

Monday Interview: Stobart boss Andrew Tinkler

The Stobart Group has hit a few bumps in the road lately but its hard-headed boss is determined to put it back on the road to profit .



In a full-year results statement this week Tinkler declared a “pivotal year”, with a 10pc rise in operating profits. Photo: Murdo MacLeod



By [Louise Armitstead](#)

11:41PM BST 19 May 2013

 [Comment](#)

The problem with Andrew Tinkler, chief executive of Stobart Group, is that he is not nearly as popular as his lorries.

The son of an electrician from Kirkby Stephen in Cumbria, Tinkler says he is just a “normal northern guy” who is misunderstood by the City. But he looks as tough as the Cumbrian weather and has a reputation to match.

Since the start of April, Tinkler has managed to drive away an impressive number of directors. His chairman, Avril Palmer-Baunack, [quit after just six weeks](#). Four directors have resigned in a year. Stobart’s brokers, Investec, quit too.

And just when it couldn’t get any worse, last month a judge ruled that [Tinkler may have a case to answer over claims of lying in court documents](#). Tinkler denies the allegations but the judge said that Peter Elliott, a former business associate, can bring charges in a civil case.

Meanwhile, the search is on for a new chairman of Stobart — and it definitely will not be a woman this time.

Related Articles

- [Stobart drives on from a 'turbulent' year](#)

16 May 2013

- [Stobart chief Andrew Tinkler to face contempt proceedings](#)

11 Apr 2013

- [Stobart board overhauled for second time in three months](#)

02 Apr 2013

- [Governance concern at Stobart shake-up](#)

22 Jan 2013

But there are concerns that Tinkler cannot work with anyone, except William Stobart, grandson of Eddie, and his mate since they were teenagers, and Trevor Howarth, the company's legal director, who is also facing Elliott's court charges.

They say Tinkler, who owns a string of racehorses and has a penchant for private jets and helicopters, dislikes the City. But with the shares down a third in three years — and out of the FTSE250 — fund managers are pretty fed up with him, too. There are some hefty bets that the stock will keep falling. Blackrock has even shorted 5.4m shares.

Any road, he seems a mile away from the treasured image of Eddie Stobart lorries, with their individual names and tie-wearing drivers, which have won the company a cult following.

But last week Tinkler announced a new stage in the journey, both financially and relationally. In a full-year results statement, the boss declared a “pivotal year”, with a 10pc rise in operating profits. He held a full analysts' meeting, at Investec's offices. (“The two companies are in discussions regarding continuing to work together,” according to a spokesman.) After that, I was invited to the Stobart HQ in Soho Square.

Arriving early, I bump into William Stobart, chief operating officer, hanging around outside the boardroom; Tinkler emerges a few minutes later. With their matching Cumbrian accents and scruffy suits, it is easy to picture the 15-year-olds they were when they met. The pair even married sisters, although both have since divorced.

While Stobart slinks off, Tinkler and I settle down for a chat. A closer look at the company's accounts shows that of the £44.9m operating profits last year, £8.5m comes from a one-off disposal, while another £5m came from bumping up the value of Stobart's property portfolio. But I park that for the sake of an explanation from Tinkler of all the other bumps in the road.

Did he lie in court, as Elliott alleges? “I've never been in court. I've made some statements and I believe that to be the truth.” He adds: “I haven't been to court yet; he [Elliott] has been in court once and got sent down for three months. When you're in a high-profile business, you're going to have people come along and try and have a go at you.”

Tinkler admits he has not hit it off with the City. “Look I am a normal northern guy,” he says. “Sometimes I'm not perfect but I believe in our strategy, I believe in the value in our business, and I'm the third-biggest shareholder. There's no-one who wants to create the value in this business more than me.

“A man who never made mistakes never made nothing,” he adds.

Tinkler's relationship with the Carlisle-based company began in the 1970s when he got a job washing the lorries. It was one of a raft of trades he tried after leaving school at 15, from joinery to sheep-farming and double-glazing. Eventually he started his own construction firm, WA Tinkler. It grew rapidly, and in 2001, William Stobart joined him.

In 2004, William's brother, Edward, decided to sell Eddie Stobart Limited. The company was turning over £100m but was losing £10m a year, Tinkler says. The pair snapped it up for an undisclosed sum.

"It wasn't a lot but it was enough for Edward to get on with his life and retire," he says. Tragically, Edward died a few years later, apparently bankrupt.

Tinkler and William Stobart had the haulage group back in the black within a year, after ripping out costs and imposing charges for loading and waiting. Ambitious for growth, the pair jumped at the chance to reverse into Westbury, a listed real-estate firm. The deal delivered a stock-market listing and some extra property assets, including its offices in Soho Square in London.

Tinkler then led a spending spree that rapidly transformed the company into a diverse conglomerate with a raft of assets, from Southend Airport to businesses in biomass, infrastructure and civil engineering. Investors and analysts found it hard to keep up.

"There's no doubt about it, we understand we're in a PLC environment and it's difficult to get your head around our diversified portfolio and really understand it," he says.

As well as the complex web of related parties, investors did not like the mounting debt, either. As the share price started to plunge, Neil Woodford, star fund manager at Invesco and Stobart's biggest investor, intervened. At the start of this year, he insisted that Ms Palmer-Baunack, who had turned around Helphire, was appointed to tidy up the company and find that elusive value.

"She come in," Tinkler starts, the sense of invasion palpable. "She decided to get into the business and see if there really were value there and also check out our compliance and corporate governance."

The result was the start of a thorough strategic review which, says Tinkler, resulted in confirmation of his view that the business was undervalued.

He adds: "Then we decided maybe there was no need to have an executive chairman and an executive CEO so she decided to stand down at that point. She moved on." But after a nudge, we get to the nub of it: "There's always going to be a bit of problem on which way is our strategy going here, who decides if it's the right way. The board review revealed that we were on track, so why did we need to change it?"

But Tinkler accepts that Stobart now needs an outside chairman. "I know more about my business than most CEOs do, right?" he says. "But I've probably have been missing the fact that we want a good strong chairman to go and help sell the business to the market and help us with that bit."

He is convinced that, after a clean-up of the balance sheet, there's now a good story to sell. Haulage still forms the bulk of the business — about £500m of the turnover and £30m profits — but Tinkler is confident the other assets will return growth after two years of investment.

Southend is the answer to London's runway woes, he believes. "By the time anyone has made up their mind where they're going to build anything, we can soak up some of that capacity required," he says. "We're planning to get 2.5m customers in the next few years."

And Tinkler insists he will do the job in public, scotching rumours that he will take Stobart private.

"I want to stay and deliver value. I've set out on a road, on a journey two years ago and I want to show everybody that value is there and deliver it to them over the next two to three years."