

# Telco weaves a silken web across nation

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Nextgen Networks – Leighton Holdings' telecommunications subsidiary – yesterday said it had acquired Cheung Kong-owned, metropolitan fibre-optic telco Silk Telecom, swelling its corporate and government customer ranks.

The move will give Nextgen, which already owns Australia's third-largest fibre-optic telecommunications network, further fibre cables running throughout metropolitan areas in Victoria, Western Australia and South Australia.

## KEY POINTS

- Nextgen's acquisition will extend its fibre-optic cables to other states.
- Silk has a similar government and corporate customer base.

Nextgen managing director Phil Sykes declined to reveal either the value of the deal or Silk's revenue. However, he said Silk's income would be material to Nextgen.

"Combined revenue is looking quite impressive," he said.

Silk has only been operating as a

unique corporate entity since February 2006, when it was created from the joint telecommunications assets of electricity utilities Powercor (Victoria) and ETSA (South Australia). Silk also has Western Australian assets after its December 2006 purchase of Bright Telecommunications, the telco arm of Western Power.

One question is the fate of Silk managing director Simon Perkins, who has not returned calls. Mr Sykes said he wasn't sure whether the executive would remain in the business along with Silk's approximately 70 other staff.

Mr Sykes, who yesterday met with Silk staff to discuss the integration of the two businesses, said that in the highly competitive telco environment many acquisitions were based around the network assets of firms, such as fibre infrastructure in the ground.

"But we are looking at the customer relationships, the staffing and the network as a complete business entity that's running quite effectively," he said.

"We're looking at ways that we can combine the business and continue to grow."

Silk and Nextgen have a similar

customer base composed primarily of large government or corporate customers, mobile carriers and other telcos like internet service providers.

The pair generally provide very large internet links to such companies using fibre-optic cables rather than the small broadband links used by retail customers like households or small businesses.

Mr Sykes said Nextgen was always keeping its eyes open for acquisitions, but would look to bed down the Silk acquisition before aggressively trying to buy other firms.

"We don't want to get indigestion," he said.