



**FY 2018 (9+3) Forecast + FY 2019 Budget**

1. FY18 (9+3)Forecast vs FY18 Budget
2. FY18 Subscriber Counts
3. FY19 Key Deliverables
4. FY18 Forecast vs FY19 Budget
5. FY19 Capex Budget
6. FY19 H1 & H2 Budget

**Burlington Telecom  
Budget Review**

	<b>Budget FY18</b>	<b>Forecast FY18 (9+3)</b>	<b>Variance</b>	<b>Actual FY17</b>
<b>REVENUE</b>				
RESIDENTIAL REVENUE	6,628,464	6,497,671	(130,793)	5,910,102
BUSINESS & OTHER REVENUE	3,239,938	3,244,279	4,341	3,178,002
REVENUE TASK	200,000	-	(200,000)	-
	<u>10,068,402</u>	<u>9,741,950</u>	<u>(326,452)</u>	<u>9,088,104</u>
<b>COGS</b>	2,205,994	2,117,206	(88,788)	1,955,090
<b>GROSS MARGIN</b>	7,862,408 78.1%	7,624,744 78.3%	(237,664)	7,133,015 78.5%
<b>OPERATING</b>				
OUTSIDE PLANT	465,648	429,152	(36,496)	413,105.06
NETWORK OPS	579,396	587,579	8,183	547,064.45
SALES	146,945	136,825	(10,121)	139,574.66
CUSTOMER SVC	556,538	530,353	(26,185)	485,200.57
ADMIN	524,573	517,251	(7,322)	528,103.75
BUSINESS	605,550	653,137	47,587	637,432.76
LEGAL & REGULATORY	149,000	129,400	(19,600)	160,291.45
HELP DESK	359,788	355,278	(4,510)	354,163.45
MARKETING	234,361	235,937	1,575	219,633.68
OTHER	40,697	43,162	2,465	69,088.19
SUPPORT FOR REVENUE TASK	154,043	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>3,816,540</u>	<u>3,618,074</u>	<u>(198,466)</u>	<u>3,553,658</u>
<b>EBITDA</b>	4,045,868 40.2%	4,006,670 41.1%	(39,198)	3,579,357 39.4%
CAPITAL EXPENDITURES	2,000,000	2,110,000	110,000	2,099,763
CAPITALIZED INSTALL LABOR	507,117	380,964	(126,153)	432,758
DUE DILIGENCE/SALE EXPENSES		86,177	86,177	
<b>CASH FLOW PRE-DEBT SERVICE</b>	1,538,751	1,429,529	(109,222)	1,046,836
DEBT SERVICE	558,532	558,532	-	558,532
<b>POST DEBT SERVICE</b>	980,219	870,997	(109,222)	488,304

**Burlington Telecom  
FY 2009 - FY 2018**

	<b>7/1/2009</b>	<b>3/1/2010</b>	<b>7/1/2010</b>	<b>7/1/2011</b>	<b>1/1/2012</b>	<b>7/1/2012</b>	<b>7/1/2013</b>	<b>7/1/2014</b>	<b>7/1/2015</b>	<b>7/1/2016</b>	<b>7/1/2017</b>	<b>5/1/2018</b>
<b>Subscribers</b>	4,444	4,575	4,245	4,016	<b>3,952</b> <b>Low</b>	4,095	4,384	4,740	5,352	6,228	6,981	<b>7,465</b> <b>High</b>
<b>Year over Year</b>		131	(330)	(229)	NA	79	299	346	612	876	753	484

### **BT FY2019 Key Deliverables**

1. Maintain customer service levels during the sale, regulatory approval and transition of BT to a new owner
2. Completion of the build out of BT's network throughout the City ahead of schedule - by November 2018, barring unanticipated construction problems
3. Subscriber count budgeted to increase by 750 net new adds in line with FY2017 actual experience and FY2018 forecast, taking total subscribers to circa 8,400
4. Share of addressable market continues to increase, but more slowly as new building in Burlington increases and BT focuses on continuing to build out a larger addressable market
5. Annual revenues predicted to increase by \$792k, approaching \$10.5 million for the year
6. EBITDA budgeted to exceed \$4.4 million, up from \$4.0 million forecasted for FY2018
7. EBITDA margin as a % of revenues budgeted at 41.8%
8. Capital expenditures set at \$2.9 million for the year in line with forward plan, and include circa \$260,000 for costs relating to the Great Streets and Southern Connector Projects and \$450,000 contingency
9. The biggest risk in the budget is that BT's momentum will slow as BT faces a period of several months for the approval of a new CPG necessary to enable its sale to Schurz Communications to close
10. Continue to participate in and champion initiatives that advance the evolution of the local tech economy and reduce the digital divide, through BTV Ignite, Lifeline, EduNet, Internet 2 and other means

**Burlington Telecom  
Budget Review**

	<b>Forecast FY18 (9+3)</b>	<b>Budget FY19</b>	<b>Variance</b>
<b>REVENUE</b>			
RESIDENTIAL REVENUE	6,497,671	7,178,605	680,934
BUSINESS & OTHER REVENUE	<u>3,244,279</u>	<u>3,355,676</u>	<u>111,397</u>
	9,741,950	10,534,280	792,330
<b>COGS</b>	2,117,206	2,306,226	189,020
<b>GROSS MARGIN</b>	7,624,744 78.3%	8,228,054 78.1%	603,310
<b>OPERATING</b>			
OUTSIDE PLANT	429,152	492,109	62,957
NETWORK OPS	587,579	564,761	(22,818)
SALES	136,825	152,995	16,170
CUSTOMER SVC	530,353	634,500	104,147
ADMIN	517,251	537,458	20,207
BUSINESS	653,137	684,654	31,517
LEGAL & REGULATORY	129,400	138,500	9,100
HELP DESK	355,278	343,860	(11,418)
MARKETING	235,937	240,903	4,966
OTHER	<u>43,162</u>	<u>31,000</u>	<u>(12,162)</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,618,074</u>	<u>3,820,740</u>	<u>202,667</u>
<b>EBITDA</b>	4,006,670 41.1%	4,407,313 41.8%	400,643
CAPITAL EQUIPMENT	832,745	1,591,449	758,704
CAPEX EXPANSION	1,277,255	855,843	(421,412)
CAPEX CONTINGENCY	-	448,356	448,356
CAPITALIZED INSTALL LABOR	<u>380,964</u>	<u>452,339</u>	<u>71,376</u>
<b>TOTAL CAPEX</b>	<u>2,490,964</u>	<u>3,347,988</u>	<u>857,024</u>
DUE DILIGENCE/SALE EXPENSES	86,177	-	(86,177)
<b>CASH FLOW PRE-DEBT SERVICE</b>	1,429,529	1,059,326	(370,204)
DEBT SERVICE	558,532	558,532	0
<b>POST DEBT SERVICE</b>	870,997	500,794	(370,204)

	<u>FY19 Total</u>
Base OLT	\$11,250
New GPON	\$28,952
Other OLT	\$26,880
Splitters	\$63,600
ONT	\$258,197
Power Cable	\$21,280
Battery	\$67,387
Enclosure	\$41,141
	<u>-\$155,606</u>
<b>GPON Total</b>	<b><u>\$363,080</u></b>

#### **SERVICE INSTALL MATERIALS**

Set-Top Boxes	\$143,782
Remote Controls	\$6,000
IP Switch	\$58,165
Router	\$84,396
Power Outlets	\$6,000
<b>Total Service Install Materials</b>	<b><u>\$298,343</u></b>

#### OTHER CAPEX

Tools for Installation	\$15,000
Biz Install ONT's 560/transceivers/phones	\$135,000
Municipal Handsets for COB	\$40,000
CO Power Equip	\$10,000
Fiber Patch Cords	\$24,000
CAT 5E Cable	\$9,600
Inside/Outside fiber wire and material	\$120,000
VAP/MOCA	\$55,000
underground labor	\$60,000
CATV	\$12,000
Core Infrastructure	\$24,000
Office IT	\$10,000
Office Furniture	\$700
<b>Total Other CAPEX</b>	<b><u>\$515,300</u></b>

Build-out/Misc Construction	<b>\$855,843</b>
Great Streets/Southern Connector	<b>\$259,120</b>
Contingency	<b>\$448,356</b>
Add Back GPON Efficiency	<b>\$155,606</b>
<b>TOTAL</b>	<b><u><u>\$2,895,648</u></u></b>

**Burlington Telecom  
Budget Review**

	<b>Budget FY19 H1</b>	<b>Budget FY19 H2</b>	<b>Budget FY19 Total</b>
<b>REVENUE</b>			
RESIDENTIAL REVENUE	3,468,882	3,709,722	7,178,605
BUSINESS & OTHER REVENUE	<u>1,646,338</u>	<u>1,709,338</u>	<u>3,355,676</u>
	5,115,220	5,419,060	10,534,280
<b>COGS</b>	1,108,163	1,198,063	2,306,226
<b>GROSS MARGIN</b>	4,007,057 78.3%	4,220,997 77.9%	8,228,054 78.1%
<b>OPERATING</b>			
OUTSIDE PLANT	244,885	247,224	492,109
NETWORK OPS	235,529	329,232	564,761
SALES	76,928	76,067	152,995
CUSTOMER SVC	319,211	315,289	634,500
ADMIN	269,908	267,550	537,458
BUSINESS	342,146	342,508	684,654
LEGAL & REGULATORY	67,500	71,000	138,500
HELP DESK	173,645	170,215	343,860
MARKETING	121,329	119,574	240,903
OTHER	<u>21,000</u>	<u>10,000</u>	<u>31,000</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>1,872,081</u>	<u>1,948,659</u>	<u>3,820,740</u>
<b>EBITDA</b>	2,134,976 41.7%	2,272,338 41.9%	4,407,313 41.8%
CAPITAL EQUIPMENT	835,873	755,577	1,591,449
CAPEX EXPANSION	855,843	-	855,843
CAPEX CONTINGENCY	211,678	236,678	448,356
CAPITALIZED INSTALL LABOR	<u>228,666</u>	<u>223,673</u>	<u>452,339</u>
<b>TOTAL CAPEX</b>	<u>2,132,060</u>	<u>1,215,928</u>	<u>3,347,988</u>
DUE DILIGENCE/SALE EXPENSES	-	-	-
<b>CASH FLOW PRE-DEBT SERVICE</b>	2,916	1,056,410	1,059,326
DEBT SERVICE	279,266	279,266	558,532
<b>POST DEBT SERVICE</b>	(276,350)	777,144	500,794

**Organizational Chart**  
(04/16/2018)

