

# *Stobart* Group

Interim Results and Business Overview 2011

Delivering  
the Strategy  
2011

# Solid Progress across the Group despite a tough environment

Rodney Baker Bates, Non-Executive Chairman

Our strategy to deliver value through our new focussed divisional structure is underway. We have seen solid progress as well as some challenges in a tough economic environment.

Our Transport and Distribution division has become more cost-effective and investment in Estates, Air and Biomass has positioned these divisions for high growth.

We are declaring an Interim Dividend of 2.0p to be paid on 9 December 2011.

# Stobart Group Financial Highlights

	6 Months Ended 31.08.2011 £'m	6 Months Ended 31.08.2010 £'m	Year Ended 28.02.2011 £'m	6 Months Ended 28.02.2011 £'m
Revenue	<b>281.1</b>	243.7	500.4	256.7
EBITDA <sup>a</sup>	<b>27.6</b>	26.9	57.2	30.3
Profit Before Tax <sup>b</sup>	<b>16.4</b>	15.4	34.5	19.1
Earnings Per Share <sup>c</sup>	<b>3.9p</b>	4.3p	9.7p	5.4p
Cash Generated from Operations	<b>27.8</b>	13.6	27.7	14.0

a: Normalised EBTIDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is calculated as the underlying operating profit of £19.1m, adding back depreciation of £8.7m and less share-based payments of £0.2m.

b: Normalised PBT comprising the normalised EBITDA of £27.6m less depreciation of £8.7m, less finance costs of £3.3m, plus finance income of £0.8m.

c: EPS is based on normalised PBT and allowing for 26.2% tax charge.

## Stobart Transport and Distribution

### Eddie Stobart



### Stobart Distribution



### Stobart Ports



### Stobart Rail



## Stobart Estates

### Industrial Assets



### Office Property



### Retail Assets



### Development/Specialist



## Stobart Infrastructure and Civil Engineering

### Rail Engineering



### Civil Engineering



### Infrastructure Development



### Infrastructure Work



## Stobart Air

### Airport Operations



### Airport Retail



### Private Handling



### Apriside Services



## Stobart Biomass

### Source and Supply



### Fuel Processing



### Biomass Logistics



### Biomass Exports



# Stobart Group Interim Review

Andrew Tinkler, Chief Executive Officer

- New divisional operating structure successfully implemented and several blue-chip contract renewals.
- Enhanced our systems and technology.
- £114m net of funds raised to invest in our Estates division.
- New property operating board chaired by Paul Orchard-Lisle.
- Property value increases.
- Biomass new contract wins and growing pipeline.
- London Southend airport on track with 10 year easyJet contract signed.

**Stobart** Group

Interim Results and Business Overview 2011

For the six months ended 31 August 2011

# Transport & Distribution

- Challenges from economic background and volatility in volumes from customers.
- Reduced volumes in April to July.
- £225m new and renewed contracts for Coca Cola, Mercedes & Pirelli F1, P&G and Tesco.
- New systems implemented to give greater information to manage customer demand and achieve further reduction in waste and increased utilisation.
- Resulted in reduction of risk in a challenging environment and improved performance and margin.



**£225m in new  
and renewed contracts.**

## Interim Review

# Estates

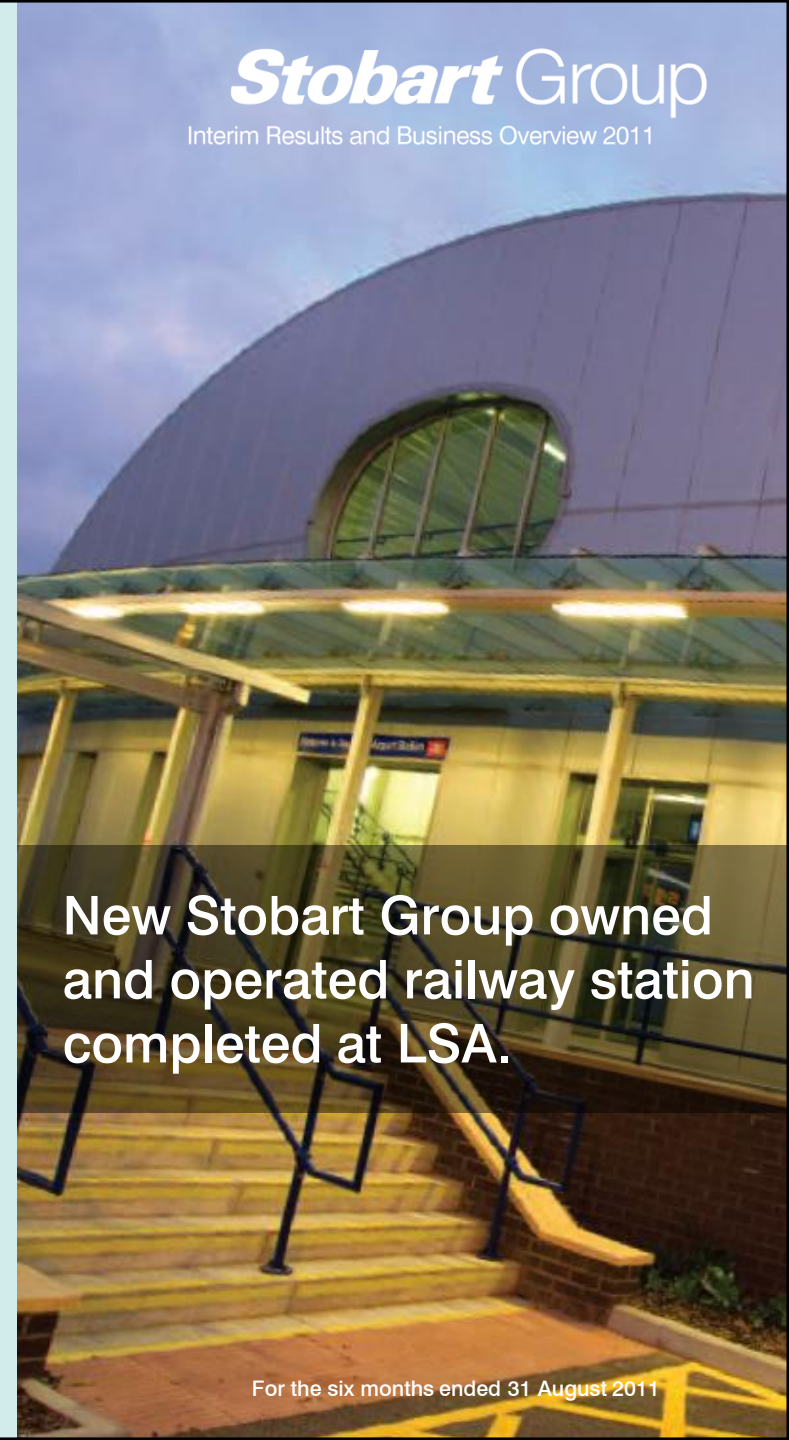
- Value of property assets increased in the period.
- New Estates division with experienced Board to direct investment of £114m funds and facilitate disposals.
- Planning application submitted for the re-development of the remaining 90 acres at Widnes. Grant funding of £4.5m approved for this development.
- Planning application approved for the construction of a new 280,000 sq.ft Chilled Distribution Warehouse in Peterborough - end user already identified.
- Identified strategic opportunities that will provide significant returns on investment.



## Interim Review

# Infrastructure and Civil Engineering

- Continued external third party developments and rail works.
- Supporting all internal infrastructure projects.
- Completion of new railway station at London Southend Airport. The station is operated by Stobart Rail staff.
- New diversionary road at London Southend Airport now completed, improving traffic flow.
- Construction of new airport terminal near completion and airport runway extension underway.



**New Stobart Group owned and operated railway station completed at LSA.**

## Interim Review

# Air

- Continued air services by Aer Arran.
- New ten year agreement with easyJet will initially see three aircraft based at London Southend, offering 70 departures per week to nine destinations across Europe.
- New railway station officially opened in September 2011. Up to eight trains per hour to Stratford and Liverpool Street.
- New access road opened September 2011.
- Holiday Inn franchise hotel under construction to be operated by Chardon management.
- Revised plan for the development of Carlisle Airport is being considered by Council.

10 year contract  
with easyJet.  
New control tower and  
railway station operational.



## Interim Review

# Biomass

- The remaining 50% of Stobart Biomass Products Limited was acquired by the Group in May 2011.
- Contracts with Heliuss and Iggesund for long-term supply of wood.
- Strong growth in exports and growing pipeline.
- Stobart Logistics expertise and scale enhances the service offering for Biomass customers.



**Stobart** Group

Interim Results and Business Overview 2011

**The remaining 50% of  
Stobart Biomass has been  
acquired by Stobart Group.**

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EBITDA <sup>a</sup>	<b>27.6</b>	26.9	57.2	30.3
Profit Before Tax <sup>b</sup>	<b>16.4</b>	15.4	34.5	19.1
Earnings Per Share <sup>c</sup>	<b>3.9p</b>	4.3p	9.7p	5.4p
Cash Generated from Operations	<b>27.8</b>	13.6	27.7	14.0

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# Stobart Group Income Statement

	6 Months Ended 31.08.2011 £'m	6 Months Ended 31.08.2010 £'m	Year Ended 28.02.2011 £'m
<b>Revenue</b>	<b>281.1</b>	<b>243.7</b>	<b>500.4</b>
Operating Expenses - Underlying	(257.4)	(216.3)	(445.4)
Associates and joint ventures	0.6	-	0.6
Gain in value of property asset held for sale	3.5	-	2.1
Share Based Payment	(0.2)	(0.5)	(0.5)
<b>EBITDA</b>	<b>27.6</b>	<b>26.9</b>	<b>57.2</b>
Depreciation	(8.7)	(8.6)	(18.1)
Finance Cost (Net)	(2.5)	(2.9)	(4.6)
<b>Underlying Profit Before Tax</b>	<b>16.4</b>	<b>15.4</b>	<b>34.5</b>
Costs Due to Extreme Weather	-	-	(1.8)
New Territory Business Set up Costs	(1.2)	-	(2.7)
Transaction Costs	(0.4)	-	(0.1)
Restructuring Costs	-	-	(0.5)
Amortisation of Acquired Intangibles	(0.1)	-	-
<b>Profit Before Tax</b>	<b>14.7</b>	<b>15.4</b>	<b>29.4</b>
Income Tax	(2.2)	(3.7)	(6.2)
<b>Profit After Tax</b>	<b>12.5</b>	<b>11.7</b>	<b>23.2</b>
<b>EPS - basic</b>	<b>4.1p</b>	<b>4.6p</b>	<b>9.0p</b>
<b>EPS - adjusted</b>	<b>3.9p</b>	<b>4.3p</b>	<b>9.7p</b>

# Statement of Stobart Group Financial Position

	31.08.2011 £'m	28.02.2011 £'m
Non-Current Assets	545.6	503.9
Current Assets (excluding cash)	131.0	111.1
Cash	47.0	3.9
Loans and Borrowings (excluding HP)	(85.6)	(115.0)
HP Liabilities	(32.6)	(45.0)
Trade and Other Payables	(110.8)	(86.8)
Tax and Deferred Tax	(44.8)	(42.5)
Disposal Group Net Assets	5.6	2.1
<b>Net Assets</b>	<b>455.4</b>	<b>331.7</b>
Gearing - Including HP	15.6%	47.1%
Gearing - Excluding HP	8.5%	33.5%

# Cash Flow Statement

	6 Months Ended 31.08.2011 £'m	6 Months Ended 31.08.2010 £'m	Year Ended 28.02.2011 £'m	6 Months Ended 28.02.2011 £'m
Profit Before Tax	14.7	15.4	29.5	14.1
Non-Cash Adjustments	6.5	12.1	19.2	7.1
Working Capital	6.6	(13.9)	(21.0)	(7.1)
<b>Cash Generated from Operations</b>	<b>27.8</b>	13.6	27.7	14.1
Tax Paid	(0.2)	0.4	(2.3)	(2.7)
Investing Activities	(32.3)	(68.6)	(66.5)	2.1
Financing Activities	79.7	50.4	22.3	(28.1)
<b>Increase/(Decrease) in Cash in the Period</b>	<b>75.0</b>	(4.2)	(18.8)	14.6

# Net Debt Reconciliation

For the six months ended 31 August 2011

	Non-HP £'m	HP £'m	Total £'m
<b>B/f at 28 February 2011</b>	<b>111.2</b>	<b>45.1</b>	<b>156.3</b>
Vehicles acquired under HP	-	3.5	3.5
Repayments of HP	16.0	(16.0)	-
Operating Cash Flows	(28.0)	-	(28.0)
Tax Paid	0.2	-	0.2
Non-Vehicle Cap Ex	31.8	-	31.8
Proceeds on Disposal of Fixed Assets	(6.7)	-	(6.7)
Vendor Loan Notes	11.0	-	11.0
AHS Loan	1.0	-	1.0
Acquisition Cash Consideration	4.6	-	4.6
Dividends	10.6	-	10.6
Share Issue	(114.6)	-	(114.6)
Interest Payable Net	1.5	-	1.5
<b>C/f at 31 August 2011</b>	<b>38.6</b>	<b>32.6</b>	<b>71.2</b>

## Net Debt Summary

	Expiry £'m	Facility £'m	31.08.2011 £'m	28.02.2011 £'m
<b>Cash &amp; Working Capital Facilities</b>				
Invoice Finance	October 2013	65.0	-	31.1
Overdraft	October 2013	5.0	4.0	4.9
Cash	Not Applicable	-	(47.1)	(3.9)
<b>Property and Crane Loans</b>				
	Various	0.6	0.6	0.7
<b>Vendor Loan Notes</b>				
	May 2014	11.0	11.0	-
<b>BLME Loans</b>				
	August 2011	10.0	-	9.8
<b>Long Term Development Loan</b>				
	May 2020	100.0	70.0	70.0
<b>Radar Loan</b>				
	May 2021	1.6	1.6	-
<b>HP</b>				
	Various	N/A	32.6	45.1
<b>Less Issue Costs</b>				
	-	-	(1.5)	(1.4)
<b>Totals</b>			<b>71.2</b>	<b>156.3</b>

# Stobart Transport and Distribution

	<b>6 Months Ended 31.08.2011 £'m</b>	6 Months Ended 31.08.2010 £'m	Year Ended 28.02.2011 £'m	6 Months Ended 28.02.2011 £'m
Revenue*	<b>265.9</b>	230.4	475.3	244.9
EBITDA	<b>22.9</b>	24.4	53.2	28.8
Profit Before Tax	<b>13.7</b>	15.0	35.2	20.2

\* of the increasing revenue £7.6m is due to increased fuel surcharges

# Stobart Estates

	<b>6 Months Ended 31.08.2011 £'m</b>	6 Months Ended 31.08.2010 £'m	Year Ended 28.02.2011 £'m	6 Months Ended 28.02.2011 £'m
Revenue	<b>3.2</b>	2.2	4.4	2.2
EBITDA	<b>5.1</b>	2.4	4.5	2.1
Profit Before Tax	<b>4.5</b>	1.8	3.0	1.2

# Stobart Infrastructure and Civil Engineering

	6 Months Ended 31.08.2011 £'m	6 Months Ended 31.08.2010 £'m	Year Ended 28.02.2011 £'m	6 Months Ended 28.02.2011 £'m
Revenue	<b>27.3</b>	19.7	37.1	17.4
EBITDA	<b>1.7</b>	1.6	3.2	1.6
Profit Before Tax	<b>1.2</b>	1.1	2.1	1.0

# Stobart Air

	<b>6 Months Ended 31.08.2011 £'m</b>	6 Months Ended 31.08.2010 £'m	Year Ended 28.02.2011 £'m	6 Months Ended 28.02.2011 £'m
Revenue	<b>4.8</b>	3.6	6.8	3.2
EBITDA	<b>0.4</b>	0.3	0.4	0.1
Profit Before Tax	<b>0.2</b>	0.1	0.2	0.1

## Stobart Biomass

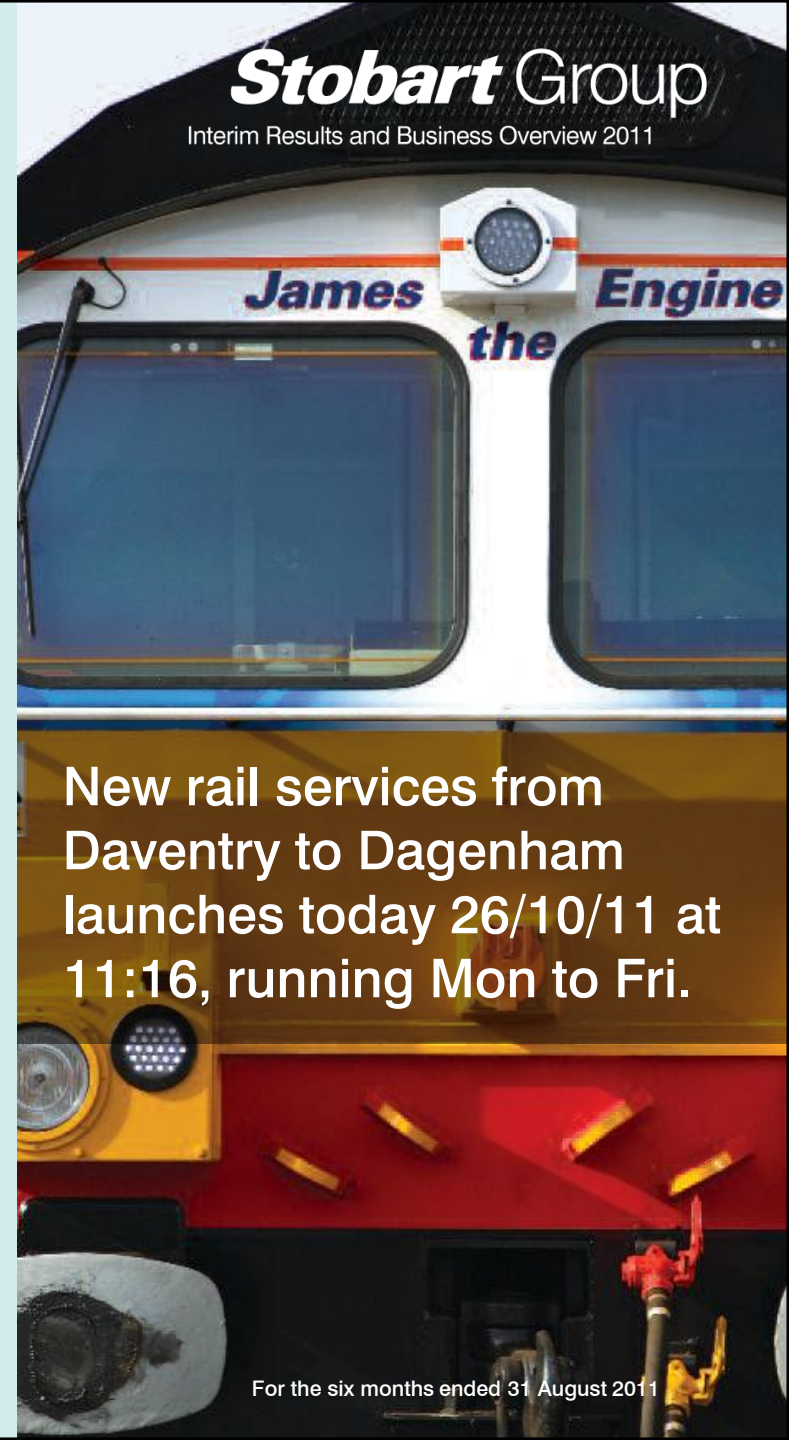
	<b>6 Months Ended 31.08.2011 £'m</b>	6 Months Ended 31.08.2010 £'m	Year Ended 28.02.2011 £'m	6 Months Ended 28.02.2011 £'m
Revenue	<b>2.6</b>	-	-	-
EBITDA Normalised	<b>0.5</b>	-	-	-
Profit Before Tax	<b>0.4</b>	-	-	-

Looking Forward

# Transport & Distribution

William Stobart, Chief Operating Officer

- Focus on improving margins through time based planning, cost reduction and efficiency.
- Delivering £225m new and renewed contracts for Coca Cola, Mercedes & Pirelli F1, P&G and Tesco.
- Biomass transport will give strong growth.
- Longer trailers are legal January 2012.
- Owner driver franchising.
- Widnes Port started receiving new rail service from Teesport on behalf of P&O on 17/10/11.
- Move from day 1 to day 2 and consolidated multi-customer warehousing and cross docks.



**New rail services from Daventry to Dagenham launches today 26/10/11 at 11:16, running Mon to Fri.**

## Looking Forward

# Estates

Richard Butcher, Deputy CEO

- Utilising the £114m funds new experienced Property Operating Board considering new acquisitions and disposal opportunities.
- Work to commence on Phase Two of the Widnes development.
- Execute options inline with business plan.
- Continue to realise asset value across Estates holdings which will produce an enhanced ROC in the region of 10-12% per annum through assets disposal and enhanced value.

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Interim Results and Business Overview 2011

**Work due to commence soon on Widnes development Phase Two.**

Looking Forward

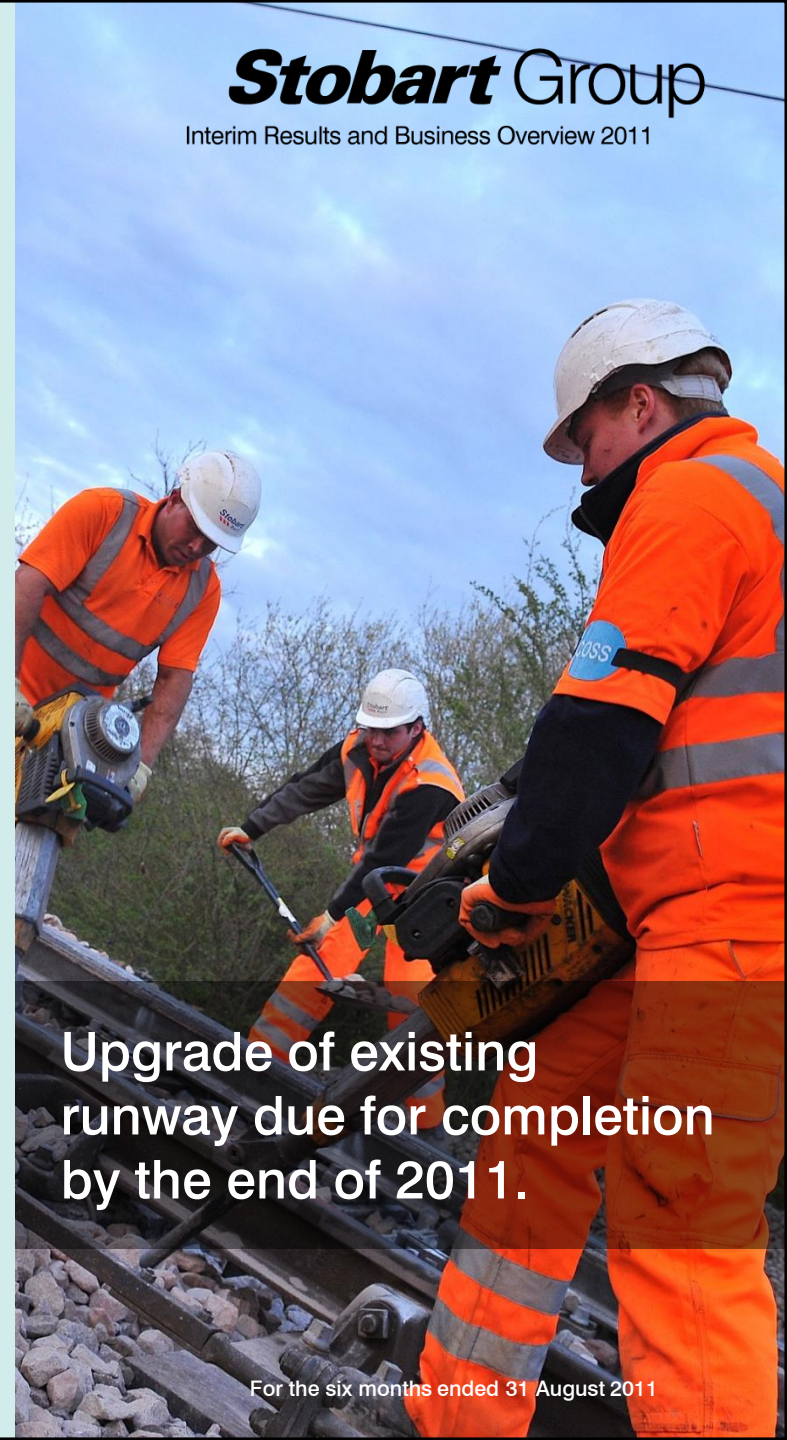
# Infrastructure and Civil Engineering

Andrew Tinkler, Chief Executive Officer

- Upgrade of the existing runway and taxiways due to be completed by the end of December 2011.
- Further work ongoing to London Southend Airport constructing Stands and Ramp building.
- Subject to planning permission at Widnes, earthworks expected to start Spring 2012.

**Stobart Group**

Interim Results and Business Overview 2011



Upgrade of existing runway due for completion by the end of 2011.

For the six months ended 31 August 2011

## Looking Forward

# Air

Alastair Welch, MD Stobart Air

- Deliver London's easiest customer airport experience in time for the 2012 Olympics.
- New terminal to open in Spring 2012 in time for easyJet 10 year contract delivering an initial 70 departures a week.
- Runway extension works on target for completion in first quarter of 2012.
- New Airport Hotel scheduled for completion in July 2012.
- Progressively grow to 2 million passengers per annum.
- Optimise revenue streams – Railway station growth, establish retail, parking, passenger and fuel sales.



**Stobart** Group

Interim Results and Business Overview 2011

Deliver London's Southend  
airport in time for  
the 2012 Olympics. 

For the six months ended 31 August 2011

## Looking Forward

# Biomass

Paul Davenport, MD Stobart Biomass

- Target to be UK's leading supplier of biomass fuel.
- Solid growth in volumes expected to continue.
- Strong second half with significant exports.
- Contracts for supply of a further 250,000 tonnes starting Spring 2013.
- Target over 4 million tonnes per annum to biomass plants in 3-4 years.
- Growth in later years and improved margins will depend upon plants coming on stream.

**Stobart** Group

Interim Results and Business Overview 2011



Logistics expertise and scale enhances the service offering for Biomass customers.

For the six months ended 31 August 2011

# Summary – Continue delivering the strategy

- Continued focus on cost effectiveness and improved profitability in Transport and Distribution.
- Significant profit to be generated through investment in Estates division.
- Delivering infrastructure and civil engineering to a wide internal and external customer base.
- Continue to deliver London Southend Airport developments and easyJet launch in Spring.
- Target to be UK's leading supplier of biomass fuel – over 4 million tonnes in 3-4 years time.
- Expect increased profitability in second half, compared to first half.

# *Stobart* Group

Interim Results and Business Overview 2011

# Delivering the Strategy 2011

Questions  
& Answers