

TelecityGroup plc

Results for the 6 months to 30 June 2009

3 August 2009



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

- **TelecityGroup has made strong progress in H1 2009**
 - Revenue up 33% to £82.2m and EBITDA up 75% to £29.4m, representing a 35.7% margin
 - Adjusted EPS up 100.2% to 6.9p
- **Enhanced position as Europe's leading provider of premium network independent data centres**
 - New premium data centres opened in Stockholm and Milan
 - Capacity added in London and Amsterdam
 - On track to increase capacity to 51 MW at the end of 2009, up from 38MW at the beginning of the year
 - Order wins from companies including NCsoft, Spotify, China Telecom (Europe) and Proofpoint
 - Leading the sector in terms of environmental leadership
- **We continue to see significant growth in the digital economy**
 - Increasing internet usage for business, entertainment and social interaction
 - Applications are becoming more content rich
 - Data centres offer efficiency savings for corporate outsourcing
- **Confident in outlook for the full year and for future growth prospects**
 - Customer demand remains strong
 - Continue to evaluate opportunities to further enhance capacity to meet customer demand

Brian McArthur-Muscroft

Group Finance Director

Financial Summary

Financial highlights

	H1 2008 (£'m)	H2 2008 (£'m)	H1 2009 (£'m)	Growth v H1 08 (%)
Revenue	61.9	71.1	82.2	33.0%
Operating costs	(45.1)	(47.5)	(52.8)	
EBITDA	16.8	23.6	29.4	75.2%
Depreciation and amortisation	(10.4)	(11.7)	(12.8)	
Operating profit	6.4	11.9	16.6	
Adjusted net finance cost	0.3	(3.3)	(2.1)	
Adjusted profit before tax	6.7	8.6	14.5	
Adjusted tax charge	-	-	(1.0)	
Adjusted profit after tax	6.7	8.6	13.5	100.2%
Adjusted EPS	3.4p	4.4p	6.9p	
EBITDA margin	27.1%	33.3%	35.7%	

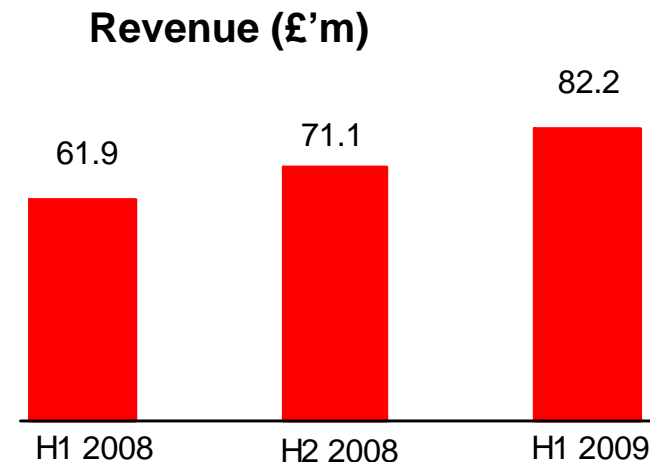
Statutory equivalents:

- Profit after tax: £13.7m (H1 2008: £10.6m)
- Earning per share 7.0p (H1 2008: 5.4p)

Strong revenue growth

Revenue up 33.0% to £82.2m versus H1 08

- UK & Ireland revenue H1 09 up 15.1% versus H1 08
- Rest of Europe H1 09 up 59.0% versus H1 08
 - Constant currency growth rate of 45.1%
- Colocation revenue H1 09 up 40.7% versus H1 08
 - Very strong growth as forecast with new capacity coming on line
- Value Added Services H1 09 up 9.6% versus H1 08
 - Represents 20.6% of revenue versus 25.0% H1 08 due to significant colocation growth

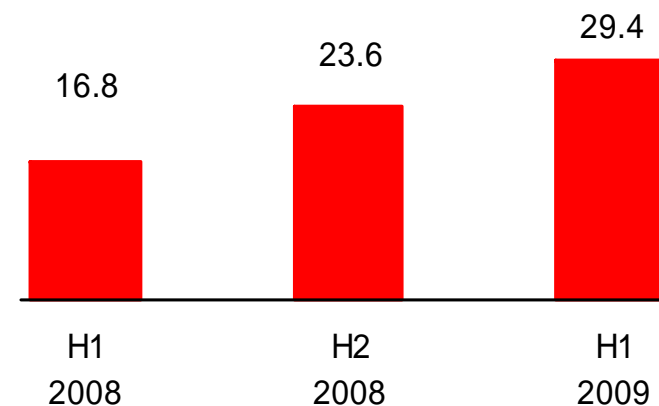


Significant growth in EBITDA

H1 09 EBITDA up 75.2% to £29.4m versus H1 08

- Strong revenue growth
- Significant flow through from operational leverage
- Continuing focus on cost control

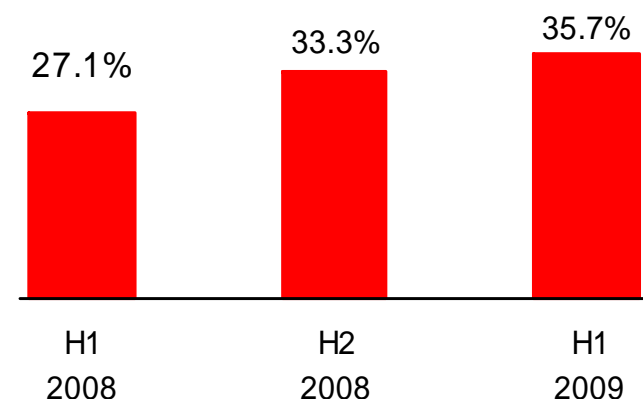
EBITDA (£'m)



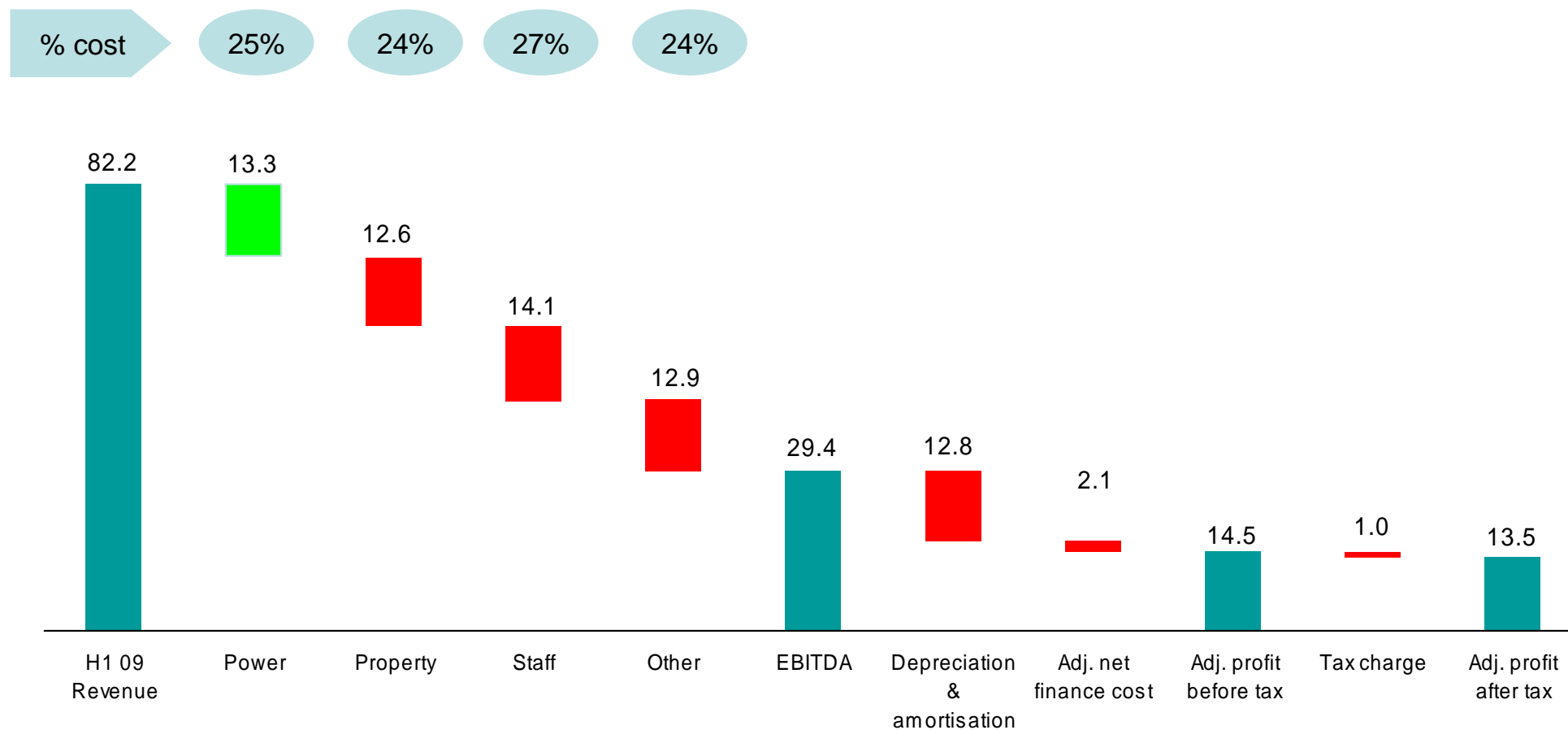
H1 09 EBITDA margin up to 35.7%

- EBITDA margin growth achieved notwithstanding effect of new builds on margins
- Further revenue growth combined with operational leverage would see this trend continue

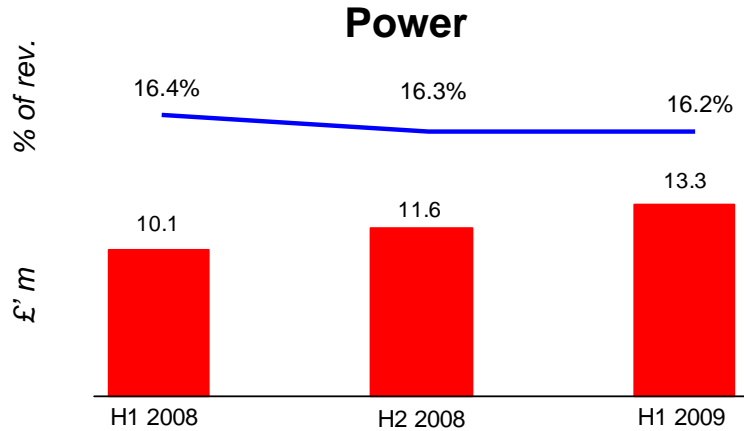
EBITDA Margin (%)



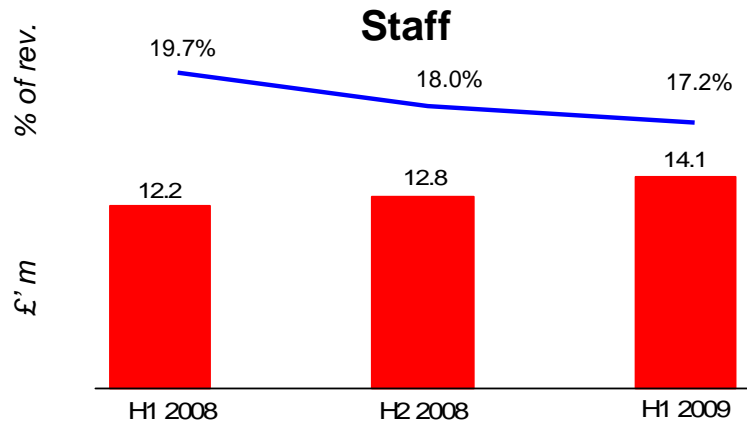
Continued benefit from operational leverage



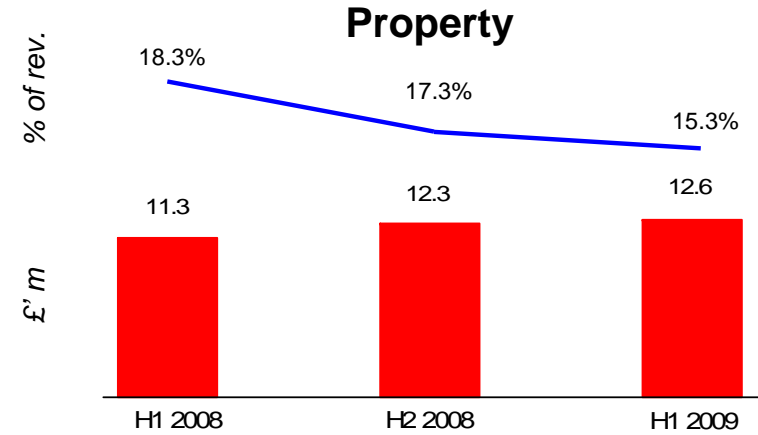
Operating costs



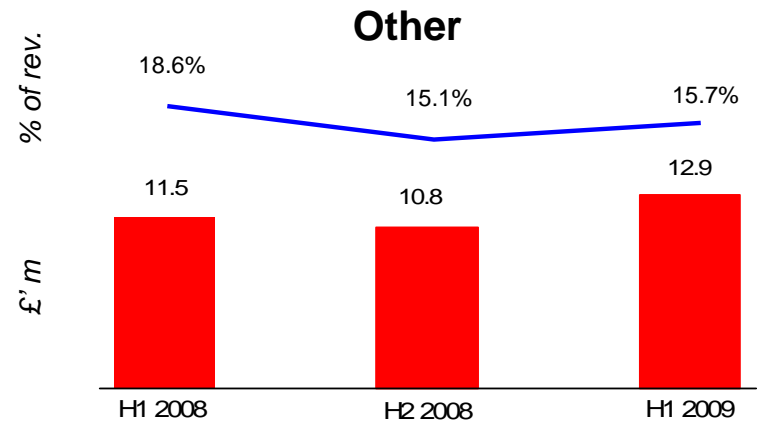
- Normally a pass through rather than fixed cost
- Unit price fixed, typically 18 months forward



- Additional operational staff recruited due to the increased number of data centres



- Significant reduction as a percentage of revenue despite incremental cost on new space



- Underlying percentage of revenue down to 13.8% on a constant currency basis

Strong cash flow generation and working capital performance

	H1 2009 (£'m)	Drivers
EBITDA	29.4	<ul style="list-style-type: none">• Further cash inflows from working capital management, which since IPO have generated £14.9m
Working capital	5.7	
Net Interest paid	(2.1)	<ul style="list-style-type: none">• Free cash flow of £27.4m which, along with banking facilities, has been used to invest in the Group's expansion program
Other	(0.2)	
Operating cash flow	32.8	
Operational capex	(5.4)	
Operating free cash flow	27.4	

Operational capex includes all capex other than expansion capex

Capex cash flows

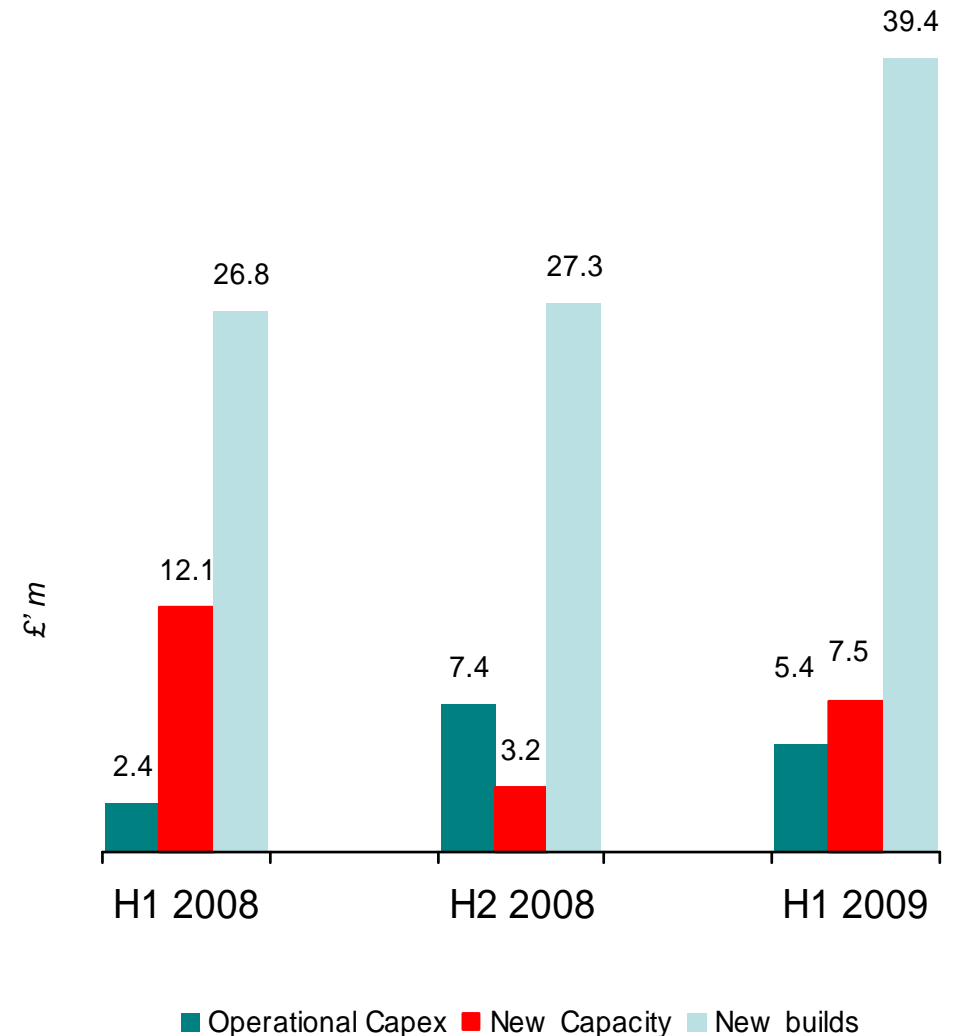
Expansion capex £46.9m

- All 2009 new builds are on time and within budget
- Expansion projects underway in all core markets

Operational capex £5.4m

- Sales and maintenance £3.6m
- Developmental and other capex £1.8m

Full year capex guidance £80 - £90m

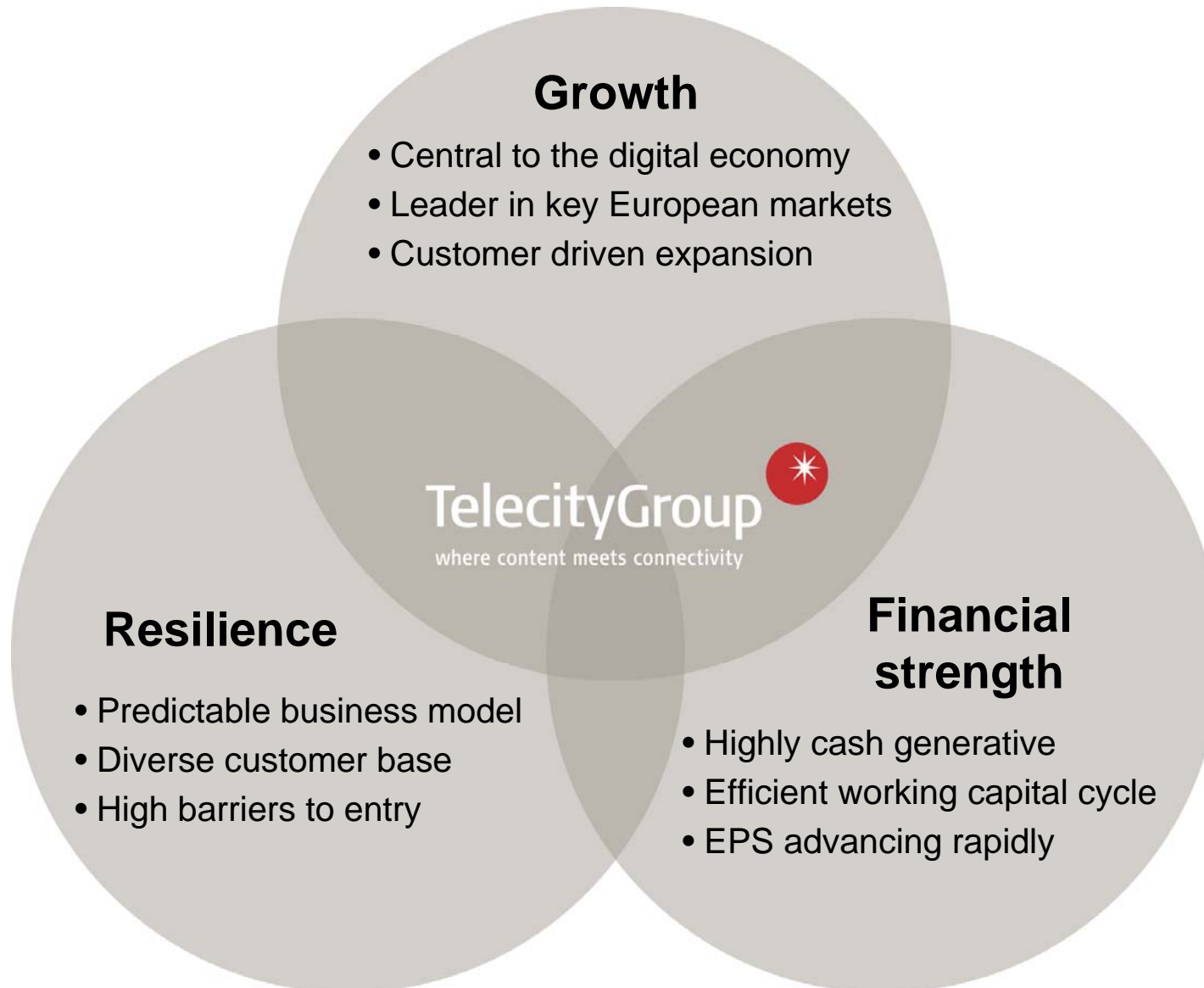


Michael Tobin

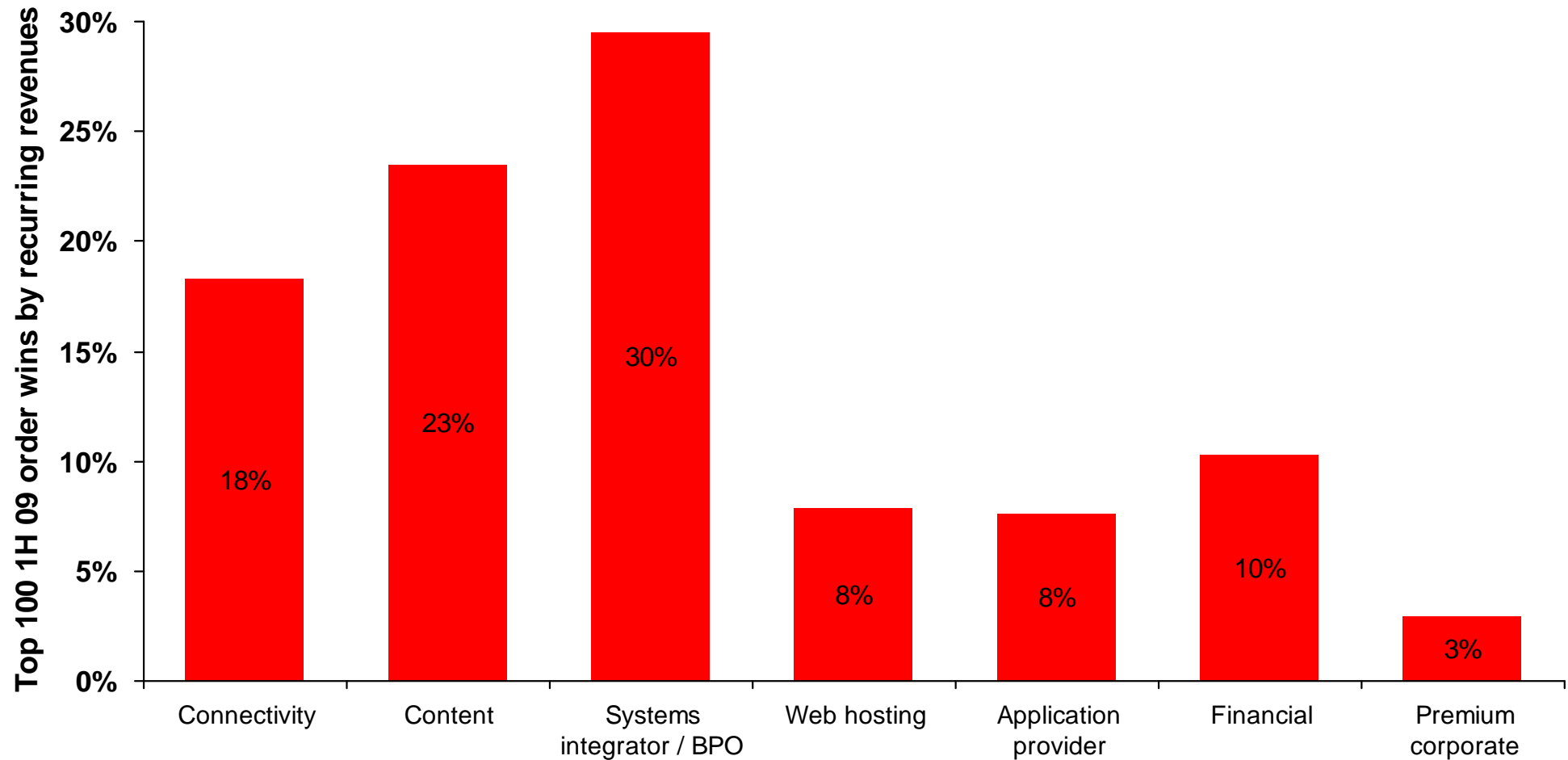
Chief Executive Officer

Introduction

Europe's leading provider of premium network independent data centres



H1 2009 order wins remain strong across broad range of sectors

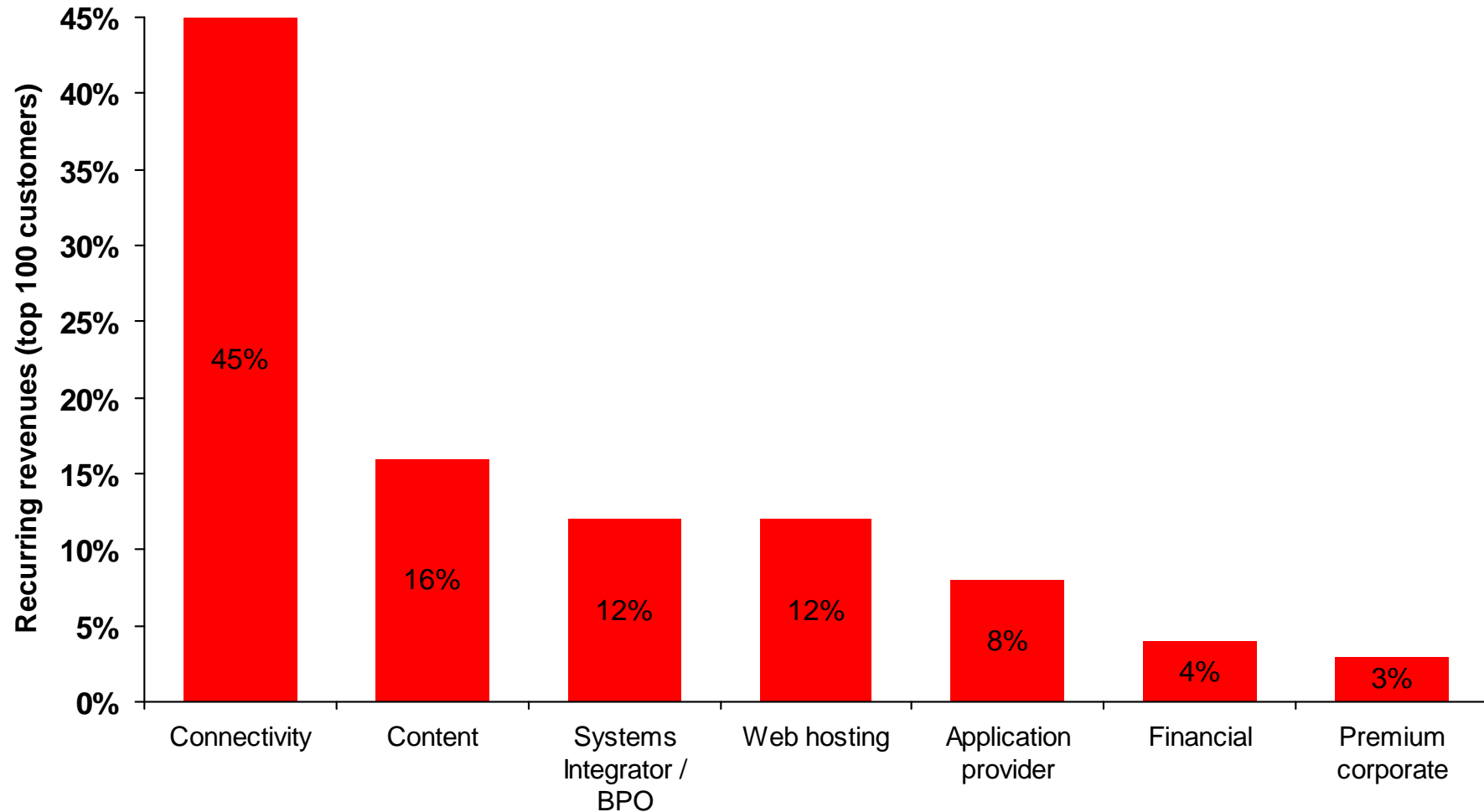


Businesses continue to drive latency-critical applications to web based platforms



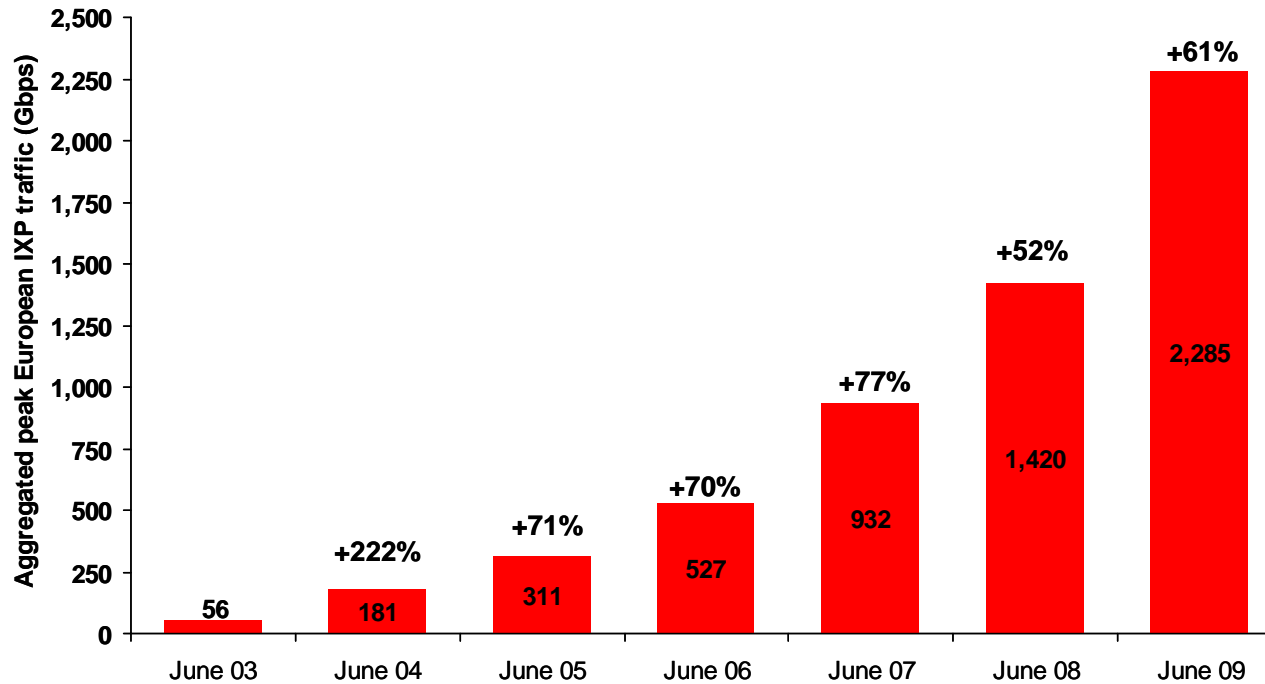
Premium network independent data centres are becoming a 'mission-critical' resource for an increasing range of market sectors

Top 100 customers by revenue



TelecityGroup's reputation as a premium data centre operator continues to uphold sector diversity of customer base

Strong growth in internet traffic continues to be a core demand driver for data centre capacity



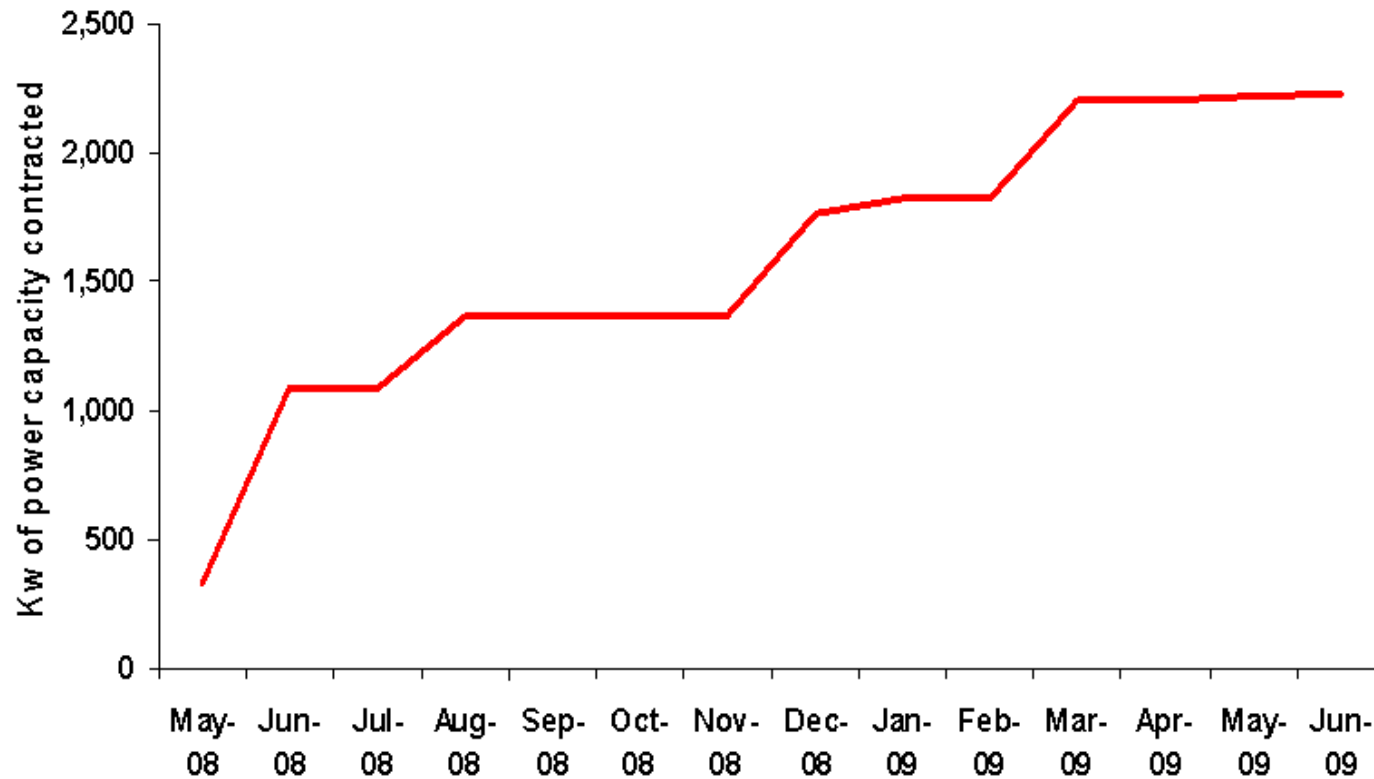
Source: Euro-IX



We continue to see significant growth in the digital economy

- Increasing internet usage for business, entertainment and social interaction
- Applications are becoming more content rich
- Data centres offer efficiency savings for corporate outsourcing
- Significant fibre deployment across Europe

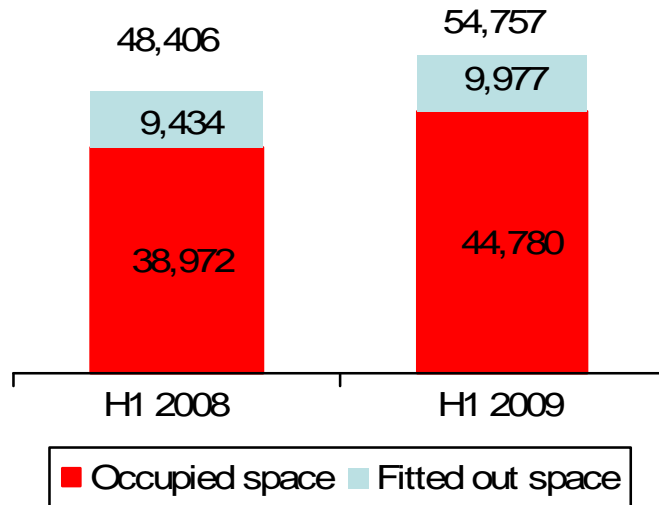
The organic growth of a core customer



TelecityGroup's customers' capacity requirements increase regularly

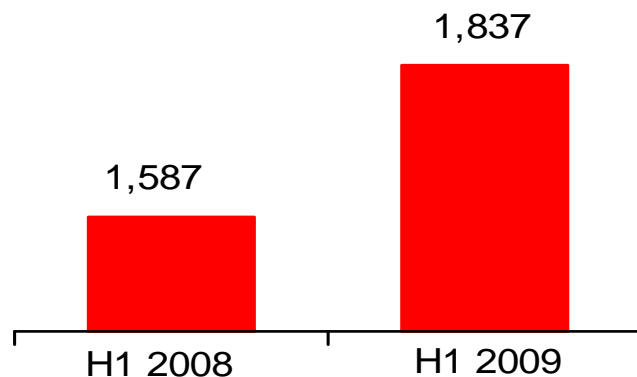
Capacity, occupancy and pricing

Group capacity and occupancy ('000 sq.m)



- H1 2009 capacity up 13.1% to 54,757 sq.m
- Total customer available power increased to 51 MW
- H1 2009 occupied space up 14.9% to 44,780 sq.m
- New capacity opened to meet customer demand

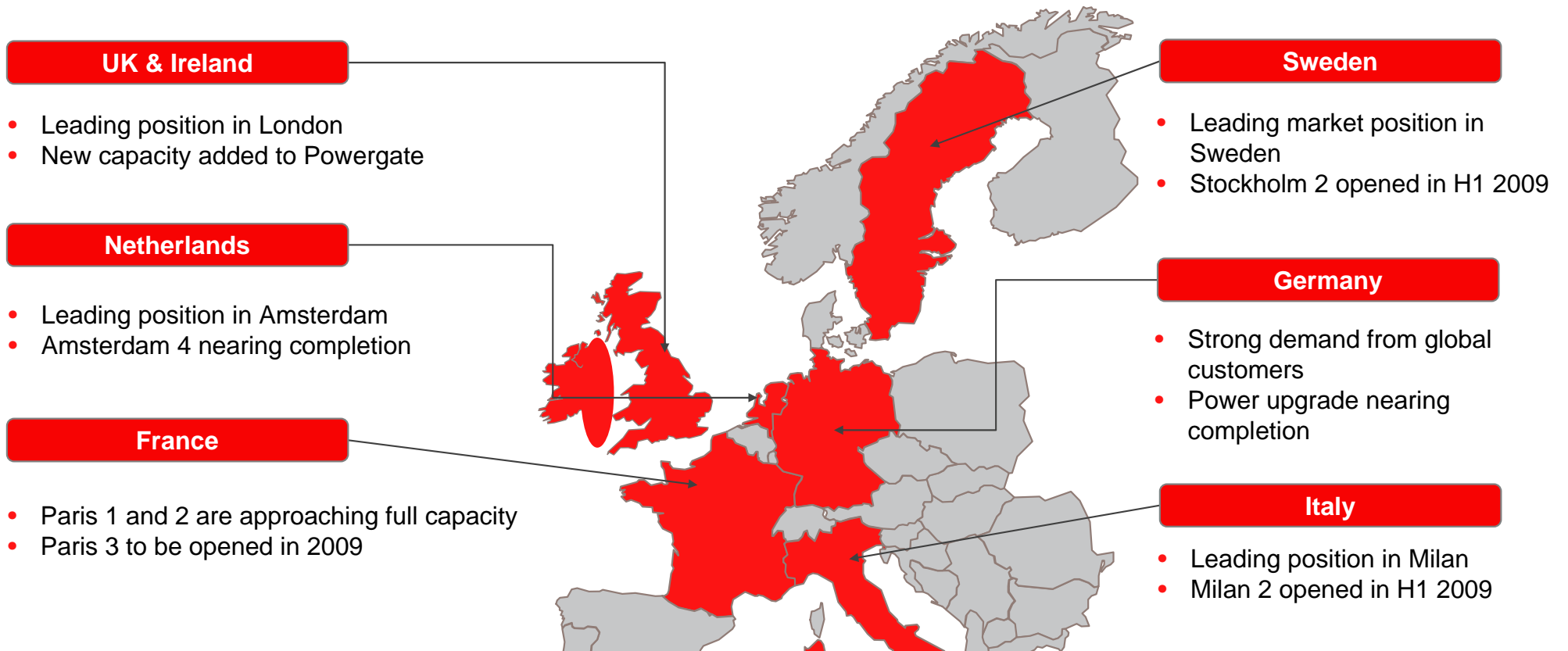
Group revenue per occupied sq.m ⁽¹⁾



- H1 2009 revenue per occupied sq.m up 15.8% to £1,837
- Market pricing remains solid

⁽¹⁾ Total revenue including colocation, power and value added services divided by year end occupied space

Customer driven expansion



Premium offering continues to attract leading organisations

Expansion programme driven by customer demand growth

Taking the industry lead on the environment

TelecityGroup is leading the industry in environmental best practice. We take this responsibility seriously. 2009 activity highlights:

- The first network independent data centre to adopt the new **European Code of Conduct for Data Centres**
 - the code promotes the adoption of energy efficient best practices amongst data centres owners and operators
- Strong **focus on investment and innovation** both in the technology we use and the design of our buildings
- Recognition:
 - National eWell Being Awards ‘Greening Data Centre’
 - Data Centres Europe: ‘Best Leadership and Innovation in Environmental Policy’
- Member of **The Green Grid**
 - a global consortium dedicated to advancing energy efficiency in data centres and business computing ecosystems
- Taking advantage of **renewable energy sources** across Europe



A customer's experience with TelecityGroup

The Planet is a leading provider of On Demand IT Infrastructure solutions, hosting more than 20,000 small and medium-size businesses and 15.2 million web sites worldwide.



"The team at TelecityGroup has really set itself apart from the rest. The entire process of evaluating, procuring, and installing was handled in an extremely professional and timely fashion. We would highly recommend them to anyone looking for a partner in Europe."

Douglas J. Erwin,
Chairman and Chief Executive Officer, The Planet

"During the first half of 2009 TelecityGroup has performed excellently in terms of revenue growth, operating profit and earnings per share. Given the combination of our strong order pipeline, capacity expansion in key locations and momentum from the first half, we are well placed to deliver another year of substantial growth for the Group."

Appendices

Appendix - earnings per share

	H1 2009 (£'m)	EPS Impact (pence)	H1 2008 (£'m)	EPS Impact (pence)
Profit after tax	13.7	7.0	10.6	5.4
Less FX on financing items	(0.2)	(0.1)	(1.5)	(0.7)
Less deferred tax credit	-	-	(2.4)	(1.3)
Adjusted profit after tax / EPS	13.5	6.9	6.7	3.4

- Undiluted calculation based on 195,524,000 shares (H1 2008: 195,368,000)



TelecityGroup

where content meets connectivity