

The information contained within this announcement (the "Announcement") is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this Announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

16 September 2019

Eddie Stobart Logistics plc
("Eddie Stobart", the "Company" or the "Group")

Company Update

Eddie Stobart Logistics plc (AIM: ESL), a leading UK end-to-end supply chain, transport and logistics group, announces an update on its position following its announcement of 23 August 2019.

Interim results

On 23 August 2019, the Company announced, amongst other things, that work was ongoing to clarify the impact of certain accounting-related items following the Group's review of the unaudited interim results for the six months to 31 May 2019 (the "HY19 Interim Results").

Whilst work remains ongoing in this regard, the Company expects that revenue for the first half will be approximately £450 million and Underlying EBIT¹ for the same period is expected to be in the range of £10 to £11 million. Net debt at 31 May is expected to be approximately £155 million. The Group Auditor's review is not yet complete, and any impact on the Company's expectations for the HY19 Interim Results has not yet been determined.

The Board expects to be able to publish the Group's full interim results following further clarity on the matters set out below.

Trading in the Company's shares will remain suspended pending release of the HY19 Interim Results.

Full year outlook

The Board has also re-assessed the Group's outlook for the full year ending 30 November 2019 ("FY19").

As in past years, a second half weighting to the financial year is anticipated, however the Board continues to expect the Underlying EBIT¹ for FY19 will be significantly below the Board's expectations. The key factors contributing to this lower than expected profitability include:

- An adverse performance against an ambitious budget alongside delays in the implementation of operational efficiencies;
- Provisions made against customer recoveries, a significant proportion of which relate to underperforming contracts which have been exited during the year; and
- Delays on a significant property consultancy project and lower than planned property utilisation.

Steps taken to address these issues

The Group's senior management team, led by Sebastien Desreumaux, has commenced a wide-ranging review of the Group's operations with a view to improving operating margins and its overall financial performance, taking into account current market conditions.

The management team is focused on continuing to deliver excellent customer service and commitment, whilst simultaneously prioritising cash generation within the business. Actions to strengthen internal processes are underway and steps to improve cash collection have been taken.

Capital structure

Group revenue has grown at a compound annual growth rate of 19.3 per cent. over the last three years. Set up activities following new business wins, particularly in Road Transport, have continued to place substantial demands on the Group's working capital as customer payment terms can be significantly longer than the payment terms associated with our principal delivery activities.

In addition, the balance sheet position of the Group has been further impacted by the reduction in EBIT, poor cash collection and its historical dividend policy.

Consequently, the Company is relying more heavily on its available debt facilities and, accordingly, current Group net debt has increased from the amount at the half-year end as indicated above.

The Company, alongside its advisers, is considering all strategic options (including the potential for raising new equity) and is currently engaging with its lenders. The Board has also resolved not to declare any dividend for FY19.

Strategic outlook

Eddie Stobart has seen significant growth in its operational capabilities over the past two years, providing end-to-end supply chain solutions with some of the highest levels of customer satisfaction in the industry.

The Board believes that the immediate issues that the Group faces can be addressed with positive steps already being taken. The Group has a solid business model and a robust customer base, with a clear path to sustainable growth and profitability.

The Board remains confident in the strength of the Company's network and operational capabilities in providing a full end-to-end supply chain solution to our customers.

Offer update

As announced on 9 September 2019, the Group has received a preliminary expression of interest from DBAY Advisors Limited ("DBAY") in relation to a possible offer to be made by funds managed by DBAY for the entire issued, and to be issued, share capital of the Company.

There can be no certainty either that an offer will be made nor as to the terms of any offer, if made. A further announcement will be made when appropriate.

The person responsible for arranging the release of this announcement on behalf of the Company is Anoop Kang, Chief Financial Officer of the Company.

¹ 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, and including Group's share of profit from equity accounted investees.

Further enquiries:

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Notices related to financial adviser

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In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement shall be made available on Eddie Stobart Logistics plc's website <https://eddiestobart.com> by no later than 12 noon (London time) on 17 September 2019. For the avoidance of doubt, the contents of this website are not incorporated into and do not form part of this announcement.