

Stobart Group Ltd

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Stobart Group looks to up investment in growing Southend airport

Stobart Group Ltd (LON:STOB) reported strong first-half growth in revenues and underlying profits (EBITDA) and said that it would suspend the dividend in order to invest in growing its aviation and biomass energy businesses.

Stobart Aviation, which owns London Southend Airport, reported 42% growth in passenger numbers to 1.2m in the six months to 31 August as Ryanair and Wizz Air joined easyJet as partners, with revenue climbing 26% to £26.4m and EBITDA up 43% to £4.1m.

WATCH: Stobart Group highlights growth opportunities at its Southend Airport. The new investment plans aim to allow this to grow to 5m in the year to February 2023, with an improved retail offering, recently added logistics customer and other major changes to the airport infrastructure driving profit per passenger.

Thursday's results came a day after Virgin Connect, the 30%-owned airline joint venture with Virgin Atlantic and Cyrus Capital formerly known as Flybe, announced that it is opening a new base at Southend from which a total of five aircraft will serve 10 destinations.

Stobart Energy, meanwhile, processed 22.5% more wood waste and turned this into a 43.5% growth in revenue to £42.9m and a 35% improvement in EBITDA to £11.7m.

Overall, the group, which also owns stakes in Connect Airways, Eddie Stobart Logistics and other "non-strategic" infrastructure assets, reported revenue up 34% to £93.1m and EBITDA up 187% to £12.1m.

A statutory loss for the period of £20.9m compared to £17.5m a year ago, which was made up of a £8.5m non-cash impairment of rail intangibles, £3.7m brand amortisation and £7.4m of new business set-up costs.

Growth plans

"In London Southend Airport and Stobart Energy, the group has two businesses with immediate and considerable growth opportunities," said chief executive Warwick Brady.

"London Southend Airport continues to attract new airlines and is on course to deliver our target of 5m annual passengers at £8 EBITDA by February 2023. At the same time, Stobart Energy is now set to become increasingly cash generative.

"Both of these exciting growth businesses require further investment in order to deliver their full potential.

"The board has undertaken an extensive review of the capital required to fund this growth and taken the decision to suspend the dividend in order to maximise the capital available for the further development of these growth businesses."

Price: 108.96

Market Cap: £408.22 m

1 Year Share Price Graph



Share Information

Code: STOB

Listing: LSE

52 week High Low
183 98.1

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.

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This will conserve £11m of cash in the current period and £22m on an annualised basis, and a process to obtain new long-term debt has also begun.

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