

10 February 2003

**THUS Group plc
TRADING UPDATE**

On track for free cash flow breakeven

In line with THUS Group plc's move to half yearly reporting, the Company today provides an update on trading since its Interim Results published on 4 November.

Overview of recent trading and current year outlook

THUS today confirms that it is on track to achieve its key financial objective of generating positive free cash flow on a sustainable basis in quarter four of the financial year ending 31 March 2004.

For the full year ending 31 March 2003, THUS expects improved EBITDA in the range of £25m to £30m compared with previous guidance of £20m to £30m. Cash outflow before financing is now expected to be less than £30m, compared with £35m previously advised, and capital investment for the full year remains at an expected £45m.

As previously stated, THUS is cautious on the general economic outlook and the sector is experiencing pricing pressure led by distressed operators. In response, THUS has maintained its focus on quality recurring revenues to enhance margins and improve bottom line performance on earnings and cash flow. Accordingly for the full year, revenue is now expected to be in the range of £290m to £295m.

The key data & telecommunication and Internet segments continue to make good progress, despite market turbulence, although progress has been offset by regression in the ScottishPower Facilities Management, Contact centre and Interactive creative areas as previously indicated.

New agreements since the first half include those with Capital Radio Plc for the provision of networking services that will enable Capital to build on its strategy to share content between stations and an agreement for a 1GB high speed network linking the North of England Universities. THUS has also renewed and extended its contract with BBC Worldwide and won smaller value contracts with Kwik Fit Insurance Services, Manchester Airport, Peugeot dealership network and Book Club Associates. In addition, despite strong competition, in the SME market, the Company's ADSL customer base has increased from 11,800 at the half year end to over 20,000.

Commenting on today's announcement, William Allan, Chief Executive said:

'THUS is making solid progress in a challenging market. We remain focused and committed to our strategy of enhancing our operating margins and winning cash flow generating business. THUS has now achieved sufficient scale and operating efficiency to maintain its current trajectory for EBITDA and cash flow into the next financial year. Accordingly the peak funding requirement has reduced to less than £60 million. The Board remains confident and committed to our sustainable free cash flow breakeven goal in the fourth quarter of the financial year ending 31 March 2004.'

THUS will announce its Preliminary Results for the year ending 31 March 2003 on 6 May 2003.

**A telephone conference for analysts and investors will be held this morning at 9.30am.
Dial in: 020 7162 0125. Replay 020 8288 4459 Passcode 327912**

Further information

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