

Esken Ltd

14:09 23 Jul 2019

Stobart's Southend Airport to become 'next big airport for London', says boss

Stobart Group Ltd (LON:STOB) expects its Southend Airport to become the next major airport servicing the London area as its competitors struggle with capacity constraints.

The company has been investing in the expansion of the airport to accommodate more than 10mln passengers.

In the year ended February 2019, passenger numbers rose 33% year-on-year to 1.5mln and the company is aiming to welcome 5mln customers by the end of the 2023 financial year.

Southend the 'jewel in the crown' for Stobart

While it still has a long way to go reach the same level of demand seen at Gatwick, Heathrow, Luton and Stansted, Stobart boss Warwick Brady said he thinks Southend has potential to become the "next big airport for London".

"The jewel in the crown for our business is Southend and essentially I think it's a trophy asset for London," he said.

Brady added that the London travel market is the largest in the world, making it difficult for the main airports around the city to cope with the millions of passengers they attract each year.

READ: Stobart and Virgin-backed Connect Airways receives EU approval for Flybe takeover

He pointed out that Heathrow, which welcomed 80 million passengers last year, is building a third runway but is not due to open until 2026.

For passengers, Brady said Southend is one of the best airports near London for avoiding crowds and for ease of travel with six trains every hour at peak from London Liverpool Street station.

He said the time it takes to get from Liverpool Street to Southend Airport station, which Stobart's rail division built, is roughly the same amount of time it takes to get to Stanstead.

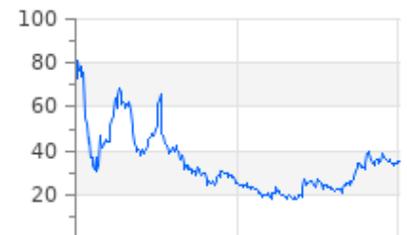
"I think the key to London Southend is the planes are about 100 yards from the railway station so once you get to Southend we are the best airport in London because it is the easiest by miles."

The airport has a commercial deal with the Restaurant Group PLC (LON:RTN), which owns Frankie & Bennies, Chiquito and Garfunkel, to include some of its restaurants. It also has cafes, a pub, a champagne bar, a WH Smith, a world duty free shop and a Holiday Inn hotel.

Price: 33.95

Market Cap: £212.16 m

1 Year Share Price Graph



February 2020 August 2020 February 2021

Share Information

Code: ESKN

Listing: LSE

52 week High Low
82.6811 17.0325

Sector: Business & education services

Website: www.esken.com

Company Synopsis:

Esken Ltd owns two core assets; London Southend Airport and Stobart Energy. London Southend Airport is an award-winning airport serving London and the South East. It has ambitious plans to grow and the key ingredients in place to enable that growth. Stobart Energy is a transformational and maturing business which supplies fuel to biomass plants across the UK so that they can, in turn, create renewable energy.

action@proactiveinvestors.com

Airports 'extremely valuable' asset for investors

For investors, Brady said the airport is growing year on year despite Brexit concerns and political uncertainty.

"Airports are extremely valuable because they are 30-40 year assets for shareholders, they have long-term cash generation, they are asset backed," he said.

Airlines that use Southend include easyJet PLC (LON:EZY), Ryanair Holdings PLC (LON:RYA), Loganair, Air Malta and Flybe that fly to over 40 destinations across Europe.

Connect Airways, the joint venture between Stobart, Virgin Atlantic and New York hedge fund Cyrus Capital, recently received clearance from European regulators for its £2.8mln takeover of Flybe.

The consortium, which completed the acquisition of Stobart Air's assets for £40mln in February, will rename Flybe using the Virgin brand.

Brady said the plan is to create a "Virgin-branded network to complement our portfolio of airlines at the airport".

Carlisle Lake District Airport restarts flights

Stobart also owns the Carlisle Lake District Airport, which this month restarted passenger flights for the first time in 25 years.

The group has agreed a partnership with Scottish airline Loganair, which will serve Belfast City, Dublin and Southend from the Cumbrian airport.

The other core division is the renewable energy business, which Brady said is performing "very well".

The energy arm supplies energy from waste wood to 30 plants. It makes revenue from picking up the waste wood, processing the wood into chips and putting the chips into the plants.

Last year the business supplied 1.3mln tonnes of wood chips from its six processing facilities and is targeting 2mln tonnes in the near term.

Brady said the energy unit's contracts will last 15 years and are linked to the retail price index - the higher level of inflation. With volumes up 30% year on year, he reckons there is "some very positive growth there".

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 Esken Ltd named herein, including the promotion by the Company of Esken 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).