



LINX Budget for 2024



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LINX120





Budget for 2024 - Summary

- Our budget for 2024 was sent to the membership on October 30, alongside next year's prices for our services
- This brief presentation summarises the key aspects of the anticipated results for 2023, and compares such with the budget for 2024





Budget for 2024 - Summary

- We are all under continued inflationary cost pressures and current predictions are that overall inflation will still be high as we close the year.
- By continued growth in our services we are planning to absorb this cost inflation and hold most of our prices at this year's levels.
- To incentivise growth in LINX Nova we are making service price reductions of 10%.
- We anticipate trading conditions will start to improve in 2024 and the expected revenue growth, shown on the next slide, reflects this brighter outlook.
- However, we still expect continuing cost inflation pressures which will affect our staff and external costs. The projected overall results are expected to show a small surplus of £0.1 M,





Budget 2024 compared with agreed budget for 2023

- Overall in 2024 we expect both revenue and costs to grow by similar percentages, with revenue marginally outpacing costs
- We are expecting significant growth in 400G services, alongside healthy growth in 100G and 30G services.
- As demand for higher bandwidth services increases, we believe our 10G services will decline by around 5%

FOR ALL LANS	Budget 2024	Budget 2023	Change 2024 versus 2023
Revenue	£22.5M	£19.3M	16.6%
Costs	£22.4M	£19.4M	(15.5)%
Surplus	£0.1M	£(0.1)M	200.0%
Capital Expenditure	£3.1M	£2.7M	(14.8)%





Budget 2024 compared with agreed budget for 2023

- With costs also similarly rising the net result projected for 2024 is expected to be close to break-even, with a small surplus of around £0.1m
- This is better than last year's budget and is expected to be similar to the latest projections for 2023
- Capital expenditure for 2024 at £3.1M will be 15% higher than last year's budget as we continue expanding our networks and investing in new technology

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Capital Expenditure	£3.1M	£2.7M	(14.8)%





Operational results forecast for end of 2023, compared with 2022

- Steady progress has been made in 2023 with reasonable growth in services and good operational performance achieved
- New members are joining LINX at approximately the same rate as last year
- However, consolidation of members has resulted in the overall member numbers only marginally increasing

FOR ALL LANS	Est. End of Year 2023	End of Year 2022	Projected Change
New Member Applications	64	62	3.2%
Members	881	870	1.3%
400 Gbps Peering Service	8	3	166.7%
100 Gbps Peering Service	361	321	12.5%
30 Gbps Peering Service	38	23	65.2%
10 Gbps Peering Service	785	812	(3.3)%
Connected Capacity	60.8 Tbps	50.7 Tbps	19.9%





Operational results forecast for end of 2023, compared with 2022

- 400 GE, 100 GE and 30 GE services are all growing at healthy rates, with a consequence that trading up results in 10 GE services declining by a small percentage
- Our connected capacity is expected to have increased by almost 20%

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Connected Capacity	60.8 Tbps	50.7 Tbps	19.9%





Forecast end of 2023 financial results against budget

- Overall, our 2023 net financial results are expected to be better than we expected
- Revenue is predicted to exceed budget by £0.2M with costs being in line with budget

	Est. End of Year 2023	Budget 2023	Positive / (Adverse) Variance
Revenue	£19.5M	£19.3M	1.0%
Costs	£19.4M	£19.4M	0.0%
Surplus	£0.1M	£(0.1)M	200.0%
Capital Expenditure	£2.8M	£2.7M	(3.7)%





Forecast end of 2023 financial results against budget

- Consequently, the net result will also be better than budget with a predicted £0.1M surplus compared with a budgeted £0.1M deficit
- Capital expenditure is expected to be slightly higher than budget at £2.8M, compared with £2.7M predicted, although it is possible that we may not receive the delivery of all expected equipment by the end of the year

	Est. End of Year 2023	Budget 2023	Positive / (Adverse) Variance
Revenue	£19.5M	£19.3M	1.0%
Costs	£19.4M	£19.4M	0.0%
Surplus	£0.1M	£(0.1)M	200.0%
Capital Expenditure	£2.8M	£2.7M	(3.7)%



Thank You