

30 March 2006

THUS Group plc  
Pre-close Period Trading Update

### **THUS Transformation on Track**

#### **THUS issues the following update on its trading position ahead of the Company's Preliminary Results for the year ending 31 March 2006.**

THUS has continued to grow and build market share both organically and through the recent acquisitions of Your Communications and Legend Communications.

Total revenue for the year is anticipated to exceed £370 million, an increase of approximately 10% compared to revenue from continuing operations last year. EBITDA before exceptional integration costs is expected to be approximately £40 million, compared to £38 million last year under IFRS, and THUS will generate its second successive financial year of positive free cash flow.

#### **Integration of Your Communications and Legend Communications**

The integration of Your Communications and Legend Communications is proceeding to plan. The company remains confident it can deliver over £25 million of annual operational cost synergies upon full integration (at a one-off cost of approximately £30 million incurred largely over the 12 months following acquisition). For this financial year, the company will take an exceptional charge to earnings of approximately £10 million as part of the forecast integration costs.

The sale process for Demon Netherlands is progressing.

#### **Business Division Performance**

The second half operating performance has broadly followed the trends from the first half with stronger growth in the Data and Telecoms (excluding carrier pre-select services) and Managed Solutions divisions. The company has also experienced stronger demand for its next generation of IP-based services, and is currently implementing new generation services for a number of significant new customers.

As expected, dial-up Internet and lower margin carrier pre-select continued to decline. In particular, carrier pre-select volumes fell more rapidly toward the end of the second half reflecting the migration of Tele2's UK traffic onto the network of its new owner. Lower margin wholesale switched voice services also grew more slowly than planned.

#### **Outlook**

The company is experiencing increased demand for new generation services but remains cautious on the market structure and pricing for telecommunication services in the UK market. Nevertheless, the Board remains confident that trading within the enlarged group remains in line with its expectations for the next financial year.

THUS Group plc's preliminary results will be published on Monday 19 June to allow sufficient time for preparation of the first set of accounts for the enlarged group.

**For further information, please contact:**

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