

## **CHAIRMAN'S STATEMENT TO 2002 ANNUAL GENERAL MEETING**

The Group is performing satisfactorily overall. A strong start to the year by Menzies Distribution is, as was expected, offset by some continuing weakness in the aviation services market where, with signs of recovery being reported on several fronts, we look forward to some improvement in the second half of the year.

The Group consists of two highly focused and complementary support services businesses which build on our long established logistical skills, though operating in very different markets. The external influences in the UK news and magazine market are very different from those in our global aviation services business, and this diversity is an obvious strength for the Group.

**Menzies Distribution** is benefiting from continuing cover price increases, marketing drives and efficiencies from cost management initiatives. Turners News, acquired last December, has been successfully integrated and has been immediately earnings enhancing. The third of our four new regional branches has been opened in April, on time and on budget, and all three are achieving planned benefits.

**Menzies Aviation Group** inevitably continues to be affected by the aftermath of the global aviation downturn. Despite this, it remains active in its pursuit of growth opportunities in its preferred markets, and is being successful in gaining new contracts.

Covanta Energy Corporation, from whom the Group purchased Ogden Ground Services in November 2000, has filed for Chapter 11 bankruptcy protection. From the information currently available to us, the impact of this on any claims under the purchase agreement is not expected to have a material effect on the Group.

MAG recently welcomed two senior executives with wide industry experience who will greatly complement its team as we drive this business forward and take advantage of the opportunities that will arise from industry consolidation world wide.

This is the fifth Annual General Meeting I have chaired. These meetings have covered one of the most exciting periods in the long history of John Menzies. The Group has been restructured, streamlined and, I am convinced, pointed firmly in the right direction. I am proud to have been part of the process and have every confidence in the Group's future as I leave the Chair in William Thomson's capable hands.

2.5.02