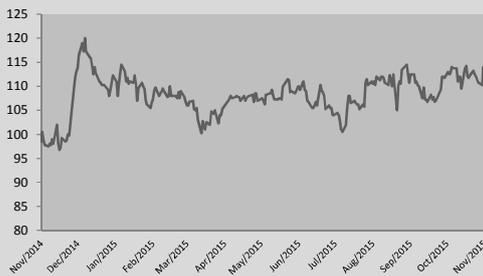


Key Statistics

Code	: STOB
Listing	: FTSE Small Cap
Sector	: Commercial Transport
Market Cap	: £352.5m
Share in issue	: 327.93m
Current Price	: 107.5
12 month High/Low:	: 120p/96.75p

Stock Performance



Source: Fidessa

Company description

Stobart Group is an Infrastructure and Support Services business operating in the biomass energy, railway maintenance and aviation sectors as well as having investments in a property and logistics portfolio. Stobart Group has licence agreements in place for its brand.

The Group's aim is to deliver on its strategy of realising value and building sustainable return from its growth businesses and to maintain its dividend policy.

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What's in a name?

Say Stobart and it conjures up images of the Channel 5 'Eddie Stobart: Trucks & Trailers' documentary first aired in 2010. But whilst Stobart Group does own a number of juggernauts within its underlying business, its interest in the haulage company has been reduced to a 49% stake in Eddie Stobart Logistics.

But did you know that Stobart Group is the owner operator of London Southend Airport and Carlisle Lake District Airport, and is the number one supplier of biomass fuel in the UK? It also operates Stobart Rail one of the UK's leading names in rail maintenance, repair and improvement. The infrastructure division, has £280.8m of property assets on the balance sheet and continues to make selective disposals, having generated £6.2m from asset sales in H1 2015.

What we like

- **Growth opportunity at London Southend Airport** – With the skies over London ever more crowded, and no new runway in sight for some years to come, Southend, with its excellent links to central London, and highly rated passenger experience (Which? best airport in 2014 for 3rd year running) is well positioned to more than double passenger number to the targetted 2.5m in 2018. Easyjet is on board and discussions are afoot with other airlines.
- **Stobart Energy** benefits from long term supply contracts and is on track to more than double the supply of waste wood biomass fuel to 2.5m tonnes per annum by 2018.

In the last financial year Stobart Group had underlying pre-tax margins of about 8%. As alluded to above there is a clear path to scaling the business with the bulk of the infrastructure and overhead required already in place. Whilst consensus EPS forecasts for FY Feb 2017 suggest a PE multiple of 30.7x, reflective of the currently low yielding asset base. This is likely to improve as the core divisions grow tonnage and passenger numbers. In the meantime the Group is intent on maintaining its annual 6p dividend payment which is currently part funded by property disposals. However if the company executes its strategy effectively this level of distribution or higher will be funded from operational profits. The shares now yield 5.6%.

Forecast

Year Ending	Revenue (£m)	Pre-tax (£m)	EPS (p)	P/E	Div	Yield
29/02/2016	127.4	12.7	2.3	46.7	6.00p	5.60%
28/02/2017	128.1	18	3.5	30.7	6.00p	5.60%

Source: DigitalLook

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