

John Menzies

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John Menzies swings to loss, hit by grounding of Boeing 737 Max

Aviation services firm John Menzies PLC (LON:MNZS) slumped to a first-half loss, reflecting weak cargo volumes and the impact of the grounding of Boeing's 737 Max aircraft.

The company, which provides ground handling, cargo handling and fuelling services for airlines, posted a pre-tax loss of £4.4m in the six months to June 30, compared to a pre-tax profit of £8.3m last year.

The Boeing 737 Max has been grounded since March after two fatal crashes, leading to cuts in flight schedules for many airlines.

John Menzies was also hit by the loss of licences in the Dominican Republic and Panama, the end of a cargo joint venture in Hyderabad and costs that are no longer absorbed by the now disposed Menzies Distribution.

The group has taken action to address these challenges, including a £10m cost savings programme, the streamlining of operations, customer service improvements and new incentives for the sales team.

"We are right-sizing the business and now we believe we have the platform required from which to drive the business forward," said chairman Philipp Joeinig.

"Accordingly, our expectation for 2020 remains unchanged with the expected benefit from the full-year impact of the cost and efficiency improvement programme, excellent contract renewals, the renewed focus on opportunities with our key customers and the delivery of operational improvements within our underperforming stations."

Revenue in the first half edged up to £646.9m from £627.2m last year with growth across all its regions including the US, the UK, Australia and the rest of the world.

The company secured contract renewals of £68m at improved margins.

The interim dividend was held at 6p each.

"Looking forward, our medium to long term outlook remains positive with strong market dynamics and significant opportunities for growth underpinned by our excellent people and strong customer relationships," Joeinig said.

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Price: 450

Market Cap: £379.22 m

1 Year Share Price Graph



Share Information

Code: MNZS

Listing: LSE

52 week	High	Low
	575	353.5

Sector: Transport

Website: www.johnmenziesplc.com

Company Synopsis:

John Menzies plc is a time critical logistics company with two operating divisions, Menzies Distribution and Menzies Aviation. The divisions operate in distinct Business to Business sectors where success depends on providing an efficient, high quality, time critical service to their customers and partners. The company - one of Scotland's largest - was established in 1833 and its head office is in Edinburgh.

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