TelecityGroup

where content meets connectivity

Telecity Group plc

Results for the six months to 30 June 2008

30 July 2008

Cautionary note regarding forward-looking statements

This presentation includes statements that are forward-looking in nature. All statements other than statements of historical facts could be deemed to be forward looking statements. By their nature, these forward looking statements involve numerous assumptions, uncertainties and opportunities, both general and specific. Accordingly, the actual results, performance or achievements of the Company may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements , due to known and unknown risks, uncertainties and other factors. Except as required by the Listing Rules and applicable law, Telecity Group plc undertakes no obligation to update or change any forward-looking statements to reflect events occurring after the date such statements are published.

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Michael Tobin

Chief Executive Officer

Introduction

Highlights

- Revenue up 34.2% to £61.9m (H1 2007: £46.1m)
- Adjusted EBITDA up 62.5% to £16.8m (H1 2007: £10.3m)
- Cash flow from operating activities of £21.8m (H1 2007: £3.3m)
- Maiden profit Before Tax of £7.0m (H1 2007 loss of £3.5m)
- Average revenue per occupied sq.m up 22.8% to £1,587 (H1 2007: £1,292)
- New state-of-the-art data centres opened in core markets of London and Amsterdam
- New data centre builds announced in Milan for H1 09 and Paris for H2 09
- Significant wins and renewals in the period include Facebook®, AOL, Verisign & Toys 'R Us

Brian McArthur Muscroft

Group Finance Director

Financial Summary

Financial highlights

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	H1 2007 (£'m)	H2 2007 (£'m)	H1 2008 (£'m)	Growth v H1 07 (%)
Revenue	**46.1**	**51.8**	**61.9**	**34.2%**
Operating costs	(35.8)	(38.7)	(45.1)	
Adjusted EBITDA	**10.3**	**13.1**	**16.8**	**62.5%**
Depreciation & amortisation	(9.1)	(9.5)	(10.4)	
Operating exceptional items	(2.9)	(1.8)	(1.2)	
Operating profit	**(1.7)**	**1.8**	**5.2**	
Net finance income/(costs)	(1.8)	(4.0)	1.8	
Exceptional finance costs	-	(2.1)	-	
Profit / (Loss) before tax	**(3.5)**	**(4.3)**	**7.0**	
Tax credit	**-**	**-**	**2.4**	
Profit / (Loss) after tax	**(3.5)**	**(4.3)**	**9.4**	
Adjusted EBITDA margin	**22.4%**	**25.2%**	**27.1%**	

- H1 08 Revenue up 19.4% v H2 07
- H1 08 Adjusted EBITDA up 28.4% v H2 07
- **Adjusted EPS of 4.17p before deferred tax credit of £2.4m**

Strong revenue growth

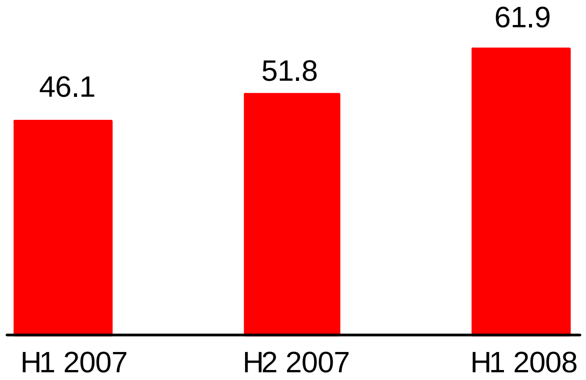
Revenue up 34.2% to £61.9m versus H1 07

- Revenue growth once again across all geographies and services
- Order book growth
  - Strong performance in new contract wins
  - Organic growth in existing customers
  - Net order wins year to date significantly higher than H1 07
- H1 08 Revenues up 19.4% versus H2 07

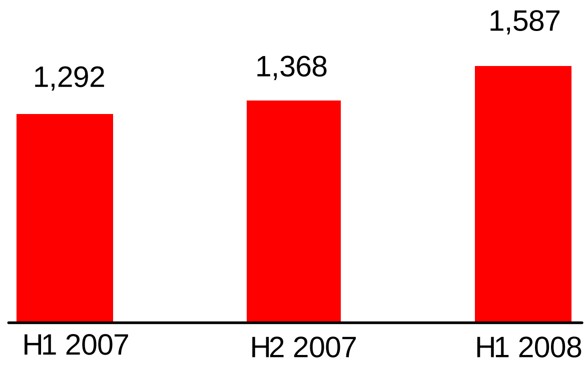
Revenue per occupied sq.m up 22.8% to £1,587

- Revenues highly predictable:
  - Very high levels of customer retention
  - Order book typically gives 80-85% visibility of annual recurring revenues at start of year
- H1 08 Revenue per occupied sq.m up 16.0% versus H2 07
- Half year exit run rate suggests continuing trajectory

Revenue (£'m)



Revenue per occupied sq.m (£)



Revenue growth across all geographies and services

UK & Ireland Revenues H1 08 up 22.4% versus H1 07

- H1 2008 Revenues up 10.2% versus H2 07

Rest of Europe H1 08 up 56.1% versus H1 07

- 13.1% of growth due to FX
- H1 08 Revenues up 36.0% versus H2 07
- Higher relative growth due to lower base

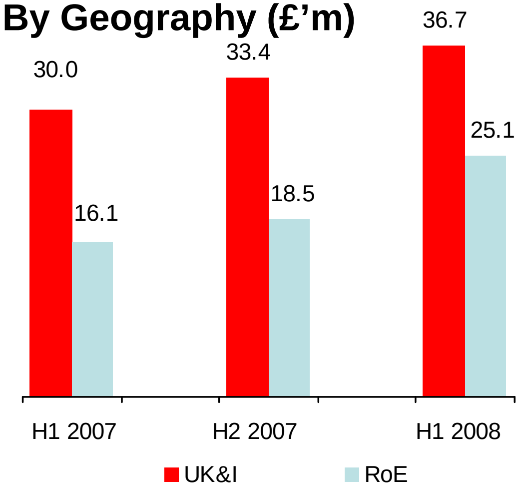
Colocation revenues H1 08 up 40.9% versus H1 07

- H1 2008 Revenues up 23.7% versus H2 07

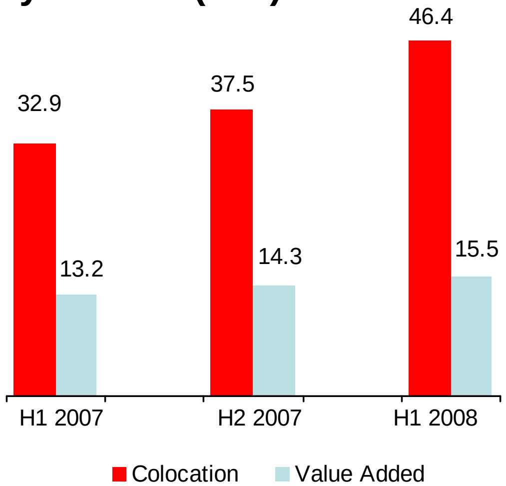
Value Added Services H1 08 up 17.3% versus H1 07

- H1 08 Revenues up 8.1% versus H2 07
- VAS represents 25.0% of total revenues (H2 07: 27.6%) – in line with previously reported expectation due to significant colocation growth

By Geography (£'m)



By Service (£'m)



Significant growth in adjusted EBITDA

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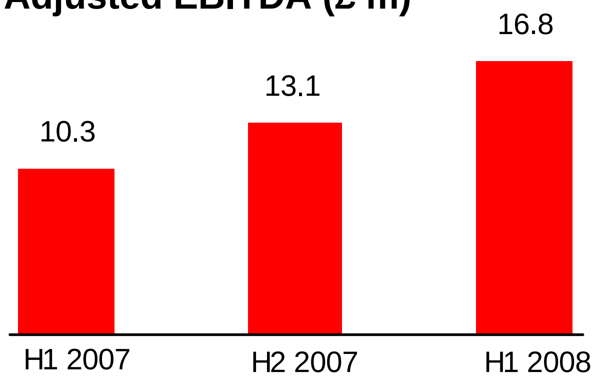
H1 08 Adjusted EBITDA up 62.5% to £16.8m versus H1 07

- Strong revenue growth
- Significant flow through
  - Contract renewals towards prevailing market rates
  - Continued benefits from operational leverage
- H1 2008 Adjusted EBITDA up 28.4% versus H2 07

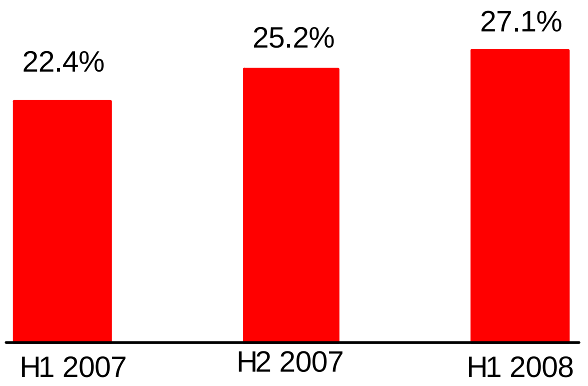
Adjusted EBITDA (£'m)



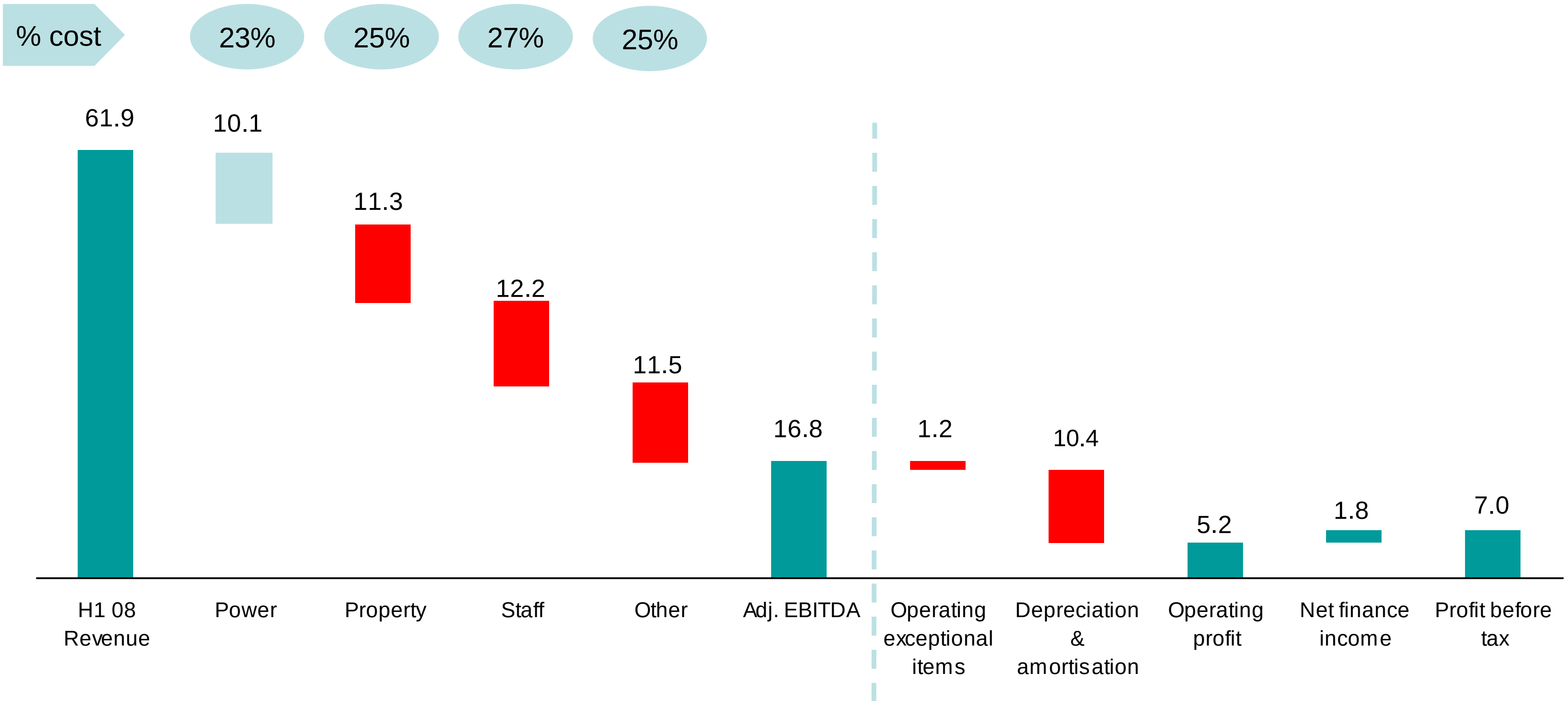
H1 08 Adjusted EBITDA margin up to 27.1%

- Price rises and operational leverage
- Strong upward trend expected to continue

Adjusted EBITDA Margin (%)



Continued benefit from operational leverage



- Property costs reduced as a percentage of the cost base
- Profit before tax of £7.0m after net finance income of £1.8m
- Profit after tax of £9.4m after deferred tax credit of £2.4m

Power and property costs

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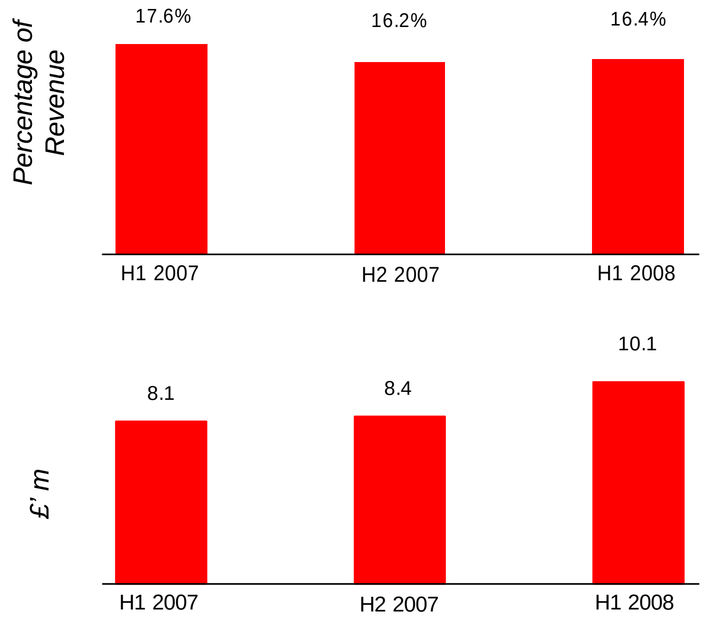
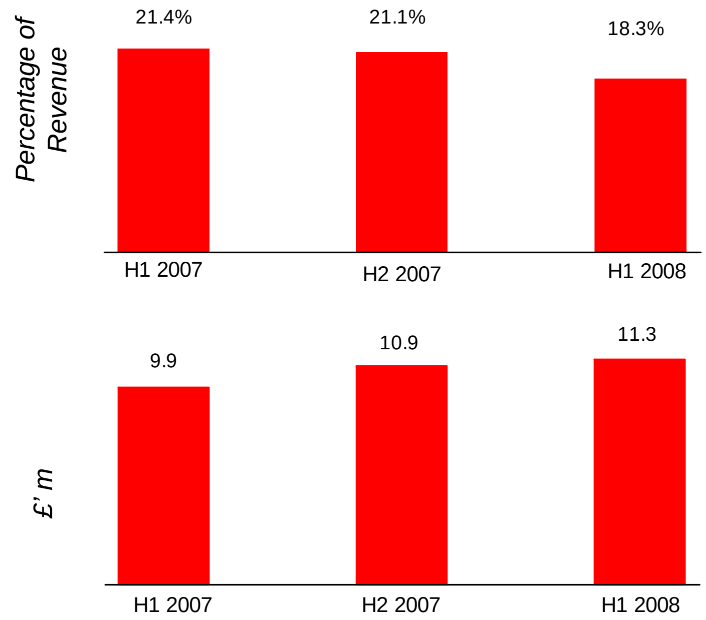
Power



- Pass through rather than fixed cost
- Unit price fixed, typically 18 months forward
- Approx. 80 – 85 % directly recharged, remainder absorbed in colocation fees
- Usage increase

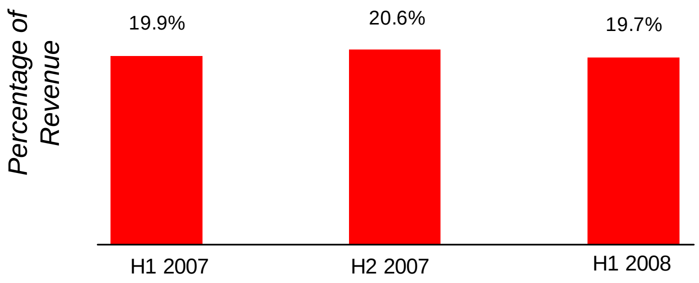
Property

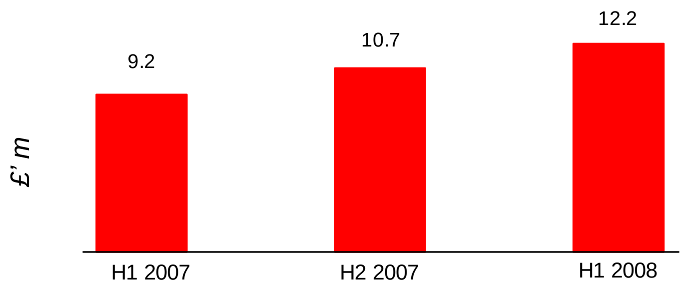


- Significant reduction as a percentage of revenue despite:
  - Incremental cost on new space
  - UK rent reviews and increase in service charges

Staff and other costs

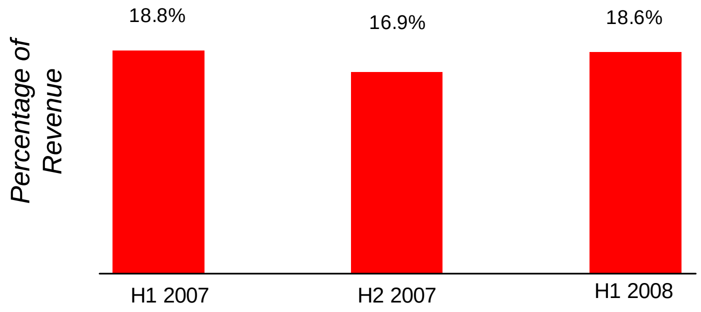
Staff

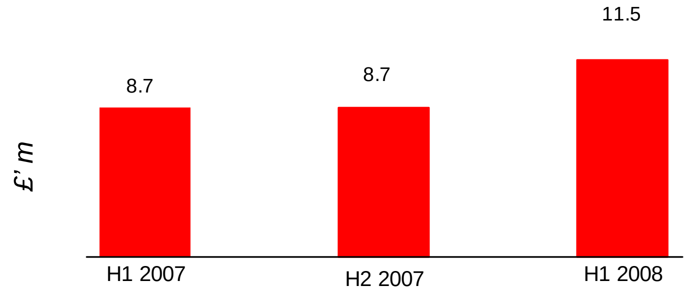




- Significant decrease as a percentage of revenue despite:
  - Increase in staff numbers in line with growth of business
  - Stepped increase due to public company status

Other





- Cost of sales associated with increased sales of VAS and investment in launch of new services
- Timing difference of maintenance spend
- Costs associated with public company status

Strong cashflow generation and delivery on working capital improvement

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TelecityGroup H1 2008 *(£'m)*

Adjusted EBITDA	**16.8**
Exceptional operating cash flow items	(1.2)
Working capital	6.2
Operating cash flow	**21.8**
Net interest	(1.3)
Capex	(40.1)
Financing	8.3
Cash flow after financing	**(11.3)**

Drivers

- Very strong conversion of EBITDA into operating cash flows
- Exceptional items relate to the new builds
- £6.2m generated by working capital management – despite significant growth in business
- Excludes gain on interest rate swap
- Capex includes payments in respect of AMS4 and Powergate
- Net drawdown on the senior debt facility

Capex cash flows

Capex relating to new capacity £37.7m

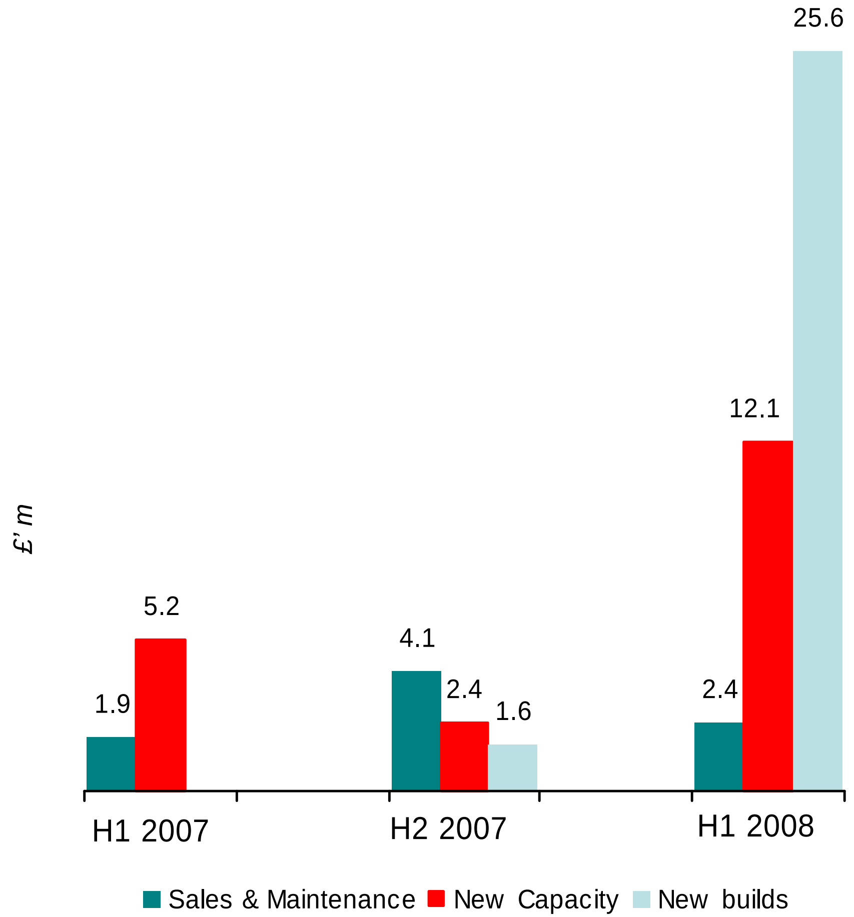
- Expansion projects to provide 1,650 sq.m. of additional inventory in existing data centres
- New data centre builds started in London and Amsterdam to provide a total of 9,000 sq.m. of additional inventory at 2 kW/sq.m
- Additional £19.4m of timing differences – total additions for period £59.5m

Maintenance and sales based capex £2.4m

- Ongoing maintenance programme in existing data centres in line with thee year average
- Success based customer capex

Full year Capex guidance £80 – 90m

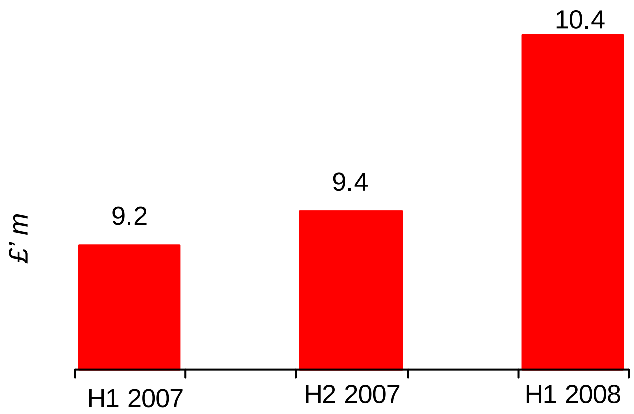
- Increased from £60-70m due to:
  - Recently announced Paris 3 and Milan 2
  - FX on Euro builds - (EBITDA also increases therefore IRR neutral)



Depreciation and exceptional items

Depreciation & intangible asset amortisation

- Relate to capitalised costs of the fit out of new data centres, leasehold improvements, plant and machinery and office equipment
- Depreciation policy
  - leasehold improvements: 12 - 15 years
  - plant and machinery: 12 - 15 years
  - office equipment: 3 years
- Intangible asset amortisation relates to customer contracts



Exceptional items (£m)

New build costs	(1.2)
Total operating exceptional items	**(1.2)**

- Powergate, Amsterdam 4 and Paris 3
- Pre-opening costs e.g. rent and staff

Strong financial platform

- **From last time:**
  - "Total senior debt facilities of £125.0m put in place during year - £11.0m ancillaries, remainder available to fund expansion plans"
- **Since then:**
  - Strong EBITDA growth and working capital improvements during H1 08 have generated operating cash flows of £21.8m
  - Senior debt facilities already in place and H1 08 business performance means that the Group can still fully fund all announced capital projects including the recent announcements of Paris 3 and Milan 2
- **Net debt at 30 June 08 is £15.6m**

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Michael Tobin

Chief Executive Officer

Strategy Review and Current Trading

Strategy for growth

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Drivers for growth

Customer growth

&

Delivering stakeholder value

Expansion by existing customers

+

New customer acquisition

+

Increasing value added services

Maximising return

+

Renew & acquire customer contracts at prevailing market rates

Enabling continued growth

+

Build / acquire new capacity

Premium data centre provider exploiting the growing need for content & connectivity hubs driven by the digital economy

Occupied space

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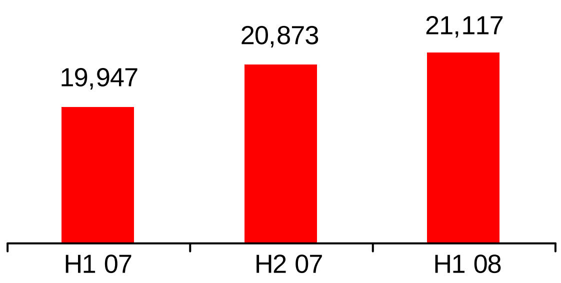
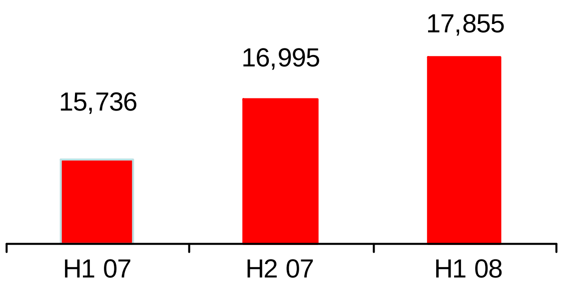
By geography (Occupied sq.m)

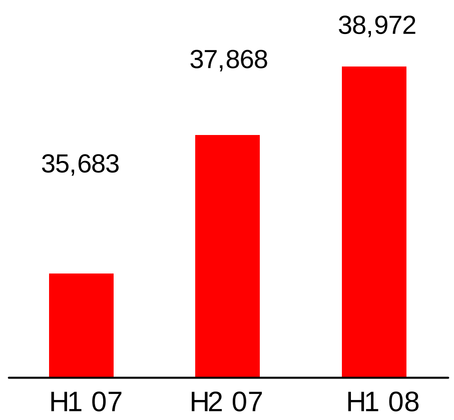
United Kingdom & Ireland



Rest of Europe



Total

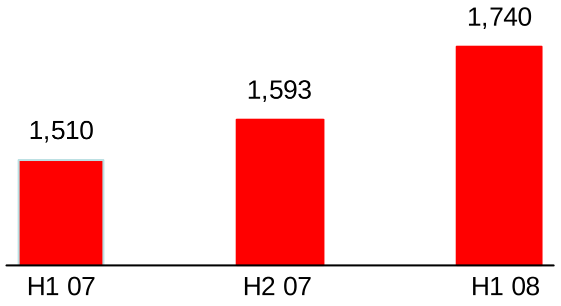


- Year on Year occupied space up 3,300 sq.m or 9.2%
- Focus on quality and value of contracts – power continues to be driver for sales
- New inventory being brought online in key markets enabling continued growth
- All Group subsidiaries seeing strong increase in occupied space across Europe

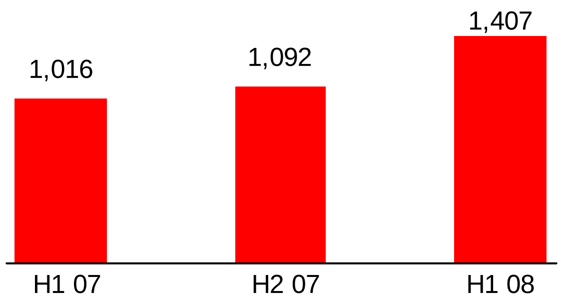
Average revenue per occupied sq.m

By geography (£/sqm – half yr)

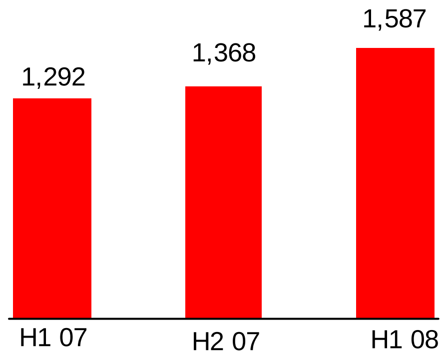
United Kingdom & Ireland



Rest of Europe



Total



- Year on Year revenue per occupied sq.m for H1 increased by £300 or 22.8% (16.0% increase from H2 07).
- Market pricing remained strong through first six months of 2008
- Continued to renew contracts towards prevailing market rates
- Increased Value Added Services revenue

Strong performance in all countries

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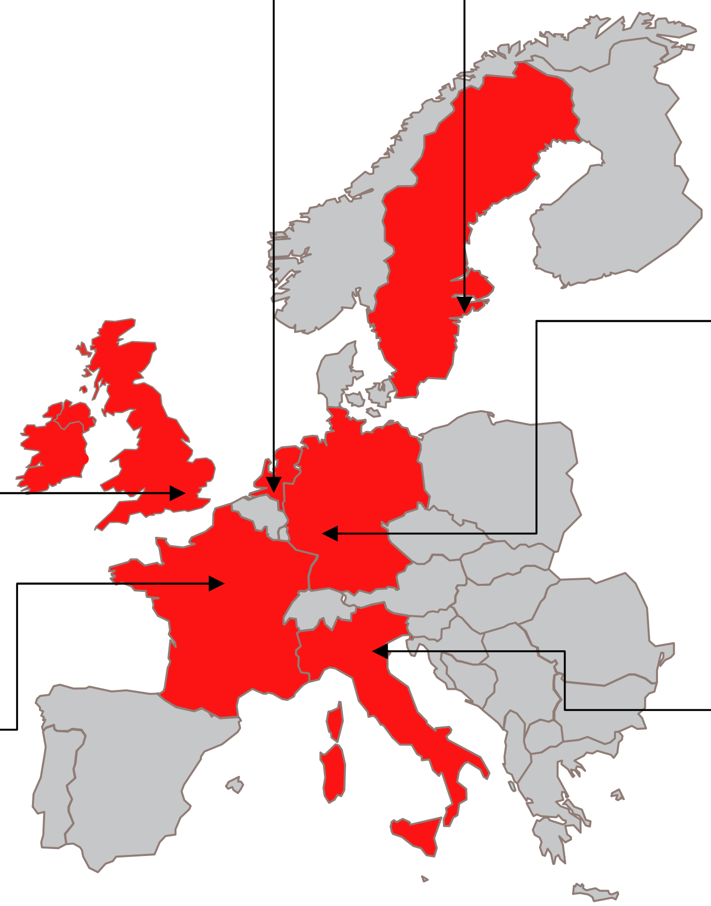

Netherlands

- Amsterdam 4 opened.

reagroup CSC
bbned Stolt-Nielsen S.A.

UK & Ireland

- Powergate opened.

facebook Toys R Us
UNIVERSAL PCeU

France

- Paris 3 announced.

Akamai
digiplug SUPINFO

Sweden

- Leadership position.

hp invent bwin
interoute

Germany

- Market developing rapidly

ADTECH neckermann.de
VeriSign AOL

Italy

- Milan 2 announced.
- Leadership position.

PLDT
Shop.it bwin

Evolution of demand

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Web-based end-user demand continues to grow:	Evolving demand dynamics from enterprise:	Ongoing investment in internet infrastructure:

Web-based end-user demand continues to grow:

ONE FIFTH OF ALL SPENDING NOW ONLINE

Online shopping is up 38 per cent on the £19.2bn spent in the first half of 2007 to £26.5bn in first half of 2008.

BBC iPlayer a hit for Virgin Media

10.5 million views in June on cable service

Online sales bolster Domino's Pizza results
- Online orders double in first half of 2008

TESCO.COM ONLINE SALES GREW BY 31% IN 2007 VS 11.1% FOR GROUP AS A WHOLE

Finance firms increase IT spending on risk management

One-third suggested that their budgets have increased in 2008 – focus on outsourcing and risk management systems

CISCO: ONLINE VIDEO TO DRIVE IP TRAFFIC GROWTH:
Video on demand, IPTV, peer-to-peer (P2P) video, and Internet video are forecast to account for nearly 90 percent of all consumer IP traffic in 2012.

Evolving demand dynamics from enterprise:

Gartner expects 80 per cent of IT leaders to be using utility services by 2010, while 28 per cent anticipate using it within a year.

Gartner: Sales of customer relationship management software rose dramatically in 2007, driven in part by the take-up of software-as-a-service (SaaS) offerings, up 23% in 2007 compared to 2006

IDC: MORE THAN ONE IN THREE (37 PER CENT) IT DECISION-MAKERS WILL USE SOFTWARE-AS-A-SERVICE (SAAS) TO REPLACE OR SUPPLEMENT THEIR ENTERPRISE RESOURCE PLANNING (ERP) SYSTEMS OVER THE NEXT TWO YEARS

Ongoing investment in internet infrastructure:

BRITISH TELECOM TO SPEND $3 BILLION ON FIBER NETWORKS FOR AS MANY AS 10 MILLION U.K. HOMES BY 2012.

Virgin Media to Launch 200Mbps Broadband by 2012

IPTV Deployments Double
for the Second Year Running as Broadband Continues Strong Growth

SFR to Invest More Than €1 Billion in Fiber Network Expansion

New capacity

Amsterdam (Amstel Business Park)
- Opened in April 2008
- First customers signed
- Strong pipeline

London (Powergate)
- Opened in June 2008
- First customers signed
- Strong pipeline

Milan
- 2000 sq.m / >2.5 MW customer capacity
- €8 million investment – fully financed from existing bank facilities
- To be opened in phases from H1 2009

Paris
- 3000 sq.m / 5 MW customer capacity
- €48 million investment – fully financed from existing bank facilities
- To be opened in phases from H2 2009

Current trading & outlook

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Continued strong demand…

- Sustained level of new projects emerging across diverse sector base
- Significant new enterprise demand for premium network independent data centres (including proximity hosting / high density)
- Demand across all markets growing significantly
- Strong growth in content and high bandwidth applications driving internet usage and capacity
- Pricing remains strong in all locations
- Existing customer base showing consistent growth

Recurring nature of business…

- ‘Stickiness’ of customer base
- Stability and predictability of cost base

Continued constrained supply…

- Highly connected, high density, high quality capacity in intra-city locations remains at a premium
- Barriers to entry high

Factors combine to offer a high level of visibility on business

Outlook

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Continued focused execution of strategy….

- First half of 2008 has been very successful for TelecityGroup.
- Strong first half order intake performance enables Group to continue to build on momentum going forward.
- Revenues and profitability are ahead of management expectations in all markets.
- Continue to increase revenues per square metre, selling more services to our existing customer base at good pricing levels and renewing existing customers to prevailing market rates.
- Planning and delivering new capacity to capture strong demand in key markets.

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Results for the six months to 30 June 2008

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