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**Burlington Telecom  
FY 2016**

	1st Qtr FY16 <b>Actual</b>	1st Qtr FY16 <b>Budget</b>	2nd Qtr FY16 <b>Actual</b>	2nd Qtr FY16 <b>Budget</b>	3rd Qtr FY16 <b>Actual</b>	3rd Qtr FY16 <b>Budget</b>	FY16 July-March <b>Actual</b>	FY16 July-March <b>Budget</b>	FY15 July-March <b>Actual</b>
<b>REVENUE</b>									
RESIDENTIAL REVENUE	1,307,826	1,249,200	1,341,364	1,278,600	1,347,831	1,302,600	3,997,021	3,830,400	3,521,394
BUSINESS REVENUE	488,657	492,000	495,540	505,500	485,582	519,000	1,469,779	1,516,500	1,358,352
MUNICIPAL REVENUE	251,520	250,500	255,012	250,500	253,655	250,500	760,187	751,500	779,441
ALL OTHER REVENUE	20,278	14,112	21,748	14,112	24,237	14,112	66,263	42,336	88,554
<b>TOTAL REVENUE</b>	<b>2,068,281</b>	<b>2,005,812</b>	<b>2,113,664</b>	<b>2,048,712</b>	<b>2,111,305</b>	<b>2,086,212</b>	<b>6,293,250</b>	<b>6,140,736</b>	<b>5,747,740</b>
<b>COGS</b>	<b>504,331</b>	<b>534,620</b>	<b>437,479</b>	<b>542,289</b>	<b>481,274</b>	<b>549,908</b>	<b>1,423,084</b>	<b>1,626,817</b>	<b>1,510,422</b>
<b>GROSS MARGIN</b>	<b>1,563,950</b> 75.6%	<b>1,471,192</b> 73.3%	<b>1,676,185</b> 79.3%	<b>1,506,423</b> 73.5%	<b>1,630,031</b> 77.2%	<b>1,536,304</b> 73.6%	<b>4,870,166</b> 77.4%	<b>4,513,919</b> 73.5%	<b>4,237,318</b> 73.7%
<b>OPERATING</b>									
OUTSIDE PLANT	191,076	187,760	190,566	191,230	191,688	186,145	573,330	565,135	562,296
NETWORK OPS	125,560	117,610	147,398	123,714	138,473	127,664	411,431	368,988	388,527
SALES	32,636	37,890	33,159	37,890	26,365	37,891	92,160	113,671	101,135
CUSTOMER SVC	152,325	148,405	136,212	146,434	130,760	145,174	419,297	440,013	431,487
ADMIN	131,984	129,635	122,555	149,672	137,372	167,247	391,911	446,554	475,437
BUSINESS	162,291	168,684	151,907	169,914	196,798	170,003	510,996	508,601	561,369
LEGAL & REGULATORY	58,730	72,138	44,289	72,138	49,068	72,138	152,087	216,414	177,600
SERVICE SUPPORT	70,732	74,105	70,327	74,105	68,682	74,105	209,741	222,315	162,939
MARKETING	52,917	53,132	48,349	53,132	52,145	53,132	153,411	159,396	129,527
OTHER	-	-	56,373	-	32,718	-	89,091	-	-
<b>TOTAL OPERATING</b>	<b>978,251</b>	<b>989,359</b>	<b>1,001,135</b>	<b>1,018,229</b>	<b>1,024,069</b>	<b>1,033,499</b>	<b>3,003,457</b>	<b>3,041,085</b>	<b>2,990,318</b>
<b>EBITDA</b>	<b>585,699</b>	<b>481,833</b>	<b>675,050</b>	<b>488,194</b>	<b>605,962</b>	<b>502,805</b>	<b>1,866,708</b>	<b>1,472,834</b>	<b>1,247,000</b>
% EBITDA /Sales	28.3%	24.0%	31.9%	23.8%	28.7%	24.1%	29.7%	24.0%	21.7%
CAPITAL EQUIPMENT	326,942	370,247	292,529	265,841	306,708	254,909	926,179	890,998	689,359
CASH FLOW PRE-DEBT SERVICE	258,757	111,586	382,521	222,353	299,254	247,896	940,530	581,837	557,642
DEBT SERVICE	139,633	139,554	139,633	139,554	139,633	139,554	418,899	418,662	302,976 * Includes CitiCapital
<b>CASH FLOW POST DEBT SERVICE</b>	<b>119,124</b>	<b>(27,968)</b>	<b>242,888</b>	<b>82,799</b>	<b>159,621</b>	<b>108,342</b>	<b>521,631</b>	<b>163,175</b>	<b>254,665</b>
<b>Net Cash After Deferred Expenditures</b>	<b>173,693</b>	<b>26,604</b>	<b>358,966</b>	<b>137,369</b>	<b>258,893</b>	<b>162,913</b>	<b>791,552</b>	<b>326,885</b>	<b>309,235</b>

**Burlington Telecom  
Budget Review**

	<b>Budget FY16</b>	<b>Forecast FY16 (9+3)</b>	<b>Variance</b>	<b>Actual FY15</b>
<b>REVENUE</b>				
RESIDENTIAL REVENUE	5,166,150	5,365,074	198,924	4,748,684
BUSINESS & OTHER REVENUE	3,107,448	3,060,170	(47,278)	2,976,033
	<u>8,273,598</u>	<u>8,425,244</u>	<u>151,646</u>	<u>7,724,718</u>
<b>COGS</b>	2,184,916	1,900,015	(284,901)	1,955,122
<b>GROSS MARGIN</b>	6,088,682 73.6%	6,525,229 77.4%	436,547	5,769,596 74.7%
<b>OPERATING</b>				
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	-
<b>TOTAL OPERATING EXPENSES</b>	<u>4,068,692</u>	<u>4,117,494</u>	<u>48,802</u>	<u>3,987,054</u>
<b>EBITDA</b>	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
<b>CASH FLOW PRE-DEBT SERVICE</b>	819,990	907,735	87,745	815,840
DEBT SERVICE	558,215	558,532	317	442,609
<b>POST DEBT SERVICE</b>	261,775	349,203	87,428	373,231
<b>Memo: Impact of Capitalized Install Labor</b>				
EBITDA	2,019,990	2,407,735		
EBITDA - Capitalized Install Labor	2,262,665	2,730,848		

### **BT FY2016 Key Deliverables**

Continue the rebranding of BT, through a consistent marketing focus on its strengths of unmatched internet experience/reliability and customer service

Continue to focus on improving customer service - setting tangible targets aimed at raising BT's customer satisfaction rating from 85% to 90% in its next annual survey

Increase subscriber counts by 650, passing 6,000 total subscribers, and driving BT's share of its addressable market up by 4 points to 38.5%

Update BT's three year operational and financial plans, extending through FY2018

Bring BT's residential internet offerings in line with other leading US Ignite Communities, the most competitively priced in the US

Perform a comprehensive review and update of BT's Commercial internet services/offerings and pricing

Continue to swap out obsolete GPON equipment for existing BT subscribers within BT generated cash flow parameters

Complete trials of a GPON equipment second source and quantify the opportunity to potentially lower equipment prices

Complete the upgrade of BT's phone switch capability

Replace BT's end of life, non vendor supported VOD platform and middleware, significantly upgrading BT residential customers video experience, closing the gap with competition

Continue to expand BT's fiber network at the margin, including opportunities providing an ROI beyond Burlington's borders

Secure new outside Counsel for BT working with the City Attorneys office and begin preparations for the renewal of BT's CPG in September 2016

Two additional heads budgeted - designed to relieve pressure points in the business if/when/where they emerge, ensuring customer service does not suffer

Manage the business to drive achievement of BT's FY 2016 Budgeted EBITDA and cash flow targets

Support re-launch of BTV Ignite and lead essential infrastructure component, in line with Ignite Community best practice

Continue to deploy Gigabit infrastructure and availability for community benefit, working closely with the newly appointed BTV Ignite Executive Director

Burlington Telecom  
FY 2009 - FY 2016

SUBSCRIBERS:

7/1/2009	3/1/2010	7/1/2010	7/1/2011	1/1/2012	7/1/2012	7/1/2013	7/1/2014	4/1/2015	7/1/2015	4/1/2016
4,444	4,575	4,245	4,016	3,952 Low	4,095	4,384	4,740	5,055	5,352	5,929 High

## **BT FY2017 Key Deliverables**

Continue to focus on the Customer Experience and drive further Customer Service improvements

Maintain subscriber count increases at current levels

Complete the replacement/swap out of BT's obsolete equipment infrastructure

BTV Ignite - ongoing support, with focus on essential infrastructure

Continue to deploy Gigabit infrastructure and availability for community benefit working closely with BTV Ignite

Two additional heads budgeted - designed to relieve pressure points as they emerge

Manage the business to drive achievement of BT's FY 2016 Budgeted EBITDA and cash flow targets

Renew BT's CPG

Prepare the business for sale

**Burlington Telecom  
Budget Review**

	<b>Budget FY17</b>	<b>Forecast FY16 (9+3)</b>	<b>Variance</b>
<b>REVENUE</b>			
RESIDENTIAL REVENUE	5,986,271	5,365,074	621,197
BUSINESS & OTHER REVENUE	3,113,836	3,060,170	53,666
	<u>9,100,107</u>	<u>8,425,244</u>	<u>674,863</u>
<b>COGS</b>	2,109,879	1,900,015	209,864
<b>GROSS MARGIN</b>	6,990,228 76.8%	6,525,229 77.4%	464,999
<b>OPERATING</b>			
OUTSIDE PLANT	847,147	784,546	62,601
NETWORK OPS	654,668	546,989	107,679
SALES	142,155	128,914	13,241
CUSTOMER SVC	580,833	560,941	19,892
ADMIN	502,936	543,892	(40,956)
BUSINESS	669,260	736,697	(67,437)
LEGAL & REGULATORY	194,253	231,892	(37,639)
HELP DESK	347,649	291,707	55,942
MARKETING	202,402	202,825	(423)
OTHER	180,429	89,091	91,338
<b>TOTAL OPERATING EXPENSES</b>	<u>4,321,732</u>	<u>4,117,494</u>	<u>204,238</u>
<b>EBITDA</b>	2,668,496 29.3%	2,407,735 28.6%	260,761
CAPITAL EXPENDITURES	1,950,000	1,500,000	450,000
<b>CASH FLOW PRE-DEBT SERVICE</b>	718,496	907,735	(189,239)
DEBT SERVICE	558,532	558,532	-
<b>POST DEBT SERVICE</b>	159,964	349,203	(189,239)

<b>Memo: Impact of Capitalized Install Labor</b>		
EBITDA	2,668,496	2,407,735
EBITDA - Capitalized Install Labor	2,974,123	2,730,848

**Key Cost item Changes \$(000)**

		Description	
COGS	COGS		210
			Additional subscribers plus internet peering costs plus video content cost increases
Opex			
	COLA, Step Raises & Medical Increases		60
	2 New Hires		222
	FY17 impact of FY2016 hires		44
	Legal & Regulatory		(38)
	Other		<u>(84)</u>
	<b>Total Opex</b>		<b>204</b>
Capex			
	Continuation of GPON replacement program		136
	Build-Outs/New Construction		659
	Pricing		(27)
	Vehicles		(44)
	Voice switch/Middleware		<u>(274)</u>
	<b>Total Capex</b>		<b>450</b>
			No new vehicles planned
			Replaced in FY16

<b>CAPEX SUMMARY</b>	<b><u>FY17 BUDGET</u></b>
GPON TOTAL	\$536,019
SERVICE INSTALL MATERIALS	\$261,916
MISC CAPEX	\$316,400
MISC CONSTRUCTION	\$835,665
<b>Total FY2017 Capex</b>	<b><u><u>\$1,950,000</u></u></b>

**Burlington Telecom**  
**3rd Qtr FY 2016**

	January <b>Actual</b>	February <b>Actual</b>	March <b>Actual</b>	3rd Qtr FY16 <b>Actual</b>	3rd Qtr (6+6) FY16 <b>Forecast</b>	Variance
<b>REVENUE</b>						
RESIDENTIAL REVENUE	450,154	451,576	446,101	1,347,831	1,354,026	(6,195)
BUSINESS REVENUE	161,672	161,263	162,647	485,582	469,888	15,694
MUNICIPAL REVENUE	84,363	84,960	84,331	253,655	249,900	3,755
ALL OTHER REVENUE	8,224	9,810	6,203	24,237	21,000	3,237
<b>TOTAL REVENUE</b>	<b>704,414</b>	<b>707,609</b>	<b>699,282</b>	<b>2,111,306</b>	<b>2,094,814</b>	<b>16,492</b>
<b>COGS</b>	<b>165,352</b>	<b>159,466</b>	<b>156,456</b>	<b>481,274</b>	<b>489,577</b>	<b>(8,303)</b>
<b>GROSS MARGIN</b>	<b>539,062</b>	<b>548,143</b>	<b>542,826</b>	<b>1,630,032</b> 77.2%	<b>1,605,237</b> 76.6%	<b>24,795</b>
<b>OPERATING</b>						
OUTSIDE PLANT	55,172	62,331	74,185	191,688	208,519	(16,831)
NETWORK OPS	45,561	41,278	51,635	138,473	144,178	(5,705)
SALES	6,601	9,495	10,270	26,365	39,409	(13,044)
CUSTOMER SVC	45,086	44,235	41,439	130,760	146,328	(15,568)
ADMIN	46,213	48,831	42,328	137,372	134,633	2,739
BUSINESS	60,207	67,553	69,039	196,798	177,350	19,448
LEGAL & REGULATORY	19,933	19,933	9,201	49,068	59,800	(10,733)
SERVICE SUPPORT	22,071	21,935	24,676	68,682	78,455	(9,773)
MARKETING	15,862	15,949	20,334	52,145	49,665	2,480
OTHER	16,359	16,359	-	32,718	49,077	(16,359)
<b>TOTAL OPERATING</b>	<b>333,064</b>	<b>347,899</b>	<b>343,107</b>	<b>1,024,070</b>	<b>1,087,414</b>	<b>(63,344)</b>
<b>EBITDA</b>	<b>205,998</b>	<b>200,244</b>	<b>199,719</b>	<b>605,962</b>	<b>517,823</b>	<b>88,139</b>
% EBITDA /Sales	29.2%	28.3%	28.6%	28.7%	24.7%	
CAPITAL EQUIPMENT	111,472	80,451	114,785	306,708	205,863	100,845
CASH FLOW PRE-DEBT SERVICE	94,526	119,793	84,934	299,254	311,960	(12,706)
DEBT SERVICE	46,544	46,544	46,544	139,633	139,633	(0)
<b>CASH FLOW POST DEBT SERVICE</b>	<b>47,982</b>	<b>73,249</b>	<b>38,390</b>	<b>159,621</b>	<b>172,327</b>	<b>(12,706)</b>
<b>Net Cash After Deferred Expenditures</b>	<b>87,667</b>	<b>114,646</b>	<b>56,580</b>	<b>258,893</b>	<b>226,898</b>	<b>31,995</b>