

Eddie Stobart Logistics plc
(“Eddie Stobart” or the “Group”)
Interim Results for the six months ended 31 May 2017

Eddie Stobart, a leading UK logistics and supply chain company delivering innovative solutions and service excellence to a diverse range of customers in the Retail, Consumer, Manufacturing, Industrial & Bulk (MIB) and E-Commerce sectors, is pleased to announce its interim results for the six months ended 31 May 2017.

Operational Highlights

- Successful initial public offering (IPO) on the Alternative Investment Market (AIM) completed on 25 April 2017 and supported by blue chip institutional investors raised £130m for the Company, used primarily to reduce gearing, partially fund the acquisition of iForce Group and provide Eddie Stobart with a financial platform to support its growth ambitions.
- Experienced plc board in place with Philip Swatman joining as Chairman and Stephen Harley and Christopher Casey as Non-Executive Directors.
- Acquisition of iForce Group for total consideration of £44.9m, a market leading provider of E-Commerce solutions, providing a strong platform for Eddie Stobart to develop its offer to existing and new customers in this growing sector.
- Strong rolling pipeline of potential new business weighted towards strategic growth in E-Commerce and MIB.
- Post period end, acquisition of a 50% interest in Speedy Freight, which offers nationwide B2B express freight services and supports Eddie Stobart’s capability to move urgent, time critical and pallet sized loads.
- Further investment into Eddie Stobart’s Training Academy, including the acquisition post period end of the remaining interest in The Logistics People staffing business, to attract and retain quality staff for both Eddie Stobart and the wider commercial market.

Financial Highlights

- First half results in line with expectations.
- Continuing double digit turnover growth with Underlying Revenue¹ up 13% to £286.8m (2016: £253.6m). Reported revenue increased to £286.8m from £266.4m in the corresponding period in 2016.
- Underlying EBIT² increasing 14% to £16.9m (2016: £14.8m). Reported profit from operating activities; including exceptional items reduced from £10.2m to £5.6m and Loss for the period of £6.3m (2016: profit for the period of £1.7m) mainly due to the £12.6m of exceptional items, principally relating to the IPO and associated refinancing.
- Significant increases in our targeted areas of MIB and E Commerce, with Underlying Revenue¹ growing 22% and 51% respectively
- Underlying EBIT² margin improving to 5.9% (2016: 5.8%).
- Free Cash Flow⁴ of £11.1m representing 56% of Underlying EBITDA² (2016: (£3.4m)).
- Underlying Earnings⁵ per share of 4.0p. Reported basic earnings per share of (2.5p).
- Net debt of £97.7m (2016: £186.8m).
- Interim dividend of 1.4p per share payable on 20 October 2017 to shareholders on the register on 8 September 2017.

¹ Underlying Revenue is defined as Revenue less revenue from the exited Ireland retail segment (see note 3).

² Underlying EBIT is defined as Profit from operating activities before exceptional items, amortisation of acquired intangibles, and the exited Ireland retail segment and after adding back in the Group’s share of profit from equity accounted investees. Underlying EBITDA is defined as Underlying EBIT before depreciation of property, plant and equipment (see Note 3).

³ Adjusted profit before tax is defined as profit or loss before tax adding back exceptional items, the exited Ireland retail segment and amortisation of acquired intangibles (see Note 3).

⁴ Free Cash Flow is defined as Cash generated from operating activities less purchase of property, plant and equipment adding back proceeds from sale of property, plant and equipment and adding back income taxes paid (see Note 3).

⁵ Underlying Earnings per Share is defined as Profit from operating activities before exceptional items divided by the weighted average basic and diluted number of shares in issue at balance date (see Note 13).

Chief Executive Alex Laffey commented:

“Following our successful IPO in April this year, we have delivered a strong performance in line with our expectations. The acquisition of iForce Group is integrating well and has provided us with a strong platform to develop our e-commerce offer to existing and new customers. Our focus is now on leveraging cross-selling opportunities with existing customers, implementing synergies and developing new business.

Post period end we have further strengthened our offering through the acquisition of Speedy Freight and the remaining 50% stake in The Logistics People.

I am also pleased to announce our maiden interim dividend in line with our progressive dividend policy and underlying our confidence in the business. Our traditionally stronger second half of the year has started encouragingly and we are confident of delivering a full year performance in line with market expectations.”

Eddie Stobart Overview

Eddie Stobart is now recognised as one of the UK’s leading providers of end to end supply chain solutions.

Key differentiators of our business are:

- Flexible, scalable operational network which can be leveraged to support future growth.
- Shared-user consulting led operating model delivering a combination of above average levels of asset utilisation and operational efficiency offering customers a flexible ‘pay-as-you-go’ model to reflect demand.
- Operations which span the whole supply chain via road, rail, container movements and contract warehousing offering the full range of end to end logistical services.
- Continued investment in people and industry relevant skills through our dedicated Training Academy.
- Well positioned across different markets, with a strong growth focus in E-Commerce and MIB sectors.
- Long-term contractual relationships with a diversified blue chip customer base.
- Attractive financial profile with sector leading margins and consistent record of delivering growth both organically and through targeted acquisitions.

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Chief Executive's Review

Following Eddie Stobart's successful launch on the AIM Market of the London Stock Exchange on 25 April 2017, I am pleased to announce the results for the six months ended 31 May 2017 and confirm that trading for the period was in line with expectations. I am also delighted to confirm our maiden dividend of 1.4 pence per share.

In the past six months our Board has been established with Philip Swatman as Chairman, together with Stephen Harley and Christopher Casey as Non-Executive directors, joining me and the CFO Damien Harte.

We continue our track record of above industry average turnover growth with Underlying Revenue ¹ for the six months to 31 May 2017 growing by £33.2m, representing a 13% increase on the comparable period in 2016.

These results reflect continuing organic growth within our existing customer base as well as over £25m of new annualised contract wins in the period (the majority benefit of which will be felt in the second half) and the full period effect of the £65m of new contract wins from 2016.

Our new business pipeline remains strong with a rolling portfolio of new business opportunities being actioned, the majority of which are in the E-Commerce and MIB sectors.

As anticipated in the Admission document, we completed the acquisition of iForce Group on 27 April 2017. The purchase price was £44.9m, which was satisfied by £36.9m in cash and £8m in shares.

E-Commerce continues to be a growth sector and the acquisition of iForce Group has further bolstered our capability to support clients with fulfilment, carriage and returns management, together with stock clearance services using their proprietary software platform. This business provides services to many well-known, blue chip high-street retailers.

To date the iForce Group has traded to expectations and leveraging synergies and cross-selling opportunities between the two organisations has already commenced. Recent contract wins provide a strong platform for future growth.

We continue to grow with our existing E-Commerce customers and are looking forward to the second half of the year, which is traditionally the busier season supporting online and high street retailers with their logistics and supply chain requirements.

Over the past 18 months we have refocused the business on our new target sectors in order to ensure that Eddie Stobart was a stable and profitable business for its IPO, and is well placed as a platform to support further growth. This has led to a slight decline in our Retail sector turnover during the period due to the expiry of an unprofitable contract that we did not renew in Ireland. A large proportion of that reduction was offset through growth with our other Retail clients.

Consumer revenue continued to grow during the period although the sector has had some commercial challenges due to pressure from its customers. Margin discipline remains a management priority for both existing and new business. We have also continued to grow in the MIB sector with turnover increasing by 25% in the period which reflects our increasing maturity in this sector building upon the full year effect of 2016 contract wins.

In line with the Group's acquisition strategy, since the period end Eddie Stobart has acquired a 50% controlling interest in Puro Ventures Limited, trading as Speedy Freight, which offers nationwide business to business express freight services. This acquisition complements the Group's service offering to business customers in the E-Commerce and MIB sectors and broadens the capability it can provide across the whole supply chain.

Today I am delighted to announce that we have also acquired the remaining 50% of TLP Holdings Limited (parent of The Logistics People Limited). This is consistent with our strategy to utilise and develop the skills and services of the Eddie Stobart Training Academy through the provision of a range of training services and the supply of qualified drivers and warehouse operatives to customers and other logistics service providers.

Further details of these acquisitions are set out in Note 14 to the Interim Financial Statements.

As noted above, the second half is traditionally the Group's stronger period for sales and EBIT as it includes the peak trading periods for customers in Retail, Consumer and E-Commerce. In addition, the second half will benefit from a full six months' contribution from the iForce Group business.

Our operations continue to trade well as we move into the second half of the financial year and we look forward to delivering a full year performance in line with market expectations.

Chief Financial Officer's Review

The statutory revenue and profit for the 6 months ended 31 May 2017 was:

	6 mths ended 31 May 2017 Unaudited	6 mths ended 31 May 2016 Unaudited
Revenue (£'m)	286.8	266.4
Profit from Operating Activities (£'m) (including exceptional items)	5.6	10.2
Loss / Profit for the period (£'m)	(6.3)	1.7

Management believe that a more relevant representation of the financial results for the period is arrived at by excluding the impact of the exited Irish retail segment from the 2016 comparator and by adding back the amortisation of acquired intangibles and exceptional items (the majority of which relate to the IPO and associated refinancing).

This revised presentation of the results is set out below.

	6 mths ended 31 May 2017	6 mths ended 31 May 2016	Growth
Underlying Revenue¹ (£'m)	286.8	253.6	13%
Underlying EBIT² (£'m)	16.9	14.8	14%
Underlying EBIT² Margin	5.9%	5.8%	
Free Cash Flow⁴	11.1	(3.4)	
Free Cash⁴ flow as percentage of Underlying EBITDA²	56%	(19.0)%	

Revenue

Underlying Revenue¹ for the six months to 31 May 2017 was £286.8m, a 13% increase on the comparable period in 2016 (£253.6m).

This represents organic growth (particularly in E-Commerce), the full year effect of 2016 contract wins and a limited contribution from 2017 contract wins which will mainly impact the second half year.

Within this 13% overall increase we have seen significant increases in our targeted areas of MIB and E-Commerce. MIB Underlying Revenue¹ grew 22% year on year from £66.3m to £80.9m. E-Commerce Underlying Revenue¹ grew 51% from £24.5m to £36.9m.

Underlying EBIT²

Underlying EBIT² for the period was £16.9m, representing a satisfactory 14% increase on the equivalent period in 2016. Underlying EBIT² margin improved from 5.8% in 2016 to 5.9% in 2017.

Financing costs

Net interest expense before exceptional items for the six month period was £6.9m (2016: £8.6m) a reduction of £1.7m.

As this period included some five months of the previous higher cost financing structure, which was repaid as part of the IPO process, this net interest expense does not fully reflect the significantly reduced cost of the debt structure going forward and this charge will reduce as we move into the second half of the year.

Adjusted Profit before Tax³ and Loss for the period

The resultant Adjusted Profit before Tax³ was £10.0m, a 61% increase on the adjusted comparable figure for 2016 (£6.2m). The reported Loss for the period was £6.3m (2016: profit for the period of £1.7m) as a result of exceptional items of £12.6m, principally in relation to the IPO and related refinancing.

Tax

For the half year to 31 May 2017 we have a tax credit of £1.3m which reflects the tax deductibility for corporation tax of the majority of the exceptional items incurred in connection with the IPO and refinancing exercise and is calculated at the expected effective tax rate for the year end

Underlying Earnings per share⁵ and Reported Basic Earnings per share

Underlying Earnings per Share⁵ is 4.0p per share. Reported basic earnings per share were (2.5p).

Cash Flow and funding

Free Cash Flow⁴ for the period was £11.1m, an improvement of £14.5m against the equivalent period in 2016. This represents a cash conversion ratio of underlying EBITDA² to Free Cash⁴ of 56% compared with (19%) in 2016.

A significant contributor to this cash flow performance was the much improved working capital position which utilised £3.0m compared with an outflow of £15.2m in the equivalent period last year. This reflects an increased focus on improved working capital management.

Net Capital expenditure was £4.1m, primarily on operational assets (£4.3m in 2016).

Net debt at 31 May 2017 was £97.7m (2016 - £186.8m) which represented a 1.88 times multiple (2016: 4.14 times multiple) of pro forma annual Adjusted EBITDA,⁶ thereby significantly improving the financial stability of the Group.

IPO

On 25 April 2017 Eddie Stobart was admitted to the AIM market of the London Stock Exchange through a placing of 76m new shares (£122m) and a further 5m of shares (£8m) were issued in partial payment for iForce Group.

The sources and uses of this funding were as follows:

Sources				Uses			
				iForce Group acquisition	Shares*	8.0	
Total primary share issue	Primary share issue	122.0			Cash	36.9	44.9
	iForce Group consideration*	8.0					
				Debt repayment	Term debt	139.0	
					Loan notes	33.9	172.9
Term loan facility		100.0	Fees		Exceptional items	4.2	
					Offset to share proceeds	5.3	
					Capitalised bank fees	2.7	12.2
Total		230.0					230.0

* Shares issued in consideration for iForce Group

A share capital reduction undertaken in the listed company converted £64.6m share premium into distributable reserves to ensure sufficient reserves are available to satisfy the Group's dividend policy.

Dividend

Eddie Stobart has a progressive dividend policy. An interim dividend of 1.4p per share is declared today for shareholders on the register at the close of business on 8 September 2017 and payable on 20 October 2017.

Borrowing Facilities

On 13 April 2017 the Group entered into a senior facility agreement for £100m with Bank of Ireland, BNP Paribas, Allied Irish Banks and KBC Bank NV, maturing in April 2022.

The facility was drawn in full and was used to repay, in part, the previous facility of £139m.

Subsequent to the period end the Group entered into a four year interest rate hedging arrangement with a 12 month deferred start date covering £60m of the above facility.

At 31 May 2017 the Group also had access to a committed revolving finance facility of £65m (May 2016 - £40m) which can be increased to £75m in certain instances (2016 £50m). At 31 May 2017 the Group held net cash of £15.7m.

Acquisitions

On 28 April 2017 the Group completed the acquisition of iForce Group for consideration of £44.9m (£8.0m in shares and £36.9m in cash).

Post the Balance Sheet date we acquired 50% of the share capital of Puro Ventures (trading as Speedy Freight) for an initial payment of £4.1m. A further payment in respect of this initial 50% shareholding will be due in May 2018, subject to certain agreed EBIT targets being achieved.

On 30 August 2017 the Group also acquired the remaining 50% of TLP Holdings Limited (the parent company of The Logistics People Limited) for consideration of up to £6m. £5m of this was paid on completion and up to a further £1m will be payable by the latest in November 2020, subject to the achievement of certain agreed profit targets. As the Group already fully consolidates the financial results of Logistics People (by virtue of its deemed control over its operations) the impact of this purchase will be to reduce profit attributable to non-controlling interests and to increase earnings per share.

¹ Underlying Revenue is defined as Revenue less revenue from the exited Ireland retail segment (see note 3).

² Underlying EBIT is defined as Profit from operating activities before exceptional items, amortisation of acquired intangibles, and the exited Ireland retail segment and after adding back in the Group's share of profit from equity accounted investees. Underlying EBITDA is defined as Underlying EBIT before depreciation of property, plant and equipment (see Note 3).

³ Adjusted profit before tax is defined as profit or loss before tax adding back exceptional items, the exited Ireland segment and amortisation of acquired intangibles (see Note 3).

⁴ Free Cash Flow is defined as Cash generated from operating activities less purchase of property, plant and equipment adding back proceeds from sale of property, plant and equipment and adding back income taxes paid.

⁵ Underlying Earnings per Share is defined as Profit from operating activities before exceptional items divided by the weighted average basic and diluted number of shares in issue at balance date (see note 13).

⁶ Pro-forma Adjusted EBITDA is defined as Underlying EBITDA for the preceding 12 months at the point of measurement with iForce EBITDA added into the calculations as if acquired and consolidated throughout that period.

Eddie Stobart Logistics plc ("ESL" or the "Group")

Interim Results for the 6 months ended 31 May 2017

Interim Consolidated Income Statement for the six months ended 31 May 2017

	Note	6 months ended 31 May 2017 (Unaudited) £'000	6 months ended 31 May 2016 (Unaudited) £'000	Year ended 30 November 2016 (Audited) £'000
Revenue		286,836	266,359	570,177
Cost of sales		(226,131)	(211,977)	(448,986)
Gross profit		60,705	54,382	121,191
Administrative expenses: before amortisation of acquired intangibles and exceptional costs		(44,128)	(38,764)	(81,601)
Amortisation of acquired intangibles		(4,947)	(4,757)	(9,509)
Administrative expenses: before exceptional items		(49,075)	(43,521)	(91,110)
Administrative expenses: exceptional items	5	(6,022)	(699)	(3,288)
Total administrative expenses		(55,097)	(44,220)	(94,398)
Profit from operating activities: including exceptional items		5,608	10,162	26,793
Profit from operating activities: before exceptional items		11,630	10,861	30,081
Finance income		1	7	5
Finance expenses: before exceptional items		(6,914)	(8,574)	(15,984)
Finance expenses: exceptional items	5	(6,621)	-	-
Net finance expense		(13,534)	(8,567)	(15,979)
Share of profit from equity accounted investees, net of tax		343	153	428
(Loss)/profit before tax		(7,583)	1,748	11,242
Tax credit/(expense)	6	1,314	(9)	(1,332)
(Loss)/profit for the period		(6,269)	1,739	9,910
Profit attributable to:				
Owners of the Company		(7,135)	1,353	9,029
Non-controlling interests		866	386	881
(Loss)/profit for the period		(6,269)	1,739	9,910
Earnings per share				
Basic – total operations	13	(2.5p)	0.5p	3.3p
Diluted – total operations	13	(2.5p)	0.5p	3.3p

The accompanying notes form part of the interim financial statements.

Interim Consolidated Statement of Comprehensive Income for the six months ended 31 May 2017

	6 months ended 31 May 2017 (Unaudited)	6 months ended 31 May 2016 (Unaudited)	Year ended 30 November 2016 (Audited)
	£'000	£'000	£'000
(Loss)/profit for the period	(6,269)	1,739	9,910
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations	(204)	243	882
Foreign currency translation differences – equity-accounted investees	22	-	92
Effective portion of changes in fair value of cash flow hedges	-	-	285
Total items that are or may be reclassified subsequently to profit or loss	(182)	243	1,259
Total comprehensive income for the period	(6,451)	1,982	11,169
Total comprehensive income attributable to:			
Owners of the Company	(7,317)	1,596	10,288
Non-controlling interests	866	386	881
Total comprehensive income for the period	(6,451)	1,982	11,169

The accompanying notes form part of the interim financial statements.

Interim Consolidated Statement of Changes in Equity for the six months ended 31 May 2017

Attributable to equity holders of the Company

	Share capital £'000	Share premium £'000	Translation reserve £'000	Hedge reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
Balance at 30 November 2016	703	64,647	(332)	(1,546)	-	24,127	87,599	1,831	89,430
(Loss) / profit for the period	-	-	-	-	-	(7,135)	(7,135)	866	(6,269)
Total other comprehensive income	-	-	(182)	-	-	-	(182)	-	(182)
Closure of hedge reserve	-	-	-	1,546	-	-	1,546	-	1,546
Cancellation of share premium	-	(64,647)	-	-	-	64,647	-	-	-
Issue of capital (net of costs)	2,876	125,187	-	-	-	(5,386)	122,677	-	122,677
	3,579	125,187	(514)	-	-	76,253	204,505	2,697	207,202
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	-	-
Balance at 31 May 2017	3,579	125,187	(514)	-	-	76,253	204,505	2,697	207,202

The accompanying notes form part of the interim financial statements.

Interim Consolidated Statement of Changes in Equity for the six months ended 31 May 2016 (unaudited)

Attributable to equity holders of the Company

	Share capital £'000	Share premium £'000	Translation reserve £'000	Hedge reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 December 2015	703	64,647	(1,306)	(1,831)	15,098	77,311	-	77,311
Profit for the period	-	-	-	-	1,353	1,353	386	1,739
Total other comprehensive income	-	-	243	-	-	243	-	243
	703	64,647	(1,063)	(1,831)	16,451	78,907	386	79,293
Changes in ownership interests in subsidiaries								
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	1,750	1,750
Dividends paid	-	-	-	-	-	-	(304)	(304)
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	1,446	1,446
Balance at 31 May 2016	703	64,647	(1,063)	(1,831)	16,451	78,907	1,832	80,739

The accompanying notes form part of the interim financial statements.

Interim Consolidated Statement of Changes in Equity for the year ended 30 November 2016

Attributable to equity holders of the Company

	Share capital £'000	Share premium £'000	Translation reserve £'000	Hedge reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 December 2015	703	64,647	(1,306)	(1,831)	15,098	77,311	-	77,311
Profit for the year	-	-	-	-	9,029	9,029	881	9,910
Total other comprehensive income	-	-	974	285	-	1,259	-	1,259
	703	64,647	(332)	(1,546)	24,127	87,599	881	88,480
Changes in ownership interests in subsidiaries								
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	1,750	1,750
Dividends paid	-	-	-	-	-	-	(800)	(800)
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	950	950
Balance at 30 November 2016	703	64,647	(332)	(1,546)	24,127	87,599	1,831	89,430

The accompanying notes form part of the interim financial statements.

**Interim Consolidated Statement of Financial Position
as at 31 May 2017**

	Note	6 months ended 31 May 2017 (Unaudited) £'000	6 months ended 31 May 2016 (Unaudited) £'000	Year ended 30 November 2016 (Audited) £'000
Assets				
Non-current assets				
Property, plant and equipment	7	45,253	37,750	37,860
Goodwill	10	161,811	135,524	135,524
Intangible assets	11	95,768	88,570	83,819
Investments in equity accounted investees		1,117	686	939
		303,949	262,530	258,142
Current assets				
Inventories		2,530	1,996	2,357
Trade and other receivables		140,080	135,060	133,816
Current tax asset		97	-	-
Cash and cash equivalents		17,604	-	14,083
		160,311	137,056	150,256
Non-current assets				
Deferred tax		804	-	-
		804	-	-
Total assets				
		465,064	399,586	408,398
Liabilities				
Current liabilities				
Loans and borrowings	8	(5,993)	(16,921)	(6,212)
Trade and other payables		(121,029)	(98,562)	(110,581)
Current tax liability		-	(1,360)	(493)
Deferred tax liabilities		-	-	(1,582)
Provisions		(714)	(2,429)	(1,259)
		(127,736)	(119,272)	(120,127)
Non-current liabilities				
Loans and borrowings	8	(109,276)	(169,909)	(173,375)
Employee benefits		(42)	-	-
Trade and other payables		(11,515)	(16,128)	(15,499)
Deferred tax liabilities		(7,644)	(13,020)	(8,944)
Provisions		(1,649)	(518)	(1,023)
		(130,126)	(199,575)	(198,841)
Total liabilities				
		(257,862)	(318,847)	(318,968)
Net assets				
		207,202	80,739	89,430
Equity				
Share capital	12	3,579	703	703
Share premium	12	125,187	64,647	64,647
Translation reserve		(514)	(1,063)	(332)
Hedge reserve		-	(1,831)	(1,546)
Retained earnings		76,253	16,451	24,127
Total equity attributable to owners of the Company			78,907	87,599
Non-controlling interests		2,697	1,832	1,831
Total equity		207,202	80,739	89,430

The accompanying notes form part of the interim financial statements.

Consolidated Cash Flow Statement

for the six months ended 31 May 2017

	Note	6 months ended 31 May 2017 (Unaudited) £'000	6 months ended 31 May 2016 (Unaudited) £'000	Year ended 30 November 2016 (Audited) £'000
Cash flows from operating activities				
(Loss)/profit for the period		(6,269)	1,739	9,910
Adjustments for:				
Depreciation		3,023	3,085	6,125
Amortisation of intangible assets	11	4,947	4,757	9,509
Net finance costs		6,621	8,567	15,979
Costs associated with hedge closure		1,483	-	-
Share of profit of equity-accounted investees, net of tax		-	(153)	(428)
Gain on sale of property, plant and equipment		(941)	(68)	(1,446)
Equity settled share-based payment expenses		96	-	-
Gain of hedge closure		(530)	-	-
Non-cash exceptional items		4,539	-	-
Tax expense	6	(1,314)	9	1,332
Changes in:				
Inventories		(173)	(53)	(414)
Trade and other receivables		4,753	(17,637)	(18,381)
Trade and other payables		1,264	5,512	9,015
Provisions and employee benefits		-	(4,207)	290
Deferred income, including government grant		(2,994)	1,332	(1,753)
Foreign exchange losses/(gains)		151	(173)	(60)
Cash generated from operating activities		14,656	2,710	29,678
Net interest paid		(6,871)	(7,296)	(10,328)
Income taxes paid		570	(1,856)	(1,674)
Net cash generated from operating activities		8,355	(6,442)	17,676
Cash flows from investing activities				
Proceeds from sales of property, plant and equipment		1,388	870	7,237
Acquisition of subsidiaries, net of cash acquired		(36,993)	(1,706)	(1,706)
Purchase of property, plant and equipment		(5,496)	(5,134)	(8,052)
Interest received		1	-	-
Dividends received from equity accounted investees		(282)	-	-
Net cash generated from / (used by) investing activities		(41,382)	(5,970)	(2,521)
Cash flows from financing activities				
Proceeds from issue of share capital		111,933	-	-
Drawdown of new borrowings		100,554	-	-
Draw down of financing facility, net of costs		(223)	-	641
Repayment of bank borrowings and Eurobond		(173,745)	(163)	(385)
Payment of capital element of finance lease liabilities		(2,277)	(2,434)	(5,425)
Net cash (used in) / generated from financing activities		36,242	(2,597)	(5,169)
Net increase/(decrease) in cash and cash equivalents		3,215	(15,009)	9,986
Cash and cash equivalents at the start of the financial period		14,083	4,097	4,097
Effect of exchange rate fluctuations on cash held		306	-	-
Cash and cash equivalents at the end of the financial period	8	17,604	(10,912)	14,083

The accompanying notes form part of the interim financial statements.

1. Accounting Policies of Eddie Stobart Logistics plc

The consolidated interim financial statements of the Group for the six months ended 31 May 2017 were authorised for issue in accordance with a resolution of the Directors on 30 August 2017. Eddie Stobart Logistics plc is a UK registered company whose ordinary shares are publicly traded on the AIM market of the London Stock Exchange. The principal activities of the Group are described in Note 3.

Basis of preparation

The consolidated financial statements of the Group for the six months ended 31 May 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

The consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of Eddie Stobart Logistics plc (formerly Greenwhitestar UK plc) as at 30 November 2016. The financial information set out herein is unaudited but has been reviewed by the auditors, KPMG LLP, and their report to the Company is attached.

The comparative financial information set out in these interim consolidated financial statements does not constitute the Group's statutory accounts for the year ended 30 November 2016 but has been derived from those accounts. Statutory accounts for the period ended 30 November 2016 have been published and KPMG Audit LLC reported on those accounts. Their audit report was unqualified and did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report. The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU.

Going concern

The Group has considerable financial resources, together with contracts with a number of customers and suppliers. The financial forecasts show that borrowing facilities are adequate such that the Group can operate within these facilities and meet its obligations when they fall due for the foreseeable future. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. 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 interim financial statements have been prepared on a going concern basis.

Significant accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 November 2016. These accounting policies are expected to be applied for the full year to 30 November 2017.

The following new standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2018:

IFRS 9 – Financial instruments	1 January 2018
IFRS 15 – Revenue from contracts with customers	1 January 2018
IFRS 16 – Leases	1 January 2019
IFRS 8 – Segmental reporting	1 January 2019*

* The following new standard has not yet been published but is expected to have an implementation date of 1 January 2019.

The Group is currently assessing the potential impact of these new standards, has not applied them early and does not expect to adopt them before the effective dates above. As noted in the annual report, IFRS 16 Leases is expected to have a significant impact on the Group's consolidated financial statements although, at this stage it has not been practicable to quantify the full effect this standard will have upon transition. A number of standards have been modified on miscellaneous points. None of these amendments is expected to have a material effect on the Group's financial statements.

2. Seasonality of operations

Some of our operations are seasonal, with demand for services generally trending higher as the financial year progresses. Whilst this impact is mitigated by operating in different sectors there is still a significant increase in revenue and profits in the second half of the year for the Group as a whole. We aim to further reduce the impact of seasonality by growing in business sectors that have a complementary profile in respect of seasonal trading

3. Segmental Information

Eddie Stobart Logistics plc provides contract logistics services in the UK and Europe. In the year to 30 November 2016 and the six months to 31 May 2017 the Group managed its operations via segments, the performance of which is reported to the board of directors. The segments are set out in the following table. Road Transport represents transport in UK and Ireland, CL & Warehousing represents contract logistics and warehousing services, EU Transport represents transport and vehicle transportation in Europe and Other represents special operations such as Formula 1 transportation, truck-stop parking, motel, restaurant and retail services.

Revenue is split by sector as follows:

	6 months ended 31 May 2017 (Unaudited) £'m	6 months ended 31 May 2016 (Unaudited) £'m	Year ended 30 November 2016 (Audited) £'m
Revenues			
Road Transport	199.3	191.6	415.7
CL & Warehousing	49.1	45.5	94.5
EU Transport	19.9	18.8	38.5
Other divisions, Central and eliminations	18.5	10.5	21.3
	286.8	266.4	570.1

Underlying EBITDA

Road Transport	18.7	16.3	43.0
CL & Warehousing	2.6	2.2	4.7
EU Transport	0.8	1.6	3.4
Other divisions, Central and eliminations	(2.2)	(1.2)	(3.0)
	19.9	18.9	48.1

Underlying EBITDA margin

	6 months ended 31 May 2017 (Unaudited) %	6 months ended 31 May 2016 (Unaudited) %	Year ended 30 November 2016 (Audited) %
Road Transport	9.4%	8.5%	10.4%
CL & Warehousing	5.3%	4.8%	5.0%
EU Transport	4.0%	8.5%	8.8%
Other divisions, Central and eliminations	(11.9)%	(11.4)%	(14.0)%
Total	7.0%	7.1%	8.4%

Management are currently in the process of evaluating how they look at the business and going forward may move to a sector based segment rather than a function based segment. Revenues presented by sector are shown in the table below.

	6 months ended 31 May 2017 (Unaudited) £'m	6 months ended 31 May 2016 (Unaudited) £'m	Year ended 30 November 2016 (Audited) £'m
Revenues			
Retail	80.0	84.2	173.4
Consumer	74.7	71.4	164.6
Manufacturing, Industrial & Bulk	80.9	66.3	132.7
E-Commerce	36.9	26.0	49.1
Non sector specific	14.3	18.5	50.3
	286.8	266.4	570.1

Reconciliation to Underlying Revenue, Underlying EBIT, Underlying EBITDA, Adjusted Profit before tax and Free Cash Flow

	6 months ended 31 May 2017 (Unaudited) £'000	6 months ended 31 May 2016 (Unaudited) £'000
Reported revenue	286,836	266,359
Impact of exit from Ireland retail segment	-	(12,789)
Underlying revenue	286,836	253,570
Reported profit from operating activities before exceptional items	11,630	10,861
Amortisation of acquired intangibles	4,947	4,757
Share of profit from equity accounted investees	343	153
Impact of exit from Ireland retail segment	-	(956)
Underlying EBIT*	16,920	14,815
Depreciation	3,023	3,085
Underlying EBITDA**	19,943	17,900
(Loss) / profit before tax	(7,583)	1,748
Amortisation of acquired intangibles	4,947	4,757
Exceptional items	12,643	699
Impact of exit from Ireland retail segment	-	(956)
Adjusted profit before tax***	10,007	6,248
Cash generated from operating activities	14,656	2,710
Purchase of property, plant and equipment	(5,496)	(5,134)
Proceeds from sale of property, plant and equipment	1,388	870
Income taxes paid	570	(1,856)
Free cash flow****	11,118	(3,410)

* Adjusted for amortisation of acquired intangibles, profit share of associates and joint venture entities, exceptional items and impact of exit from Ireland retail segment.

** Adjusted for amortisation, depreciation, profit share of associates and joint venture entities, exceptional items and impact of exit from Ireland retail segment

*** Adjusted profit before tax is defined as profit or loss before tax adding back exceptional items, the exited Ireland segment and amortisation of acquired intangibles

**** Free cash flow is defined as Cash generated from operating activities less purchase of property, plant and equipment adding back proceeds from sale of property, plant and equipment and adding back income taxes paid.

4. Acquisition of iForce Group Limited

On 28 April 2017, Eddie Stobart Logistics plc acquired, through its wholly-owned subsidiary ESLL Group Limited, 100% of the share capital of iForce Group Limited, a leading E-Commerce service provider which supports customers with industry-leading software and operational capability. Subsequent to acquisition management performed a review of the carrying value of all of the identifiable assets and liabilities of the aggregated companies within the iForce Group. This review resulted in a number of fair value adjustments as presented in the table below:

Identifiable assets acquired and liabilities assumed	Book value	Adjustments	Fair value recognised on acquisition
	£'000	£'000	£'000
Property, plant, equipment	3,760	(93)	3,667
Intangible assets: intellectual property and software	1,579	2,767	4,346
Intangible assets: customer relationships	-	12,550	12,550
Deferred tax	6,217	(2,469)	3,748
Trade receivables	4,287	(108)	4,179
Other receivables	4,371	(91)	4,280
Overdraft	(230)	-	(230)
Trade payables	(2,179)	-	(2,179)
Other payables and deferred income	(10,493)	(1,162)	(11,655)
Total net assets acquired	7,312	11,394	18,706
Cash settlement			36,993
Equity settlement			8,000
Total consideration transferred			44,993
Goodwill arising on acquisition			26,287

The goodwill arising on acquisition represents the projected profitability of the Group, including the assembled workforce, together with further potential to exploit synergies between business units and within the logistics sector as a whole. None of this goodwill is expected to be deductible for corporation tax purposes. The fair value adjustments are provisional.

The consideration was transferred upon acquisition and there is no further contingent consideration. Transaction costs associated with the acquisition were borne by subsidiaries in the Group, and have been taken directly to the income statement.

In its financial year ended 3 July 2016, iForce Group's audited accounts reported revenue of £56.3m, operating profit of £1.8m and net assets of £6.5m.

5. Exceptional items

	6 months ended 31 May 2017 (Unaudited) £'000	6 months ended 31 May 2016 (Unaudited) £'000	Year ended 30 November 2016 (Audited) £'000
Exceptional items included in administrative expenses			
Costs associated with the IPO of Eddie Stobart Logistics plc	(3,743)	-	-
Costs associated with the acquisition of the iForce Group	(494)	-	-
Other	(1,785)	(699)	(3,288)
Total exceptional items included in administrative expenses	(6,022)	(699)	(3,288)
Costs associated with the refinancing of Eddie Stobart Logistics plc	(6,621)	-	-
Total exceptional items included in finance expenses	(6,621)	-	-

Eddie Stobart Logistics plc was listed on the London Stock Exchange on 25 April 2017, with the consequence that a number of professional and adviser costs were incurred. Management also considered the transaction costs and adviser fees relating to the acquisition of iForce Group to be non-trading. Both of these items have therefore been classified as exceptional.

Other exceptional items in the current period include legal and employment costs relating to restructuring and costs associated with the discontinuation of the Ireland retail segment within the Transport business. Other exceptional costs incurred in the prior year also included costs incurred as a consequence of the entrance into new markets. These costs have also been separately classified as exceptional to allow a clearer view of the underlying performance of the business.

Within finance costs a new term loan was arranged in parallel to the listing, with the result that the residual capitalised bank fees relating to the previous loan were written off to the income statement.

6. Taxation

Total tax charged in the Income Statement in respect of continuing operations

	6 months ended 31 May 2017 (Unaudited) £'000	6 months ended 31 May 2016 (Unaudited) £'000	Year ended 30 November 2016 (Audited) £'000
Current income tax			
UK Corporation tax			
UK corporation tax	(972)	400	2,888
Overseas corporation tax	275	701	1,277
Adjustments in respect of prior periods	-	(748)	(1,495)
Total current tax charge	(697)	353	2,670
Deferred taxation credit			
Origination and reversal of temporary differences	(617)	(267)	(854)
Adjustments in respect of prior periods	-	-	205
Effect of rate change on opening balance	-	(95)	(689)
Total (credit)/charge in the income statement	(1,314)	(9)	1,332

7. Property, Plant and Equipment

Additions and disposals

During the six months ended 31 May 2017, the Group developed leaseholds or acquired plant and equipment assets with a cost of £7,879,000 (2016: £4,612,000). This included the development at the two Truckstop sites in Rugby and Carlisle, in addition to the purchase via finance lease of a number of new vehicles and trailers.

Property, plant and equipment assets with a book value of £446,000 (2016: £802,000) were disposed of by the Group during the six months ended 31 May 2016, resulting in a profit of £941,000 (2016: £52,000).

Capital commitments

At 31 August 2017, the Group had capital commitments of £2,152,000 (2016: £3,170,000), principally relating to development of leased sites in Sherburn, Lutterworth, Rugby and Dagenham.

8. Financial Assets and Liabilities

	31 May 2017 (Unaudited) £'000	31 May 2016 (Unaudited) £'000	30 November 2016 (Audited) £'000
Current			
Finance lease and hire purchase obligations	4,101	4,399	4,360
Bank loans and overdraft	1,892	12,522	1,852
	5,993	16,921	6,212
Non-current			
Term loan and capitalised bank fees	97,466	130,869	131,708
Bank loans	2,178	1,253	1,794
Loan notes, including interest	-	30,589	32,346
Finance lease and hire purchase obligations	9,632	7,198	7,527
	109,276	169,909	173,375
Total Loans and borrowings	115,269	186,830	179,587
Cash	(17,604)	-	(14,083)
Net debt	97,665	186,830	165,504

Finance facilities

Borrowing facilities

On 13 April 2017, the Group signed a new senior facility agreement with a new syndicate of lenders, providing a finance facility of £100.0m with associated fees of £2.7m. The facility is secured on the shares of the subsidiaries of the Group, is subject to a variable rate of interest and subject to certain conditions is repayable in full in April 2022. On 25 April 2017, the Group drew down the full finance facility of £100.0m and repaid the previous finance facility of £139.0m. The residual capitalised bank fees associated with the previous facility of £6.6m were taken directly to the income statement and have been classified as an exceptional item.

Included in the analysis above are financing fees of £2.7m on the new facility at 31 May 2017 (31 May 2016: £8.2m), which have been netted against the principal term loans outstanding. During the period refinancing fees of £0.8m (31 May 2016: £0.8m) were amortised through the consolidated income statement.

In the UK, the Group also has access to a revolving finance facility of up to £75.0m (31 May 2016: £50.0m) though normally restricted to £65.0m (31 May 2016: £40.0m), which is dependent upon and secured against assets within the Group. The facility is subject to a variable rate of interest and is in place until 2021.

The Group has finance facilities in Belgium which are secured against assets in that region and comprise an overdraft of €1.5m, subject to a variable rate of interest and available over 7 years to 2021, and a loan of €3.0m, subject to a fixed rate of interest and repayable in equal quarterly instalments over 7 years to 2021. During the year a new facility of €1.5m has been agreed at a fixed rate of interest and repayable in equal quarterly instalments over 5 years to 2021. The facilities are secured against specific assets in the Group.

Loan notes

On 27 April 2017 the loan notes of £33.9m (31 May 2016: £30.6m) were repaid to Greenwhitestar Holding Company 2.

9. Dividends

An interim dividend of 1.4p per share was declared by the Board of directors at the date of publication of these financial statements. It will be paid on 20 October 2017 to shareholders whose name appears on the register at close of business on 8 September 2017. The interim dividend, amounting to £5,000,000, has not been recognised as a liability in this interim financial information. It will be recognised in the shareholders' equity in the year to 30 November 2017.

10. Goodwill

	General Transport £'000	Ports £'000	Automotive £'000	TLP Holdings £'000	iForce £'000	Total £'000
Goodwill at 30 November 2016	125,574	5,559	1,000	3,391	-	135,524
Goodwill at 31 May 2017	125,574	5,559	1,000	3,391	26,287	161,811

Details of the acquisition of iForce Group can be found in Note 4.

11. Intangible assets

	Software £'000	Brand names £'000	Customer relationships £'000	Total £'000
Cost				
At 1 December 2015	-	22,300	86,876	109,176
Additions in the year	-	-	-	-
At 30 November 2016	-	22,300	86,876	109,176
Additions in the period	-	-	-	-
Additions on acquisitions of business combinations	4,346	-	12,550	16,896
At 31 May 2017	4,346	22,300	99,426	126,072
Amortisation and impairment				
At 1 December 2015	-	6,195	9,653	15,848
Amortisation charge for the year	-	3,717	5,792	9,509
At 30 November 2016	-	9,912	15,445	25,357
Amortisation charge for the period	123	1,858	2,966	4,947
At 31 May 2017	123	11,770	18,411	30,304
Net book value				
At 30 November 2016	-	12,388	71,431	83,819
At 31 May 2017	4,223	10,530	81,015	95,768

12. Share capital

	No. of shares '000	Share capital £'000	Share premium £'000
Ordinary shares in issue at 31 May 2016 and 30 November 2016	703	703	64,647
Conversion of share premium into share distributable reserves	-	-	(64,647)
Bonus issue of 2,063,688 shares at £1.00 each	2,064	2,064	-
Subdivision of shares creating 273,902,112 shares at £0.01p each	273,902	-	-
Issuance of 81,250,000 £0.01p new shares for £1.60 net of costs	81,250	812	125,187
Ordinary shares in issue at 31 May 2017	357,919	3,579	125,187

13. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

	6 months ending 31 May 2017 (Unaudited)		6 months ending 31 May 2016 (Unaudited)		2016 (Audited)	
	After exceptional items	Underlying Trading*	After exceptional items	Underlying Trading*	After exceptional items	Underlying Trading*
Total operations						
Profit / (loss) attributed to equity shareholders (£'000)	(7,135)	11,630	1,353	10,861	9,029	30,081
Basic and diluted weighted average number of shares (000)	290,210	290,210	276,668	276,668	276,668	276,668
Basic earnings per share for total operations	(2.5p)	4.0p	0.5p	3.9p	3.3p	10.9p
Diluted earnings per share for total operations	(2.5p)	4.0p	0.5p	3.9p	3.3p	10.9p

* Underlying Trading refers to Profit from operating activities before exceptional items. Management believe that Underlying Trading is a more relevant representation of the financial results for the period given the significant exceptional IPO and refinancing related costs incurred during the period. An alternative measure of earnings per share has been presented on this basis.

14. Events after the Balance Sheet

Speedy Freight

Post balance sheet date the Group entered into an agreement to purchase 50% of the shares in Puro Ventures Limited, which trades as Speedy Freight. In the view of management the acquisition of the remaining 50% is probable through the existence of a call option and a put option, exercisable in future periods. The ability of the Group to direct the relevant activities of the business means that the Group is expected to meet the criteria for assessing control as set out in IFRS 10. As such Speedy Freight will be consolidated into future trading performance.

The total consideration of £16,644,000 acquired net assets with a book value of £1,093,000, primarily relating to property plant and equipment of £61,000 and working capital balances of £1,030,000. A detailed fair value exercise to determine the expected level of total consideration and the value of intangible assets and goodwill will be undertaken in the second half of the year.

Speedy Freight has a rapidly growing franchise model and this goodwill represents anticipated future growth by increasing the number of branches around the UK.

TLP Holdings

Post balance sheet date, AHL Anglia Limited, a subsidiary of the Group, entered into an agreement with Carl Stairs to acquire the remaining 50% shares in TLP Holdings Limited ("TLP"), having acquired the initial 50% of TLP's shares in January 2016. TLP provides driver related services and is expected to support the Group with its anticipated growth plans, primarily through the recruitment of drivers for the Group's fleet.

The total consideration comprises an initial payment of cash of £5,050,000 and deferred consideration of up to £2,000,000, based on EBT targets for the years ended 30 November 2017, 30 November 2018 and 30 November 2019 which management currently expect to be met. TLP contributed £3,718,000 of external revenue to the Group for the 6 months ended 31 May 2017 (2016: £818,000), earning profit before tax of £640,000 (2016: £90,000). A detailed fair value exercise, as for Speedy Freight, will take place in the second half of the year.

As at 31 May 2017, TLP had net assets of £2,210,821, primarily relating to cash of £1,944,623, property plant and equipment of £219,248 and working capital balances of £83,866.

For both the Speedy Freight and TLP acquisitions, given the proximity of these acquisitions compared to the date of the interim financial statements a full analysis of acquisition fair values, and the valuation of intangible assets, is not yet available. This information will be provided at the year-end.