

Imperial College London

Stobart Group – Delivering sustainable multimodal logistics solutions

Mr. Richard Butcher from Stobart Group plc

Wednesday, 27 October 2010 - 16:00

Location: Room 610, Skempton (Civil Eng.) Bldg, Imperial College London

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.

Stobart Group

'Delivering Sustainable Multimodal Solutions'

Imperial College, London

Wednesday 27 October 2010

Overview

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- Stobart Rail
- Stobart Developments
- Stobart Ports
- Stobart Air
- Stobart Biomass

Stobart Group History

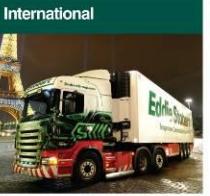


- 2006** Eddie Stobart Rail gets 250 new locomotives
- 1970** The business reincorporates, becoming Eddie Stobart Ltd, on 23 November
- 2003** Eddie Stobart Group Ltd becomes a limited company. Eddie Stobart Ltd becomes a limited company with Westbury Business Park, Newmarket/Caldbeck
- 2009** Eddie Stobart franchises Agricultural International
- 2011** Eddie Stobart develops its rail franchise in Spain and Portugal
- 2012** Eddie Stobart Ltd. William and Andrew Irlam implement WAI Developments and James Irlam
- 2013** Eddie Stobart joins the Stobart Group under the business name Eddie Stobart Group Ltd. Eddie Stobart Group joins the business using a new model structure with AW Jenkinson – AW Jenkinson becomes Eddie Stobart Group Ltd.
- 2008** Eddie Stobart Private Limited business is acquired from administration
- 2005** Large investment made in IT infrastructure
- 2010** Eddie Stobart celebrates its 40th anniversary
- 2008** Eddie Stobart acquires S231 Newmarket Airport is acquired

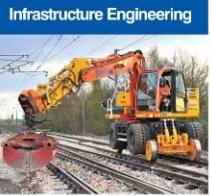
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Stobart Group Divisions

Eddie Stobart



Stobart Rail



Stobart Ports



Stobart Air



Stobart biomass products

Spring 2010 saw Stobart Group plc 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.

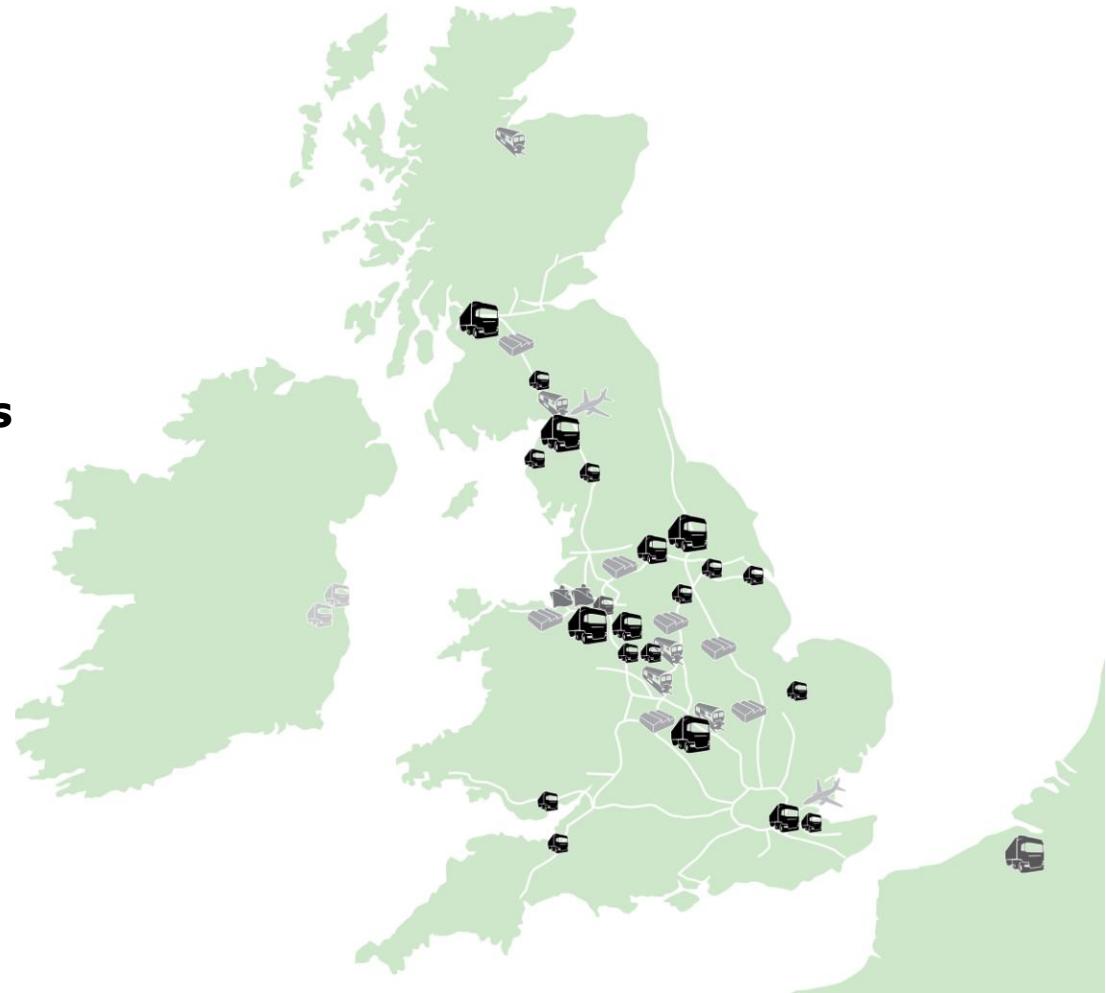


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Stobart Group

Company Statistics

- **36 Depots**
- **6 million sq ft warehousing**
- **1900 Vehicles/3000 Trailers**
- **5300 Employees**
- **£447m Turnover for 2009/10**



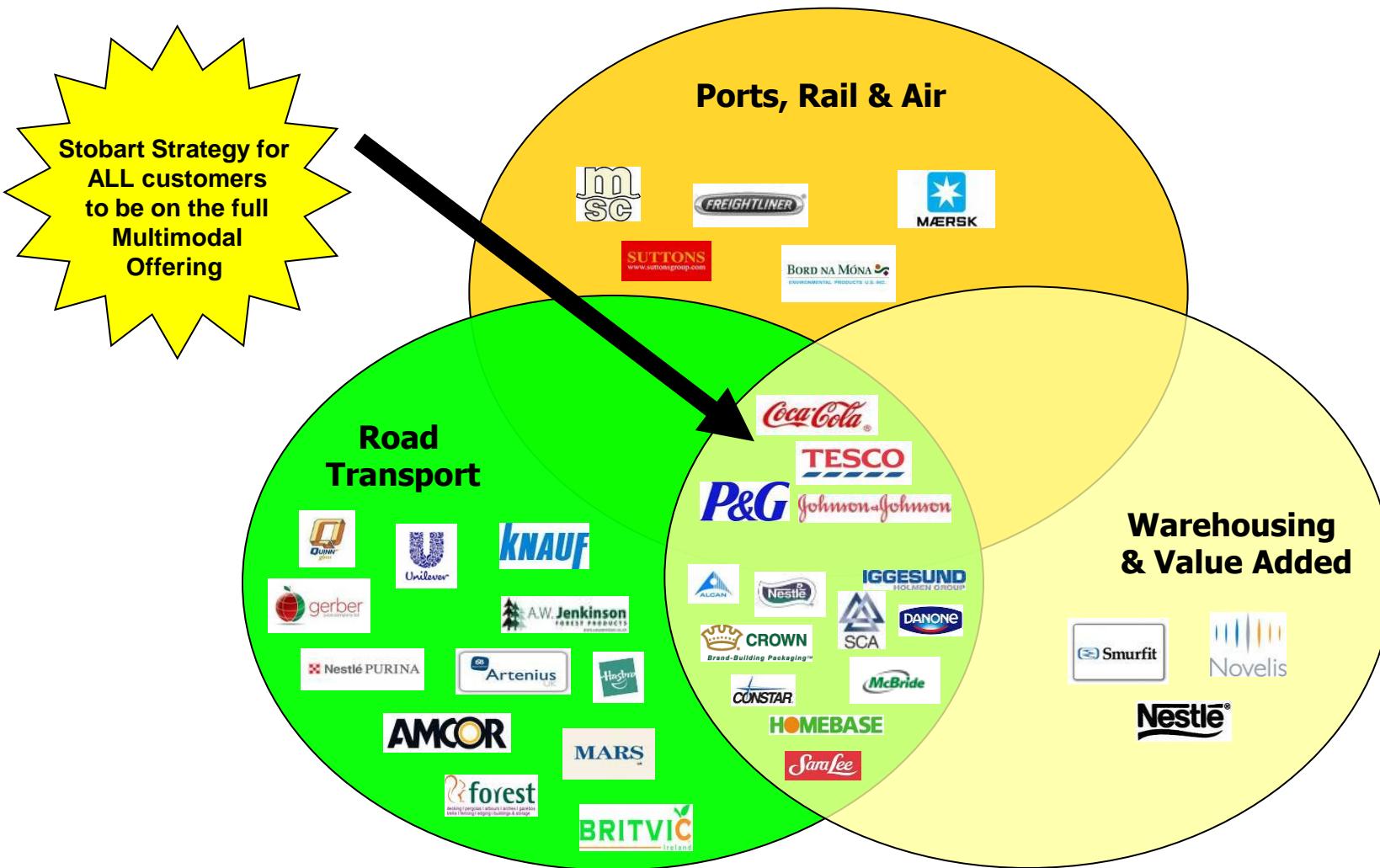
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Strategy – Delivering ‘The Vision’



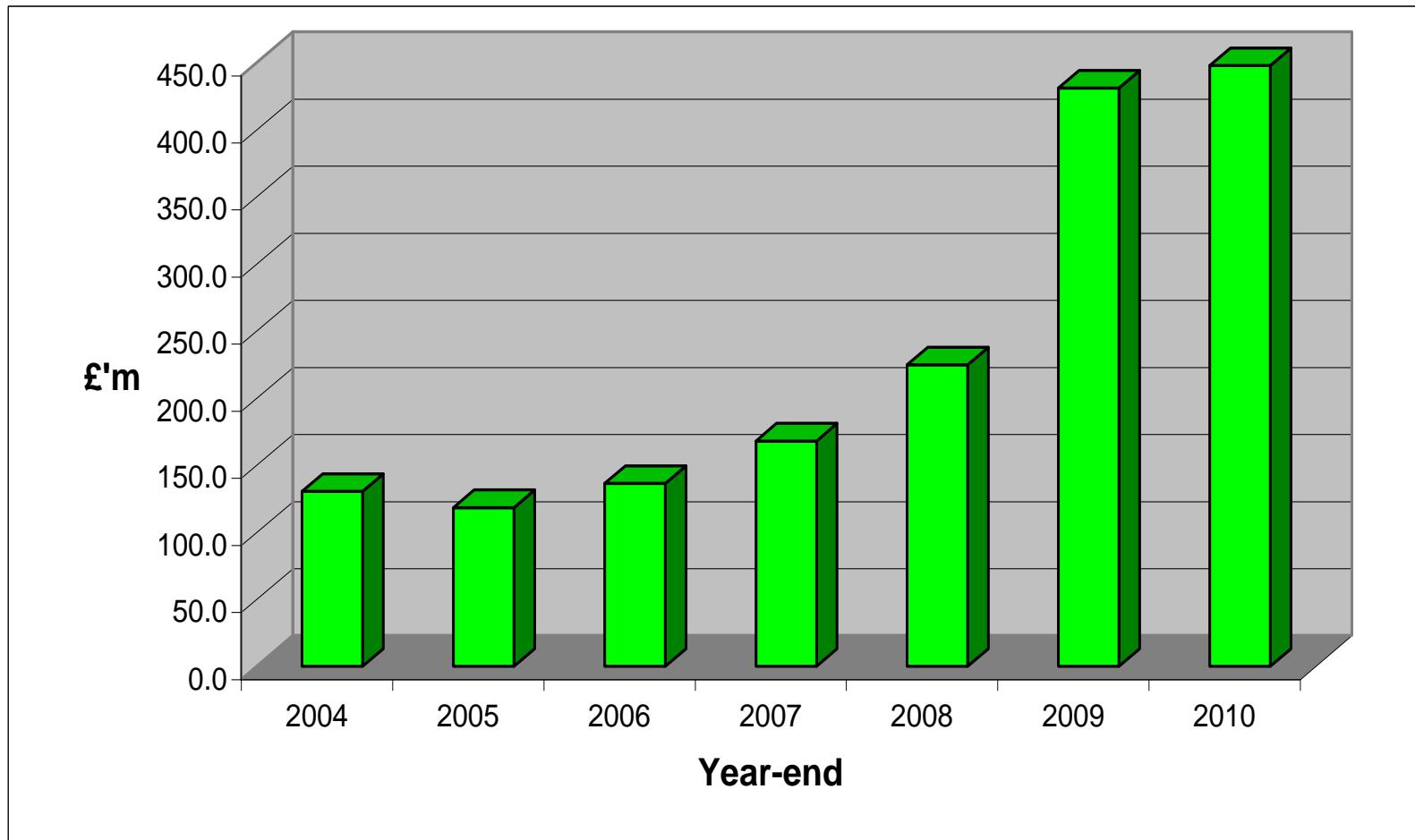
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Strategy 'In Action' – Multi Modal Logistics Solution



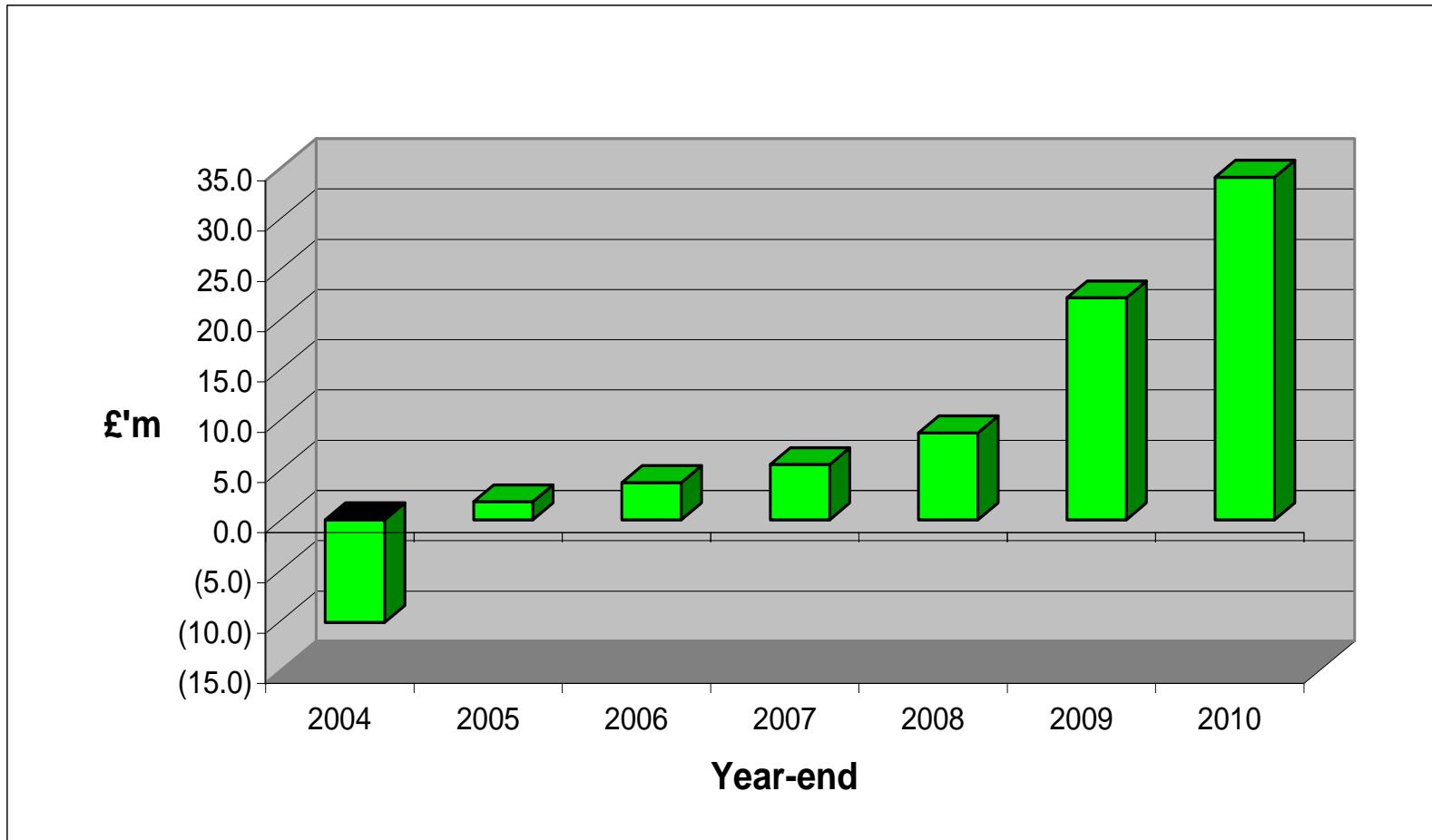
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Revenue Growth



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Profit Growth



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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.



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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.

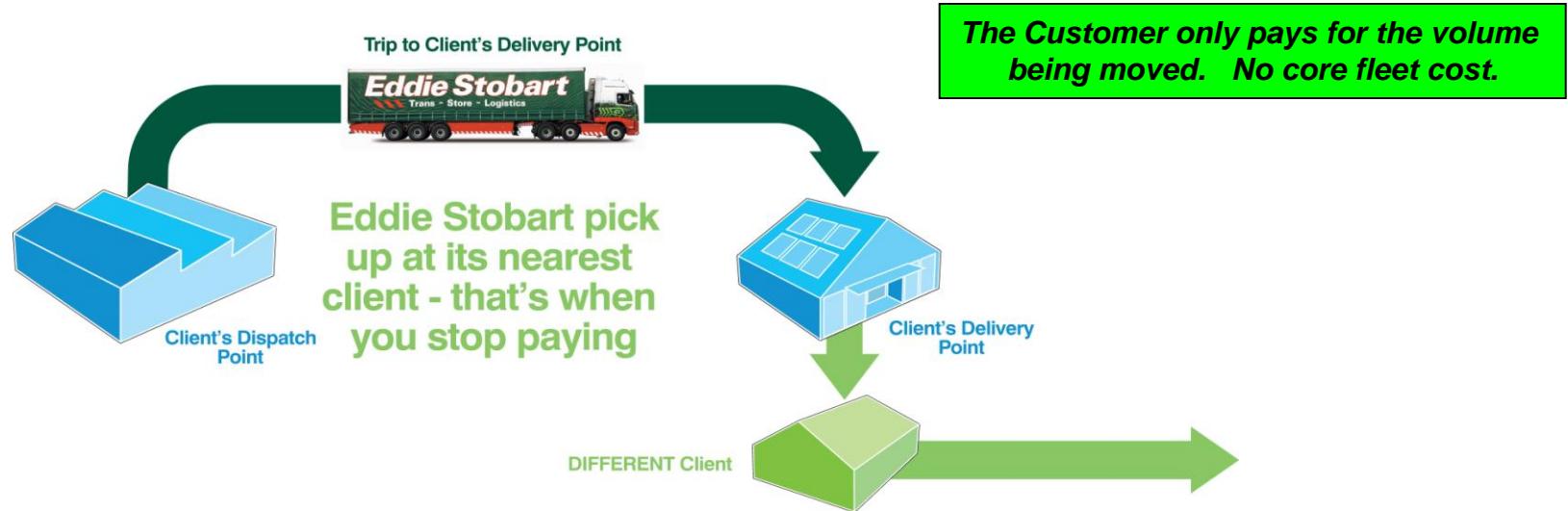


Consolidation for Efficiency

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.

Eddie Stobart - Costing Model

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

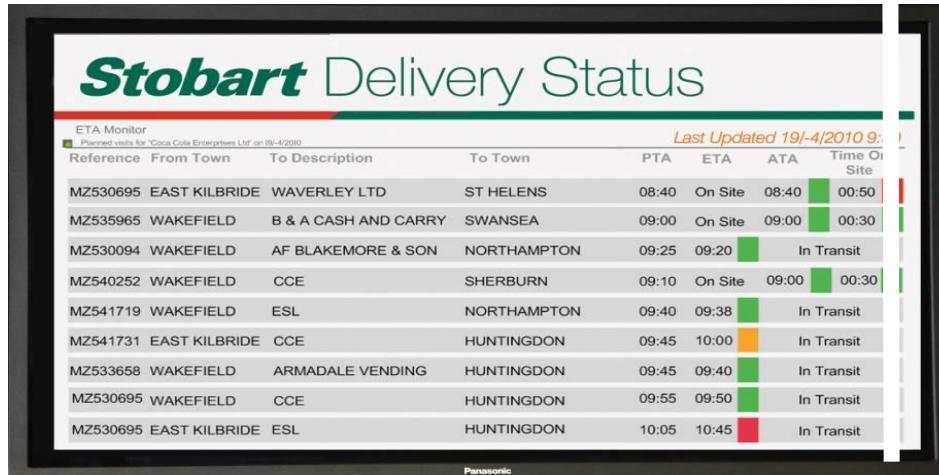
C
Unloading
Less Time
Less Cost

D
Travelling Time
To Next
Collection Point

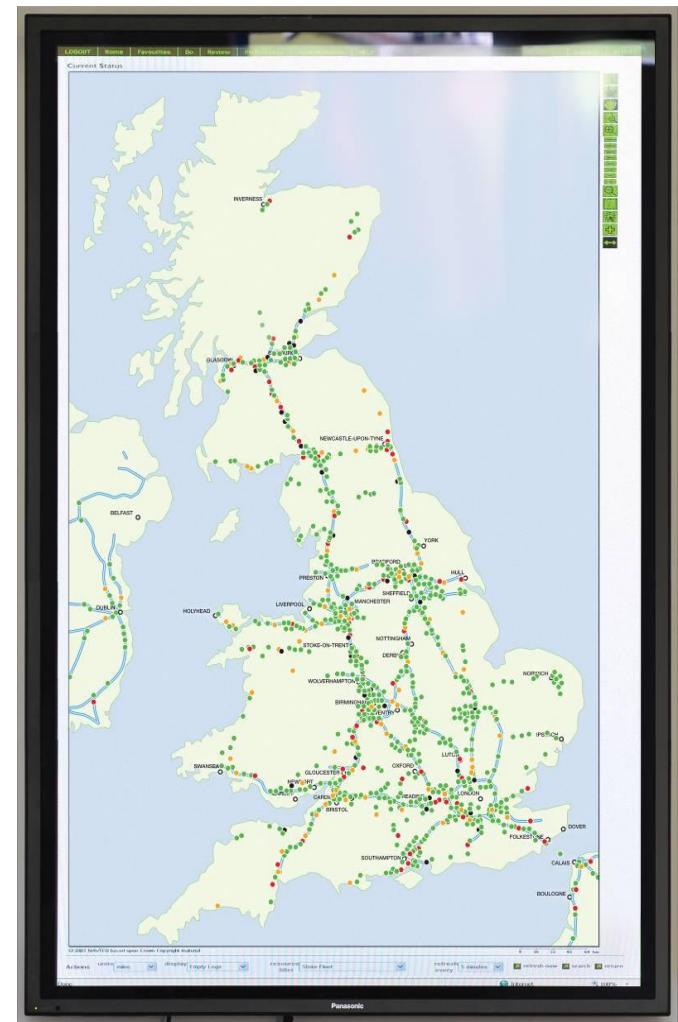
If the Client can consistently reduce their loading/unloading times, they will be charged less and if they can locate a closer next collection point than the Stobart nominated site, further savings can be made.

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.



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Driving 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



Stobart Rail - Freight Transport

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

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.

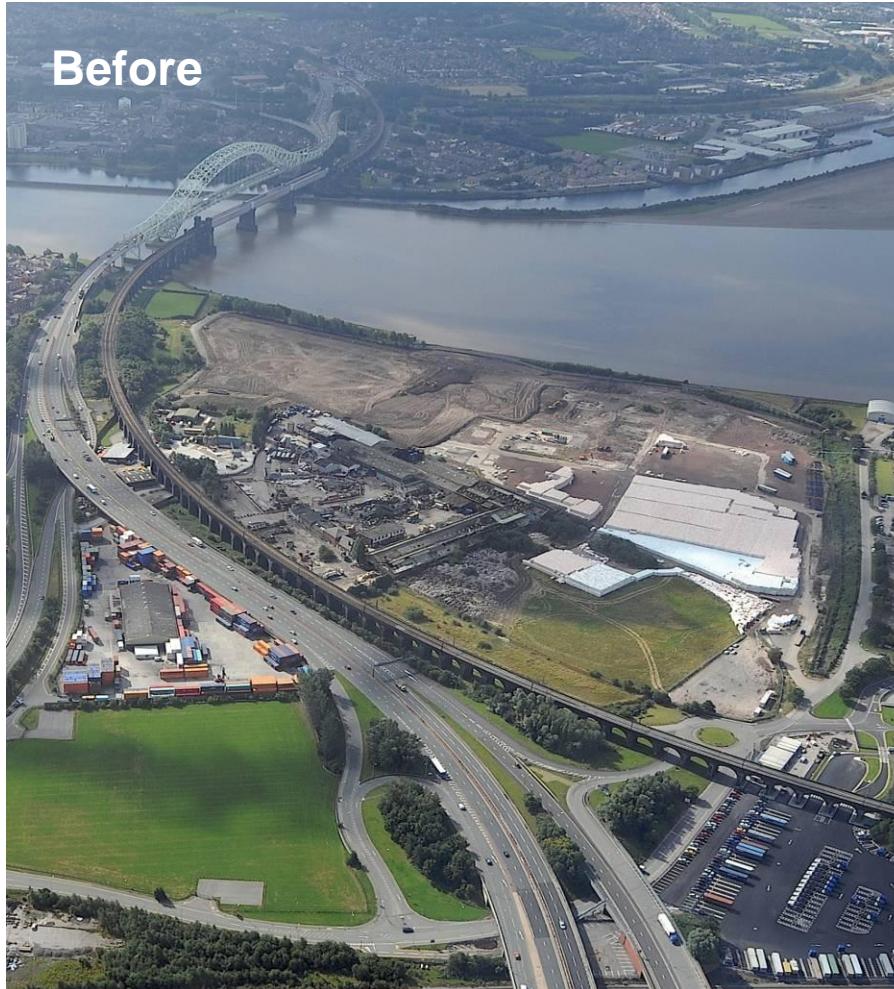
Stobart Rail is playing a key role in the **development of the new rail station which will be operated by the Group at Stobart Air's London Southend Airport.**



Stobart Developments - Developing Assets - Widnes

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Before



After



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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



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Developing Assets - Daresbury

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.



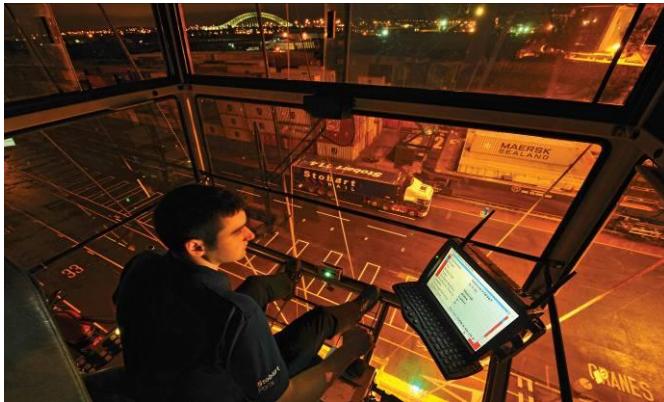
Stobart Ports

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



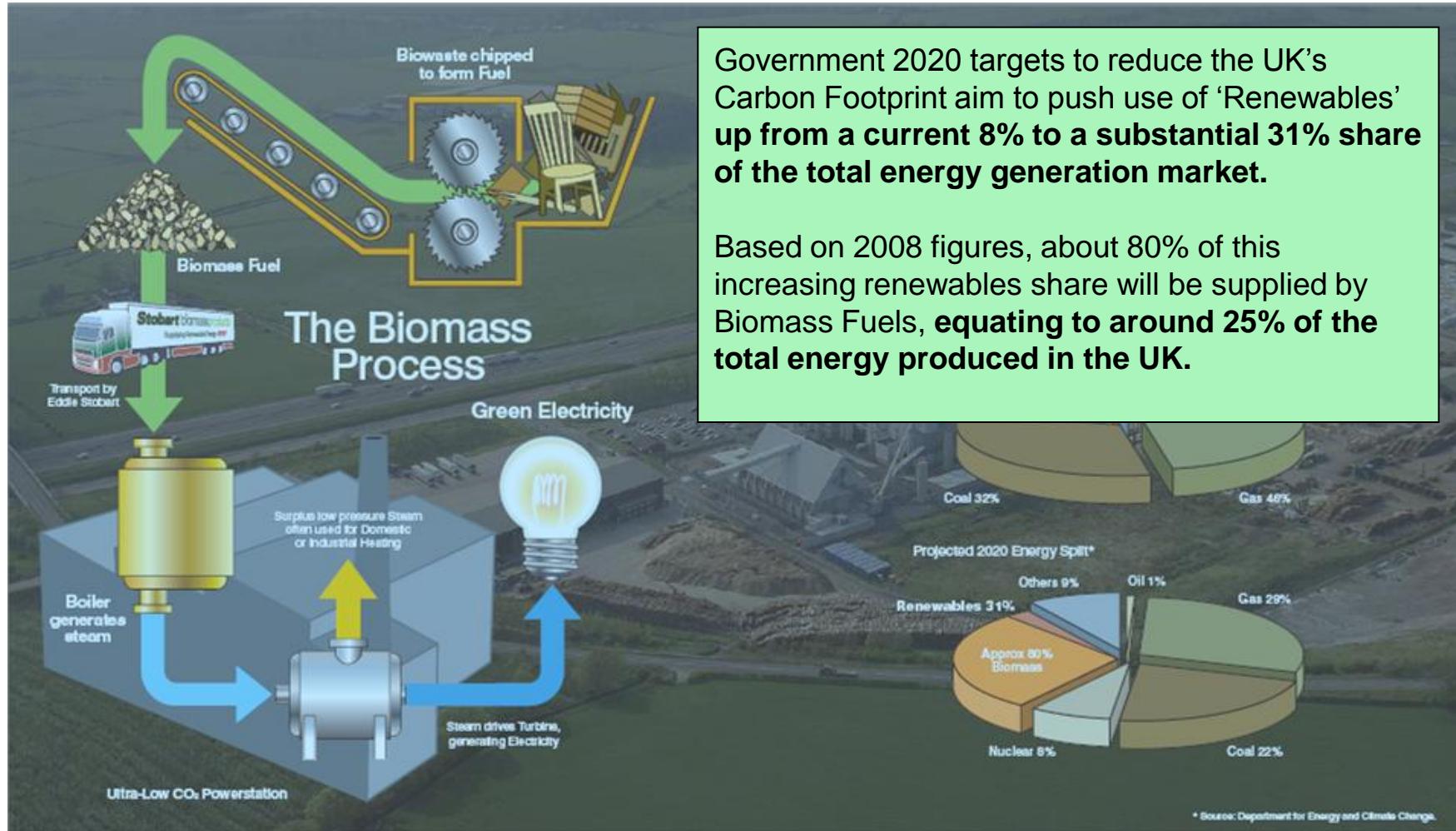
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Stobart Air - London Southend Airport



- 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.



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