

Stobart Group Ltd

08:29 03 Dec 2018

Stobart trading in line with expectations as it pushes ahead with growth plans

Stobart Group Ltd (LON:STOB) said it was trading in line with expectations as it continues to progress its growth plans for its aviation and energy businesses.

The aviation division saw a 37% increase in passenger numbers at its London Southend Airport in the first half while the energy arm posted a 72% jump in tonnes supplied over the period.

Stobart said the operational progress seen in the first half has continued into the second half, leading the group to identify an increasing number of potential projects with "attractive" forecast returns on capital.

The company expects commercial agreements with Ryanair, easyJet and other airline partners to result in a "significant" rise in passenger numbers at London Southend Airport next year. It is targeting 5mln passengers from 2022 at £10 in earnings (EBITDA) per passenger.

READ: Stobart Group's Stobart Air clinches services deal with BA CityFlyer For Stobart Energy, the firm said there are a number of investment opportunities being evaluated including building, owning and operating renewable energy plants that will generate "long-term, sustainable operating cash flows".

Stobart to use disposal proceeds to fund investments instead of dividend The company intends to reduce its fourth-quarter dividend to 1.5p each in order to prioritise these investments and ensure it has a strong balance sheet. That means the total dividend for the year will be lowered to 15p from 16.5p last year.

Since March 2017, Stobart has funded dividends through disposals of non-core assets and gross capital expenditure of £67mln has been invested in its operating divisions.

"Though the group owns non-strategic assets with a book value at 31 August 2018 included in the interim statement of £149mln, the board believes it is prudent financial discipline to use proceeds from further disposals in the medium term primarily to invest in value-creating opportunities based on sustainable operating cash generation and to maintain a strong balance sheet," Stobart said.

It added: "The board recognises the importance of dividends to its shareholders and will update the market accordingly, once it has completed the capital review."

Analyst says reduced dividend 'sensible'

AJ Bell investment director, Russ Mould, thinks the decision to cut the dividend is "sensible" given that the income stream from Stobart has been sustained by the disposal of non-core assets in recent years.

"Investors like dividends because a big component of the potential gains from investing in the stock market is

Price: 46

Market Cap: £172.34 m

1 Year Share Price Graph



April 2019 October 2019 April 2020

Share Information

Code: STOB

Listing: LSE

52 week	High	Low
	157.4	28.85

Sector: Business & education services

Website: www.stobartgroup.co.uk

Company Synopsis:

Stobart Group is an infrastructure and support services business which owns and manages a range of key infrastructure sites and operates business divisions delivering critical support services to the energy, aviation and rail sectors.

action@proactiveinvestors.com

associated with these regular shareholder payments," he said.

"However, that doesn't mean a dividend should be preserved at all costs and the decision by infrastructure services firm Stobart to trim its full-year dividend could turn out to be the right one for the business and therefore ultimately for shareholders."

--All else being equal--

-- Adds analyst comments --

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Stobart Group Ltd named herein, including the promotion by the Company of Stobart Group Ltd in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).