

DELIVERING INNOVATIVE SUPPLY CHAIN SOLUTIONS

FULL YEAR RESULTS PRESENTATION

Year ended 30 November 2018

March 2019



Eddie Stobart Logistics plc

DELIVERING INNOVATIVE SUPPLY CHAIN SOLUTIONS

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We continue to implement our strategy towards delivering full end-to-end supply chain solutions

- Total revenue growth of 35% to £843.1m (2017: £623.9m) – CAGR of 19% since 2015
- Revenue grew by £219m due to organic growth (+18%) driven by new contracts (£162m annualised) and contributions from our new Group businesses
- Strong performance across our four core sectors: E-Commerce (+65%), Retail (+43%), Consumer (+26%) and MIB (+16%)
- Underlying EBIT increased 14% to £55.3m – CAGR of 15% since 2015
- Underlying EBIT margin 6.6% (2017: 7.8%). Reduction year-on-year reflecting re-optimisation of the broader network as a result of new contract wins in the first half. Margins improved in the second half of the year and expected to recover further in 2019
- Net debt was £159.7m (2017: £109.5m) an increase of £50.2m (+46%) reflecting considerable investment in growth
- Cash flow performance impacted by significant investment in growth increasing embedded value. Current year will see return to historical levels of cash generation
- Full year dividend recommended of 6.3p representing year on year growth of 9%

Revenue

£843.1m 35%↑

E-Commerce +65%

Retail +43%

Consumer +26%

MIB +16%

Underlying EBIT

£55.3m 14%↑

Underlying EBITDA

£62.9m 14%↑

Net debt

£159.7m 46%↑

Leverage at x2.4 EBITDA

Underlying EPS

11.4p 16%↑

Full year dividend per share

6.3p 9%↑

Eddie Stobart

DELIVERING INNOVATIVE SUPPLY CHAIN SOLUTIONS

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- Combined our Eddie Stobart (warehousing) and iForce (E-Commerce) operations to simplify our offer, improve productivity and utilisation and extend the range of solutions
- Our acquired businesses (iForce, Speedy Freight, Logistic People and TPN) continue to trade to expectations and have begun to contribute significantly to our overall strategy
- Most recent acquisition, TPN, added unique, much needed 'less-than-truckload' capability through partner organisations and enhanced our overall supply chain offer
- Across the group our integration plans and delivery of synergies are proceeding to plan
- Centralised our IT capabilities across the Group: simplify service delivery and realise synergies whilst continuing to deploy innovative best-in-class solutions
- We continue to invest in our people to ensure we have the right people in the right place to support our end-to-end supply chain skills and capabilities

Revenue

£843.1m 35%↑

E-Commerce +65%

Retail +43%

Consumer +26%

MIB +16%

Underlying EBIT

£55.3m 14%↑

Underlying EBITDA

£62.9m 14%↑

Net debt

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Leverage at x2.4 EBITDA

Underlying EPS

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Full year dividend per share

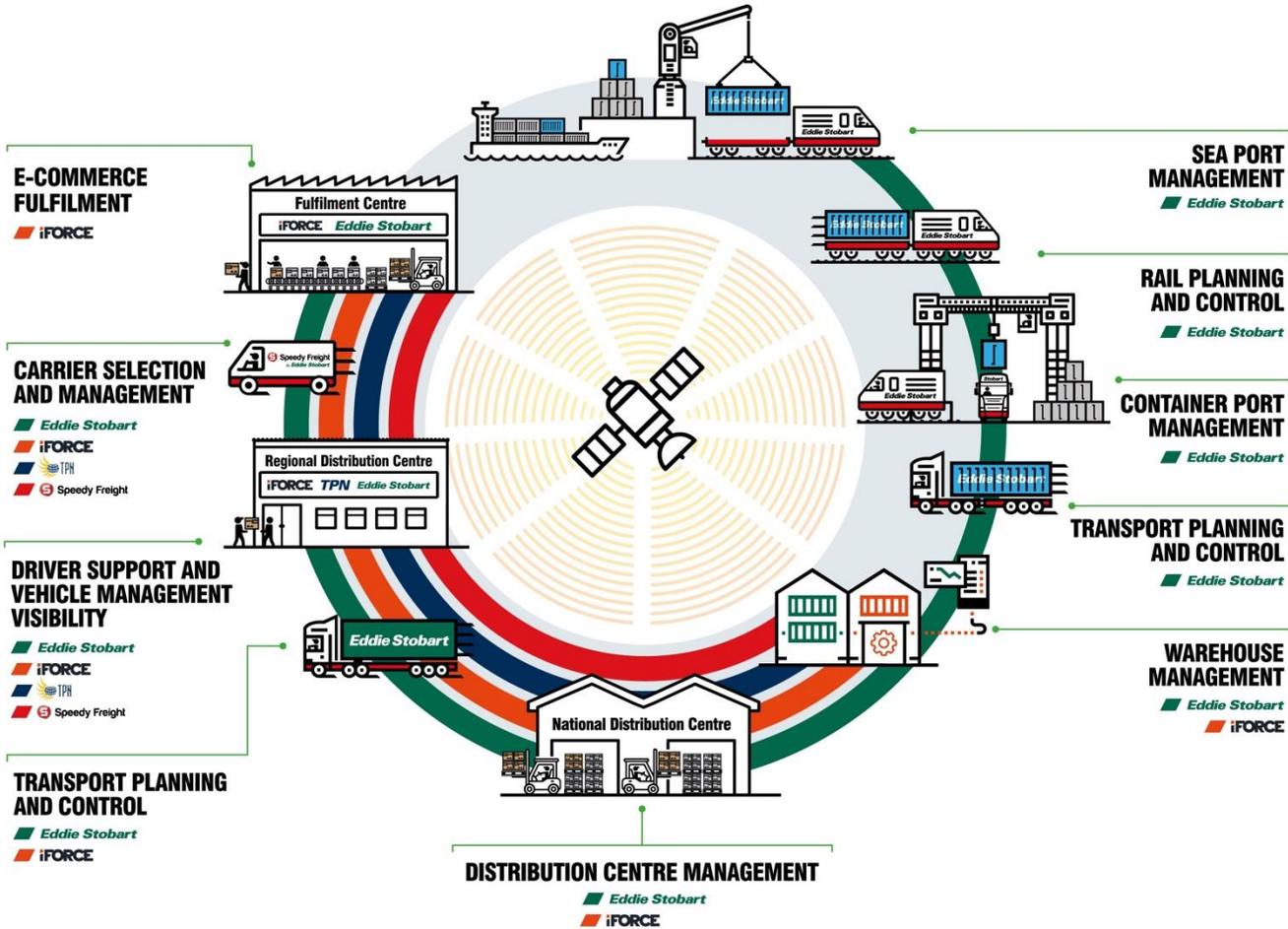
6.3p 9%↑

Eddie Stobart

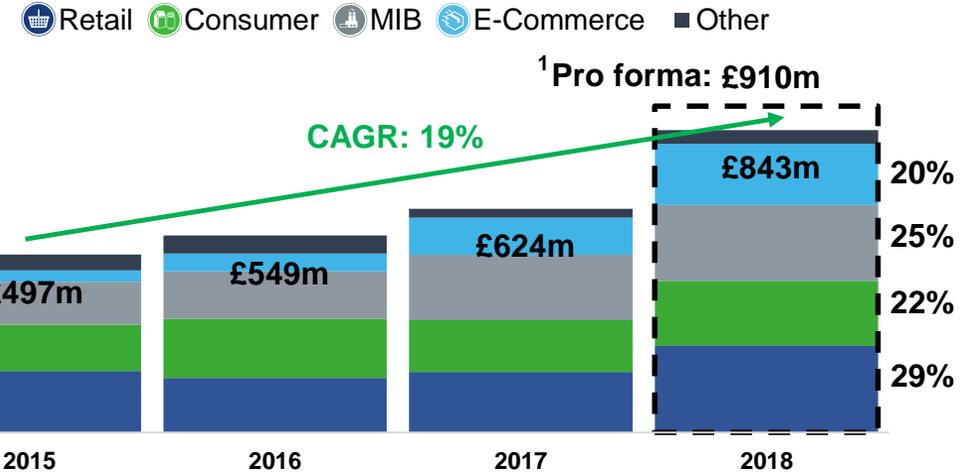
DELIVERING INNOVATIVE SUPPLY CHAIN SOLUTIONS

OUR SUPPLY CHAIN SERVICE OFFER AND STRATEGY

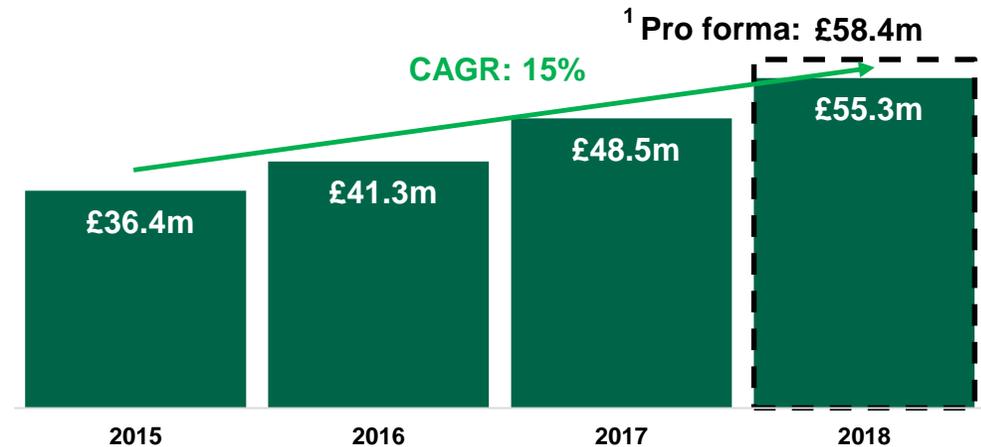
Container Freight | Rail | Truck Load | Warehousing | E-Commerce
 Pallet Distribution | Express Freight and Specialist Services



Underlying Revenue



Underlying EBIT

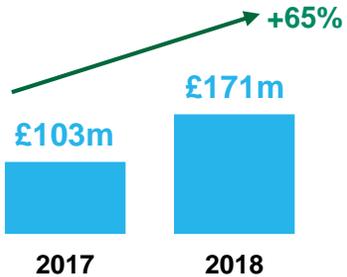
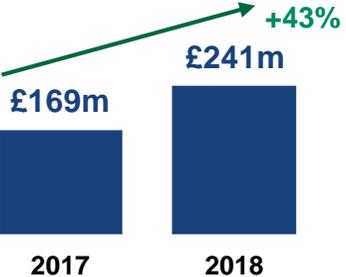
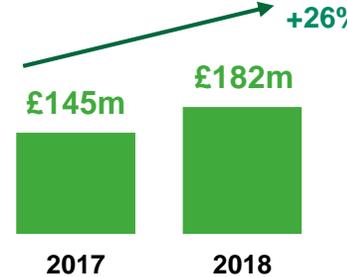
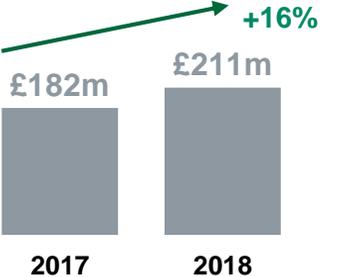


¹ Pro forma turnover and Pro forma underlying EBIT illustrates the results assuming TPN had been owned for the whole of FY18

OUR SERVICE OFFER AND STRATEGY

Double digit growth	Maintain our market leading customer service position	Leverage our unique pay-as-you-go network and consulting-led approach	Continue to innovate and invest in technology and our assets	Build a high performing team which is recognised by the industry
<p>Achievements</p> <ul style="list-style-type: none"> ▪ Revenue > CAGR 2015/18: +19% > 2018: +35% ▪ EBIT > CAGR 2015/18: +15% > 2018: +14% ▪ TPN Acquired June 18 ▪ Growth in all sectors 	<p>Achievements</p> <ul style="list-style-type: none"> ▪ Visibility of real time service performance ▪ Measurable improvement in processes/skills/management and systems ▪ Bespoke customer training rolled out 	<p>Achievements</p> <ul style="list-style-type: none"> ▪ £162m annualised contract wins ▪ £119m contracts retained ▪ Acquisitions all growing double digit ▪ TPN members increasing ESL network resilience ▪ iForce/Europe contract with major sports brand ▪ Commenced delivery of Group synergies 	<p>Achievements</p> <ul style="list-style-type: none"> ▪ Transport > Optimiser - development and testing > My Workforce development > Autostore roll out ▪ iForce: major customer implementations ▪ Speedy: specification of ERP system ▪ Data centre strategy complete ▪ Simplify processes and back office 	<p>Achievements</p> <ul style="list-style-type: none"> ▪ Bench strengthened ▪ Driver development programme ▪ Graduate programme ▪ Online learning ▪ Employee Forum
<p>Priorities</p> <ul style="list-style-type: none"> ▪ Maintain +10% p/a revenue growth ▪ Grow EBIT in advance of sales ▪ Maintain and grow market leading EBIT margins ▪ Cash focus - free cash delivery and net debt reduction ▪ Expand cross sell across Group ▪ Expand Europe 	<p>Priorities</p> <ul style="list-style-type: none"> ▪ Utilise technology to make service delivery visible to customers ▪ Invest and innovate in new equipment/solutions ▪ Showcase existing capabilities ▪ Simplify service offer 	<p>Priorities</p> <ul style="list-style-type: none"> ▪ Deliver further Group synergies ▪ Integration of iForce/Warehouse ▪ Contract wins/retention at 2018 rates 	<p>Priorities</p> <ul style="list-style-type: none"> ▪ Optimiser rollout - unique ESL capability ▪ iForce: Smart road map ▪ LP: Systems strategy development ▪ TPN: Connect/AWS migration/Virtual Hub ▪ Integrate infrastructure/service functions across group 	<p>Priorities</p> <ul style="list-style-type: none"> ▪ Align structures across Group ▪ Further strengthen bench to support growth ▪ Feedback and engagement ▪ Learning management systems

CUSTOMER AND SECTOR PERFORMANCE

	 E-COMMERCE	 RETAIL	 CONSUMER	 MIB
SALES	 <p>£103m (2017) → £171m (2018) +65%</p>	 <p>£169m (2017) → £241m (2018) +43%</p>	 <p>£145m (2017) → £182m (2018) +26%</p>	 <p>£182m (2017) → £211m (2018) +16%</p>
CUSTOMERS				
HIGHLIGHTS	<ul style="list-style-type: none"> ▪ New Rugby multi user facility opened - currently at 75% capacity ▪ Now working with major online retailer in Europe off back of UK relationship ▪ New contract wins with Medicanimal, Made.com, Wolseley and The Works ▪ New MD joined July 2018 	<ul style="list-style-type: none"> ▪ Attractiveness of ESL pay-as-you-go evidenced by 43% sales growth ▪ Strong flow through of 2017 contract wins ▪ Significant organic growth with existing customer base ▪ Working with all the major food retailers ▪ All customers credit insured and credit control a priority 	<ul style="list-style-type: none"> ▪ Major contract wins including PepsiCo/Walkers ▪ Britvic contract regained at revised contract rates ▪ Significant renewals including Coca-Cola, J&J, Unilever and Tate & Lyle 	<ul style="list-style-type: none"> ▪ New contract wins including Cemex and Tarmac ▪ Focus on contract profitability to drive margin improvement ▪ Risk mitigation through subsector diversification (Construction, Manufacturing, Specialist Services) ▪ Aggregate Industries contract exited

ACQUISITIONS DELIVERING VALUE

Acquisition strategy

- Critical component in delivering end-to-end service offering in line with strategy
- Successful strategy of supplementing organic growth with targeted acquisitions at attractive purchase multiples
- 2018 pro forma sales £229.9m (25% of Group) – weighted average EBIT purchase multiple x5.7

Acquisition Criteria	iFORCE	Speedy Freight	LOGISTICS PEOPLE	TPN
Skills, capacity and capabilities	<ul style="list-style-type: none"> ▪ E-Commerce capability ▪ Strong No3 in fast growing market 	<ul style="list-style-type: none"> ▪ Nationwide 24-hour, express freight service provider 	<ul style="list-style-type: none"> ▪ Control key agency resource across the group 	<ul style="list-style-type: none"> ▪ Strong No2 in growing pallet subsector ▪ Subcontract capacity for Road
New attractive market space (2018 year on year sales growth)	<ul style="list-style-type: none"> ▪ +18% 	<ul style="list-style-type: none"> ▪ +42% 	<ul style="list-style-type: none"> ▪ +69% 	<ul style="list-style-type: none"> ▪ +15%
Synergistic opportunities	<ul style="list-style-type: none"> ▪ E-Commerce offering to existing Group customer base ▪ Back office integration (IT/Finance/HR) ▪ Property synergies 	<ul style="list-style-type: none"> ▪ Express freight offer to Group Customers 	<ul style="list-style-type: none"> ▪ Enhanced control over Group agency spend ▪ Cost and quality benefits 	<ul style="list-style-type: none"> ▪ Pallet offering to Group customer base ▪ Improved resilience of ESL network ▪ Enhanced offer to Members ▪ Integration of IT platforms
Value accretive	<ul style="list-style-type: none"> ▪ 2018 sales: £79m ▪ 2018 multiple: x9.2 	<ul style="list-style-type: none"> ▪ 2018 sales: £26m ▪ 2018 multiple: x5.0 	<ul style="list-style-type: none"> ▪ 2018 Agency spend in house: £51m ▪ 2018 multiple: x1.3 	<ul style="list-style-type: none"> ▪ 2018 sales: £125m ▪ 2018 multiple: x7.7



Opportunities

- UK and International Freight Forwarding
- European E-Commerce platform

FY18 FINANCIAL REVIEW

Underlying results	FY18	FY17	Growth
Revenue	£843.1m	£623.9m	35.1% ↑
Underlying EBIT*	£55.3m	£48.5m	14.0% ↑
Underlying EBIT margin	6.6%	7.8%	
Underlying EBITDA*	£62.9m	£55.3m	13.7% ↑
Underlying EBITDA margin	7.5%	8.9%	
Adjusted PAT	£41.8m	£32.3m	29.4% ↑
Dividend per share	6.3p	5.8p	8.6% ↑
Adjusted Earnings per share	11.4p	9.8p	16.3% ↑
Revenue	FY18	FY17	Growth
Retail	£241.1m	£168.6m	43% ↑
Consumer	£182.1m	£144.6m	26% ↑
E-Commerce	£171.0m	£103.4m	65% ↑
MIB	£211.1m	£182.0m	16% ↑
Non sector specific	£37.8m	£25.3m	49% ↑
Total	£843.1m	£623.9m	35% ↑

- **Strong revenue growth (£219m +35%)**
- **Combination of acquisitions (17%) and organic growth (18%) driven by:**
 - > Contract wins: £162m – inc PepsiCo/Walkers, Britvic, Cemex
 - > Contract renewals: £119m – inc J&J, Tate & Lyle, Unilever, Coca-Cola
- **Double digit growth across all sectors**
 - > E-Commerce now a £171m revenue business - up from £49m in 2016
 - > Retail growing 43% despite high street issues
- **Underlying EBIT increased 14% to £55.3m and margins improving as we move into 2019**
- **Adjusted Earnings per share increased 16%**
- **Significant dividend growth of 9%**

* Underlying EBIT is defined as Profit from operating activities before exceptional items, amortisation of acquired intangibles, employee share costs funded by previous parent holding group, charges to the income statement relating to the management incentive plan and long term incentive plan, investor and management charges, the impact of severe weather, start-up costs associated with contract wins, including the gain arising on any lease agreements and Group's share of profit from equity accounted investees. Underlying EBITDA is defined as Underlying EBIT before depreciation of property, plant and equipment.

FY18 CASH FLOW

Cash Flow	FY18	FY17
Underlying EBITDA	£62.9 m	£55.3 m
Net capital expenditure	£(10.6)m	£(5.1)m
Working capital	£(42.8)m	£(12.1)m
Tax	£(3.7)m	£(2.7)m
Other items	£(4.1)m	£(5.4)m
Free cash flow	£1.7 m	£30.0 m
Acquisition of subsidiaries	£(22.1)m	£(48.3)m
Proceeds from issue of share capital	£29.0 m	£118.0 m
Drawdown/(repayment) of borrowings	£25.6 m	£(80.4)m
Other items	£(3.7)m	£(0.3)m
Dividends	£(21.6)m	£(5.0)m
Net interest	£(7.1)m	£(7.7)m
Exceptionals (cash impact)	£(8.5)m	£(8.5)m
Net increase/(decrease) in cash	£(6.7)m	£(2.2)m
Cash at start of period	£11.9 m	£14.1 m
Cash at end of period	£5.2 m	£11.9 m

- Invested significantly in working capital to increase embedded value and support growth
 - > 35% increase in annual sales
 - > 62% increase in Nov-18 peak sales versus Nov-17
- In addition unexpected move of certain substantial receipts into early 2019
- We expect 2019 will see a return to historical levels of working capital investment
- In June 2018 we acquired TPN for £54m. Reconciliation to the £22.1m cash consideration:

Cash consideration net of cash acquired	£22.1m
Debt assumed and discharged	£21.2m
Acquisition fees	£1.4m
Deferred consideration	£8.7m
Fees taken to equity	£0.6m
Total	£54.0m

- Exceptional costs:**

Deferred consideration associated with business acquisitions	£5.7m
Costs associated with business acquisitions	£1.9m
Exit of lending arrangements of TPN	£0.5m
Other exceptional items	£0.4m
Total	£8.5m

FY18 BALANCE SHEET

Balance Sheet	FY18	FY17
Intangible assets	£319.6 m	£278.7 m
Tangible assets	£66.3 m	£60.0 m
Non-current assets	£385.9 m	£338.7 m
Inventories	£3.1 m	£2.4 m
Trade and other receivables	£231.2 m	£149.0 m
Cash and cash equivalents	£5.2 m	£11.9 m
Current assets	£239.5 m	£163.3 m
Trade and other payables	£(169.6)m	£(128.2)m
Short term borrowings	£(35.9)m	£(7.7)m
Short term provisions	£(3.4)m	£(3.5)m
Current tax liabilities	£(7.0)m	£(2.8)m
Current liabilities	£(215.9)m	£(142.2)m
Borrowings	£(129.0)m	£(113.7)m
Long term provisions	£(19.5)m	£(15.0)m
Long term other creditors	£(25.2)m	£(18.8)m
Non-current liabilities	£(173.7)m	£(147.5)m
Net assets	£235.8 m	£212.3 m
Net debt	£159.7 m	£109.5 m

- **Increase in intangibles reflects goodwill associated with TPN acquisition**
- **Net working capital growth as previously discussed**
- **Tax liabilities increase as we move into a more normal tax payment position. Previous year benefited from HMRC rebates**
- **Net Debt increased £50.2m**
 - > £24.0m to support acquisition of TPN. In line with strategy of using conservative gearing to optimise shareholder returns
 - > £26.2m increase primarily to support business growth and reflects a more conservative policy in respect of cash in transit
 - > Our financing strategy explicitly allows for temporary gearing increases above target to support business growth
 - > 2019 will see a return towards target levels of gearing

Industry Leader

- 35% sales growth with significant wins and renewals (19% CAGR since 2015)
- Strong position in high growth subsectors (Pallets, E-Commerce, B2B urgent freight)
- Enhanced end to end service offering
- Recognised for high quality and service
- Major technology platform introductions in current year to further drive efficiency

Attractive Growth Market Dynamics

- Proven ability to take market share through unique operating model
- Ability to leverage the end to end offering
- Acquisitions trading to expectations positioned in high growth subsectors
- Strong pipeline of new contract opportunities

Profitability & Cash

- Strong underlying EBIT growth - 14% (15% CAGR since 2015)
- Underlying EPS grew 16%
- 2018 broadly in line with expectations
- Flexible asset base allows swift response to changes in demand
- 2019 focus on cash and debt reduction
- Significant dividend growth

Industry Opportunity

- Move towards greater industry consolidation with smaller players squeezed
- Acquisitions performing to expectations
- Further acquisition opportunities to enhance end to end offering
- Outsourcing expected to increase further

- Whilst we remain mindful of the current political and economic uncertainty, we are confident that our unique operating model provides us with the flexibility to respond rapidly to changing market conditions
- The new financial year has started in line with the Board's expectations

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THE PALLET NETWORK: ACQUISITION UPDATE



- TPN purchased on 29 June 2018 for £54m.
- Acquisition well received by members. Numerous areas of synergy identified and being actioned
- Trading in line with expectations and increasing market share
- Provides ESL with unique capability

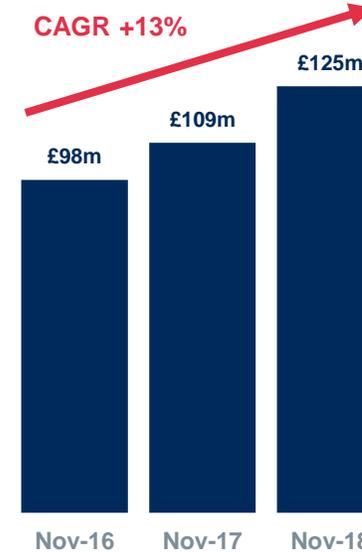
Progress To Date

- Cross sell opportunities proven with ESL customers using TPN services
- Circa 20% of TPN members now ESL subcontractors increasing member benefit
- Property synergies being actioned: Dagenham campus providing TPN London hub
- Aggregate purchasing opportunities (petrol, trucks, tyres, maintenance) being scoped
- Agency resource provided by Logistics People
- ESL property portfolio providing TPN capacity to grow
- TPN European partnership facilitated through ESL relationship in European market
- Back office and IT integration underway

TPN financial information

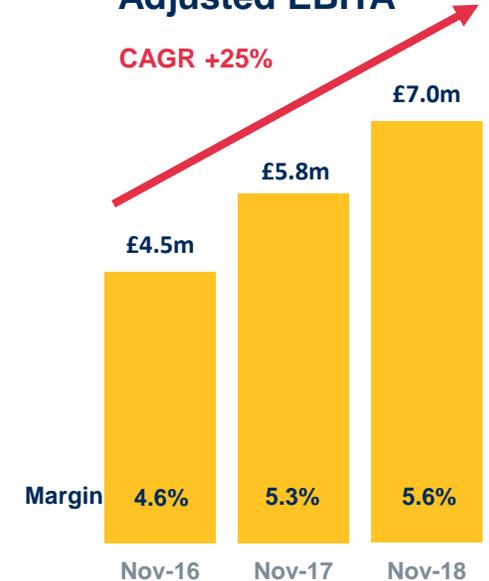
Sales

CAGR +13%



Adjusted EBITA

CAGR +25%



Members

101	107	106
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Pallets

3.4m	3.7m	4.2m
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EBITA/Contribution margin

22.8%	25.9%	31.4%
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Margin

4.6%	5.3%	5.6%
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	Jul- Nov 17	Jul- Nov 18	
Turnover	£47.1m	£58.9m	+25%
EBITDA	£3.2m	£4.2m	+31%
EBITA	£3.0m	£3.9m	+30%



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