



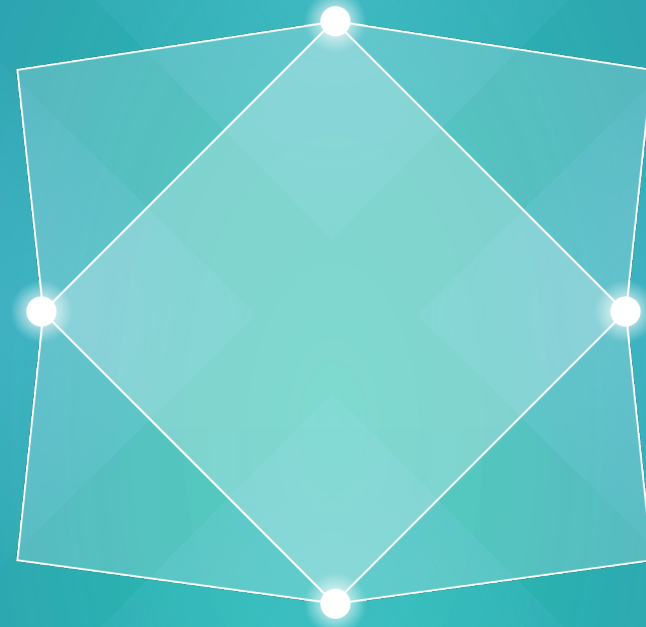
# LINX Budget for 2023

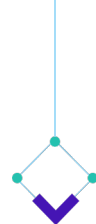
## LINX Members Meeting 117



**Malcolm Holt**  
Chief Financial Officer

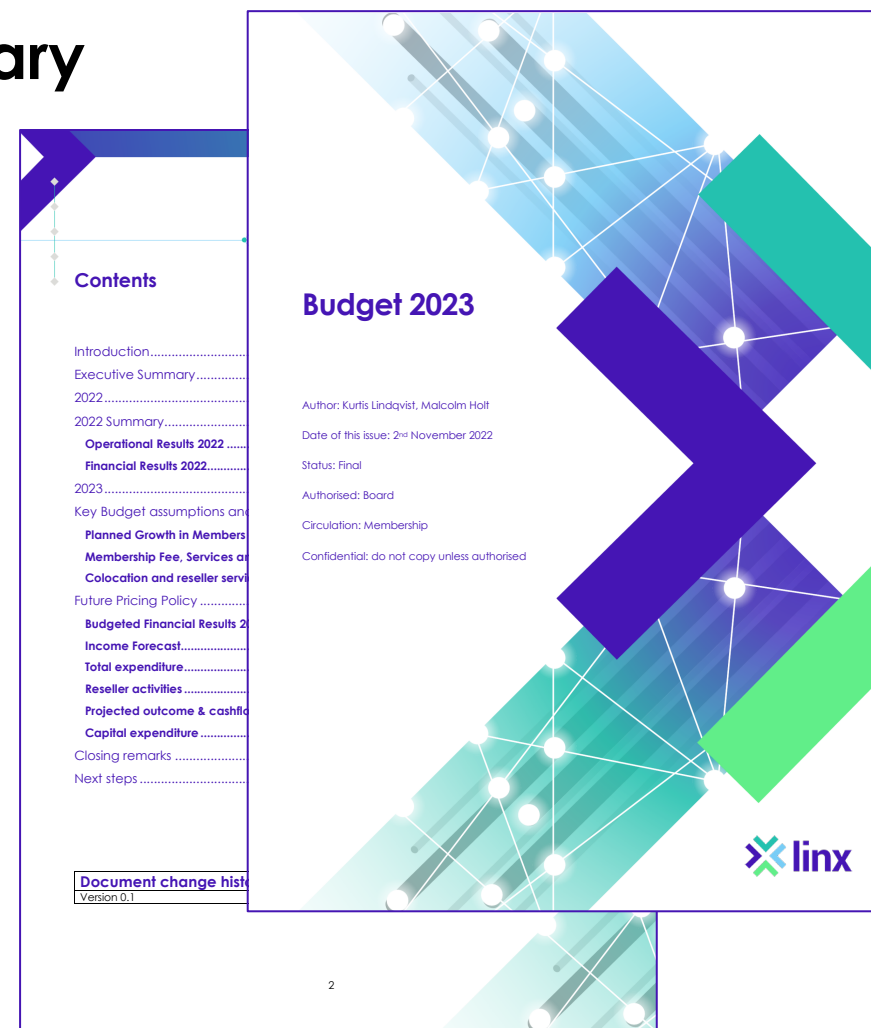
Wednesday, 23 November 2022





## Budget for 2023 - Summary

- Details of our 2023 budget, which has been approved by the Board, was recently sent to members at the beginning of this month.
- The following slides summarise key points from the budget, together with the 2023 pricing of our principal services.
- The budget recognises that we are facing challenges from 2 years of COVID affected activity at the same as the double-digit inflation, the highest level for over 40 years.
- We are planning for reasonable growth but, in these circumstances, we have only been able to offer limited service price reductions. We anticipate making a small deficit in 2023, but we are still expecting to maintain significant investment in our networks. This will help us in achieving our forecasts of returning to a small surplus in 2024.





## Forecast financial results for 2022 versus budget

- We expect our 2022 results to be around breakeven, which will be better than budget.
- Our revenues are projected to be 5% less than budget. However, our expenditure is expected to be 7% better than budget, resulting in the positive net result variance.
- Our spend on CAPEX has been affected by supply issues and may now be less than indicated in this chart from the budget document.

	EST. FULL YEAR 2022	BUDGET 2022	POSITIVE / (ADVERSE) VARIANCE
REVENUE	£16.6M	£17.6M	(5.7)%
TOTAL EXPENDITURE	£16.7M	£18.1M	7.7%
(DEFICIT) / SURPLUS	£(0.1)M	£(0.5)M	80%
CAPITAL EXPENDITURE	£3.9M	£3.8M	(2.6)%





## Operational results forecast for the end of 2022, compared with 2021

- In a challenging environment we continued to grow the business with good operational performance.
- The number of new membership applications held at approximately the same level as last year.
- 400GE services has started to grow, as has the new 30GE services.
- 100GE services have maintained reasonable growth, and 10GE services have increased marginally despite the wider range of services now on offer.
- Our connected capacity has had healthy growth; at a similar level to last year.

FOR ALL LANS	EST. END OF YEAR 2022	END OF YEAR 2021	PROJECTED CHANGE + / (-)
New Member Applications	93	95	(2.1)%
Members	889	878	1.3%
400 GE PORTS	5	1	400%
100 GE PORTS	304	276	10.1
30 GE PORTS	25	0	N/A
10 GE PORTS	862	850	1.4%
Connected capacity TB	41.9 Tbps	36.9 Tbps	13.6%





## Budgeted 2023 versus budget 2022 financial results

- In comparison to the budget for last year we expect our revenues to grow by 10%
- Our expenditure is expected to grow at a smaller 7%, which is quite a bit less than the going rate of inflation.
- Consequently, we are budgeting for a smaller deficit than last year, despite challenging circumstances.
- Our current forecasts for 2024 show that we should then be returning to a small surplus.

	BUDGET 2023	BUDGET 2022	POSITIVE / (ADVERSE) VARIANCE
REVENUE	£19.3M	£17.6M	9.7%
TOTAL EXPENDITURE	£19.4M	£18.1M	(7.1)%
(DEFICIT) / SURPLUS	£(0.1)M	£(0.5)M	80%
CAPITAL EXPENDITURE	£2.7 M	£3.8M	29%



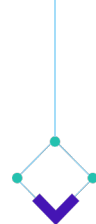


## Budgeted 2023 versus 2022 operational results

- All our new services are expected to have significant growth next year.
- 100GE and 10GE are also expected to have double digit percentage growth

TOTAL FOR ALL LANS - PEERING PORTS BY BANDWIDTH	PLANNED END OF YEAR 2023	EST. END OF YEAR 2022	BUDGET GROWTH 2023	CHANGE +/-(-)
Members	901	889	12	1.3%
400 GE Peering	16	5	11	220.0%
100 GE Peering	348	304	44	14.5%
30 GE Peering	50	25	25	100.0%
10 GE Peering	961	862	99	11.5%
5 GE Peering	66	23	43	187.0%
2 GE Peering	126	53	73	137.7%





## 2023 Port Access Fees

- The table below is an extract regarding Access Fees from the LINX Services and Fees 2023 document. This was sent to membership a few weeks ago. Our port access fees are being held at 2022 levels

### Monthly Port Access Fees

A port access fee for each physical port purchased on any peering LAN is charged.

Port Size	Monthly Fee for LINX NOVA and LINX Nairobi	Monthly Fee for all other LANs
10GE*	\$100	£80
100GE	\$400	£320
400GE	\$800	£640

\* The port access fee for the first 10GE port on each LAN is considered covered by the membership fee; the indicated price is for the second and subsequent ports of this size on the same LINX LAN.





## 2023 Peering Fees

- Similarly, the table below is an extract regarding peering fees from the LINX Services and Fees 2023 document, This was sent to membership a few weeks ago. Changes are LINX NoVA fees at 5Gb and above are being reduced by 15%. LON2 fees at 5Gb and above (excluding 30Gb) are being reduced by 10%.

Port Size	LON1	LON2	LINX Manchester	LINX NoVA	LINX Nairobi	LINX Scotland	LINX Wales
1Gbps**	£40	£20	£20	\$28	\$50	FREE	FREE
2Gbps	£40	£20	£20	\$28	\$50	FREE	FREE
5Gbps	£269	£104	£74	\$125	\$310	FREE	FREE
10Gbps	£384	£149	£106	\$178	\$480	FREE	FREE
30Gbps	£1146	£624	£305	\$683	\$2000	FREE	FREE
100Gbps	£2293	£1122	£610	\$1366	\$2500	£610	£610
400Gbps	£4760	£3680	N/A	N/A	N/A	N/A	N/A

\*\* The first 1Gbps peering service is included in the membership fee, these prices are for additional 1Gbps services on additional 10GE ports





**Thank You**  
**Any questions?**