



FY 2017 (10+2) Forecast + FY 2018 Budget

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**Burlington Telecom
Budget Review**

	Budget FY17	Forecast FY17 (10+2)	Variance	Actual FY16
REVENUE				
RESIDENTIAL REVENUE	5,986,271	5,931,383	(54,888)	5,361,987
BUSINESS & OTHER REVENUE	3,113,837	3,152,049	38,212	3,059,783
	<u>9,100,107</u>	<u>9,083,432</u>	<u>(16,676)</u>	<u>8,421,770</u>
COGS	2,109,879	1,955,290	(154,589)	1,952,547
GROSS MARGIN	6,990,228 76.8%	7,128,142 78.5%	137,914	6,469,223 76.8%
OPERATING				
OUTSIDE PLANT	541,519	421,428	(120,091)	416,247
NETWORK OPS	654,668	548,679	(105,990)	558,059
SALES	142,155	133,965	(8,190)	128,815
CUSTOMER SVC	580,833	515,217	(65,616)	537,972
ADMIN	502,936	513,593	10,656	532,497
BUSINESS	669,260	643,624	(25,636)	719,064
LEGAL & REGULATORY	194,253	160,907	(33,346)	203,149
HELP DESK	347,649	342,843	(4,806)	296,157
MARKETING	202,402	225,798	23,396	184,892
OTHER	180,429	71,857	(108,572)	27,800
TOTAL OPERATING EXPENSES	<u>4,016,105</u>	<u>3,577,911</u>	<u>(438,194)</u>	<u>3,604,650</u>
EBITDA	2,974,123 32.7%	3,550,231 39.1%	576,108	2,864,573 34.0%
CAPITAL EXPENDITURES	1,950,000	2,050,000	100,000	1,508,125
CAPITALIZED INSTALL LABOR	305,628	405,345	99,717	357,973
CASH FLOW PRE-DEBT SERVICE	718,496	1,094,886	376,391	998,474
DEBT SERVICE	558,532	558,532	-	558,532
POST DEBT SERVICE	159,964	536,355	376,391	439,942

Burlington Telecom
FY 2009 - FY 2017

	7/1/2009	3/1/2010	7/1/2010	7/1/2011	1/1/2012	7/1/2012	7/1/2013	7/1/2014	7/1/2015	7/1/2016	5/1/2017
Subscribers	4,444	4,575	4,245	4,016	3,952 Low	4,095	4,384	4,740	5,352	6,228	6,719 High
Year over Year		131	(330)	(229)	NA	79	289	356	612	876	491

BT FY2018 Key Deliverables

1. Maintain customer service levels during a period of ongoing growth and the sale of BT
2. Business continues to be run for the medium to long term - not managed for short term impact
3. Expansion of BT's core network budgeted to continue following the completion of the downtown build out in FY 2017
4. Subscriber count budgeted to increase by 750 net new adds in line with FY2017 forecast, taking total subscribers to circa 7,700
5. Market share continues to increase, but more slowly as BT's addressable market also grows through network build out and new residential development
6. Annual revenues predicted to reach \$10 million for the first time
7. EBITDA budgeted to exceed \$4 million for the first time, up from \$3.5 million forecasted for FY2017 and \$2.8 million achieved in FY2016
8. EBITDA margin as a % of revenues budgeted at 40.2%
9. Capital expenditures set at \$2 million for the year to cover ongoing build out of the unbuilt areas of Burlington and increased subscribers
10. Sale timeline calls for a new CPG with the PSB in October 2017, with anticipated closing of the transaction in Q4 or FY2018
11. Continue to participate in and champion initiatives that reduce the digital divide, through BTV Ignite and other means. FY 2018 will include St Joseph's

**Burlington Telecom
Budget Review**

	Forecast FY17 (10+2)	Budget FY18	Variance
REVENUE			
RESIDENTIAL REVENUE	5,931,383	6,628,464	697,081
BUSINESS & OTHER REVENUE	<u>3,152,049</u>	<u>3,439,938</u>	<u>287,889</u>
	9,083,432	10,068,402	984,970
 COGS	 1,955,290	 2,205,994	 250,705
 GROSS MARGIN	 7,128,142 78.5%	 7,862,408 78.1%	 734,266
OPERATING			
OUTSIDE PLANT	421,428	465,648	44,220
NETWORK OPS	548,679	579,396	30,717
SALES	133,965	146,945	12,980
CUSTOMER SVC	515,217	556,538	41,321
ADMIN	513,593	524,573	10,981
BUSINESS	643,624	605,550	(38,074)
LEGAL & REGULATORY	160,907	149,000	(11,907)
HELP DESK	342,843	359,788	16,945
MARKETING	225,798	234,361	8,563
OTHER	<u>71,857</u>	<u>194,740</u>	<u>122,883</u>
TOTAL OPERATING EXPENSES	<u>3,577,911</u>	<u>3,816,540</u>	<u>238,629</u>
 EBITDA	 3,550,231 39.1%	 4,045,868 40.2%	 495,637
 CAPITAL EXPENDITURES	 2,050,000	 2,000,000	 (50,000)
CAPITALIZED INSTALL LABOR	405,345	507,117	101,772
 CASH FLOW PRE-DEBT SERVICE	 1,094,886	 1,538,751	 443,864
 DEBT SERVICE	 558,532	 558,532	 0
 POST DEBT SERVICE	 536,355	 980,219	 443,864

	<u>FY18 Total</u>
Base OLT	\$15,000
New GPON	\$19,278
Other OLT	\$33,588
Splitters	\$24,000
ONT	\$270,122
Power Cable	\$14,601
Battery	\$69,356
Enclosure	\$42,343
	<u>-\$37,064</u>
GPON Total	\$451,225

SERVICE INSTALL MATERIALS

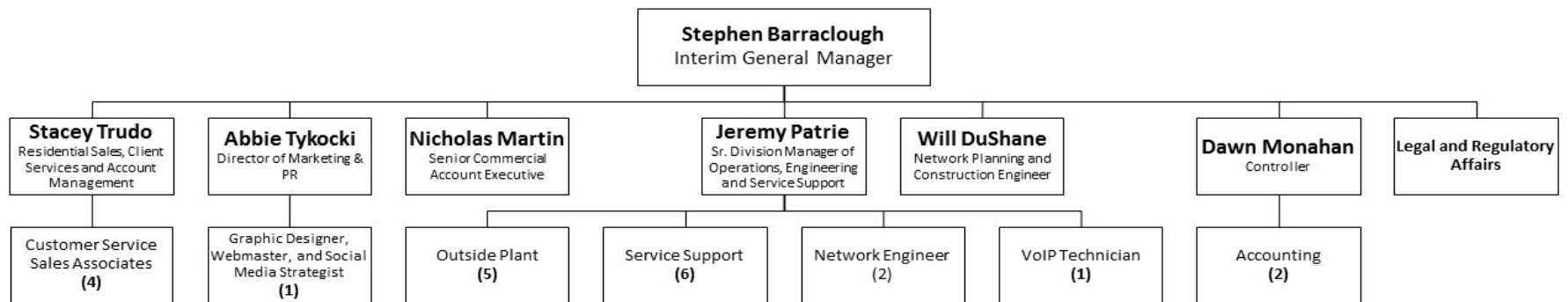
Set-Top Boxes	\$147,983
Remote Controls	\$3,600
IP Switch	\$59,865
Router	\$67,311
Power Outlets	\$6,000
Total Service Install Materials	<u>\$284,759</u>

OTHER CAPEX

Tools for Installation	\$15,000
Biz Install ONT's 560/transceivers/phones	\$30,000
CO Power Equip	\$1,500
Fiber Patch Cords	\$4,000
CAT 5E Cable	\$20,400
Inside/Outside fiber wire and material	\$48,000
VAP/MOCA	\$4,000
underground labor	\$40,000
CATV	\$12,000
Core Infastructure	\$10,000
Office IT	\$15,000
Office Furniture	\$700
Total Other CAPEX	<u>\$200,600</u>

Build-out/Misc Construction	\$1,063,416
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TOTAL	<u><u>\$2,000,000</u></u>
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28 Current FTE
+3 Budgeted FTE FY18