Interim results presentation

Simplified business delivering improved financial performance and positioned for growth

3 November 2021

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Agenda

1. Key takeaways
2. Interim results
3. Energy
4. Aviation
5. Conclusions

Key takeaways

Improved financial performance and clear strategy

Strong recovery in Stobart Energy with EBITDA up 279.1% to £9.1m
- Market conditions returning towards pre-COVID-19 levels
- Improvements in waste wood supply, gate fee pricing and plant availability

Aviation EBITDA improved by 181.4% during the period to £762k
- Positive contribution from the Global Logistics Operation, continued cost management and the receipt of one-off transaction payments

Successful completion of capital raise and refinancing; the Group is well funded with £90.5m of liquidity at the half year – ahead of management expectations

Carlyle transaction demonstrates long-term value of LSA

LSA continues to retain £19.7m of ring-fenced cash

Clear management structure delivers consistency and stability
- David Shearer will remain as Executive Chairman
- Lewis Girdwood CFO will take on the additional role as Executive Director - Aviation with main board responsibility for that division
- Nick Dilworth COO will take on the additional role of Executive Director - Energy with main board responsibility for that business
- David Blackwood will become Deputy Chairman and Senior Independent Director

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Esken strategic priorities

Drive EBITDA profitability and broaden the Stobart Energy offering

Develop profitable commercial passenger and logistics operations

Focus on efficiencies and cost control

Manage balance sheet and liquidity

The disposal of non-core assets remains in line with management plans and Esken is working effectively to minimise legacy issues, allowing management to focus on creating value within the core business.

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Environmental

Scope 3
The business has been collecting data to report on Scope 3 data and will report Scope 1-3 at the end of the financial year.

TCFD
Esken will report its financial disclosure on climate change in April 2022 - ahead of government requirements.

Social

Charity partnerships
Fundraising and volunteering has been taking place throughout the year.

Education outreach programmes
Our colleagues have been supporting local schools with careers fairs and mentoring programmes.

Governance

Structure
The new governance structure is in place and embedded into the business with visibility at Board and Audit Committee level.

KPIs
The development of KPIs for the Executive Team and Division Boards will be agreed later this year.

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Interim results

Financial summary

Revenue

£51.7m

Esken revenue improved by 7.7% following a strong performance in Stobart Energy.

EBITDA

£5.6m

EBITDA increased from a £3.8m loss as all divisions delivered an improvement on the prior period.

Loss before tax

£12.5m

The loss before tax improved by 21.9% as a result of the improved EBITDA performance less increased net finance costs.

Net debt excluding IFRS 16

£123.4m

Net debt including IFRS 16 is £230.0m (IFRS 16 £106.6m). Net debt has improved by £20.8m since year end.

Headroom

£90.5m

Esken had £70.5m of cash (inc. £19.7m of ring fenced LSA cash) and £20m of undrawn bank facilities available as at 31 August 2021.

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Divisional performance

Revenue (£m)	2021	2020	Movement
Aviation	12.9	13.5	(4.0%)
Energy	38.1	33.2	14.8%
Two core operating divisions	**51.0**	**46.7**	**9.2%**
Investments and Non-Strategic Infrastructure	0.3	0.8	(61.7%)
Group central and eliminations	0.4	0.5	(39.3%)
Total	**51.7**	**48.0**	**7.7%**

EBITDA (£m)	2021	2020	Movement
Aviation	0.8	(0.9)	181.4%
Energy	9.1	2.4	279.1%
Two core operating divisions	**9.9**	**1.5**	**573.1%**
Investments and Non-Strategic Infrastructure	(0.5)	(0.8)	31.9%
Group central and eliminations	(3.8)	(4.5)	16.2%
Total	**5.6**	**(3.8)**	**246.6%**

Revenue

- Aviation revenue continues to be impacted by travel restrictions as a result of COVID-19.
- Energy tonnes supplied increased from 0.6m to 0.7m as market conditions are returning to pre COVID-19 levels.
- Non-Strategic Infrastructure rental income reduced following the reclassification of a lease to balance sheet under IFRS 16.
- Esken central no longer receiving royalty income following sale of the Brands.

EBITDA

- Aviation impact of COVID-19 mitigated by financial discipline, positive contributions from the global logistics operation and receipts associated with Connect Airways and Teeside International Airport.
- Energy benefitting from improved gate fees and increased wood supply.
- Non-Strategic Infrastructure has improved due to reduced costs at Carlisle Lake District Airport.
- Esken central benefitting from cost management.

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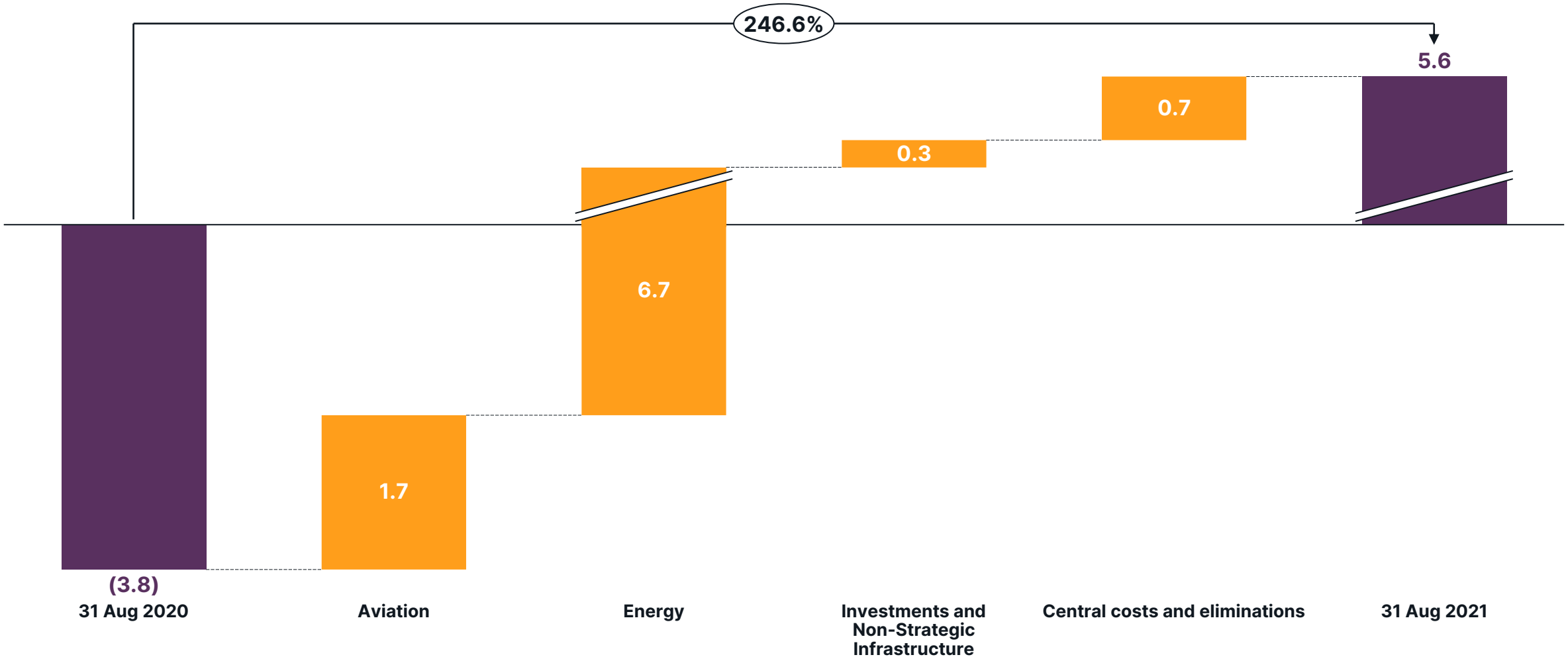
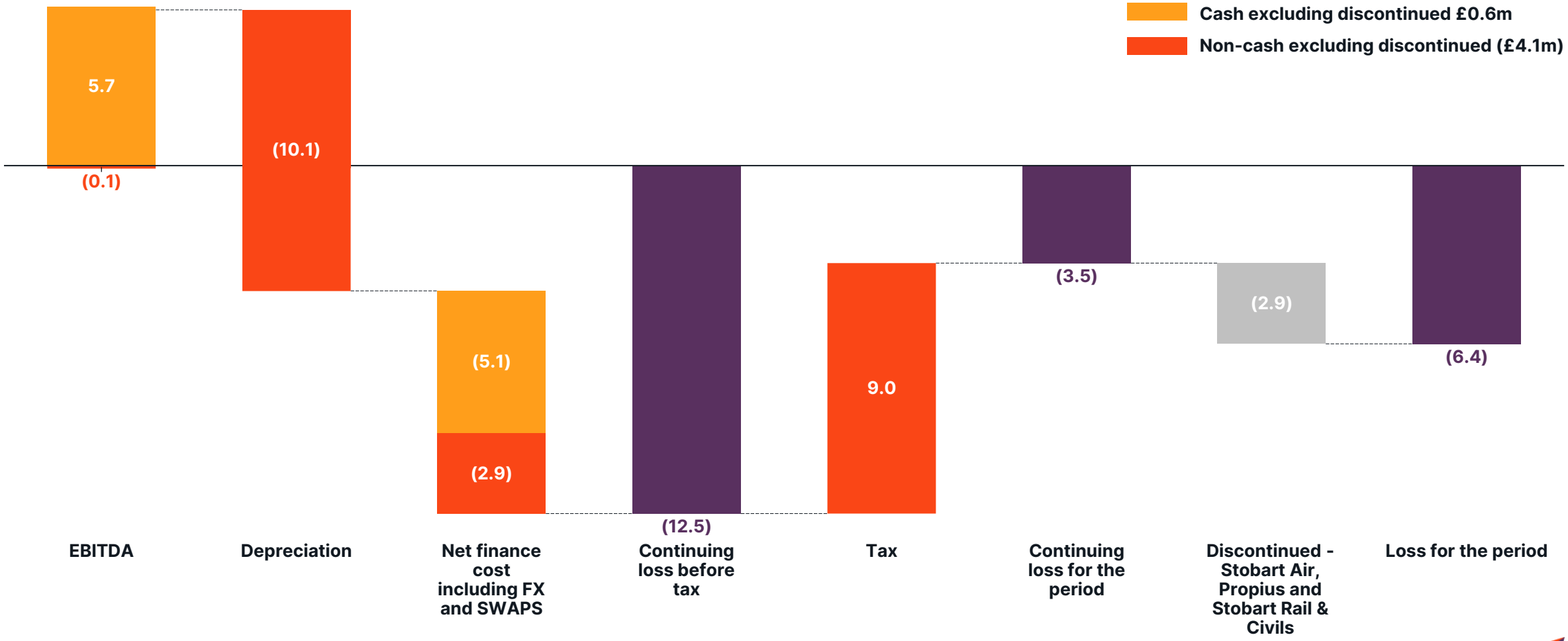
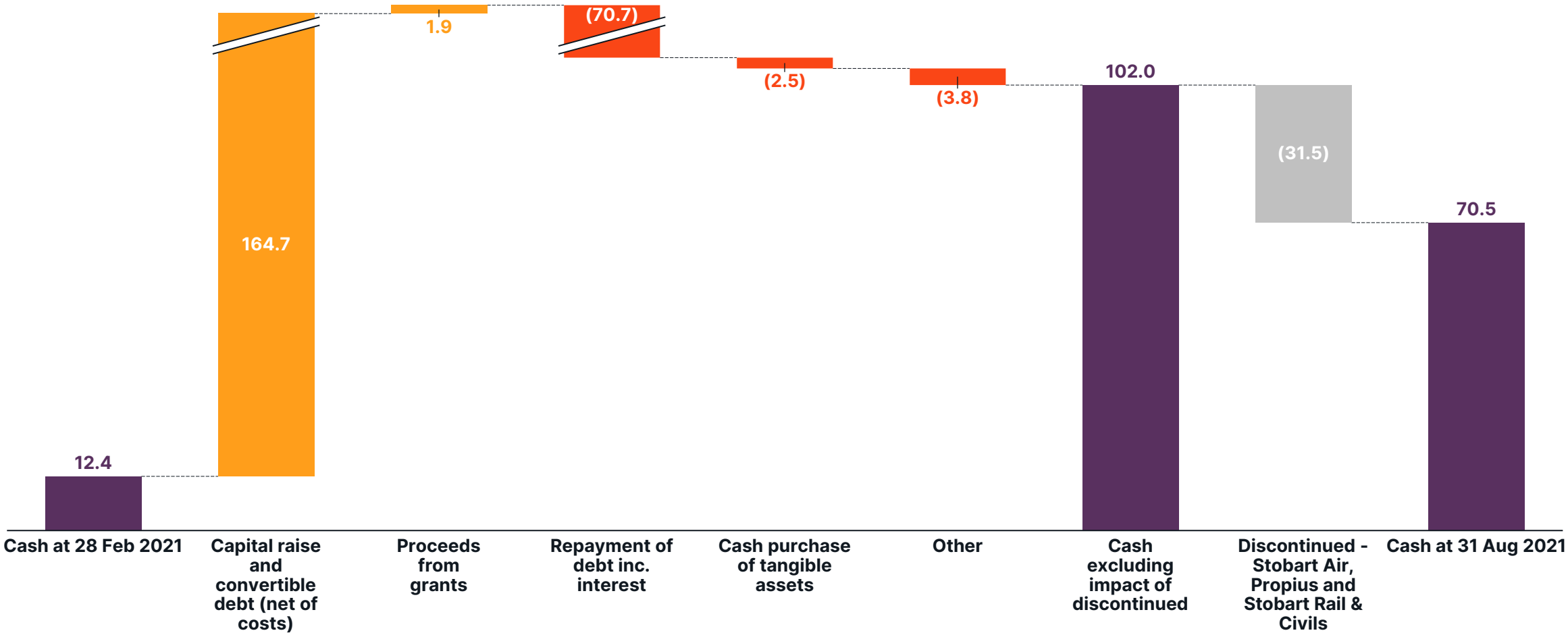
EBITDA from 2020 to 2021



EBITDA to loss for the period



Movement in cash



Balance sheet

£m	Aug 2021	Feb 2021
Intangible assets	54.7	54.7
Tangible assets	229.8	234.7
IFRS 16 ROU assets and net investment in lease	66.5	66.7
Investment and non-current receivables	16.4	13.3
Current assets (excluding cash)	44.8	43.0
Cash	70.5	12.4
Gross assets	**482.7**	**424.8**
Loans and borrowings	(194.0)	(139.8)
IFRS 16 lease liabilities[1]	(106.6)	(123.4)
Other liabilities	(90.8)	(113.3)
Net assets	**91.3**	**48.3**
Gearing	251.9%	519.2%
Gearing - excluding IFRS 16[1]	93.9%	121.4%

- **Tangible assets** decreased primarily as depreciation outweighed additions.
- **Investments** increased due to a captive cell insurance investment in the period.
- **Cash** increased due to funds raised from the capital raise and convertible loan.
- **Loans and borrowings** increased as the RCF was drawn at £108m (up from £55m at Feb 2021) prior to being settled with proceeds from the convertible loan. **IFRS 16 lease liabilities**[1] reduced following the liquidation of Stobart Air combined with repayment of leases.
- **Gearing** decreased due to a combination of increased net assets and reduced net debt as the increase in cash outweighed the increase in loans and borrowings.

[1]IFRS 16 lease liabilities refers to leases which have a corresponding right of use asset or net investment in lease.

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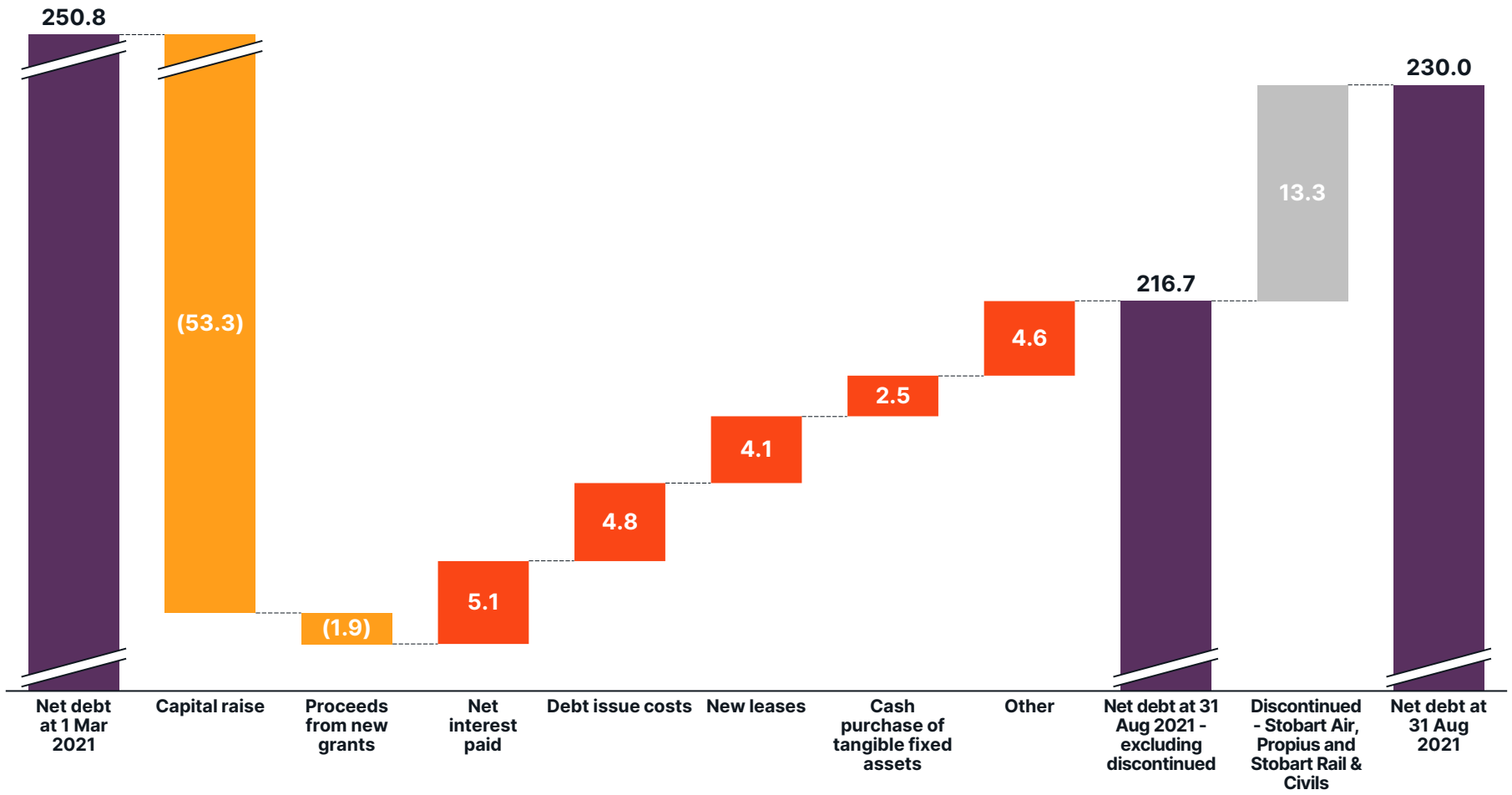
Net debt movement



£m	Aug 2021
Convertible loan	111.7
IFRS 16 lease liabilities[1]	106.6
Other lease liabilities	30.1
Bond	52.2
Cash	(70.5)
Net debt	**230.0**

[1]IFRS 16 lease liabilities refers to leases which have a corresponding right of use asset or net investment in lease.

Energy & Aviation operating performance

Energy

Stobart Energy delivers strong financial recovery

- Stobart Energy experienced a strong financial recovery in line with management expectations at the time of the Company's refinancing .
- Continued improvements in waste wood supply, gate fee pricing and plant availability.
- Continued to deliver on its biomass plant supply contracts whilst navigating market challenges, including the well-publicised HGV driver shortage.
- Stobart Energy is well placed to achieve EBITDA in the range of £18-20m based on the expectation it will maintain a supply run rate of 1.5m tonnes, normalised winter gate fees and no unplanned plant outages.
- Esken further anticipates that Stobart Energy is well placed to build on the FY22 outlook as it continues to develop profitability.

Revenue

Revenue up 14.8% to £38.1m

EBITDA

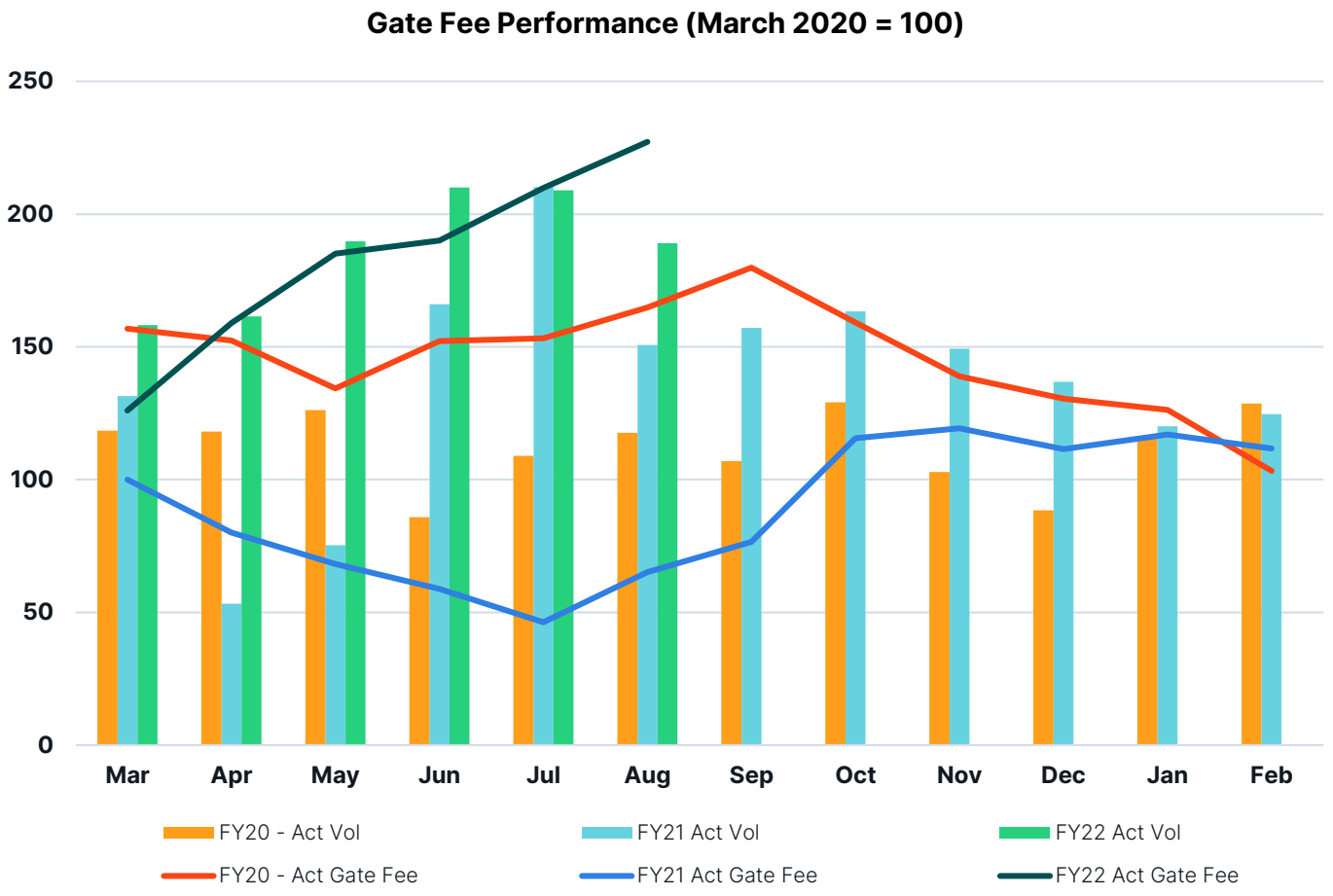
EBITDA up 279.1% to £9.1m

Volumes supplied

Volumes supplied up 14.5% to 706k tonnes

Gate fees returning to pre-COVID-19 levels

- Gate fee pricing is seasonal and linked to construction sector & HWRC activities and the availability of waste wood.
- Typically see a bounce in both volumes and pricing in the Summer periods.
- Management's focus on mitigating supply risks and recovering pricing/margin in FY21 H2 has led to improved pricing/margin in FY22.
- The utilisation of its significant storage capacity in the prior period and strong supply volumes in this period allowed Stobart Energy to manage supply dynamics toward higher gate fee pricing levels during the key Summer period.
- Performance in FY22 H1 exceeded that of the pre-Covid period (FY20 H1) from both a volumes and pricing perspective.



(Source: Management Information)

Scale to manage supply and demand

Sourcing wood from third parties across the UK.

Primarily servicing regions where supply of Unprocessed Waste Wood is lower (NW & NE) or Stobart Energy does not have a Processing facility (SW/Wales & N.I.).

Receiving wood and charging a gate fee.

Significant market share in London/SE market.

Receiving gate fee income. c.80% "spot" with established supply chain.

Sourced 100% via a key strategic supply partner.

Material is typically sourced from managed woodlands, and it is then process into a fuel. Stobart Energy typically earn a fixed margin per MT.

0.7m MT
Third party processed waste wood

0.5m MT
Unprocessed waste wood

0.5m MT
Forest by-products

S U P P L Y
UK Waste Wood Supply grew at 4.5% CAGR 2015-20.

1.2m MT
Waste wood fuel

0.5m MT
Wood arisings and virgin fuel

D E M A N D
Underpinned by long-term UK Gov. backed ROC's & RHI incentives.

UK's number one supplier of waste wood to biomass plants nationally.

- ✓ Clear #1 supplier of scale with demand secured under long term, exclusive supply, RPI-linked contracts.
- ✓ Strong competitive moat with substantial barriers to entry.
- ✓ Largest and most resilient supply chain nationally with well invested infrastructure (one of the largest fleets of walking floor HGV's + largest site storage footprint + advanced MI & IT systems).

Large scale wood biomass plants nationally.

- ✓ Cornerstone supplier on main contracts.
- ✓ Only long-term contractual supplier on main contracts.

[1] Total Waste Wood generation in the UK is c.4.5m MT and of this, c.4.0m MT is segregated as Waste Wood for recycling or reuse (balance goes to landfill due hazardous nature making recycling/reuse prohibited or the waste wood is not segregated from general waste). Stobart Energy source c.0.5m MT of Waste Wood (0.5m MT/4.0m MT = c.12.5% market share) and receives a Gate Fee Income for this. Stobart Energy procures a further c.0.7m MT of Processed Waste Wood (0.7m MT / 4.0m MT = c.17.5% market share) from 3rd party suppliers. i.e. Stobart Energy directly & indirectly have a Waste Wood market share of c.30%.

Well invested for growth

Receiving 30k tonnes of waste wood from around the UK each week

Capacity to store 102k tonnes of waste wood, equating to two months supply

Invested £25m+ in fixed and mobile processing equipment

145 specialist walking floor trailers to transport biomass fuel

Aviation

Aviation managing costs in a challenging market

- Passenger numbers during the period reduced further with the airport delaying a restart in commercial passenger operations to April 2022, allowing it to avoid loss making operations during the traditionally quieter Winter period.
- EBITDA improved as a result of the positive contribution from the Global Logistics Operation, continued cost management including a reduction in airline marketing support, receipts associated with Connect Airways and the conclusion of its partnership with Teesside International Airport.
- LSA continues to retain £19.7m of ring-fenced cash following the completion of Esken's refinancing in August 2021.
- Continued global logistics income coupled with the long term strategic partnership with Carlyle will provide LSA with a robust balance sheet and the optionality to focus on securing the right commercial airline agreements for Esken's shareholders.
- LSA continues to progress positive discussions with airline partners.

Revenue

Revenue decreased by 4.0% to £12.9m

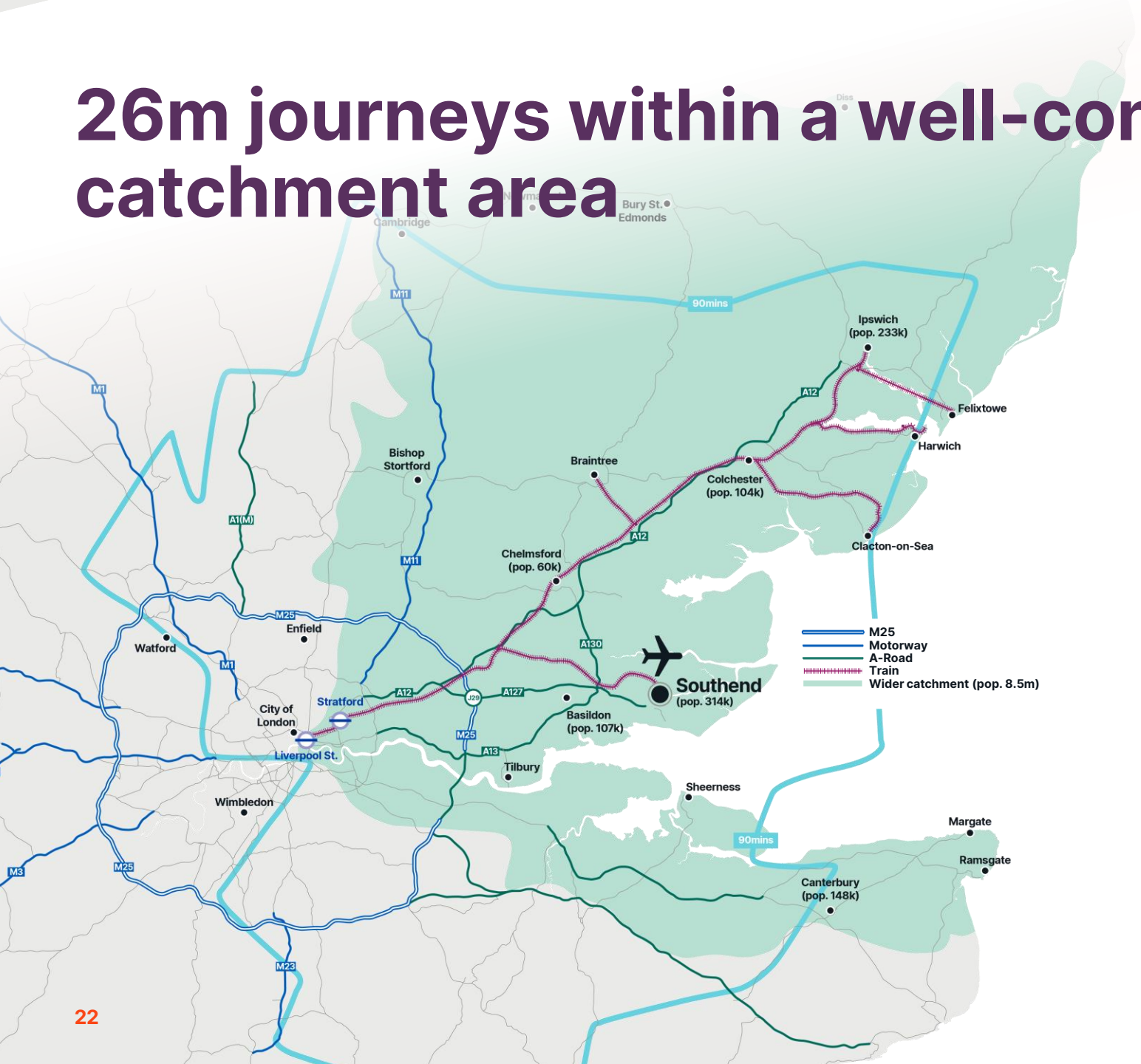
EBITDA

EBITDA improved by 181.4% during the period to £762k

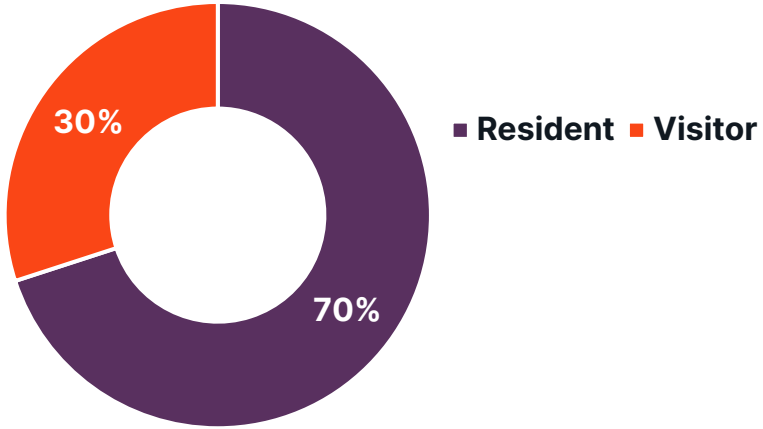
Passenger numbers

Passenger numbers reduced by 63.2% to 46k during the period

26m journeys within a well-connected catchment area



26m passenger journeys within the 60 minute catchment area



8.5m catchment population

90 minutes by road* and only 30 minutes to M25

*within blue line

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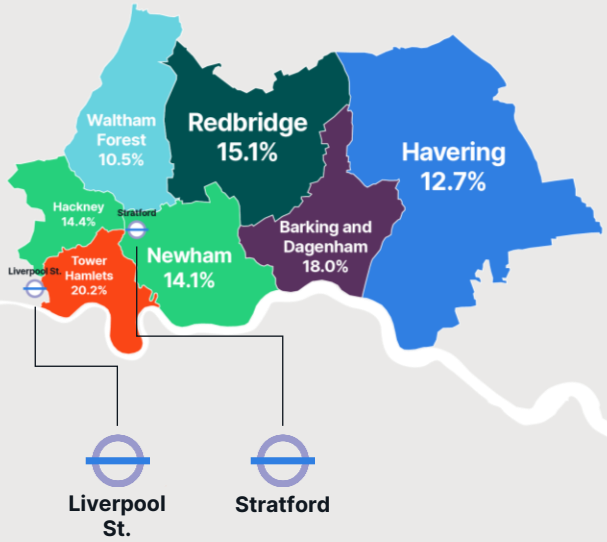
Airport serving East London with fast journey times

London is moving East

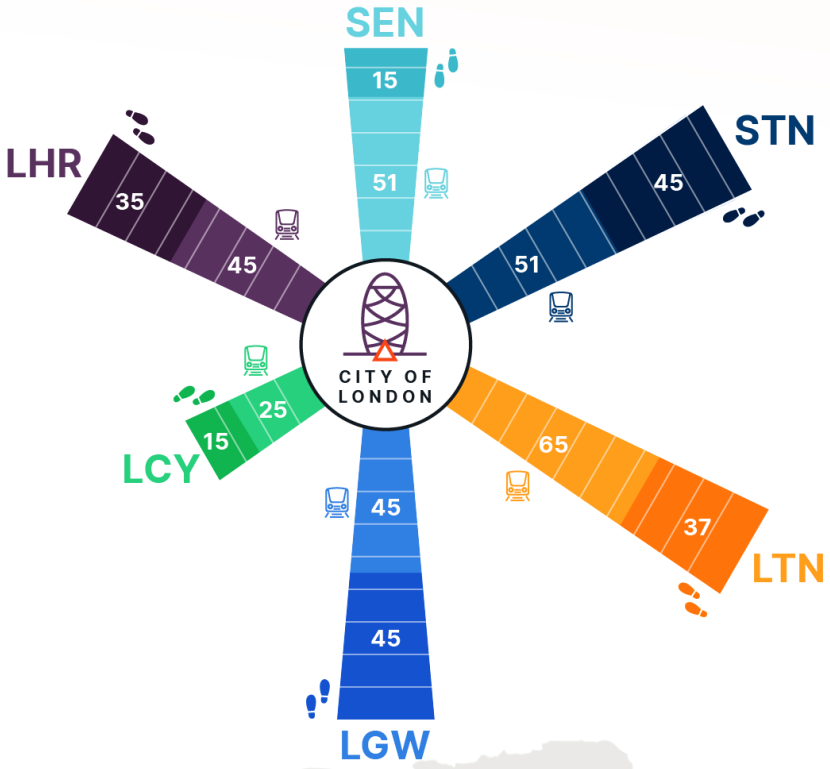
East London's population is projected to grow significantly through to 2026, with East London Boroughs well served by connections from Liverpool Street and Stratford Stations offering quick journey times to LSA. This will grow further with the commencement of Crossrail and its connectivity with Stratford and Shenfield.



London Southend Airport

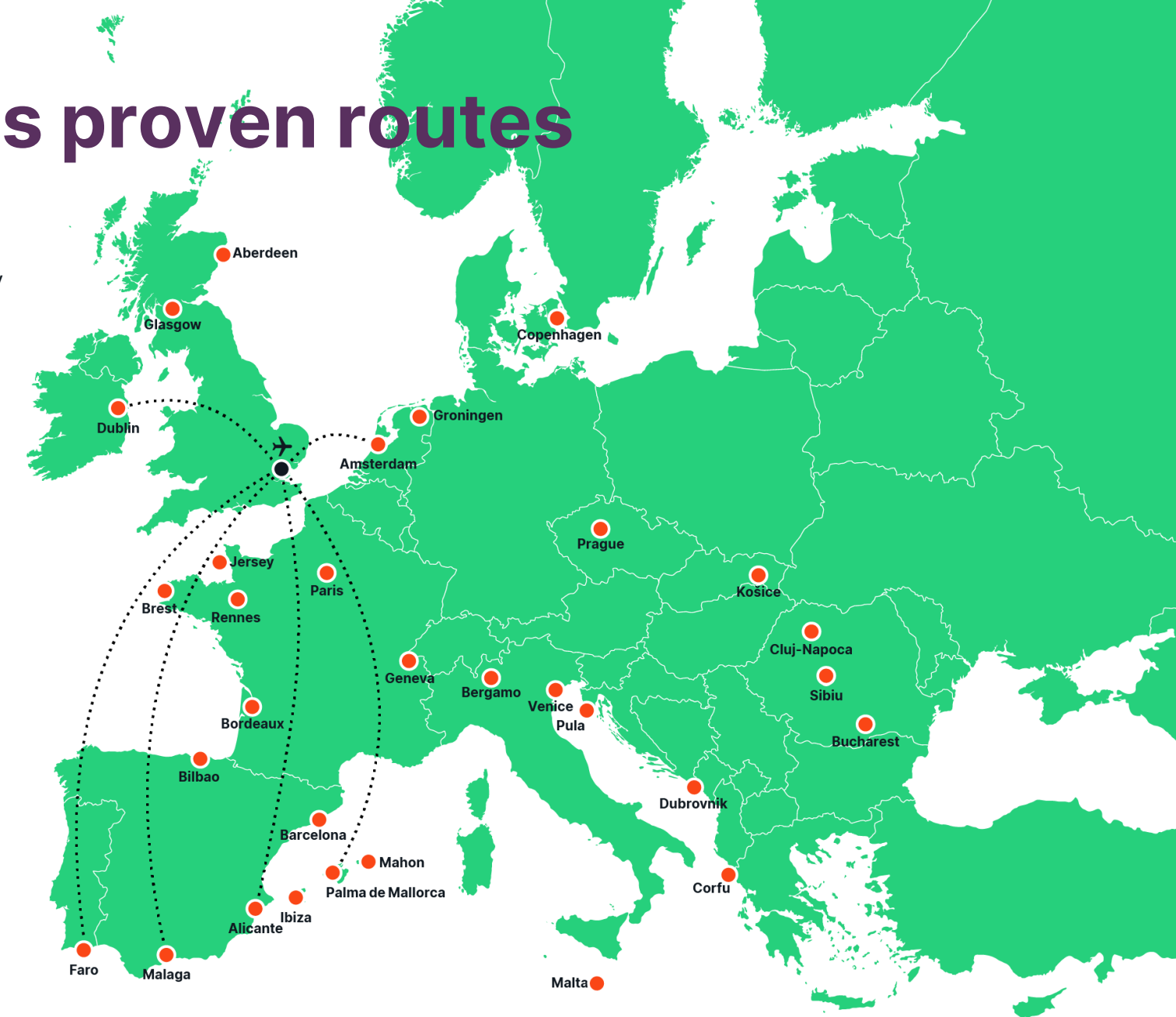
One of London's fastest travel times to the gate

The combination of direct trains and short walking distances make LSA one of the fastest airports to get to and from.



LSA can offer airlines proven routes

- London Southend Airport has 40 routes previously flown by easyJet, Ryanair, KLM, Wizz etc.
- In 2019, 2.1m passengers travelled through the airport, an increase of 38% versus 2018.
- There are 40 destinations with over 200k catchment demand within 60 minutes of the airport.
- Popular routes include;
  Amsterdam
  Alicante
  Dublin
  Faro
  Palma
  Malaga



Well positioned for growth

Stobart Energy returning to pre-COVID-19 levels

Stobart Energy has had a strong start to the year with profitability and cash generation improving. Increases in gate fees and wood supply from the construction sector gives us confidence we will achieve EBITDA in the range of £18-20m .

LSA will benefit from strategic partnership and a likely Summer return to flying

Continued global logistics income coupled with the long term strategic partnership with Carlyle will provide LSA with a robust balance sheet and the optionality to focus on securing the right commercial airline agreements for Esken's shareholders.

Tight day to day cost control and cash burn

£90.5m of liquidity available, ahead of management expectations, including £19.7m of ring-fenced cash in LSA, and a £20m undrawn Revolving Credit Facility, supported by continued focus on tight cost control.

Clear action plan for sustainable growth

Having solved legacy challenges over the last two years, management can focus on creating value within core aviation and energy businesses and have clear plans to deliver.

A solid financial foundation supported by shareholders, a strategic development partner and lower bank debt underpins growth in shareholder value over the next 18 months and beyond.

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