

May 6, 2012 4:56 pm

National Express eyes route into Germany

By Rose Jacobs



National Express plans to launch intercity services in Germany if the market opens to private operators, which the UK-listed transport group hopes could happen within a year.

“There’s a strong feeling the German market will deregulate soon,” said Dean Finch, chief executive.*

Coach operations are the most profitable division for National Express both in the UK and Spain – a region that makes up the greatest portion of group revenues and operating profits – and represent a strong growth opportunity in other parts of Europe.

Scotland-based Stagecoach last month launched its low-cost double-decker Megabus brand into France, Belgium and the Netherlands, taking advantage of laws that allow private operators to run coaches that cross state borders.

It is focused on intercity coach opportunities in the US, too, investing in expansion of Megabus there.

Mr Finch said National Express would take a different tack across the Atlantic, looking for growth in school bus operations and special-needs transit rather than coaches. Both efforts will be headed by management bought in through the purchase – completed last week – of the Petermann school bus business.

In Germany, it would aim to launch a handful of select coach routes rather than any sort of national network.

Mr Finch’s expansion plans could come under scrutiny from Elliott Advisors, the New York hedge fund with 21 per cent of shares that had sought National Express’s break-up going into last year’s general meeting. This week marks the end of a one-year silent period agreed at the time.

While Elliott is obliged to keep quiet at this year's general meeting, being held on Thursday, the Teamsters union is expected to raise concerns about a workplace rights policy introduced last year.

The US union, which is working with Unite and the International Transport Workers Federation, argues the policy does not go far enough in protecting the right to organise.

But it is likely to get short shrift from National Express, which stands by its policies in their current form.

A Teamsters representative said meetings with some UK institutional investors had suggested they were receptive to the union's position. But one top 10 shareholder said last week that he supported the company's refusal to bend.

**Updated to correct name of chief executive*

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