John Menzies plc

2021 Interim Results Announcement

1 September 2021

John Menzies plc

Interim Results for the Six Months to 30 June 2021

Financial Summary	H1 2021 Reported	H1 2021 Constant currency[6]	H1 2020 Reported
Revenue	£415.8m	£425.8m	£431.5m
Underlying operating profit/(loss)[1]	£21.6m	£24.3m	£(39.0)m
Operating profit/(loss)	£15.4m	---	£(70.3)m
Underlying profit/(loss) before taxation[2]	£10.9m	£13.6m	£(48.7)m
Profit/(loss) before tax	£4.7m	---	£(80.1)m
Underlying earnings/(loss) per share[3]	9.2p	---	(69.2)p
Basic earnings/(loss) per share	2.8p	---	(104.7)p
Underlying operating cash flow[4]	£86.6m	---	£131.3m
Net borrowings	£348.7m	---	£337.1m
Net debt on a pre-IFRS 16 basis[5]	£183.1m	---	£159.9m

These interim condensed financial statements and prior half year comparatives are unaudited.

Results Overview

Excellent turnaround delivered

- Recovery in underlying operating profit demonstrates the benefit of management actions
- Turnaround driven by restructuring, cost actions and new business wins together with continued support from governmental schemes
- Strong performance in air cargo services and cargo forwarding
- Successful equity raise of £22m to fund business development and M&A pipeline
- Strong cashflow and substantial liquidity position maintained

Delivery on long-term strategic priorities

- Commercial momentum accelerated – Strong first six months:
  - Record air cargo contract win with Avianca at Miami
  - Outsourcing gains with Qantas across Australia
  - Renewal of easyJet contracts at five UK airports
- Business development momentum with acquisitions in Pakistan and Guam and new operations in Iraq. Announced investments in China and Central America
- Improved balance of services portfolio through air cargo growth, with over 50 stations now in global network

Financial results

- Underlying operating profit of £22m reversing the £39m loss in H1 2020
- Operating profitability turnaround (excluding governmental support) £30m stronger on similar revenue, reflecting impact of management actions to control costs and reshape the business
- Revenue broadly flat with prior year, due to gradual recovery in ground and fuel services volumes following rapid fall at start of pandemic in Q2 2020
- Underlying operating cash flow, ahead of expectations, resulted in net borrowings of £349m, with available cash plus undrawn banking facilities of £179m
- Net debt of £183m reflecting strong cash flow in the half year

Outlook

The Board remains confident about the Group's long-term outlook. The prompt actions taken at the start of the pandemic have put us in a good position to prosper now the aviation sector has begun to recover. Our strategy for growth, based around our strategic priorities, and our disciplined approach are set to deliver sustainable stakeholder returns in the coming years.

In terms of outlook for passenger volumes, the trend we have seen over the first half is currently expected to continue over the remainder of the year. The near-term outlook for our operating segments continues to be primarily driven by local travel restrictions.

Although there will be regional variations, we currently do not anticipate a return to the volume of ground services and fuelling business that we had in 2019 before 2023. Air cargo services and cargo forwarding across all regions continue to be more resilient, with strong volumes and record high yields. Although as passenger aircraft activity increases, yields are expected to normalise over time.

Since the end of the period, we have continued to build commercially. In Oceania, we have been successful with Virgin Australia where we retained our existing business and added new business in Cairns, Darwin and Queenstown. We will now service Virgin Australia with a mix of ground services and air cargo services at 10 airports in Australia. In addition, we have expanded our air cargo operations in Los Angeles, opening an additional cargo facility. This new facility will allow us to handle the increase in volumes from the Qatar Airways contract and provides room for further growth.

We recently announced the acquisition of Interexpresso in Costa Rica, an air cargo focused aviation services provider, adding three new territories to our portfolio and providing an opportunity to develop a strong foothold in Central America and a platform for growth in higher margin markets in the region.

This positive momentum is currently expected to continue through the second half of the year and into 2022, we have a targeted pipeline of new contract opportunities and are working with our customers to deliver these.

Menzies, like many companies, has received substantial government support during the crisis and we still expect to receive a degree of benefit from this in the second half of the year and into next year. As the crisis continues to ease, the level of support is expected to be replaced by increased revenue as aviation activity levels recover.

As volumes and revenues continue to recover, we believe the work undertaken to restructure our cost base and reshape the business portfolio, will lead to a progressive improvement in operating margins and ultimately a more profitable Group. In addition, we expect that the Group will continue to maintain significant liquidity headroom while being able to support investment in further growth opportunities.

The current pipeline of investment opportunities includes ventures in all product categories and regions. It is anticipated that we will make further announcements in the second half of the year as a number of these ventures complete.

Philipp Joeinig, Chairman & CEO of John Menzies plc said:

"I am pleased that we have delivered a strong first half despite the continuing impact of Covid-19 on travel. This outturn is testament to the actions that were taken last year and our continuing tight focus on all aspects of our operations."

"We are committed to delivering against our strategic priorities and are making good progress. We continue to win contracts, enter new markets and optimise the mix of our business portfolio. Furthermore, we are confident that our resilient business model leaves us well placed to prosper as flight volumes continue to recover."

Notes

1. Underlying operating profit/loss is operating profit/loss adjusted for exceptional items, amortisation relating to acquired contract, customer relationship and brand intangibles, and the Group's share of interest and tax on joint ventures and associates.
2. Underlying profit/loss before taxation is underlying operating profit/loss less net finance charges.
3. Underlying earnings/loss per share is profit/loss after taxation and non-controlling interest, but before intangible amortisation and exceptional items, divided by the weighted average number of ordinary shares in issue.
4. Underlying operating cash flow is underlying operating profit/loss adjusted for depreciation, amortisation, income and dividends from joint ventures and associates, retirement obligation and share based payments, and movements in working capital and provisions.
5. Net debt on a pre-IFRS 16 basis is net borrowings excluding operating lease liabilities.
6. In order to increase comparability with prior period numbers, performance at constant currency has been calculated by translating non-sterling earnings for the current period into sterling at the exchange rates used for the same period in the prior year.

Enquiries

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Webinar for analysts

There will be a webinar for sell-side analysts and investors today at 09:30 BST, the details of which can be obtained from FTI Consulting via menzies@fticonsulting.com. Copies of the presentation slides will be available on the John Menzies plc website (http://johnmenziesplc.com).

Chairman & CEO Statement

I am immensely proud of the response to the pandemic from our employees worldwide and want to express my thanks to them all on behalf of the Board. Our teams have reacted effectively to a constantly evolving situation, and I know our customers have appreciated their ability to operate safely and securely, with enthusiasm in often challenging circumstances.

Growth Strategy

As I outlined last year, our long-term growth strategy is centred on five strategic priorities:

1. **Optimise portfolio mix**
   We are committed to targeting a wider spread of aviation service activities by building on the organic growth opportunities in air cargo and fuelling services. Our ground services business remains extremely important, and our focus will be on areas where future growth opportunities are stronger. Growth in our ancillary services offering will be selective in a market sector where operating margins are typically higher.

2. **Targeted growth**
   We are targeting our network expansion into emerging aviation service markets where we expect stronger recovery in growth and higher margins. We see great opportunities for Menzies to enhance standards and processes for our customers in all our product categories.

3. **Margin improvement**
   We are committed to driving a structural improvement in the Group's operating margin. We will achieve this by focusing on structural growth markets, a relentless cost management process and active portfolio management of our existing businesses.

4. **Customer first**
   Strong customer relationships are the key to success in our industry. We are determined to build upon our solutions-orientated approach to working with customers, to deliver their goals and make Menzies the handling provider of choice wherever we operate. As the industry recovers from the pandemic, we believe that our strong customer relationships will be vital to deliver our growth strategy.

5. **People centric**
   Our people are at the heart of the Menzies brand. Since 1833, it is the people at Menzies who have made us unique, and we recognise that investing in our employees will be a key component of our success. We have built a team of motivated and passionate people, and we are committed to supporting them with industry-leading working environments and investing in the right training programmes and effective leadership development.

During the period we have continued to deliver against these priorities. Our portfolio mix has changed with new business wins in air cargo services providing strong returns in a market that has performed well throughout the crisis. We continue to win new business in target territories making significant gains with Qantas and Jetstar in Australia and with Flair, the fast-growing low-cost carrier, at several locations across Canada.

We have been busy on the business development front. Acquisitions in Pakistan and Guam were delivered in the first half, and we have announced our expansion into China and also in Central America with an acquisition in Costa Rica.

Our actions taken to restructure our business and our ongoing management of our cost base is delivering margin improvement and we are well placed to progressively grow our margin as volume and associated revenue return.

The pipeline of new opportunities has strengthened and we expect to successfully convert further opportunities over the remainder of 2021 and beyond.

Our existing customer relationships continue to strengthen and our continuing commercial success has brought some relationships that we will seek to deepen. We will always be solutions orientated aiming to provide customers with the service they require whilst implementing innovative technology and at all times ensuring safety and security is our No.1 priority.

We continue to invest in our people, our most important resource. Everyone in the organisation can help to deliver our strategy and we are committed to promoting diversity and providing a great place to work with personal development opportunities. We strive to create a business where our people are at the heart and everyone is passionate about what we do.

Aviation Market Recovery

The impact of the Covid-19 pandemic on global aviation markets has continued to ease. The increasing number of successful vaccine programmes is helping to drive the easing of travel restrictions and as a result aviation activity is accelerating in much of the world. Whilst the trajectory of the recovery varies by region, we remain cautiously optimistic looking forward.

Passenger markets in the third quarter of 2021 have shown some recovery and this is expected to continue through the fourth quarter and into 2022. We do not anticipate global aviation activity levels making a full recovery to 2019 levels before 2023. Recovery rates will differ across the world, but we are confident that higher volume domestic and regional passenger travel will recover faster, with long haul travel recovering at a slower rate. We are well positioned to benefit from this trend as we have a long-standing core focus on servicing high volume, narrow bodied, single aisle aircraft.

Governance

We are committed to understanding how we can contribute to a fairer, greener world and this year we are focused on making big changes to enhance our Environmental, Social and Governance impact. We launched how we are planning towards building a greener future with our ESG vision and goals in the 2020 Annual Report. We are committed to supporting our customers and the airports where we operate with their climate agenda. We will work in the communities where we operate to help create social value and where possible support our employees on charitable actions and events. We are specifically targeting zero fuel emissions and plan to be carbon neutral by our bicentenary in 2033.

I am delighted to welcome Henrik Lund as our new non-executive director. With his considerable experience in fast moving transport and logistics, he will add to our existing skill set and assist in driving forward our growth agenda.

Finally, I would like to thank our customers, our suppliers and all my fellow colleagues around the world who have given us the foundations on which to build strong profitable growth. I am also grateful for the support of our shareholders, many of which have provided extra resources by participating in our equity fundraise in May 2021 for us to invest in growth for an exciting and prosperous future.

Group Performance Overview

2021 has been a period of recovery, but also of clear strategic progress. The travel restrictions imposed due to the outbreak of Covid-19 have continued to affect the Group's revenue, with ground and fuelling services particularly impacted by the reduction in passenger flights. Ground services volumes on a like-for-like basis in the first half were down 41% on the same period in 2020, which included a largely undisrupted first quarter but were higher than the second half of 2020. Our air cargo handling and cargo forwarding service lines continue to be more resilient with yields running at record levels due to restricted capacity on passenger flights. Air cargo service tonnage was up 38% on the same period in 2020, boosted by contract wins.

Compared with 2019, ground services and fuelling volumes remain somewhat subdued and are not expected to return to pre-pandemic levels before 2023. Ground services volumes in the first half of 2021 are 62% lower than in 2019, with fuelling services also impacted, to a slightly lesser extent at 45% lower. However, air cargo services have been more resilient, with volumes handled 9% above 2019 levels.

The swift and decisive actions taken in response to the impact of the flight restrictions and our earlier initiatives to structurally reduce costs are now resulting in higher margins as revenues recover. We continue to flex our headcount and utilisation of government support schemes in line with projected volumes.

Revenue for the half year was £415.8m (H1 2020: £431.5m, FY 2020 £824.2m), a 1% reduction in constant currency from the same period in the prior year.

The Group recorded an operating profit of £15.4m compared with an operating loss of £70.3m in the first half of 2020. Excluding exceptional and other items, the underlying operating profit for the period was £21.6m compared with a loss of £39.0m in the first half of 2020. The recovery in profitability was a result of the restructuring initiatives completed in the prior year, our relentless cost management, new business wins and the impact of various government support schemes received during the year to date. We have credited against costs incurred, £64.7m of governmental support in the half year, most significantly against labour and costs incurred in the UK, the USA, Australia and Canada. Profit before tax was £4.7m (H1 2020: loss of £80.1m, FY 2020: loss of £128.4m) and the underlying profit per share was 9.2p (H1 2020: 69.2p loss, FY 2020: 61.8p loss).

We have had considerable commercial success winning 105 new contracts and a net 83 overall. The full year revenue from our net wins is an incremental £45m, with our ground services and air cargo services business the main beneficiaries from these new contracts. All regional segments had positive net wins.

In 2021, we have welcomed back many of our people, many of whom are on new, more flexible terms and conditions, ready to scale up our operations to meet the growing volumes of flights. Our restructured cost base means we are a smaller business than before the pandemic, but we are well positioned to compete effectively and win new profitable business and are capable of supporting revenues in excess of pre-pandemic levels.

Business Review

Americas

In the Americas region, there has been a recovery in flight volumes, particularly in the USA, Mexico and Colombia, led by the surge in national and cross-border leisure flights. However, passenger volumes have been slow to recover in Canada and the Atlantic and Caribbean islands.

Despite the first quarter in the prior year having volumes at pre-pandemic levels, Americas revenue was only 4% down in constant currency compared with the prior year, with ground services volumes down 18%, fuelling events largely flat and absolute cargo volumes up over 60% compared with the first half of 2020, and 17% on a like-for-like basis.

Ground services volumes were strengthened in Mexico by new business won in the second half of 2020 and the cold winter in the USA, particularly at our de-icing operations at Baltimore and Hartford. The strong cargo volumes across the region reflect the continuing robust demand for airfreight and the impacts of the new Qatar Airways cargo volumes at Los Angeles and San Francisco, and Avianca at Miami. The Canadian and Colombian air cargo services businesses also continue to perform well.

Our actions to reduce costs and close a number of uneconomic stations have helped protect profitability in the region. Overall, the pandemic's impact on profitability in the region has been less than in other parts of the world as a result of government support in the region, which has focused on replacing lost volume and revenue, and maintaining employment. In the first half, the US business received US$122m of grants and loans under the Coronavirus Aid, Relief, and Economic Security Act as upfront job support payments intended to provide support for the duration of the impact of the pandemic. In Canada, we continued to receive wage subsidies worth £4.0m in the half year.

Management action taken to optimise the portfolio and operations mix resulted in a number of notable contract wins and renewals. Our air cargo services have been significantly strengthened. Following on from adding Qatar Airways air cargo services at Los Angeles and San Francisco to our growing global relationship with the carrier, we won a five-year cargo contract with Avianca at Miami. In ground services we expanded our agreement with Flair Airlines, adding a further seven airports across Canada. In Mexico, we have had a good start to the year with the win of contracts with American Airlines in five airports and Delta Air Lines in two airports.

In August 2021, we expanded our operations in the Americas with the acquisition of a 51% stake in Interexpresso, an air cargo focused aviation service provider based in Costa Rica. Our initial focus will be on developing and growing Interexpresso's core cargo security offering with the potential to expand into more general air cargo handling and ground services. The business also has operations in El Salvador and Guatemala, creating a strong foothold in Central America to develop its product lines across the region.

EMEA

The EMEA segment produced a significant turnaround in profitability during the period despite a 16% fall in revenue at constant currency. The £28.6m improvement has been largely driven by prior year re-structuring, tight management of costs, exiting of loss-making locations and new business wins. The region also benefited from government support schemes particularly in the UK, Netherlands, Spain and Sweden.

The EMEA segment expanded in the first half of the year with two new ventures. In January 2021 we acquired a 51% stake in Royal Airport Services (RAS) at seven locations in Pakistan. The business provides both ground and air cargo services and fits with our strategy of building attractive businesses in emerging markets. The integration has been successful, and we will look to grow the business and expand the product offering as we progress. In addition, in the same month we commenced providing ground and air cargo services at Baghdad with Iraqi Airways. We are on track to establish Menzies systems and processes at the airport to enhance operational performance and profitability.

Passenger volumes in EMEA have suffered from inconsistent and everchanging travel and quarantine rules in Europe, with the UK and Spain notably weak. Overall like-for-like ground services volumes were down 49%. In our European fuelling business, volumes were down 52% but margins were held due to the cost-plus element in a number of our contracts. Absolute air cargo volumes were 30% up on prior period, 33% on a like-for-like basis, predominantly due to strong volumes at Amsterdam and the Qatar Airways contract win at London Heathrow in the prior year.

Our customer centric approach has won a number of important contracts including supporting Flyr with the launch of its operations covering the customer's home base at Oslo and also at Nice. We have recently announced a new strategic partnership with Plaza Premium Group to enhance further our executive services business in EMEA and our other regions.

Rest of World

Oceania and eastern Asia is the focus of our Rest of World segment. Reported profit was £1.0m behind the prior period on largely flat revenues reflecting the impact of the pandemic and the reduction of international traffic in the region.

Air cargo volumes were down 25% on a like-for-like basis reflecting the reduction in international flights but on an absolute basis were up 2% on the prior period following contract gains with Qatar Airways. In ground services like-for-like turns were down 51% reflecting the reduction in volume in and out of Australia and New Zealand. However, absolute turns were ahead of the previous year following the gains from Qantas outsourcing and wins with Jetstar early in the period which is a largely domestic business. Our operations in Macau, China have still to experience a meaningful increase in passenger volumes. However, air cargo traffic in Macau remained at pre-pandemic levels for most of the period.

Profitability of the ground services business has remained resilient in both Australia and New Zealand through the handling of repatriation relief flights, the increased number of cargo only aircraft, and the optimisation of government job retention schemes, particularly in Australia.

The Rest of World segment is a key region for delivering emerging market growth. We took a significant strategic step in June 2021 when we announced an investment to acquire a minority equity stake in JFreight Aviation Logistics Supply Chain Co. Ltd in Guangzhou, China. This venture, at one of the world's busiest cargo airports, is expected to open in October 2021 and will represent our first significant venture in mainland China.

During the period, we continued to enjoy commercial success. In addition to the wins with Qantas and Jetstar, we won air cargo services contracts with United Airlines at two locations. After the period end, we also secured and retained significant ground and air cargo services with Virgin Australia where we will provide services at ten locations across Australia.

Cargo Forwarding

During the period, Air Menzies International (AMI), our cargo forwarding business continued to benefit from higher yields in the airfreight market. During the first half, AMI strengthened further its position as one of the world's largest neutral providers of airfreight and express services.

AMI has benefited from restricted cargo capacity reflecting the reduced passenger flights and seaport congestion in some markets. Bookings were up 5% on the prior period and the size and yield of each booking has been considerably higher than in recent years.

We are looking to expand our global footprint in the AMI business both organically and through our pipeline of investment opportunities.

Financial Overview

Exceptional Items in Operating Profit

Exceptional items in operating profit were a £2.9m charge to profits (H1 2020: £27.6m, FY 2020: £70.2m) and comprised transaction related costs of £1.5m, primarily to set up a new business in Iraq, £2.2m of restructuring costs incurred to reshape the business in response to and because of the Covid-19 pandemic travel restrictions (FY 2020: £58.8m) and a £0.8m impairment reversal following the successful exit of a previously onerous lease.

Interest and Taxation

The Group's underlying net finance costs were £10.7m (H1 2020: £9.7m, FY 2020: £20.4m).

As a multinational business, the Group is liable for taxation in multiple jurisdictions around the world. The Group's underlying tax charge for the half year was £4.3m (H1 2020: £10.1m, FY 2020: £14.2m) representing an effective underlying tax rate of 39% (H1 2020: -22%, FY 2020: -28%). The increase was mainly due to the ability to recognise the full value of tax losses in various jurisdictions.

Earnings per Share

The Group's underlying earnings per ordinary share was 9.2p (H1 2020: 69.2p loss, FY 2020: 61.8p loss). The improvement was a result of the increase in underlying profits, partly offset by an increase in the effective underlying tax rate and an increase in the average number of ordinary shares in issue.

Defined Benefit Retirement Obligation

The reported UK defined benefit retirement obligation has moved from a net liability of £6.7m at the beginning of the year to a net surplus of £5.6m. This improvement is attributable to £21.1m positive impact of higher discount rates on future liabilities, £1.9m of contributions from the Group and £0.3m for future improvements in mortality, partly offset by the £10.9m adverse impact of lower returns on assets.

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 affects the Group's reported results. In the first half of 2021, there was an adverse impact on reported revenue and profit from the strengthening of sterling particularly against the US dollar. Net borrowings have also been favourably impacted by the strengthening of sterling, primarily on the retranslation of the US dollar denominated term loan and non-sterling lease liabilities.

Dividend

No dividend is to be paid in respect of the first half results (H1 2020 and FY 2020: £nil).

Liquidity

The Group has been effective in the proactive management of cash and liquidity. Underlying operating cash flow was £86.6m (H1 2020: £131.3m, FY 2020: £149.6m).

The change in cash flow was largely the result of increased working capital as passenger flights recover with continuing good trade debtor collections and upfront support from governmental agencies. Net cash flow was boosted by the receipt of £21.4m net proceeds from the equity fundraise in May 2021 that resulted in the issuance of 5.4 million new shares at 290p each.

Free cash flow was £56.6m (H1 2020: £109.5m, FY 2020: £105.7m). Net capital expenditure was £15.7m (H1 2020: £10.5m, FY 2020: £20.7m). The resulting net cash and cash equivalents at 30 June 2021 was £135.5m, £13.7m higher than 31 December 2020.

At 30 June 2021, reported net borrowings were £348.7m (H1 2020: £337.1m, FY 2020: £355.9m), largely reflecting higher lease liabilities following the renewal of the cargo facility leases at Amsterdam. Net debt, excluding the impact of reporting leases under the IFRS 16 accounting standard, was £183.1m (H1 2020: £159.9m, FY2020: £214.7m). The Group had £307.9m of committed banking facilities at 30 June 2021, of which £43.0m were undrawn.

Going Concern

In adopting the going concern basis for preparing these interim condensed financial statements, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties.

The Board has reviewed financial forecasts with scenarios of varying speeds of recovery in passenger flight volumes that have been adversely impacted by the Covid-19 pandemic. The Board has reviewed a base case based upon formal business forecasts, a severe but plausible downside case and stress test that have been performed that determine at which points the Group's banking covenants would be breached if not mitigated.

After reviewing the liquidity position, the trading forecasts and stress-tested models, the Board has a reasonable expectation that the Group has sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 September 2022, and hence have prepared these interim condensed financial statements on a going concern basis.

The Group is trading ahead of the financial projections considered in March 2021 when reporting the 2020 Full Year results and the Group's liquidity position has been enhanced. Nonetheless, in the event of further unmitigated downside risks more severe than those modelled in the severe but plausible downside case, there remains a material uncertainty of a breach of the banking leverage and interest cover covenants under the Group's unsecured facilities as measured at 30 June 2022 and 30 September 2022. The Board expects that if such circumstances were to arise it would be appropriate for the Group to take further steps to mitigate any such risk and, if necessary agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of, or a variation to, such covenants.

These interim condensed financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

John Menzies plc

Half Year Results for the Six Months to 30 June 2021

GROUP INCOME STATEMENT (unaudited)
for the half year to 30 June 2021

	Notes	**Before exceptional and other items £m**	**Exceptional and other items £m**	**Half year to 30 June 2021 £m**	Before exceptional and other items £m	Exceptional and other items £m	Half year to 30 June 2020 £m
Revenue	3	**415.8**	**-**	**415.8**	431.5	-	431.5
Net operating costs		**(395.8)**	**(5.9)**	**(401.7)**	(471.3)	(31.0)	(502.3)
Operating profit/(loss) before joint ventures and associates		**20.0**	**(5.9)**	**14.1**	(39.8)	(31.0)	(70.8)
Share of post-tax results of joint ventures and associates		**1.6**	**(0.3)**	**1.3**	0.8	(0.3)	0.5
Operating profit/(loss)	3	**21.6**	**(6.2)**	**15.4**	(39.0)	(31.3)	(70.3)
Analysed as:							
Underlying operating profit/(loss)[i]	3	**21.6**	**-**	**21.6**	(39.0)	-	(39.0)
Exceptional items – transaction related and integration	4	**-**	**(1.5)**	**(1.5)**	-	(1.3)	(1.3)
Exceptional items – restructuring	4	**-**	**(2.2)**	**(2.2)**	-	(11.0)	(11.0)
Exceptional items – asset impairment	4	**-**	**0.8**	**0.8**	-	(15.3)	(15.3)
Acquired intangible asset amortisation	4	**-**	**(3.0)**	**(3.0)**	-	(3.4)	(3.4)
Share of joint venture and associate interest		**-**	**-**	**-**	-	0.1	0.1
Share of joint venture and associate tax		**-**	**(0.3)**	**(0.3)**	-	(0.4)	(0.4)
Operating profit/(loss)		**21.6**	**(6.2)**	**15.4**	(39.0)	(31.3)	(70.3)
Finance income		**0.1**	**-**	**0.1**	0.2	-	0.2
Finance charges		**(10.8)**	**-**	**(10.8)**	(9.9)	(0.1)	(10.0)
Profit/(loss) before taxation		**10.9**	**(6.2)**	**4.7**	(48.7)	(31.4)	(80.1)
Taxation	5	**(4.3)**	**0.7**	**(3.6)**	(10.1)	1.4	(8.7)
Profit/(loss) for the period		**6.6**	**(5.5)**	**1.1**	(58.8)	(30.0)	(88.8)
Attributable to equity shareholders		**7.9**	**(5.5)**	**2.4**	(58.3)	(30.0)	(88.3)
Attributable to non-controlling interests		**(1.3)**	**-**	**(1.3)**	(0.5)	-	(0.5)
		6.6	**(5.5)**	**1.1**	(58.8)	(30.0)	(88.8)
Earnings per ordinary share							
Basic	6	**9.2p**	**(6.4)p**	**2.8p**	(69.2)p	(35.5)p	(104.7)p
Diluted	6	**9.1p**	**(6.3)p**	**2.8p**	(69.2)p	(35.5)p	(104.7)p

Note:
[i] Underlying operating profit adjusts for non-recurring exceptional items, 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.

GROUP INCOME STATEMENT (continued)

for the year to 31 December 2020

	Notes	Before exceptional and other items £m	Exceptional and other items £m	Full year to 31 December 2020 £m
Revenue	3	824.2	-	824.2
Net operating costs		(844.4)	(76.8)	(921.2)
Operating loss before joint ventures and associates		(20.2)	(76.8)	(97.0)
Share of post-tax results of joint ventures and associates		1.7	(0.9)	0.8
Operating loss	3	(18.5)	(77.7)	(96.2)
Analysed as:				
Underlying operating loss[(i)]	3	(18.5)	-	(18.5)
Exceptional items – transaction related and integration	4	-	(2.4)	(2.4)
Exceptional items – restructuring related	4	-	(31.7)	(31.7)
Exceptional items – asset impairment	4	-	(17.8)	(17.8)
Exceptional items – estimated credit loss	4	-	(9.3)	(9.3)
Exceptional items – insurance and other legal settlements	4	-	(9.0)	(9.0)
Acquired intangible asset amortisation		-	(6.6)	(6.6)
Share of joint venture and associate interest		-	-	-
Share of joint venture and associate tax		-	(0.9)	(0.9)
Operating loss		(18.5)	(77.7)	(96.2)
Finance income		0.2	-	0.2
Finance charges		(20.6)	(3.9)	(24.5)
Loss before taxation		(38.9)	(81.6)	(120.5)
Taxation	5	(14.2)	6.3	(7.9)
Loss for the year		(53.1)	(75.3)	(128.4)
Attributable to equity shareholders		(52.1)	(75.3)	(127.4)
Attributable to non-controlling interests		(1.0)	-	(1.0)
		(53.1)	(75.3)	(128.4)
Earnings per ordinary share				
Basic	6	(61.8)p	(89.3)p	(151.1)p
Diluted	6	(61.8)p	(89.3)p	(151.1)p

Note:

[(i)] Underlying operating loss adjusts for non-recurring exceptional items, 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.

GROUP STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the half year to 30 June 2021

	Note	**Half year to 30 June 2021 £m**	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Profit/(loss) for the period		**1.1**	(88.8)	(128.4)
Items that will not be reclassified subsequently to profit or loss				
Actuarial gain/(loss) on defined benefit retirement obligation	11	**10.9**	(11.3)	(3.8)
Actuarial loss on unfunded retirement benefit obligation		**-**	-	(0.3)
Income tax effect on defined benefit retirement obligation		**(2.1)**	2.1	-
Items that may be reclassified subsequently to profit or loss				
Movement on cash flow hedges		**1.6**	(3.1)	(2.1)
Income tax effect on cash flow hedges		**(0.3)**	0.6	0.4
Movement on net investment hedges		**0.5**	(1.3)	(1.2)
Income tax effect on net investment hedges		**(0.1)**	0.2	0.2
Exchange (loss)/gain on translation of foreign currency net assets		**(1.9)**	5.1	2.3
Income tax effect of exchange movement on foreign currency net assets		**-**	-	(0.2)
Other comprehensive income/(loss) for the period		**8.6**	(7.7)	(4.7)
Comprehensive income/(loss) for the period		**9.7**	(96.5)	(133.1)
Attributable to equity shareholders		**11.0**	(96.0)	(132.1)
Attributable to non-controlling interests		**(1.3)**	(0.5)	(1.0)
		9.7	(96.5)	(133.1)

GROUP BALANCE SHEET (unaudited)
as at 30 June 2021

	Notes	**30 June 2021 £m**	30 June 2020 £m	31 December 2020 £m
Assets				
Non-current assets				
Intangible assets	7	**179.9**	181.6	167.1
Property, plant and equipment		**258.6**	279.9	236.5
Investments in joint ventures and associates		**13.5**	14.7	14.0
Other investments		**0.1**	0.2	0.1
Deferred tax assets		**22.3**	16.6	21.2
Retirement benefit surplus	11	**5.6**	-	-
		480.0	493.0	438.9
Current assets				
Inventories		**6.7**	5.3	5.7
Trade and other receivables		**210.8**	163.3	185.1
Current income tax receivables		**1.8**	3.9	1.8
Derivative financial assets	8	**0.2**	0.4	0.2
Cash and cash equivalents	10	**206.3**	224.2	209.1
		425.8	397.1	401.9
Liabilities				
Current liabilities				
Borrowings	10	**(129.5)**	(87.2)	(137.0)
Derivative financial liabilities	8	**(0.3)**	(1.3)	(0.8)
Trade and other payables		**(243.1)**	(248.5)	(233.7)
Current income tax liabilities		**(16.0)**	(6.8)	(14.4)
Provisions		**(49.0)**	(57.7)	(45.0)
		(437.9)	(401.5)	(430.9)
Net current liabilities		**(12.1)**	(4.4)	(29.0)
Total assets less current liabilities		**467.9**	488.6	409.9
Non-current liabilities				
Borrowings	10	**(424.3)**	(470.0)	(425.0)
Other payables		**(26.4)**	(0.5)	(0.4)
Derivative financial liabilities		**(1.1)**	(3.2)	(2.4)
Deferred tax liabilities		**(3.6)**	(3.2)	(3.1)
Provisions		**(18.8)**	(6.3)	(17.3)
Retirement benefit obligation	11	**-**	(13.7)	(6.7)
		(474.2)	(496.9)	(454.9)
Net liabilities		**(6.3)**	(8.3)	(45.0)
Ordinary shares		**23.0**	21.1	21.1
Share premium account		**43.1**	23.6	23.6
Treasury shares		**(1.2)**	(1.2)	(1.2)
Other reserves		**(18.0)**	(15.7)	(17.8)
Merger relief reserve		**67.3**	67.3	67.3
Retained earnings		**(146.8)**	(124.4)	(158.5)
Capital redemption reserve		**21.6**	21.6	21.6
Total shareholders' equity		**(11.0)**	(7.7)	(43.9)
Non-controlling interest in equity		**4.7**	(0.6)	(1.1)
Equity		**(6.3)**	(8.3)	(45.0)

GROUP STATEMENT OF CHANGES IN EQUITY (unaudited)
as at 30 June 2021

	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 interest in equity £m	Equity £m
At 1 January 2021	21.1	23.6	(1.2)	(17.8)	67.3	(158.5)	21.6	(43.9)	(1.1)	(45.0)
Profit/(loss) for the period	-	-	-	-	-	2.4	-	2.4	(1.3)	1.1
Other comprehensive (loss)/income	-	-	-	(0.2)	-	8.8	-	8.6	-	8.6
Comprehensive (loss)/income	-	-	-	(0.2)	-	11.2	-	11.0	(1.3)	9.7
New share capital issued	1.9	19.5	-	-	-	-	-	21.4	-	21.4
Share-based payments	-	-	-	-	-	0.5	-	0.5	-	0.5
Non-controlling interest acquired	-	-	-	-	-	-	-	-	7.1	7.1
At 30 June 2021	**23.0**	**43.1**	**(1.2)**	**(18.0)**	**67.3**	**(146.8)**	**21.6**	**(11.0)**	**4.7**	**(6.3)**

	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 interest in equity £m	Equity £m
At 1 January 2020	21.1	23.5	(1.2)	(17.2)	67.3	(27.7)	21.6	87.4	(0.1)	87.3
Loss for the period	-	-	-	-	-	(88.3)	-	(88.3)	(0.5)	(88.8)
Other comprehensive income/(loss)	-	-	-	1.5	-	(9.2)	-	(7.7)	-	(7.7)
Comprehensive income/(loss)	-	-	-	1.5	-	(97.5)	-	(96.0)	(0.5)	(96.5)
New share capital issued	-	0.1	-	-	-	-	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	0.8	-	0.8	-	0.8
At 30 June 2020	21.1	23.6	(1.2)	(15.7)	67.3	(124.4)	21.6	(7.7)	(0.6)	(8.3)

	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 interest in equity £m	Equity £m
At 1 January 2020	21.1	23.5	(1.2)	(17.2)	67.3	(27.7)	21.6	87.4	(0.1)	87.3
Loss for the year	-	-	-	-	-	(127.4)	-	(127.4)	(1.0)	(128.4)
Other comprehensive loss	-	-	-	(0.6)	-	(4.1)	-	(4.7)	-	(4.7)
Comprehensive loss	-	-	-	(0.6)	-	(131.5)	-	(132.1)	(1.0)	(133.1)
New share capital issued	-	0.1	-	-	-	-	-	0.1	-	0.1
Share-based payments	-	-	-	-	-	0.7	-	0.7	-	0.7
At 31 December 2020	21.1	23.6	(1.2)	(17.8)	67.3	(158.5)	21.6	(43.9)	(1.1)	(45.0)

GROUP STATEMENT OF CASH FLOWS (unaudited)
for the half year to 30 June 2021

	Notes	**Half year to 30 June 2021 £m**	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Cash flows from operating activities				
Cash generated from operations	9	**75.4**	119.8	113.7
Interest received		**0.1**	0.2	0.2
Interest paid on lease liabilities		**(3.1)**	(4.0)	(7.3)
Other interest paid including arrangement fees		**(7.2)**	(8.3)	(16.4)
Tax paid		**(4.1)**	(2.0)	(2.5)
Net cash flow from operating activities		**61.1**	105.7	87.7
Cash flows from investing activities				
Purchase of property, plant and equipment		**(12.5)**	(12.3)	(24.2)
Intangible asset additions		**(4.4)**	(0.8)	(1.0)
Proceeds from sale of property, plant and equipment		**1.2**	2.6	4.5
Dividends received from equity accounted investments		**1.3**	2.6	2.1
Acquisitions		**(8.0)**	-	-
Bank overdraft acquired with subsidiary		**(0.6)**	-	-
Settlement of deferred consideration		**(1.7)**	-	-
Net cash flow used in investing activities		**(24.7)**	(7.9)	(18.6)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		**21.4**	0.1	0.1
Proceeds from borrowings excluding leases		**15.8**	55.5	46.6
Repayment of borrowings excluding leases		**(30.3)**	-	-
Principal element of lease repayments		**(26.4)**	(31.1)	(59.9)
Net cash flow (used in)/from financing activities		**(19.5)**	24.5	(13.2)
Increase in net cash and cash equivalents[(i)]		**16.9**	122.3	55.9
Effects of exchange rate movements		**(3.2)**	6.9	(6.0)
Opening net cash and cash equivalents[(i)]		**121.8**	71.9	71.9
Closing net cash and cash equivalents[(i)]	10	**135.5**	201.1	121.8

Note:
[(i)] Net cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

Notes to the Interim Condensed Financial Statements

1. Basis of preparation

These interim condensed financial statements are prepared in a consolidated format. They relate to the half year to 30 June 2021 and are unaudited. They were approved by the Board on 27 August 2021. These interim condensed financial statements do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year to 31 December 2020, prepared in accordance with IFRS, have been filed with the Registrar of Companies. The report of the Auditors included in that 2020 Annual Report was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006.

These interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and the basis of the accounting policies set out in the 2020 Annual Report, except for the adoption of new standards and interpretations effective from 1 January 2021 as noted below.

These interim condensed financial statements have been prepared on a going concern basis as the Directors, having considered the available relevant information, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Going concern

The UK Corporate Governance Code requires the Directors to state whether the Board considers it appropriate to adopt the going concern basis of accounting in preparing these interim condensed financial statements, and to identify any material uncertainties to the company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.

In adopting the going concern basis for preparing these interim condensed financial statements, the Board has considered the Group's business activities, together with factors likely to affect its future development, its performance and principal risks and uncertainties. The Covid-19 pandemic has led to an unprecedented level of air travel restrictions being imposed by governments across the world. Although this has had a broadly positive impact on the cargo handling and forwarding businesses, it has had a negative impact on passenger flight volumes that drive the profitability of the ground and fuelling services businesses.

After reviewing the current liquidity position, financial forecasts and stress testing of potential risks and based on the current funding facilities outlined, the Board has a reasonable expectation that the company and Group have sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 September 2022. The Group has a strong liquidity position. As a result, the Board continues to adopt the going concern basis of accounting in preparing the company and Group financial statements. These interim condensed financial statements for the half year to 30 June 2021 were approved by the Board on 27 August 2021. The period of management's going concern assessment is the period to 30 September 2022.

Travel restrictions imposed in response to the Covid-19 pandemic have had a significant impact on revenues generated from ground services and into-plane fuelling. Significant management actions have been taken in response, including cost saving measures, the application for and the receipt of significant government support in several countries (including loans and grant monies received from the US government as part of the Coronavirus Aid, Relief, and Economic Security Act, JobKeeper Payment in Australia and Coronavirus Job Retention Scheme in the UK), tight cash management and the successfully agreed revised covenant structure with the Group's banks.

The structural changes to the cost base and the continuing expansion into emerging markets gives confidence that the Group will be well placed to benefit from the recovery in passenger volumes. In addition, the balance of revenue streams that the Group has within its business model has given some protection against the level of decline in passenger related volumes experienced due to travel restrictions imposed on airlines in response to Covid-19. This balance includes exposure to less impacted markets such as cargo handling, cargo forwarding and fuel farm management, a greater proportion of ground services and into-plane fuelling revenues being generated from less impacted domestic and regional travel rather than international travel, and the geographical spread as a result of operating in over 30 countries.

Going concern assessment

The Board considered the liquidity position and forecast EBITDA in the Group's financial forecasts prepared to 30 September 2022, recognising the challenges around reliably estimating and forecasting the effects of Covid-

19 particularly on the ground and fuel service businesses. The key areas of forecasting uncertainty include the extent and duration of border and travel restrictions in the countries in which the Group operates and the recovery in ground and fuel services aircraft turns.

In reaching its conclusion on the going concern assessment, the Board also considered the findings of the work performed to support the statement on the long-term viability of the company and the Group as reported in the 2020 Annual Report. As noted below, this included assessing forecasts of severe but plausible downside scenarios and further downside stress testing related to the company's principal risks, notably the extent to which the recovery in the ground and fuel services businesses assumed in its base case forecasts is at risk.

The relevant forecast revenue assumptions as a percentage of the respective pre Covid-19 levels for the impacted ground and fuel services in the second half of the full year to 31 December 2021 and for the first and second halves of the full year to 31 December 2022 under the base case and a severe but plausible downside case are set out below.

	Half year to 31 December 2021	Half year to 30 June 2022	Half year to 31 December 2022
Base case	62%	79%	82%
Severe but plausible downside case	54%	63%	74%

These assumptions reflect the company's view on the likely rate of recovery along with information from some of the Group's largest airline customers. The above percentages have been benchmarked against various recovery scenarios prepared by external third parties including the European Organisation for the Safety of Air Navigation, the International Civil Aviation Organization and the International Air Transport Association.

The Group continues to take actions in response to the impact of the ongoing travel restrictions to increase the resilience of the business. The restructuring of the business that has taken place since the start of the pandemic and the revised cost base has resulted in a leaner and more agile workforce. These controllable cost-mitigating actions have been considered in the severe but plausible scenario.

The Group's main committed borrowing facilities comprised its fully drawn US$225m amortising term loan and the £145m revolving credit facility, both available until their maturity dates of January 2025, and loans from the US government having a maturity date in 2030. The US dollar term loan has repayment instalments of US$15m that are to fall due in each of January 2022, 2023 and 2024.

As at 30 June 2021, the Group's available liquidity comprised of £43.0m of undrawn revolving credit facility and £135.5m of net cash balances across the Group.

The Group must comply with certain banking covenants measured quarterly. Until 31 March 2022, these relate to maintaining a minimum liquidity of £45m and exceeding predetermined minimum EBITDA levels. At the 30 June 2022 measurement date the covenants revert to an interest cover exceeding three times and a net debt to EBITDA ratio as measured on a pre-IFRS 16 basis not exceeding three times, both as stipulated under the Group's banking facilities prior to the agreement of the revised covenant structure.

Under both the base case scenario and the severe but plausible downside cases, the Group is forecast to have positive headroom against its two banking covenants for minimum liquidity and minimum EBITDA measured quarterly through to 31 March 2022, and against its original interest cover and leverage covenants in place and measured through to 30 September 2022, the end of the going concern period.

The Group is trading ahead of the financial projections considered in March 2021 when reporting the 2020 full year results and the Group's liquidity position has been enhanced such that the covenant headroom in both the bases case and the severe but plausible downside case is higher than when the Board reviewed similar projections in March 2021.

A further downside stress test, beyond the severe but plausible downside case, considering the impact of continued international travel restrictions has also been considered. Were impacted ground and fuel services businesses volumes in the first half of 2022 to be less than 42% of pre-Covid-19 levels, and the impacts were not to be adequately mitigated, there could be a leverage and interest cover breach at the 30 June 2022 and 30 September 2022 measurement dates. If such circumstance were to arise, the company would take steps to mitigate further any risk arising and, if necessary, to seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants.

After reviewing the current liquidity position, financial forecasts and stress testing of potential risks and based on the current funding facilities outlined, the Board has a reasonable expectation that the company and the Group have sufficient resources to continue in operational existence for the foreseeable future, which is for the period to 30 September 2022. As a result, the Board continues to adopt the going concern basis of accounting in preparing these interim condensed financial statements.

In the event of further severe downside risks beyond the company's severe but plausible downside case, the Board has identified a material uncertainty arising as a result of the impact that international travel restrictions could have on the delayed recovery of the business that risk a breach of the leverage and interest cover covenants at the 30 June 2022 and 30 September 2022 measurement dates that may cast significant doubt upon the company's ability to continue as a going concern. If such circumstance were to arise, the company would seek to agree with its lenders, as it did following the outbreak of the pandemic, a further waiver of or variation to such covenants, in order to continue as a going concern. These interim condensed financial statements do not include the adjustments that would result if the company and the Group were not able to continue as a going concern.

New accounting standards and amendments

Two new accounting amendments are applicable for the first time in 2021. However, they have no material impact on the annual consolidated financial statements or the interim condensed financial statements of the Group. These new standards are:

Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9 - effective date 1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 - effective date 1 January 2021

Standards and amendments to standards that have been issued that are applicable for the Group but are not effective for 2021 and have not been early adopted are:

IFRS 17 Insurance Contracts, including Amendments to IFRS 17[(i)] – effective date 1 January 2023
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current[(i)] - effective date 1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies - effective date 1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates - effective date 1 January 2023
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020[(i)] - effective date 1 January 2023
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021[(i)] - effective date 1 January 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction[(i)] - effective date 1 January 2023

Note:
(i) IFRS 17 and other amendments and improvements set out above are not yet adopted for use in the European Union.

Non-GAAP measures

These interim condensed 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 the Group's performance, the financial measures that are used include those that have been derived from the reported results in order to eliminate factors that 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
Contract, customer relationship and brand amortisation relates to intangible assets recognised on historic acquisitions and therefore 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 other wholly owned businesses.

Underlying operating profit
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, 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. Underlying operating profit and the reconciliation to operating profit are set out on the face of the Income Statement.

Underlying profit before taxation
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 and other items.

Underlying earnings per ordinary share
As disclosed on the face of the Income Statement, underlying earnings per ordinary 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 ordinary share is set out in Note 6.

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, ordinary dividends and net spend on shares.

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Cash generated from operations	**75.4**	119.8	113.7
Adjusted for:			
Exceptional cash spend	**8.0**	5.2	30.1
Net interest paid excluding exceptional interest	**(10.2)**	(9.3)	(9.7)
Tax paid	**(4.1)**	(2.0)	(2.5)
Dividends received from equity accounted investments	**1.3**	2.6	2.1
Purchase of property, plant and equipment	**(12.5)**	(12.3)	(24.2)
Intangible asset additions	**(4.4)**	(0.8)	(1.0)
Proceeds from sale of property, plant and equipment	**1.2**	2.6	4.5
Additional retirement benefit obligation contribution	**1.9**	3.7	3.7
Free cash flow	**56.6**	109.5	105.7

Underlying operating cash flow
Underlying operating cash flow is free cash flow (as set out above) before net capital expenditure, net interest paid and taxation.

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Free cash flow	**56.6**	109.5	105.7
Adjusted for:			
Net interest paid excluding exceptional interest	**10.2**	9.3	20.7
Tax paid	**4.1**	2.0	2.5
Purchase of property, plant and equipment	**12.5**	12.3	24.2
Intangible asset additions	**4.4**	0.8	1.0
Proceeds from sale of property, plant and equipment	**(1.2)**	(2.6)	(4.5)
Underlying operating cash flow	**86.6**	131.3	149.6

2. Seasonality of operations

Prior to the disruption caused by the Covid-19 pandemic, the Group's trading had been subject to the seasonal airline industry where our customers' flight volumes have been higher during the summer in the northern hemisphere. Accordingly, the Group has traditionally reported higher revenue and profitability in the second half of the financial year. In the first half of the year, flight schedules remained disrupted by the Covid-19 pandemic. This impact is expected to continue in the second half of the financial year, albeit anticipated to be less severe.

3. Segment information

The Group provides ground services, air cargo services, into-plane fuelling and fuel farm management services across the world. Cargo forwarding services provided globally are separately disclosed as they are distinct from the other types of aviation related services provided.

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 is set out below.

	Notes	**Americas £m**	**EMEA £m**	**Rest of World £m**	**Cargo Forwarding £m**	**Half year to 30 June 2021 £m**
Revenue		142.8	123.3	52.6	97.1	**415.8**
Underlying operating profit/(loss)[(i),(ii)]		21.6	(6.0)	1.4	4.6	**21.6**
Exceptional – transaction related	4					**(1.5)**
Exceptional – restructuring	4					**(2.2)**
Exceptional – asset impairment	4					**0.8**
Acquired intangible asset amortisation	4					**(3.0)**
Share of tax on joint ventures and associates						**(0.3)**
Operating profit						**15.4**
Net finance expense						**(10.7)**
Profit before taxation						**4.7**

	Notes	Americas £m	EMEA £m	Rest of World £m	Cargo Forwarding £m	Half year to 30 June 2020 £m
Revenue		160.5	148.8	50.1	72.1	431.5
Underlying operating (loss)/profit[(i),(ii)]		(8.7)	(34.6)	2.4	1.9	(39.0)
Exceptional – transaction related	4					(1.3)
Exceptional – restructuring	4					(11.0)
Exceptional – asset impairment	4					(15.3)
Acquired intangible asset amortisation	4					(3.4)
Share of interest on joint ventures and associates						0.1
Share of tax on joint ventures and associates						(0.4)
Operating loss						(70.3)
Net finance expense						(9.8)
Loss before taxation						(80.1)

	Notes	Americas £m	EMEA £m	Rest of World £m	Cargo Forwarding £m	Full year to 31 December 2020 £m
Revenue		290.9	269.5	91.8	172.0	824.2
Underlying operating profit/(loss)[(i),(ii)]		16.7	(51.3)	8.8	7.3	(18.5)
Exceptional – transaction related	4					(2.4)
Exceptional – restructuring	4					(31.7)
Exceptional – asset impairment	4					(17.8)
Exceptional – estimated credit loss	4					(9.3)
Exceptional – insurance and other legal settlements	4					(9.0)
Acquired intangible asset amortisation						(6.6)
Share of tax on joint ventures and associates						(0.9)
Operating loss						(96.2)
Net finance expense						(24.3)
Loss before taxation						(120.5)

Notes:
(i) Underlying operating profit is defined as operating profit excluding intangible amortisation as shown in Note 4 and exceptional items but including the pre-tax share of results from joint ventures and associates.
(ii) Included within underlying operating profit is the Group's share of profits of joint ventures and associates in EMEA £1.1m and Rest of World £0.4m (half year to 30 June 2020: EMEA £0.9m and Rest of World £(0.1)m, full year to 31 December 2020: EMEA £2.3m and Rest of World £(0.6)m).

Revenue by country

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
USA	**133.5**	139.7	265.4
UK	**75.9**	88.5	172.4
Australia	**60.4**	51.8	102.9
Other	**146.0**	151.5	283.5
	415.8	431.5	824.2

4. Exceptional and other items

Exceptional items included in operating profit

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Acquisition and transaction related costs[(i)]	**(1.5)**	(1.3)	(2.4)
Restructuring costs[(ii)]	**(2.2)**	(11.0)	(31.7)
Asset impairment[(iii)]	**0.8**	(12.3)	(17.8)
Estimated credit loss[(iv)]	**-**	(3.0)	(9.3)
Insurance and other legal settlements[(v)]	**-**	-	(9.0)
	(2.9)	(27.6)	(70.2)

Notes:
(i) Acquisition and transaction related costs comprise £0.9m of joint venture set up costs, and £0.6m of acquisition costs. In the half year to 30 June 2020 and the full year to 31 December 2020, acquisition and transaction related costs comprised joint venture set up costs.
(ii) Restructuring costs include £1.1m of redundancy costs and £1.1m in station closure costs in response to the need to resize the business following the result of the impact of Covid-19. In the half year to 30 June 2020, restructuring costs included £8.6m of redundancy and workforce restructure costs, £2.2m for professional adviser fees related to the re-negotiation of covenants of the Group's banking facilities and £0.2m in station closure costs. In the full year to 31 December 2020, the amounts were £23.1m, £4.7m and £3.9m, respectively.
(iii) Asset impairment is a credit of £0.8m in respect of the successful negotiation to surrender a leased property previously provided as onerous. In the half year to 30 June 2020, asset impairment comprised £7.5m of owned equipment assets and £4.8m of leased property and equipment assets following a review of post-Covid-19 asset utilisation. In the full year to 31 December 2020, the amounts were £8.0m and £9.8m, respectively.
(iv) In the half year to 30 June 2020, estimated credit losses of £3.0m were incurred as a result of certain airlines facing financial difficulties due to flight restrictions in response to Covid-19. In the full year to 31 December 2020, the amount was £9.3m.
(v) In the full year to 31 December 2020, insurance and other legal settlement costs of £9.0m related to unanticipated reimbursement of costs to the insurers in respect of a historical incident.

Acquired intangible assets amortisation included in operating profit

Acquired intangible asset amortisation costs incurred were £3.0m (half year to 30 June 2020: £3.4m, full year to 31 December 2020: £6.6m). The amortisation relates to contract, customer relationship and brand assets recognised on the acquisition of businesses.

5. Taxation

The underlying effective tax rate for the full year to 31 December 2021 is estimated at 39%. Therefore, the underlying effective tax rate used in the half year to 30 June 2021 is 39% (half year to 30 June 2020: -22%, full year to 31 December 2020: 28%). The share of results from the joint ventures and associates is after taxation of £0.3m (half year to 30 June 2020: £0.4m, full year to 31 December 2020: £0.9m).

The taxation effect of the exceptional items is a £0.4m net credit (half year to 30 June 2020: £1.4m net credit, full year to 31 December 2020: £5.1m net credit) in relation to tax deductions available for a proportion of the exceptional costs arising during the half year to 30 June 2021.

6. Earnings per ordinary share

	Basic			Underlying[i]		
	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m	**Half year to 30 June 2021 £m**	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Profit/(loss) for the period as set out in the Income Statement	**1.1**	(88.8)	(128.2)	**6.6**	(58.8)	(52.2)
Adjustment to exclude result relating to non-controlling interests	**1.3**	0.5	1.0	**1.3**	0.5	1.0
Earnings/(loss) for the period attributable to equity shareholders	**2.4**	(88.3)	(127.2)	**7.9**	(58.3)	(51.2)
Basic earnings per ordinary share						
Earnings/(loss) per ordinary share	**2.8p**	(104.7)p	(151.1)p			
Diluted earnings/(loss) per ordinary share	**2.8p**	(104.7)p	(151.1)p			
Underlying earnings per ordinary share[i]						
Earnings/(loss) per ordinary share				**9.2p**	(69.2)p	(61.8)p
Diluted earnings/(loss) per ordinary share				**9.1p**	(69.2)p	(61.8)p
Number of ordinary shares in issue						
Weighted average (million)	**86.2**	84.3	84.3			
Diluted weighted average (million)	**86.5**	84.3	84.3			

Note:
(i) Underlying earnings is presented as an additional performance measure and is stated before exceptional items.

The weighted average number of fully paid shares in issue during the year excludes any held by employee share trusts. The diluted weighted average is calculated by adjusting for all outstanding share options that are potentially dilutive, that is where the exercise price is less than the average market price of the shares during the year.

7. Intangible assets

Intangible assets comprise goodwill of £141.8m (30 June 2020: £135.5m, 31 December 2020: £128.7m), contracts and customer relationship intangibles of £33.4m (30 June 2020: £40.1m, 31 December 2020: £33.1m) and capitalised software costs of £4.7m (30 June 2020: £6.1m, 31 December 2020: £5.3m). Adverse currency translation decreased reported net intangible assets by £1.9m.

8. Financial instruments

Derivative financial instruments

Recognised in the Balance Sheet

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Current asset	**0.2**	0.4	0.2
Current liability	**(0.3)**	(1.3)	(0.8)
Non-current liability	**(1.1)**	(3.2)	(2.4)
Net fair value	**(1.2)**	(4.1)	(3.0)

Adjusted to fair value within the Statement of Comprehensive Income

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Cash flow hedges:			
Foreign exchange contracts – hedged	**-**	(0.2)	-
Interest rate swaps – hedged	**(1.1)**	(3.2)	(2.4)
Foreign currency net investment hedges:			
Foreign exchange contracts – hedged	**(0.1)**	(0.7)	(0.6)
Net fair value	**(1.2)**	(4.1)	(3.0)

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks that are managed using derivative instruments relate to foreign currencies and interest rates. 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 in the Annual Report and Accounts 2020. All financial assets and liabilities approximate fair value.

Bank financing

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

The Group continues to operate under modified covenants renegotiated in September 2020, with a requirement to maintain minimum liquidity headroom of £45m and a minimum EBITDA covenant measured quarterly until 30 June 2022. The Group will revert to the original covenants at the earlier of 30 June 2022, or on the Group's leverage as measured on a pre-IFRS 16 basis being below 3.0:1 for two consecutive quarters. During the period, the Group repaid US$10.0m of the term loan.

Government grant and loan financing

During the period, the Group received £88.3m of federal funding in the USA under the Coronavirus Aid, Relief, and Economic Security Act. This comprised £72.8m of grant funding to support the payroll of the US business and £15.5m in the form of a loan note. The grant funding is included in trade and other payables in the Balance Sheet and disclosed separately in Note 9. The loan note is a ten-year non-amortising term loan that attracts 1.0% cash and 3.0% non-cash interest during the first five years. There are no early repayment penalties relating to this loan. The loan note is set out in Note 10 and included within proceeds from borrowings in the Statement of Cash Flows.

The Group has complied with the grant agreement and applicable federal law in the period. The Group has also complied with the requirements of the separate loan note during the period.

Grant income received is allocated across future periods in order to match with the expected impact of Covid-19 on the US-based businesses' revenue at the time of receipt and related payroll costs for which they are intended to compensate. In the period ending 30 June 2021 grant funding recognised in the income statement was £31.3m (half year to 30 June 2020: £nil, full year to 31 December 2020: £38.8m).

Contingent consideration

The liabilities for contingent consideration and other acquisition related amounts are derivative financial instruments which are not measurable using observable market data.

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 in 2019. During the prior year options relating to 15% of the share capital lapsed while the options relating to the remaining 15% were exercised in 2020 and settled in March 2021 for £1.7m, their fair value.

The acquisition of GTO Global Logistics Inc in 2019 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 and this remains unchanged at the period end. The liabilities recognised are set out below.

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Fair value of contingent and other acquisition related amounts:			
PlaneBiz 2015 Ltd	**-**	1.7	1.7
GTO Global Logistics Inc	**0.2**	0.2	0.2

9. Cash generated from operations

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Operating profit/(loss) before joint ventures and associates	**14.1**	(70.8)	(97.0)
Depreciation of tangible assets	**36.5**	46.4	86.4
Amortisation of intangible assets	**4.0**	4.5	8.7
Share-based payments	**0.5**	0.8	0.7
Cash spend on onerous leases	**-**	-	(2.9)
(Loss)/gain on sale of property, plant and equipment	**(0.1)**	(0.1)	0.1
Pension charge	**0.5**	0.8	1.3
Pension contributions	**(1.9)**	(3.7)	(3.7)
Exceptional items	**2.9**	27.6	70.2
Cash spend on exceptional items	**(8.0)**	(5.2)	(27.2)
Movement in US government support	**43.4**	51.1	23.9
Movement in other working capital	**(16.5)**	68.4	53.2
	75.4	119.8	113.7

10. Changes in net borrowings

	1 January 2021 £m	Lease liabilities recognised during the period, net of terminations £m	Half year cash flows £m	Fair value movements £m	Currency translation £m	**30 June 2021 £m**
Cash at bank and in hand	209.1	-	0.4	-	(3.2)	**206.3**
Bank overdrafts	(87.3)	-	16.5	-	-	**(70.8)**
Net cash and cash equivalents	121.8	-	16.9	-	(3.2)	**135.5**
Bank loans due within one year	(8.7)	-	(3.4)	-	-	**(12.1)**
Lease liability due within one year	(41.0)	(14.0)	8.4	-	-	**(46.6)**
Preference shares	(1.4)	-	-	-	-	**(1.4)**
Government loan due after one year	(26.2)	-	(15.5)	-	-	**(41.7)**
Debt due after one year	(297.0)	-	33.7	-	1.8	**(261.5)**
Lease liability due after one year	(100.4)	(42.5)	21.1	-	2.1	**(119.7)**
Net derivative (liabilities)/assets	(3.0)	-	(0.3)	2.1	-	**(1.2)**
Net borrowings	(355.9)	(56.5)	60.9	2.1	0.7	**(348.7)**

Currency translation movements result from the Group's policy of hedging overseas net assets, which are denominated mainly in US dollars, euros and Australian dollars. The translation effect on net debt is offset by the translation effect on net assets, which resulted in an overall net exchange loss of £1.5m (half year to 30 June 2020: gain of £4.0m, full year to 31 December 2020: gain of £1.1m). The net gain is recognised in the Statement of Comprehensive Income.

11. Retirement benefit surplus/obligation

Defined benefit scheme

The principal Group-funded defined benefit pension scheme is the Menzies Pension Fund (the Fund) in the UK. A scheme valuation was undertaken as at 30 June 2021 in accordance with independent actuarial advice**,** using the following financial assumptions:

	Half year to 30 June 2021 %	Half year to 30 June 2020 %	Full year to 31 December 2020 %
Price inflation	**3.2**	2.9	2.9
Discount rate	**1.8**	1.5	1.3
Rate of increase on pensions accrued before 2006	**3.6**	3.5	3.5
Rate of increase on pensions accrued after 2006	**2.2**	2.1	2.1

Assumptions regarding future mortality experience have been set based on advice that uses published statistics and experience in the business.

The fair value of Fund assets and liabilities is set out below.

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Fund assets	**353.5**	356.1	367.7
Defined benefit obligation	**(347.9)**	(369.8)	(374.4)
	5.6	(13.7)	(6.7)
Related deferred tax (liability)/asset	**(1.1)**	2.6	-
Net surplus/(liability)	**4.5**	(11.1)	(6.7)

Pension expense and actuarial gain/loss

The components of pension expense in the income statement, using the projected unit method, are set out below.

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Amounts charged to operating profit			
Administrative costs	**0.5**	**0.8**	1.3
Amounts included in finance costs			
Interest cost on defined benefit obligation	**2.4**	**3.3**	6.6
Interest income on Fund assets	**(2.4)**	**(3.3)**	(6.6)
Net finance charge	**-**	**-**	-
Net expense	**0.5**	**0.8**	1.3

The components of the actuarial gain/loss recognised in the Statement of Comprehensive Income are set out below.

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Returns on Fund assets excluding interest income	**(10.5)**	15.5	32.1
Changes in demographic assumptions	**0.3**	(0.9)	4.1
Changes in financial assumptions	**21.1**	(25.9)	(39.1)
Experience	**-**	-	(0.9)
Actuarial gain/(loss)	**10.9**	(11.3)	(3.8)

Changes in Fund assets and defined benefit obligations

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Fair value of Fund assets at start of period	**367.7**	342.8	342.8
Returns on assets excluding interest income	**(10.5)**	15.5	32.1
Interest income	**2.4**	3.3	6.6
Return on Fund assets in period	**(8.1)**	18.8	38.7
Company contributions	**1.9**	3.7	3.7
Benefits and expenses paid	**(8.0)**	(9.2)	(17.5)
Fair value of Fund assets at end of period	**353.5**	356.1	367.7

	Half year to 30 June 2021 £m	Half year to 30 June 2020 £m	Full year to 31 December 2020 £m
Defined benefit obligation at start of period	**374.4**	348.1	348.1
Benefits and expenses paid	**(8.0)**	(9.2)	(17.5)
Changes in demographic assumptions	**(0.3)**	0.9	0.9
Changes in financial assumptions	**(21.1)**	25.9	39.1
Experience	**-**	-	(4.1)
Interest cost	**2.4**	3.3	6.6
Defined benefit obligation at end of period	**347.9**	369.8	374.4

12. Acquisitions

On 15 January 2021, the Group completed the acquisition of 51% of Royal Airport Services (Private) Limited in Pakistan. The company provides ground services at eight airports in Pakistan and operates air cargo terminals at three of these, in addition to operating a ticket sales business. The acquisition represents expansion into a new country with a developing economy. These financial statements include six months' trading results.

On 21 January 2021, the Group acquired the trade and assets of DAL Global Services, LLC in Guam, a ground services business. The acquisition augments existing ground services and fuelling operations. These financial statements include the impact of six months' trading results.

There were no acquisitions in the prior year.

	Royal Airport Services £m	DAL Global Services £m	**Half year to 30 June 2021 £m**
Purchase consideration:			
Cash paid	7.3	0.7	**8.0**
	7.3	0.7	**8.0**
Less: fair value of net assets acquired	(0.6)	(0.2)	**(0.8)**
Adjustment for non-controlling interest acquired at fair value	7.1	-	**7.1**
Intangible assets	13.8	0.5	**14.3**

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:

	Royal Airport Services £m	DAL Global Services £m	**Half year to 30 June 2021 £m**
Deferred tax assets	0.4	-	**0.4**
Property, plant and equipment	3.4	0.2	**3.6**
Trade and other receivables	2.6	-	**2.6**
Trade and other payables	(3.1)	-	**(3.1)**
Non-current borrowings	(0.6)	-	**(0.6)**
Non-current accrued expenses	(2.1)	-	**(2.1)**
Net assets acquired at fair value	0.6	0.2	**0.8**

Current assets acquired with Royal Airport Services included £1.3m of trade receivables at fair value, the gross amount acquired. The fair values of the net assets of all businesses acquired remain provisional pending the formal completion of the valuation process.

The acquired businesses contributed £0.7m profit before taxation and £5.1m revenue from acquisition dates. If the businesses had been acquired on 1 January 2021, the Group's revenue and profit before taxation would have been £416.1m and £4.8m, respectively. As disclosed in Note 4, £0.6m of acquisition and transaction costs have been expensed in the period, of which £0.4m are in relation to current period acquisitions (half year to 30 June 2020: £nil, full year 31 December 2020: £nil).

13. Foreign currency sensitivity

For the period to 30 June 2021, if sterling had weakened or strengthened by 10% on currencies that have a material impact on the Group's profit before tax and equity, with all other variables held constant, the effect would have been:

		Half year to 30 June 2021		Half year to 30 June 2020		Full year to 31 December 2020	
	Weakening/ (strengthening) of sterling	**Effect on profit before tax £m**	**Effect on equity £m**	Effect on profit before tax £m	Effect on equity £m	Effect on profit before tax £m	Effect on equity £m
US dollar	10%	**1.4**	**(3.8)**	(1.2)	(13.0)	1.9	(2.2)
US dollar	(10)%	**(1.1)**	**3.1**	1.0	10.6	(1.5)	1.8
Euro	10%	**(0.1)**	**(0.5)**	(0.7)	(0.9)	(1.7)	(1.3)
Euro	(10)%	**0.1**	**0.4**	0.5	0.8	1.4	1.1
Australian dollar	10%	**0.1**	**3.1**	0.5	0.2	1.1	3.1
Australian dollar	(10)%	**(0.1)**	**(2.5)**	(0.4)	(0.2)	(0.9)	(2.6)

The impact of the exposure to all other foreign currencies is not considered to be material to the overall results of the Group.

14. Subsequent events

In August 2021, the Group completed the acquisition of a 9.95% investment of £3.4m in JFreight Aviation Logistics Supply Chain Co. Ltd to operate and manage the new air cargo terminal at Guangzhou, China.

In August 2021, the Group announced it has agreed to acquire 51% of Interexpresso Costa Rica Corporacion ILC, S.A., a provider of air cargo handling and aviation security services in Costa Rica, Guatemala and El Salvador.

Risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group remain those detailed in the Annual Report and Accounts 2020, a copy of which is available on the company's website at www.johnmenziesplc.com. The Board considers that these remain a current reflection of the risks and uncertainties facing the business for the remaining period of the full year ending 31 December 2021.

Directors' responsibility statement in respect of the condensed interim financial statements

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union, and that the interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, paragraphs DTR 4.2.7 R and DTR 4.2.8 R. The Directors of John Menzies plc are listed in the Annual Report and Accounts 2020. A list of current Directors is maintained on the company website: www.johnmenziesplc.com.