

TelecityGroup

Preliminary Results to 31 December 2007

March 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

- Revenue up 42.1% to £97.9m (2006: £68.9m)
- Adjusted EBITDA up 112.1% to £23.4m (2006: £11.0m)
- Adjusted EBITDA margin increased to 23.8% (2006: 16.0%)
- Average revenue per occupied sq.m. increased by 12.0% to £2,586 (PF 2006: £2,308)
- Occupied space increased by 9.3% to 37,868 sq.m (2006: 34,651)
- Pre-tax loss improved 50.8% to £7.8m (2006: loss £15.8m)
- Began build of new data centres in London and Amsterdam, on track to open Q2 2008
- Successful IPO raising net proceeds of £66.9m
- No let up in demand at the start of 2008
- Continued strong interest from new and existing customers across diverse sectors

Brian McArthur Muscroft

Group Finance Director

Financial Summary

Financial highlights

	31 Dec 2006 (£m)	31 Dec 2006 Proforma (£m)	31 Dec 2007 (£m)	Growth v actual 2006 (%)
Revenue	68.9	79.0	97.9	42.1%
Operating costs	(57.9)	(65.8)	(74.5)	
Adjusted EBITDA	11.0	13.2	23.4	112.1%
Depreciation & amortisation	(15.4)	(16.5)	(18.6)	
Operating exceptional items	(7.7)	(7.7)	(4.7)	
Operating profit	(12.1)	(11.0)	0.1	
Net finance costs	(3.7)	(3.6)	(5.8)	
Exceptional finance costs	-	-	(2.1)	
Loss before tax	(15.8)	(14.6)	(7.8)	
Adjusted EBITDA margin	16.0%	16.7%	23.8%	

- H2 2007 Revenue up 12.4% to £51.8m (H1: £46.1m)
- H2 2007 Adjusted EBITDA up 27.2% to £13.1m (H1: £10.3m)
- H2 2007 Adjusted EBITDA margin up to 25.3% (H1: 22.3%)

Strong Revenue Growth

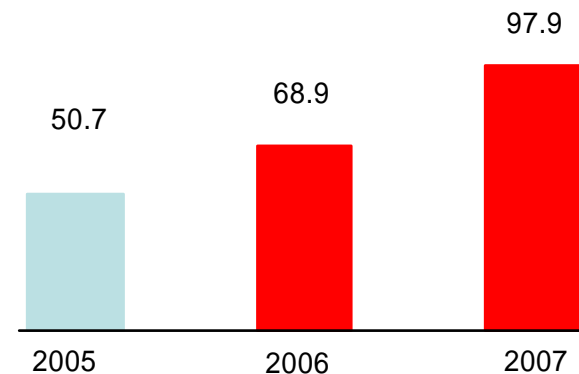
Revenue up 42.1% to £97.9m (Up 23.9% versus 2006 Proforma)

- Order book growth
 - Strong performance in new contract wins
 - Organic growth in existing customers
- Increased revenues from Value Added Services
- H2 2007 revenues up 12.4% versus H1 2007

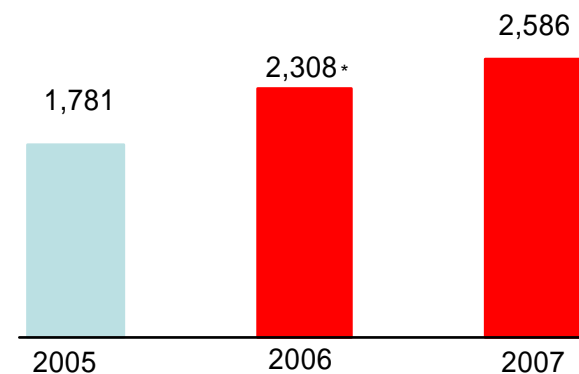
Proforma revenue per occupied sq.m up 12.0% to £2,586

- 2007 exit run rate suggests continued growth trend
- Revenues highly predictable:
 - High level of retention in core customer base
 - Order book typically gives 80-85% visibility of annual recurring revenues

Revenue (£'m)



Revenue per occupied sq.m



*Pro forma 2006 (Adjusted for full year effect of Globix)
taken from Telecity Group PLC Prospectus (October 2007)

Revenue growth across all geographies and services

UK & Ireland Revenues up 56.2% versus 2006

- Revenues up 25.1% versus 2006 proforma (including full year Globix)

Rest of Europe up 22.0% versus 2006

- Significant growth in all territories

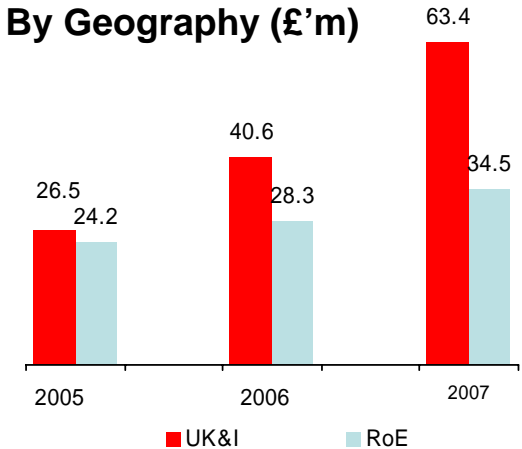
Colocation revenues up 39.6% versus 2006

- Revenues up 32.0% versus 2006 proforma
- H2 2007 revenue up 13.9% versus H1 2007

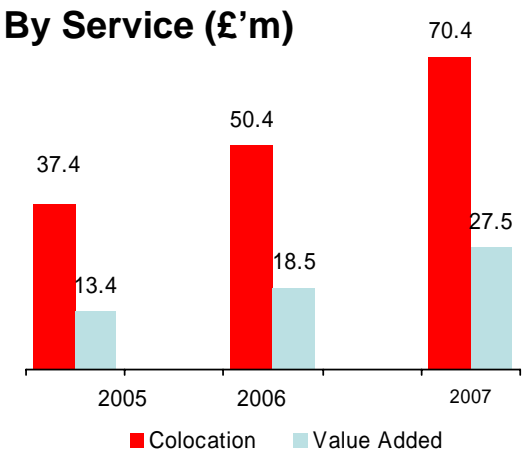
Value Added Services up 49.1% versus 2006

- Revenues up 7.2% versus 2006 proforma (NB Globix)
- H2 2007 revenue up by 8.5% versus H1 2007

By Geography (£'m)



By Service (£'m)



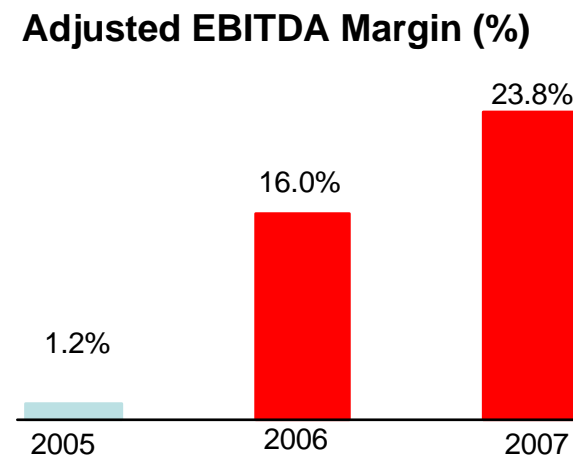
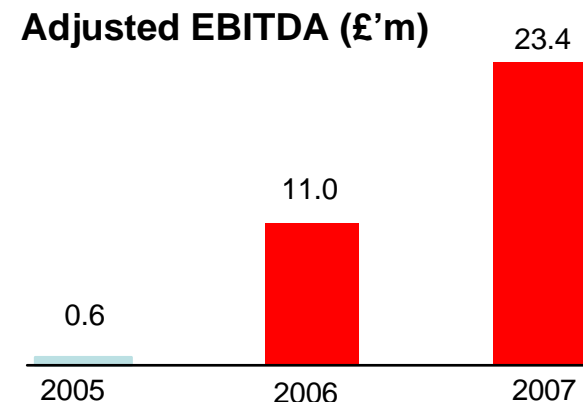
Significant growth in adjusted EBITDA

Adjusted EBITDA up 112.1% to £23.4m

- Strong revenue growth
- Increased flow through
 - Contract renewals towards prevailing market rates
 - Continued benefits from operational leverage
- Adjusted EBITDA up 76.7% versus 2006 proforma
- H2 2007 adjusted EBITDA up 26.5% versus H1 2007

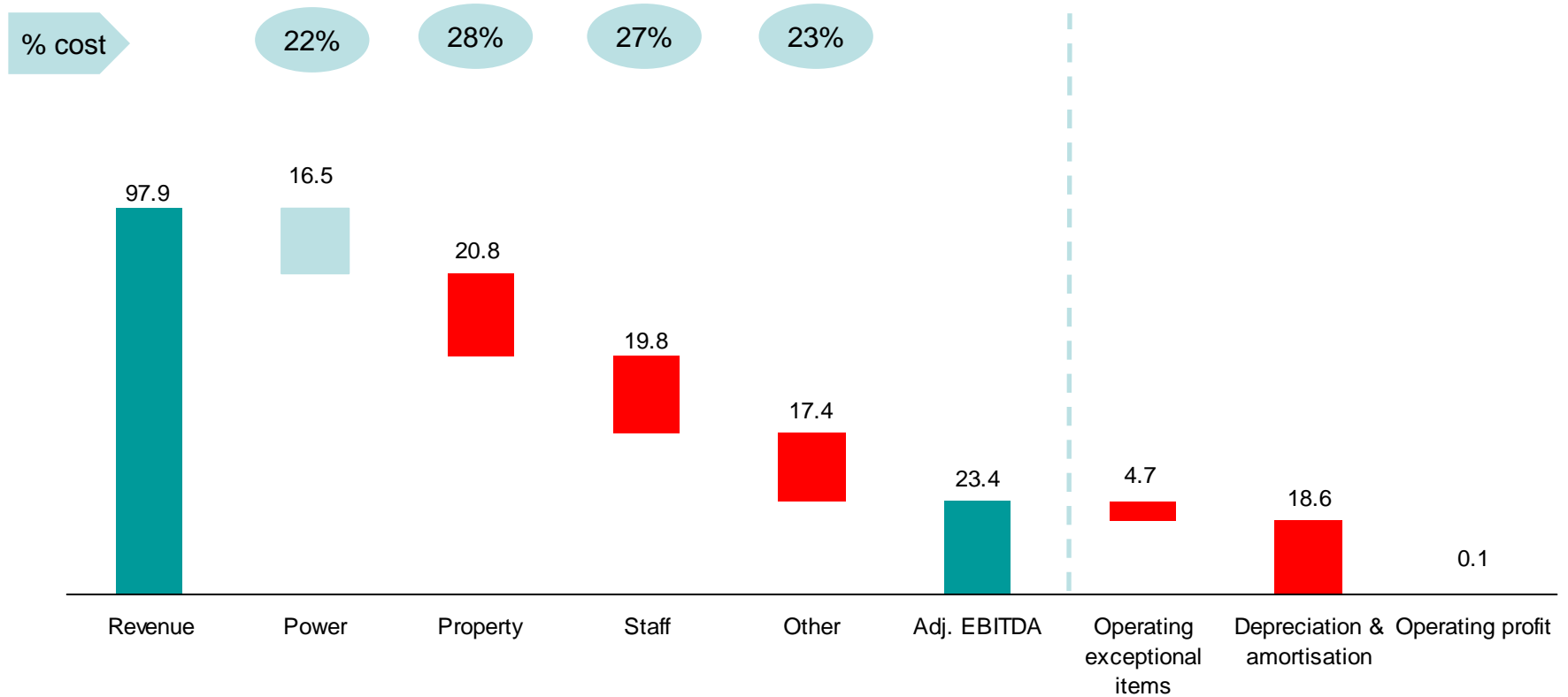
Adjusted EBITDA margin up to 23.8%

- Price rises and operational leverage
- H2 2007 Adjusted EBITDA margin up to 25.1% (H1: 22.4%)



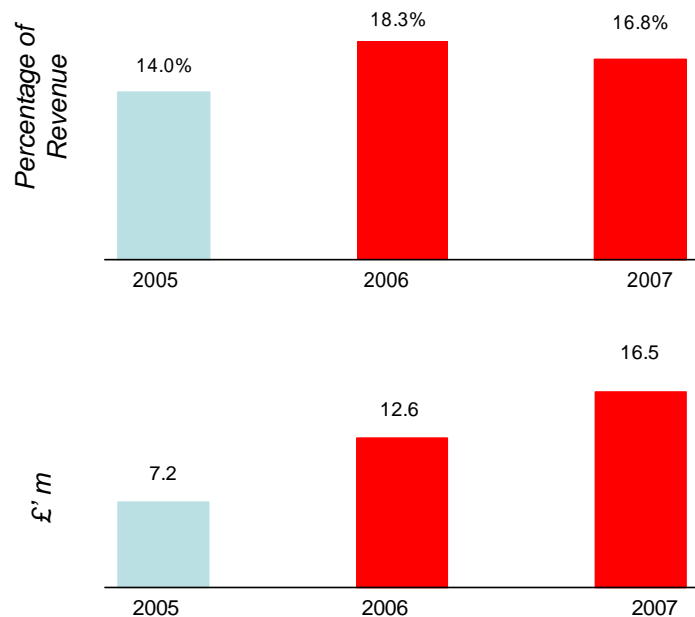
Continued benefit from operational leverage

TelecityGroup 2007 (£'m)



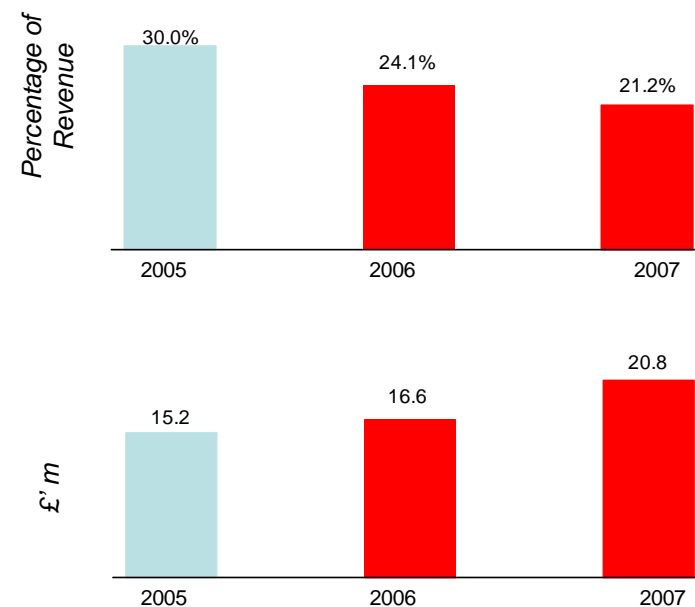
Power and property costs

Power



- Pass through rather than fixed cost
- Unit price fixed, typically 18 months forward.
- Seek to fully recover costs – approx. 60% costs metered by 31/12/2007

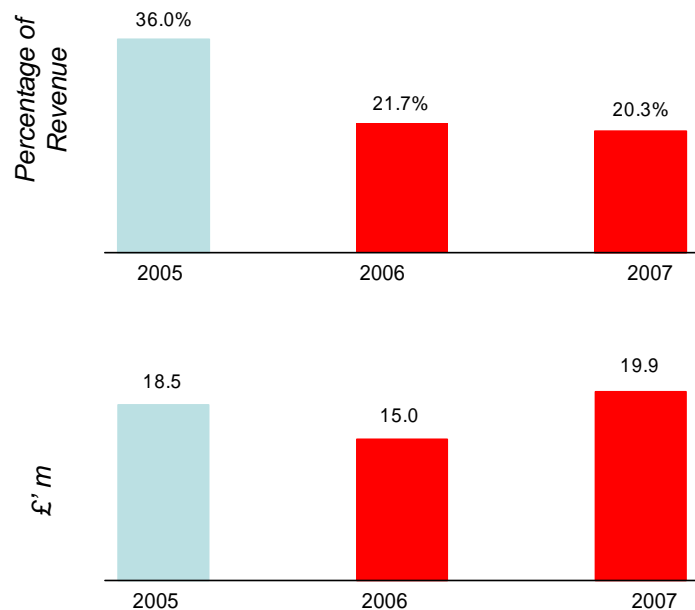
Property



- Incremental costs on new space (£0.4m)
- Index linked increases in lease costs (ex UK)
- Powergate and Amsterdam 4 costs treated as exceptional until site opens

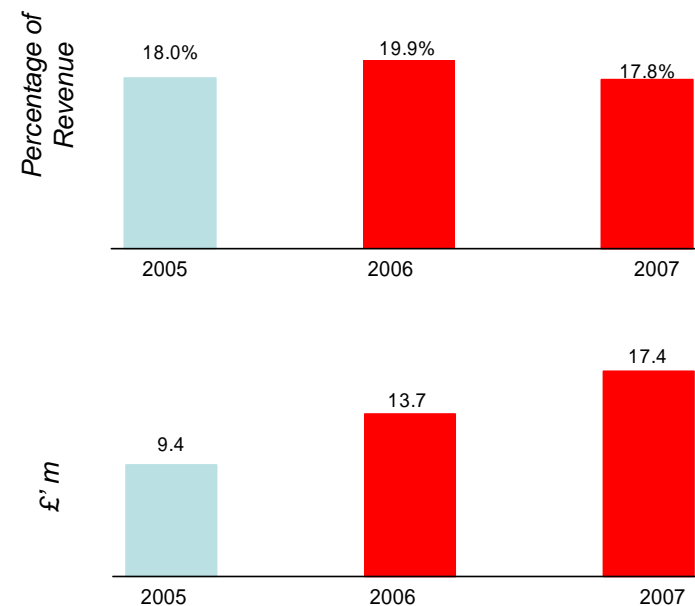
Staff and other costs

Staff



- Sales commission increase (success based)
- Average staff during 2007 was 346 (2006: 308)
- Investment in Business Development
- Cost of gearing up to be public

Other



- Cost of sale items - £5.8m
- Operating overheads including S&M - £5.4m
 - Includes op maintenance (£3.6m)
- Legal, professional and admin £6.2m
 - UK bad debt expense (£2.1m)

Strong cashflow generation

TelecityGroup 2007 (£m)

Adjusted EBITDA	23.4
Exceptional operating cash flow items	(1.9)
Other	(2.5)
Foreign exchange	(0.7)
Operating cash flow	18.3
Interest	(5.8)
Capex	(24.1)
Cash flow before financing	(11.6)
Net IPO proceeds	66.9
Debt repayment	(28.9)
Cash flow after financing	26.4

Drivers

- Strong conversion of EBITDA into operating cash flows
- Other includes an increase in sales tax receivables due to the new builds
- Capex includes £8.9m capital prepayment in respect of AMS4
- Successful IPO raising net proceeds of £66.9m
- Significant additional debt facilities already secured (see later slide)

Maintenance and sales based capex £6.0m

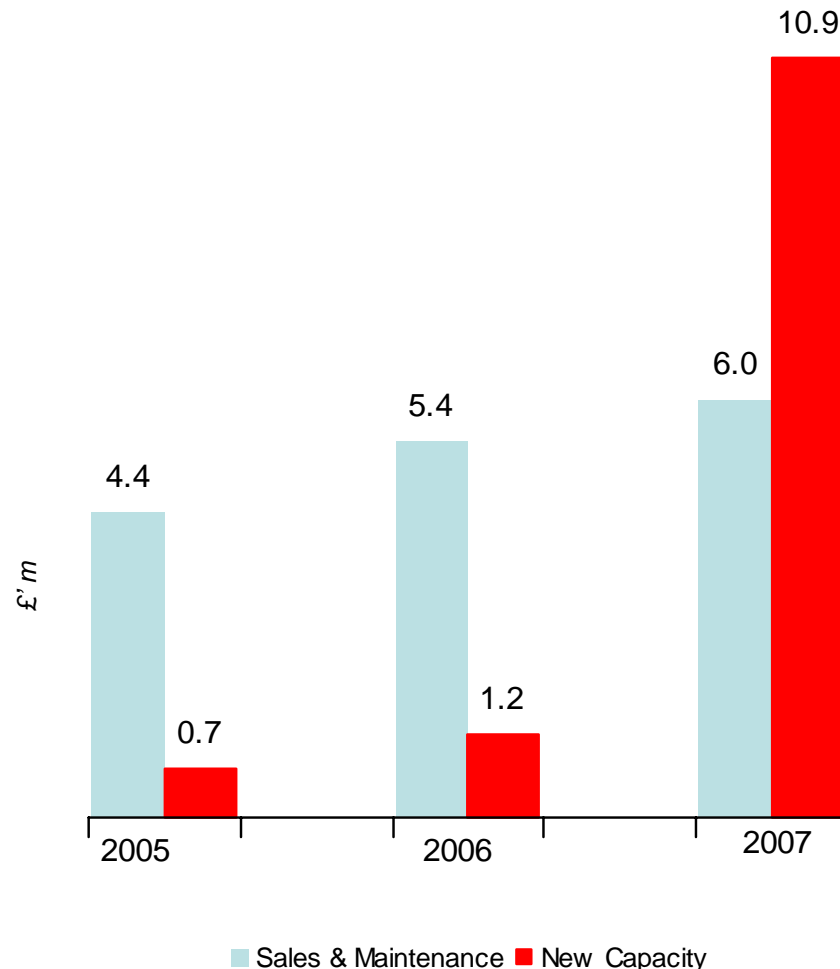
- Ongoing maintenance programme in existing data centres
- Success based customer capex

Capex relating to new capacity £10.9m

- 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/m²

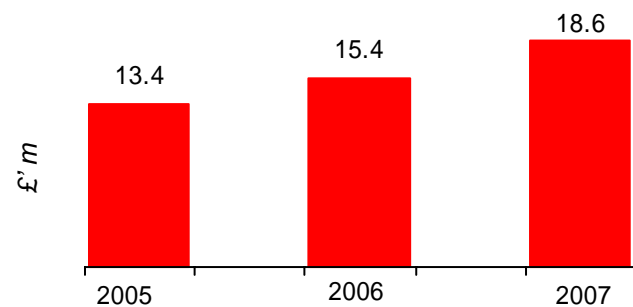
2008 Capex guidance £60-70m

- Maintenance and sales £7-9m



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 years
 - plant and machinery: 12 years
 - office equipment: 3 years
- Intangible asset amortisation relates to customer contracts



Exceptional items (£m)

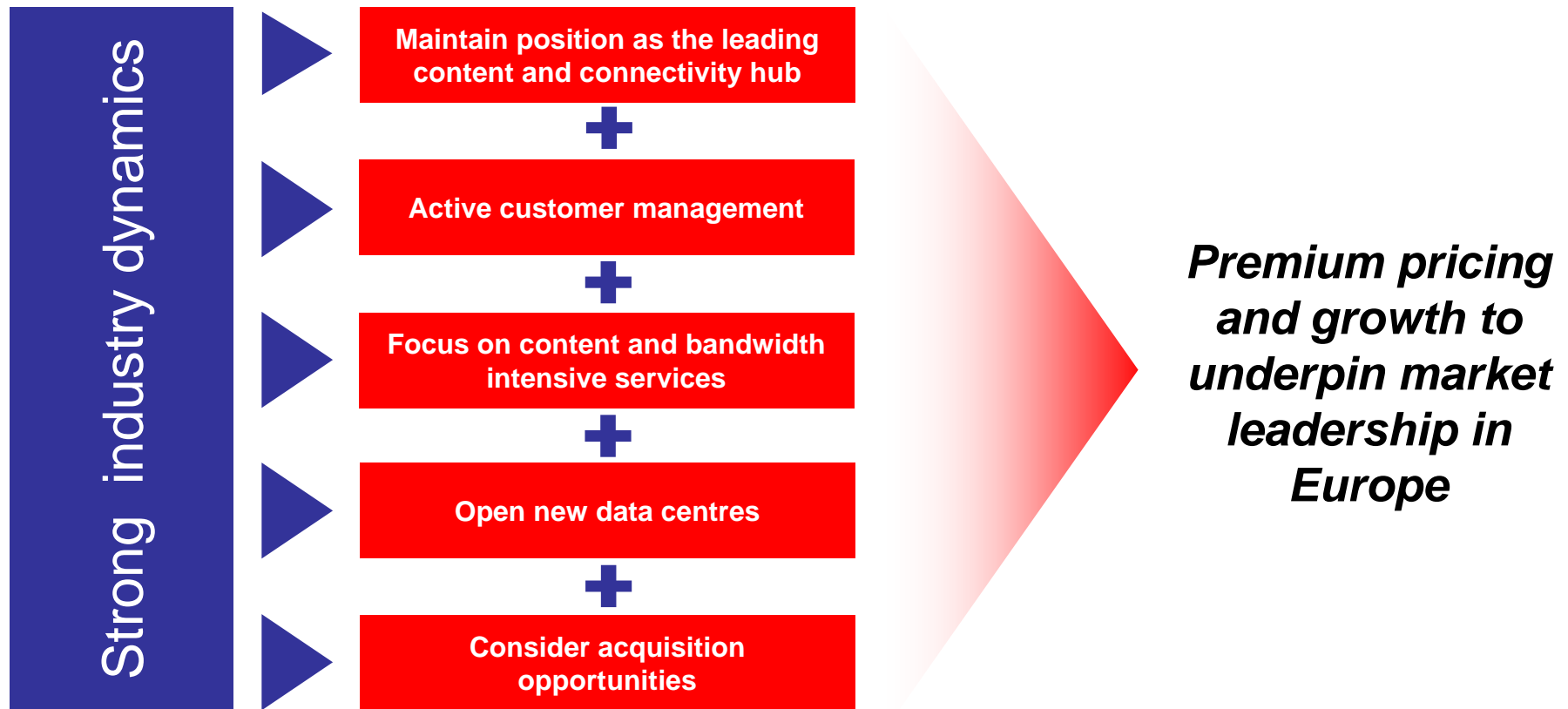
Acquisition integration costs	(1.4)
IPO related expenses	(2.9)
Cost in relation to new builds	(0.7)
Release of provision for onerous lease	0.3
Total operating exceptional items	(4.7)
Accounting write off re: previous loan issue costs	(2.1)
Total Exceptional items	(6.8)

- Strong balance sheet with year end cash balances of £37.0m (2006: £10.2m)
- Net cash (after deducting all borrowings) of £3.7m (2006: net debt £50.4m)
- Total senior debt facilities of £125.0m put in place during year - £11.0m ancillaries, remainder available to fund expansion plans (potential to raise further senior debt)
- Formal consent obtained for all 2008 capex spend
- Tax losses brought forward at 31 December 2007 of approximately £120.0m

Michael Tobin

Chief Executive Officer

Strategy Review and Current Trading

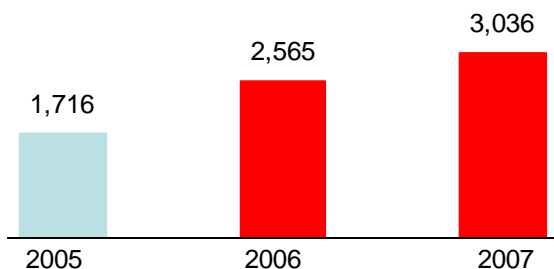


Average revenue per occupied sqm

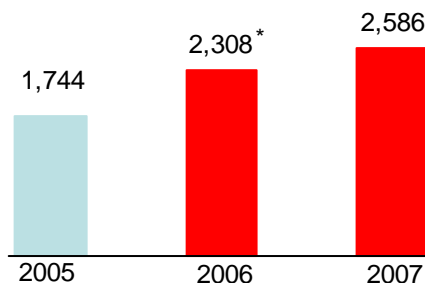
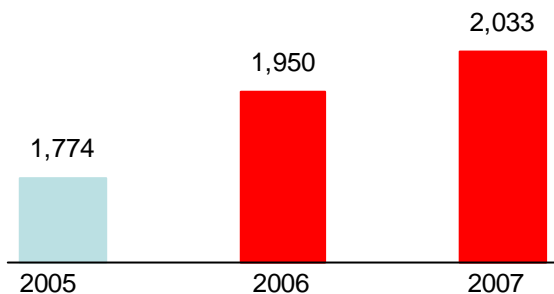
By geography (£/sqm p.a)

Total

United Kingdom & Ireland



Rest of Europe

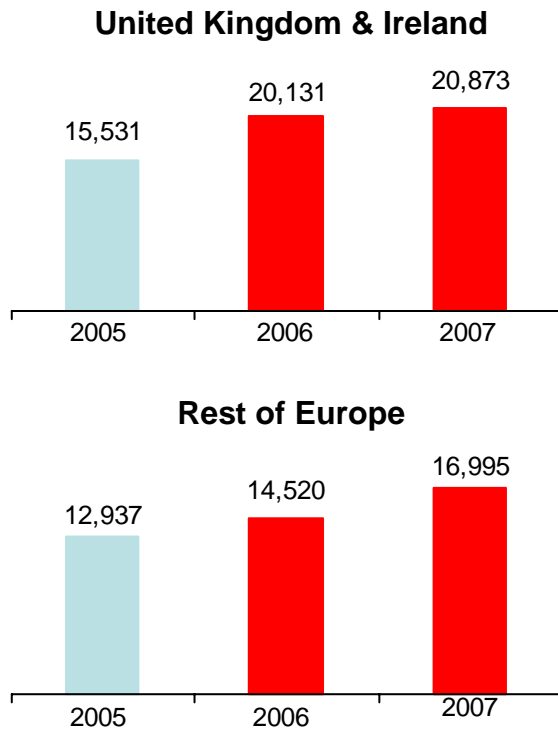


- Revenue per occupied sq.m increased 13% on proforma basis
- Market pricing remained robust throughout 2007
- Continued to renew contracts towards prevailing market rate
- Increased Value Added Service revenue

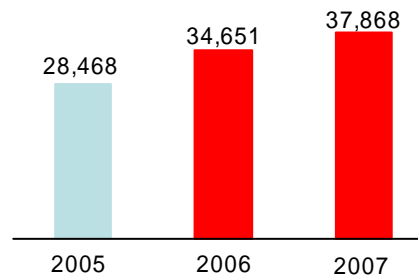
*Pro forma 2006 (Adjusted for full year effect of Globix)
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Occupied space

By geography (Occupied sqm)



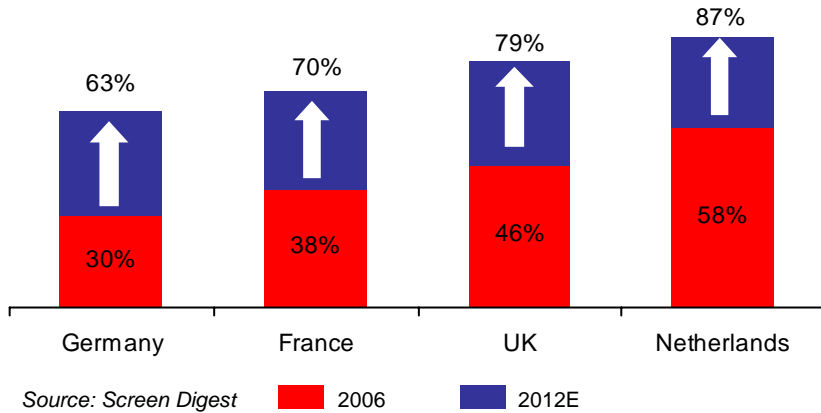
Total



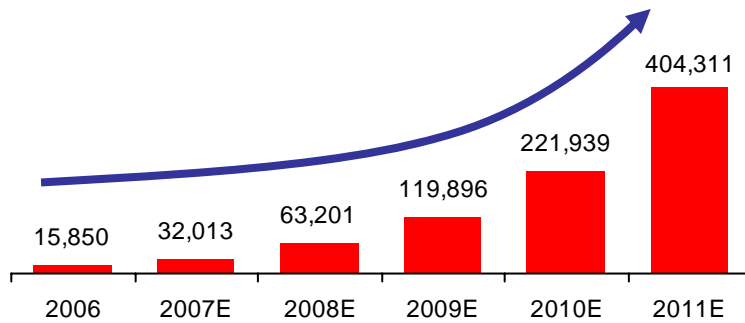
- Occupied space up 9.3%
- Increases seen in all markets across Europe
- Key sales and marketing focus to maintain and enhance quality of contracts
- Shift of sales process to focus on customer power requirements
- Fitted out space increased to 46,597 m²

Growing demand

Household broadband penetration



Projected internet traffic



Note: Estimated Western Europe Internet traffic (Peta Bytes/Year)
Source: IDC



London (Powergate)

- 5000 sq.m / 10 MW customer capacity
- Ready for customers May 2008
- Strong pipeline (first customer signed)
- Offers new connectivity hub for central/west London

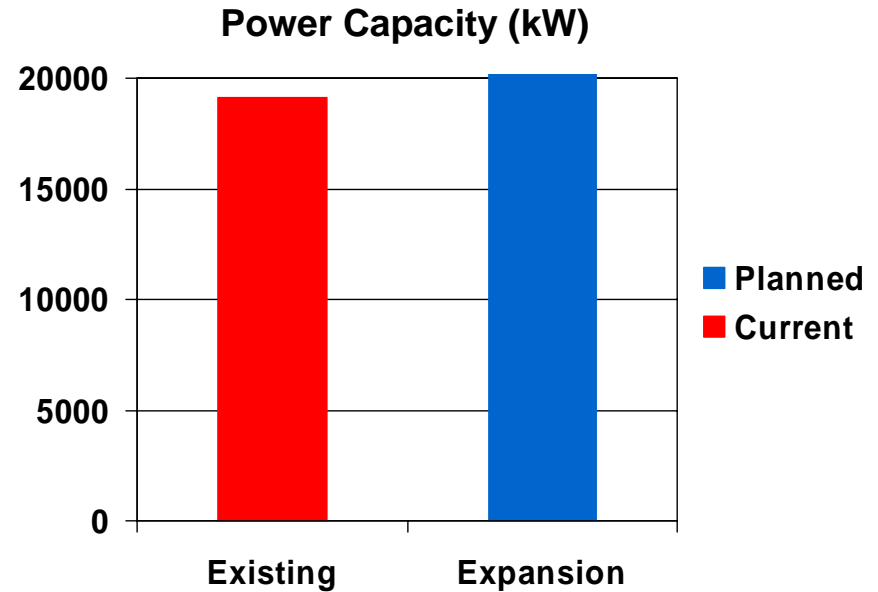
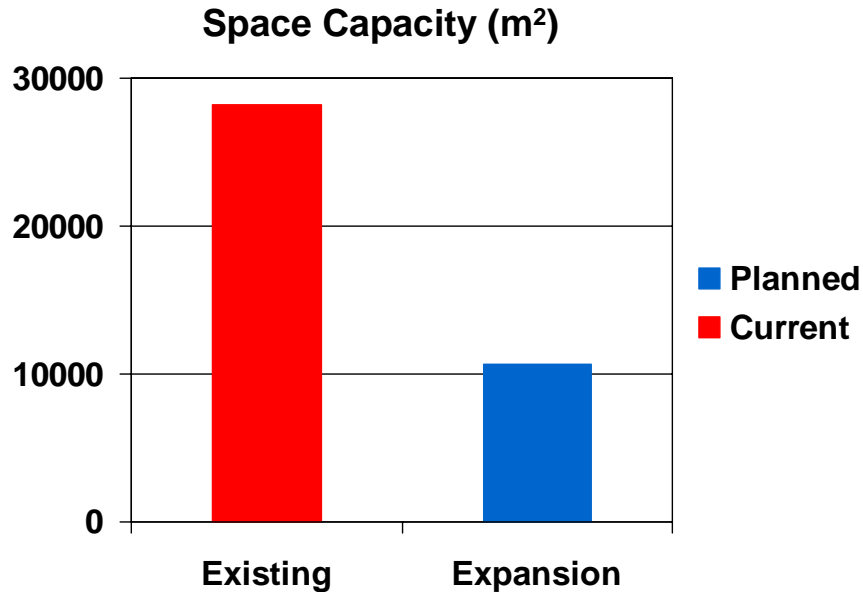


Amsterdam

- 4000 sq.m / 8 MW customer capacity
- Ready for customers April 2008
- First customer (CSC) live from April 2008
- Multiple connectivity deals signed



London and Amsterdam: Expanding capacity & the power dynamic



- Over 10,000 m² expansion in existing and new sites announced (38% increase), but....
- New London and Amsterdam data centres give 2 kW / m² (compared to average 0.7 kW / m² existing), so....
- Available power capacity (what we actually sell) increases by over 100%

Continued strong demand....

- Pricing levels robust across all markets
- Continued new projects emerging across diverse sector base
- Enterprise demand for network independent data centres strong
- Demand in historically weaker markets growing significantly
- Strong growth in content and high bandwidth applications driving internet usage
- Our proposition becomes even more attractive in an economic environment where organisations are looking to save costs

Continued constrained supply....

- Highly connected network independent data centre space remains at a premium

Continued focused execution of strategy....

- New London and Amsterdam data centres on track to take first customers in Q2 2008
- Continued renewals of key customer contracts nearer to prevailing market rates
- Ongoing growth from existing customers and key new customer contracts
- Pipeline strong in all markets
- Actively considering further expansion sites across all markets

Questions?

Appendix

Balance sheet

Assets – 31 December 2007 (£'000)

Fixed assets

Tangible assets	103,008
Intangible assets (incl Goodwill)	46,868
Derivative financial instruments	-
Trade and other debtors	2,992
	<u>152,868</u>

Current assets

Trade and other debtors	36,739
Cash	36,961
Derivative financial instruments	-
	<u>73,700</u>

Total assets 226,568

Liabilities – 31 December 2007 (£'000)

Fixed liabilities

Loans	25,608
Finance leases	990
Provisions	5,994
	<u>32,592</u>

Current liabilities

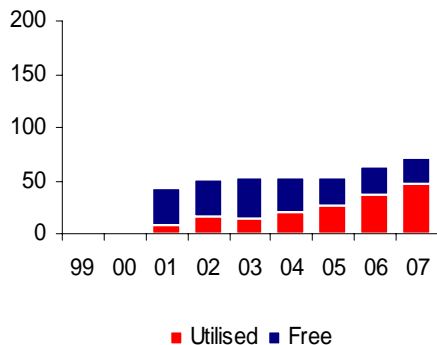
Trade and other creditors	36,060
Loans	6,455
Finance leases	278
Provisions	827
	<u>43,620</u>

Capital & reserves 150,356

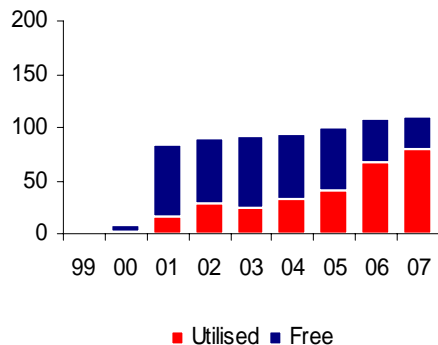
Total equity & liabilities 226,568

Constrained supply

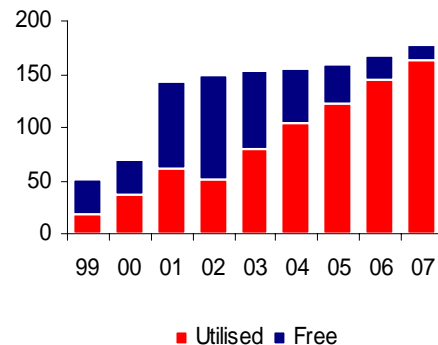
Amsterdam



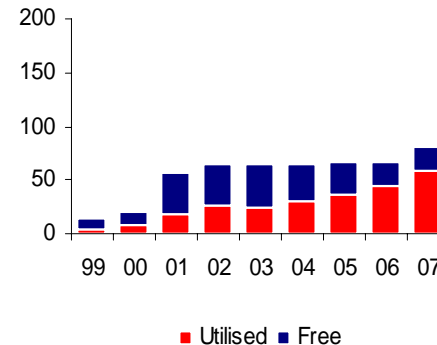
Frankfurt



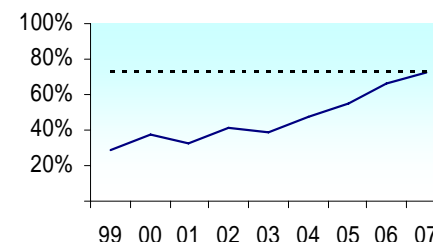
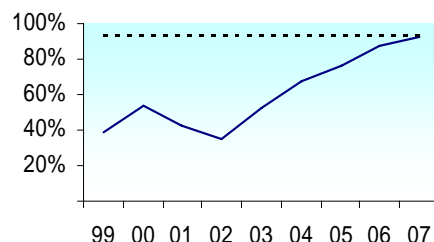
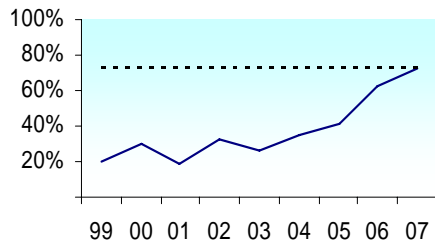
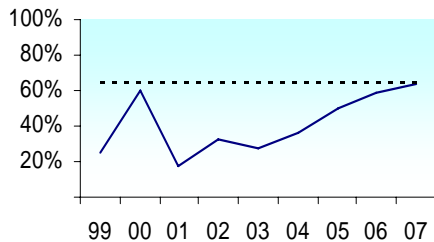
London



Paris



Scale: 000sqm, fitted out space

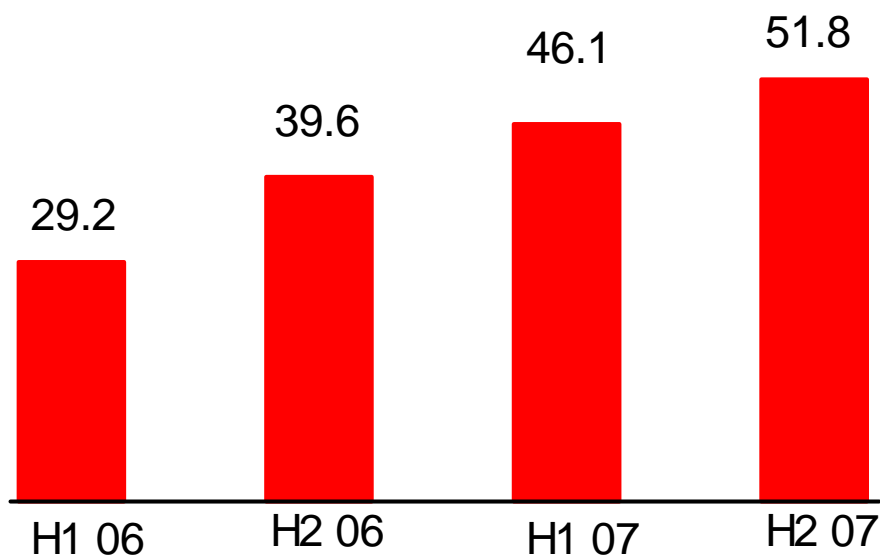


Source: BroadGroup

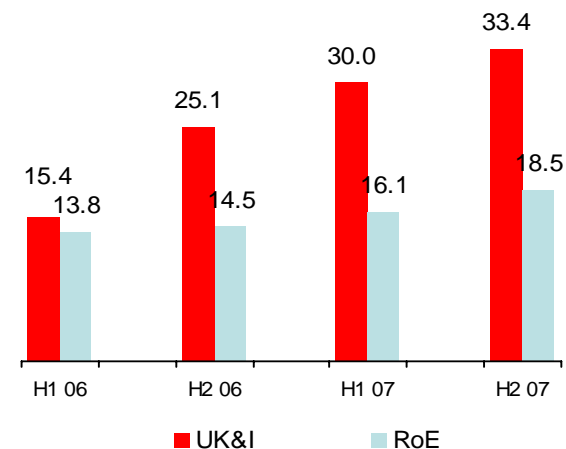
Note: Usable space has been largely estimated based on the main network independent data centres across Amsterdam, Frankfurt, London and Paris. Data includes some wholesale operators, notably Global Switch and e-shelter

Revenue trend by half year

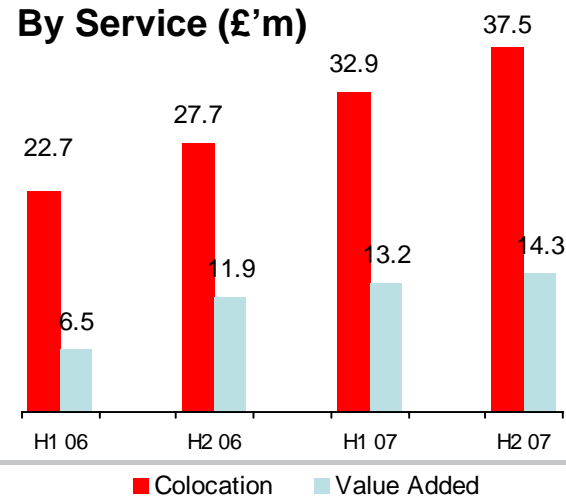
Revenue (£'m)



By Geography (£'m)

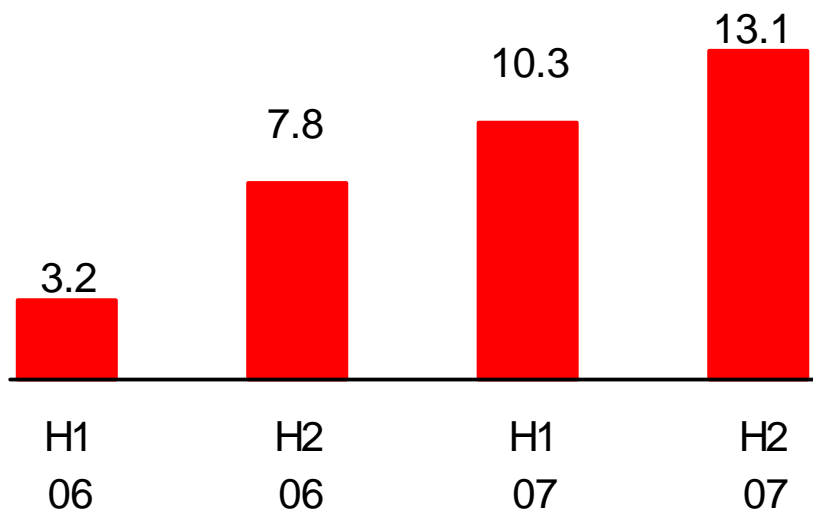


By Service (£'m)

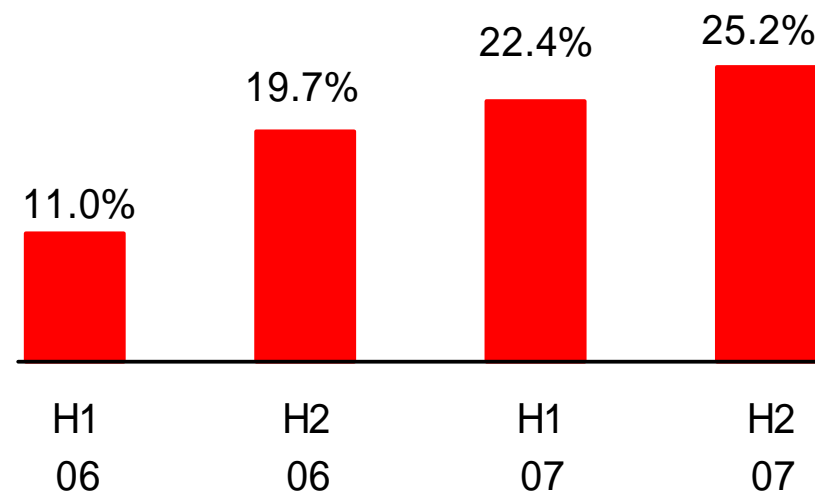


Adjusted EBITDA trend by half year

Adjusted EBITDA (£'m)



Adjusted EBITDA Margin (%)



Key cost categories trend by half year

