Stobart Group – Delivering sustainable multimodal logistics solutions

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Abstract
Stobart Group provides road, rail, sea and air transport and logistics solutions to its customers, employing over 5,300 people and operating more than 1900 tractor units, 3,000 trailers and around 6 million square feet of high specification warehousing at sought after locations across the UK. Stobart Group aims to optimise its fleet utilisation to reduce environmental waste whilst at the same time improve its carbon footprint.

Biography
Richard Butcher joined Eddie Stobart in 1997 after 14 years with HSBC Corporate Finance and since has been closely involved in a wide range of Stobart business activities. Richard has held a number of key positions within the business, including Managing Director of Eddie Stobart. Richard played a key role in the development of property assets, with particular emphasis on the Widnes and Runcorn sites, property purchase and disposal, as well as building customer relationships and managing the Group’s insurance. Moving to the Group Executive Board, he was appointed as Deputy Chief Executive Officer in 2009.
‘Delivering Sustainable Multimodal Solutions’

Imperial College, London

Wednesday 27 October 2010
Overview

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Stobart Group History

1960
Founder, Eddie Stobart goes into business as an agricultural contractor in Hesket Newmarket/Caldbeck.

1970
The business incorporates, becoming Eddie Stobart Ltd, on 23 November.

1970s
Eddie Stobart's son Edward drives the company transition from an agricultural contracting business into road transport and warehousing.

1979
Eddie's youngest son, William, joins the business.

1980s-90s
The business expands rapidly, opening depots across the UK.

2001
William leaves Eddie Stobart to become a shareholder in WA Developments.

2004
WA Developments International acquires Eddie Stobart Ltd. William and Andrew implement significant changes, introducing a revolutionary new Costing model.

2005
Large investment made in IT infrastructure and new livery is introduced.

2006
The first Stobart Rail freight service is launched.

2007
The LSE-listed Stobart Group Ltd is formed through a reverse merger with Westbury Development Fund.

2008
WA Developments and James Irlam Logistics is acquired by Stobart Group.

2008
Innovate chilled business is acquired from administration.

2008
London Southend Airport is acquired.

2009
Stobart Group enters FTSE 250 category of leading businesses.

2009
Carlisle Airport is acquired.

2009
Stobart Rail launches its first international rail freight service operating between Spain and the UK.

2010
Stobart Group takes a controlling interest in a major new venture with AW Jenkinson – Stobart Biomass Products Ltd.

2010
Eddie Stobart celebrates its 50th anniversary on 23 November.
Spring 2010 saw Stobart Group pursue breaking new ground by taking a controlling interest in a new joint venture with A.W. Jenkinson Forest Products, the UK’s leading supplier of Biomass Fuels.

The new company, Stobart Biomass Products Limited, sources sustainable Biomass, primarily waste wood, for the new generation of minimum-carbon power plants.

Around 40% of the cost of biomass fuel relates to transport and logistics. When coupled with the fact that importation of biomass is already on the increase, the benefits and synergies with Stobart’s road, rail and port assets are undeniable.
Company Statistics

- 36 Depots
- 6 million sq ft warehousing
- 1900 Vehicles/3000 Trailers
- 5300 Employees
- £447m Turnover for 2009/10
Strategy – Delivering ‘The Vision’

- Leveraging Brand Value
- Forming Partnerships with Customers
- Delivering Operational Synergies
- Developing Systems & Technologies
- Organic Growth Existing & New Customers
- Developing Assets in Air & Ports Divisions
- Acquisitions & Disposals
Strategy ‘In Action’ – Multi Modal Logistics Solution

Stobart Strategy for ALL customers to be on the full Multimodal Offering

- Ports, Rail & Air
  - MSC
  - FREIGHTLINK
  - MAERSK
  - SUTTONS
  - BORD NA MÔNA

- Road Transport
  - Coca-Cola
  - TESCO
  - Johnson & Johnson

- Warehousing & Value Added
  - P&G

The future of multimodal logistics

Stobart Group
Revenue Growth

![Bar chart showing revenue growth from 2004 to 2010. Revenue increased significantly from 2004 to 2007, with a sharp increase in 2008 and continued growth in 2009 and 2010.]
Profit Growth

The future of multimodal logistics

Stobart Group

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London
Stobart Group Core Values

• **Safety is Paramount**
  Every element of the Group places safety at the top of its list of priorities. As a result, Stobart Group as a whole has an exceptional record for safety.

• **Attention to Detail**
  The Eddie Stobart brand has built its reputation through a commitment to courteous drivers, high quality fleet and exceptional levels of service.

• **Strategic Investment**
  Stobart Group has a rolling programme of strategic investment that has allowed the Group to make highly successful developmental strides into Chilled Transport, Cross-Docking, Ports and Airports.

• **Administration**
  Good business housekeeping and centralised administration ensures that the four core businesses work as a coherent, efficient whole.

• **Positive about People**
  Stobart Group values its people and invests heavily in their careers, resulting in exceptional levels of loyalty and employee retention.
Stobart Group Core Values

• **The Environment**
  Exemplary environmental credentials driven by highly efficient shared user transport protocols that minimises waste.

• **Warehouse Technology**
  Heavy investment in market leading WMS technology has allowed the business to deliver 100% real time traceability of products.

• **Employees/Career Development**
  High proportion of Stobart Management/Directors have been developed and promoted from within ensuring a deep understanding of the business. Developing employees’ full potential through training is a core principal of the Group that has led directly to the success of the business and loyalty of its people.

• **Effective Planning**
  Planners are quick thinking professionals who use latest GTS technology to achieve best OTIF figures in the business.

• **Stobart Drivers**
  Our highly experienced, professional drivers benefit from an extensive development programme. All of our drivers will be CPC qualified by the end of October 2010.

• **Stobart Rail**
  Benefitting from well qualified, experienced team of operators, the Infrastructure Engineering activities of Stobart Rail have the best safety record in the industry.
Positive about the Environment

From Road to Rail
Stobart Rail’s successful freight trains represent a major positive environmental development, resulting in **33.8 million fewer road miles travelled by trucks/22,400 fewer tonnes of emissions**. 2009 saw the launch of a new chilled service between southern Spain and the UK. This should run 3 times per week by the end of 2010, saving 17.76 million road kilometres per annum/16,506 tonnes of emissions.

Efficiency Through Shared Use
Driven by our shared user model, Stobart has achieved a **10% annual reduction in empty running over the last 5 years.** For every 1% of increased utilisation, carbon emissions are reduced by 1,107 tonnes.

Better Driving Practices
Stobart’s intensive SAFED driver training programme, coupled with advanced in-cab electronic monitoring of driving technique has resulted in better driving practices. As a result Stobart will achieve one of the best 44 tonne gross fuel consumption records in the industry.
Positive about the Environment

Innovative Environmental Trailer
Stobart has proposed a unique solution to significantly reducing pollution, whilst cutting the number of haulage vehicles on the road. The trailer can carry up to 8% more pallets and 13% more caged goods. The design has been exclusively tested for Stobart by MIRA, confirming it is fully compliant with current legislation.

Investing in Fuel of the Future
Use of Biomass is a key element in the UK Government’s strategy to increase power generation using cleaner renewable energy sources and is targeted to satisfy up to 25% of the UK’s total energy needs by 2020. Stobart Biomass Products Ltd is able to provide this.

Positive about Recycling
Strong emphasis on recycling in all of our operations. Even the 5 truck washes, keeping our fleet immaculate throughout the UK, use recycled water.

Consolidation for Efficiency
Cross-Dock facilities throughout the network enables a wide range of chilled produce to be consolidated into mixed loads for delivery direct to retail sites, thus reducing road miles.
Stobart’s ‘Pay As You Go’ Shared User System

The Stobart journey is split into 4 distinct elements so that potential **client** cost savings can be achieved through better efficiency:

- **A** Loading
  - Less Time
  - Less Cost

- **B** Travelling Time
  - Eddie Stobart Responsibility

- **C** Unloading
  - Less Time
  - Less Cost

- **D** Travelling Time
  - To Next Collection Point

The Customer only pays for the volume being moved. No core fleet cost.

If the Client can consistently reduce their loading/unloading times, they will be charged less and if they can locate a closer next collection point than the Stobart nominated site, further savings can be made.
Efficiency Through Technology

- **Stringent, meaningful KPI’s - On Time In Full (OTIF)**
  Complete delivery in the agreed time frame.

- **Real-Time satellite tracking – Isotrak**
  Location of vehicle is known at all times, ensuring client is made aware of any unexpected delays.

- **Shared User Efficiency**
  Shared user protocols and load consolidation has helped Stobart cut wasteful, expensive empty miles and reduced CO2 emissions.

- **Integration of Data**
  Isotrak provides exact location and direction of travel of the vehicle and its load, as well as proof of delivery (POD’s) and pallet data.
Drivinig Fuel Efficiency

Stobart’s recently launched Driving Fuel Efficiency initiative is playing a key role in helping to reduce Stobart Group’s carbon footprint, whilst helping to cut transport costs. The SAFED (Safe and Fuel Efficient Driving) driving programme encourages best practice at all times and our drivers are genuinely rewarded for their positive contribution to the environment and the cost savings that fuel efficiency delivers. The four key performance indicators are:

- **Keeping revs in the green**
- **Maximising use of cruise control**
- **Cutting out wasteful engine idling**
- **Minimised harsh use of brakes**
The weekly rail service commences in Valencia, where 30 loaded sealed containers, collected from customers and consolidated sites by Stobart, are transferred to rail. **Only 52 hours after departure from Valencia, the train arrives at Barking.** Once changeover is complete, the train returns on the same route, arriving in Spain 50 hours later.

When the Stobart Rail Spanish service is operating at three trains per week, it will save **17,760,000 road kilometres per year, cutting harmful CO2 emissions by 16,506 tonnes annually compared to road.**
Stobart Rail Infrastructure Engineering is one of the UK’s leading names in rail network maintenance, repair and improvement.

The company is active across the UK in delivering earthworks, structures, bridge replacement, permanent way, drainage and line side infrastructure works.

Stobart Rail holds a Network Rail Principle Contractor’s Licence allowing it to work independently on Network Rail infrastructure.

Stobart Rail operates an award-winning training school; ensuring all operatives and staff are qualified to the very highest standards.

Stobart Rail is playing a key role in the development of the new rail station which will be operated by the Group at Stobart Air’s London Southend Airport.
The future of multimodal logistics

Stobart Developments - Developing Assets - Widnes
Developing Assets - Widnes

Phase One was developed from being a derelict brown field site to completion in just 12 months and is now occupied by Tesco with 100% renewable energy supply on site:

- Comprehensive design and planning service
- Development funding
- Facility construction from planning to commissioning
- Planning and installation of racking
- Fit-out of offices
- Installation of refrigeration systems
- Installation of on-site security, CCTV and sprinklers
During an extremely demanding 12 week programme, Stobart Developments carried out an extensive scope of works, in-time and within budget:

- Design and installation of a 50kn floor slab
- Installation of category 5 lighting
- Installation of high-level and in-rack sprinkler system
- Fit-out of offices and driver welfare
- Construction of three storey in-warehouse operations office and toilet block
- New gatehouse construction, external lighting and CCTV
- Racking installation in warehouse
- Construction of an MHE battery charging and maintenance area
- Installation of access control system

This is a prime example of the synergies in partnering and the opportunities for both parties.
Stobart Ports represents the **container handling** and **port operations** arm of Stobart Group.

The Division operates the **Mersey Multimodal Gateway (3MG)**, a major inland port at Widnes, with direct rail services to the key west coast mainline.

Stobart Ports are also developing the **Mersey Gateway Port at the Manchester Ship Canal/River Mersey junction**.

Both sites benefit from excellent road transport links via the M6, M62 and M56 and the soon to be constructed Mersey Gateway Bridge.
The future of multimodal logistics

Stobart Air - London Southend Airport

- Acquired in 2008

- Planning permission granted Jan 2010 for extension to runway.

- £30m Capital expenditure programme for runway extension, new control tower, railway station, car park and terminal building.

- Railway station will be completed in October/November 2010.

- Runway completion planned for July 2011 in time for 2012 Olympics.

- Growth plans for 2 million passengers in 2015.

- Airfreight opportunities for Stobart Group customers.
Government 2020 targets to reduce the UK’s Carbon Footprint aim to push use of ‘Renewables’ up from a current 8% to a substantial 31% share of the total energy generation market.

Based on 2008 figures, about 80% of this increasing renewables share will be supplied by Biomass Fuels, equating to around 25% of the total energy produced in the UK.