



# LINX Budget for 2022

## LINX Members Meeting 114

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# Budget for 2022 - Summary

- The support for our 2022 budget was recently sent to the membership, on October 20, alongside the proposed revision and re-structuring of service prices.
- In the following slides key aspects of the anticipated results for 2021 are highlighted, compared to the forthcoming budget for 2022.
- Whilst we expect testing trading conditions to continue into 2022, we are planning to reinvigorate our activities as we enter a “new normal” phase of operation.
- Despite these challenging conditions, we are still budgeting for reasonable growth, and the projected financial results take account of the proposed reduction in port fees at the beginning of next year.
- We are planning to use funds which have been saved during the period of curtailed activities to support further service price reductions, to promote more growth next year, to cover the additional costs incurred in complying with the anticipated telecoms security requirements and to continue to invest in new technology.



# Operational results forecast for end of 2021, compared with 2020

- Despite the Covid19 pandemic backdrop we are achieving reasonable growth this year, and our operational performance has continued to be good.
- New members are joining LINX at approximately the same rate as last year, and we are expecting to have close to 900 members at the end of the year.
- 100 GE services are growing at a healthy rate of 20% per annum and 10 GE services are also growing, albeit more slowly.
- By the end of the year, we predict that we will have over 300 directly connected 100 GE ports, whilst still maintaining over 1000 10 GE ports
- Our connected capacity is expected to have increased by almost 15%.

FOR ALL LANS	EST. END OF YEAR 2021	END OF YEAR 2020	PROJECTED CHANGE  + / (-)
New Member Applications	85	89	(4.5)%
Members	900	869	3.6%
100 GE Directly connected ports	320	266	20.3%
10 GE Directly connected ports	1035	1002	3.3%
Connected capacity	42.5Tbps	37Tbps	14.9%

# Forecast end of 2021 financial results against budget

- Overall, our net financial results will be much better than we expected.
- Although our core port services income will fall short of budget, we will be close to overall planned income due to a much higher level of reseller revenue.
- During 2021 we have not been able to carry out much of our normal sales and marketing programme and, with most of our work being carried out from the homes of our staff, our costs have been less than budgeted.
- The net result projected for the full year is expected to be a surplus of around £1.2m, which is considerably higher than expected. As referenced earlier we plan to utilise this strong position in supporting further growth, new services and new technology.
- Capital expenditure is expected to be on budget with investments in our existing and new technology continuing.

	EST. FULL YEAR 2021	BUDGET 2021	POSITIVE / (ADVERSE) VARIANCE
REVENUE	£16.4M	£16.4M	0%
COSTS	£15.2M	£16.1M	5.6%
SURPLUS	£1.2M	£0.3M	300%
CAPITAL EXPENDITURE	£2.6M	£2.6M	0%

# Forecast 2022 operational results against 2021

- We expect some overall market volatility will continue into next year and the projected demand for peering services is now spread over a larger number of products.
- The new services will dilute, to varying degrees, the growth in our present peering services. However, for both new and existing services, there is healthy growth anticipated in 2022.
- As for 2021 we expect the number of members to grow incrementally.

TOTAL FOR ALL LANS	PLANNED END OF YEAR 2022	EST. END OF YEAR 2021	BUDGET GROWTH 2022	CHANGE + / (-)
Members	915	900	15	1.6%
400 GE PORTS	3	1	2	N/A
100 GE PORTS	339	320	19	16.5%
30 GE PORTS	22	N/A	N/A	N/A
10 GE PORTS	1,071	1,035	36	3.4%
5 GE PORTS	37	N/A	N/A	N/A
2 GE PORTS	30	N/A	N/A	N/A

# Forecast 2022 financial results against 2021

- We expect a reasonable 7% rise in our revenue levels during 2022, despite the anticipated continuance of difficult trading conditions and the uncertainty on the effect that new services will have on revenue levels.
- Our current curtailed expenditure will need to rise to support and achieve growth and development, and compliance with new telecom sector related requirements.
- The projected overall results are expected to show a deficit of £0.5M. However, our projections for 2023 expect our overall results to return to a reasonable surplus.

	BUDGET 2022	BUDGET 2021	POSITIVE / (ADVERSE) VARIANCE
REVENUE	£17.6M	£16.4M	7.3%
COSTS	£18.1M	£16.1M	(12.4)%
(DEFICIT) / SURPLUS	£(0.5)M	£0.3M	(266.7)%
CAPITAL EXPENDITURE	£3.8 M	£2.6M	(46.2)%



Thank you