

# pieNETWORKS Limited

Investor Presentation August 2011

Justin Milne – Chairman

Campbell Smith – MD & founder

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# Key Facts

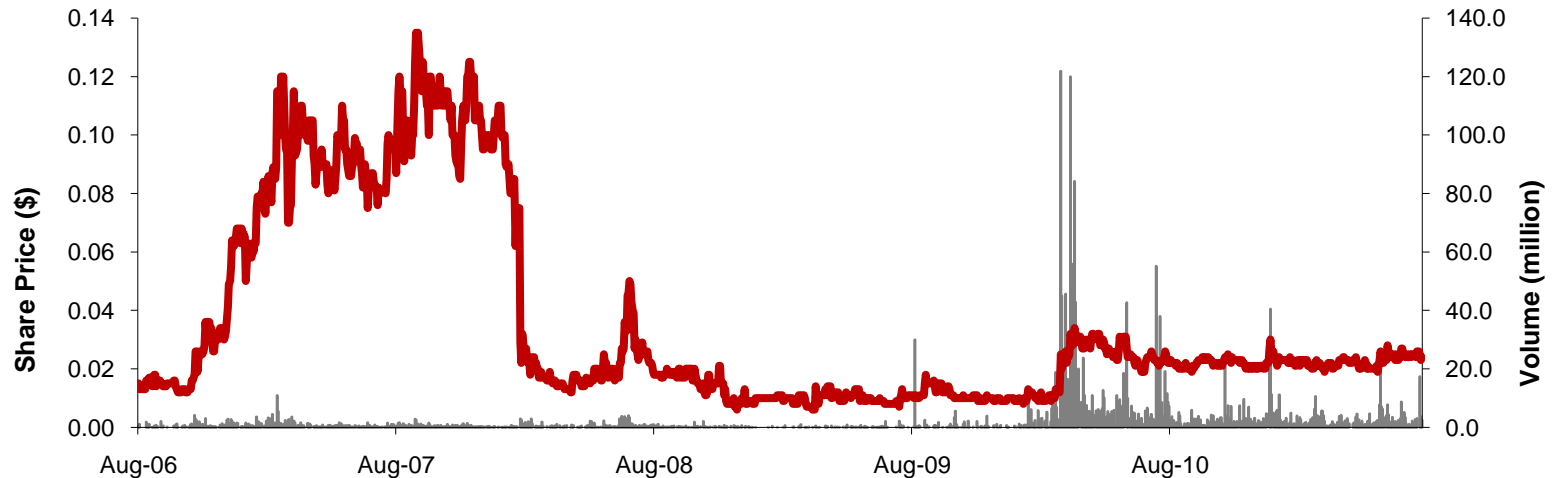
## Key Statistics (as at 3 August 2011)

ASX Code	PIE
Current Share Price	2.4 cents
52 Week High / Low	3.5 / 1.8 cents
Shares on Issue	968.3 million
Market Capitalisation	\$23.2 million
Net Cash	\$1.3 million

## Board

Justin Milne	Chairman
Campbell Smith	MD & Founder
Peter Gunzburg	Non Executive Director
Bill Zikou	Non Executive Director
Craig Ferrier	Non Executive Director

## Share Price Performance



# Company Snap Shot

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- PIE is focused on the provision of “public internet, voice and WiFi networks”
- The Company’s key product is the Hotspot Webphone – a 21<sup>st</sup> Century payphone that also provides internet access and WiFi Hotspot connectivity
- The Webphone is a replacement for traditional indoor payphones in public locations in high traffic, indoor retail locations - shopping centres, airports, banks, petrol stations, etc.
- PIE recently announced that a trial deployment of 50 of its Webphones into Australian capital city airports has been deemed successful by Telstra. PIE and Telstra have begun negotiations in order to agree the terms for the deployment of a larger network of pieNETWORKS’ Hotspot Webphones in the Australian market
- PIE’s products provide a telco gateway with customer access (WiFi and fixed), 3G network offload, a retail channel (sales and service for telco or other verticals), micro payment channel and ubiquitous brand exposure
- Key customers are major telcos, banks, government and retailers
- Revenue model based on hardware sales and recurring software licence and service fees

# pieNETWORKS Hotspot Webphone

- The pieNETWORKS Hotspot Webphone is a payphone replacement which also provides:
  - WiFi for smartphones , tablets and laptops
  - Social networking
  - Apps
  - Banking, plus many more services
- Complementary to Telcos' core product offerings and macro 3G networks
- Better, cheaper and faster than mobile devices on 3G
  - AT&T in the US have 26,000 WiFi hotspots and 36 million customers with WiFi minutes included in their plans



# Strong Board & Management Team

- PIE has a strong Board and management team led by Justin Milne (Chairman) and Campbell Smith (MD & Founder)

## **Justin Milne -Chairman**

- Significant industry experience, previously:
  - Managing Director of Telstra Big Pond
  - Chief Executive of The Microsoft Network
  - CEO of OzEmail

## **Campbell Smith - MD**

- Founder of pieNETWORKS
- 20 years experience in finance and sales and marketing

## **Craig Ferrier – CFO & NED**

- 15 year experience in corporate and financial management of listed companies

## **Bill Zikou - NED**

- 35 years in the telecommunications industry
- Ex-CEO of Ericsson South East Europe & Australia

## **Peter Gunzburg - NED**

- Currently Chairman of Fleetwood Corporation Limited and Executive Chairman of Eurogold Limited

## **Other Executives**

- Stewart Snell – Chief Operating Officer (ex Ericsson)
- Craig Turner – Chief Marketing Officer (ex Telstra)
- Reg Bohler – General Manager, Business Development (ex NCR)

[www.pienetworks.com/index.php/about-pie/management-team](http://www.pienetworks.com/index.php/about-pie/management-team)

# Global Telco Trends Support PIE's Strategy

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- Competition and Regulators impacting market share and margin
- Consumers responding to product & service differentiation
- Consumers have choice of connectivity for the first time (dual mode devices)
- Unstoppable data growth overloading macro networks
- Payphone networks an underutilised asset (i.e. real estate, connectivity, brand and retail presence and experienced human resources)
- Telcos looking to lower cost to serve and cost to acquire

# Attractiveness to Telcos

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## CUSTOMER ACQUISITION & RETENTION

- Product & service differentiation
- Touch more customers = Low cost Retail sales and service channel
- WiFi providing 3G network offload – value add to product plans + reduce load on 3G network
- Defensive and defensible
- Simultaneous WiFi network build
- Adaptable to future applications
- Leverage existing asset & expertise



# Customer acquisition & retention

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- Bundling
  - WiFi included in smartphone, iPhone, iPad plans
  - Phone calls to home phone customers
  - Internet & WiFi to broadband customers
  - WiFi, phone calls and internet to business customers
- New products & services
  - 'Coin top-up' for pre-paid mobiles – using micro payment capability
  - \$10 per month 'all you can eat' WiFi – feeding growth of WiFi enabled mobile devices and particularly targeting competitors' customers
  - Pre-paid Visa/Mastercard – using micro payment capability
  - Location based services – deal of the day offers
- Non-competitive third party 'Sponsored Services'
  - Free services to customers (paid for by sponsors)
  - Banking, Government, Media, Social networks – whatever is current and fashionable
  - 'Fashionable' non-competitive services attract new customers and retain existing

# Other customers for PIE's networks

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- Managed customer self service for:
  - Banks
  - Government
  - Retail
- Webphone 'Mini' – smaller, lower cost product (same functionality)
  - Extend network reach into small retail sites
  - Convenience stores, cafes, petrol stations, hotels
  - >20,000 Gold & Blue payphones needing replacing

# Markets & Milestones

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## Aust & NZ

- 40,000+ pay phones
- Existing contracts in NZ providing proof of concept:
  - Westfield & AMP Shopping Centre 5yr contracts
  - Christchurch & Wellington 5yr contracts
- Telstra Trial success
- Key priority on Australia-wide rollout of the Webphone

## International

- Near-term focus on indentified market opportunities in:
  - China
  - South America
  - Asia
  - North America
- Significant potential
- International discussions underway

# Key investment highlights

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## **Clear growth strategy**

- Leverage Australian success
- Global rollout opportunities
- Partner with telco vendors
- Developed and developing markets

## **Aligned to industry thematic**

- Increasing network traffic driven by magnitude of new devices and applications
- Demand by telcos to optimise existing payphone network
- Unstoppable consumer demand for connectivity

## **Competitive Advantages**

- Market leading products
- No direct substitutes
- First mover product and price advantage

Leading-edge products ideally positioned in large growth markets supported by a strong board & management team

# Contact

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## **Justin Milne**

Chairman

P: +61 416 221 536

E: [justin@cicomilne.com](mailto:justin@cicomilne.com)

## **Cam Smith**

Managing Director

P: +61 419 858 872

E: [cam@pienetworks.com](mailto:cam@pienetworks.com)