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THIS IS AN ANNOUNCEMENT OF A POSSIBLE OFFER FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

21 September 2021

Stagecoach Group plc

Statement regarding recent press speculation

The Board of Stagecoach Group plc ("Stagecoach" or the "Company") notes the recent press speculation and confirms that it is in discussions with National Express Group PLC ("National Express") in relation to a possible all-share combination (the "Potential Combination" to form the "Combined Group").

Under the terms of the Potential Combination, it is expected that Stagecoach shareholders would receive 0.36 new National Express ordinary shares for each Stagecoach ordinary share, resulting in them owning approximately 25 per cent. of the Combined Group.

The Boards of Stagecoach and National Express believe that the Potential Combination would be a strategically compelling proposition with the potential to realise significant growth and cost synergies, as well as delivering strong value creation for both sets of shareholders.

Compelling Strategic and Financial Rationale

It is expected that the Potential Combination would provide an opportunity for the Combined Group to:

- Deliver significant operational efficiencies across the combined networks, with, for example, National Express Coach utilising Stagecoach's well-located depot network to run and maintain its coach operations;
- Bring the 'best of both' from the combined operational capabilities of both businesses, whilst also delivering significant benefits to customers and passengers;
- Accelerate the expansion of National Express' growth businesses, such as private hire coach, corporate shuttle and accessible transport, across Stagecoach's UK footprint, as well as deliver other growth and revenue synergies; and
- Maintain strong relationships with key public sector stakeholders, best positioning the Combined Group in an evolving industry landscape, with quality public transport playing a critical role in delivering government priorities for cleaner, greener and more resilient economies.

Key Terms

Under the terms of the Potential Combination, it is expected that Stagecoach shareholders would receive 0.36 new National Express ordinary shares for each Stagecoach ordinary share, resulting in them owning approximately 25 per cent. of the Combined Group.

As at close of business on 20 September 2021 (being the last business day before the date of this announcement), the terms of the Potential Combination implied a premium relative to the price of Stagecoach's ordinary shares of approximately:

- 18.0 per cent. based on respective closing share prices;

- 23.2 per cent. based on respective last three month volume weighted average share prices; and
- 17.6 per cent. based on respective last six month volume weighted average share prices.

Governance and Management

It is envisaged that the Board of Directors of the Combined Group would comprise an approximately proportionate share of Stagecoach and National Express directors.

Upon completion of the Potential Combination, it is envisaged that:

- Ray O'Toole would become Chair of the Board of the Combined Group, leveraging his prior experience across both businesses, with Sir John Armit CBE stepping down having been Chair of National Express since February 2013;
- Jorge Cosmen would be Deputy Chair of the Combined Group; and
- Ignacio Garat and Chris Davies would be CEO and CFO respectively of the Combined Group.

Important Information

Discussions between the parties and reciprocal customary due diligence remain ongoing and there can be no certainty that any offer will be made.

Completion of the Potential Combination would be subject to receipt, on satisfactory terms, of regulatory and merger control approvals as appropriate, other customary terms and conditions as well as approval by both Stagecoach shareholders and National Express shareholders (the Potential Combination representing a Class 1 transaction for National Express under the Listing Rules).

In accordance with Rule 2.6(a) of the Code, National Express is required, by not later than 5.00 p.m. (London time) on 19 October 2021, being 28 days after today's date, to either announce a firm intention to make an offer for Stagecoach in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer for Stagecoach, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline can be extended only with the consent of Stagecoach and the Takeover Panel in accordance with Rule 2.6(c) of the Code.

Pursuant to Rule 2.5 of the Code, National Express reserves the right to vary the form and / or mix of the offer consideration and vary the transaction structure. National Express also reserves the right to amend the terms of any offer (including making the offer at a lower value):

- a) with the recommendation or consent of the Stagecoach Board;
- b) if Stagecoach announces, declares or pays any dividend or any other distribution or return of value to shareholders after the date of this announcement, in which case National Express reserves the right to make an equivalent adjustment to the terms of the Proposed Combination;
- c) following the announcement by Stagecoach of a whitewash transaction pursuant to the Code; or
- d) if a third party announces a firm intention to make an offer for Stagecoach on less favourable terms.

This announcement is made with the consent of National Express.

A further announcement will be made as and when appropriate.

The Appendix to this announcement contain bases and sources of certain information contained in this announcement.

The person responsible for arranging the release of this announcement on behalf of Stagecoach is Mike Vaux, Company Secretary.

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Rule 26.1 disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at www.stagecoachgroup.com, by no later than 12 noon (London time) on 22 September 2021. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Rule 2.9 disclosure

In accordance with Rule 2.9 of the Code, as at the close of business on 20 September 2021 (being the business day prior to the date of this announcement), Stagecoach confirms that it had in issue 550,878,747 ordinary shares of 125/228th pence each with voting rights and admitted to trading on the main market of the London Stock Exchange under the ISIN code GB00B6YTLS95.

Inside information

The information contained within this announcement is deemed by Stagecoach to constitute inside information as stipulated under the Market Abuse Regulation (EU) No.596/2014 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Code applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638

0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Disclaimer

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Appendix - Bases and Sources

In this announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

- 1) References to ownership of the Combined Group have been based on Stagecoach's and National Express' respective fully diluted share capital (assuming for these indicative purposes full dilution from all dilutive instruments of Stagecoach and National Express in issue as at the date of this announcement), being:
 - 824,182,126 National Express ordinary shares (including 203,974,502 new National Express ordinary shares to be issued to Stagecoach shareholders pursuant to the terms of the Potential Combination at an exchange ratio of 0.36 National Express ordinary shares per Stagecoach ordinary share); and
 - 566,595,838 Stagecoach ordinary shares
- 2) The premium calculations to the price per Stagecoach ordinary share used in this announcement have been calculated by reference to the closing middle market price of a National Express ordinary share or a Stagecoach ordinary share (as applicable) sourced from Bloomberg on any particular date.
- 3) Certain figures included in this announcement have been subject to rounding adjustments.