

ASX Announcement

17 May 2006

Investor Presentation - 1st Anniversary of IPO

Please find attached a presentation to be delivered this week by **PIPE Networks (ASX:PWK)** Managing Director Bevan Slattery.

Regards



Malcolm Thompson
Company Secretary

ENDS

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Investor Roadshow

12 Month Post IPO Update



What is PIPE Networks?

- Telco Network Infrastructure Provider and Dark Fibre Specialist
- Grown rapidly to become Australia's third Largest Metro Fibre with fibre in Sydney, Brisbane, Melbourne, Perth, Adelaide and Hobart
- Australia's largest Internet Interconnection (peering) provider with 85 ISP's and 2,000,000 downstream users connected

Key Highlights

- The Company derives growing revenues and profits from:
 - **Dark Fibre Services**
 - **Internet eXchange/Peering, and**
 - **Co-location services**
- Built Australia's **third largest metro-fibre network** in just over 3 years (only Telstra and Optus are larger)
- Owns and operates Australia's **largest Internet Peering service** with over 85 ISP's and 2,000,000 users connected
- Perhaps the only **neutral** and significant fibre telecommunications infrastructure provider in Australia
- Currently expect over **120%** growth in revenues year-on-year for the 2005/06 year and expect over 60% growth in 2007
- **Contracted revenue for 2006/7 already at over \$16M**

Our Achievements

- Established in late 2001 and commencing operations in May 2002
- Listed on the ASX in May 2005
- Dark Fibre service voted “2005 Best communications solution – Large Corporate” by ATUG
- Company voted “2006 Carrier of the Year” by ATUG
- 7th fastest growing ICT company in Australia (Deloitte FAST 50 - 2005)
- Market capitalisation over \$75M
- Profitable from first full year of operation

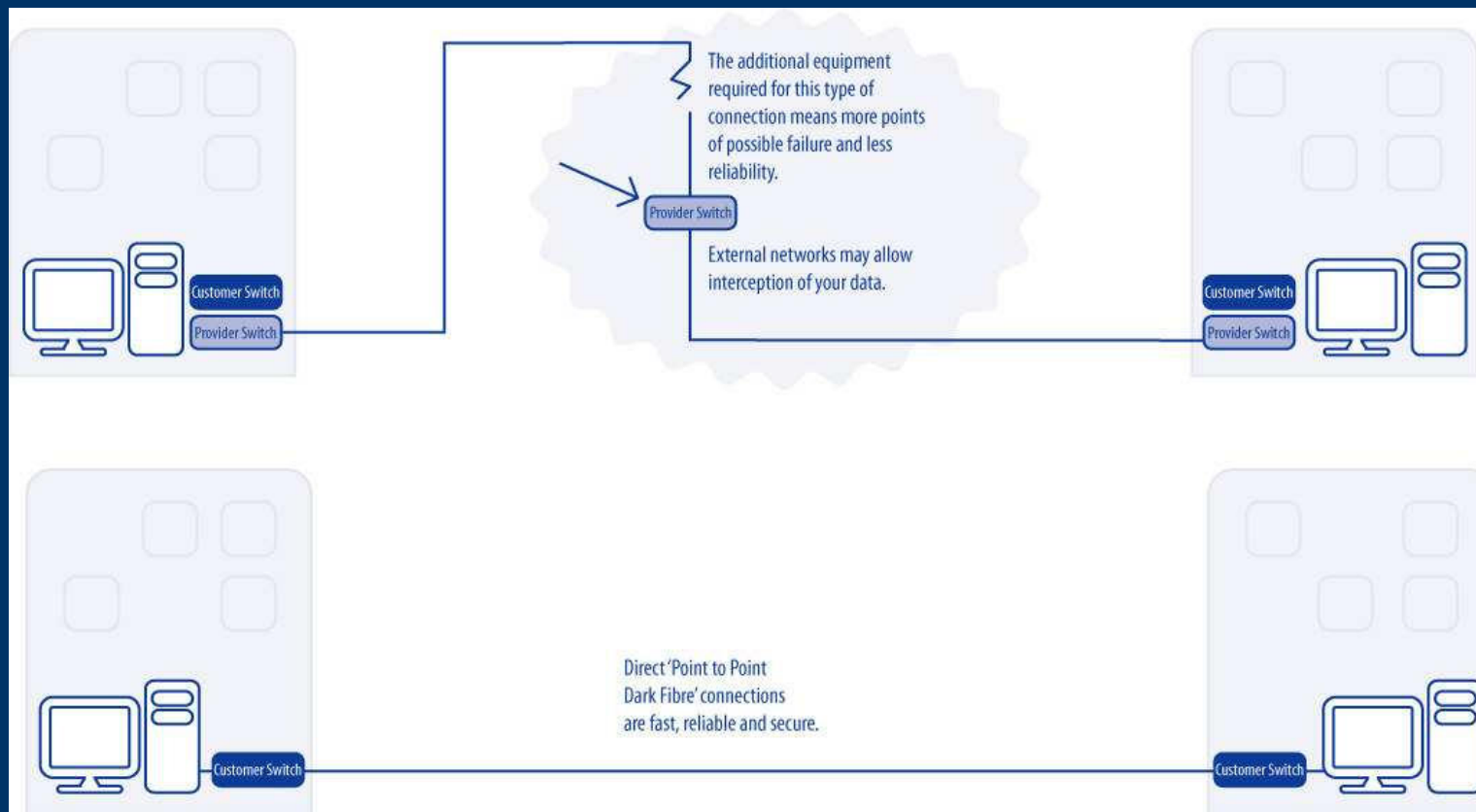
Dark Fibre Overview

- **'Dark Fibre'** is dedicated fibre optic capacity allowing users to create a private fibre optic network. The fibre is called 'Dark' as the fibre is given to the client without any terminating equipment to 'light' the fibre. Key benefits over 'managed' alternatives include flexibility, scalability, security and lifespan. Put simply it is equivalent to a very long fibre optic patch lead

- VS -

'Managed Ethernet' is typically whereby the carrier installs fibre circuits from the customer premises to their "central" Ethernet core. All traffic flowing between the two (2) sites must traverse the carriers core network which allows the carrier to manage and in most cases restrict the speed and nature of the data flow across the fibre in accordance with the product offered to the client.

Dark Fibre



Why PIPE Dark Fibre ?

| Feature | Dark Fibre | Managed Ethernet |
|---|------------|--------------------------|
| Security | Very High | Less Secure |
| Throughput/performance | Unlimited | Restricted |
| Flexibility to support different technologies | Very High | Restricted |
| Ability to support new and future technologies | Very High | Very limited |
| Price for customers seeking high-speed connectivity | Compelling | Typically more expensive |

Dark Fibre = Growth

- Corporate bandwidth demands increasing dramatically
- Corporate data security becoming a greater concern
- Disaster Recovery (DR) requirements (APRA/Sarbanes-Oxley)
- Corporate Australia outsourcing datacentre operations
- Broadband Internet exploding increasing backhaul and interconnection demand
- Equipment costs decreasing

Dark Fibre = Growth for PIPE

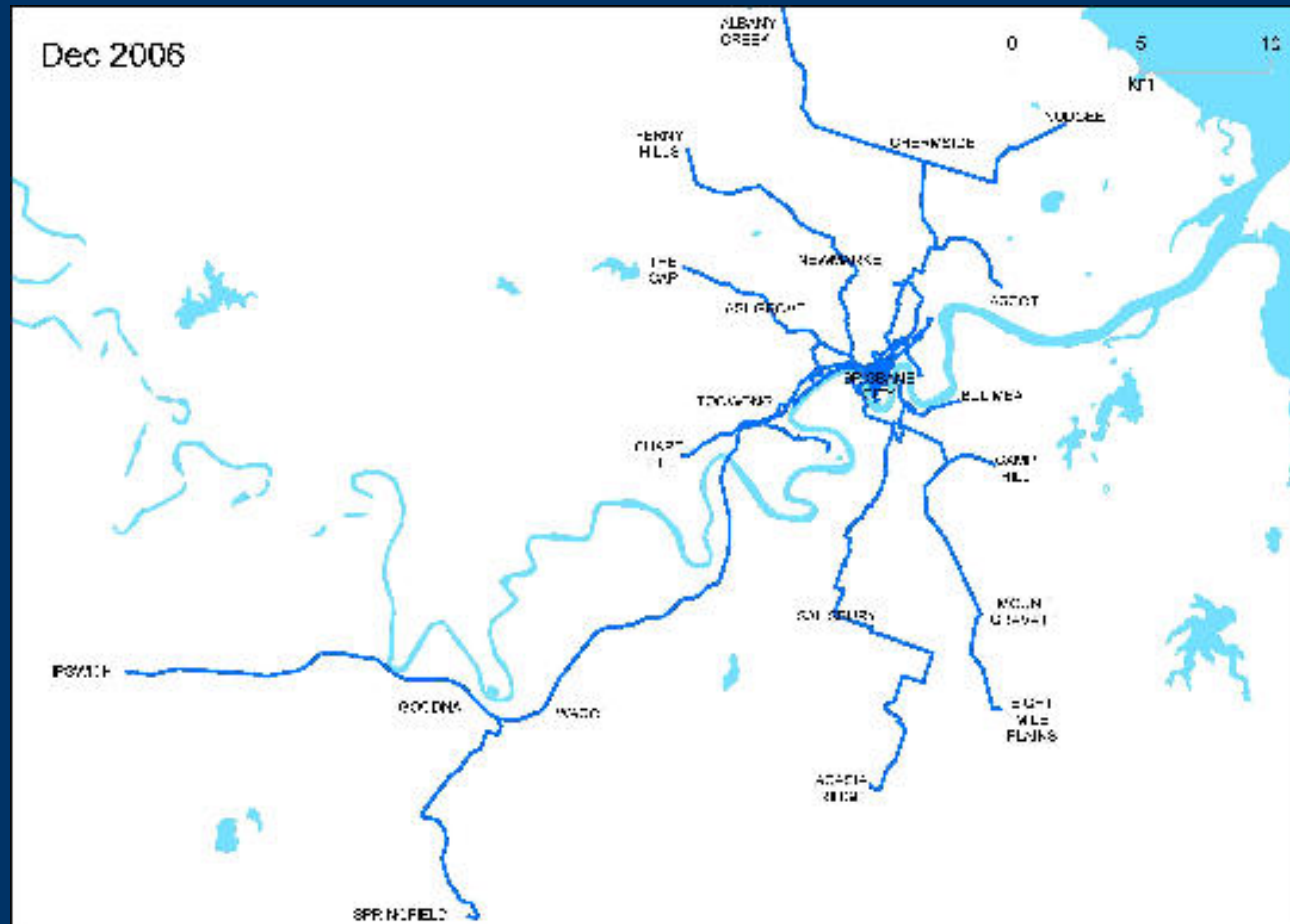
- PIPE is Australia's Dark Fibre specialist
- Our price competitive offering making upgrading a real option for business to 'switch' from traditional solutions
- By the end of 2006 our fibre network footprint would have increased ten fold since our IPO in May last year covering most major metro areas of Brisbane, Sydney and Melbourne
- Market Clarity forecasts Dark Fibre to be the fastest growing Telecommunications service over the next 5 years at over 165% with Metro-Ethernet a close 2nd at 157%

Dark Fibre – Key Profit Drivers

- Over 87% of existing fibre asset unutilised
- Existing network profitable and any additional 'on net' sales attract very little ongoing cost and are highly profitable (approx 80% falls to bottom line)
- As the network increases through customer expansion more buildings and customers become 'on net' which translates to a higher probability of being able to offer more 'on net' services to customers.

Network Overview

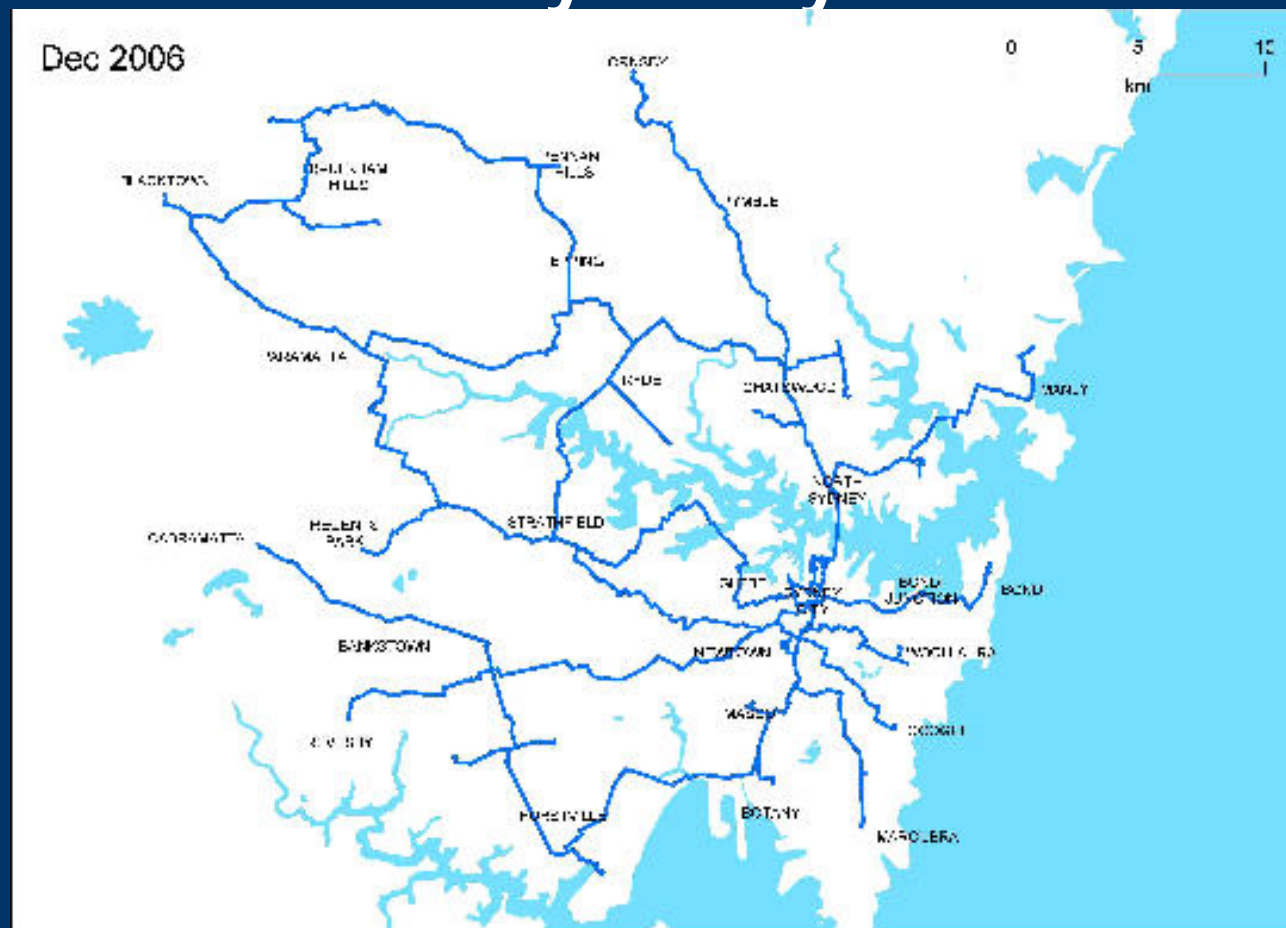
Brisbane



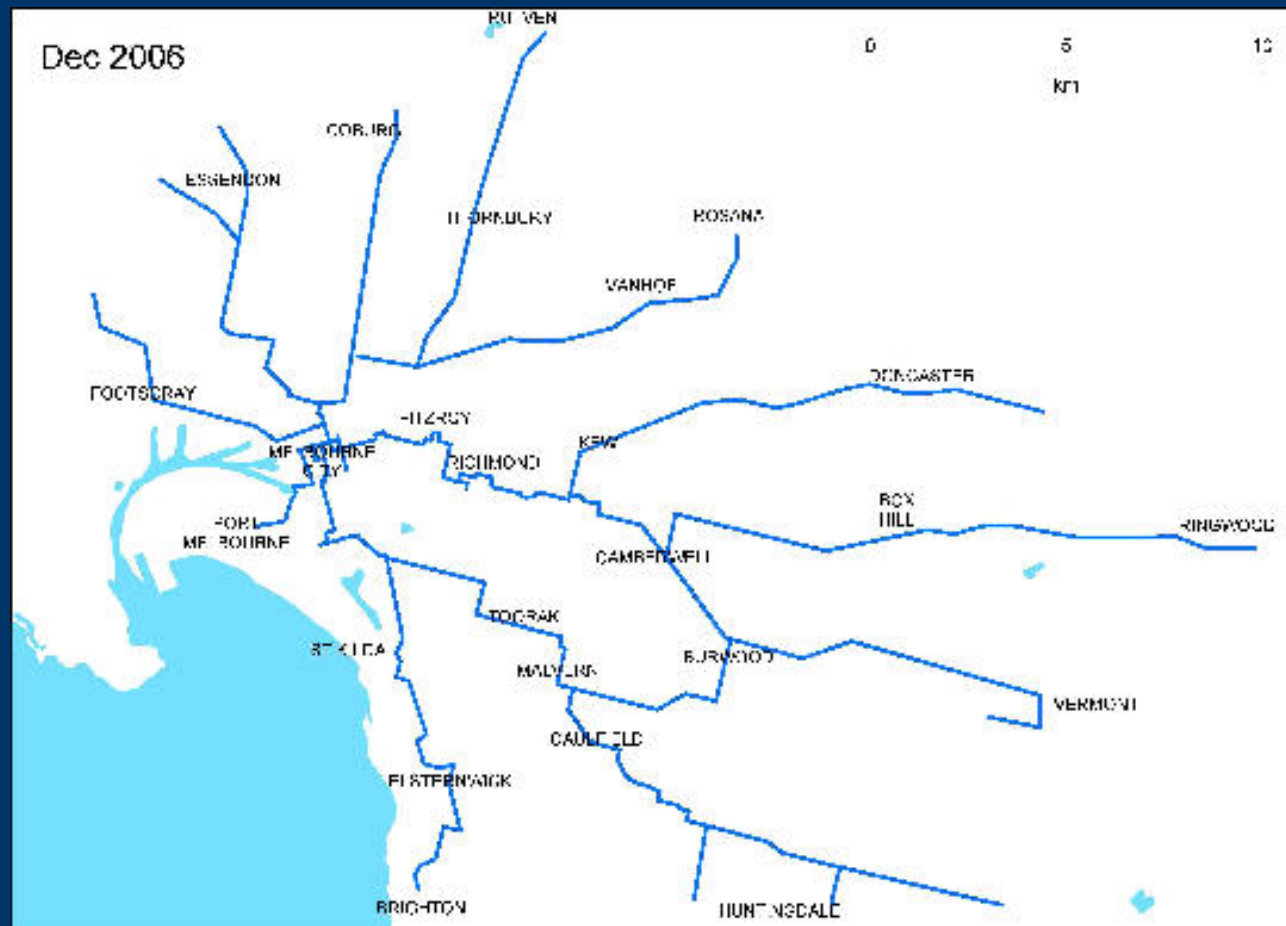


Winner of the 2006
Australian Telecommunications
Users' Group award
Carrier of the Year

Sydney



Melbourne



Peering Overview

Peering (or IX) Business

- Australia's largest Internet Exchange (IX):
 - Peering services for over 85 ISPs and Content Service Providers
 - Estimated over 2,000,000 Internet users connected to each east coast IX location (Brisbane, Sydney and Melbourne)
 - Clients include Primus, Powertel, UeComm, WebCentral, Hostworks, ABC, Internode and Asia Netcom
 - Currently exchanging over 3,000mb/s for the Australian Internet community representing a significant % of all Australian based traffic
 - Profitable business unit with high level of GP on all additional services

Peering – Key Revenue Drivers

- PIPE Networks is Australia's largest IX provider
- Network infrastructure has been upgraded to carry the core applications required in 'triple play' voice, video and data
- Leveraging market leading position to bring on-line new applications and value-added services through strategic partnerships such as VoIP, IPTV, VoD, iSCSI/Storage

Peering – Key Profit Drivers

- Peering infrastructure can support at least 8 times the existing customers base and 40 times the traffic with little increase in direct or overhead costs
- Leveraging profitable new services to existing customer base

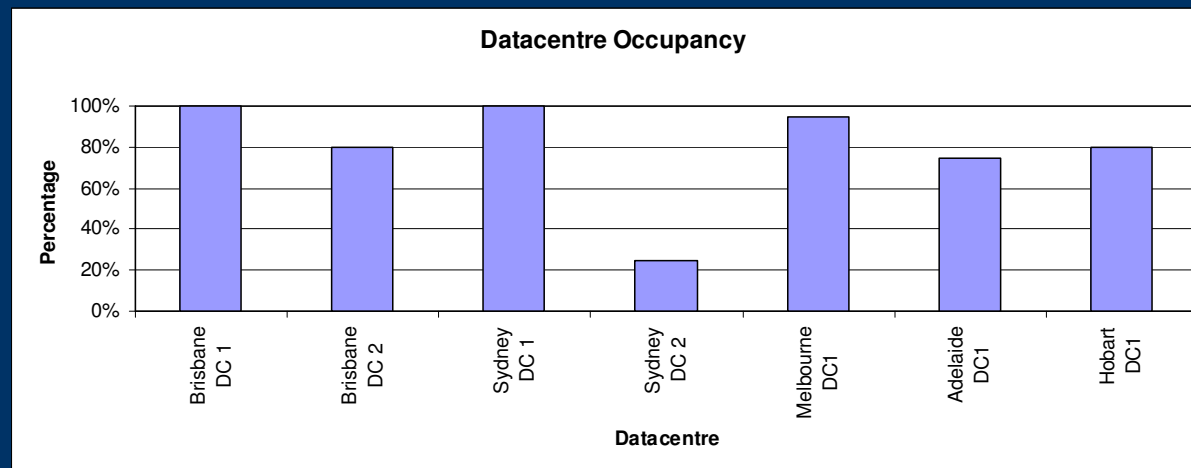


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Datacentre/Colocation

Datacentre/Colocation

- Datacentres in 5 cities around Australia with a total capacity of over 400 metres of available space
- Currently reviewing DC options in Brisbane, Melbourne and Hobart





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Financial Performance



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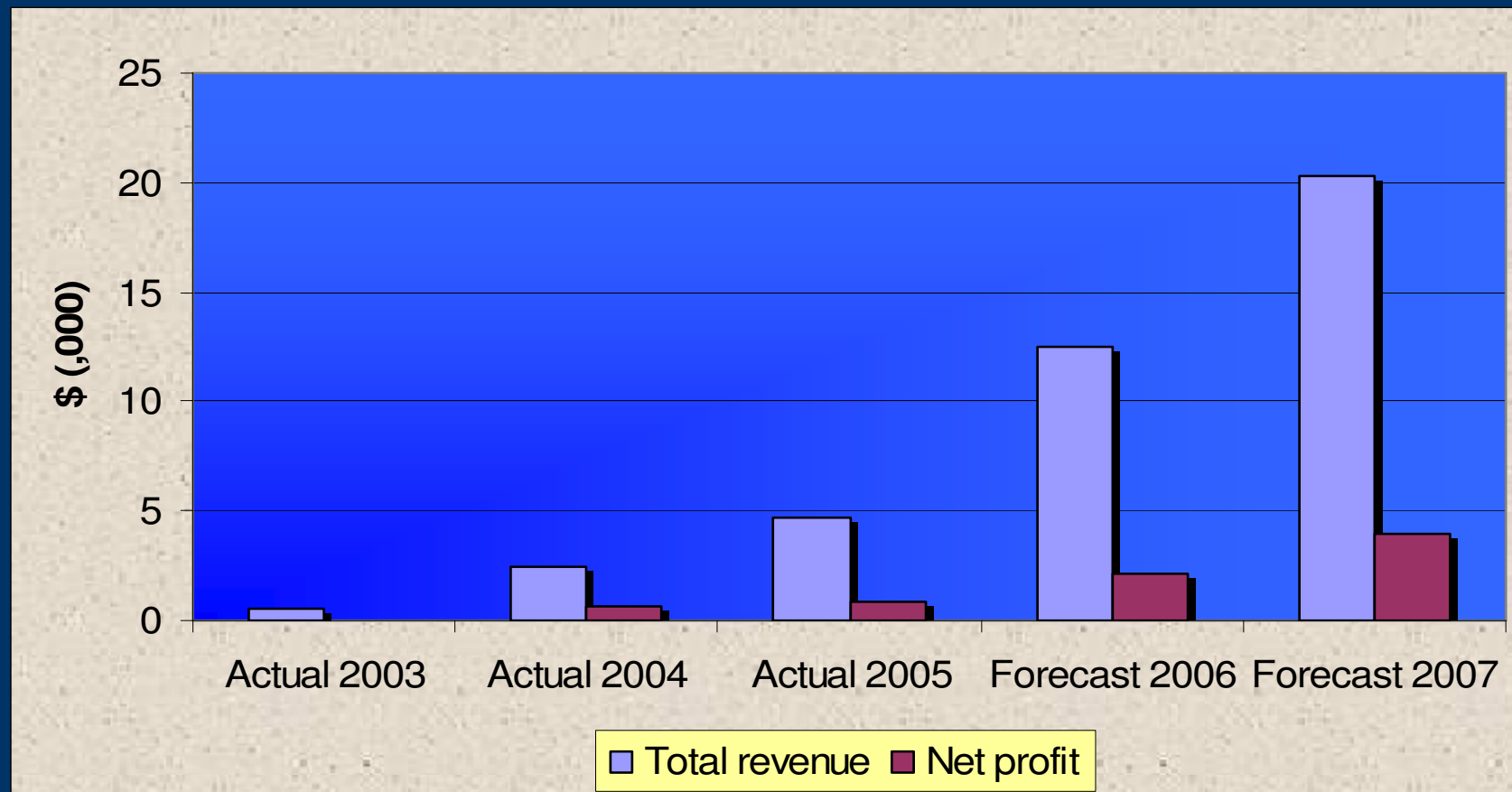
Financial Overview

Summary Financial information

| | Actual 2003 | Actual 2004 | Actual 2005 | Forecast 2006 | Forecast 2007 |
|---|----------------|----------------|----------------|------------------|------------------|
| | \$,000 | \$,000 | \$,000 | \$,000 | \$,000 |
| Total revenue | 529 | 2,510 | 4,716 | 12,530 | 20,281* |
| EBITDA | 46 | 1,072 | 1,470 | 3,852 | 7,646 |
| Profit before income tax expense | 32 | 939 | 1,155 | 2,982 | 6,099 |
| Net profit | 32 | 659 | 845 | 2,101 | 3,907 |
| Total assets | 853 | 1,976 | 6,298 | 23,003 | 28,402 |
| Shareholders' equity | -17 | 642 | 5,116 | 13,584 | 17,491 |
| Capital expenditure and investments | 333 | 1,331 | 2,291 | 16,121 | 5,004 |

***Over \$15M of 2007 forecast revenue already under contract**

Revenue Growth



Growth to continue

- Company expects to nearly triple network footprint during 2006 while maintaining utilisation rates
- Sales opportunity pipeline currently exceeds \$60M
- Nearly \$16M of the current expected \$20M revenue in 2006/7 already contracted
- Company expects profitability to track consistently with revenue growth during growth phase of the fibre network
- Expect fibre utilisation rate to start to increase during 2007 calendar year and a corresponding improvement in profitability
- PIPE launched an international Expression of Interest which is expected to assist in further leveraging the fibre network

Example: Utilisation effect on Profit

- Assuming that:
- No network expansion (and associated revenue/profit)
- Maintenance of existing profit margins
- No additional installation charges
- No increase in revenue/profit from peering/colocation

| Utilisation | 15% | 30% | 40% | 50% |
|-------------|------|-------|-------|-------|
| NPAT | 1710 | 4,284 | 5,885 | 7,487 |
| PE Ratio | 37 | 15 | 11 | 8.6 |

Need to reiterate:

**Expect to double network footprint over the next 12 months
(therefore doubling available capacity)**

Other business units are profitable and growing

In Summary

- Company well positioned to take advantage of numerous opportunities within the telecommunications marketplace
- Experiencing significant demand for all products and services
- Continually expanding our team to keep 'intelligent' operations in house whilst outsourcing 'manual' components to organisations dedicated to those tasks
- Plan to launch a series of new services further leveraging existing infrastructure
- It's our network, it's paid for, it's profitable and there's over 87% spare capacity available for sale



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Thank You