

24 September 2004

THUS Group plc
Trading Update

THUS Group plc today makes the following comments on its trading performance.

Revenue growth for the first half to 30 September 2004 has been strong with expected year on year headline growth of 12%. The core business services of Data and telecoms and Internet are expected to increase by 18%, driven by stronger growth in managed services, Ethernet, ADSL and carrier pre-select.

Notwithstanding the above, the Company has experienced tougher trading conditions, with margins being impacted by increased price competition in the current quarter, including predatory pricing for corporate accounts, switched voice and leased line services. In addition, there has been an acceleration in the substitution of dial-up Internet for broadband DSL. As a result, first half EBITDA will now be less than that recorded for the equivalent period last year.

Cash flow for the first half is expected to be positive, leading to the Company having produced four consecutive quarters of positive cash flow after interest and capital investment.

THUS has renewed and expanded a number of key accounts and won a number of smaller contracts during the period which are expected to deliver further growth in the second half. In addition, the Company has increased its marketing expenditure by £2 million to enhance new services sales.

Against this background, it is expected that for the year ending 31 March 2005, THUS will deliver revenue of not less than £360 million, continued positive cash flow and EBITDA of not less than £39 million.

THUS Group plc will announce its Interim results on 15 November 2004.

ENDS

**The Company will host a telephone conference call 9.00am this morning.
Dial in 020 8240 8249**

Further information

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