

29th August 2003

stagecoach group plc agm statement

Extracts of a speech by Robert Speirs, Chairman of Stagecoach Group plc, at the 23rd Annual General Meeting of the company held today at the Lesser City Hall, Perth.

OVERVIEW

The past year has been one of major change and progress at Stagecoach Group. Despite the challenging issues within the transport sector as a whole and a difficult economic environment, I am delighted to report that we have made significant headway in achieving our strategic objectives in terms of restructuring Coach USA and securing the new franchise at South West Trains.

CURRENT TRADING

Trading in the first few months of the financial year has met our expectations. We are pleased with the performance in each of our four divisions: UK Bus, Coach USA, Stagecoach New Zealand and UK Rail.

Our UK Bus business continues to benefit from revenue and passenger growth. Revenues for the 16 weeks ended 16 August 2003 are 8.0% above the prior year.

We are continuing to make excellent progress on the restructuring of Coach USA and the majority of businesses for disposal have already been confirmed. We are now pressing ahead with the remaining elements of our disposal programme. Although like for like US dollar revenues for the three months ended 31 July 2003 are 4.0% below the prior year, overall operating profits at Coach USA at the start of the new financial year are satisfactory.

Our New Zealand businesses continue to perform well. Like for like revenues for the 16 weeks ended 16 August 2003 are 8.7% above the prior year.

In the Rail division, South West Trains is operating under the terms of the 13-period extension to its original franchise. The new franchise will begin in February 2004. Trading has been strong in the first few months of the year and we have seen a year on year increase in passenger volumes and revenues. Revenues for the 16 weeks ended 16 August 2003 are 5.3% above prior year levels. Operational performance continues to be impacted by poor infrastructure performance by Network Rail. South West Trains' own

operational performance is meeting our expectations, and a step change in the performance of Network Rail is required to provide a more reliable railway for passengers.

The two Virgin Rail Group franchises are operating on the basis of a one-year budget set by the Strategic Rail Authority ("SRA") for the period to February 2004. Virgin Rail Group is in discussion with the SRA regarding new franchise terms beyond February 2004.

Our investment in our associate company Road King Infrastructure Limited continues to perform well.

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