10 May 2018

Stobart Group Limited
("Stobart Group", "Stobart" or the "Group")

Results for the year ended 28 February 2018

Stobart Group Limited, which invests in, owns and operates infrastructure assets, today announces its results for the year ended 28 February 2018.

Introduction

- All operating divisions increasing underlying EBITDA[1] year on year; Energy +18%, Aviation +3500% and Rail +13%
- Partially realised Eddie Stobart investment, generating profit of £123.9m and net cash of £111.9m
- Profit before tax increased to £100.6m
- Reshaped leadership team with appointment of Warwick Brady as CEO and Richard Laycock as CFO
- Developed the strategic plan for profitable growth in Aviation and Energy divisions
- Returned £74.1m to shareholders in the year via dividends and share buy backs

Financial Highlights

	28 February 2018 £m	28 February 2017 £m
Revenue	242.0	129.4
Underlying EBITDA[1] (inc. £123.9m profit on disposal of investment)	135.2	34.4
Underlying PBT[1] (inc. £123.9m profit on disposal of investment)	117.4	27.4
Profit/(loss) before tax	100.6	(8.0)
Underlying basic EPS[2]	32.6p	8.0p
Dividend per share	18.0p	13.5p
Net debt	36.6	120.7

Operational Highlights

Aviation

- Wider strategy in place to identify opportunities to solve London capacity constraints and improve customer experience throughout the UK aviation sector
- London Southend was the UK's fastest growing airport in 2017 with 29% increase in passenger numbers to over one million
- Opened new Stobart Jet Centre at London Southend Airport, providing a premium experience and boosting London capacity for business travel
- Our regional airline, Stobart Air, saw 9% increase in passenger numbers through our franchise and commercial agreements with Aer Lingus and Flybe
- Stobart Aviation Services awarded a new ground handling contract with easyJet at London Stansted
- Announced start of commercial passenger flights from Carlisle Lake District Airport from June 2018

[1] Underlying EBITDA and Underlying PBT are before non-underlying items. See Financial Review for reconciliation to profit/(loss) before tax.
[2] See Financial Review for underlying and basic EPS.

Energy
- Recent run-rate tonnage increased to 1.3m tonnes p.a. with three further major plants to come on stream by the end of the year
- Experienced delays and volatility in the commissioning of new third-party renewable energy power stations
- EBITDA per tonne increased by 16% year-on-year with long-term volumes unaffected

Rail & Civils
- Increased underlying EBITDA by 13% despite a 15% reduction in revenue
- Continued to add value to the wider growth of the Group through efficient infrastructure projects at London Southend and Carlisle Lake District airports

Infrastructure and Investments
- Infrastructure generated cash proceeds of £27.3m from four disposals and increased the value of its property portfolio by £3.6m
- Investments generated net cash of £111.9m following the partial disposal of the investment in ESL, in which the Group retains a 12.5% stake

Chief Executive Warwick Brady, commented:

"It has been a great experience since taking over as CEO of Stobart Group at the last AGM. I have been working closely with the teams to develop and evolve the growth strategy for Aviation and Energy to create and deliver significant value for shareholders over the next five years, retain talented entrepreneurial people and manage our financial resources.

I am pleased by the progress made in the Energy division, which is now on track to achieve its growth targets, and we are focused on further improving efficiencies and margins. The innovation within Rail & Civils is impressive, and the team continue to both win external contracts and add significant value throughout the Group's operating assets.

I also see particular opportunities to develop our Aviation division. At Stobart Group, we have a lot of management experience in the aviation sector, a background in logistics and a "trusted to deliver" culture aimed at delivering first class customer service. Our strategy is based on unlocking the current London airport capacity constraints through our London Southend Airport by increasing passenger numbers and attracting more airlines as well as improving customer services by expanding our Aviation Services offering and, ultimately, building on our growing reputation. We also continue to enjoy strong performance from our regional airline, Stobart Air."

Results Presentation and Video

A presentation for analysts will be held today at 9.30am at Redleaf Communications, Sky Light City Tower, 50 Basinghall Street, London, EC2V 5DE. Email Stobart@redleafpr.com to confirm your attendance.

Click the link below to see a video of our CEO discussing our highlights for the year.
http://bit.ly/STOB_06_18

Enquiries

Stobart Group Limited Warwick Brady, Chief Executive Officer	c/o Redleaf Communications
Redleaf Communications Charlie Geller	+44 20 3757 6881 Stobart@redleafpr.com

Chairman's Statement

Continuing to invest and grow

We have seen further growth across our operating divisions this year, with profits ahead year on year. Passenger numbers through London Southend Airport have continued to increase and we have also expanded the number of routes from London Southend Airport with a new airline operating with us. Our key Energy processing sites continue to perform well with EBITDA per tonne ahead of target. Our Rail & Civils division remains profitable and is a valued contributor to Group site projects. Realisations in our property and investment portfolios have continued to deliver valuable returns to shareholders. We look forward to another year of success as we continue to implement our strategy.

Strategy and delivery

We have seen continued growth against the Group's strategy for our five divisions.

Highlights include the increase in passenger numbers at London Southend Airport (LSA) by 29% year on year and additional routes being operated by Air Malta, a new airline to our London airport. LSA now offers well over 30 different destinations across continental Europe and the UK. Our programme for investment in initiatives to raise awareness of LSA and for further route development will continue this year. We have also announced the restarting of commercial passenger flights from Carlisle Lake District Airport (CLDA) in June 2018, an exciting new beginning for our second airport.

Our investment in the wider aviation businesses has been seen in the opening of the new Stobart Jet Centre at LSA, providing a premium experience and boosting the capacity available for business aviation flights in London. We have also had further success in Aviation Services and welcomed 129 new employees who transferred to us following the award of a new ground handling contract at London Stansted for easyJet. Stobart Air has increased passenger numbers by 9% and continues to develop good relationships with Aer Lingus and Flybe.

Our Energy division has performed well, with the latest run rates proving the capability to both meet longer term demand and achieve EBITDA per tonne targets. New third party renewable energy plants at Tilbury and Cramlington came onstream during the year. The team has also invested in the development of a new, bespoke end-to-end supply chain IT system.

The significant expertise in our Rail & Civils division is a valued contributor to a number of Stobart Group projects. The division has also won a number of key third party contracts and has delivered EBITDA targets for the year.

Following on from a strong track record in prior years, our Infrastructure division has generated cash of £27.3m from successful disposals in its non-operating property portfolio.

In addition, our new Head Office will shortly be opened at our Widnes site and the newly built offices and terminal located at CLDA will be in use by June. Both office facilities offer the latest technology and are bright and modern working environments for employees from various divisions of the Group.

Our key challenges remain our medium-term targets in capacity growth at LSA which have been hampered with London slots becoming available following the demise of Monarch airlines in what is otherwise a capacity constrained market and delays experienced by Stobart Energy in the commissioning of new third party renewable energy power stations which have impacted short-term volumes. Against these challenges, the Board remains confident that our targets to 2022/23 will be delivered.

Board changes

This year has seen changes to our Board marked by the beginning of Warwick Brady's tenure as Chief Executive and the appointment of Richard Laycock as Chief Financial Officer. The significant progress made in our Aviation division, has been led by Warwick, who has brought significant aviation expertise to the Board. Andrew Tinkler, founder of the Stobart Group, continues to make a most valued contribution to the Board as an Executive Director. We have also started the recruitment process for a new Non-Executive Director in light of John Garbutt's decision to step down from the Board at the conclusion of the 2018 AGM. We anticipate making an announcement in relation to a new appointment shortly. I would like to thank John for his valued contribution to the Group.

As Chairman, I look forward to working with both the new and the existing members of the Board to further progress our strategy and drive growth for shareholders. Our new senior leadership team, representing a successful step in our orderly succession planning for the Board, will continue to grow the business and create long-term shareholder value.

Stobart Capital

We continue to work with Stobart Capital, which was established last year as a dedicated value creation unit, headed by Andrew Tinkler and which operates independently of the Group.

People

On behalf of the Board, I would like to take this opportunity to express my thanks to all the Group's employees for their hard work during the year. The contribution of each employee to the division within which they work and to the Group as a whole is valued and appreciated.

Results for the year

I am pleased to report strong growth in both revenue and underlying EBITDA, which includes £123.9m profit following the partial disposal of our investment in Eddie Stobart Logistics. This year there was a profit before tax for the year of £100.6m and net debt was reduced from £120.7m to £36.6m.

Continuing returns to shareholders

During the year to 28 February 2018, £58.1m was returned to shareholders through dividends. The Board is proposing a final dividend of 4.5p (2017: 4.5p) per ordinary share, totalling £15.6m (2017: £15.9m, paid on 7 July) and giving an increased total dividend payable for the year of 18p (2017: 13.5p) comprising three interim dividends of 4.5p and a final dividend of 4.5p. We will continue to support the funding of the dividend from proceeds of property asset disposals and investment realisations in the short term.

Our strategic path is clear and we look forward to a further successful year working to fulfil our objectives and deliver long-term growth.

Iain Ferguson CBE
Chairman

Chief Executive's Q&A

I am delighted to introduce my first Chief Executive's Q&A since stepping into the role on 1 July 2017. We have made significant progress across the Stobart Group and continue to build on the foundations already in place to create value for shareholders over the long-term. I am looking forward to another year working with the Board and the whole Stobart team to further implement Stobart's strategy.

What have been your highlights for the last year?
I am pleased to say there are many. The partial disposal of our investment in Eddie Stobart Logistics was a notable success, generating a profit of £123.9m. We have seen a 29% increase in passenger numbers at London Southend Airport (LSA), a 9% increase in passenger numbers flying via our airline Stobart Air, the launch of the Stobart Jet Centre and the launch of our flight programme from Carlisle Lake District Airport (CLDA), with flights commencing from June 2018. Stobart Energy is currently operating at a run rate of c1.3 million tonnes p.a. of renewable energy fuel. Stobart Rail & Civils has helped to build the runway and terminal at CLDA, has added value to LSA and contributed to the sourcing of wood for Stobart Energy. Stobart Rail & Civils has also won a number of third party civil engineering contracts in the year.

What have been your priorities since becoming Chief Executive?
I have seen a great opportunity to use the foundations to grow the Group over the next few years. My main priorities have been to set out clear growth targets through to the year 2022/23 for each division and to create a plan to ensure that we attract and retain talented people. These are key to growing the business over the long term.

What are your plans in the aviation sector?
We have identified opportunities arising from airport capacity constraints elsewhere in London and a demand in the market for improved customer experience. We will use our extensive logistics expertise and customer focus to deliver better aviation services in ground handling. Our customer service excellence is seen in LSA by all our passengers and by our guests in the Stobart Jet Centre. For Stobart Air, our regional airline, I want to improve every aspect of the regional air travel experience. In this regard, we intend to invest up to £40m in relation to awareness, route development, branding, marketing and airline incentive deals at LSA. Approximately £10m has already been invested during the year with the remainder of the investment planned to take place over the next three years to February 2021. As part of this, in May 2017, we started operations to 11 additional European destinations through our franchise with Flybe operated by Stobart Air.

How do you plan to grow the Energy division?
We have deployed our logistics experience and expertise to put in place a renewable energy fuel supply chain to deliver renewable energy fuel to third party power plants across the UK. We have also developed a Full Service Solution for plant management to deliver a better and more efficient product to the plant owners. We will focus on sourcing material close to the end user and improve margins and returns in the business.

How does the Rail & Civils division fit within the Stobart Group?
The Stobart Rail & Civils team provides highly specialised services and is very well regarded in the rail industry. In addition, the work that Stobart Rail & Civils carries out on our own fuel storage, processing sites and airports enhances the value of our infrastructure assets. The regular securing of third party civil engineering contracts with the likes of Network Rail also contributes to EBITDA.

How do you plan to add value to the Infrastructure division?
By utilising our resources in the Rail & Civils division we are able to develop land and add warehousing and distribution centres to a number of sites owned by Stobart Group. Stobart Group will, for example, own an area of land set aside as a business park. New facilities such as these increase the attractiveness of the properties rental and sale.

What are your plans for Stobart Group's Investments?
Stobart Group's investment in Eddie Stobart Logistics has continued to perform satisfactorily, reporting a 14% year on year increase in revenues. Our plan is to hold this investment for growth in the short term and to consider realisation at the appropriate point.

What difficulties have you faced in the year?
We have faced two principal challenges during the year. First, commissioning delays at new renewable energy power stations created challenges for the supply chain we have put in place for our Energy division, and we are now working hard to restore the confidence of that supply chain. Second, the failure of a number of European airlines, including Monarch, Alitalia and Air Berlin, impacted our ability to secure new carriers at LSA. Nevertheless, the decision by easyJet to introduce a fourth plane at LSA demonstrates the attractiveness of our airport to airlines that are looking for growth.

What should we look out for in 2018?
Our focus over the next 12 months will be to ensure that we deliver on progressing the key targets. These are to attract more passengers to LSA and to increase deliveries on Stobart Energy contracts. We expect numbers to grow with the new routes launched, with Air Malta commencing from May 2018. We have seen growth in Stobart Aviation Services with the securing of a new contract to provide ground handling services to easyJet at London Stansted, which began on 1 March 2018, and we hope to secure further new contracts in the coming year. We also look forward to commencing passenger flights from CLDA.

Warwick Brady
Chief Executive Officer

Financial Review

We are pleased to report improved underlying profitability, across our operating divisions, and strong returns to shareholders.

Revenue	**2018 £'m**	**2017 £'m**	**Movement**
Energy	63.5	67.7	-6%
Aviation	179.6	28.1	+539%
Rail & Civils	41.0	48.1	-15%
Investments	0.6	–	–
Infrastructure	3.1	6.0	-48%
Eliminations	(45.8)	(20.5)	-123%
	242.0	**129.4**	**+87%**

Revenue has grown by 87.0% to £242.0m, driven by increased revenue in our Aviation division, following the acquisition of the airline, Stobart Air, which had revenue in the year of £119.8m (2017: £5.8m).

Profitability	**2018 £'m**	**2017 £'m**	**Movement**
Underlying EBITDA[1]			
Energy	12.1	10.2	+18%
Aviation	2.9	0.1	+3511%
Rail & Civils	4.4	3.9	+13%
Investments	125.2	9.4	+1235%
Infrastructure	3.9	18.9	-80%
Central function and eliminations	(13.3)	(8.1)	-64%
Underlying EBITDA	**135.2**	**34.4**	**+293%**
Impact of swaps	1.0	1.4	
Impact of foreign exchange	(1.8)	0.6	
Depreciation	(15.3)	(9.4)	
Finance costs (net)	(1.7)	0.4	
Underlying profit before tax	117.4	27.4	+329%
Non-underlying items	(16.8)	(35.4)	
Profit/(loss) before tax	100.6	(8.0)	
Tax	(0.6)	(1.2)	
Profit/(loss) for the year	**100.0**	**(9.2)**	

[1] Underlying EBITDA represents profit/(loss) before tax and before swaps, foreign exchange, interest, depreciation and non-underlying items.

Underlying EBITDA

Underlying Group EBITDA is our key measure of profitability for the business and has grown by 293% to £135.2m. The Investments division made a profit of £123.9m following the disposal of its 49% interest in the parent of Eddie Stobart, Greenwhitestar Holding Company 1 Limited, in April 2017. The Energy division has improved underlying profitability driven by tight cost control and better margin supplies into new plants as planned.

The Aviation division was positively impacted following the acquisition of the airline and aircraft leasing company in February 2017 and the profit on sale and leaseback of the hotel at London Southend Airport (LSA), offset by the investment in awareness, route development, branding, marketing and airline incentive deals at LSA. Infrastructure profitability decreased following the one-off Speke disposal profit of £11.6m in the prior year.

Central function and eliminations has increased principally due to an increase in the share-based payment charge and related charge for LTIPs vesting around the year end, in addition to increases in professional fees and an increase in the elimination of intercompany profits.

Depreciation
Depreciation has increased to £15.3m, mainly due to the acquisition of Propius in February 2017, additional stands and infrastructure at London Southend Airport and the investment in processing sites and equipment within the Energy division.

Finance costs
Finance costs (net) increased from £0.4m income to £1.7m cost, with lower levels of interest received on loans to associates and joint ventures following the acquisition of Everdeal Holdings in February 2017. In addition, Propius incurred £0.4m of loan interest prior to the sale and leaseback of eight ATR-600 aircraft in April 2017 when the associated loans were repaid in full.

Non-underlying items	**2018** **£'m**	**2017** **£'m**
Amortisation of brand	3.9	3.9
Transaction costs/restructuring cost	0.8	2.1
Contract set up costs	9.0	3.0
Litigations and claims	4.1	-
Bad debt (recovery)/write-off	(1.3)	1.9
Impairment of goodwill/credit for business purchase	-	21.6
Share of post-tax profits of associates and JVs:		
Amortisation of contracts	0.2	2.9
	16.7	**35.4**

The charges in relation to the non-cash amortisation of the brands and contracts are expected to continue in future periods. Transaction costs relate to the acquisitions and aborted transactions in the Aviation division. We incurred £3.7m of contract set-up costs in the Energy division in connection with delayed commissioning of biomass plants, and £5.2m in the Aviation division in relation to new route development. The charge for litigations and claims relates to payments in respect of historical matters. Contingent assets relating to any outstanding claims are not recognised unless recovery is considered virtually certain, in accordance with accounting standards. The bad debt recovery relates to a customer that entered administration in the prior year, in the Energy division.

Taxation
The tax charge of £0.6m (2017: £1.2m) reflects a negative effective tax rate of 0.6% (2017: 14.4%). The effective rate is lower than the standard rate of 19.08% mainly due to the profit on disposal of associate and income in respect of the Group's post-tax share of associate results being treated as non-taxable.

Business segments
The business segments reported in the financial statements are unchanged from those reported in the prior year. The segments are Energy, Aviation, Rail & Civils, Infrastructure and Investments, representing the operational and reporting structure of the Group.

Earnings per share
Earnings per share from underlying operations were 32.6p (2017: 8.0p). Total basic earnings per share were 28.7p (2017: 2.7p loss).

Dividends and share disposals

	2018	**2017**
Interim per share	13.5p	9.0p
Final per share	4.5p	4.5p
Total per share	**18.0p**	**13.5p**

The Board has proposed a final dividend of 4.5p per share which, subject to the approval of shareholders at the AGM, will be payable to investors on the record date of 15 June 2018, with an ex-dividend date of 14 June 2018, and will be paid on 6 July 2018.

During the year, the Group sold 1.4 million treasury shares for a net amount of £2.5m and acquired 7.0 million shares for £18.5m net consideration. At the year end there were 5.6 million shares held in treasury.

Balance Sheet	**2018 £m**	**2017 £m**
Non-current assets	486.9	510.4
Current assets	167.2	155.5
Non-current liabilities	(141.4)	(189.6)
Current liabilities	(106.8)	(88.8)
Net assets	**405.9**	**387.5**

The net asset position has increased by £18.4m in the year to £405.9m at 28 February 2018, due to profit in the year offset by dividends paid and purchase of treasury shares during the year.

Non-current assets

Property, plant and equipment (PPE) and investment property of £305.8m (2017: £329.4m) has decreased principally following the sale and leaseback of eight ATR-600 aircraft, offset by the acquisition of three E195 aircraft in Propius.

During the year, £74.1m (2017: £14.5m) of asset investment has been made. This comprises the purchases of PPE, including £43.8m in relation to three E195 aircraft, £14.7m and £6.8m development at London Southend Airport and Carlisle Lake District Airport respectively, offset by net receipts of £0.9m from biomass plant investments.

Investment in associates and joint ventures of £0.3m (2017: £59.2m) has reduced following the disposal of the Group's 49% share of the Eddie Stobart Logistics business. Other financial assets of £63.7m (2017: £nil) represents the 12.5% shareholding in the new AIM-listed Eddie Stobart Logistics business, received as partial consideration following the disposal of our 49% investment in associate.

Amounts owed by associates and joint ventures of £12.6m (2017: £13.4m) represents interest-bearing loans to renewable energy plant investments in which we also hold equity interests.

Intangible assets of £104.4m (2017: £108.4m) include the Stobart and Eddie Stobart brands, and goodwill which principally relates to the Energy division.

Current assets and current liabilities

Current assets include £46.2m (2017: £60.0m) of development land assets. Excluding these assets, the net current assets at the year end total £14.2m (2017: £6.7m).

Debt and gearing

	2018	**2017**
Net debt/(cash)		
- asset-backed finance	£40.0m	£109.5m
- other	(£3.4m)	£11.2m
Total net debt	**£36.6m**	**£120.7m**
Underlying EBITDA/underlying interest	79.0	(87.5)
Gearing	9.0%	31.1%
Operating lease commitments as lessee	£194.7m	£46.1m
Operating lease rentals receivable as lessor	£44.8m	£53.9m

At the year end, the Group held a variable rate committed revolving credit facility with Lloyds Bank plc at £65.0m. On 31 March 2019, this facility reduces to £50.0m until the end date of 31 January 2020. At the year end, the Group has drawn £40.0m (2017: £42.2m) of the £65.0m facility.

Operating lease commitments as lessee increased in the year, following the sale and leaseback of eight ATR 72-600 aircraft and the hotel at London Southend Airport. £106.8m of the operating lease commitments relate to aircraft leases. In addition, the number of processing sites operated under lease within our Energy division increased.

Cash Flow	**2018** **£m**	**2017** **£m**
Operating cash flow	(9.5)	(1.7)
Investing activities	181.0	40.0
Financing activities	(159.0)	(17.5)
Increase in the year	12.5	20.8
At beginning of year	30.6	9.8
Cash at end of year	**43.1**	**30.6**

Operating cash flow in the year was adversely impacted by the cash outflows relating to non-underlying contract set-up costs and litigation and claims, offset by bad debt recoveries, totalling £11.8m.

Net cash inflow from investing activities included the disposal of the Group's 49% share of the Eddie Stobart Logistics business (£111.9m), the sale and leaseback of eight ATR 72-600 aircraft and the hotel at London Southend Airport (£127.5m) and net proceeds from the disposal of PPE and property assets (£18.0m). These inflows were offset by net cash outflows relating to purchase of property, plant and equipment and property inventories (£79.2m).

Net cash outflow from financing activities included the repayment of borrowings, finance leases and the net repayment of the Lloyds RCF (£81.6m), in addition to amounts paid for dividends (£58.1m) and for purchase of treasury shares (£16.6m).

Richard Laycock
Chief Financial Officer

Consolidated Income Statement
For the year ended 28 February 2018

	Year ended 28 February 2018			Year ended 28 February 2017		
	Underlying £'000	**Non-underlying £'000**	**Total £'000**	**Underlying £'000**	**Non-underlying £'000**	**Total £'000**
Continuing operations						
Revenue	241,993	–	241,993	129,403	–	129,403
Gain in value/profit on disposal of investment properties	939	–	939	14,614	–	14,614
Profit on disposal of assets held for sale	3,942	–	3,942	2,747	–	2,747
Profit on disposal of property, plant and equipment	4,200	–	4,200	3,480	–	3,480
Gain on swaps	1,038	–	1,038	1,354	–	1,354
Foreign exchange (losses)/gains	(1,805)	–	(1,805)	595	–	595
Impairment of goodwill/credit for business purchase	–	–	–	–	(21,646)	(21,646)
Other	(258,853)	(16,494)	(275,347)	(134,950)	(10,892)	(145,842)
Total operating expenses	(250,539)	(16,494)	(267,033)	(112,160)	(32,538)	(144,698)
Profit on disposal of investment in associate	123,892	–	123,892	–	–	–
Share of post-tax profits of associates and joint ventures	3,717	(237)	3,480	9,715	(2,839)	6,876
Operating profit/(loss)	**119,063**	**(16,731)**	**102,332**	**26,958**	**(35,377)**	**(8,419)**
Finance costs	(3,411)	–	(3,411)	(2,532)	–	(2,532)
Finance income	1,701	–	1,701	2,925	–	2,925
Profit/(loss) before tax	**117,353**	**(16,731)**	**100,622**	**27,351**	**(35,377)**	**(8,026)**
Tax	(3,746)	3,128	(618)	255	(1,413)	(1,158)
Profit/(loss) for the year	**113,607**	**(13,603)**	**100,004**	**27,606**	**(36,790)**	**(9,184)**
Earnings/(loss) per share expressed in pence per share						
Basic	32.56p		28.66p	8.04p		(2.67)p
Diluted	31.81p		28.00p	8.04p		(2.67)p

Consolidated Statement of Comprehensive Income
For the year ended 28 February 2018

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Profit/(loss) for the year	**100,004**	**(9,184)**
Change in fair value of assets classified as available-for-sale	(7,822)	–
Foreign currency translation differences – equity accounted joint ventures	–	1,848
Interest rate swap – equity accounted associates	–	140
Foreign currency translation differences – equity accounted associates	(45)	878
Equity accounted associates – items recycled to income statement	1,397	–
Equity accounted joint ventures – items recycled to the income statement	(3,006)	–
Exchange differences on translation of foreign operations	(2,103)	219
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent years, net of tax	**(11,579)**	**3,085**
Remeasurement of defined benefit plan	1,311	(3,270)
Tax on items relating to components of other comprehensive income	(226)	556
Other comprehensive income/(expense) not being reclassified to profit or loss in subsequent years, net of tax	**1,085**	**(2,714)**
Other comprehensive (expense)/income for the year, net of tax	**(10,494)**	**371**
Total comprehensive income/(expense) for the year	**89,510**	**(8,813)**

Consolidated Statement of Financial Position
As at 28 February 2018

	28 February 2018 £'000	28 February 2017 £'000
Non-current assets		
Property, plant and equipment	301,142	326,920
Investment in associates and joint ventures	349	59,198
Other financial assets	63,690	-
Investment property	4,700	3,150
Intangible assets	104,420	108,358
Trade and other receivables	12,634	13,401
	486,935	**510,397**
Current assets		
Inventories	51,801	63,728
Trade and other receivables	65,427	48,066
Cash and cash equivalents	43,108	30,653
Assets held for sale	6,900	13,106
	167,236	**155,553**
Total assets	**654,171**	**665,950**
Non-current liabilities		
Loans and borrowings	(63,023)	(133,072)
Defined benefit pension scheme	(3,652)	(5,705)
Other liabilities	(47,259)	(21,600)
Deferred tax	(19,435)	(21,083)
Provisions	(8,093)	(8,176)
	(141,462)	**(189,636)**
Current liabilities		
Trade and other payables	(80,820)	(61,487)
Loans and borrowings	(16,710)	(18,287)
Corporation tax	(8,384)	(7,098)
Provisions	(875)	(1,908)
	(106,789)	**(88,780)**
Total liabilities	**(248,251)**	**(278,416)**
Net assets	**405,920**	**387,534**
Capital and reserves		
Issued share capital	35,434	35,434
Share premium	301,326	301,326
Foreign currency exchange reserve	(1,884)	2,766
Reserve for own shares held by employee benefit trust	(330)	(330)
Retained earnings	71,374	48,338
Group shareholders' equity	**405,920**	**387,534**

Consolidated Statement of Changes in Equity
For the year ended 28 February 2018

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Reserve for own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2017	35,434	301,326	2,766	(330)	48,338	387,534
Profit for the year	–	–	–	–	100,004	100,004
Other comprehensive expense for the year	–	–	(4,650)	–	(5,844)	(10,494)
Total comprehensive (expense)/income for the year	–	–	(4,650)	–	94,160	89,510
Employee benefit trust	–	–	–	–	513	513
Share-based payment credit	–	–	–	–	1,678	1,678
Tax on share-based payment credit	–	–	–	–	792	792
Sale of treasury shares	–	–	–	–	2,500	2,500
Purchase of treasury shares	–	–	–	–	(18,483)	(18,483)
Dividends	–	–	–	–	(58,124)	(58,124)
Balance at 28 February 2018	**35,434**	**301,326**	**(1,884)**	**(330)**	**71,374**	**405,920**

Consolidated Statement of Changes in Equity
For the year ended 28 February 2017

	Issued share capital £'000	Share premium £'000	Foreign currency exchange reserve £'000	Reserve for own shares held by EBT £'000	Retained earnings £'000	Total equity £'000
Balance at 1 March 2016	35,434	301,326	(179)	(330)	77,418	413,669
Loss for the year	–	–	–	–	(9,184)	(9,184)
Other comprehensive income/(expense) for the year	–	–	2,945	–	(2,574)	371
Total comprehensive income/(expense) for the year	–	–	2,945	–	(11,758)	(8,813)
Employee benefit trust	–	–	–	–	587	587
Share-based payment credit	–	–	–	–	1,000	1,000
Tax on share-based payment credit	–	–	–	–	857	857
Sale of treasury shares	–	–	–	–	15,042	15,042
Purchase of treasury shares	–	–	–	–	(81)	(81)
Dividends	–	–	–	–	(34,727)	(34,727)
Balance at 28 February 2017	**35,434**	**301,326**	**2,766**	**(330)**	**48,338**	**387,534**

Consolidated Statement of Cash Flows
For the year ended 28 February 2018

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Cash used in continuing operations	**(9,335)**	**(1,720)**
Income taxes paid	(215)	–
Net cash outflow from operating activities	**(9,550)**	**(1,720)**
Purchase of property, plant and equipment and investment property	(75,058)	(14,496)
Purchase of property inventories	(4,098)	–
Proceeds from the sale of property inventories	3,356	–
Proceeds from grants	–	3,925
Proceeds from the sale of property, plant and equipment and investment property	6,772	47,063
Proceeds from disposal of assets held for sale	7,916	7,328
Acquisition of subsidiary undertakings (net of cash acquired and fees)	–	7,664
Movement in maintenance reserves	10,296	–
Proceeds from sale and leaseback (net of fees)	127,473	–
Refundable deposit advanced	(4,759)	(1,618)
Distributions from joint ventures	–	2,926
Non-underlying transaction costs	(1,962)	(400)
Equity investment in associates and joint ventures	–	(12,455)
Proceeds from disposal of associate	111,931	–
Net amounts received from joint ventures	937	–
Other loans advanced	(2,000)	–
Interest received	216	302
Cash outflow from discontinued operations	(18)	(235)
Net cash inflow from investing activities	**181,002**	**40,004**
Dividend paid on ordinary shares	(58,124)	(34,727)
Repayment of capital element of finance leases	(12,365)	(10,942)
Repayment of borrowings	(66,792)	–
Net (repayment of)/drawdown from revolving credit facility	(2,420)	15,197
(Repurchase)/sale of treasury shares, net of costs	(16,568)	14,961
Interest paid	(2,728)	(1,978)
Net cash outflow from financing activities	**(158,997)**	**(17,489)**
Increase in cash and cash equivalents	12,455	20,795
Cash and cash equivalents at beginning of year	30,653	9,858
Cash and cash equivalents at end of year	**43,108**	**30,653**

Notes to the Consolidated Financial Statements
For the year ended 28 February 2018

Accounting Policies of Stobart Group Limited

Basis of Preparation and Statement of Compliance
The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) as adopted by the European Union ('adopted IFRSs'). The financial information set out above does not constitute the company's statutory accounts. The information presented is an extract from the audited consolidated Group statutory accounts.

The financial statements of the Group are also prepared in accordance with the Companies (Guernsey) Law 2008. Stobart Group Limited is a Guernsey registered company. The Company's ordinary shares are traded on the London Stock Exchange.

Going concern
The Group has considerable resources, including a non-operating property and investment portfolio and a significant shareholding in Eddie Stobart Logistics plc both of which are available for realisation, together with contracts with a number of customers and suppliers. The financial forecasts show that the Group's remaining borrowing facilities are adequate such that the Group can operate within these facilities and meet its obligations when they fall due, for at least 12 months from the date of the financial statements.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Segmental information
The reportable segment structure is determined by the nature of operations and services. The operating segments are Stobart Energy, Stobart Aviation, Stobart Rail & Civils, Stobart Investments and Stobart Infrastructure.

The Stobart Energy segment specialises in the supply of sustainable biomass for the generation of renewable energy. The Stobart Aviation segment specialises in the operation of commercial airports, airline operations and aircraft leasing. The Stobart Rail & Civils segment specialises in delivering internal and external civil engineering development projects including rail network operations.

The Stobart Investments segment holds a non-controlling interest in a transport and distribution business. The Stobart Infrastructure segment specialises in management, development and realisation of a portfolio of property assets as well as investments in biomass energy plants.

The Executive Directors are regarded as the Chief Operating Decision Maker. The Directors monitor the results of each business unit separately for the purposes of making decisions about resource allocation and performance assessment. The main segmental profit measure is underlying EBITDA, which is calculated as profit/(loss) before tax, interest, depreciation, amortisation, foreign exchange, swaps and non-underlying items.

Income taxes, finance costs and certain central costs are managed on a Group basis and are not allocated to operating segments.

Year ended 28 February 2018	Energy £'000	Aviation £'000	Rail £'000	Investments £'000	Infrastructure £'000	Adjustments and eliminations £'000	Group £'000
Revenue							
External	54,697	162,319	16,253	626	2,402	5,696	241,993
Internal	8,796	17,268	24,701	–	724	(51,489)	–
Total revenue	**63,493**	**179,587**	**40,954**	**626**	**3,126**	**(45,793)**	**241,993**
Underlying EBITDA	**12,041**	**2,925**	**4,408**	**125,229**	**3,870**	**(13,311)**	**135,162**
Foreign exchange gains and losses	11	152	–	–	–	(1,968)	(1,805)
Gain on swaps	–	–	–	–	–	1,038	1,038
Depreciation	(6,538)	(6,872)	(1,089)	–	(619)	(214)	(15,332)
Interest	(499)	(801)	(201)	–	1,102	(1,311)	(1,710)
Underlying profit/(loss) before tax	**5,015**	**(4,596)**	**3,118**	**125,229**	**4,353**	**(15,766)**	**117,353**
New business and new contract set up costs	(3,756)	(5,175)	–	–	(106)	–	(9,037)
Transaction costs	–	–	–	–	(16)	(750)	(766)
Bad debt recovery	1,305	–	–	–	–	–	1,305
Litigation and claims	–	–	(4,058)	–	–	–	(4,058)
Amortisation of acquired intangibles	(221)	–	–	–	–	(3,717)	(3,938)
Non-underlying items included in share of post-tax profits of associates and joint ventures	–	–	–	(237)	–	–	(237)
Profit/(loss) before tax	**2,343**	**(9,771)**	**(940)**	**124,992**	**4,231**	**(20,233)**	**100,622**

Year ended 28 February 2017	Energy £'000	Aviation £'000	Rail £'000	Investments £'000	Infrastructure £'000	Adjustments and eliminations £'000	Group £'000
Revenue							
External	60,811	27,499	30,527	–	5,532	5,034	129,403
Internal	6,905	599	17,547	–	493	(25,544)	–
Total revenue	**67,716**	**28,098**	**48,074**	–	**6,025**	**(20,510)**	**129,403**
Underlying EBITDA	**10,217**	**81**	**3,919**	**9,378**	**18,934**	**(8,143)**	**34,386**
Foreign exchange gains and losses	25	26	–	–	–	545	596
Gain on fuel swaps	–	–	–	–	–	1,354	1,354
Depreciation	(3,794)	(4,186)	(1,045)	–	(84)	(269)	(9,378)
Interest	8	(533)	(179)	–	1,613	(516)	393
Underlying profit/(loss) before tax	**6,456**	**(4,612)**	**2,695**	**9,378**	**20,463**	**(7,029)**	**27,351**
New business and new contract set up costs	(2,999)	–	–	–	–	–	(2,999)
Restructuring costs	(83)	–	–	–	–	–	(83)
Transaction costs	–	–	–	–	–	(2,003)	(2,003)
Bad debt write-off	(1,869)	–	–	–	–	–	(1,869)
Amortisation of acquired intangibles	(221)	–	–	–	–	(3,717)	(3,938)
Impairment of goodwill/credit for business purchase	–	–	–	–	–	(21,646)	(21,646)
Non-underlying items included in share of post-tax profits of associates and joint ventures	–	–	–	(2,839)	–	–	(2,839)
Profit/(loss) before tax	**1,284**	**(4,612)**	**2,695**	**6,539**	**20,463**	**(34,395)**	**(8,026)**

No segmental assets or liabilities information is disclosed because no such information is regularly provided to, or reviewed by, the Chief Operating Decision Maker.

Inter-segment revenues are eliminated on consolidation. Included in adjustments and eliminations are net central costs of £15,062,000 (2017: £6,765,000) and an intra-group profit of £704,000 (2017: £264,000). There is also external income within adjustments and eliminations which comprises brand licence income, merchandising income and income from other business services.

Profit on disposal of investment in associate

On 25 April 2017, the Group disposed of its 49% investments in Greenwhitestar Holdings Company 1 Limited and Greenwhitestar Finance Limited for consideration comprising cash of £111.9m and a 12.5% shareholding in Eddie Stobart Logistics plc. This disposal generated £123.9m profit on disposal.

Eddie Stobart Logistics plc was admitted to AIM on 25 April 2017 and the 12.5% investment was valued at £71.5m on admission, which was equivalent to 160p per share.

Non-Underlying Items

Non-underlying items included in the Consolidated Income Statement comprise the following:

Operating expenses	**2018 £'000**	**2017 £'000**
New business and new contract set up costs	9,037	2,999
Transaction costs	766	2,003
Restructuring costs	-	83
Bad debts	(1,305)	1,869
Litigation and claims	4,058	-
Amortisation of acquired intangibles	3,938	3,938
Impairment of goodwill/credit for business purchase	-	21,646
	16,494	**32,538**

Share of post-tax profits of associates and joint ventures	**2018 £'000**	**2017 £'000**
Amortisation of acquired intangibles	237	2,839
	237	**2,839**

New business and new contract set-up costs comprise costs of investing in major new business areas or major new contracts to commence or accelerate development of our business presence. The costs in the current year were (i) pre-contract costs and excess costs incurred due to delays in customer plants becoming operational in the Energy division and (ii) marketing and support costs in relation to introducing 11 additional routes at London Southend Airport, operated by our regional airline.

Transaction costs comprise costs of making investments or costs of financing transactions that are not permitted to be debited to the cost of investment or as issue costs. These costs include costs of any aborted transactions.

Restructuring costs comprise costs of integration plans and other business reorganisation and restructuring undertaken by management. Costs include cost rationalisation, site closure costs, certain short-term duplicated costs and other costs related to the reorganisation and integration of businesses. These are principally expected to be one-off in nature.

The bad debts in the prior year relate to a significant receivable, written off due to the customer entering administration. Part of this bad debt write-off was reversed in the current year following partial recovery.

The charge for litigation and claims includes payments in respect of historic matters. Contingent assets relating to any outstanding claims are not recognised unless recovery is considered virtually certain, in accordance with accounting standards.

Amortisation of acquired intangibles comprises the amortisation of intangible assets including those identified as fair value adjustments in acquisition accounting. The charge in the year is principally in connection with amortisation of the brand assets.

Non-underlying items included in the share of post-tax profits of associates and joint ventures all relate to the investment in Greenwhitestar Holding Company 1 Limited. Amortisation of acquired intangibles includes amortisation of the customer relationships.

Dividends

Dividends paid on ordinary shares	**2018 Rate p**	**2018 £'000**	**2017 Rate p**	**2017 £'000**
Interim dividend paid 19 January 2018	4.5	15,842	-	-
Interim dividend paid 6 October 2017	4.5	15,842	-	-
Final dividend for 2017 paid 7 July 2017	4.5	15,810	-	-
Interim dividend paid 3 April 2017	3.0	10,630	-	-
Interim dividend paid 20 January 2017	-	-	3.0	10,630
Interim dividend paid 7 October 2016	-	-	3.0	10,327
Final dividend for 2016 paid 8 July 2016	-	-	4.0	13,770
	16.5	**58,124**	**10.0**	**34,727**

An interim dividend of 4.5p per share totalling £15,628,000 was paid on 13 April 2018. A final dividend of 4.5p per share totalling £15,628,000 was declared on 10 May 2018 and subject to shareholder approval will be paid on 6 July 2018. Neither of these dividends are recognised as a liability as at 28 February 2018.

Financial Assets and Liabilities

Loans and borrowings	**2018 £'000**	**2017 £'000**
Non-current		
Fixed rate:		
- Obligations under finance leases and hire purchase contracts	14,873	7,847
- Bank loans	-	64,269
Variable rate:		
- Obligations under finance leases and hire purchase contracts	8,466	19,252
- Bank loans	39,684	41,704
	63,023	**133,072**
Current		
Fixed rate:		
- Obligations under finance leases and hire purchase contracts	3,932	1,401
- Bank loans	-	6,975
Variable rate:		
- Obligations under finance leases and hire purchase contracts	12,778	9,911
	16,710	**18,287**
Total loans and borrowings	**79,733**	**151,359**
Cash	43,108	30,653
Net debt	**36,625**	**120,706**

Fixed rate bank loans, denominated in USD, totalling £66,792,000 were fully repaid in April 2017, following the sale and leaseback of eight ATR 72-600 aircraft.

The obligations under finance leases and hire purchase contracts are taken out with various lenders at fixed or variable interest rates prevailing at the inception of the contracts. During the year, £13,855,000 of new finance leases were taken out, £12,365,000 repayments made and £148,000 relating to the unwind of discounting.

During the year, there were no changes made to the £65,000,000 variable rate committed revolving credit facility with a facility end date of January 2020. This facility was drawn at £40,000,000 (2017: £42,200,000) at the year end, with net cash repayments in the year of £2,420,000 offset by £400,000 of non-cash foreign exchange movements and release of deferred issue costs.

The Group was in compliance with all financial covenants throughout both the current and prior year.

Note to the Consolidated Cash Flow Statement

	Year ended 28 February 2018 £'000	Year ended 28 February 2017 £'000
Profit/(loss) before tax	**100,622**	**(8,026)**
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Non-cash:		
Gain in value of investment properties	(939)	(2,898)
Realised profit on sale of property, plant and equipment and investment properties	(136)	(15,196)
Share of post-tax profits of associates and joint ventures accounted for using the equity method	(474)	(6,876)
Profit on disposal of/gain in value of assets held for sale	(3,942)	(2,747)
Profit on disposal of associate	(123,892)	–
Profit on sale and leaseback	(4,064)	–
Profit on sale of property inventories	(540)	–
Release of deferred profit on sale and leaseback	(404)	(772)
Depreciation of property, plant and equipment	15,332	9,378
Finance income	(1,701)	(2,925)
Finance costs	3,411	2,532
Release of grant income	(890)	(313)
Release of deferred premiums	(2,346)	(3,045)
Impairment of goodwill/credit for business purchase	–	21,646
Amortisation of intangibles	3,938	3,938
Charge for share based payments	1,678	1,000
Recycling of other comprehensive income amounts on disposal of associate	(3,006)	–
Foreign exchange retranslation	30	–
Gain on swaps mark to market valuation	(971)	(1,820)
Retirement benefits and other provisions	(1,398)	–
Working capital adjustments:		
(Increase)/decrease in inventories	(1,789)	215
(Increase)/decrease in trade and other receivables	(9,867)	5,767
Decrease/(increase) in trade and other payables	22,013	(1,578)
Cash used in continuing operations	**(9,335)**	**(1,720)**

Related parties

Relationships of common control or significant influence

WA Developments International Limited is owned by W A Tinkler. During the year, the Group made purchases of £170,000 (2017: £344,000) relating to the provision of passenger transport and the Group levied recharges of £87,000 (2017: £38,000) relating to the recovery of staff costs and expenses to WA Developments International Limited. £75,000 (2017: £nil) was due from and £7,000 (2017: £nil) was due to WA Developments International Limited at the year end.

Apollo Air Services Limited is owned by W A Tinkler. During the year, the Group made purchases of £368,000 (2017: £388,000) relating to the provision of passenger transport and sales of £396,000 (2017: £35,000) relating to fuel to Apollo Air Services Limited. £56,000 (2017: £nil) was owed by the Group and £202,000 (2017: £7,000) was owed to the Group by this company at the year end.

During the year, the Group made purchases of £nil (2017: £2,000) and sales of £34,000 (2017: £9,000) to WA Tinkler Racing, a business owned by W A Tinkler, relating to car hire. £3,000 (2017: £2,000) was owed to the Group and £nil (2017: £nil) was owed by the Group at the year end.

During the year, transactions with close family members of W A Tinkler totalled £31,000 (2017: £33,000).

During the year, the Group made purchases of £600,000 (2017: £nil) and sales of £11,000 (2017: £nil) to Stobart Capital Limited, a business part owned by W A Tinkler, relating to investment management. £3,000 (2017: £nil) was owed to the Group and £150,000 (2017: £nil) was owed by the Group at the year end.

Associates and joint ventures

The Group had loans, not part of the net investment, outstanding from its associate interest, Shuban Power Limited, of £5,332,000 (2017: £5,250,000) at the year end, disclosed within trade and other receivables in non-current assets. The interest outstanding at the year-end was £1,475,000 (2017: £1,475,000) and is disclosed within trade and other receivables. The loans are unsecured, will be settled in cash and have no fixed repayment date.

The Group had loans, not part of the net investment, outstanding from its associate interest, Shuban 6 Limited, of £nil (2017: £849,000) at the year end, disclosed within trade and other receivables in non-current assets. The interest outstanding at the year-end was £nil (2017: £112,000) and is disclosed within trade and other receivables. The loan was settled in the year.

The Group had loans, not part of the net investment, outstanding from its associate interest, Mersey Bioenergy Holdings Limited, of £7,302,000 (2017: £7,302,000) at the year end. This balance is disclosed within trade and other receivables in non-current assets. The interest outstanding at the year-end was £3,451,000 (2017: £1,967,000) and is disclosed within trade and other receivables. The loans are unsecured, have a ten-year term ending in November 2024 and will be settled in cash.

During the year, the Group made sales of £5,413,000 (2017: £nil) to Mersey Bioenergy Ltd (a subsidiary of Mersey Bioenergy Holdings Limited) relating to the sale of material. At the year end, £1,265,000 (£nil) was owed to the Group.

There were no other balances between the Group and its joint ventures and associates during the current or prior year. All loans are unsecured and all sales and purchases are settled in cash on the Group's standard commercial terms.

Post balance sheet events

There were no other events after the reporting period that are material for disclosure in the financial statements.