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Earnings Guidance and Market Update FY2009

PIPE Networks Limited (ASX:PWK) has today released upgraded earnings guidance for the financial year ending June 2009. Guidance for financial year 2008 remains unchanged.

After reviewing management reports and taking into consideration the expected impact and timing of new services, the Board of Directors has issued a forecast of Net Profit After Tax (NPAT) for the Financial Year ended June 2009 of between \$11.0 - \$12.0 Million. This represents approximately a 60% increase on the current years expected earnings and is higher than previously forecast.

Managing Director, Mr Bevan Slattery noted that strong sales of on-net fibre services as well as intercap and datacentre services in the most recent quarters will start to have a financial impact in the 2008/9 financial year. "The success of our whole product suite has seen a fundamental positive shift in the current and future baseline of our recurring revenue base." The company reports that contracted monthly recurring revenue is expected to increase to \$3.5M in July 2008 compared to \$2.0M the year before. This represents a 75% increase year on year.

Key drivers to this updated revenue forecast is significant successes in the corporate and government markets for interconnectivity between offices and datacentres, as well as the effective closure of sales opportunities ahead of expectations. These sales in conjunction with the rapid deployment of on-net services have resulted in expected monthly recurring revenue increasing earlier than previously estimated.

"The growth in sales opportunities and shorter time to close for award winning services is being driven by up-take of next generation services by Internet Service Providers, large corporate organisations as well as all levels of government. However, management attributes a large part of the growth success in the extensive coverage of PIPE's fibre network." Mr Slattery said.

With Australia's third largest metropolitan fibre optic network, largest independent internet exchange and key data centres, PIPE Networks is well positioned to capitalise on this expected growth.

"We now have over 1,000km connecting 500 buildings including 70 major datacentres in the three biggest markets in the country. We've hit the critical mass point where more and more customers are on-net, reducing installation time, installation costs making our offering even more compelling to customers.



Importantly, the reduced installation costs also means the company is now forecasting a reduction in fibre based capital expenditure in 2008/9 and a corresponding increase in utilisation.” Mr Slattery said.

In addition to upgrading guidance, PIPE Networks announces that it is undertaking due diligence on a strategic investment. This opportunity remains confidential and the proposal is incomplete at this time, the Company can note that any amount of investment is anticipated to be less than \$1,000,000 and have no effect on the current financial years guidance. While this proposal may have a positive effect on the 2008/9 financial year, the impact is too uncertain at this time to provide an accurate guidance.

PIPE Networks will continue to review a number of compelling opportunities that are available, or may become available, potentially leading to further expansion of product offerings or acceleration of revenue growth from it’s existing infrastructure.

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About PIPE Networks

PIPE Networks is a public listed company (ASX: PWK), headquartered in Brisbane, with offices in Sydney, Melbourne, Adelaide and Hobart.

PIPE Networks provides network infrastructure services for Australian clients, and has three lines of business: The Company operates the nation’s largest Internet Exchange, with a network across six capital cities serving some of Australia’s largest content and internet service providers. PIPE Networks also builds and operates one of Australia’s largest metropolitan fibre optic networks, offering clients in Sydney, Brisbane, Melbourne, Adelaide and Perth access to the company’s “Dark Fibre” service.

In addition, PIPE Network clients trust in the company’s ability to provide secure sites for their IT equipment, giving them more options for primary, backup or disaster recovery sites. As a young, agile company, PIPE Networks is able to foresee and quickly respond to client needs.

The Company is currently constructing PPC-1 (formerly “Project Runway”), a new submarine cable linking Sydney to the key international telecommunications interconnection hub at Guam. This cable is the result of a vision to rapidly improve Australia’s international communications transmission capacity and transform the economics of the local internet and telecommunications markets.

For more information:

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