



FY2016 (9+3) Forecast + FY2017 Budget

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**Burlington Telecom
Budget Review**

	Budget FY16	Forecast FY16 (9+3)	Variance	Actual FY15
REVENUE				
RESIDENTIAL REVENUE	5,166,150	5,365,074	198,924	4,748,684
BUSINESS & OTHER REVENUE	<u>3,107,448</u>	<u>3,060,170</u>	<u>(47,278)</u>	<u>2,976,033</u>
	8,273,598	8,425,244	151,646	7,724,718
COGS	2,184,916	1,900,015	(284,901)	1,955,122
GROSS MARGIN	6,088,682 73.6%	6,525,229 77.4%	436,547	5,769,596 74.7%
OPERATING				
OUTSIDE PLANT	751,280	784,546	33,266	767,704
NETWORK OPS	486,653	546,989	60,336	504,855
SALES	151,565	128,914	(22,651)	130,958
CUSTOMER SVC	589,293	560,941	(28,352)	584,740
ADMIN	613,800	543,892	(69,908)	584,090
BUSINESS	678,605	736,697	58,092	752,672
LEGAL & REGULATORY	288,551	231,892	(56,659)	224,547
HELP DESK	296,418	291,707	(4,711)	260,662
MARKETING	212,527	202,825	(9,702)	176,826
OTHER	-	89,091	89,091	-
TOTAL OPERATING EXPENSES	<u>4,068,692</u>	<u>4,117,494</u>	<u>48,802</u>	<u>3,987,054</u>
EBITDA	2,019,990 24.4%	2,407,735 28.6%	387,745	1,782,542 23.1%
CAPITAL EXPENDITURES	1,200,000	1,500,000	300,000	966,702
CASH FLOW PRE-DEBT SERVICE	819,990	907,735	87,745	815,840
DEBT SERVICE	558,215	558,532	317	442,609
POST DEBT SERVICE	261,775	349,203	87,428	373,231
Memo: Impact of Capitalized Install Labor				
EBITDA	2,019,990	2,407,735		
EBITDA - Capitalized Install Labor	2,262,665	2,730,848		

Burlington Telecom
FY 2009 - FY 2016

	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	5/1/2016
Subscribers	4,444	4,575 High	4,245	4,016	3,952 Low	4,095	4,384	4,740	5,352	5,982 High
Year over Year		131	(330)	(229)	NA	79	289	356	612	902
Trailing 12 months FY2016		July	Aug	Sept	Oct	Nov	Jan	Feb	Mar	Apr
		631	713	781	778	825	835	862	878	902

BT FY2017 Key Deliverables

Continue to focus on the Customer Experience and drive further Customer Service improvements, including OTT, Smart Connect and moving to 24/7/365 residential service support

Targeting 7,000 subscribers and 45% market share by the end of FY2017

Complete the investment in the replacement/swap out of BT's obsolete equipment infrastructure by the end of Q3

Refocus emphasis from rebuilding BT's infrastructure to expanding BT's footprint driven by the work of the recently appointed Network Planning Engineer. FY2017 priority is to build out Burlington's downtown core in advance of the City's Mall redevelopment project, which should be completely gigabit symmetrical fiber capable, and branded as such

BT is also planning a second area of network expansion within the City in second half of FY2017 and to take advantage of other opportunities as time and resources allow

BTV Ignite - ongoing support, with focus on essential infrastructure and the initiatives core deliverables,

Continue to deploy Gigabit infrastructure and availability for community benefit working closely with BTV Ignite, including partnering with Parks and Rec on St Joseph's school

Four additional BT heads budgeted - designed to relieve pressure points as they emerge - two or more will likely be added to the install team if subscriber count increases continue

Manage the business to drive achievement of BT's FY2017 Budgeted EBITDA and cash flow targets. EBITDA budgeted to approach \$3 million and % of revenues 30%

Renew BT's CPG which expires in September 2016

**Burlington Telecom
Budget Review**

	Forecast FY16 (9+3)	Budget FY17	Variance	
REVENUE				
RESIDENTIAL REVENUE	5,365,074	5,986,271	621,197	
BUSINESS & OTHER REVENUE	3,060,170	3,113,837	53,667	
	<u>8,425,244</u>	<u>9,100,107</u>	<u>674,863</u>	
COGS	1,900,015	2,071,783	171,768	
GROSS MARGIN	6,525,229	7,028,325	503,096	
	77.4%	77.2%		
OPERATING				
OUTSIDE PLANT	784,546	847,147	62,601	
NETWORK OPS	546,989	654,668	107,679	
SALES	128,914	142,155	13,241	
CUSTOMER SVC	560,941	580,833	19,892	
ADMIN	543,892	502,936	(40,956)	
BUSINESS	736,697	644,260	(92,437)	
LEGAL & REGULATORY	231,892	194,253	(37,639)	
HELP DESK	291,707	347,649	55,942	
MARKETING	202,825	202,402	(423)	
OTHER	89,091	243,525	154,434	
TOTAL OPERATING EXPENSES	<u>4,117,494</u>	<u>4,359,829</u>	<u>242,335</u>	
EBITDA	2,407,735	2,668,496	260,761	
	28.6%	29.3%		
CAPITAL EXPENDITURES	1,500,000	1,950,000	450,000	
CASH FLOW PRE-DEBT SERVICE	907,735	718,496	(189,239)	
DEBT SERVICE	558,532	558,532	-	
POST DEBT SERVICE	349,203	159,964	(189,239)	6,431,612
				1950000
				558532
				8,940,144
Memo: Impact of Capitalized Install Labor				
EBITDA	2,407,735	2,668,496		
EBITDA - Capitalized Install Labor	2,730,848	2,974,123		

Key Cost item Year on Year Changes \$(000)

Description			
COGS	COGS	172	Additional subscribers plus internet peering costs plus video content cost increases
Opex	COLA, Step Raises & Medical Increases	60	Annual increases in line with City policy
	Other expense - 3 New Hires	154	Salaries and benefits: \$218k . To be filled only if BT performance necessitates, partly offset by other savings(\$64)
	FY17 impact of FY2016 hires	66	Full year impact of additional positions added in FY 2016
	Legal & Regulatory	<u>(38)</u>	Outside council costs - CPG renewal, Fall 2016
	Total Opex	242	
Capex	Continuation of GPON replacement program	136	
	Build-Outs/New Construction	659	
	Pricing	(27)	
	Vehicles	(44)	No new vehicles planned
	Voice switch/Middleware	<u>(274)</u>	Replaced in FY16
	Total Capex	450	

	<u>FY2017</u>
Base OLT	\$5,000
New GPON	\$19,277
Other OLT	\$41,985
Splitters	\$30,000
ONT	\$270,122
Power Cable	\$21,902
Battery	\$69,356
Enclosure	\$42,343
Efficiency	-\$99,997
750 Swaps of Obsolete Equipment	\$136,031
GPON Total	<u>\$536,019</u>

SERVICE INSTALL MATERIALS

Set-Top Boxes	\$103,585
Remote Controls	\$18,000
IP Switch	\$59,865
Router	\$74,466
Power Outlets	\$6,000
SERVICE INSTALL MATERIALS	<u>\$261,916</u>

OTHER CAPEX

Tools for Installation	\$27,000
Biz Install ONT's 560/transceivers/phones	\$50,000
CO Power Equip	\$15,300
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
Streaming Equip for Roku Devices	\$40,000
Core Infrastructure	\$10,000
Office IT	\$15,000
Office Furniture	\$700
Building Improvements	\$30,000
OTHER CAPEX TOTALS	<u>\$316,400</u>

Build-out	\$835,665
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FY2017 TOTAL	<u><u>\$1,950,000</u></u>
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