

19 April 2005

Trading update

Stagecoach Group plc ("the Company") is pleased to provide an update on trading. The Company will shortly be meeting with analysts in advance of its year-end close period.

The Company expects to announce its preliminary results for the year ending 30 April 2005 on Wednesday 22 June 2005.

The Group's profit before tax and exceptional items for the year ending 30 April 2005 is now expected to exceed our previous expectations, primarily due to a continued strong performance in the Rail division.

Despite pressure on fuel costs, operating profits in the UK and North American bus divisions are in line with our expectations as we continue to benefit from revenue growth driven by our strong operational focus, continued innovation and targeted marketing. In our New Zealand bus operations trading remains satisfactory but we continue to experience increased competition from railways in Auckland.

The Rail division continues to perform strongly with both revenues and costs better than we expected. The operating profit from our Rail subsidiaries is expected to be no less than the prior year reported profit of £44.1m. Following the introduction of a new timetable at South West Trains on 12 December 2004, passengers have benefited from more frequent departures from the busiest stations and a further significant improvement in train punctuality. We are confident that this new improved timetable and its inherent reliability will stimulate further passenger growth.

The two Virgin Rail Group ("VRG") franchises continue to operate on the basis of annual budgets set by the Strategic Rail Authority ("SRA"). The Group's share of operating profit from VRG for the six months ended 31 October 2004 was £5.1m and a similar level of profit is expected for the second half of the Group's financial year ending 30 April 2005. Profits in subsequent years will be dependent on VRG's performance against the 2005/6 budget set by the SRA and the re-negotiation of the West Coast franchise planned for late 2005.

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