

Stobart Group Ltd

06:24 06 Jun 2019

Stobart airport and energy assets "consensually attractive" says Jefferies as it initiates at 'buy'

Stobart Group Ltd (LON:STOB) has been initiated with a 'buy' rating and 174p target price by Jefferies as the broker said progress on several issues was likely to drive up the value of the company's "consensually attractive" key assets in Aviation and Energy.

In its initiation note, Jefferies said the company's Southend airport was only one of the six London airports with spare peak daily capacity and was on target to increase the number of passengers to 5m by 2023, leaving scope for increased performance.

READ: Stobart issues upbeat outlook as it focuses on airport expansion
The US broker's analysts said that contracts between the firm's waste wood supply business and UK renewable energy plants were "valuable" as the plants began to ramp up following commercial handovers.

While Jefferies said simply rating the stock as a 'buy' based on the two assets alone would be "disingenuous", as more issues were resolved at the company and progress was confirmed they saw value being revealed as obstacles were cleared.

"Below-the-line" negatives for the Aviation and Energy divisions such as launch costs and supplier payments would "begin to decline this year" Jefferies said, adding that remaining real estate could be monetised and provide confidence over funding and dividend sustainability.

"We see upside as potentially coming via three routes - higher valuation of the key assets, higher performance of these businesses and removal of the issues/doubts over their value and that of the business as a whole", the broker said.

The upbeat assessment follows Stobart's full-year results last week, where the firm said it was ramping up investment to expand Southend airport after de-risking its balance sheet through disposals.

The group also said that planned to use £53.1m secured through the issue of a five-year exchangeable bond as well as the money from disposals to invest in growing its airport to accommodate more than 10m passengers and in expanding its energy business to deliver 2m tonnes per year of biomass fuel. It will also invest in its IT and central services, including staff, while retaining a appropriate cost base.

The positive outlook sent Stobart's shares up 4.9% to 107.2p in late-morning on Thursday, boosted as well by a reported upgrade in rating from analysts at HSBC Securities to 'hold'.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts

Price: 114.4

Market Cap: £4.29 m

1 Year Share Price Graph



Share Information

Code: STOB

Listing: LSE

52 week High Low
209.5 98.1

Sector: Business & education services

Website: www.stobartgroup.co.uk

Company Synopsis:

Stobart Group is an infrastructure and support services business which owns and manages a range of key infrastructure sites and operates business divisions delivering critical support services to the energy, aviation and rail sectors.

action@proactiveinvestors.com

journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Stobart Group Ltd named herein, including the promotion by the Company of Stobart Group Ltd in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).