose is to assist the Board in monitoring the delivery of the Group's strategy and structure and evaluate all future key strategic decisions, including significant capital investments and any potential merger, disposal and acquisition activity.

Role and Responsibilities

The main responsibilities of the Strategic Committee are detailed in its Terms of Reference which are available on the Company's website. These are: (i) considering and reviewing (and, where it thinks appropriate, recommending to the Board) all potential acquisitions and disposals of any business or business unit or significant asset by any member of the Group which may be contemplated by the Group as well as any proposed merger, joint venture, profit sharing or similar transaction involving any member of the Group; (ii) the review of key strategic projects; (iii) the review of industry developments surrounding merger and acquisition activity in the Aviation sector; and (iv) the review of major organic ventures requiring significant capital expenditure. The Strategic Committee also has oversight of Group strategy which feeds into the Group's strategic planning and any proposed diversification into new products or markets.

Committee Members

Name	Position	Attendances
C Kappelhoff-Wulff	Chair	4/4
D Garman	Member	3/3
P Joeinig	Member	4/4
G Wilson	Member	4/4
D Smurfit ¹	Member	1/1

Note:
1. Dermot Smurfit stepped down as a member of the Strategic Committee on 12 July 2019 and so could only attend one of its meetings during the year.

Key activities undertaken in the reporting year in question were:

- reviewing the role of corporate advisers to be used in future merger and acquisition activity;
- reviewing and approving capital applications such as the easyJet renewal at London Luton Airport and the acquisition of our joint venture partner's interest in AMI Asia HK Limited by our Air Menzies International business; and
- reviewing and monitoring the Group's net debt and in particular the net debt to EBITDA ratio and the covenant position.

Additional information on the key areas of the Group's strategy can be found on pages 6, 7 and 12 of this Annual Report and Accounts 2019.

I look forward to reporting to you next year on the activities undertaken in 2020 as we aim to deliver our defined strategy and deliver profitable growth.

On behalf of the Strategic Committee

Christian Kappelhoff-Wulff
Chair of the Strategic Committee
10 March 2020

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The following sections provide information on those items which are required to be included in this Directors' Report, pursuant to the requirements of the Companies Act 2006 (the 2006 Act), the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013) (the 2013 Regulations), the Companies (Miscellaneous Reporting) Regulations 2018 and the Financial Conduct Authority's (the FCA) Listing Rules and the Disclosure Guidance and Transparency Rules. Some items are incorporated by reference into this Directors' Report, as detailed below.

Directors

All of the Directors who served during 2019 are shown in the table below. Biographies of those Directors who were in office at the end of 2019 are included on pages 68 and 69 of this Annual Report and Accounts 2019 and all of these Directors held office throughout 2019.

Current and former Directors' interests in the Company's Ordinary Shares of £0.25 each (the Ordinary Shares) were as follows:

Name	Position	Appointed/resigned		31 December 2019	31 December 2018
P Joeinig	Executive Chairman	Appointed Jun. 2017	Beneficial	1,300,000	100,000
D Garman	Deputy Chairman	Appointed Jun. 2015	Beneficial	40,871	13,571
G Wilson	Chief Executive Officer	Appointed Jun. 2016	Beneficial	79,134	45,384
A Gomez-Reino	Chief Financial Officer	Appointed Dec. 2019	Beneficial	-	N/A
J Geddes	Corporate Affairs Director & Group Company Secretary	Appointed Nov. 2016	Beneficial	67,771	41,425
P Baines	Non-Executive Director	Appointed Jun. 2016	Beneficial	3,000	3,000
C Kappelhoff-Wulff	Non-Executive Director	Appointed May 2019	Non-beneficial	5,450,643	N/A
S Maizey	Non-Executive Director	Appointed May 2014	Beneficial	5,450	5,450
Former Directors					
D Smurfit	Chairman	Resigned Jul. 2019	Beneficial	N/A	465,000
F Black	Chief Executive Officer	Resigned Mar. 2019	Beneficial	N/A	65,042
G Eaton	Non-Executive Director	Resigned May 2019	Beneficial	N/A	4,077

There have been no subsequent changes to these interests as at 10 March 2020, other than 20,000 shares purchased by David Garman on the same date.

No Director had any material interest in any contract, other than a service contract as set out on page 101 of this Annual Report and Accounts 2019.

Substantial Shareholders

In addition to the Directors' interests set out above, the Company had been notified of the following interests of 3% or more in its Ordinary Shares as at 31 December 2019 and 10 March 2020:

Name	Number of Ordinary Shares as at 10 March 2020	Percentage of issued Ordinary Shares as at 10 March 2020	Number of Ordinary Shares as at 31 December 2019	Percentage of issued Ordinary Shares as at 31 December 2019
Kabouter Management LLC	9,978,079	11.84	9,978,079	11.84
Axxion S.A. ¹	8,298,866	9.84	8,341,866	9.90
Sterling Strategic Value Fund S.A.	6,526,374	7.74	6,497,451	7.71
Lakestreet Capital Partners AG	5,450,643	6.47	5,450,643	6.47
DC Thomson & Company Limited	5,013,058	5.95	5,450,643	5.95
Premier Milton Investors	3,417,269	4.05	3,467,269	4.11

Note:

1. Axxion S.A. acting on behalf of Frankfurter Aktienfonds für Stiftungen and Frankfurter Stiftungsfonds.

Directors' and Officers' Liability Insurance

In accordance with the 2006 Act and the Company's Articles of Association (the Articles), the Company has arranged qualifying third party indemnities against financial exposure which the Directors may incur in the course of their professional duties for the Company. Equivalent qualifying third party indemnities were, and remain, in force for the benefit of those Directors who stood down from the Board during 2019. In addition to these indemnities, the Company places Directors' and Officers' liability insurance cover for each Director.

Dividends

In accordance with the Company's Full Year Results 2019 released to the London Stock Exchange on 10 March 2020, the Board believed it prudent and in the best interests of shareholders to suspend the dividend temporarily and therefore recommended not paying a final dividend for the year. An interim dividend of 6.0p per Ordinary Share (2018: 6.0p) was paid on 15 November 2019, making the total dividend for the 2019 financial year 6.0p per Ordinary Share.

Political Donations

In accordance with its policy, the Group did not give any money for political purposes nor did it make any donations to political organisations or independent candidates or incur any political expenditure during 2019.

Financial Risk Management Objectives and Policies

The financial risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, are detailed in Note 16 to the Accounts contained in this Annual Report and Accounts 2019, which information is incorporated by reference into this Directors' Report.

Exposure to Risk

The risk exposure of the Group, including the exposure to price risk, credit risk, liquidity risk and cash flow risk, is included in Note 16 to the Accounts contained in this Annual Report and Accounts 2019, which information is incorporated by reference into this Directors' Report.

Financial Instruments

Details of the use of financial instruments and financial risk management are included in Note 16 to the Accounts contained in this Annual Report and Accounts 2019, which details are incorporated by reference into this Directors' Report.

Workforce Engagement

Details of how the Company engaged with its workforce during the period are contained in the Strategic Report (pages 41 to 44) and the Human Resources Committee Report (pages 90 to 92) which details are incorporated by reference into this Directors' Report.

Customer and Supplier Engagement

Details of how the Company engaged with its customers and suppliers are contained in the Strategic Report (pages 60 to 63) of this Annual Report and Accounts 2019 which details are incorporated by reference into this Directors' Report.

Post Balance Sheet Events

On 27 February 2020 the Group announced that the outbreak and continued spread of COVID-19 (coronavirus) is having a direct impact on the operations of the Group. This impact has been at its greatest within the operations in Macau and where Chinese carriers are handled across the network. The situation is still evolving, and the Group only has limited visibility of what flight schedules are being impacted into March and beyond, so it is difficult to assess how extensive the impact could be at the date of signing of the Annual Report and Accounts 2019 on 10 March 2020. The Board currently estimate that there is likely to be an adverse profit impact in 2020 of approximately £6m-£9m on the assumption that the impact of the virus subsides towards the end of the first half of the year. Wherever possible mitigation actions have been put in place along with a tight control on costs and expenditure.

DIRECTORS' REPORT CONTINUED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 CONTINUED

Outlook

An indication of the likely future developments in the business of the Company (and its subsidiaries) is included in the Strategic Report section of this Annual Report and Accounts 2019 (pages 1 to 59), which details are incorporated by reference into this Directors' Report.

Research and Development

The Company (nor any subsidiaries included in its consolidation) is not actively involved in activities in the field of research and development.

Geographical Spread

The Company operates in 34 countries worldwide and details of this geographical spread can be found on pages 2 and 3 of this Annual Report and Accounts 2019, which details are incorporated by reference into this Directors' Report.

Employment Policies

Policies regarding the hiring, continuing employment and training, career development and promotion opportunities for all employees both in the UK and worldwide, together with reports on employee involvement and representation, are contained in the Responsible Business section of this Annual Report and Accounts 2019 (pages 40 to 59), which details are incorporated by reference into this Directors' Report.

At the end of 2019 the split of male to female employees in the Group was:

Employee group	Male	Female
Directors	7	1
Decision-makers	231	91
All employees	22,137	9,863

Full and fair consideration is given to all applications for employment; Group policies dictate that during the recruitment process all individuals are treated equitably, including those with disabilities. Where employees become disabled whilst employed by the Group we would seek to ensure that their employment could continue or alternative employment arranged whenever reasonable and practicable to do so, subject to any necessary training taking place and making reasonable adjustments where necessary. All employees, irrespective of whether they have a physical or mental disability, are given the same opportunities within the Group in terms of training, career development and promotion. Our policies and procedures for recruitment, training, promotion and reward promote equality of opportunity, regardless of background and personal circumstances.

Policy and Practice on Payment of Creditors

The Group does not operate a standard code in respect of payments to suppliers with each operating business responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted, including the terms of payment. It is Group policy that payments to suppliers are made in accordance with the agreed terms, provided that the supplier has performed in accordance with all relevant terms and conditions. The amount owed to trade creditors represented 22 days of purchases from suppliers (2018: 20 days).

Audit Information

So far as the Directors in office at the date of signing of this Directors' Report are aware, having made the requisite enquiries, there is no relevant audit information (as defined in section 418 of the 2006 Act) in terms of which the Company's auditor is unaware, and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. Resolutions to re-appoint Ernst & Young LLP as auditor of the Company and to authorise the Board to set its remuneration will be proposed at the Company's forthcoming annual general meeting (AGM).

Share Capital and Structure

The Company has two classes of shares: the Ordinary Shares of £0.25 each and preference shares of £1.00 each (the Preference Shares). As at 31 December 2019 the Company had an issued share capital comprising 1,394,587 Preference Shares (representing approximately 2% of the Company's issued share capital) and 84,490,964 Ordinary Shares (representing approximately 98% of the Company's issued share capital). Of these 84,490,964 Ordinary Shares, 181,642 were held as treasury shares. It is the Company's policy that shares held in treasury are to be used for the satisfaction of share plan awards.

During 2019 the Company did not purchase any of its own shares.

No shares in the capital of the Company can be allotted at a discount nor can they be allotted except as paid up both in regard to nominal amount and premium to the minimum extent permitted by the 2006 Act.

Articles of Association

Transfer of shares

There are no restrictions on the transfer of shares in the Company other than as contained in the Articles. Subject to the Articles, the Admission and Disclosure Standards of the London Stock Exchange and any requirements of the FCA, the Directors may refuse to register a transfer of a certificated share which is not fully paid provided that this power will not be exercised so as to disturb the market in the Company's shares.

Voting rights

Deadlines for exercising voting rights and appointing a proxy or proxies to vote on the resolutions to be considered at the Company's forthcoming AGM on 1 May 2020 are specified in the Notes to the Notice of AGM. Every ordinary shareholder present in person or by proxy at a general meeting of the Company shall, on a show of hands, have one vote unless, in the case of the latter, they have been appointed by more than one shareholder and have received instructions to vote both in favour of and against the same resolution in which case they will have one vote against that resolution and one vote for. On a poll, every shareholder of the Company present in person or by proxy at a general meeting of the Company shall have one vote for every share which they hold and, if the holders of the Preference Shares have the right to vote on any resolution, each such holder shall have one vote for every Preference Share which they hold.

The holders of the Preference Shares shall have no right to receive notice of or attend or vote at any general meeting of the Company unless either:

- (i) at the date of the notice convening the meeting the dividend payable on such Preference Shares or a part thereof is six months or more in arrears; or
- (ii) the business of the meeting includes the consideration of a resolution for reducing the capital of or winding-up the Company or for altering the objects of the Company as stated in its Articles or for the sale of the undertaking of the Company or any substantial part thereof or any resolution altering or abrogating any of the special rights or privileges attaching to the Preference Shares, in which circumstances the holders of the Preference Shares shall have the right to vote on any such resolution.

The Company is not aware of any arrangement by which, with the Company's co-operation, financial rights carried by its shares are held by persons other than the holders of its Ordinary Shares or Preference Shares. The Company is not aware of any agreement between holders of its shares which may result in restrictions on the transfer of its shares or on voting rights attaching thereto.

Allotment and Issue of Shares

At the 2019 AGM, the Directors sought authorisation to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company, up to an aggregate nominal amount of £14,039,316 of which any amount in excess of £7,019,658 may only be applied to fully pre-emptive rights issues. Such authority was not passed by the shareholders. It is proposed that such authority and power be renewed by shareholder resolution at this AGM but without prejudice to the exercise of any such authority and power prior to the date of such resolution. Accordingly, shareholders will be asked to grant an authority to allot relevant securities: (i) up to a nominal amount of £7,025,776; and (ii) up to a nominal amount of £14,051,553 (after deducting from such limit any relevant securities allotted under (i)), in connection with an offer of a rights issue, such authority to apply until the conclusion of the AGM to be held in 2021 or, if earlier, close of business on 30 June 2021.

DIRECTORS' REPORT CONTINUED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 CONTINUED

Purchase of Own Shares

The Company is, by shareholder resolution passed at the 2019 AGM, authorised to purchase up to 8,430,932 of its Ordinary Shares at a maximum price which is the higher of:

- (i) an amount equal to 105% of the average of the middle market quotations for such Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and
- (ii) the amount stipulated by Article 5(1) of the EU Buy-back and Stabilisation Regulation 2003 (being the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on the trading venues where the market purchases by the Company will be carried out), and at a minimum price of £0.25 per Ordinary Share.

The Company is also, by shareholder resolution passed at the 2019 AGM, authorised to purchase up to 1,394,587 of its Preference Shares at a maximum price which is the higher of:

- (i) an amount equal to 110% of the average of the middle market quotations for such Preference Shares as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and
- (ii) the amount stipulated by Article 5(1) of the EU Buy-back and Stabilisation Regulation 2003 (being the higher of the price of the last independent trade and the highest current independent bid for a Preference Share on the trading venues where the market purchases by the Company will be carried out), and at a minimum price of £1.00 per Preference Share.

These authorities will expire at the Company's forthcoming AGM when it is proposed that they be renewed but without prejudice to the exercise of any such authorities prior to the date of such resolutions being put to the Company's shareholders.

Directors

Appointment of Directors

Directors may be appointed by the Company by an ordinary resolution of its shareholders. The Board may appoint a Director either to fill a vacancy or as an additional Director and any Director so appointed shall hold office only until the next AGM of the Company following such appointment and shall then be eligible for re-appointment. If not re-appointed at such AGM, such a Director will vacate office at its conclusion except where a resolution is passed to appoint someone in their place (other than with effect from a time later than the conclusion of the AGM) or a resolution for their re-appointment is put to the AGM and lost (in either which case the retirement takes effect from the passing of the relevant resolution).

An appropriate induction is provided by the Company to all new Directors and ongoing training is supplied as and when it may be required, with documentation on the Company and its activities distributed to Directors on a regular basis. Further details in respect of the induction and training of Directors can be found on pages 75 and 76 of this Annual Report and Accounts 2019, which details are incorporated by reference in this Directors' Report. A Director is not required to hold shares in the capital of the Company.

Retirement of Directors

In accordance with best practice principles, all Directors shall retire at each AGM of the Company.

Directors' powers

The business of the Company shall be managed by the Board which may exercise all the powers of the Company, whether relating to the management of its business or otherwise, subject to any restrictions contained in the Articles which detail the specific powers of the Directors. Copies of the Articles may be obtained from the Group Company Secretary or from the Company's website at www.johnmenziesplc.com.

Directors' conflicts

The Articles permit the Board to consider and authorise situations where a Director has an actual or potential conflict of interest in relation to the Group. The Company maintains a conflicts of interests register which is reviewed annually by the Board. In addition, prior to each Board meeting, the Directors are asked to declare any conflicts they may have with regard to the business of the meeting. Directors who declare a conflict of interest may be authorised by the rest of the Board to participate in decision-making in accordance with section 175 of the 2006 Act.

Amendments to the Articles

The Articles can only be amended by a special resolution of the Company's shareholders in general meeting.

Significant Agreements - Change of Control

The Group has agreements in place with suppliers and customers, some of which contain change of control clauses giving rights to these suppliers and customers, such as termination rights, on a takeover bid for the Company. A change of control of the Company following a takeover bid may cause a number of other agreements to which the Company or any of its subsidiaries are a party, such as banking arrangements, property leases and licence agreements, to take effect, alter or terminate. Additionally, the Directors' service agreements and employee share plans would be similarly affected upon a change of control.

Emissions Reporting

The information required to be included in this Directors' Report pursuant to the 2013 Regulations in respect of greenhouse gas emissions is included in the Responsible Business section of this Annual Report and Accounts 2019 on pages 52 to 56, which information is incorporated by reference into this Directors' Report.

Annual General Meeting

Notice of the Company's forthcoming AGM on Friday 1 May 2020 is contained at the end of this document.

Approved and issued by the Board of Directors.

On behalf of the Board of Directors



John Geddes
Corporate Affairs Director & Group Company Secretary
 10 March 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Company's Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and Article 4 of the IAS Regulation. The Directors have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company, as is the case, and of the profit or loss for the relevant period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS8 'Accounting Policies, Changes in Accounting Estimates and Errors', and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's, or the Company's, as is the case, financial position and financial performance;
- state that the Group, or the Company, as is the case, has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors believe that the Annual Report and Accounts 2019, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

A copy of the financial statements of the Company and of the Group are placed on the Company's website (www.johnmenziesplc.com). The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Statement Pursuant to the Disclosure Guidance and Transparency Rules

Each of the Directors, whose names and functions are listed on pages 68 and 69 of this Annual Report and Accounts 2019, confirms that to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with IFRS, and give a true and fair view of the assets, liabilities, financial position and profit of the Company; and

the Strategic Report contained on pages 1 to 63 of the Annual Report and Accounts 2019 includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that they face. Approved and issued by the Board of Directors.

On behalf of the Board of Directors



John Geddes
Corporate Affairs Director & Group Company Secretary
10 March 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC

Opinion

In our opinion:

- John Menzies plc's Group financial statements and parent company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of John Menzies plc which comprise:

Group	Parent Company
Consolidated Balance Sheet as at 31 December 2019	Balance Sheet as at 31 December 2019
Consolidated Income Statement for the year then ended	Statement of Changes in Equity for the year then ended
Consolidated Statement of Comprehensive Income for the year then ended	Statement of Cash Flows for the year then ended
Consolidated Statement of Changes in Equity for the year then ended	Related notes 1 to 16 to the financial statements including a summary of significant accounting policies
Consolidated Statement of Cash Flows for the year then ended	
Related notes 1 to 28 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on page 34 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 35 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 30 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC CONTINUED

Conclusions relating to principal risks, going concern and viability statement continued

- the Directors' explanation set out on page 30 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> COVID-19 impact on the going concern assessment. Risk of misstatement due to management override, fraud and error specifically around revenue recognition. Valuation of defined benefit pension scheme liabilities. Risk of inappropriate classification of exceptional items.
Audit scope	<ul style="list-style-type: none"> We performed an audit of the complete financial information of six components and audit procedures on specific balances for a further 32 components. The components where we performed full or specific audit procedures accounted for 81% of adjusted profit before tax, 80% of revenue and 80% of total assets.
Materiality	<ul style="list-style-type: none"> Overall Group materiality of £1.4m which represents 5% of adjusted profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>COVID-19 impact on the going concern assessment</p> <p><i>Refer to the Audit Committee Report (page 85); Going Concern Statement (page 30); and Note 28 of the Consolidated Financial Statements.</i></p> <p>The Group's Annual Report and Accounts are prepared on the going concern basis of accounting.</p>	<p>The Board had considered the initial impact of COVID-19 in their going concern assessment assuming a short-term impact of up to 3 months. Following the trading update on 27 February 2020 and our observation of the increasing spread of COVID-19, we challenged the Board of Directors to update their going concern assessment by considering a number of additional plausible and severe downside scenarios in relation to possible outcomes from the impact of COVID-19.</p>	<p>Notwithstanding the uncertainty in relation to the impact of COVID-19, we are satisfied with the Board's assessment of the impact and related mitigating actions and conclude that the use of the going concern basis of accounting is appropriate.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>COVID-19 impact on the going concern assessment continued</p> <p>On 27 February 2020, the Group announced that the outbreak and continued spread of COVID-19 (coronavirus) is having a direct impact on the operations of the Group and the aviation industry as a whole. This impact on the Group has been at its greatest within the operations in Macau and where Chinese carriers are handled across the network. The situation is still evolving, and the Group only has limited visibility of what flight schedules are being impacted into March and beyond. At the date of signing the 2019 Annual Report and Accounts on 10 March 2020 it is difficult to assess how extensive the impact could be.</p> <p>The risk of the Group being unable to operate within its financial covenants arises if the impact becomes more severe for a sustained period of time, resulting in a material adverse profit impact. The Board currently estimate that there is likely to be an adverse profit impact in 2020 of approximately £6m to £9m on the assumption that the impact of the virus subsides towards the end of the first half of the year, which results in adequate covenant headroom. If the virus continues for a sustained period of time beyond the half year, the Board of Directors have proactively implemented a mitigation plan to minimise the financial impact and ensure that it can operate within its financial covenants.</p>	<p>We obtained management's forecast cash flows, liquidity and covenant calculations covering the period from the date of signing to December 2021. We tested the calculation of the forecast covenants and the headroom in respect of the financial covenant compliance.</p> <p>We obtained management's plausible and severe downside sensitivities in relation to COVID-19. We also compared management's reduction in revenues to the International Air Transport Association's ("IATA") COVID-19 impact assessment dated 5 March 2020. As this impact assessment was issued by an independent third party which represents the industry, we were able to assess the reasonableness of management's assumptions.</p> <p>We prepared a series of further downside sensitivities in relation to the magnitude and duration of COVID-19 impacts and noted that the Board's controllable mitigation plans ensure that the business can operate within its financial covenants.</p> <p>We reverse stress tested management's model to determine the magnitude of decline in profit that would give rise to elimination of the headroom in borrowing facilities (after taking into consideration the controllable mitigations) and were able to conclude that the likelihood of a sustained impact of such severity to cause the elimination of this headroom (after considering controllable mitigation) is sufficiently low.</p> <p>We corroborated and/or obtained supporting documentation to evaluate the plausibility and achievability of management's mitigation plans.</p> <p>We have assessed the adequacy of disclosures within the financial statements.</p>	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Risk of misstatement due to management override, fraud and error specifically around revenue recognition</p> <p><i>Refer to the Audit Committee Report (page 85); Accounting policies (pages 138 and 187); and Note 2 of the Consolidated Financial Statements (page 151).</i></p> <p>There is a risk that the financial statements as a whole are not free from material misstatement due to the risk of management override of controls whether caused by fraud or error.</p> <p>Revenue recognition is a particular area of focus for our audit in considering possible areas of management bias and fraud.</p> <p>We recognise that sales arrangements for the Group are generally straightforward, requiring minimal judgement to be exercised.</p> <p>Accordingly, we focus on the appropriate application of contractual rates.</p>	<p>At both full and specific scope components we performed detailed testing of a sample of sales through inspection of underlying contracts, to evidence that revenue has been appropriately recognised.</p> <p>We utilised our data analytical tools to correlate sales to debtors and cash.</p> <p>The primary audit team utilised a billing analytics tool to capture all billings by station and airline at all in scope components to allow us to focus our testing on unusual items and outliers (e.g. unusual contract rates, new contracts identified) from a complete population of revenue transactions for in scope locations.</p> <p>We used this billing analytics tool to select samples for agreement to underlying contracts.</p> <p>These procedures were supplemented with analytical review procedures and enquiry of management.</p> <p>We performed journal entry testing, applying particular focus to individually unusual and/or material revenue manual journals, particularly those posted around the year end.</p> <p>All audit work in relation to this key audit matter was undertaken by the primary and component audit teams.</p>	<p>We have concluded that revenue recognised in the year is materially correct on the basis of procedures performed both at Group and by component audit teams.</p>
<p>Valuation of defined benefit pension scheme liabilities</p> <p><i>Refer to the Audit Committee Report (page 85); Accounting policies (pages 138 and 187); and Note 22 of the Consolidated Financial Statements (page 174).</i></p> <p>The Group makes provision for the net pension liability of its defined benefit pension scheme.</p>	<p>We obtained an understanding and made an assessment of the key controls and processes in place to assess the appropriateness of actuarial assumptions.</p> <p>We test the input data used by the scheme actuaries in the calculation of the pension liability through the inspection of pensionable salary data from payroll reports.</p>	<p>We have concluded that the pension liability is materially correct and that managements' judgments in relation to underlying actuarial assumptions were appropriate.</p>

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Valuation of defined benefit pension scheme liabilities</p> <p>continued</p> <p>The significant risk relates to the potential misstatement of the pension liability due to the significant judgments being exercised by management in determining the appropriate underlying actuarial assumptions.</p> <p>The principal assumptions include life expectancies of scheme members, discount rate and inflation rates.</p>	<p>Our actuarial specialists evaluated the consistency of the methodology applied to calculate the pension liabilities as well as the appropriateness of the underlying actuarial assumptions, such as life expectancies of scheme members, discount rates and inflation rates, at the year end, ensuring they are within an acceptable range.</p> <p>We considered the competency and objectivity of managements' experts.</p> <p>We have assessed the adequacy of disclosures within the financial statements.</p> <p>All audit work in relation to this key audit matter was undertaken by the primary audit team.</p>	
<p>Risk of incorrect classification of exceptional items</p> <p><i>Refer to the Audit Committee Report (page 85); Accounting policies (pages 138 and 187) and Note 5 of the Consolidated Financial Statements (page 154).</i></p> <p>The Group has an accounting policy whereby exceptional items are those income or expenses which, by virtue of their size or incidence, are disclosed separately in the Income Statement to enable a full understanding of the Group's financial performance.</p> <p>Underlying consolidated profit which excludes exceptional items forms part of the basis for determining the Group's compliance with key banking covenants.</p> <p>Exceptional items are not defined by IFRS and therefore judgement is required in determining the appropriateness of such classification. Consistency in items treated as separately disclosed is important to maintain comparability of reporting year-on-year.</p>	<p>In response to the revision of the risk assessment we increased the level of audit partner and senior team involvement in assessing the classification of exceptional items.</p> <p>We obtained supporting evidence for the classification of 100 % of the exceptional items to understand the rationale for the separate classification and have challenged the appropriateness by confirming they are in line with the Group's accounting policy i.e. material or non-recurring to warrant separate disclosure.</p>	<p>We challenged management on the items included initially in exceptional items and requested that a number of adjustments be made to comply with the Group's accounting policy.</p> <p>In light of our audit findings, the guidelines published by ESMA and the FRC's thematic review we communicated to the Audit Committee that we have recommended to management that they strengthen the process of assessing the appropriate classification of exceptional items.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Risk of incorrect classification of exceptional items continued</p> <p>Following the trading update on 24 November 2019, coupled with the resolution of a number of significant employee and legal claims, we revised our risk assessment to include the risk of management override through the inappropriate classification of exceptional items.</p> <p>The risk arises because the incorrect classification of certain items as exceptional could present a misleading view to the users of the financial statements about the overall performance of the underlying business.</p>	<p>We have also assessed consistency with the nature of exceptional items reported in prior periods.</p> <p>We confirmed that the related tax on exceptional items is presented consistently.</p> <p>We reviewed the enhanced disclosures relating to items classified as exceptional and concluded that they provide further transparency on the nature of these items. This, in turn, provides clarity on those items excluded from underlying performance of the Group.</p>	<p>Following our audit work and adjustments made by management, we have concluded that the classification and presentation of the exceptional items disclosed in note 5 of the consolidated financial statements is appropriate.</p>

In the prior year, our auditor's report included a key audit matter in relation to accounting for the disposal of the Distribution business. As the disposal was concluded on 4 September 2018 this is therefore not applicable in the year to 31 December 2019.

An overview of the scope of our audit

	Components		Percentage of PBT*		Percentage of Revenue		Percentage of Total Assets	
	2019	2018	2019	2018	2019	2018	2019	2018
Full scope	6	4	36	23	43	57	48	69
Specific scope & consolidation adjustments	32	43	45	69	37	34	32	15
Overall coverage			81	92	80	91	80	84

* Percentage of profit before tax is calculated on an absolute basis against the adjusted profit before tax measure used to calculate materiality.

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 145 reporting components of the Group, we selected 38 components covering entities within the United Kingdom, the United States of America, Canada, Australia, New Zealand, Spain, the Czech Republic, South Africa, the Netherlands, India, Mexico and Macau which represent the principal business units within the Group.

Of the 38 components selected, we performed an audit of the complete financial information of six components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 32 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. We also instructed four locations to perform specified procedures over certain aspects of inventory, fixed assets, contracts, costs and deferred consideration.

Of the remaining 107 components that together represent 19% of the Group's adjusted profit before tax, none are individually greater than 5% of the Group's adjusted profit before tax. For these components, we performed other procedures, including analytical review and testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

We have classified six entities as full scope, compared to four entities in the prior year. This is due to their contribution to the Group's adjusted profit before tax now being considered significant. A further one entity that was previously a statutory only audit has been brought into specific scope due to the disposal of Menzies Distribution in the prior year, leading to a requirement for increased coverage within the Aviation entities.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the six full scope components, audit procedures were performed on five of these directly by the primary audit team and one by the Australian component team. For the 32 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The audit work performed on the UK and North America reporting entities was performed directly by the primary team. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1.4m (2018: £2.1m), which is 5% (2018: 5%) of adjusted profit before tax. We believe that adjusted profit before tax provides us with the appropriate measure for determining the materiality based on the focus of the users of the financial statements. Adjusted profit is calculated by starting with the profit before tax as reported in the Consolidated Statement of Comprehensive Income and adjusting it to remove the impact of any significant non-recurring items that could distort the comparability of the Groups performance with previous years.

We determined materiality for the parent Company to be £1.7m (2018: £1.7m), which is 1% (2018: 1%) of equity. We believe that equity provides us with the appropriate measure for determining the materiality based on the focus of the users of the financial statements.

During the course of our audit, we reassessed initial materiality and have deemed this still to be appropriate at the year end.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC CONTINUED

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £1.1m (2018: £1.6m). We have set performance materiality at this percentage due to various considerations including the past history of misstatements, our ability to assess the likelihood of misstatements, the effectiveness of the internal control environment and other factors affecting the entity and its financial reporting.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.2m to £0.8m (2018: £0.3m to £0.9m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.07m (2018: £0.1m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report, including the five year review and shareholder information set out on pages 194 to 220, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 123** – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting set out on page 85** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee is materially inconsistent with our knowledge obtained in the audit; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 67** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 122, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC CONTINUED

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant include IATA regulations, UK Department for Transport, applicable health & safety and data protection regulations, competition and consumer protection laws, labour regulations and employee rights laws.
- We understood how the Group is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any non-compliance with laws and regulations and enquiries of senior management.
- We identified any instances of non-compliance with laws and regulations at Group components through the direction and oversight of our component audit teams. We discussed any potential findings with senior management.

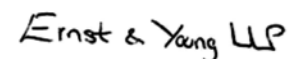
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- We were reappointed by the Company at the Annual General Meeting in 2019 to audit the financial statements for the year ending 31 December 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 11 years, covering the years ending 31 December 2009 to 31 December 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.
- The audit opinion is consistent with the additional Report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Kevin Weston
Senior Statutory Auditor

for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
10 March 2020

Notes:

1. The maintenance and integrity of the John Menzies plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019 (YEAR ENDED 31 DECEMBER 2018)**

	Notes	Before exceptional and other items £m	Exceptional and other items £m	2019 £m	Before exceptional and other items £m	Exceptional and other items £m	2018 ⁽ⁱ⁾ £m
Continuing operations							
Revenue	2	1,325.6	-	1,325.6	1,291.0	-	1,291.0
Net operating costs	3	(1,280.7)	(11.3)	(1,292.0)	(1,244.0)	(19.8)	(1,263.8)
Operating profit before joint ventures and associates							
		44.9	(11.3)	33.6	47.0	(19.8)	27.2
Share of post-tax results of joint ventures and associates	12	7.6	(1.6)	6.0	8.1	(1.3)	6.8
Operating profit							
	2	52.5	(12.9)	39.6	55.1	(21.1)	34.0
Analysed as:							
Underlying operating profit ⁽ⁱⁱ⁾		52.5	-	52.5	55.1	-	55.1
Exceptional items – transaction related and integration	5	-	5.1	5.1	-	(11.7)	(11.7)
Exceptional items – legal settlements and other	5	-	5.8	5.8	-	-	-
Exceptional items – restructuring, pension and impairment related	5	-	(15.6)	(15.6)	-	(1.8)	(1.8)
Acquired intangible asset amortisation	5	-	(6.6)	(6.6)	-	(6.3)	(6.3)
Share of joint ventures and associates interest		-	0.2	0.2	-	0.7	0.7
Share of joint ventures and associates tax		-	(1.8)	(1.8)	-	(2.0)	(2.0)
Operating profit		52.5	(12.9)	39.6	55.1	(21.1)	34.0
Finance income	6	0.6	-	0.6	1.0	-	1.0
Finance charges excluding retirement benefit obligation interest	6	(22.3)	(0.2)	(22.5)	(11.2)	(1.4)	(12.6)
Retirement benefit obligation interest	22	(0.4)	-	(0.4)	(0.8)	-	(0.8)
Profit before taxation							
Taxation	7	(9.5)	1.2	(8.3)	(12.4)	3.3	(9.1)
Profit/(loss) for the year from continuing operations							
		20.9	(11.9)	9.0	31.7	(19.2)	12.5
Discontinued operations							
Profit/(loss) for the period from discontinued operations	27	-	1.7	1.7	13.6	(31.5)	(17.9)
Profit/(loss) for the year							
		20.9	(10.2)	10.7	45.3	(50.7)	(5.4)
Attributable to equity shareholders		21.0	(10.2)	10.8	45.0	(50.7)	(5.7)
Attributable to non-controlling interests		(0.1)	-	(0.1)	0.3	-	0.3
		20.9	(10.2)	10.7	45.3	(50.7)	(5.4)
Earnings per ordinary share							
Continuing operations							
Basic	9	24.9p	(14.1)p	10.8p	37.6p	(23.0)p	14.6p
Diluted	9	24.9p	(14.1)p	10.8p	37.5p	(22.9)p	14.6p
Continuing and discontinued operations							
Basic	9	24.9p	(12.1)p	12.8p	53.8p	(60.6)p	(6.8)p
Diluted	9	24.9p	(12.1)p	12.8p	53.7p	(60.5)p	(6.8)p

Notes:

- (i) Comparatives have not been restated for the adoption of IFRS 16 Leases.
- (ii) Underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles and the Group's share of interest and tax on joint ventures and associates to provide an appreciation of the impact of those items on operating profit.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019 (YEAR ENDED 31 DECEMBER 2018)

	Notes	2019 £m	2018 ⁽¹⁾ £m
Profit/(loss) for the year		10.7	(5.4)
Items that will not be reclassified subsequently to profit or loss			
Continuing operations:			
Actuarial gain on defined benefit retirement obligation	22	2.0	3.1
Actuarial loss on unfunded retirement benefit obligation		(0.1)	(0.1)
Income tax effect on defined benefit retirement obligation		(0.4)	(0.5)
Loss on equity instrument at fair value through other comprehensive income	12	(2.0)	-
Discontinued operations:			
Actuarial loss on defined benefit retirement obligation		-	(7.2)
Income tax effect on defined benefit retirement obligation		-	1.1
Items that may be reclassified subsequently to profit or loss			
Continuing operations:			
Movement on cash flow hedges		(1.9)	0.6
Income tax effect on cash flow hedges		0.3	(0.1)
Movement on net investment hedges		0.7	0.4
Income tax effect on net investment hedges		(0.1)	(0.1)
Exchange loss on translation of foreign currency net assets		(8.1)	(4.3)
Income tax effect of exchange loss on foreign currency net assets		-	1.0
Other comprehensive loss for the year		(9.6)	(6.1)
Total comprehensive income/(loss) for the year		1.1	(11.5)
Attributable to equity shareholders		1.2	(11.8)
Attributable to non-controlling interests		(0.1)	0.3
		1.1	(11.5)

Note:

(1) Comparatives have not been restated for the adoption of IFRS 16 Leases.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019 (31 DECEMBER 2018)

	Notes	2019 £m	2018 ⁽¹⁾ £m
Assets			
Non-current assets			
Intangible assets	10	178.1	159.2
Property, plant and equipment	11	278.1	116.0
Investments in joint ventures and associates	12	16.2	19.3
Other investments	12	0.2	5.2
Deferred tax assets	13	23.7	23.2
Derivative financial assets	16	-	1.5
		496.3	324.4
Current assets			
Inventories		5.8	5.6
Trade and other receivables	14	242.7	358.2
Current income tax receivables		3.9	0.8
Derivative financial assets	16	0.8	0.6
Cash and cash equivalents	18	90.5	78.0
		343.7	443.2
Liabilities			
Current liabilities			
Borrowings	16	(91.6)	(34.7)
Derivative financial liabilities	16	(0.2)	(0.5)
Trade and other payables	15	(187.2)	(290.5)
Current income tax liabilities		(12.4)	(11.6)
Provisions	21	(55.2)	(49.3)
		(346.6)	(386.6)
Net current (liabilities)/assets		(2.9)	56.6
Total assets less current liabilities		493.4	381.0
Non-current liabilities			
Borrowings	16	(390.8)	(244.5)
Other payables	15	(0.5)	(3.7)
Derivative financial liabilities	16	(0.2)	-
Deferred tax liabilities	13	(3.1)	(2.9)
Provisions	21	(6.2)	(10.6)
Retirement benefit obligation	22	(5.3)	(18.0)
		(406.1)	(279.7)
Net assets		87.3	101.3
Ordinary shares	23	21.1	21.1
Share premium account		23.5	23.1
Treasury shares		(1.2)	(2.6)
Other reserves		(17.2)	(8.1)
Merger relief reserve		67.3	67.3
Retained earnings		(27.7)	(17.2)
Capital redemption reserve		21.6	21.6
Total shareholders' equity		87.4	105.2
Non-controlling interest in equity		(0.1)	(3.9)
Equity		87.3	101.3

Note:

(1) Comparatives have not been restated for the adoption of IFRS 16 Leases.

The accounts were approved by the Board of Directors on 10 March 2020 and signed on its behalf by:



Philipp Joeinig
Chairman



Alvaro Gomez-Reino
Chief Financial Officer

Company No. SC34970

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2019 (31 DECEMBER 2018)**

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Translation and hedge reserves £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Total shareholders' equity £m	Non-controlling equity £m	Equity £m
At 31 December 2018	21.1	23.1	(2.6)	(8.1)	67.3	(17.2)	21.6	105.2	(3.9)	101.3
Impact of adoption of IFRS 16 (Note 1)	-	-	-	-	-	(1.6)	-	(1.6)	-	(1.6)
Adjusted equity at 1 January 2019	21.1	23.1	(2.6)	(8.1)	67.3	(18.8)	21.6	103.6	(3.9)	99.7
Profit/(loss) for the year	-	-	-	-	-	10.8	-	10.8	(0.1)	10.7
Other comprehensive loss	-	-	-	(9.1)	-	(0.5)	-	(9.6)	-	(9.6)
Total comprehensive (loss)/income	-	-	-	(9.1)	-	10.3	-	1.2	(0.1)	1.1
New share capital issued	-	0.4	-	-	-	-	-	0.4	-	0.4
Share-based payments	-	-	-	-	-	0.8	-	0.8	-	0.8
Income tax effect of share-based payments	-	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Subsidiaries acquired (Note 24)	-	-	-	-	-	-	-	-	2.2	2.2
Recapitalisation of subsidiary	-	-	-	-	-	-	-	-	0.5	0.5
Expiry of acquisition related options (Note 16)	-	-	-	-	-	-	-	-	1.6	1.6
Dividends paid (Note 8)	-	-	-	-	-	(17.3)	-	(17.3)	(0.4)	(17.7)
Repurchase of Company's shares	-	-	(1.0)	-	-	-	-	(1.0)	-	(1.0)
Disposal of Company's shares	-	-	2.4	-	-	(2.4)	-	-	-	-
At 31 December 2019	21.1	23.5	(1.2)	(17.2)	67.3	(27.7)	21.6	87.4	(0.1)	87.3
At 31 December 2017	21.0	21.9	(1.3)	(5.6)	67.3	11.4	21.6	136.3	(3.8)	132.5
(Loss)/profit for the year	-	-	-	-	-	(5.7)	-	(5.7)	0.3	(5.4)
Other comprehensive loss	-	-	-	(2.5)	-	(3.6)	-	(6.1)	-	(6.1)
Total comprehensive (loss)/income	-	-	-	(2.5)	-	(9.3)	-	(11.8)	0.3	(11.5)
New share capital issued	0.1	1.2	-	-	-	-	-	1.3	-	1.3
Share-based payments	-	-	-	-	-	1.6	-	1.6	-	1.6
Income tax effect of share-based payments	-	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Subsidiaries acquired (Note 24)	-	-	-	-	-	-	-	-	0.3	0.3
Dividends paid (Note 8)	-	-	-	-	-	(17.1)	-	(17.1)	(0.7)	(17.8)
Repurchase of Company's shares	-	-	(5.0)	-	-	-	-	(5.0)	-	(5.0)
Disposal of Company's shares	-	-	3.7	-	-	(3.7)	-	-	-	-
At 31 December 2018	21.1	23.1	(2.6)	(8.1)	67.3	(17.2)	21.6	105.2	(3.9)	101.3

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019 (YEAR ENDED 31 DECEMBER 2018)**

	Notes	2019 £m	2018 ⁽ⁱ⁾ £m
Cash flows from operating activities			
Cash generated from operations	17	104.1	54.9
Interest received		0.6	1.0
Interest paid on lease liabilities		(7.6)	-
Other interest paid		(13.5)	(11.8)
Tax paid		(11.8)	(15.3)
Net cash flow from operating activities		71.8	28.8
Cash flows from investing activities			
Acquisitions	24	(7.2)	(1.0)
Advance payment for acquisition	24	-	(20.2)
Cash acquired with subsidiaries	24	0.4	-
Disposal of subsidiaries	27	-	51.2
Cash held by disposed subsidiaries	27	-	(5.9)
Investment in joint ventures	12	(0.4)	(1.2)
Disposal of joint venture	12	2.6	6.3
Disposal of minority equity investment		3.0	-
Increased disposal consideration		1.8	-
Purchase of property, plant and equipment		(29.7)	(29.0)
Intangible asset additions		(5.3)	(3.2)
Proceeds from sale of property, plant and equipment		13.5	14.9
Dividends received from equity accounted investments		6.3	4.8
Net cash flow (used in)/from investing activities		(15.0)	16.7
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		0.4	1.3
Purchase of Company's shares		(1.0)	(5.0)
Proceeds from borrowings		50.0	1.0
Repayment of borrowings excluding leases		(10.9)	(41.7)
Principal element of lease repayments		(57.1)	-
Dividends paid to non-controlling interests		(0.4)	(0.7)
Dividends paid to ordinary shareholders	8	(17.3)	(17.1)
Net cash flow used in financing activities		(36.3)	(62.2)
Increase/(decrease) in net cash and cash equivalents		20.5	(16.7)
Effects of exchange rate movements		(3.1)	0.3
Opening net cash and cash equivalents ⁽ⁱⁱ⁾		54.5	70.9
Closing net cash and cash equivalents⁽ⁱⁱ⁾	18	71.9	54.5

Notes:

(i) Comparatives have not been restated for the adoption of IFRS 16 Leases.

(ii) Net cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Basis of preparation

The consolidated financial statements, which have been prepared under the historical cost convention and in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS, incorporate the financial statements of the Company and its subsidiaries, joint ventures and associates from the effective date of acquisition or to the date of deemed disposal.

During the prior year, the Group disposed of Menzies Distribution Ltd and its subsidiaries on 4 September 2018. This business is therefore presented as a discontinued operation. Note 27 sets out the details and impact of discontinued operations.

New accounting standards and amendments

Five new accounting standards and amendments are applicable for the first time in 2019. However, other than IFRS 16 Leases, they have no material impact on the annual consolidated financial statements of the Group. These new standards are:

IFRS 16 Leases – effective 1 January 2019. Further details of the impact of this standard are set out below.
IFRIC 23 Uncertainty over Income Tax Treatments – effective 1 January 2019
Annual improvements to IFRS 2015-2017 cycle – effective 1 January 2019
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement – effective 1 January 2019
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures – effective 1 January 2019

Standards and amendments to standards that have been issued that are applicable for the Group but are not effective for 2019 and have not been early adopted are:

IFRS 17 Insurance Contracts⁽¹⁾ – effective 1 January 2021
Amendments to References to the Conceptual Framework in IFRS Standards – effective 1 January 2020
Amendments to IFRS 3 Business Combinations⁽¹⁾ – effective 1 January 2020
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current⁽¹⁾ – effective date 1 January 2022

Note:

(1) IFRS 17 and amendments to IFRS 3 and IAS 1 are not yet adopted for use in the European Union.

Standards and amendments that are not effective for 2019 will be adopted in accordance with their effective dates and the Group is in the process of assessing the likely impact before formalising a view.

IFRS 16 Leases

The Group has adopted IFRS 16 from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new lease accounting rules have therefore been recognised in the opening Balance Sheet on 1 January 2019.

For lessees the standard has removed the distinction between operating leases and finance leases and resulted in a significant number of leased assets being recognised as non-current assets representing the right to use the underlying asset with a corresponding liability shown as debt. This materially grossed up the Balance Sheet with the recognition of a new right of use asset that was depreciated through the Income Statement and a lease liability on which interest was charged through the Income Statement. There was no change to the reporting of net cash flows however the principal element of lease payments have been included as a financing cash flow rather than as an operating cash flow.

The Group has utilised the modified retrospective method of application on 1 January 2019 and recognised £215.2m of right of use assets and £220.2m of lease liabilities measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rates as of 1 January 2019. The incremental borrowing rates applied to the lease liabilities at 1 January 2019 ranged from 1.4% to 10.8% and the Group's weighted average incremental borrowing rate was 3.8%.

The impact of the new standard on the Group's reported results is set out below.

Impact on the Income Statement	2019		
	Excluding IFRS 16 ⁽¹⁾ £m	Impact of IFRS 16 £m	Reported £m
Underlying operating profit			
Americas	19.2	1.7	20.9
EMEA	12.4	1.0	13.4
Rest of World	11.8	0.4	12.2
Cargo Forwarding	6.0	-	6.0
	49.4	3.1	52.5

Note:

(1) Results excluding IFRS 16 are presented as if the former leasing standard IAS 17 had continued to apply.

Impact on the Income Statement	2019		
	Excluding IFRS 16 £m	Impact of IFRS 16 £m	Reported £m
Interest charge	(14.7)	(7.6)	(22.3)
Profit before tax	21.8	(4.5)	17.3

Earnings per share have decreased by 3.7p per share for the year end 31 December 2019 as a result of the adoption of IFRS 16. As the lease liabilities were recognised on transition on 1 January 2019, the related interest charge is more front loaded than the rental charge it replaces and the impact is earnings dilutive in the early period of the lease portfolio maturity cycle and earnings accretive in the later period.

Impact on the Statement of Cash Flows	2019	
	£m	
Increase in operating cash inflows		57.1
Increase in financing cash outflows		(57.1)

There has been no impact on overall net cash flows.

Impact on the Balance Sheet	1 January 2019	
	£m	
Increase in property, plant and equipment		215.2
Increase in deferred tax assets		0.3
Increase in lease liabilities		(220.2)
Reduction in onerous lease provisions		3.1
Reduction in retained earnings on transition		1.6

Right of use assets recognised in property, plant and equipment	1 January 2019	
	£m	
Property		97.3
Equipment and vehicles		117.9
		215.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Significant Accounting Policies continued New accounting standards and amendments continued IFRS 16 Leases continued

	1 January 2019 £m
Reconciliation of operating lease commitments to lease liability	
Operating lease commitments disclosed as at 31 December 2018	290.8
Non-lease component ⁽ⁱ⁾	(64.3)
Impact of discounting	(23.9)
Short-term and low value leases	(12.6)
Impact of IFRS 16 data review ⁽ⁱⁱ⁾	30.2
Lease liability as at 1 January 2019	220.2
Current	56.3
Non-current	163.9
	220.2

Notes:

- (i) The non-lease component is a contractual element of the arrangement for one significant leasing vendor that was therefore recognised as a commitment at 31 December 2018. However, for the purposes of IFRS 16, the Group has elected not to capitalise this non-lease component and therefore this is set out as a reconciling item above.
- (ii) As part of the process of adopting IFRS 16, a number of operating lease commitments have been reassessed and identified as excluded from the operating lease commitments disclosure in the 2018 Annual Report and Accounts.

Practical expedients

The practical expedients utilised under the modified retrospective approach were that: there has been no restatement of comparative periods; recognition exemptions have been applied for short-term leases and for low value assets; a single discount rate has been applied to a portfolio of leases with reasonably similar characteristics; the standard has only been applied to contracts that were previously classified as leases; initial direct costs for the measurement of the right of use asset have been excluded at the date of initial application; and no new onerous lease assessments have been made on transition due to the ability to rely on previous assessments.

Judgment has been required to determine the non-lease component for one significant leasing vendor.

This non-lease component has been determined at 50% of the lease cost resulting in the remainder of the commitments being capitalised as a right of use asset. The 50% factor was determined to be the appropriate rate after reviewing a range of sample data provided by the lessor. Profit before tax would be approximately £0.2m higher/lower if this non-lease component were increased/decreased by 10%.

For all but one of the Group's leases the Group has elected to recognise the right of use asset at an amount equal to the initial lease liability on 1 January 2019. For one long-term property lease, the Group has utilised the option to measure the right of use asset at its carrying amount had IFRS 16 been applied since the inception of the lease. As the lease liability exceeded the right of use asset at 1 January 2019 an amount of £1.6m net of deferred tax was recognised in equity as a transition adjustment.

Leasing activities and how these are accounted

The Group leases various offices, warehouses, ground handling equipment and vehicles. Rental contracts are typically entered into for fixed periods of one to ten years but may have break options or extension options as set out below. Lease terms are negotiated both on an individual basis and a Group-wide basis and contain a wide range of different terms and conditions. The lease terms do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 December 2018 leases of property, plant and equipment were classified as either operating leases or finance leases. Payments made under operating leases net of any incentives received from the lessor were charged to the Income Statement on a straight line basis over the lease term.

From 1 January 2019, leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Income Statement over the lease period. The right of use asset is depreciated over the lease term on a straight line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments and variable lease payments that are based on a specified index or rate. The lease payments are discounted using each lessee's incremental borrowing rate in the same geographic location if the interest rate implicit in the lease is not readily determinable. This rate is the interest rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value over a similar term and with similar security to the right of use asset in a similar economic environment.

Right of use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any initial direct costs and any lease payments made at or before the commencement date. Payments associated with short-term leases and leases of low value assets are recognised on a straight line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise computer equipment and small items of office furniture where the cash value when new is less than US\$5,000.

Certain property leases contain variable payment terms that are linked to local inflation conditions. The impact of changes in variable lease payments are recognised in the right of use asset and lease liability in the accounting period in which the condition that triggers those payments arises.

Extension and termination options are included in a number of leases across the Group. These options are used to maximise operational flexibility. In determining the lease term applicable for accounting purposes, Management considers the facts and circumstances that create economic incentive to exercise an extension option or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or significant change in circumstances occurs that affects this assessment and is within the control of the lessee.

Basis of consolidation

The consolidated financial statements of the Group comprise the assets, liabilities and results of the Company and subsidiary undertakings in which the Company has a controlling interest using accounts drawn up to 31 December except where entities do not have coterminous year ends. In such cases the information is based on the accounting period of these entities and is adjusted for trading results and material changes up to 31 December.

Controlled interests

Control is achieved when the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically the Group controls an investee if the Group has all of the following: power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

Generally there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, it considers the relevant facts and circumstances in assessing whether it has power over an investee, including: contractual arrangement with other vote holders of the investee, rights arising from other contractual arrangements, and the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control outlined above. Consolidation of a subsidiary begins when the Group obtains initial control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group first obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the Company's equity holders and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Significant Accounting Policies continued

Basis of consolidation continued

Controlled interests continued

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary the related assets including goodwill, liabilities, non-controlling interests and other components of equity are derecognised, while any resultant gain or loss is recognised in the Income Statement. Any investment retained is recognised at fair value.

Joint ventures and associates

A joint venture is an arrangement where two or more parties have joint control of the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. The investments in an associate or a joint venture are initially recognised at cost. The carrying amount of investments are adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Income Statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the Consolidated Statement of Comprehensive Income. In addition when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes when applicable in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the associate or joint venture.

At each reporting date the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within the share of the profit of an associate and joint venture in the Income Statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Income Statement.

In India Menzies Bobba Ground Handling Services Private Ltd is 51% owned and Menzies Aviation Bobba (Bangalore) Private Ltd is 49% owned, and Menzies Macau Airport Services Ltd in China is 29% owned. They are treated as joint ventures in the consolidated financial statements as the parties to each of the ventures work together with equal powers to control the entities. Each venturer in the respective entity retains the power of veto, and overall key strategic, operational and financial decisions require the consent of all parties.

The financial statements of each associate or joint venture are prepared for the same reporting period as the Group. The Group's two Indian joint ventures have a statutory year end of 31 March. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Revenue recognition

Ramp, passenger, into-plane fuelling and other aviation related services income is recognised at the time the service is provided in accordance with the terms of the relevant contract. Cargo handling and cargo forwarding revenue is recognised at the point of departure for exports and at the point that the goods are ready for despatch for imports. Revenue excludes value added and sales taxes and charges collected on behalf of customers.

The timing of customer billing in relation to the satisfaction of performance obligations results in amounts being recorded in the Balance Sheet for accrued and deferred income. Individual billing arrangements vary by customer and contract. Accrued income is recognised on contracts for which performance obligations have been satisfied but have not yet been billed to customers at the Balance Sheet date. When the recovery of such amounts becomes unconditional the customer is billed and the amounts are transferred to trade receivables. Deferred income is recognised in respect of payments received from customers in advance of the Group fulfilling its performance obligations under contracts.

In the discontinued Distribution business, revenue has been recognised on the despatched value of goods sold, excluding value-added tax. Product sold to retailers has been made on a sale or return basis. Revenue for goods supplied with a right of return has been stated net of the value of returns.

Foreign currencies

Foreign currency assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. The trading results of overseas subsidiaries, joint ventures and associates are translated at the average exchange rate ruling during the year, with the exchange difference between average rates and the rates ruling at the balance sheet date being taken to reserves.

Any differences arising on the translation of the opening net investment, including goodwill, in overseas subsidiaries, joint ventures and associates, and of applicable foreign currency loans, are dealt with as adjustments to reserves. All other exchange differences are dealt with in the Income Statement.

Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the Income Statement to enable a full understanding of the Group's financial performance. Transactions that may give rise to exceptional items include asset write downs and impairments, restructuring of business activities in terms of rationalisation costs and onerous lease provisions, one off costs relating to reducing long-term pension liabilities, gains or losses on the disposal of businesses and significant assets, and acquisition transaction and other related costs including acquired intangible asset amortisation and changes in deferred consideration.

Intangible assets
Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in exceptional items.

Goodwill acquired is recognised as an asset and reviewed for impairment at least annually by assessing the recoverable amount of each cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. Any impairment is recognised in the Income Statement. Goodwill arising on the acquisition of joint ventures and associates is included within the carrying value of the investment.

Contracts, customer relationships and brands

The fair value of intangible assets attributed to contracts, customer relationships and brands at the point of acquisition is determined by discounting the expected future cash flows to be generated from that asset at the relevant risk-adjusted weighted average cost of capital for the Group. Values are not attributed to internally generated customer relationships and brands.

Most contracts, customer relationships and brand assets are amortised on a straight line basis over ten years as this period is the minimum timeframe Management considers when assessing businesses for acquisition. Certain other intangible assets are amortised over the remaining life as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Significant Accounting Policies continued

Intangible assets continued

Computer software

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly attributable to the production of identifiable software products controlled by the Group, and that are expected to generate economic benefits exceeding costs, are recognised as intangible assets. Computer software assets are amortised over their estimated useful lives, usually three to seven years.

Property, plant and equipment

Property, plant and equipment is stated at cost, including costs to acquire, less accumulated depreciation.

Depreciation is provided on a straight line basis at the following rates:

Freehold and long leasehold properties – over the shorter of the remaining lease term and 50 years.

Short leasehold properties – over the remaining lease term.

Plant and equipment – over the estimated life of the asset between three and 20 years.

Leases

As lessee for leases after 1 January 2019 the Group measured right of use assets at cost comprising the amount of the initial measurement of the lease liability, any initial direct costs, and any lease payments made at or before the commencement date. Payments associated with short-term leases and leases of low value assets are recognised on a straight line basis as an expense in the Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise computer equipment and small items of office furniture where the cash value when new is less than US\$5,000. The judgment process relating to the non-lease component of one major lessor has been set out above in the IFRS 16 impact assessment.

Until 31 December 2018 leases were classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets acquired under finance leases are capitalised in the Balance Sheet at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is recorded in the Balance Sheet as a finance lease obligation. The lease payments are apportioned between finance charges to the Income Statement and a reduction of the lease obligations.

As lessor, the Group charges rental income under operating leases to the Income Statement on a straight line basis over the applicable lease periods.

Inventories

Inventories are goods for resale and consumables and are stated at the lower of purchase cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are classified at initial recognition and subsequently measured at amortised cost or fair value through Other Comprehensive Income.

In order for a financial asset such as a debt instrument to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and where applicable interest on the principal amount outstanding. This assessment is performed at an instrument level. For the purposes of subsequent measurement, the Group measures financial assets at amortised cost if the financial asset is both held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subject to impairment assessment and comprise trade receivables and accrued income as set out in Note 14. Where a provision is recognised the carrying value of the receivable is reduced with the amount of the loss recognised in the Income Statement.

Financial assets such as equity instruments and derivatives held for hedging purposes are measured through Other Comprehensive Income. In addition to the remeasurement of hedging derivatives being taken through Other Comprehensive Income, in the prior year the Group elected to irrevocably classify its equity investment in Endless Newco1 Ltd as an equity instrument designated at fair value through Other Comprehensive Income. The Group utilised this category as the investment was not held for trading purposes. Accordingly, the loss recognised on this financial asset in the current year was not recognised in the Income Statement.

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset to a third party. Further disclosures relating to impairment of financial assets are set out as follows: Note 14 includes disclosures relating to trade receivables including accrued income and Note 16 includes disclosures relating to instruments at fair value through Other Comprehensive Income.

The Group recognises an allowance for expected credit losses based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted if material. For trade receivables and contract assets the Group has adopted the simplified approach in calculating expected credit losses. The Group recognises a loss allowance based on lifetime expected credit losses at each reporting date. Provisions are calculated based on the Group's historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. Further information specific to credit risk management is set out in Note 14.

Financial liabilities

Financial liabilities are classified at initial recognition as borrowings, payables or derivatives designated as hedging instruments as an effective hedge. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, borrowings including bank overdrafts, and derivative financial instruments.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs, with the charge included as finance costs in the Income Statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments and variable lease payments that are based on a specified index or rate. The lease payments are discounted using each lessee's incremental borrowing rate in the same geographic location if the interest rate implicit in the lease is not readily determinable. This rate is the interest rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value over a similar term and with similar security to the right of use asset in a similar economic environment.

Derivative financial instruments and hedging

For the purpose of hedge accounting, hedges are classified as either cash flow hedges when hedging the exposure to variability in cash flows or hedges of a net investment in a foreign operation.

Cash flow hedges comprise interest rate swaps and foreign exchange forward contracts that are used to hedge the risks arising from interest rates and the retranslation of foreign currency denominated items. Changes in the fair value of the effective portion of cash flow hedges are recorded in equity until such time as the forecast transaction occurs, at which time they are recognised in the Income Statement. If the transaction results in a non-financial asset or liability, amounts recycled from equity are included in the cost of the non-financial asset or liability. If the forecast transaction remains probable but ceases to be highly probable, from that point changes in fair value are recorded in the Income Statement within finance costs. Similarly if the forecast transaction ceases to be probable, the entire fair value recorded in equity and future changes in fair value are recognised in the Income Statement within finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Significant Accounting Policies continued

Financial instruments continued

Derivative financial instruments and hedging continued

Net investment hedges comprise derivatives that are designated as hedges of overseas net investments in foreign currency denominated entities. Changes in the fair value of the effective portion of net investment hedges are recorded in equity and are only recognised in the Income Statement on disposal of the overseas net investment.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. At inception the hedge relationship is designated and documented and the risk management objective and strategy for undertaking the hedge is noted. Derivative contracts entered into are expected to continue to be highly effective until they expire. The effectiveness of these contracts is monitored during the year.

Taxation

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax liabilities represent tax payable in future periods in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred tax is determined using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current and deferred tax is recognised in the Income Statement except if it relates to an item recognised directly in equity or in Other Comprehensive Income, in which case it is recognised directly in the Statement of Changes in Equity or in the Statement of Comprehensive Income as appropriate.

Provisions

Provisions are liabilities of uncertain timing and amount. Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Retirement benefit obligation

For the defined contribution pension schemes, the Income Statement charge represents contributions made. For the defined benefit pension scheme, the operating and financing costs of pensions are charged to the Income Statement in the period in which they arise and are recognised separately. The costs of past service benefit enhancements, settlements and curtailments are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the Statement of Comprehensive Income. Pension charges are assessed in accordance with the advice of a qualified actuary.

Share capital

Ordinary shares are classed as equity. Where the Company purchases its own shares the consideration paid, including any directly attributable incremental costs, is deducted from the equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed.

Share-based payments

Equity settled share-based payments are measured at fair value at the date of grant and recognised as an expense over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest unless the options do not vest as a result of a failure to satisfy market conditions.

Fair value is measured by use of a relevant pricing model.

Dividend distributions

Final ordinary dividends are recognised as liabilities in the period in which the dividends are approved by the Company's shareholders.

Assumptions, estimates and judgments

The preparation of the consolidated accounts requires Management to make assumptions, estimates and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates will, by definition, seldom equal the related actual results, particularly given changes in economic conditions and the level of uncertainty regarding their duration and severity.

Assumptions and estimates

Management has made a number of accounting assumptions and estimates which, if they transpire to be materially incorrect, have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The most important assumptions and estimates are set out below.

Fair value of intangible assets

On the acquisition of a business it is necessary to attribute fair values to any intangible assets acquired, provided they meet the criteria to be recognised. The fair values of these intangible assets are dependent on estimates of attributable future revenues, margins and cash flows, as well as appropriate discount rates. In addition, the allocation of useful lives to acquired intangible assets requires the application of judgment based on available information and Management expectations at the time of recognition. See Note 10 for further details.

Impairment of intangible assets and investments

Management performs an impairment review on any assets that show indications of impairment and annually on goodwill and intangibles that are deemed to have indefinite lives. Management's impairment review of goodwill and indefinite life intangibles involves exercising judgment about future cash flows and other events that are by their nature uncertain. Management has disclosed the pre-tax discount rates used when performing this review in Note 10. No impairments were identified in the current year but in the prior year, Management's review of other significant assets identified an impairment of relating to Menzies Bobba Ground Handling Services Private Ltd as set out in Note 5.

Retirement benefit obligation

Management is responsible for making a number of financial and demographic assumptions in relation to the defined benefit pension scheme that has a direct impact on the pension deficit recognised within the financial statements. The assumptions underlying the calculation of the retirement benefit obligation are important and Management has determined the appropriate estimates based on independent actuarial advice. Changes in these assumptions could have a material impact on the measurement of the Group's retirement benefit obligation.

See Note 22 for further details.

Judgments

The following are key judgments, apart from those involving estimations which are dealt with separately above, that Management has made in the process of applying the accounting policies and that have a significant effect on the amounts recognised within the financial statements.

Leases

Judgment is exercised in determining the non-lease component for one significant leasing vendor. Judgment is necessary in assessing the non-lease proportion of the lease payments and has been determined at 50% after reviewing a range of sample data provided by the lessor.

See Note 20 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1. Significant Accounting Policies continued**Assumptions, estimates and judgments** continued**Judgments** continued**Provisions**

Judgment is exercised in determining whether provisions are required in relation to workers' compensation claims and legal claims. Judgment is necessary in assessing the veracity, measurement and probability of the claims. Management has reviewed available external and internal information relating to these types of claims and has made appropriate provisions accordingly.

Judgment is exercised in determining whether provisions are required in relation to insurance, warranties and claims. Management has reviewed available external and internal information relating to these items and has made appropriate provisions accordingly.

See Note 21 for further details.

Income taxes

The Group is subject to income tax in a number of jurisdictions and judgment is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. Provisions for tax are recognised by estimating the taxes that are likely to become due, based on Management's interpretation of country specific tax law and the likelihood of settlement. Management uses the services of a professional firm together with the expertise and historic experience of the Group's in-house tax team when assessing tax risks. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

A provision is held against a claim for a reduced rate of tax in an overseas territory based on the nature of its activities in that territory, which is subject to enquiry by the relevant tax authority. The potential benefit to the effective tax rate from that claim is not recognised until the agreement of the relevant tax authority is obtained and therefore an appropriate provision is held until that point. Other uncertain tax provisions are held for potential tax authority challenge of transfer pricing arrangements, deemed distributions of profits, the tax treatment of interest and foreign exchange differences on certain intercompany loans and for tax authority challenge against the interpretation of local tax legislation where the application of that legislation is unclear. Whilst there is a range of potential outcomes for these uncertain tax positions, based on management's experience of such issues, on conclusion of the open positions it is believed that a likely range of outcomes is an additional tax liability of up to £2.2m and a reduction in the tax liability of around £1.5m.

An assessment of the use of tax losses has been used in calculating the Group's deferred tax asset and liability including losses in the USA that may be subject to section 382 restrictions should the ownership of the Company change significantly in the future. Deferred tax assets have been recognised on unutilised tax losses carried forward within the UK of £8.8m and in the USA of £5.1m despite current year tax losses being incurred in those jurisdictions, as there is sufficient evidence in the form of projected future profitability to conclude that these losses will be recoverable in the foreseeable future.

See Notes 7 and 13 for further details.

Non-GAAP measures

The Group's consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006. In measuring our performance, the financial measures that are used include those which have been derived from the reported results in order to eliminate factors which distort period-on-period comparisons. These are considered non-GAAP financial measures. This information, along with comparable GAAP measurements, is useful to investors in providing a basis for measuring our operational performance. Management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating performance and value creation. Non-GAAP measures should not be considered in isolation from, or as a substitute for, financial information in compliance with GAAP. Non-GAAP financial measures as reported by the Group may not be comparable with similarly titled amounts reported by other companies.

Contract, customer relationship and brand amortisation

As disclosed above, contract, customer relationship and brand amortisation relates to intangible assets recognised on historic acquisitions and since it is transaction related it is presented separately in order to provide stakeholders and Management with an appreciation of underlying business performance.

Share of earnings from joint ventures and associates

As disclosed in the Income Statement, the Group's share of post-tax profit relating to joint ventures and associates is included within operating profit given the similarity of those operations to wholly owned businesses.

Underlying operating profit⁽ⁱ⁾

As disclosed on the face of the Income Statement, underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with non-current assets, joint venture assets and other intangibles, contract, customer relationship and brand amortisation and the Group's share of joint ventures and associates interest and tax to provide an appreciation of the impact of those items on operating profit.

Note:

(i) As set out earlier in Note 1, the Group has adopted IFRS 16 Leases by applying the modified retrospective method of application whereby the comparatives are not restated. In order to provide comparable information with the prior year underlying operating profit adjusted for the impact of the adoption of IFRS 16 is set out below.

	2019 £m	2018 £m
Underlying operating profit	52.5	55.1
Impact of the adoption of IFRS 16	(3.1)	-
Underlying operating profit under IAS 17	49.4	55.1

Underlying profit before taxation⁽ⁱ⁾

As disclosed on the face of the Income Statement, underlying profit before taxation is defined as underlying operating profit less net finance charges and before exceptional items as set out above in the underlying operating profit definition.

Note:

(i) In order to provide comparable information with the prior year underlying profit before taxation adjusted for the impact of the adoption of IFRS 16 is set out below.

	2019 £m	2018 £m
Underlying profit before tax	30.4	44.1
Impact of the adoption of IFRS 16	4.5	-
Underlying profit before tax under IAS 17	34.9	44.1

Underlying earnings per share⁽ⁱ⁾

As disclosed on the face of the Income Statement, underlying earnings per share is defined as profit after taxation and non-controlling interest before intangible amortisation and impairment and exceptional items, divided by the weighted average number of ordinary shares in issue. The calculation of underlying earnings per share is set out in Note 9.

Note:

(i) In order to provide comparable information with the prior year underlying profit before taxation adjusted for the impact of the adoption of IFRS 16 is set out below.

	2019 Pence	2018 Pence
Underlying earnings per share	24.9	37.6
Impact of the adoption of IFRS 16	3.7	-
Underlying earnings per share under IAS 17	28.6	37.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
1. Significant Accounting Policies continued

Non-GAAP measures continued

Free cash flow

Free cash flow is defined as the cash generated after net capital expenditure, interest and taxation, before special pension contributions, acquisitions, disposals, exceptional items, cash raised, capitalised lease repayments, ordinary dividends and net spend on shares.

	2019 £m	2018 ⁽ⁱ⁾ £m
Cash generated from operations	104.1	54.9
Adjusted for:		
Net interest paid	(20.5)	(10.8)
Exceptional interest paid	-	0.6
Tax paid	(11.8)	(15.3)
Dividends received from equity accounted investments	6.3	4.8
Purchase of property, plant and equipment	(29.7)	(29.0)
Intangible asset additions	(5.3)	(3.2)
Proceeds from sale of property, plant and equipment	13.5	14.9
Additional retirement benefit obligation contribution	12.1	24.8
Exceptional cash spend	12.4	10.4
Free cash flow	81.1	52.1

Note:

(i) Includes both continuing and discontinued operations and not restated for IFRS 16.

Underlying operating cash flow

Underlying operating cash flow is free cash flow before net capital expenditure, net interest paid and taxation.

	2019 £m	2018 ⁽ⁱ⁾ £m
Free cash flow as set out above	81.1	52.1
Adjusted for:		
Purchase of property, plant and equipment	29.7	29.0
Intangible asset additions	5.3	3.2
Proceeds from sale of property, plant and equipment	(13.5)	(14.9)
Net interest paid excluding exceptional interest	20.5	10.2
Tax paid	11.8	15.3
Underlying operating cash flow⁽ⁱⁱ⁾	134.9	94.9

Notes:

(i) Includes both continuing and discontinued operations and not restated for the impact of the adoption of IFRS 16.

(ii) In order to provide comparable information with the prior year underlying operating cash flow adjusted for the impact of the adoption of IFRS 16 is set out below.

	2019 £m	2018 £m
Underlying operating cash flow as set out above	134.9	94.9
Impact of the adoption of IFRS 16	(57.1)	-
Underlying operating cash flow under IAS 17	77.8	94.9

2. Segment Information

Following the disposal of the news and media distribution business in the prior year the central Corporate function was subsumed into the regional components of the former Aviation division on 31 December 2018. Subsequent to this date the reportable segments of the Group are the regional components of the former Aviation division and comparative information has been restated accordingly. The Group provides ground handling and cargo services as well as into-plane fuelling and fuel farm management services across the world. Cargo Forwarding services are separately disclosed as they are distinct from the other types of aviation related services provided and are provided around the world.

The Board assesses the performance of the operating segments based on a measure of adjusted segment result before exceptional items, intangible amortisation and share of interest and tax on joint ventures and associates. Transfer prices between segments are set on an arm's length basis.

Business segments

Segmental revenue and the reconciliation of segmental underlying operating profit to profit before tax for the period is set out below.

Continuing operations	Note	Americas £m	EMEA £m	Rest of World £m	Cargo Forwarding £m	Group £m
2019						
Revenue		464.3	552.5	161.3	147.5	1,325.6
Underlying operating profit ^{(i),(ii)}		20.9	13.4	12.2	6.0	52.5
Exceptional transaction related and integration	5					5.1
Exceptional legal settlements and other	5					5.8
Exceptional restructuring and pension related items	5					(15.6)
Acquired intangible asset amortisation	5					(6.6)
Share of interest on joint ventures and associates						0.2
Share of tax on joint ventures and associates						(1.8)
Operating profit						39.6
Net finance expense						(22.3)
Profit before taxation						17.3
	Note	Americas £m	EMEA £m	Rest of World £m	Cargo Forwarding £m	Group £m
2018						
Revenue		463.8	517.3	157.6	152.3	1,291.0
Underlying operating profit ^{(i),(ii),(iii)}		17.2	16.6	14.8	6.5	55.1
Exceptional transaction related items	5					(11.7)
Exceptional impairment and other items	5					(1.8)
Acquired intangible asset amortisation	5					(6.3)
Share of interest on joint ventures and associates						0.7
Share of tax on joint ventures and associates						(2.0)
Operating profit						34.0
Net finance expense						(12.4)
Profit before taxation						21.6

Notes:

(i) Underlying operating profit is defined as operating profit excluding intangible amortisation as shown in Note 5 and exceptional items but including the pre-tax share of results from joint ventures and associates.

(ii) Included within underlying operating profits are the Group's share of profits of joint ventures and associates in EMEA £2.9m and Rest of World £4.7m (2018: EMEA £5.0m and Rest of World £3.1m).

(iii) As set out above the central Corporate function was subsumed into the regional business of the Aviation division on 31 December 2018. The prior period has been restated to present comparable information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. Segment Information continued**Business segments** continued

The information reported to the Chief Executive Officer in his capacity as chief operating decision maker does not include an analysis of assets and liabilities by segment and accordingly no such information is presented.

	Capital expenditure		Depreciation		Amortisation	
	2019 £m	2018 £m	2019 £m	2018 £m	2019 £m	2018 £m
Continuing operations ⁽ⁱ⁾						
Americas	21.3	14.3	36.6	12.4	4.5	4.1
EMEA	8.2	9.7	33.9	6.9	2.2	2.1
Rest of World	3.3	4.6	10.7	4.2	1.2	0.9
Cargo Forwarding	1.4	0.5	3.5	0.5	0.3	0.3
	34.2	29.1	84.7	24.0	8.2	7.4

Note:

(i) As set out above the central Corporate function was subsumed into the Aviation division on 31 December 2018. The prior period has been restated to present comparable information.

Geographic information

	Revenue		Non-current assets ⁽ⁱ⁾	
	2019 £m	2018 £m	2019 £m	2018 £m
Continuing operations				
USA	372.1	370.0	192.3	140.7
UK	287.6	264.5	96.5	55.1
Australia	161.2	164.0	44.1	18.7
Others	504.7	492.5	139.7	85.2
	1,325.6	1,291.0	472.6	299.7

Note:

(i) Non-current assets exclude deferred tax assets and derivative financial assets.

Revenue by performance obligation

	2019 £m	2018 £m
Continuing operations		
At the point of service	1,298.2	1,268.6
Franchise and consortia fees	27.4	22.4
	1,325.6	1,291.0

Revenue is earned at the point of service in each segment of the business. Franchise and consortia fees are earned in Americas and EMEA.

The business provides customers with a comprehensive handling service whilst aircraft are on the ground, encompassing a variety of critical support services including baggage handling, cleaning, fuelling, de-icing and towing. The level of service required can vary according to conditions therefore judgment is exercised in determining the distinct performance obligations under the contract. Performance obligations under ground handling and also cargo handling contracts constitute a package of services provided together within a single aircraft turnaround. The interrelated activities are considered to be integrated in providing a single turnaround to customers. Revenue on these contracts is recognised according to the actual work carried out, typically governed by a schedule of agreed rates, at the time the service is provided.

The cargo forwarding business contracts with customers to fulfil the single performance obligation to facilitate the transportation of goods from one location to another. The business directs the performance of this obligation, selecting carriers to use. Revenue is recognised at the point of delivery as this is the point at which the revenue is significantly assured.

Franchise and consortia fees represent revenue earned from periodic management fees for fuel farms and franchising arrangements, which are recognised in accordance with contractual rates.

3. Net Operating Costs

	Notes	2019 £m	2018 £m
Goods for resale and other direct operating costs		148.7	156.5
Consumable supplies		24.4	19.2
Inventory written off		0.5	0.1
Employment costs	4	813.6	780.1
Lease costs relating to non-lease component and short-term leases of plant and equipment		24.4	-
Lease costs relating to short-term property leases		13.4	-
Operating leases and hire charges - plant and equipment		-	48.9
Rent of properties		-	41.7
Depreciation	11	84.7	24.0
Gain on disposal of property, plant and equipment		(1.7)	(1.6)
Exceptional items	5	4.7	13.5
Intangible assets amortisation	10	8.2	7.3
Other operating charges		171.1	174.1
Continuing operations net operating costs		1,292.0	1,263.8

The Group obtained services from the Group's auditor at costs as provided below.

	2019 £m	2018 £m
Audit of the Company and consolidated accounts	0.3	0.3
Audit of the Company's subsidiaries pursuant to legislation	1.0	1.0
Transaction advisory services	1.0	0.7

4. Employee Costs

	2019 £m	2018 £m
Wages and salaries	727.4	745.4
Share-based payments	0.8	1.6
Social security costs	62.6	64.1
	790.8	811.1
Pension charge	22.8	21.2
	813.6	832.3
Less: discontinued operations employee costs	-	(52.2)
Continuing operations employee costs	813.6	780.1

The average number of people employed during the year is provided below.

	2019	2018
USA	8,608	9,341
UK	6,638	6,117
Australia	2,225	2,080
Others	14,917	15,181
Continuing operations	32,388	32,719
Discontinued operations	-	3,592
	32,388	36,311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. Employee Costs continued**Retirement benefit obligation charge**

Certain subsidiaries participate in a number of pension schemes which are of a defined contribution nature and some of which operate overseas. The Income Statement charge for defined contribution schemes represents the contributions payable. A defined benefit scheme is operated in the United Kingdom as set out in Note 22.

The retirement benefit obligation charge to underlying operating profit is provided below.

	2019 £m	2018 £m
Defined contribution schemes	21.8	19.8
Defined benefit scheme	1.0	1.4
Continuing operations retirement benefit obligation charge	22.8	21.2

5. Exceptional and Other Items**Exceptional items included in operating profit**

	2019 £m	2018 £m
Acquisition and transaction related costs ⁽ⁱ⁾	(3.9)	(2.9)
Acquisition integration costs ⁽ⁱⁱ⁾	(3.3)	(2.1)
Acquisition claims settlement ⁽ⁱⁱⁱ⁾	12.3	(6.7)
Other legal settlements ^(iv)	5.8	-
Restructuring and pension de-risking costs ^(v)	(15.6)	1.9
Impairment ^(vi)	-	(3.7)
	(4.7)	(13.5)

Notes:

- (i) Acquisition and transaction related costs comprise £2.9m of costs in relation to aborted potential transactions, £0.9m of joint venture set up costs and £0.1m of other related costs. In the prior year transaction related costs reflected £1.5m relating to the acquisition of the Airline Services business, £0.8m loss on disposal of Hyderabad Menzies Air Cargo Private Ltd and £0.6m other transaction related costs.
- (ii) Acquisition integration costs relate to the integration of the Airline Services business acquired during the year. Costs comprise of integration team, rationalisation and rebranding. In the prior year costs of £2.1m related to the acquisition of ASIG, acquired in 2017.
- (iii) Acquisition claims settlement recognised during the year were a net credit of £12.3m. The amount comprised a receivable to settle claims of £17.6m from the previous owner, partly offset by the costs of £5.3m of related customer claims and employee matters relating to the acquisition of ASIG incurred in the period prior to the Group's ownership. In the prior year costs of £6.7m related to provisions for employee and customer claims relating to ASIG incurred in the period prior to the Group's ownership.
- (iv) Other legal settlements resulted in a net credit of £5.8m. Settlements comprised an excess amount recovered of £8.6m from a legacy legal claim over the costs to recover and resolve, partly offset by excess costs incurred from unauthorised employee activities £2.0m and the costs to pursue recovery and resolve £0.8m.
- (v) Restructuring costs comprised £8.0m of redundancy payments incurred as part of the operational efficiency programme announced during the year, £5.4m of asset write-downs and refurbishments relating to an asset optimisation programme and £1.3m relating to station closure costs. Professional fees of £0.9m have been incurred to complete a programme to de-risk the UK defined benefit pension scheme. In the prior year property and pension items comprised a £2.1m gain on disposal of property, partly offset by £0.2m of pension de-risking costs and past service costs.
- (vi) In the prior year impairment costs comprised a £3.7m write-down of the investment in Menzies Bobba Ground Handling Services Private Ltd and related receivables.

Exceptional items included in finance charges

	2019 £m	2018 £m
Transaction related finance costs ⁽ⁱ⁾	-	(0.6)
Unwind discount costs ⁽ⁱⁱ⁾	-	(0.1)

Notes:

- (i) In the prior year transaction related finance costs comprised syndicated facility fees and break costs relating to the disposal of the Distribution business.
- (ii) In the prior year unwind discount costs related to deferred consideration and onerous lease provisions.

Acquired intangible assets amortisation included in operating profit

Acquired intangible asset amortisation costs incurred were £6.6m (2018: £6.3m). The amortisation relates to contract, customer relationship and brand assets recognised on the acquisition of businesses.

Tax effect of exceptional items

The taxation effect of the exceptional items is a net charge of £1.4m (2018: net credit of £1.0m) due to a taxable capital receipt and non-deductible costs incurred during the year, combined with deferred tax credits not taken in respect of tax deductions available for a proportion of the exceptional costs arising during the year, following a reassessment of the Group's corporate and operational activities in the UK.

6. Net Finance Costs

	2019 £m	2018 £m
Finance income		
Bank deposits	0.6	1.0
Finance charges		
Bank loans and overdrafts	(13.0)	(11.1)
Option to protect the year end debt value	(1.6)	-
Lease liabilities	(7.6)	-
Preference dividends	(0.1)	(0.1)
	(22.3)	(11.2)
	(21.7)	(10.2)

7. Taxation**Tax charge in continuing operations in the Income Statement**

	2019 £m	2018 £m
Current tax		
UK corporation tax on profit from continuing operations for the year	(0.4)	(0.9)
Overseas tax	11.6	11.5
Adjustments to prior years' liabilities	(0.7)	0.3
	10.5	10.9
Deferred tax		
Origination and reversal of temporary differences	(2.5)	(4.1)
Adjustments to prior years' liabilities	(1.5)	(1.4)
	(4.0)	(5.5)
Retirement benefit obligation	1.8	3.7
	(2.2)	(1.8)
Tax on profit from continuing operations	8.3	9.1

Tax related to items charged/(credited) outside the Income Statement

	2019 £m	2018 £m
Deferred tax on actuarial gain on retirement benefit obligation	0.4	0.5
Deferred tax on share-based payments	0.3	0.1
Current tax on net exchange adjustments	(0.1)	(0.5)
Deferred tax on net exchange adjustments	(0.1)	(0.3)
IFRS 16 Leases transition adjustment	(0.3)	-
	0.2	(0.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. Taxation continued**Effective tax rate**

The reconciliation between tax charge and the product of accounting profit multiplied by the Group's domestic tax rate is provided below.

	2019 £m	2018 £m
Profit before tax from continuing operations	17.3	21.6
Profit before tax multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	3.3	4.7
Income not taxable and non-deductible expenses including intangible amortisation	2.1	1.0
Unrelieved overseas losses	1.0	2.0
Deferred tax asset recognised on overseas losses carried forward	(2.5)	(1.3)
Deferred tax asset not recognised on losses and other temporary differences	5.9	1.9
Exceptional items	(1.0)	1.6
Utilisation of previously unrecognised losses	(1.2)	(0.6)
Higher tax rates on overseas earnings	2.8	3.1
Share of joint venture and associate post-tax result included in profit before tax	(1.5)	(1.6)
Adjustments to prior years' liabilities	(2.2)	(1.1)
Corporation tax provision movement	1.6	(0.6)
	8.3	9.1

The main rate of UK corporation tax is anticipated to reduce to 17% on 1 April 2020.

Factors that may affect future tax charges

The Group has tax losses carried forward that arose in subsidiary companies operating in the undernoted jurisdictions and are available for offset against future profits of those subsidiaries. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries where it is not probable that future taxable profits will be available against which such assets could be utilised. The losses carried forward are set out below.

	Expiry	2019 £m	2018 £m
Colombia	Carry forward for up to 12 years	0.4	-
Germany	Carry forward indefinitely	10.9	15.0
Indonesia	Carry forward for 5 years	0.1	0.2
Ireland	Carry forward indefinitely	0.6	0.2
Namibia	Carry forward indefinitely	0.3	0.3
Norway	Carry forward indefinitely	18.3	16.7
South Africa	Carry forward indefinitely	16.0	14.6
Thailand	Carry forward for 5 years	2.5	1.2
The Netherlands	Carry forward for 4 years	0.4	0.1
UK	Carry forward indefinitely	36.0	-
USA	Carry forward for up to 20 years/indefinitely	41.2	40.0

The Group has no capital losses in the UK (2018: £10.0m) available for offset against future taxable gains arising in the UK as these have been fully utilised in the year.

8. Dividends

	2019 £m	2018 £m
Dividends paid on ordinary shares		
Interim paid in respect of 2019, 6.0p per share	5.1	-
Final paid in respect of 2018, 14.5p per share	12.2	-
Interim paid in respect of 2018, 6.0p per share	-	5.0
Final paid in respect of 2017, 14.5p per share	-	12.1
	17.3	17.1

Dividends of £Nil were waived on Treasury shares (2018: £0.1m).

Given the impact of COVID-19 (coronavirus) on the operations of the Group in 2020 and the ongoing uncertainty of the extent of the impact on the aviation industry, the Board believes it prudent and in the best interests of shareholders to suspend the dividend temporarily. The Board is therefore not recommending a final dividend payment for the year.

9. Earnings Per Share

	Basic		Underlying ⁽ⁱ⁾	
	2019 £m	2018 £m	2019 £m	2018 £m
Profit/(loss) for the year after tax as set out in the Income Statement	10.7	(5.4)	20.9	45.3
Adjustment to exclude result relating to non-controlling interests	0.1	(0.3)	0.1	(0.3)
Earnings/(loss) for the year attributable to equity shareholders	10.8	(5.7)	21.0	45.0
Basic earnings per ordinary share				
Earnings/(loss) per ordinary share	12.8p	(6.8)p		
Diluted earnings/(loss) per ordinary share	12.8p	(6.8)p		
Underlying earnings per ordinary share⁽ⁱ⁾				
Earnings per ordinary share			24.9p	53.8p
Diluted earnings per ordinary share			24.9p	53.7p
Number of ordinary shares in issue				
Weighted average (million)	84.2	83.7		
Diluted weighted average (million)	84.2	83.8		
Continuing operations				
Profit/(loss) for the year after tax as set out in the Income Statement	10.7	(5.4)	20.9	45.3
Adjustment to exclude result from discontinued operations	(1.7)	17.9	-	(13.6)
Adjustment to exclude result relating to non-controlling interests	0.1	(0.3)	0.1	(0.3)
Earnings for the year attributable to equity shareholders	9.1	12.2	21.0	31.4
Basic earnings per ordinary share				
Earnings per ordinary share	10.8p	14.6p		
Diluted earnings per ordinary share	10.8p	14.6p		
Underlying earnings per ordinary share⁽ⁱ⁾				
Earnings per ordinary share			24.9p	37.6p
Diluted earnings per ordinary share			24.9p	37.5p
Discontinued operations				
Profit/(loss) for the year after tax as set out in the Income Statement	10.7	(5.4)	20.9	45.3
Adjustment to exclude result from continuing operations	(9.0)	(12.5)	(20.9)	(31.7)
Earnings/(loss) for the year attributable to equity shareholders	1.7	(17.9)	-	13.6
Basic earnings per ordinary share				
Earnings/(loss) per ordinary share	2.0p	(21.4)p		
Diluted earnings/(loss) per ordinary share	2.0p	(21.4)p		
Underlying earnings per ordinary share⁽ⁱ⁾				
Earnings per ordinary share			-	16.2p
Diluted earnings per ordinary share			-	16.2p

Note:

(i) Underlying earnings is presented as an additional performance measure and is stated before exceptional items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. Earnings Per Share continued

The weighted average number of fully paid shares in issue during the year excludes those held by the employee share trusts. The diluted weighted average is calculated by adjusting for all outstanding share options that are potentially dilutive (i.e. where the exercise price is less than the average market price of the shares during the year). The impact of these share options is to increase the diluted weighted average number of shares by Nil (2018: 0.1m) and there was no anti-dilutive impact on basic EPS in the prior year.

10. Intangible Assets

	Goodwill £m	Contracts, customer relationships and brands £m	Computer software £m	Total £m
Cost				
At 31 December 2018	136.8	103.8	14.6	255.2
Subsidiaries acquired (Note 24)	20.5	6.2	-	26.7
Additions	-	-	5.3	5.3
Disposals	-	-	(0.7)	(0.7)
Currency translation	(3.7)	(1.2)	-	(4.9)
At 31 December 2019	153.6	108.8	19.2	281.6

Amortisation and impairment

At 31 December 2018	24.4	61.5	10.1	96.0
Amortisation charge	-	6.6	1.6	8.2
Currency translation	(1.0)	0.3	-	(0.7)
At 31 December 2019	23.4	68.4	11.7	103.5

Net book value

At 31 December 2019	130.2	40.4	7.5	178.1
At 31 December 2018	112.4	42.3	4.5	159.2

	Goodwill £m	Contracts, customer relationships and brands £m	Computer software £m	Total £m
Cost				
At 31 December 2017	147.7	138.1	35.9	321.7
Subsidiaries sold (Note 27)	(15.5)	(36.7)	(23.8)	(76.0)
Additions	-	0.7	2.5	3.2
Currency translation	4.6	1.7	-	6.3
At 31 December 2018	136.8	103.8	14.6	255.2

Amortisation and impairment

At 31 December 2017	23.0	68.3	26.7	118.0
Subsidiaries sold (Note 27)	-	(14.0)	(18.3)	(32.3)
Amortisation charge	-	7.2	1.6	8.8
Currency translation	1.4	-	0.1	1.5
At 31 December 2018	24.4	61.5	10.1	96.0

Net book value

At 31 December 2018	112.4	42.3	4.5	159.2
At 31 December 2017	124.7	69.8	9.2	203.7

Goodwill acquired through business combinations has been allocated at acquisition to cash generating units (CGUs) that are expected to benefit from the business combination. The carrying amount of the goodwill has been allocated to the operating units as provided below.

		2019		2018	
		Pre-tax discount rate used in impairment review	Goodwill £m	Pre-tax discount rate used in impairment review	Goodwill £m
Americas	Ground handling	10%	55.6	11%	57.4
	Cargo handling	9%	9.5	11%	9.8
EMEA	Ground handling	12%	45.1	11%	30.3
	Cargo handling	10%	2.8	9%	2.9
Rest of World		9%	8.3	10%	4.0
Cargo Forwarding		11%	8.9	11%	8.0
			130.2		112.4

The Group tests goodwill annually for impairment or more frequently if there are indications that these might be impaired. The basis of these impairment tests including key assumptions are set out below.

The recoverable amounts of the CGUs are determined from value in use calculations. These calculations use future cash flow projections based on financial forecasts approved by Management. The key assumptions for these forecasts are those regarding revenue growth, net margin, capital expenditure and the level of working capital required to support trading, which Management estimates based on past experience and expectations of future changes in the market.

The value in use calculations use a post-tax discount rate assumption in a range from 7% to 8% (2018: 7% to 9%) based on the Group's weighted average post-tax cost of capital and having considered the uncertainty risk attributable to individual CGUs. The equivalent pre-tax discount rate is a range from 9% to 12% (2018: 9% to 11%) as shown in the table above. The pre-tax rate has been applied to pre-tax cash flows.

Value in use calculations are based on Board approved budgets and outlooks extrapolated out for five years. Growth rates in the cash flows beyond three years have been assumed to be Nil% (2018: Nil%). Net margin assumptions are based on historic experience. Base case forecasts show significant headroom above carrying value for each CGU. Sensitivity analysis has been undertaken for each CGU to assess the impact of any reasonably possible change in key assumptions. For all significant CGUs there is no reasonably possible change that would cause the carrying values to exceed recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
11. Property, Plant and Equipment

	Owned freehold property £m	Leasehold property improvements £m	Right of use asset property £m	Right of use asset subleased as lessor £m	Owned plant and equipment £m	Right of use asset plant and equipment £m	Total £m
Cost							
At 31 December 2018	11.8	51.8	-	-	218.1	-	281.7
Impact of adoption of IFRS 16 (Note 1)	-	-	97.9	-	-	117.9	215.8
Adjusted balance at 1 January 2019	11.8	51.8	97.9	-	218.1	117.9	497.5
Acquisitions (Note 24)	-	0.1	-	-	4.2	2.7	7.0
Additions	0.3	1.3	-	-	27.3	-	28.9
Right of use assets recognised	-	-	15.2	0.8	-	4.5	20.5
Disposals	(6.1)	(0.4)	(0.8)	-	(9.2)	(6.6)	(23.1)
Currency translation	(0.2)	(1.3)	(2.9)	-	(6.3)	(3.0)	(13.7)
At 31 December 2019	5.8	51.5	109.4	0.8	234.1	115.5	517.1

Depreciation

At 31 December 2018	5.6	33.4	-	-	126.7	-	165.7
Impact of adoption of IFRS 16 (Note 1)	-	-	0.6	-	-	-	0.6
Adjusted balance at 1 January 2019	5.6	33.4	0.6	-	126.7	-	166.3
Charge for the year	0.2	2.1	29.8	-	20.4	32.2	84.7
Disposals	(1.5)	(0.4)	(0.1)	-	(5.1)	(1.2)	(8.3)
Impairment	-	-	1.0	0.2	-	0.6	1.8
Currency translation	-	(0.6)	(0.8)	-	(3.4)	(0.7)	(5.5)
At 31 December 2019	4.3	34.5	30.5	0.2	138.6	30.9	239.0

Net book value

At 31 December 2019	1.5	17.0	78.9	0.6	95.5	84.6	278.1
At 31 December 2018	6.2	18.4	-	-	91.4	-	116.0

	Owned freehold property £m	Leasehold property improvements £m	Right of use asset property £m	Right of use asset subleased as lessor £m	Owned plant and equipment £m	Right of use asset plant and equipment £m	Total £m
Cost							
At 31 December 2017	36.1	51.9	-	-	298.9	-	386.9
Subsidiaries sold (Note 27)	(19.0)	(1.5)	-	-	(66.5)	-	(87.0)
Additions	-	1.1	-	-	28.1	-	29.2
Disposals	(5.3)	(0.1)	-	-	(42.2)	-	(47.6)
Currency translation	-	0.4	-	-	(0.2)	-	0.2
At 31 December 2018	11.8	51.8	-	-	218.1	-	281.7
Depreciation							
At 31 December 2017	13.2	31.1	-	-	187.0	-	231.3
Subsidiaries sold (Note 27)	(6.4)	(0.6)	-	-	(53.0)	-	(60.0)
Charge for the year	0.5	3.0	-	-	21.4	-	24.9
Disposals	(1.7)	-	-	-	(27.6)	-	(29.3)
Currency translation	-	(0.1)	-	-	(1.1)	-	(1.2)
At 31 December 2018	5.6	33.4	-	-	126.7	-	165.7
Net book value							
At 31 December 2018	6.2	18.4	-	-	91.4	-	116.0
At 31 December 2017	22.9	20.8	-	-	111.9	-	155.6

12. Investments

The movement of the net book value of investments is set out below.

	Interest in joint ventures £m	Interest in associates £m	Other £m	Total £m
2019				
Net book value				
At 31 December 2018	18.9	0.4	5.2	24.5
Share of post-tax results	6.0	-	-	6.0
Dividends received during the year	(5.5)	-	-	(5.5)
Additions ⁽ⁱ⁾	0.4	-	-	0.4
Revaluation ⁽ⁱⁱ⁾	-	-	(2.0)	(2.0)
Disposal ⁽ⁱⁱ⁾	(2.7)	(0.6)	(3.0)	(6.3)
Currency translation	(1.0)	0.3	-	(0.7)
At 31 December 2019	16.1	0.1	0.2	16.4

	Interest in joint ventures £m	Interest in associates £m	Other £m	Total £m
2018				
Net book value				
At 31 December 2017	27.1	0.4	0.2	27.7
Share of post-tax results	6.8	-	-	6.8
Dividends received during the year	(5.0)	-	-	(5.0)
Additions	1.2	-	5.0	6.2
Disposal	(7.4)	-	-	(7.4)
Impairment	(3.3)	-	-	(3.3)
Currency translation	(0.5)	-	-	(0.5)
At 31 December 2018	18.9	0.4	5.2	24.5

Notes:

- (i) Investment of £0.4m in Menzies Aviation Cairns Pty Ltd.
(ii) The principal disposals during the year relate to the closure of the Hyderabad ground handling operations and the disposal of the remaining 10% interest in the Distribution business. The Menzies Bobba Ground Handling Service Private Ltd business at Hyderabad was wound up and cash proceeds of £2.6m were received on 1 July 2019 resulting in an exceptional gain of £0.2m as set out in Note 5. The 10% equity investment of £5.0m in Endless Newco1 Ltd, the parent entity of the former Distribution business, was disposed on 13 September 2019 for £3.0m. Immediately prior to the disposal the investment was written down by £2.0m. The investment was disposed in order to fully exit the UK and Ireland news media distribution market. This loss was recognised in Other Comprehensive Income in accordance with the election made under IFRS 9 in the prior year.

Material joint ventures

	Menzies Bobba Ground Handling Services Private Ltd £m	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Menzies Macau Airport Services Ltd £m
2019			
Country of incorporation	India	India	China
Statutory year end	31 March	31 March	31 December
Business activity	Ground handling services in Hyderabad	Cargo handling services in Bangalore	Ground handling and cargo handling in Macau
Interest held - ordinary shares	-	49%	29%
Interest held - preference shares	-	100%	-
Group's share of total comprehensive income	-	49%	29%
Group's share of net assets	-	65%	29%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. Investments continued

	Menzies Bobba Ground Handling Services Private Ltd £m	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Menzies Macau Airport Services Ltd £m
2019			
Summarised Balance Sheet and reconciliation to carrying value			
Cash	4.2	5.0	8.8
Other current assets	1.0	1.8	7.7
Non-current assets	-	8.6	9.3
Current liabilities	(0.2)	(1.9)	(8.8)
Non-current liabilities	-	-	(0.5)
Net assets	5.0	13.5	16.5
Partners' share of net assets	(5.0)	(4.7)	(11.7)
Carrying amount of the investment	-	8.8	4.8

Summarised Income Statement

Revenue	1.1	15.0	51.9
Depreciation and amortisation	(0.3)	(1.1)	(1.4)
Other operating costs	(0.6)	(9.2)	(34.4)
Interest income	0.3	0.4	-
Income tax	(0.4)	(2.1)	(1.9)
Profit	0.1	3.0	14.2
Comprehensive income for the year	0.1	3.0	14.2
Group's share of total comprehensive income	0.1	1.5	4.1

Carrying amount of investment

At 31 December 2018	2.5	10.1	3.7
Group's share of total comprehensive income	0.1	1.5	4.1
Dividends received during the year	(0.2)	(2.4)	(2.8)
Disposal	(2.3)	-	-
Currency translation	(0.1)	(0.4)	(0.2)
At 31 December 2019	-	8.8	4.8

	Menzies Bobba Ground Handling Services Private Ltd £m	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Hyderabad Menzies Air Cargo Private Ltd ⁽ⁱ⁾ £m	Menzies Macau Airport Services Ltd £m
2018				
Interest held - ordinary shares	51%	49%	-	29%
Interest held - preference shares	-	100%	-	-
Group's share of total comprehensive income	51%	49%	-	29%
Group's share of net assets	46%	68%	-	29%

Summarised Balance Sheet and reconciliation to carrying value

Cash	3.9	10.3	-	6.0
Other current assets	2.0	2.2	-	5.2
Non-current assets	0.6	4.4	-	9.0
Current liabilities	(0.7)	(2.1)	-	(7.3)
Non-current liabilities	-	-	-	(0.5)
Net assets	5.8	14.8	-	12.4
Partners' share of net assets	(3.3)	(4.7)	-	(8.7)
Carrying amount of the investment	2.5	10.1	-	3.7

Note:

(i) Investment in Hyderabad Menzies Air Cargo Private Ltd was disposed on 31 October 2018.

	Menzies Bobba Ground Handling Services Private Ltd £m	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Hyderabad Menzies Air Cargo Private Ltd ⁽ⁱ⁾ £m	Menzies Macau Airport Services Ltd £m
2018				
Summarised Income Statement				
Revenue	4.4	15.3	8.5	40.6
Depreciation and amortisation	-	(0.9)	(0.3)	(1.2)
Other operating costs	(3.5)	(8.3)	(5.8)	(28.8)
Interest income	0.2	0.6	0.5	-
Income tax	(0.2)	(2.3)	(0.8)	(1.3)
Profit from continuing operations	0.9	4.4	2.1	9.3
Comprehensive income for the year	0.9	4.4	2.1	9.3
Group's share of total comprehensive income	0.5	2.2	1.0	2.7

Carrying amount of investment

At 31 December 2017	5.8	10.4	6.7	3.2
Group's share of total comprehensive income	0.5	2.2	1.0	2.7
Dividends received during the year	(0.3)	(2.3)	-	(2.4)
Disposal	-	-	(7.4)	-
Impairment	(3.3)	-	-	-
Currency translation	(0.2)	(0.2)	(0.3)	0.2
At 31 December 2018	2.5	10.1	-	3.7

Individually immaterial joint ventures and associates

	2019	2018
	£m	£m
Carrying amount of interests in joint ventures and associates	2.6	3.0
Share of profit from continuing operations	0.3	0.4
Total comprehensive income	0.3	0.4

The decrease in the carrying value primarily relates to the step-acquisition of Hamilton Aero Maintenance Ltd in New Zealand.

The listing of joint ventures and associates, along with subsidiary undertakings, is presented on pages 195 to 209.

13. Deferred Tax

	2019	2018
	£m	£m
Deferred tax assets		
Retirement benefit obligation	0.9	3.1
Share-based payments	0.6	1.1
Tax losses	15.9	11.1
Other temporary differences ⁽ⁱ⁾	6.3	7.9
	23.7	23.2

Deferred tax liabilities

Intangible assets	(1.4)	(1.7)
Other overseas temporary differences	(1.7)	(1.2)
	(3.1)	(2.9)

Net recognised in Balance Sheet

	20.6	20.3
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. Deferred Tax continued

	2019 £m	2018 £m
Movement in net deferred tax assets in the year:		
Income Statement: retirement benefit obligation	(1.8)	(3.7)
Income Statement: other	4.0	5.5
Income Statement: discontinued operations	-	(0.7)
Exchange adjustments	(0.4)	-
Transaction related movements	(1.2)	(1.1)
Tax related to items (credited)/charged outside the Income Statement	(0.3)	0.8
	0.3	0.8

Note:

(i) Other temporary differences comprise temporary differences arising on property, plant and equipment, share-based payments, accruals and provisions.

The value of unremitted earnings of the Group's subsidiaries on which no deferred tax liability has been provided is £27.0m (2018: £27.0m). No deferred tax liability has been recognised for these items on the basis that the Group can control the timing of the remittance of these reserves and there are currently no plans for these reserves to be remitted.

14. Trade and Other Receivables

	2019 £m	2018 £m
Trade receivables	142.8	174.7
Less: provision for estimated credit loss	(2.5)	(3.9)
Net trade receivables	140.3	170.8
Accrued income	27.3	22.2
Consortia related receivables	7.7	97.9
Prepayments	14.6	15.4
Other receivables	52.8	51.9
	242.7	358.2

The average credit period on sale of goods is 39 days (2018: 48 days). Interest is not charged on trade receivables.

During the year £22.2m of accrued income at 31 December 2018 was recognised in the Income Statement (2018: £25.6m).

Consortia related receivables include re-billable expenses and restricted cash relating to fuel farm management services. Restricted cash represents funding received from customers and held in a fiduciary capacity to be used on their behalf to satisfy fuel farm cash funding requirements within 12 months and is therefore classified as a current asset. The reduction in the consortia related receivables balance in the current year reflects a change of third party cash management that resulted in less restricted cash held on behalf of customers.

Credit risk management

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. All new customers are subject to formal credit checks. Credit terms for new customers cannot exceed 30 days without prior approval. New contracts and renewals with existing customers are subject to credit worthiness checks. Any existing or previous trading experiences are taken into account before making a recommendation on terms. All receivables 12 months overdue are provided in full unless there is clear evidence of collectability. Any bad debts written off require prior approval.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. Days past due is a key indicator of rates. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low due to its wide customer base. There is no risk relating to consortia related receivables due to funding received in advance for fuel farm operations.

The credit risk exposure on the Group's trade receivables and accrued income is set out below.

	Accrued income £m	Trade receivables				Total £m
		Current £m	31-60 days £m	61-90 days £m	Over 90 days £m	
2019						
Estimated credit loss rate	-	0.2%	0.4%	4.7%	36.0%	
Estimated total gross carrying amount at default	27.3	108.4	24.5	4.3	5.6	142.8
Expected credit loss	-	0.2	0.1	0.2	2.0	2.5

	Accrued income £m	Trade receivables				Total £m
		Current £m	31-60 days £m	61-90 days £m	Over 90 days £m	
2018						
Estimated credit loss rate	-	0.2%	0.2%	2.4%	21.0%	
Estimated total gross carrying amount at default	22.2	109.3	44.2	4.2	17.0	174.7
Expected credit loss	-	0.2	0.1	0.1	3.5	3.9

Allowance for expected credit loss

	2019 £m	2018 £m
At beginning of year	3.9	4.4
Amounts provided	0.6	1.6
Amounts released	(1.7)	(0.6)
Amounts utilised	(0.2)	-
Subsidiaries sold	-	(1.6)
Currency translation	(0.1)	0.1
At end of year	2.5	3.9

15. Trade and Other Payables

	2019 £m	2018 £m
Due within one year		
Trade payables	36.5	39.9
Accruals	105.0	109.3
Deferred income	1.2	2.4
Consortia related payables	9.7	108.0
Other taxes and social security costs	7.7	7.8
Other payables	27.1	23.1
	187.2	290.5
Due after more than one year		
Other payables	0.5	3.7

The carrying value of trade and other payables approximates fair value.

Included within other payables is contingent consideration and other contingent acquisition related amounts as disclosed in Note 16. Such amounts included within other payables due within one year are £1.6m (2018: £3.7m).

During the year £2.4m of deferred income at 31 December 2018 was recognised in the Income Statement (2018: £3.1m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. Financial Instruments**Derivative financial instruments
Recognised in the Balance Sheet**

	2019 £m	2018 £m
Non-current asset	-	1.5
Current asset	0.8	0.6
Current liability	(0.2)	(0.5)
Non-current liability	(0.2)	-
Net fair value	0.4	1.6

Adjusted to fair value through the Statement of Comprehensive Income

	2019 £m	2018 £m
Cash flow hedges:		
Foreign exchange forward contracts	-	0.2
Interest rate swaps	(0.2)	1.5
Foreign currency net investment hedges:		
Foreign exchange forward contracts	0.6	(0.1)
Net fair value	0.4	1.6

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Group only enters into derivative financial instruments that are designated as hedging instruments. The fair values of foreign currency instruments are calculated by reference to current market rates.

The Group uses a hierarchy for determining and disclosing the fair value of financial instruments by valuation technique as set out below.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the year, all derivative financial instruments were measured using Level 2 fair value measurements (2018: all Level 2). For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash flow hedges

At 31 December 2019 the Group held foreign currency forward contracts designated as hedges of transaction exposures arising from revenue in foreign currencies. These contracts were in line with the Group's policy to hedge significant forecast transaction exposures for a maximum 18 months forward. The cash flow hedges for revenue in foreign currencies were assessed to be highly effective therefore there is no ineffectiveness recognised within the Income Statement.

The notional value of forward contracts utilised to hedge forecast foreign currency transaction exposures at 31 December is £16.5m (2018: £22.0m) all of which expire within 12 months. The cash flow hedge reserve records the portion of the gains or losses on hedging instruments used as cash flow hedges that are determined to be effective.

During the year the Group maintained US\$125m of interest rate swaps with an amortising profile to match 50% of the US dollar denominated term loan maturing in June 2021. At 31 December 2019, 30.4% (2018: 35.5%) of the interest on the Group's bank borrowings were fixed.

	2019 Liabilities £m	2018 Assets £m
Fair value of cash flow hedges – currency forward contracts	-	0.2
Fair value of cash flow hedges – interest rate swaps	(0.2)	1.5
	(0.2)	1.7
Current value	-	0.2
Non-current value	(0.2)	1.5
	(0.2)	1.7

Foreign currency net investment hedges

The Group's policy is to hedge the exposure of foreign currency denominated assets to minimise foreign exchange risk. This is primarily achieved using forward contracts denominated in the relevant foreign currencies. Gains or losses on the retranslation of these hedges are transferred to reserves to offset any gains or losses on translation of the net investments in the subsidiary undertakings. The foreign currency net investment hedges were assessed to be highly effective.

	2019		2018	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Fair value of foreign currency net investment hedges	0.8	(0.2)	0.4	(0.5)
Current value	0.8	(0.2)	0.4	(0.5)

The notional value of forward contracts designated as foreign currency net investment hedges at 31 December is £42.8m (2018: £41.4m), all of which expire within 12 months.

The notional principal amounts of the outstanding forward foreign exchange contracts relating to the most significant currencies for the Group is provided below.

	Currency value		Sterling equivalent	
	2019 £m	2018 £m	2019 £m	2018 £m
Australian dollar	18.0	13.0	9.6	7.2
Canadian dollar	11.5	11.5	6.7	6.6
Colombian peso	5,100	5,100	1.2	1.2
Czech koruna	115.0	115.0	3.8	4.0
Danish krone	15.0	15.0	1.7	1.8
Euro	2.1	2.1	1.8	1.9
Indian rupee	424	574	4.5	6.4
Mexican peso	51.0	51.0	2.0	2.0
New Zealand dollar	5.0	3.0	2.5	1.6
Norwegian krone	35.0	35.0	3.1	3.1
South African rand	30.0	30.0	1.6	1.6
Swedish krona	50.0	50.0	4.0	4.4

Other financial instruments**Contingent consideration**

The acquisition of PlaneBiz 2015 Ltd in 2014 included options in relation to the 40% shareholding owned by a third party. These options took the form of a put option in favour of the third party shareholders for up to 30% of the share capital, exercisable during 2019. During the year options relating to 15% of the share capital lapsed while the options relating to the remaining 15% were exercised and remain outstanding as a £1.6m payable at the year end. This resulted in a £1.7m reduction in the contingent consideration payable as set out below. Following the expiry of this put option the Group then had a call option that expired on 28 February 2020. The call option had negligible fair value at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. Financial Instruments continued**Other financial instruments** continued**Contingent consideration** continued

The acquisition of GTO Global Logistics Inc during the year included an earn out mechanism relating to the future profitability of the business. There is a base earn out and a growth earn out mechanism that compares actual EBITDA generated by the business over a three-year period compared to stipulated profit levels. The maximum amount payable is £0.4m and the minimum amount payable £Nil. As part of the acquisition accounting process the amount provided as deferred consideration was £0.2m.

In March 2019 £0.3m was cash settled for contingent consideration relating to the historic acquisition of Gold Coast Air Terminal Services Pty Ltd. As the amount provided for at 31 December 2018 was £0.4m there was an exceptional gain arising of £0.1m which was included in acquisition and transaction related exceptional items in Note 5.

The liabilities for contingent consideration and other acquisition related amounts are Level 3 derivative financial instruments. The fair value of contingent acquisition related amounts is set out below.

	2019 £m	2018 £m
PlaneBiz 2015 Ltd	1.6	3.3
GTO Global Logistics Inc	0.2	-
Gold Coast Air Terminal Services Pty Ltd	-	0.4

Interest-bearing loans and borrowings

	Maturity	2019 £m	2018 £m
Bank overdrafts	On demand	18.6	23.5
Non-amortising sterling bank loans	June 2021	109.0	59.0
Amortising US dollar denominated term loan	June 2021	177.9	195.3
Lease liabilities	Various	175.5	-
Preference shares	Non-redeemable	1.4	1.4
		482.4	279.2
Current value		91.6	34.7
Non-current value		390.8	244.5
		482.4	279.2

The Group's current bank facilities were drawn down on 1 February 2017 and comprised a \$250m US dollar denominated amortising term loan and a £150m revolving credit facility, both with a maturity of June 2021. At 31 December 2019 the average interest rates on these US dollar and sterling loans were 4.3% and 3.2%, respectively. At 31 December 2019 the amortising US dollar denominated term loan was repayable between 2020 and 2021. The loan had a weighted average maturity of one year. Non-amortising bank loans were drawn against unsecured, committed revolving bank credit facilities maturing in June 2021. In January 2020 the Group completed the refinance of the Group's bank facilities maturing in June 2021, replacing them with a \$235m US dollar denominated amortising term loan and a £145m revolving credit facility both due to mature in January 2025.

The Company has issued 1,394,587 cumulative preference shares of £1 each. These shares are not redeemable and pay an interest coupon of 9% semi-annually.

Net borrowings

	2019 £m	2018 £m
Interest-bearing loans and borrowings	482.4	279.2
Derivative financial instruments	(0.4)	(1.6)
Total borrowings	482.0	277.6
Less: cash at bank, cash in hand and short-term deposits	(90.5)	(78.0)
	391.5	199.6

The book and fair values of net borrowings is provided below.

	2019		2018	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Short-term bank borrowings	16.2	16.2	11.2	11.2
Medium-term bank borrowings	270.7	270.7	16.7	16.7
Long-term borrowings	1.4	1.4	227.8	227.8
Short-term lease liabilities	56.8	56.8	-	-
Long-term lease liabilities	118.7	118.7	-	-
Derivative financial instruments	(0.4)	(0.4)	(1.6)	(1.6)
Bank overdrafts	18.6	18.6	23.5	23.5
Total financial liabilities	482.0	482.0	277.6	277.6
Less: cash at bank, cash in hand and short-term deposits	(90.5)	(90.5)	(78.0)	(78.0)
Net borrowings	391.5	391.5	199.6	199.6

The fair value of the fixed term, amortising borrowing is calculated as the present value of all future cash flows discounted at prevailing market rates. Other than trade and other receivables and payables, there are no financial assets or liabilities excluded from the above analysis. No financial assets or liabilities were held or issued for trading purposes.

The currency and interest rate profile of financial liabilities is provided below.

	2019			2018		
	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Sterling denominated	118.8	34.0	152.8	79.0	1.4	80.4
US dollar denominated	96.7	149.2	245.9	100.5	97.7	198.2
Australian dollar denominated	-	27.2	27.2	-	-	-
Euro denominated	-	21.2	21.2	-	-	-
Other denominated	1.0	34.3	35.3	0.6	-	0.6
	216.5	265.9	482.4	180.1	99.1	279.2

At 31 December 2019 undrawn committed facilities of £41.0m expired between one and two years (2018: £91.0m between two and five years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. Financial Instruments continued**Trade and other receivables and payables**

Trade and other receivables and trade and other payables carrying values of £193.1m (2018: £222.7m) and £168.6m (2018: £172.3m), respectively, in respect of the Group which approximate their fair values due to their short-term nature.

Sensitivity and risk information**Foreign currency sensitivity**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries. The impact of sterling weakening/strengthening by 10% on currencies that have a significant impact on the consolidated profit before tax and equity, with all other variables held constant is set out below.

	Changes in rate	2019		2018	
		Effect on profit before tax £m	Effect on equity £m	Effect on profit before tax £m	Effect on equity £m
US dollar	+10%	2.8	(0.5)	1.8	(0.9)
US dollar	-10%	(2.3)	0.6	(1.5)	1.1
Euro	+10%	1.4	0.4	1.4	(0.1)
Euro	-10%	(1.1)	(0.3)	(1.1)	0.1
Australian dollar	+10%	1.0	1.0	1.5	1.3
Australian dollar	-10%	(0.8)	(0.9)	(1.2)	(1.1)

Capital risk

The Group capital structure is managed in order to minimise the cost of capital whilst ensuring that it has access to ongoing sources of finance such as the debt capital markets. The Group defines capital as the sum of net borrowings (as set out in Note 18) and equity attributable to equity holders of the Company (as set out in the Group and Company Statement of Changes in Equity). The only externally imposed capital requirements for the Group are debt to EBITDA and interest cover covenants under the terms of the bank facilities, with which the Group has fully complied during both the current year and the prior year. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders and/or issue new shares.

During the year the Group protected the net borrowings position from currency exposure by placing an option to hedge the dollar denominated bank debt against Brexit uncertainty in December 2019. The cost of this option is included within net finance costs.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks as set out below.

	2019 £m	2018 £m
Bank deposits	90.5	78.0
Trade receivables	140.3	170.8
Accrued income	27.3	22.2
	258.1	271.0

For banks and financial institutions, the Group's policy is to transact with independently rated parties with a minimum rating of 'A'. If there is no independent rating the credit quality of the counterparty is assessed taking into account factors including its financial position and past experience. In addition, as the Group utilises a number of different banks in different geographical locations the concentration risk is deemed minimal but is continually kept under review. For trade receivables and accrued income the Group's credit risk policy and management process is set out in Note 14.

Liquidity risk

Liquidity risk is managed by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows. The following is an analysis of the maturity of the consolidated financial liabilities and derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Floating rate interest is estimated using the prevailing rate at the balance sheet date. Net values of transaction hedging are disclosed in accordance with the contractual terms of these derivative instruments.

	Due under 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due over 5 years £m
2019				
Interest-bearing loans and borrowings	35.3	275.8	-	-
Lease liabilities	62.6	46.5	68.1	20.4
Preference shares	0.1	0.1	0.4	1.5
Trade and other payables	63.6	0.5	-	-
Financial derivatives	42.3	-	-	-
	203.9	322.9	68.5	21.9
	Due under 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due over 5 years £m
2018				
Interest-bearing loans and borrowings	20.8	19.1	237.5	-
Preference shares	0.1	0.1	0.4	1.5
Trade and other payables	63.0	3.7	-	-
Financial derivatives	40.7	(0.9)	(0.3)	-
	124.6	22.0	237.6	1.5

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group's policy is to minimise exposures to interest rate risk by ensuring an appropriate balance of long-term and short-term floating rates and by maintaining interest rate swaps with an amortising profile to match 50% of the \$250m US dollar denominated term loan maturing in June 2021.

If interest rates on sterling denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been £0.5m (2018: £0.5m) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

If interest rates on US dollar denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been £0.5m (2018: £0.5m) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. Cash Generated from Operations

	2019 £m	2018 £m
Operating profit before joint ventures and associates ⁽ⁱ⁾	35.3	13.1
Depreciation ⁽ⁱⁱ⁾	84.7	24.9
Amortisation of intangible assets	8.2	8.8
Share-based payments expense	0.8	1.6
Cash spend on onerous leases	(0.9)	(1.5)
Gain on sale of property, plant and equipment	(1.7)	(1.6)
Pension charge	1.0	1.4
Pension contributions in cash	(12.1)	(24.9)
Continuing operations exceptional items	4.7	13.5
Discontinued operations exceptional items	(1.7)	30.3
Cash spend on exceptional items	(11.5)	(8.9)
Increase in working capital	(2.7)	(1.8)
	104.1	54.9

Notes:

(i) Includes both continuing and discontinued operations.

(ii) Depreciation in the current year includes £62.0m charged on right of use assets recognised under IFRS 16 Leases.

18. Changes in Net Borrowings

	31 December 2018 £m	Lease liability recognised 1 January 2019 ⁽ⁱ⁾ £m	Lease liabilities recognised during the year net of terminations £m	Cash flows £m	Subsidiaries acquired £m	Fair value movements £m	Currency translation £m	31 December 2019 £m
Cash at bank and in hand	78.0	-	-	15.0	0.4	-	(2.9)	90.5
Bank overdrafts	(23.5)	-	-	5.1	-	-	(0.2)	(18.6)
Net cash and cash equivalents	54.5	-	-	20.1	0.4	-	(3.1)	71.9
Bank loans due within one year	(11.2)	-	-	(5.0)	-	-	-	(16.2)
Lease liability due within one year	-	(56.3)	(21.5)	20.5	(0.9)	-	1.4	(56.8)
Preference shares	(1.4)	-	-	-	-	-	-	(1.4)
Debt due after one year	(243.1)	-	-	(34.1)	-	-	6.5	(270.7)
Lease liability due after one year	-	(163.9)	(0.3)	44.2	(1.8)	-	3.1	(118.7)
Net derivative assets	1.6	-	-	-	-	(1.2)	-	0.4
Net borrowings	(199.6)	(220.2)	(21.8)	45.7	(2.3)	(1.2)	7.9	(391.5)

Note:

(i) As set out in Note 1 lease liabilities have been recognised under IFRS 16 Leases on 1 January 2019.

As set out in the Statement of Cash Flows, proceeds from borrowings were £50.0m (2018: £1.0m) and repayments of borrowings were £10.9m (2018: £41.7m). The principal element of lease payments were £57.1m.

Currency translation movements result from the Group's policy of hedging overseas net assets, that are denominated mainly in US dollars, euros and Australian dollars. The translation effect on net borrowings is offset by the translation effect on net assets which resulted in an overall net exchange loss of £7.4m (2018: loss of £3.0m). The net loss is recognised in other comprehensive income.

19. Capital Commitments

	2019 £m	2018 £m
Contracted but not provided – property, plant and equipment	4.1	0.4

20. Leasing

As lessee, the Group leases various offices, warehouses, ground handling equipment and vehicles. Lease contracts are typically entered into for fixed periods of one to ten years but may have break options or extension options as set out below. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group also has certain leases of property and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and low value assets recognition exemptions for these leases.

Note 1 sets out the impact of adopting the new standard IFRS 16 Leases under the modified retrospective approach on 1 January 2019. Note 11 sets out the carrying amounts of right of use assets recognised and the movements during the year. Note 16 and Note 18 set out the carrying amounts of lease liabilities and the movements during the year. The maturity profile of the Group's lease liabilities based on contractual undiscounted payments are set out in Note 16 along with the currency and interest rate profile. Cash outflows relating to both capitalised and non-capitalised leases were £102.5m.

The following are the lease related amounts recognised in the Income Statement.

	Notes	2019 £m
Depreciation charge of right of use assets	11	62.0
Interest charge on lease liabilities	6	7.6
Expense relating to short-term leases		22.8
		92.4

The Group has lease commitments relating to non-lease components of contracts as well as short-term leases where the exemption from capitalisation has been utilised. Future aggregate minimum commitments under non-capitalised leases are set out below.

	2019 £m
Within one year	18.7
Between one and two years	14.7
Between two and three years	14.6
Between three and four years	4.2
Between four and five years	0.2
After five years	0.1
	52.5

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term applicable for accounting purposes, Management considers facts and circumstances that create economic incentive to exercise an extension option or not to exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. The assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

As lessor, the Group has entered into one operating lease consisting of one floor of an office building. Rental income recognised by the Group during the year was £0.2m. Future minimum rentals receivable under the non-cancellable operating lease as at 31 December 2019 are £0.3m within one year and £0.8m between two and five years. This subleased asset is disclosed separately in Note 11.

The Group recognised profits of £1.4m relating to the sale and leaseback of property, a portion of which is subleased as set out above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
21. Provisions

	Insurance £m	Legal and employee related £m	Property and equipment £m	Other £m	Group £m
At 31 December 2018	27.0	26.8	4.9	1.2	59.9
Impact of adoption of IFRS 16 (Note 1)	-	-	(3.1)	-	(3.1)
Adjusted balance at 1 January 2019	27.0	26.8	1.8	1.2	56.8
Provided/(released) during year	12.9	4.5	3.7	(0.5)	20.6
Utilised during year	(7.2)	(7.2)	(0.9)	(0.4)	(15.7)
Reclassifications	-	(3.1)	0.2	-	(2.9)
Subsidiaries acquired	-	-	0.6	2.6	3.2
Currency translation gain	-	(0.3)	(0.2)	(0.1)	(0.6)
At 31 December 2019	32.7	20.7	5.2	2.8	61.4
Current	32.7	16.8	3.3	2.4	55.2
Non-current	-	3.9	1.9	0.4	6.2
	32.7	20.7	5.2	2.8	61.4
At 31 December 2017	18.3	12.3	6.0	5.3	41.9
Provided/(released) during year	12.3	17.8	1.5	(1.8)	29.8
Utilised during year	(4.5)	(7.2)	(2.6)	(0.2)	(14.5)
Reclassifications	-	3.4	0.2	(2.2)	1.4
Subsidiaries sold	-	-	(0.2)	-	(0.2)
Currency translation loss	0.9	0.5	-	0.1	1.5
At 31 December 2018	27.0	26.8	4.9	1.2	59.9
Current	27.0	19.5	2.1	0.7	49.3
Non-current	-	7.3	2.8	0.5	10.6
	27.0	26.8	4.9	1.2	59.9

In the current year £3.1m of legal provisions were reclassified to payables following agreement of the settlement liability. Reimbursement receivable assets of £34.4m relating to insurance and legal provisions are included in other receivables in Note 14.

Legal and employee related provisions include amounts in respect of claims for costs likely to be incurred in relation to pre-acquisition ASIG customer and employee claims and the cost of settling workers' compensation claims in the USA. The timing and amount of these liabilities is uncertain and is based on estimates using available information on the claims and historical experience of similar claims.

22. Retirement Benefit Obligation
Defined benefit scheme

The principal Group-funded defined benefit pension scheme is the Menzies Pension Fund (the Fund) in the UK. The Fund closed to future accrual in March 2017. The scheme valuations were assessed in accordance with independent actuarial advice from PricewaterhouseCoopers (the Actuary).

Fund financial assumptions and information

The Actuary undertook a valuation of the Fund as at 31 December 2019 (31 December 2018) based on the Fund's membership data as at 31 March 2018. In deriving the results the Actuary used the financial assumptions as set out below.

	2019 %	2018 %
Price inflation	3.0	3.2
Discount rate	2.0	2.8
Rate of increase on pensions accrued before 2006	3.5	3.6
Rate of increase on pensions accrued after 2006	2.1	2.2

Assumptions regarding future mortality experience are based on advice that uses published statistics and experience in the business.

The average future life expectancy for a pensioner aged 65 is set out below.

	2019 Years	2018 Years
Male	21	21
Female	23	23

The average future life expectancy at age 65 for a non-pensioner aged 45 is set out below.

	2019 Years	2018 Years
Male	22	22
Female	24	24

The membership of the Fund is set out below.

	2019	2018
Deferred members	3,001	3,348
Pensioners	1,705	1,676
	4,706	5,024

The liability split of the Fund by membership is set out below.

	2019	2018
Deferred members	54%	53%
Pensioners	46%	47%

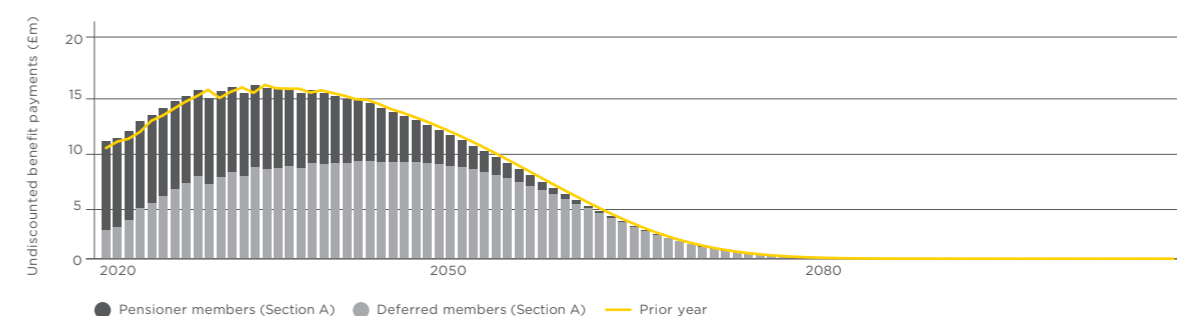
The average liability duration of the Fund by membership is set out below.

	2019 Years	2018 Years
Deferred members	21	21
Pensioners	12	12

Overall weighted average liability duration is 17 years (2018: 17 years).

Future Fund benefit payments

Estimated undiscounted benefit payments expected to be paid from the Fund over its life is set out below.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. Retirement Benefit Obligation continued

Pension expense

The charge to the Income Statement is assessed in accordance with independent actuarial advice from the Actuary using the projected unit method. The components of pension expense are set out below.

	2019 £m	2018 £m
Amounts charged to operating profit		
Administrative costs	1.0	1.3
Past service cost	-	0.1
Service cost	1.0	1.4
Amounts included in finance costs		
Interest cost on defined benefit obligation	8.9	8.7
Interest income on Fund assets	(8.5)	(7.9)
Net finance charge	0.4	0.8
Pension expense	1.4	2.2

The components of the actuarial gain in the consolidated Statement of Comprehensive Income is set out below.

	2019 £m	2018 £m
Returns on assets excluding interest income	36.9	(16.7)
Changes in demographic assumptions	2.7	2.1
Changes in financial assumptions	(39.1)	17.4
Experience	1.5	0.3
Actuarial gain	2.0	3.1

Changes in Fund assets and defined benefit obligation

	2019 £m	2018 £m
Fair value of assets at start of year	305.0	309.9
Interest income	8.5	7.9
Returns on assets excluding interest income	36.9	(16.7)
Company contributions	12.1	23.6
Benefits and expenses paid	(19.7)	(19.7)
Fair value of assets at end of year	342.8	305.0
Return on scheme assets including interest income	45.4	(8.8)

	2019 £m	2018 £m
Defined benefit obligation at start of year	323.0	352.4
Administrative and service cost	1.0	1.4
Interest cost	8.9	8.7
Benefits and expenses paid	(19.7)	(19.7)
Changes in demographic assumptions	(2.7)	(2.1)
Changes in financial assumptions	39.1	(17.4)
Experience	(1.5)	(0.3)
Defined benefit obligation at end of year	348.1	323.0

The fair value of Fund assets and liabilities is set out below.

	2019			2018		
	Quoted £m	Unquoted ⁽ⁱ⁾ £m	Total £m	Quoted £m	Unquoted ⁽ⁱ⁾ £m	Total £m
Equities	89.2	-	89.2	74.6	-	74.6
Bonds	100.3	-	100.3	90.7	-	90.7
Investment funds	8.0	40.4	48.4	6.6	38.3	44.9
Liability driven investment funds	-	57.4	57.4	-	57.2	57.2
Property	-	24.1	24.1	-	24.4	24.4
Annuity contracts ⁽ⁱⁱ⁾	-	5.0	5.0	-	4.9	4.9
Cash	18.4	-	18.4	8.3	-	8.3
Assets	215.9	126.9	342.8	180.2	124.8	305.0
Defined benefit obligation			(348.1)			(323.0)
Recognised in Balance Sheet			(5.3)			(18.0)
Related deferred tax asset (Note 13)			0.9			3.1
Net retirement obligation			(4.4)			(14.9)

Notes:

(i) The valuations of unquoted assets have been determined by reference to appropriate manager valuation reports.

(ii) The Fund holds annuity contracts in respect of a number of members that provide cash flows to the Fund that match the benefit payments to these members.

The value of Fund liabilities at various assumptions is set out below.

	2019 £m	2018 £m
0.5% decrease in discount rate	377.4	350.7
One year increase in life expectancy	363.3	335.1
0.5% decrease in inflation	334.5	309.4
0.25% increase in pensions	357.0	331.9

Actuarial gains and losses are recognised immediately through the remeasurement of the net defined benefit liability.

Benefits, regulatory framework and governance of the Fund

The Fund is a registered defined benefit career average revalued earnings scheme subject to the UK regulatory framework for pensions, including the statutory funding regime. The Fund is operated under trust and, as such, the Trustee of the Fund is responsible for operating the Fund and it has a statutory responsibility to act in accordance with the Fund's Trust Deed and Rules in the best interests of the beneficiaries of the Fund and UK legislation including trust law. The Trustee and the Company have the joint power to set the contributions that are paid to the Fund.

Risks of the Fund

The nature of the Fund exposes the Company to the risk of paying unanticipated additional contributions to the Fund in times of adverse experience.

The most financially significant risks are that the movements in the value of the Fund's liabilities are not met by corresponding movements in the value of the Fund's assets as a result of lower than anticipated discount rates; lower than expected investment returns; members living for longer than expected; and higher than expected actual inflation and pension increase experience.

The sensitivity analysis disclosed above is intended to provide an indication of the impact on the value of the Fund's liabilities of the risks highlighted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. Retirement Benefit Obligation continued**Asset-liability matching strategies**

The Trustee's current investment strategy is to invest the majority of the Fund's assets in a mix of equities and bonds in order to strike a balance between maximising the returns on the Fund's assets and minimising the risks associated with lower than expected returns on the Fund's assets.

The Trustee has implemented a de-risking process such that the Fund's assets are gradually switched out of equities and into bonds as funding improves. This should lead to better matching of assets and liabilities as the Fund matures whilst at the same time locking in favourable asset performance. The current benchmark is to hold 60% in growth assets such as equities and 40% in bonds including index-linked and fixed interest Government bonds and corporate bonds with hedging of liabilities across interest rates (50% hedged) and inflation (50% hedged) using LDI funds.

The Trustee and Company have agreed changes to the investment strategy to increase diversification of growth assets, invest in income generating assets classes such as credit and increase the level of interest rate and inflation hedging. The Trustee has begun implementing these changes and expects to complete them in 2020.

The triennial valuation process in which the Trustee and the Company agree the long-term funding strategy was concluded for 31 March 2018 and a schedule of contributions agreed and dated 29 November 2018. The schedule of contributions sets out the additional contributions required to meet the funding shortfall between the value of the Fund's assets and liabilities. The additional contributions have been agreed as monthly contributions totalling £9.4m per annum rising with the higher of the UK retail price index or the annual percentage change in dividends beginning in December 2018 and continuing to the year ended 31 March 2026. The Company and the Trustee have agreed that reasonable adjustment be made for the impact of any equity raising or change in equity, recognising the actual percentage increase in dividend per share.

The value of the net liabilities of the fund at 31 March 2018 as measured on the Fund Trustee's technical provisions basis was approximately £73m and the funding level, being the ratio of assets to liabilities measured on the technical provisions basis was 80%. The Company and the Trustee have agreed that the schedule of contributions may be revised should the funding level reach 98% following any quarter end before 31 March 2026. The purpose of any revision would be to ensure that contributions are sufficient to reach 100% by 31 March 2026 without the possibility of overfunding at that time. The next triennial valuation of the Fund will be effective as at 31 March 2021.

The Company expects to contribute around £10.3m (2018: £12.1m) to the Fund during the year to 31 December 2020.

The Group has an unconditional right to a refund of a projected future surplus at some point in the future. There is no requirement for the Group to adjust the Balance Sheet to recognise the future agreed deficit recovery contributions.

Other information

Small settlements of members' retirement obligations have occurred over the year. As set out in Note 5, there were £0.9m of costs incurred relating to de-risking the defined benefit pension obligation and modernising the death in service portion of the defined contribution scheme (2018: £0.2m).

23. Share Capital

	2019 £m	2018 £m
Allotted, called up and fully paid		
Opening - 84,363,714 ordinary shares of 25p each	21.1	21.0
Allotted under share option schemes ⁽ⁱ⁾	-	0.1
Closing - 84,467,894 ordinary shares of 25p each	21.1	21.1

Notes:

(i) As a result of share scheme allotments, 104,180 (2018: 397,000) ordinary shares having a nominal value of £Nil (2018: £0.1m) were issued during the year at a share premium of £0.4m (2018: £1.2m).

Employees hold options to subscribe for shares in the Company under the Savings related Share Option Scheme approved by the shareholders, details of which are shown below. Options on 105,058 shares were exercised in 2019 and 507,675 options lapsed.

Year of grant	Exercise price	Exercise period	2019 Number	2018 Number
2015	309p	2018-2019	-	75,705
2016	424p	2019-2020	192,836	344,011
2017	567p	2021-2022	412,267	660,942
2018	470p	2022-2023	528,972	661,113
2019	317p	2023-2024	486,869	-
			1,620,944	1,741,771

Company share schemes

The Company operates the following share-based payment arrangements as set out below.

Savings related Share Option Scheme

The Company operates a Savings related Share Option Scheme which is open to all full and part-time employees in the United Kingdom. Annual grants of options are made in September or October each year and become exercisable after three years. Employees enter into a savings contract administered by a third party. The options are granted at a 20% discount of the share price at the date of grant and lapse if not exercised within six months of maturity. Special provisions apply to employees who leave their employment due to ill health, redundancy or retirement.

Value Creation Plan

In September 2019 awards under the Value Creation Plan (VCP) were withdrawn, as a result of which no accounting charge has been made in relation to the VCP during the year.

Share Matching Plan (SMP)

The SMP offered Executive Directors and other Senior Executives selected by the Board the opportunity to invest part of their annual cash bonus for a financial year in the Company's shares, entitling them, provided certain performance targets are met, to a grant of additional matching shares. Since 2010 the ratio of matching shares to contributory shares has been set at 1:1. The maximum amount of the annual cash bonus which may be eligible for matching has been set at 40%. The net of tax amount is applied in the purchase of shares.

Performance targets are based on real growth in earnings measured over three financial years. For awards in 2017, if the percentage growth in the Company's EPS is Consumer Prices Index +3% p.a. or more, then the number of matching shares that will vest is one. If the threshold growth in EPS is achieved (CPI +0%) then 25% of the matching shares will be paid. For EPS growth of between CPI +0% p.a. and CPI +3% p.a., the number of matching shares vesting will be calculated on a straight line basis. No matching shares will vest for EPS percentage growth below CPI +0% p.a. for any award.

Long-term Incentive Plan (LTIP)

The LTIP enables divisional and senior management to align more closely with the achievement of target Group and divisional financial results. A detailed description of this plan is included in the Directors' Remuneration Report on page 97.

Shares will vest at the end of three year financial periods. A £Nil award will be achieved where the financial results are below the threshold performance target, 25% if at threshold and 100% will vest where the results are equal to or greater than the stretch performance target, with a result between threshold and stretch being made on a straight line basis. Actual performance targets for Executive Directors are disclosed in the Directors' Remuneration Report in the year following the expiry of the performance period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. Share Capital continued

Fair values of share options

Options are valued using the Black-Scholes option-pricing and the Monte Carlo simulation models. No performance conditions are included in the fair value calculations.

The fair value per option granted and the assumptions used in the calculation is set out below.

Date of grant (October)	Savings related Option Scheme			
	2019	2018	2017	2016
Share price at grant date	396p	588p	709p	592p
Exercise price	317p	470p	567p	424p
Vesting period (years)	3	3	3	3
Expected volatility	22%	23%	33%	33%
Option life (years)	3.5	3.5	3.5	3.5
Expected life (years)	3.5	3.5	3.5	3.5
Risk-free rate	0.3%	1.0%	1.0%	1.0%
Expected dividends expressed as a dividend yield ⁽ⁱ⁾	4.3%	3.7%	3.0%	3.0%
Fair value per option	73p	97p	184p	152p
Charge per option ⁽ⁱⁱ⁾	51p	68p	129p	106p

The expected volatility is based on the historical volatility over the last three years. The expected life is the average expected period to vesting. The risk free rate of return is the zero coupon UK government bonds of a term consistent with the assumed award life.

Notes:

- (i) Based on the daily 12 month trailing dividend yield averaged over the 12 months prior to valuation date.
(ii) The difference between the fair value and charge per option is due to adjustments for forfeiture risk.

Date of grant (March)	BCIP/SMP			LTIP		
	2019	2018	2017	2019	2018	2017
Share price at grant date	-	-	637p	401p	683p	579p
Contractual life (years)	-	-	3	3.4	3	3
Expected leavers	-	-	0%	0%	0%	0%
Expected outcome of meeting performance criteria	-	-	31%	n/a	n/a	n/a
Fair value per share	-	-	199p	183p	225p	151p
Charge per share award ⁽ⁱ⁾	-	-	199p	183p	225p	151p

Note:

- (i) Adjusted for forfeiture risk.

Movement in share options

	Savings related Option Scheme			
	2019		2018	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at start of year	1,741,771	491	1,721,026	462
Granted	491,906	317	675,459	470
Forfeited/expired	(507,675)	496	(258,462)	482
Exercised	(105,058)	369	(396,262)	336
Outstanding at end of year	1,620,944	443	1,741,761	491
Exercisable	412,267		75,705	
Range of exercise prices (pence)		317-567		309-567
Weighted average remaining contractual life (years)	1.6		2.0	

	BCIP/SMP				LTIP			
	2019		2018		2019		2018	
	Number	Weighted average price (pence)	Number	Weighted average price (pence)	Number	Weighted average price (pence)	Number	Weighted average price (pence)
Outstanding at start of year	9,453	550	37,224	452	940,346	557	1,302,399	470
Awards made	-	-	-	-	395,636	405	270,483	683
Lapsed	(1,761)	637	(1,352)	547	(116,701)	583	(14,997)	509
Exercised	(5,142)	478	(26,419)	412	(318,850)	443	(617,539)	429
Outstanding at end of year	2,550	637	9,453	550	900,431	528	940,346	557
Range of award date prices (pence)		637		376-637		405-683		404-683
Weighted average remaining contractual life (years)	0.3		0.7		1.3		1.1	

Charge for share-based incentive schemes

The total charge for the year relating to employee share-based plans was £0.8m (2018: £1.6m), all of which related to equity-settled share-based payment transactions. After tax the total charge was £0.4m (2018: £1.5m).

Treasury shares

Ordinary shares are held for employee share schemes. At 31 December 2019, the Company held 181,642 (2018: 401,766) ordinary shares with a market value of £0.9m (2018: £2.1m).

24. Acquisitions

On 16 January 2019 the Group acquired the remaining 80% share of Hamilton Aero Maintenance Ltd. The business provides line maintenance and engineering support services in New Zealand and this step acquisition enables the Group to realise the benefits of control. These financial statements include the impact of eleven months' trading results.

As set out in Note 2, on 17 January 2019 the Group acquired the trade and assets of Airline Services Ltd. The business provides de-icing and aircraft presentation services at UK airports together with ground handling operations at London Gatwick. This acquisition expands the Group's coverage in four new UK airports. These financial statements include the impact of eleven months' trading results.

On 14 June 2019 the Group acquired the trade and assets of Rendezvous Executive Lounge. The business provides executive lounge services at Isle of Man airport. The acquisition expands our offering in the Isle of Man into executive services and will complement the Group's existing ground handling operations at the airport. These financial statements include the impact of six months' trading results.

On 31 July 2019 the Group acquired 100% of the share capital of GTO Global Logistics Inc. The business is a Canadian based logistics wholesaler in Vancouver. The acquisition expands our footprint in North America and enables the Group to offer a complete range of international transportation and customs brokerage services in Canada. These financial statements include the impact of five months' trading results relating to this acquisition.

On 1 September 2019 the Group acquired a controlling 51% share of PT Mitra Adira Utama. The business is an Indonesian cargo handler in Jakarta. The acquisition supports the potential growth of the existing Indonesian ground handling operations and enables combined cargo and ground handling contracts to be negotiated. These financial statements include the impact of four months' trading results.

On 1 December 2019 the Group acquired the remaining 50% share of AMI Asia HK Ltd. The business provides cargo forwarding services in Hong Kong and this step acquisition enables the Group to realise the benefits of control. These financial statements include the impact of one months' trading results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. Acquisitions continued

There were no acquisitions in the prior year although deferred consideration and business start-up payments of £1.0m were cash settled. In addition, there were £20.2m of advance cash payments and funding for the Airline Services business as set out below.

	Airline Services £m	Hamilton Aero Maintenance Ltd £m	Rendezvous Executive Lounge £m	GTO Global Logistics Inc £m	PT Mitra Adira Utama £m	AMI Asia HK Ltd £m	2019 £m
Purchase consideration:							
Cash paid ⁽ⁱ⁾	14.4	2.4	0.5	1.4	2.3	-	21.0
Trading and working capital funding to date of completion	6.1	-	-	-	-	-	6.1
Working capital adjustment	-	-	-	0.1	-	0.1	0.2
Fair value of existing equity interest in associate ⁽ⁱⁱ⁾	-	0.6	-	-	-	0.2	0.8
Deferred consideration ⁽ⁱⁱⁱ⁾	-	-	-	0.2	-	-	0.2
	20.5	3.0	0.5	1.7	2.3	0.3	28.3
Less: non-controlling interest acquired at fair value	-	-	-	-	(2.2)	-	(2.2)
Less: fair value of net assets acquired	6.0	1.0	0.2	0.5	2.0	0.3	10.0
Goodwill	14.5	2.0	0.3	1.2	2.5	-	20.5

Notes:

- (i) An advance payment of £14.4m cash along with £5.8m trade and working capital funding totalling £20.2m was paid in the prior year relating to the acquisition of the trade and assets of Airline Services. In the current year £0.3m was invested taking the total trading and working capital funding to £6.1m as set out above. Cash invested in other acquisitions was £6.6m as set out above. In addition, £0.3m was paid for contingent consideration relating to the historic acquisition of Gold Coast Air Terminal Services Pty Ltd which was cash settled in March 2019. Total cash invested during the year was £7.2m.
- (ii) The process of fair valuing the existing equity interest in Hamilton Aero Maintenance Ltd resulted in an exceptional gain of £0.1m and was included in transaction related items set out in Note 5. No adjustment was required for AMI Asia HK Ltd.
- (iii) The deferred consideration recognised relating to the acquisition of GTO Global Logistics is based on the future profitability of the business. As set out in Note 16 the maximum amount payable is £0.4m and the minimum amount payable is £Nil. As part of the acquisition accounting process the amount provided as deferred consideration was £0.2m.

Goodwill recognised with respect to all acquisitions is primarily attributable to workforce expertise and synergies with other Group companies.

The fair value of assets and liabilities arising from the acquisitions are:

	Airline Services £m	Hamilton Aero Maintenance Ltd £m	Rendezvous Executive Lounge £m	GTO Global Logistics Inc £m	PT Mitra Adira Utama £m	AMI Asia HK Ltd £m	2019 £m
Intangible assets – contracts and customer relationships	2.3	1.0	0.2	0.3	2.4	-	6.2
Other investments	-	0.1	-	-	0.1	-	0.2
Deferred tax assets	-	0.1	-	-	-	-	0.1
Property, plant and equipment	6.4	0.5	0.1	-	-	-	7.0
Inventory	1.4	0.2	-	-	-	-	1.6
Trade and other receivables	5.3	0.4	-	0.2	1.6	0.2	7.7
Cash	-	-	-	-	0.2	0.2	0.4
Current borrowings	(0.7)	(0.2)	-	-	-	-	(0.9)
Trade and other payables	(3.7)	(0.5)	-	-	(1.6)	(0.1)	(5.9)
Provisions	(3.2)	-	-	-	-	-	(3.2)
Non-current borrowings	(1.4)	(0.3)	(0.1)	-	-	-	(1.8)
Non-current payables	-	-	-	-	(0.1)	-	(0.1)
Deferred tax liability	(0.4)	(0.3)	-	-	(0.6)	-	(1.3)
Net assets acquired at fair value	6.0	1.0	0.2	0.5	2.0	0.3	10.0

Current assets acquired with Airline Services included £4.7m of trade receivables at fair value, the gross amount acquired. Current assets acquired with PT Mitra Adira Utama included £0.8m of trade receivables at fair value, the gross amount acquired. Current assets acquired with other acquisitions included £0.9m of trade receivables at fair value, the gross amount acquired. The fair values of the net assets of GTO Global Logistics, PT Mitra Adira Utama and AMI Asia HK remain provisional pending the formal completion of the valuation process.

Airline Services contributed £36.7m revenue and a loss before taxation excluding integration exceptionals of £0.2m. The other acquired businesses contributed £4.7m revenue and £0.4m profit before taxation excluding the profit contributed from Hamilton Aero Maintenance Ltd as an associate undertaking and AMI Asia HK Ltd as a joint venture undertaking. If the businesses had been acquired on 1 January 2019, Group revenue and profit before taxation excluding integration exceptionals would have been £1,331.1m and £18.1m, respectively. Integration costs of £3.3m were incurred relating to the Airline Services business and transaction fees relating to all acquisitions of £0.2m were incurred and expensed during the year.

25. Related Party Transactions

During the year the Group transacted with related parties in the normal course of business and on an arm's length basis. These sales to and from related parties are made at normal market prices and details are set out below.

Related party	Group share holding %	Sales to related party 2019 £m	Amounts owed by related party at 31 December 2019 £m	Sales to related party 2018 £m	Amounts owed by related party at 31 December 2018 £m
Menzies Macau Airport Services Ltd	29	0.5	0.1	0.3	0.1
Menzies Bobba Ground Handling Services Private Ltd	51	-	-	0.1	-
Menzies Aviation Bobba (Bangalore) Private Ltd	49	0.1	0.1	0.1	-

Key Management personnel include individuals who are Directors of the Company and those having authority and responsibility for planning, directing and controlling activities of the business as disclosed in the segmental analysis. Remuneration of key Management personnel is set out below:

	2019 £m	2018 £m
Short-term employee benefits	2.6	5.3
Post employment pension and medical benefits	0.4	0.4
Termination benefits	0.6	-
Share-based payments	0.8	1.6
	4.4	7.3

26. Related Undertakings

The subsidiary entities and entities in which the Company has a significant interest at 31 December 2019 are disclosed as an appendix to these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27. Discontinued Operations

In the prior year the Group disposed of Menzies Distribution Ltd and its subsidiaries to Endless LLP on 4 September 2018.

In the current year an exceptional gain of £1.7m has been recognised as set out below.

Results of discontinued operations

	2019 £m	Before exceptional and other items £m	Exceptional and other items £m	2018 ⁽ⁱ⁾ £m
Revenue	-	789.5	-	789.5
Net operating costs	1.7	(772.4)	(3.3)	(775.7)
Operating profit/(loss)	1.7	17.1	(3.3)	13.8
Analysed as:				
Underlying operating profit ⁽ⁱⁱ⁾	-	17.1	-	17.1
Exceptional items - transaction related ⁽ⁱⁱⁱ⁾	1.7	-	(2.4)	(2.4)
Acquired intangible asset amortisation	-	-	(0.9)	(0.9)
Operating profit/(loss)	1.7	17.1	(3.3)	13.8
Other finance charge - pensions	-	(0.1)	-	(0.1)
Profit/(loss) before taxation	1.7	17.0	(3.3)	13.7
Taxation	-	(3.4)	0.1	(3.3)
Profit/(loss) for the year	1.7	13.6	(3.2)	10.4
Loss on disposal of discontinued operations after tax ^(iv)	-	-	(28.3)	(28.3)
Profit/(loss) for the year from discontinued operations	1.7	13.6	(31.5)	(17.9)

Notes:

- (i) Comparatives have not been restated for the adoption of IFRS 16 Leases.
(ii) Underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with non-current assets, amortisation relating to acquired contract, customer relationship and brand intangibles and the Group's share of interest and tax on joint ventures and associates to provide an appreciation of the impact of those items on operating profit.
(iii) Transaction related items relate to the £1.8m increased consideration received in respect of the disposal of the Menzies Distribution business in the prior year following an exercise to finalise certain information regarding the members of part of the Menzies Pension Fund disposed of with the transaction. Other items include the reassessment of warranty claim provisions of £1.3m and the write off of computer software assets £1.4m. In the prior year £2.4m of transaction related costs related to separation costs incurred subsequent to the disposal of the Distribution business.
(iv) The post-tax loss on disposal of discontinued operations in the prior year was determined as set out below.

	2018 £m
Consideration received including cash of £51.2m	56.2
Less: net assets disposed	
Intangibles	(43.7)
Property, plant and equipment	(27.0)
Deferred tax asset	(1.1)
Inventories	(17.1)
Trade receivables	(102.6)
Cash	(5.9)
Trade payables	112.9
Current income tax liabilities	0.8
Provisions	0.2
Retirement benefit obligation	13.0
	(70.5)
Costs of disposal	(13.6)
Loss on disposal of discontinued operations	(27.9)
Taxation	(0.4)
Loss on disposal of discontinued operations after tax	(28.3)

Tax effect of exceptional items

The taxation effect of the exceptional items is £Nil (2018: net charge of £0.4m).

28. Events after the Reporting Period

On 27 February 2020 the Group announced that the outbreak and continued spread of COVID-19 (coronavirus) is having a direct impact on the operations of the Group. This impact has been at its greatest within the operations in Macau and where Chinese carriers are handled across the network. The situation is still evolving, and the Group only has limited visibility of what flight schedules are being impacted into March and beyond, so it is difficult to assess how extensive the impact could be at the date of signing of the Annual Report and Accounts 2019 on 10 March 2020. The Board currently estimate that there is likely to be an adverse profit impact in 2020 of approximately £6m-£9m on the assumption that the impact of the virus subsides towards the end of the first half of the year. Wherever possible mitigation actions have been put in place along with a tight control on costs and expenditure.

BALANCE SHEET
AS AT 31 DECEMBER 2019 (31 DECEMBER 2018)

	Notes	2019 £m	2018 ⁽ⁱ⁾ £m
Assets			
Non-current assets			
Property, plant and equipment	5	0.8	5.6
Investments in subsidiaries	6	121.6	121.6
Other investments	7	-	5.0
Deferred tax assets	8	6.1	6.5
Derivative financial assets	11	-	1.5
		128.5	140.2
Current assets			
Trade and other receivables	9	504.2	427.2
Current income tax receivable		0.1	-
Derivative financial assets	11	0.8	0.6
Cash and cash equivalents		16.8	5.5
		521.9	433.3
Liabilities			
Current liabilities			
Borrowings	11	(27.7)	(31.2)
Derivative financial liabilities	11	(0.2)	(0.5)
Trade and other payables	10	(162.1)	(94.0)
Current income tax payable		-	(0.1)
Provisions	12	(7.3)	(8.7)
		(197.3)	(134.5)
Net current assets		324.6	298.8
Total assets less current liabilities		453.1	439.0
Non-current liabilities			
Borrowings	11	(276.3)	(244.5)
Derivative financial liabilities	11	(0.2)	-
Provisions	12	-	(2.3)
Retirement benefit obligation	14	(5.3)	(18.0)
		(281.8)	(264.8)
Net assets			
Ordinary shares	15	21.1	21.1
Share premium account		23.5	23.1
Treasury shares		(1.2)	(2.6)
Other reserves		(1.6)	-
Merger relief reserve		67.3	67.3
Retained earnings ⁽ⁱⁱ⁾		40.6	43.7
Capital redemption reserve		21.6	21.6
Equity		171.3	174.2

Notes:

(i) Comparatives have not been restated for the adoption of IFRS 16 Leases.

(ii) Profit after tax for the year was £17.9m (2018: £14.2m).

The accounts were approved by the Board of Directors on 10 March 2020 and signed on its behalf by:


Philipp Joeinig
 Chairman


Alvaro Gomez-Reino
 Chief Financial Officer

Company No. SC34970

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2019 (31 DECEMBER 2018)

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Hedge reserve £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Equity £m
At 31 December 2018	21.1	23.1	(2.6)	-	67.3	43.7	21.6	174.2
Impact of adoption of IFRS 16 (Note 1)	-	-	-	-	-	(1.6)	-	(1.6)
Adjusted equity at 1 January 2019	21.1	23.1	(2.6)	-	67.3	42.1	21.6	172.6
Profit for the year	-	-	-	-	-	17.9	-	17.9
Other comprehensive loss	-	-	-	(1.6)	-	(0.2)	-	(1.8)
Total comprehensive (loss)/income	-	-	-	(1.6)	-	17.7	-	16.1
New share capital issued	-	0.4	-	-	-	-	-	0.4
Share-based payments	-	-	-	-	-	0.8	-	0.8
Income tax effect of share-based payments	-	-	-	-	-	(0.3)	-	(0.3)
Dividends paid	-	-	-	-	-	(17.3)	-	(17.3)
Repurchase of own shares	-	-	(1.0)	-	-	-	-	(1.0)
Disposal of own shares	-	-	2.4	-	-	(2.4)	-	-
At 31 December 2019	21.1	23.5	(1.2)	(1.6)	67.3	40.6	21.6	171.3
	Ordinary shares £m	Share premium account £m	Treasury shares £m	Hedge reserve £m	Merger relief reserve £m	Retained earnings £m	Capital redemption reserve £m	Equity £m
At 31 December 2017	21.0	21.9	(1.3)	(0.5)	67.3	46.2	21.6	176.2
Profit for the year	-	-	-	-	-	14.2	-	14.2
Other comprehensive gain	-	-	-	0.5	-	2.6	-	3.1
Total comprehensive income	-	-	-	0.5	-	16.8	-	17.3
New share capital issued	0.1	1.2	-	-	-	-	-	1.3
Share-based payments	-	-	-	-	-	1.6	-	1.6
Income tax effect of share-based payments	-	-	-	-	-	(0.1)	-	(0.1)
Dividends paid	-	-	-	-	-	(17.1)	-	(17.1)
Repurchase of own shares	-	-	(5.0)	-	-	-	-	(5.0)
Disposal of own shares	-	-	3.7	-	-	(3.7)	-	-
At 31 December 2018	21.1	23.1	(2.6)	-	67.3	43.7	21.6	174.2

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019 (YEAR ENDED 31 DECEMBER 2018)**

	Notes	2019 £m	2018 ⁽ⁱ⁾ £m
Cash flows from operating activities			
Cash generated from operations	13	(22.1)	(38.8)
Interest paid on lease liabilities		(0.1)	-
Other interest paid		(12.8)	(10.9)
Tax paid		(0.1)	(0.1)
Net cash flow used in operating activities		(35.1)	(49.8)
Cash flows from investing activities			
Disposal of subsidiaries		-	51.2
Investment in subsidiary		-	(14.3)
Disposal of minority equity investment	7	3.0	-
Increased disposal consideration		1.8	-
Purchase of property, plant and equipment		(0.4)	(0.5)
Proceeds from sale of property, plant and equipment		-	6.6
Net cash flow from investing activities		4.4	43.0
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		0.4	1.3
Purchase of own shares		(1.0)	(5.0)
Proceeds from borrowings		50.0	1.0
Repayment of borrowings		(10.9)	(41.7)
Principal element of lease repayments		(0.3)	-
Dividends paid to ordinary shareholders	4	(17.3)	(17.1)
Net amounts repaid by subsidiaries		31.7	48.8
Net cash flow from/(used in) financing activities		52.6	(12.7)
Increase/(decrease) in net cash and cash equivalents			
Opening net cash and cash equivalents ⁽ⁱⁱ⁾		(14.5)	5.0
Closing net cash and cash equivalents⁽ⁱⁱ⁾		7.4	(14.5)

Notes:

- (i) Comparatives have not been restated for the adoption of IFRS 16 Leases.
 (ii) Net cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended 31 December 2019 were approved and authorised for issue in accordance with a resolution of the Directors on 10 March 2020. John Menzies plc, a public company with registered number SC34970 and registered address of 2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ is a limited company incorporated in Scotland and listed on the London Stock Exchange.

1. Significant Accounting Policies
Basis of preparation

The principal accounting policies adopted by the Company are the same as those set out in the consolidated financial statements. They have consistently been prepared under the historical cost convention and in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

As permitted by section 408 of the Companies Act 2006, no Income Statement is presented by the Company.

New accounting standards and amendments

The new accounting standards and amendments applicable for the Company for the first time in 2019 are the same as those set out in the consolidated financial statements. Only IFRS 16 Leases has an impact on the Company.

IFRS 16 Leases

As set out in Note 1 of the consolidated financial statements the standard removed the distinction between operating leases and finance leases for lessees and resulted in a significant number of leased assets being recognised as non-current assets representing the right to use the underlying asset with a corresponding liability shown as debt. This materially grossed up the Balance Sheet with the recognition of a new right of use asset that was depreciated through the Income Statement and a lease liability on which interest was charged through the Income Statement. There was no change to the reporting of net cash flows however the principal element of lease payments have been included as a financing cash flow rather than as an operating cash flow.

The Company utilised the modified retrospective method of application on 1 January 2019 and recognised £5.5m of lease liabilities, £1.1m of right of use assets, £2.5m reduction in onerous lease provisions, £0.3m of deferred tax assets and a decrease in equity of £1.6m.

Standards and amendments to standards that have been issued that are applicable for the Company but are not effective for 2019 and have not been early adopted in these financial statements are set out in the Group accounts. None of these standards is expected to have a material impact on the accounts of the Company.

Assumptions, estimates and judgments

The preparation of the Company's financial statements requires Management to make assumptions, estimates and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates will, by definition, seldom equal the related actual results, particularly given changes in economic conditions and the level of uncertainty regarding their duration and severity.

Management considers the items where the largest estimates and judgments have been made in the Company's accounts relate to the retirement benefit obligation and income taxes. Details are set out in the consolidated financial statements.

2. Audit Fees

During the year, the Company obtained services from the Group's auditor at costs set out in the consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
3. Directors' Emoluments

	2019 £m	2018 £m
Salary and fees	1.1	1.5
Bonus	-	0.7
Termination benefits	0.6	-
Pension salary supplement	0.2	0.2
	1.9	2.4

Gains made on the exercise of Long Term Incentive Plan awards were £Nil (2018: £0.8m). There were eight employees of the Company, all of whom were members of the Board (2018: nine). Key Management personnel are the same as the individuals who are Directors of the Company.

Further details of the Directors' remuneration are disclosed in the Directors' Remuneration Report.

4. Dividends

Details of the dividends paid are set out in Note 8 of the consolidated financial statements.

5. Property, Plant and Equipment

	Leasehold freehold property £m	Right of use asset property £m	Right of use asset subleased as lessor £m	2019 £m	2018 £m
Cost					
At beginning of year	7.7	-	-	7.7	33.2
Impact of adoption of IFRS 16 (Note 1)	-	1.7	-	1.7	-
Adjusted balance at 1 January 2019	7.7	1.7	-	9.4	33.2
Additions	0.4	-	-	0.4	0.5
Reclassification	-	(0.8)	0.8	-	-
Disposals	(8.1)	-	-	(8.1)	(26.0)
At end of year	-	0.9	0.8	1.7	7.7
Depreciation					
At beginning of year	2.1	-	-	2.1	9.8
Impact of adoption of IFRS 16 (Note 1)	-	0.6	-	0.6	-
Adjusted balance at 1 January 2019	2.1	0.6	-	2.7	9.8
Charge for the year	0.4	0.1	-	0.5	0.7
Impairment	-	-	0.2	0.2	-
Disposals	(2.5)	-	-	(2.5)	(8.4)
At end of year	-	0.7	0.2	0.9	2.1
Net book value					
At end of year	-	0.2	0.6	0.8	5.6
At beginning of year	5.6	-	-	5.6	23.4

6. Investments in Subsidiaries

	2019 £m	2018 £m
At beginning of the year	121.6	306.1
Additions	-	402.9
Disposals	-	(587.4)
At end of the year	121.6	121.6

7. Other Investments

The Company's 10% equity investment of £5.0m in Endless Newco1 Ltd was disposed on 13 September 2019 for £3.0m. Immediately prior to the disposal the investment was written down by £2.0m. This loss was recognised in Other Comprehensive Income following the election allowable under IFRS 9 in the prior year.

8. Deferred Tax

	2019 £m	2018 £m
Deferred tax assets		
Retirement benefit obligation	0.9	3.1
Share-based payments	0.2	0.3
Tax losses	4.2	2.7
Other temporary differences	0.8	0.4
	6.1	6.5

Deferred tax liabilities

Accelerated capital allowances and other temporary differences	-	-
	-	-

Net recognised in the Balance Sheet

	6.1	6.5
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Movement in net deferred tax assets in the year:

Income Statement: retirement benefit obligation	(1.8)	(3.7)
Income Statement: other	1.4	3.0
Tax related to items (credited)/charged outside the Income Statement	(0.3)	(0.5)
Loss on disposal of discontinued operations	-	1.9
	(0.7)	0.7

9. Trade and Other Receivables

	2019 £m	2018 £m
Accrued income	-	0.3
Prepayments	1.7	3.6
Amounts owed by other Group companies	502.3	422.3
Other receivables	0.2	1.0
	504.2	427.2

10. Trade and Other Payables

	2019 £m	2018 £m
Accruals	1.8	7.3
Amounts owed to other Group companies	155.3	84.2
Other payables	5.0	2.5
	162.1	94.0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
11. Financial Instruments

Details relating to financial instruments are set out in Note 16 of the consolidated financial statements. Information specific to the Company is set out below.

Net borrowings

	2019 £m	2018 £m
Interest-bearing loans and borrowings	304.0	276.3
Derivative financial instruments	(0.4)	(1.6)
Total borrowings	303.6	274.7
Less: cash at bank, cash in hand and short-term deposits	(16.8)	5.5
	286.8	269.2

Interest-bearing loans and borrowings

	2019 £m	2018 £m
Bank overdrafts	9.4	20.0
Non-amortising sterling bank loans	109.0	59.0
Amortising US dollar term loan	177.9	195.3
Lease liabilities	6.3	-
Preference shares	1.4	1.4
	304.0	275.7
Current value	27.7	31.2
Non-current value	276.3	244.5
	304.0	275.7

Trade and other receivables and payables

Trade and other receivables and trade and other payables carrying values of £502.6m and £162.1m (2018: £423.3m and £94.0m) approximate their fair values.

Credit risk

Exposure to credit risk is set out in the table below.

	2019 £m	2018 £m
Bank deposits	16.8	5.5

For banks and financial institutions, the Company's policy is to transact with independently rated parties with a minimum rating of 'A'. If there is no independent rating, the Company assesses the credit quality of the counterparty taking into account its financial position, past experience and other factors. As the Company utilises a number of different banks the concentration risk is deemed minimal but is continually kept under review.

In addition to the relevant items above the Company is exposed to credit risk in relation to on demand amounts owed by other Group companies. The amounts owed to and due by the Company from dealings with subsidiary companies are disclosed in Notes 9 and 10. Transactions between the Company and other Group companies primarily related to financing activities.

12. Provisions

The Company carries an insurance provision of £5.9m (all current). In the prior year this provision was £7.5m (all current).

The Company also carries an onerous lease provision of £1.5m (£0.3m current and £1.2m non-current). In the prior year this provision was £3.5m (£1.2m current and £2.3m non-current).

13. Cash Generated from Operations

	2019 £m	2018 £m
Operating loss before exceptional items	(7.2)	(6.2)
Depreciation	0.5	0.7
Share-based payments expense	0.8	1.6
Pension contributions in cash	(12.1)	(23.6)
Net movement relating to exceptional items	(3.1)	(8.9)
Increase in working capital	(1.0)	(2.4)
	(22.1)	(38.8)

14. Retirement Benefit Obligation

Details of the Company's defined benefit pension scheme in the UK are set out in Note 22 of the consolidated financial statements.

15. Share Capital

Details of Company share capital, including issuance of new shares in the year, are set out in Note 23 of the consolidated financial statements. Details of share based payments are set out in Note 23 of the consolidated financial statements.

16. Events after the Reporting Period

Details of the outbreak, continued spread and impact of COVID-19 (coronavirus) are set out in Note 28 of the consolidated financial statements.

FIVE YEAR SUMMARY

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Revenue					
Americas	464.3	463.8	460.4	219.8	173.7
EMEA	552.5	517.3	508.2	376.8	338.2
Rest of World	161.3	157.6	162.6	130.0	104.3
Cargo Forwarding	147.5	152.3	142.4	116.8	111.8
	1,325.6	1,291.0	1,273.6	843.4	728.0
Underlying operating profit	52.5	55.1	53.1	30.5	19.8
Exceptional and other items	(11.3)	(19.8)	(29.7)	(23.7)	(11.2)
Share of joint ventures and associates interest and tax	(1.6)	(1.3)	(1.0)	(0.9)	(1.2)
Profit before interest	39.6	34.0	22.4	5.9	7.4
Net finance costs	(22.3)	(12.4)	(12.5)	(7.8)	(7.6)
Profit before taxation	17.3	21.6	9.9	(1.9)	(0.2)
Per ordinary share					
Dividends paid	20.5p	20.5p	19.1p	17.2p	13.1p
Underlying earnings	24.9p	37.6p	33.7p	21.8p	11.2p
Basic earnings	10.8p	14.6p	0.1p	(11.2)p	(3.6)p

**SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS
AT 31 DECEMBER 2019**

Interests in all of the companies listed below are in ordinary share capital of these undertakings, except where otherwise stated.

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Administracion de Servicios en Tierra, S.A. de C.V.	Mexico	Plaza Alamos Local 2, SM 311, MZ 26 Lote 03-01 Boulevard Luis Donald Colosio C.P. 77560, Cancun, Quintana Roo	Indirect
Aeroground, Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Air Marketing Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Air Menzies International (Aust) Pty Ltd	Australia	Unit 12, Discovery Cove, 1801 Botany Road, Banksmeadow NSW 2019	Indirect
Air Menzies International (Cape) Proprietary Ltd	South Africa	New Agents Road, Unit 6, Air Cargo Centre, Cape Town International Airport, Cape Town	Indirect (65%)
Air Menzies International (India) Private Ltd	India	Cargo Terminal 1, Kempegowda International Airport, Bangalore 560300	Indirect
Air Menzies International (Netherlands) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Air Menzies International (NZ) Ltd	New Zealand	c/o Buddle Findlay, Level 18, PwC Tower, 188 Quay Street, Auckland 1140	Indirect
Air Menzies International (USA), Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Air Menzies International Cargo (Canada) Ltd	Canada	2800 Park Place, 666 Burrard Street, Vancouver V6C 2Z7	Indirect
Air Menzies International Holding (NZ) Ltd	New Zealand	c/o Buddle Findlay, Level 18, PwC Tower, 188 Quay Street, Auckland 1140	Indirect
Air Menzies International Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Air Menzies International SA Proprietary Ltd	South Africa	Unit 3 Aviation Park, 17 Pomona Road, Kempton Park, Johannesburg	Indirect
Airbase Flight Support Ltd	Isle of Man	66 Athol Street, Douglas IM1 1JE	Indirect

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Airbase Flight Support Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Aircraft Service International Group Holdings (Thailand) Ltd	Thailand	7th-9th & 16th Floor, Bubhajit Building, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500	Indirect (49.6%)
Aircraft Service International Group, Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Aircraft Service International, Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Airports Bureau Systems Ltd	United Kingdom	Windmill House, 91-93 Windmill Road, Sunbury-on-Thames TW16 7EF	Indirect
AMI Asia HK Ltd	China	Room 1403, Causeway Commercial Building, 3 Sugar Street, Causeway Bay, Hong Kong	Indirect
AMI Ocean Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
ASIG (Thailand) Co. Ltd	Thailand	7th-9th & 16th Floor, Bubhajit Building, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500	Indirect (51%)
ASIG (U.K.) Limited	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
ASIG Ground Handling Canada Ltd	Canada	6500 Silver Dart Drive, Suite 257, Mississauga, Ontario L5P 1B2	Indirect
ASIG Holdings (Barbados) Ltd	Barbados	Suite 1, Ground Floor, The Financial Services Centre, Bishop's Court Hill, St. Michael	Indirect
ASIG Holdings Corp.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
ASIG Holdings Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
ASIG Lounge, Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
ASIG Manchester Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
ASIG Tanking (Thailand) Ltd	Thailand	7th-9th & 16th Floor, Bubhajit Building, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500	Indirect (40%)
Australian Air Support Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Aviation Consultancy Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Aviation Service (Iraq) Limited	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect (40%)
Aviation Service Leader (Chile) S.A.	Chile	Est. Arturo Alessandri, Amunategui 277, 3F, Santiago	Indirect
Boker Aeroclean Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Cargo 2000 Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Cargosave Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
Coronet Aviation Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Cranford Forwarders Bond Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect (50%)
Czech GH s.r.o.	Czech Republic	K Letisti 1049/57, 161 00 Prague 6	Indirect
DNDS Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Elmdon Cargo Handling Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Express Handling (Scotland) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
FMD Ltd	United Kingdom	Two Snowhill, Snow Hill, Birmingham B4 6GA	Indirect
Gold Cost Air Terminal Services Pty	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Hamilton Aero Avionics Ltd	New Zealand	Boyd & Ingram Roads, Hamilton Airport, P.O. Box 11078, Hillcrest, Hamilton 3251	Indirect (50%)
Hamilton Aero Maintenance Ltd	New Zealand	Boyd & Ingram Roads, Hamilton Airport, P.O. Box 11078, Hillcrest, Hamilton 3251	Indirect
Heathrow Aviation Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
HO/Menzies Investimentos & Transportes Investimentos Limitada	China	Avenida da Praia Grande 665, Edificio Great Will, Macau	Indirect
JM Nominees Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
JM Secretaries Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies (108) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies (Birmingham) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies (Edinburgh) Ltd	United Kingdom	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
John Menzies (GB) Ltd	United Kingdom	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
John Menzies Corporate Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies Distribution Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies Finance Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies Holding GmbH	Germany	Rechtsanwaelte Hoelters & Elsing, Immermannstrasse 40, 40210 Dusseldorf	Indirect
John Menzies International Ltd	United Kingdom	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Indirect
John Menzies Property 1 Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies Property 2 Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies Property 3 Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
John Menzies USA Holdings, Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
John Menzies USA, Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Direct
London Cargo Group Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
London Cargo Handling Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
London Cargo Imports Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Lonsdale Universal Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Lonsdale Universal Trustees Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
Luton Ramp Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Luton Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
MA Secretaries Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
MAG Nominees Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Mancargo Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Manchester Cargo Centre Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Manchester Handling Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
MCS Trustee Ltd	United Kingdom	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
Menzies Aviation – Portugal – Servicos De Carga, Unipessoal, Lda	Portugal	Avenida Antonio Augusto de Aguiar, No. 183, R/C Dto., 1050-014 Lisbon	Indirect
Menzies Aviation (Africa) Pty Ltd	South Africa	Unit F4, CTX Business Park, Cape Town International Airport, Cape Town	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation (Asia Pacific) Ltd	British Virgin Islands	Newhaven Corporate Services (BVI) Limited, 3rd Floor, Omar Hodge Building, Wickhams Cay I, PO Box 362, Road Town, Tortola	Indirect
Menzies Aviation (ASIG Ground Handling) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (ASIG) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Australia) Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Menzies Aviation (Aviation) B.V.	The Netherlands	Anchorageaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Brasil) Ltda	Brazil	Avenida Nove de Julho no. 4865, 5 Andar, Conjunto 51, Sala A, Sao Paulo	Indirect
Menzies Aviation (Canada) Ltd	Canada	100 King Street West, Suite 1600, 1 First Canada Place, Toronto, Ontario M5X 1G5	Indirect
Menzies Aviation (Cargo) B.V.	The Netherlands	Anchorageaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Chengdu) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Czech) s.r.o.	Czech Republic	K Letisti 1049/57, 161 00 Prague 6	Indirect
Menzies Aviation (DEL), Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation (Denmark) A/S	Denmark	Copenhagen Airport, Terminal 2, Lufthavnsboulevarden 6, 2770 Kastrup	Indirect
Menzies Aviation (Dominicana) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (EMEA) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Europe) B.V.	The Netherlands	Anchorageaan 50, 1118 LE Schiphol	Indirect

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation (FR9) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (France) SAS	France	Aéroport Toulouse Blagnac, Hall C, 31700 Blagnac	Indirect
Menzies Aviation (Freighter Handling) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Fuelling) Deutschland GmbH	Germany	Kronenstrasse 73, 10117 Berlin	Indirect
Menzies Aviation (Fuelling) France	France	Aéroport Toulouse Blagnac, Hall C, 31700 Blagnac	Indirect
Menzies Aviation (Fuelling) Spain	Spain	Calle Nunez Morgado 6-Bj Dc, 28036 Madrid	Indirect
Menzies Aviation (Ground Services) Australia Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Menzies Aviation (Handling) Proprietary Ltd	South Africa	Unit F4, CTX Business Park, Cape Town International Airport, Cape Town	Indirect (65%)
Menzies Aviation (Hungary) Kft.	Hungary	Liszt Ferenc Nemzetkozi Repuloter, Repules Oktatasi Kozpont, 17, sz H-1185 Budapest	Indirect
Menzies Aviation (Iberica) S.A.	Spain	Calle Nunez Morgado 6-Bj Dc, 28036 Madrid	Indirect
Menzies Aviation (India) Private Ltd	India	Plot No-C-04L, Cargo Terminal-1, Kempegowda International Airport, Devanahalli, Bangalore 560300	Indirect
Menzies Aviation (Ireland) Limited	Republic of Ireland	First Floor, Riverside Two, 43/49 Sir John Rogerson's Quay, Dublin 2	Indirect
Menzies Aviation (Italy) srl	Italy	Via Carducci 11, 20123, Milan	Indirect
Menzies Aviation (LCC) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Lounge) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Luton) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Mexico) S.A. de C.V.	Mexico	Plaza Alamos Local 2, SM 311, MZ 26 Lote 03-01 Boulevard Luis Donaldo Colosio C.P. 77560, Cancun, Quintana Roo	Indirect
Menzies Aviation (Namibia) Proprietary Ltd	Namibia	Bougain Villas, 78 Sam Nujoma Drive, Windhoek	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation (New Zealand) Ltd	New Zealand	George Bolt Memorial Drive, Auckland Airport, Auckland 2022	Indirect
Menzies Aviation (NL) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Oslo) AS	Norway	Sigrid Undsets plass, Terminalen, 2060 Gardermoen, 0235 Ullensaker	Indirect
Menzies Aviation (Poland) Sp. z.o.o.	Poland	ul. Sienna 72/3, 00-833 Warsaw	Indirect
Menzies Aviation (Romania) S.A.	Romania	Henri-Coanda International Airport, Calea Bucurestilor no 224E, Otopeni City, Ilfov	Indirect
Menzies Aviation (Santo Domingo) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (Schiphol) B.V.	The Netherlands	Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam	Indirect
Menzies Aviation (South Africa) (Cargo) Proprietary Ltd	South Africa	Unit F4, CTX Business Park, Cape Town International Airport, Cape Town	Indirect (65%)
Menzies Aviation (South Africa) (Pty) Ltd	South Africa	Unit F4, CTX Business Park, Cape Town International, Airport, Cape Town	Indirect (65%)
Menzies Aviation (Stockholm) AB	Sweden	Box 197, SE 190-45, Stockholm, Arlanda	Indirect
Menzies Aviation (Support Services) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Support) B.V.	The Netherlands	Anchoragelaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation (Sverige) AB	Sweden	Box 197, SE 190-45, Stockholm, Arlanda	Indirect
Menzies Aviation (Sweden) AB	Sweden	Box 51, 230 32 Malmo, Sturup	Indirect
Menzies Aviation (Texas), Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation (UK) Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation (USA), Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation (Venezuela) S.A.	Venezuela	Aeropuerto Internacional Simon Bolivar, Nivel 1, Sector 1, Maiquetia	Indirect

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation (Washington), Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation (Windhoek Lounge) (Pty) Ltd	Namibia	Bougain Villas, 78 Sam Nujoma Drive, Windhoek	Indirect
Menzies Aviation Bermuda Ltd	Bermuda	Thistle House, 4 Burnaby Street, Hamilton HM 11	Indirect
Menzies Aviation Bobba (Bangalore) Private Ltd	India	Plot No-C-04L, Cargo Terminal-1, Kempegowda International Airport, Devanahalli, Bangalore 560300	Indirect (49%); 100% of preference shares
Menzies Aviation Cairns Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect (50%)
Menzies Aviation Cargo (Bangalore) Ltd	Mauritius	5th Floor, Ebene Esplanade, 24 Cybercity, Ebene	Indirect
Menzies Aviation Cargo (Hungary) Kft.	Hungary	H-2220 Vecses, Lorinci str. 59, C Building, Budapest	Indirect
Menzies Aviation Cargo (Hyderabad) Ltd	Mauritius	5th Floor, Ebene Esplanade, 24 Cybercity, Ebene	Indirect
Menzies Aviation Cargo (Romania) S.R.L.	Romania	Henri-Coanda International Airport, Calea Bucurestilor no 224E, Otopeni City, Ilfov	Indirect
Menzies Aviation Colombia Holdings S.A.S.	Colombia	Carrera 7, No 71 - 21 Torre A, Oficina 602, Bogota	Indirect
Menzies Aviation Colombia S.A.S.	Colombia	Carrera 7, No 71 - 21 Torre A, Oficina 602, Bogota	Indirect
Menzies Aviation Contracts (NL) B.V.	The Netherlands	Anchorageaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation Corporate Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Denmark Lounges A/S	Denmark	Menzies Aviation, Copenhagen Airport, Petersdalvej 13, 1st, 2770 Kastrup	Indirect
Menzies Aviation Deutschland Verwaltungs GmbH	Germany	Carl-Theodor-Strasse 6, 40213 Dusseldorf	Indirect (75%)
Menzies Aviation Finance (USA) LLC	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation Fuelling (Canada) Ltd	Canada	6500 Silver Dart Drive, Suite 257, Mississauga, Ontario L5P 1B2	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation Fuelling Panama, Inc.	Panama	c/o Patton, Moreno & Asvat, Capital Plaza, 8th Floor, Roberto Motta Ave., Costa del Este, Panama City	Indirect
Menzies Aviation Group (Philippines) B.V.	The Netherlands	Anchorageaan 50, 1118 LE Schiphol	Indirect
Menzies Aviation Handling Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Holdings (Asia Pacific) Ltd	British Virgin Islands	Newhaven Corporate Services (BVI) Limited, 3rd Floor, Omar Hodge Building, Wickhams Cay I, PO Box 362, Road Town, Tortola	Indirect
Menzies Aviation Holdings (Australia) Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Menzies Aviation Holdings (Brasil) Ltda	Brazil	Avenida Nove de Julho no. 4865, 5 Andar, Conjunto 51, Sala A, Sao Paulo	Indirect
Menzies Aviation Holdings (Venezuela) S.A.	Venezuela	Aeropuerto Internacional Simon Bolivar, Nivel 1, Sector 1, Maiquetia	Indirect
Menzies Aviation Holdings Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Hyderabad (Passenger) Ltd	Mauritius	5th Floor, Ebene Esplanade, 24 Cybercity, Ebene	Indirect
Menzies Aviation International Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Leasing (Mexico) S.A. de C.V.	Mexico	Plaza Alamos Local 2, SM 311, MZ 26 Lote 03-01 Boulevard Luis Donald Colosio C.P. 77560, Cancun, Quintana Roo	Indirect
Menzies Aviation Pakistan (Private) Ltd	Pakistan	Office No. 311, 3rd Floor, The Forum, Khayaban-e-Jami, Clifton, Block 9, Karachi	Indirect (60%)
Menzies Aviation plc	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Puerto Plata S.A.	Dominican Republic	7 and 8 of General Gregorio Luperón, International Airport, Sosua, Puerto Plata	Indirect

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation Services (Asia Pacific) LLC	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Aviation Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Aviation Services SL	Spain	Calle Nunez Morgado 6-Bj Dc, 28036 Madrid	Indirect
Menzies Aviation Services Venezuela S.A.	Venezuela	Aeropuerto Internacional Simon Bolivar, Nivel 1, Sector 1, Maiquetia	Indirect
Menzies Aviation Spain SL	Spain	Calle Nunez Morgado 6-Bj Dc, 28036 Madrid	Indirect
Menzies Aviation St. Maarten B.V.	Sint Maarten	P.O. Box 2003, Princess Juliana Airport	Indirect
Menzies Aviation Washing Denmark A/S	Denmark	Menzies Aviation, Copenhagen Airport, Petersdalvej 13, 1st, 2770 Kastrup	Indirect
Menzies Aviation Washing Oslo AS	Norway	Sigrid Undsets plass, Terminalen, 2060 Gardermoen, 0235 Ullensaker	Indirect
Menzies Aviation, Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Bobba Ground Handling Services Private Ltd	India	H.No.6-3-345/1/2, Flat No. 102, Apurupa Classic, Road No. 1, Banjara Hills, Hyderabad 500034	Indirect (51%)
Menzies Cargo Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Cargo Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Client Solutions (USA), Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Client Solutions Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Express Baggage Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Menzies Group Holdings Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
Menzies Macau Airport Services Ltd	China	Avenida de Aeroporto, Edificio Airport Logistic Business Centre, 1 andar, sala 52, Taipa, Macau	Indirect (29%)
Menzies Security Services B.V.	The Netherlands	Anchorageaan 50, 1118 LE Schiphol	Indirect
Menzies Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct
Menzies Services, Inc.	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Menzies Wholesale Ltd	United Kingdom	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
Menzies World Cargo (Amsterdam) B.V.	The Netherlands	Anchorageaan 50, 1118 LE Schiphol	Indirect
Menzies World Cargo (Rotterdam) B.V.	The Netherlands	Brandenburghbaan 2b, 3045 AK Rotterdam	Indirect
Menzies World Cargo Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Menzies Worldwide Distribution Ltd	United Kingdom	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
Moose Aviation Services AB	Sweden	Box 2, 190 45 Stockholm, Arlanda	Indirect
MPF Trustee Ltd	United Kingdom	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Direct
Ogden Aviation Services (Chile) Ltda	Chile	Est. Arturo Alessandri, Amunategui 277, 3F, Santiago	Indirect
Ogden Cargo Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Perth Cargo Centre Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
PlaneBiz 2015 Ltd	New Zealand	George Bolt Memorial Drive, Auckland Airport, Auckland 2022	Indirect (60%)

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
Princes Street (Jersey) Ltd	Jersey	47 Esplanade, St. Helier JE1 0BD	Direct
PT. Menzies Aviation Indonesia	Indonesia	Area Cargo Bandara Soekarno Hatta, Kel. Pajang, Kec. Benda, Jakarta Barat, Jakarta	Indirect (51%)
PT. Mitra Adira Utama	Indonesia	Taman Palem Lestari, Ruko Galaxy, Blok O No. 6, Kel. Cengkareng Barat, Kec. Cengkareng, Jakarta Barat, Jakarta	Indirect (51%)
Rose Street Nominees Ltd	United Kingdom	2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ	Indirect
Simplicity Ground Services, LLC	United States	251 Little Falls Drive, Wilmington, Delaware 19808	Indirect
Skycare Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Skyport Handling Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Skyport Handling Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Skystar Airport Services NZ Pty Ltd	New Zealand	George Bolt Memorial Drive, Auckland Airport, Auckland 2022	Indirect
Skystar Airport Services Pty Ltd	Australia	c/o Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane QLD 4000	Indirect
Smarter Asset Management Ltd	United Kingdom	Basepoint Centre, Isidore Road, Bromsgrove Enterprise Park, Bromsgrove B60 3ET	Indirect (26%)
Southampton Airport Cargo Services Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
The London Cargo Centre Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
The Menzies Group Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Direct

Subsidiary, joint venture and associate undertakings	Country of incorporation	Registered address	Direct or indirect holding (100% unless otherwise stated)
The United Iraqi Company for Airports and Ground Handling Services Limited	Iraq	Baghdad International Airport, Airport Street, Baghdad	Indirect (70%)
Worldwide Magazine Distribution Ltd	United Kingdom	Two Snowhill, Snow Hill, Birmingham B4 6GA	Indirect
Wyng Group Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Wyng Roadflight Ltd	United Kingdom	MW1 Building, 557 Shoreham Road, London Heathrow Airport, Hounslow TW6 3RT	Indirect
Zaankracht Uitzendbureau Schiphol B.V.	The Netherlands	Stationsplein 979, 1117 CE Schiphol	Indirect (30%)

NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt about what action you should take you are recommended to consult your independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised financial adviser. If you have sold or transferred all of your ordinary shares in John Menzies plc, you should forward this document, (but not the personalised form of proxy), to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

We are closely monitoring the ongoing impact of the COVID-19 (coronavirus) outbreak in the United Kingdom. If it becomes necessary to provide you with further information regarding the Annual General Meeting, or notify you of any alternative arrangements, we will do so on our website (www.johnmenziesplc.com) by 30 April 2020. We would strongly encourage you to check our website on or before that date to ensure you are fully up to date with the arrangements for our Annual General Meeting. We would also ask our shareholders to consider public health advice when deciding whether to attend the meeting and you are reminded that you can vote on the relevant resolutions online or by appointing a proxy in advance of the meeting. Further details of how to do this can be found on page 216 of this Notice of Meeting. Any shareholder questions can be sent to investor.relations@johnmenziesplc.com.

Notice is hereby given that the Annual General Meeting of John Menzies plc (the “**Company**”) will be held at the registered office of the Company, 2 Lochside Avenue, Edinburgh Park, Edinburgh, EH12 9DJ on Friday 1 May 2020 at 11:00am (the “**Meeting**”) to transact the following business:

Ordinary Resolutions

To consider and, if thought fit, pass Resolutions 1 – 13, each of which will be proposed as an ordinary resolution:

1. Report and Accounts

To receive the Annual Accounts of the Company for the financial year ended 31 December 2019, the Strategic Report and the Reports of the Directors and Auditor thereon.

2. Remuneration Report

To approve the Report on Directors’ Remuneration (excluding the Directors’ Remuneration Policy) as set out in the Annual Report and Accounts for the financial year ended 31 December 2019.

3–10. Election and re-election of Directors

3. To re-elect Paul Baines as a director of the Company.
4. To re-elect David Garman as a director of the Company.
5. To re-elect John Geddes as a director of the Company.
6. To elect Alvaro Gomez-Reino as a director of the Company.
7. To re-elect Philipp Joeinig as a director of the Company.
8. To elect Christian Kappelhoff-Wulff as a director of the Company.
9. To re-elect Silla Maizey as a director of the Company.
10. To re-elect Giles Wilson as a director of the Company.

11. Re-appointment of auditor

To re-appoint Ernst & Young LLP as the Company’s auditor to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which Annual Accounts are laid before the Company.

12. Remuneration of auditor

To authorise the directors of the Company to fix the remuneration of the Company’s auditor.

13. Authority to allot shares

That the directors of the Company (the “**Directors**”) be and are hereby generally and unconditionally authorised, pursuant to section 551 of the Companies Act 2006 (the “**2006 Act**”), to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company, such rights and shares together being “**relevant securities**”:

- (a) otherwise than pursuant to paragraph (b) below, up to an aggregate nominal amount of £7,025,776 (such amount to be reduced by the aggregate nominal amount of any equity securities (as defined by section 560 of the 2006 Act) allotted under paragraph (b) below in excess of £7,025,776; and
- (b) comprising equity securities up to an aggregate nominal amount of £14,051,553 (such amount to be reduced by the nominal amount of any relevant securities allotted under paragraph (a) above) in connection with an offer by way of a rights issue to: (i) holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings; and (ii) holders of equity securities in the capital of the Company as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter;

and provided that (unless previously renewed, varied or revoked) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 June 2021 save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired. This authority is in substitution for and to the exclusion of all unexercised existing authorities previously granted to the Directors under the 2006 Act but without prejudice to any allotment of shares or grants of rights already made, offered or agreed to be made pursuant to such authorities.

Special Resolutions

To consider, and if thought fit, pass Resolutions 14-19, each of which will be proposed as a special resolution.

14. Authority to Disapply Pre-emption Rights

That, subject to the passing of Resolution 13 in the Notice of Annual General Meeting of the Company dated 27 March 2020 (the “**Section 551 Resolution**”), the directors of the Company (the “**Directors**”) be and are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 (the “**2006 Act**”) to exercise all powers of the Company to allot equity securities (within the meaning of sections 560(1)–(3) of the 2006 Act) wholly for cash pursuant to the authority conferred by the Section 551 Resolution and/or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with an offer or issue of equity securities (but, in the case of an allotment pursuant to the authority granted under paragraph (b) of the Section 551 Resolution, such power shall be limited to the allotment of equity securities in connection with a rights issue only) to: (i) the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings; and (ii) the holders of equity securities in the capital of the Company as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter; and
- (b) the allotment pursuant to the authority granted by paragraph (a) of the Section 551 Resolution (otherwise than pursuant to paragraph (a) of this Resolution 14) or sale of treasury shares up to an aggregate nominal amount of £1,053,866;

and provided that (unless previously renewed, varied or revoked) this power shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 June 2021 save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

15. Further authority to disapply pre-emption rights

That, subject to the passing of Resolution 13 in the Notice of Annual General Meeting of the Company dated 27 March 2020 (the “**Notice of AGM**”) (the “**Section 551 Resolution**”), the directors of the Company (the “**Directors**”) be and are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 (the “**2006 Act**”) to exercise all powers of the Company, in addition to any authority granted under resolution 14 of the Notice of AGM, to allot equity securities (within the meaning of sections 560(1)-(3) of the 2006 Act) wholly for cash pursuant to the authority conferred by the Section 551 Resolution and/or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment provided that this power shall be:

- (a) limited to the allotment to any person or persons of equity securities up to an aggregate nominal amount of £1,053,866;
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

and provided that (unless previously renewed, varied or revoked) this power shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 June 2021 save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

16. Amendment to the Articles of Association of the Company

That, with effect from the conclusion of the Meeting, the Articles of Association produced to the Meeting and initialled by the Chairman of the Meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

17. Purchase of own ordinary shares by the Company

That the Company be and is hereby authorised pursuant to section 701 of the Companies Act 2006 (the “**2006 Act**”) to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its own ordinary shares of 25p each (“**Ordinary Shares**”), on such terms and in such manner as the directors of the Company may from time to time determine, provided that:

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 8,430,932, representing approximately 10% of the issued ordinary share capital of the Company as at 27 March 2020;
- (b) the maximum price which may be paid for each such Ordinary Share under this authority shall be the higher of:
 - (i) an amount equal to 105% of the average of the middle market quotations for any such Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and
 - (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 17 will be carried out),

and the minimum price which may be paid for any such Ordinary Share is 25p, in each case exclusive of the expenses of purchase (if any) payable by the Company; and

- (c) the authority hereby conferred shall expire (unless previously renewed, varied or revoked) at the conclusion of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 June 2021 except in relation to the purchase of Ordinary Shares for which a contract was concluded before the authority expired and which might or will be executed wholly or partly after its expiration and the Company may make such a purchase in pursuance of such contract as if the authority hereby conferred had not expired.

18. Purchase of own preference shares by the Company

That the Company be and is hereby authorised pursuant to section 701 of the Companies Act 2006 (the “**2006 Act**”) to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its own 9% cumulative preference shares of £1 each (“**Preference Shares**”), on such terms and in such manner as the directors of the Company may from time to time determine, provided that:

- (a) the maximum number of Preference Shares hereby authorised to be purchased is 1,394,587, representing 100% of the issued Preference Share capital of the Company as at 27 March 2020;
- (b) the maximum price which may be paid for each such Preference Share under this authority shall be the higher of:
 - (i) an amount equal to 110% of the average of the middle market quotations for any such Preference Share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and
 - (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid for a Preference Share on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 18 will be carried out), and the minimum price which may be paid for any such Preference Share is £1, in each case exclusive of the expenses of purchase (if any) payable by the Company; and
- (c) the authority hereby conferred shall expire (unless previously renewed, varied or revoked) at the conclusion of the next Annual General Meeting of the Company or, if earlier, at the close of business on 30 June 2021, except in relation to the purchase of Preference Shares for which a contract was concluded before the authority expired and which might or will be executed wholly or partly after its expiration and the Company may make such a purchase in pursuance of such contract as if the authority hereby conferred had not expired.

19. Length of notice of meeting

That a general meeting (other than an annual general meeting) may be called on not less than 14 clear days’ notice, provided that the authority for this Resolution shall expire at the conclusion of the next annual general meeting of the Company.

Approved and issued by the Board of Directors.

On behalf of the Board of Directors



John Geddes
Corporate Affairs Director & Group Company Secretary
 27 March 2020

Registered office:
 2 Lochside Avenue
 Edinburgh Park
 Edinburgh EH12 9DJ

Registered in Scotland with
 company number SC34970

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Explanatory Notes

The following information provides additional background information to several of the proposed Resolutions:

Resolution 2: Remuneration Report

In accordance with the provisions of the Companies Act 2006 (the “**2006 Act**”), the Company’s Report on Directors’ Remuneration (excluding the Directors’ Remuneration Policy (the “**Remuneration Policy**”)) will be put to an annual shareholder vote by ordinary resolution. This vote is advisory in nature and is in respect of the overall remuneration package which is in place for directors of the Company (the “**Directors**”) – it is not specific to individual levels of remuneration nor is the entitlement of a Director to remuneration conditional on the vote being passed.

The Remuneration Policy is, however, subject to a binding shareholder vote by ordinary resolution at least every three years. A new Remuneration Policy was proposed and approved at a general meeting of the Company held on 17 September 2019, further details of which are set out on pages 96 to 103 of the Annual Report and Accounts 2019. The Company cannot make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past Director unless such payment is consistent with the Remuneration Policy or has been approved by a resolution of the Company’s shareholders.

Resolutions 3-10: Election and re-election of Directors

Biographical details of the Directors to be elected and re-elected, as is the case, at this year’s annual general meeting (“**AGM**”) can be found on pages 8 to 69 of the Annual Report and Accounts 2019. Both Christian Kappelhoff-Wolf and Alvaro Gomez-Reino, having been appointed as Directors since last year’s AGM, will stand for election in accordance with the Company’s Articles of Association. In accordance with the principles of good governance prescribed by the UK Corporate Governance Code (July 2018), all other Directors who it is intended will continue in office following the AGM will seek re-election.

In proposing the re-election of the Directors, the Executive Chairman has confirmed that, following rigorous internal performance evaluations (described on pages 76 and 77 of the Annual Report and Accounts 2019), each individual continues to make an effective and valuable contribution to the Board and demonstrates commitment to their role.

Resolution 13: Authority to allot shares

The Investment Association’s Share Capital Management Guidelines (the “**Guidelines**”) and the Pre-Emption Group Principles permit (the “**Pre-Emption Principles**”), and regard as routine, an authority to allot up to two-thirds of a company’s existing issued share capital. They provide that any amount in excess of one-third of a company’s issued share capital should only be applied to fully pre-emptive rights issues.

At the Company’s AGM in May 2019, the Directors sought authority to allot shares in the capital of the Company up to an aggregate nominal amount of £14,039,316, representing approximately two-thirds of the Company’s issued ordinary share capital as at 29 March 2019. This authority was not passed by shareholders.

It is considered appropriate that the Directors be granted authority to allot shares in the capital of the Company up to a maximum nominal amount of £14,051,553, which amount represents approximately two-thirds of the Company’s issued ordinary share capital as at 27 March 2020 and thus complies with the Guidelines. Accordingly, 28,103,107 ordinary shares of £0.25 each (the “**Ordinary Shares**”), representing approximately one-third of the Company’s issued ordinary share capital, may be allotted pursuant to a fully pre-emptive rights issue.

As at 27 March 2020 (being the latest practicable date prior to publication of this Notice of AGM) the Company held 181,642 of its Ordinary Shares in Treasury.

Resolutions 14 and 15: Authority to disapply pre-emption rights

Resolutions 14 and 15 will give the Directors authority to allot ordinary shares in the capital of the Company pursuant to the authority granted under Resolution 13 above for cash without complying with the pre-emption rights in the Companies Act 2006 (“**2006 Act**”) in certain circumstances. This disapplication authority is in line with institutional shareholder guidance, and in particular with the Pre-Emption Group’s Statement of Principles. The Pre-Emption Principles were revised in March 2015 to allow the authority for an issue of shares for cash otherwise than in connection with a pre-emptive offer to include: (i) an authority over 5% of a company’s issued share capital for use on an unrestricted basis; and (ii) an additional authority over a further 5% of a company’s issued share capital for use in connection with an acquisition or specified capital investment announced contemporaneously with the issue, or has taken place in the six month period preceding the announcement of the issue.

Resolution 14 will permit the Directors to allot: (a) equity securities (as defined in sections 560(1) – (3) of the 2006 Act) for cash up to a maximum nominal amount of £14,051,553 (representing approximately two-thirds of the issued ordinary share capital of the Company as at 27 March 2020) on an offer to existing shareholders

on a pre-emptive basis (that is including a rights issue or an open offer), with one-third being available only in connection with a rights issue (in each case subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the Directors see fit); and (b) equity securities for cash and to sell treasury shares up to a maximum nominal value of £1,053,866 (representing approximately 5% of the issued ordinary share capital of the Company as at 27 March 2020) otherwise than in connection with a pre-emptive offer to existing shareholders.

Resolution 15 will permit the Directors to allot additional equity securities for cash and sell treasury shares up to a maximum nominal value of £1,053,866, representing approximately a further 5% of the issued ordinary share capital of the Company as at 27 March 2020, otherwise than in connection with a pre-emptive offer to existing shareholders for the purposes of financing or refinancing a transaction as contemplated by the Pre-Emption Principles described above.

The Board considers that it is in the best interests of the Company and its shareholders generally that the Company should seek the maximum authority permitted by the Pre-Emption Principles and have the flexibility conferred by Resolutions 14 and 15 to conduct a pre-emptive offering without complying with the strict requirements of the statutory pre-emption provisions and to finance business opportunities quickly and efficiently when they arise in line with the Company’s strategy for growth.

The Directors believe that it is appropriate to seek the additional 5% authority in Resolution 15 to give the Company the flexibility that this resolution affords. The Board confirms that, in accordance with the Pre-Emption Principles, it does not intend to issue shares for cash representing more than 7.5% of the Company’s issued ordinary share capital in any rolling three-year period to those who are not existing shareholders (save in accordance with Resolution 15) without prior consultation with shareholders.

The authority contained in Resolutions 14 and 15 will expire upon the expiry of the authority to allot shares conferred in Resolution 13 (that is at the end of the next AGM of the Company or, if earlier, on 30 June 2021).

Resolution 16: Amendment to the Articles of Association of the Company- Power to borrow money

The Company’s Articles of Association (the “**Current Articles**”) specify a fixed limit for borrowing of £300 million. It is proposed that this be increased to £500 million in the new Articles of Association (the “**New Articles**”). Accordingly, the only difference between the Current Articles and the New Articles is that the figure of £300 million in Article 107.2 is proposed to be replaced with the figure of £500 million. The current borrowing limit of £300 million was introduced and approved by shareholders in September 2000. The Board considers it commercially prudent and timely to refresh the limit on borrowing in conjunction with its stated strategy to grow the business. This will create additional flexibility for the Company to respond to the future needs of the business, including expansion and merger and acquisition opportunities, in line with the Company’s strategy to create value for shareholders. In addition to the provisions of the Current Articles, the Company’s external borrowings are already limited by existing internal controls, the limits contained in the financial covenants in the Group’s committed borrowing facilities and the principles of sound corporate governance.

Adopting this higher limit of £500 million will not change the Company’s borrowing policy and the Board considers it to be in the best commercial interests of the Group.

A copy of the New Articles and a copy of the Current Articles, marked to show the proposed change, are available for inspection as noted on page 217 of this document.

Resolutions 17 and 18: Authority to buy-back shares

Special resolutions 17 and 18 give the Company authority to make market purchases of its Ordinary Shares and 9% cumulative preference shares (the “**Preference Shares**”) in the market, as permitted by the 2006 Act. The authorities set the minimum and maximum prices and limit the number of Ordinary Shares that can be purchased to 8,430,932 (representing approximately 10% of the issued Ordinary Shares as at 27 March 2020) and the number of Preference Shares to 1,394,587 (representing 100% of the issued Preference Shares as at 27 March 2020).

The authorities, if granted, will expire at the conclusion of the next AGM of the Company or, if earlier, at the close of business on 30 June 2021. The Directors have no present intention of exercising the authority to purchase the Preference Shares but will keep the matter under review, taking into account the financial resources of the Company, the Company’s share price and future funding opportunities. The authority would only be exercised if the Directors believed that to do so would result in an increase in earnings per share and would be in the interests of the Company’s shareholders generally.

As at 27 March 2020, the Company held 181,642 Ordinary Shares in Treasury. The Company may make purchases of its Ordinary Shares, taking into account the financial resources of the Company, the Company’s share price and future funding opportunities. No voting rights attach to Ordinary Shares whilst held in Treasury nor are dividends payable on them. The authority sought under Resolution 16 will only be exercised if the

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Directors believe that to do so would result in an increase in earnings per share and would be in the interests of the Company's shareholders generally. Any purchase of Ordinary Shares would be by means of market purchase through the London Stock Exchange.

Resolution 19: Length of notice of meeting

The Companies Act 2006 requires that all general meetings (other than an annual general meeting) must be held on 21 clear days' notice unless shareholders agree to a shorter notice period which is subject to a minimum of 14 clear days' notice. In order to be able to call a general meeting on less than 21 clear days' notice the Company must make an electronic means of voting available to all shareholders for the meeting. This condition is met by the Company providing the facility for shareholders to appoint a proxy via an online shareholder portal operated by our Registrars. It is not the Company's intention to use the shorter notice period as a matter of routine but only when the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. If given, this approval will be effective until the end of the next AGM.

Recommendation

The Directors consider that all the above Resolutions are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company. Accordingly, they unanimously recommend that you vote in favour of all proposed Resolutions.

Notes to the Notice of AGM

- Information about the AGM is available from the Company's website at www.johnmenziesplc.com.
- As a shareholder, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a shareholder of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
- A Form of Proxy is enclosed. To be valid, your Form of Proxy and any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority should be sent to Computershare Investor Services ("Computershare") at The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to arrive no later than 48 hours before the commencement of the AGM. No amendments to, or submission or withdrawal of, any Form of Proxy shall be effective if lodged with Computershare less than 48 hours before the time appointed for the holding of the AGM or any adjourned meeting.
- It is possible for you to submit your proxy votes online. Further information on this service can be found on your Form of Proxy or, if you receive communications electronically, voting information will be contained within your email broadcast.
- If you appoint a proxy, this will not prevent you attending the AGM and voting in person if you wish to do so.
- The right to vote at the AGM is determined by reference to the Company's Register of Members as at the close of business on Wednesday 29 April 2020 or, if the AGM is adjourned, at 8:00pm on the day two days prior to the adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any shareholder to attend and vote at the AGM.
- As a shareholder, you have the right to put questions at the AGM relating to the business being dealt with at the AGM.
- Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "Nominated Person") may, under an agreement between them and the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- The statement of the rights of shareholders in relation to the appointment of proxies in Notes 2, 3 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- As at 27 March 2020, the issued ordinary share capital of the Company comprised 84,490,964 Ordinary Shares and the Company held 181,642 of these Ordinary Shares in Treasury. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 27 March 2020 is 84,309,322.
- CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those

CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

- In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID 3RA50) so as to arrive no later than 48 hours before the commencement of the AGM or any adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the shareholder information message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- Under section 338 of the 2006 Act, shareholders may require the Company to give, to shareholders of the Company entitled to receive this Notice of AGM, notice of a resolution which may properly be moved and is intended to be moved at the AGM. Under section 338A of the 2006 Act, shareholders may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business.
- It is possible that, pursuant to requests made by shareholders of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the shareholder requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on a website under section 527 of the 2006 Act.
- You may not use any electronic address provided either in this Notice of AGM or any related documents to communicate with the Company for any purpose other than as expressly stated.

Documents

Subject to public health advice, the following documents will be available for review or inspection, during usual business hours on any day (except Saturday, Sunday and Bank Holidays) from the date of sending this Notice of AGM up to and including the date of the AGM, at the registered office of the Company and at the offices of the Company's solicitors, Dentons UK and Middle East LLP, at One Fleet Street, London EC4M 7RA:

- copies of the Directors' service contracts with the Company;
- the terms of appointment of the Non-Executive Directors of the Company; and
- a copy of the New Articles and a copy of the Current Articles, marked to show the change proposed to be made as a consequence of resolution 16.

These documents will also be available for review or inspection on the Investor Relations section of the Company's website (www.johnmenziesplc.com/investor-centre).

On the date of the AGM, these documents will be available for inspection at the venue of the AGM from 9:00am until the conclusion of the AGM.

A copy of the New Articles and a copy of the Current Articles, marked to show the change proposed to be made as a consequence of resolution 15, will also be available for viewing on the Company's website at 4pm from the date of this document until at least the day after the AGM.

GENERAL INFORMATION

Internet

The Company operates a website which can be found at www.johnmenziesplc.com. This site is regularly updated to provide you with information about the Company and its operating divisions. In particular, all of the Company's press releases and announcements can be found on this site together with copies of its Annual Reports and Accounts and other shareholder documentation.

Share Register and Shareholder Enquiries

Any enquiry concerning your shareholding should be directed to the Company's Registrar, Computershare Investor Services PLC ("Computershare"), and should clearly state your name, address and Shareholder Reference Number ("SRN"). The contact details are as follows:

Telephone: +44 (0) 370 703 6303
 Web: www.investorcentre.co.uk
 Email: www.investorcentre.co.uk/contactus
 Write: The John Menzies plc Registrar, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZZ

Computershare should be notified promptly in writing of any change to a shareholder's address. Computershare's online Investor Centre also enables you to view your shareholding and update your address and payment instructions online. You can register at www.investorcentre.co.uk. In order to register, you will need your SRN which you can find on your share certificate or dividend confirmation.

Share Price

The current price of the Company's ordinary shares of £0.25 each (the "Ordinary Shares") can be viewed on the Company's website at www.johnmenziesplc.com.

Telephone Share Dealing Service

A share dealing service has been arranged with Jarvis Investment Management Limited which provides a simple way of buying or selling shares in the Company. To use this service you should visit www.dialnddeal.co.uk or call the following telephone number and quote reference "John Menzies plc dial and deal":

Telephone: +44 (0) 1892 700849

Commission for this share dealing service will be at a fixed rate of £27.50. Additionally, UK share purchases will be subject to a 0.5% stamp duty charge whilst a levy of £1.00 will be imposed by the Panel for Takeovers and Mergers for single trades in excess of £10,000.

You will be required to pay for any shares purchased by debit card at the time of the transaction. You must therefore ensure you have sufficient cleared funds available in your debit card account to pay for the shares in full.

ShareGift

If you only have a small number of shares which may be uneconomic to sell, you may wish to consider donating them to the charity ShareGift (Registered Charity No. 1052686) which specialises in accepting such shares as donations. There are no implications for UK Capital Gains Tax purposes (no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. If you wish to do this then the details are as follows:

Telephone: +44 (0) 20 7930 3737
 Web: www.sharegift.org
 Email: help@sharegift.org

Analysis of Shareholdings

At 31 December 2019

Shareholding (Ordinary Shares)	Number of shareholders	Percentage of shareholders	Total number of Ordinary Shares held	Percentage of Ordinary Shares held
1-1,000	2,933	78.96	709,513	0.85
1,001-5,000	524	14.11	1,089,952	1.29
5,001-10,000	63	1.70	476,257	0.56
10,001-100,000	125	3.37	4,832,506	5.72
Over 100,000	69	1.86	77,359,666	91.58
Total	3,714	100	84,467,894	100.00

Payment of Dividends

It is in the interests of both the Company and its shareholders for dividends to be paid directly into bank or building society accounts. Any shareholder who wishes to receive dividends in this way should contact Computershare to obtain a dividend mandate form.

9% Cumulative Preference Shares

Dividends will be paid on 1 April 2020 and 1 October 2020.

Ordinary Shares

In accordance with the Company's Full Year Results 2019 released to the London Stock Exchange on 10 March 2020, the Board believes it prudent and in the best interests of shareholders to suspend the dividend temporarily.

Investor Relations

For any Investor Relations enquiries, please contact the Company by one of the following means:

Telephone: +44 (0) 131 225 8555
 Email: investor.relations@johnmenziesplc.com
 Write: John Menzies plc, 2 Lochside Avenue, Edinburgh Park, Edinburgh EH12 9DJ, marked for the attention of John Geddes, Corporate Affairs Director & Group Company Secretary

GENERAL INFORMATION CONTINUED

Principal Advisers

Auditor

Ernst & Young LLP
3rd Floor, 144 Morrison Street
Edinburgh
EH3 8EB

Corporate advisers and joint brokers

Berenberg
60 Threadneedle Street
London
EC2R 8HP

Joint brokers

Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

Principal Business Addresses

John Menzies plc
2 Lochside Avenue
Edinburgh Park
Edinburgh
EH12 9DJ

Telephone: +44 (0) 131 225 8555
Email: info@johnmenziesplc.com

Menzies Aviation

2 Lochside Avenue
Edinburgh Park
Edinburgh
EH12 9DJ

Telephone: +44 (0) 131 467 8070

Corporate Calendar

(Provisional dates)

10 March 2020	Preliminary announcement of Annual Results
1 April 2020	Payment of dividend on Preference Shares
8 April 2020	Annual Report and Accounts and Notice of AGM released
1 May 2020	AGM
11 August 2020	Announcement of Interim Results
1 October 2020	Payment of dividend on Preference Shares



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**Registered in Scotland with
company number SC34970**