



**Ultra High Speed  
1-Gig Internet Service  
in Greater Vancouver**

High-Margin Business Backed by 200km of  
100%-Owned Fibre Optic Network

UBN.V | 03.2016

# THE URBAN OPPORTUNITY

*Urban has the largest independent fibre network in Southern BC stretching over 200km to deliver high margin, ultra high speed internet services.*

The Fibre Optic Network Allows Urban To:

- Build a High-Margin Monthly Subscriber Base
- Create a High-Value Subscriber Acquisition Opportunity for Shareholders

# URBAN HISTORY

- Founded in 1988,
- Fibre network contractor, build & operate
- Over 12 years accumulated 200 km fibre across metropolitan Vancouver and Victoria
- Urban acquired fibre through the enterprise/government contracts
- Business model - dark fibre lease
- 2015 New management team, new strategy
- Raised over \$4M in equity and \$3.6M debt, cleaned up balance sheet
- Facilities based provider of ultra high speed internet and internet related services to residential, commercial and municipal customers across BC



# DRIVERS FOR FIBRE

*The need for ultra high speed Internet is skyrocketing*

- Internet traffic increased 46% in 2014 in North America and expected to grow 300% from 2014 to 2019
- Primarily from increased video (Netflix) and high quality of service demanded for those applications. Internet video traffic was 73% of all Internet traffic in 2014.

# FIBRE – THE NEXT UTILITY

*Macro trends extremely bullish.*

- **January 2016 - Fibrenoire Purchased by Videotron for \$125 Million**  
Montreal-based Fibrenoire operates a 4,500-kilometre fibre-optic network in Toronto, Ottawa, Montreal and Quebec City.
- **December 2015 – AT&T to roll out Gigabit to 38 more cities in 2016**  
AT&T expansion plans will grow coverage from 1 million to 14 million
- **November 2015 - MTS Allstream purchased by Zayo for \$465,000,000**  
MTS Allstream operates a 30,000 kilometre fibre optic network.
- **October 2015 - Telus to spend \$1 billion on fibre optic network**  
Telus plans to invest \$1billion on building out its fibre network in BC.
- **June 2015 – Bell Canada to spend \$1.14 billion on fibre optic network.**  
Bell plans to deliver gigabit Internet to 1 million+ in Toronto area.

# CREATE VALUE: Three Verticals to Grow

*Urban is leveraging its existing network to launch a 1,000 Mbps (1 Gig) service into homes and offices.*

## **Vertical #1: Residential On-Net**

Urbanfibre is delivering up to 100 times faster Internet speeds than what most North Americans have access to today

- First to offer residential consumers 1-Gig Internet service
- Instant downloads
- Crystal clear high definition TV
- Urban offers 1,000mbps service at a price the competition charges for 25mbps service

# CREATE VALUE: Three Verticals to Grow

## Vertical #2: Commercial On-Net

- Urban offers high quality end-to-end data solutions for businesses of all sizes through delivery over the fibre connection.
- Urban has the resources and facilities in place to accommodate today's most critical high-bandwidth applications including:
  - Digital Phone Lines
  - Hosted Office Applications
  - Cloud Services
  - Offsite backup
  - Virtual Private Networks
- Urban 'wins' because: Significant margins mean greater service at a fraction of the price of the incumbent carriers.

# CREATE VALUE: Three Verticals to Grow

## Vertical # 3: Municipal Partnerships

- Extend existing suite of disruptive products and services into municipal partnership opportunities
- Competitive Advantage – Urban leverages existing network to offer transit services to municipalities
- Municipalities across North America racing to create their own Utilities and revenue streams are looking to fibre.
  - Creates a niche for Urban to leverage Municipal build out to compete with incumbent carriers
  - Reduces capital expenditure requirements by 50%, increasing margin
- Objective: 3-4 Additional municipal partnerships in 2016: 10 year deals, with 10 year options



# POSITIONING: RESIDENTIAL

|              | Low                    | Medium                 | Fast                       |
|--------------|------------------------|------------------------|----------------------------|
| <b>Telus</b> | \$63<br>(15x1 Mbps)    | \$68<br>(25x5 Mbps)    | \$93<br>(100x20 Mbps)      |
| <b>Shaw</b>  | \$53<br>(5x0.5 Mbps)   | \$93<br>(60x6 Mbps)    | \$123<br>(120x10 Mbps)     |
| <b>Novus</b> | \$40<br>(25x10 Mbps)   | \$62<br>(50x10 Mbps)   | \$113<br>(300x15 Mbps)     |
| <b>URBAN</b> | \$49<br>(100x100 Mbps) | \$49<br>(100x100 Mbps) | \$79<br>(1,000x1,000 Mbps) |

# POSITIONING: COMMERCIAL

|               | SMB<br>MEDIUM                | SMB<br>FAST                  | ENTERPRISE<br>MEDIUM         | ENTERPRISE<br>FAST             |
|---------------|------------------------------|------------------------------|------------------------------|--------------------------------|
| <b>Telus</b>  | \$69<br>6x1 Mbps             | \$99<br>25x10 Mbps           | \$129<br>50x10 Mbps          | \$1,400<br>100x100 Mbps        |
| <b>Shaw</b>   | \$55<br>5x0.5 Mbps           | \$65<br>20x1.5 Mbps          | \$85<br>30x2.5 Mbps          | \$1,400+<br>100x100 Mbps       |
| <b>Novus</b>  | \$75<br>25x25 Mbps           | \$148<br>50x50 Mbps          | \$249<br>100x100 Mbps        | -                              |
| <b>URBAN</b>  | <b>\$149</b><br>100x100 Mbps | <b>\$149</b><br>100x100 Mbps | <b>\$149</b><br>100x100 Mbps | <b>\$499</b><br>1000x1000 Mbps |
| <b>Margin</b> | <b>60%+</b>                  | <b>60%+</b>                  | <b>60%+</b>                  | <b>60%+</b>                    |

10

# PROJECTED SUBSCRIBER GROWTH

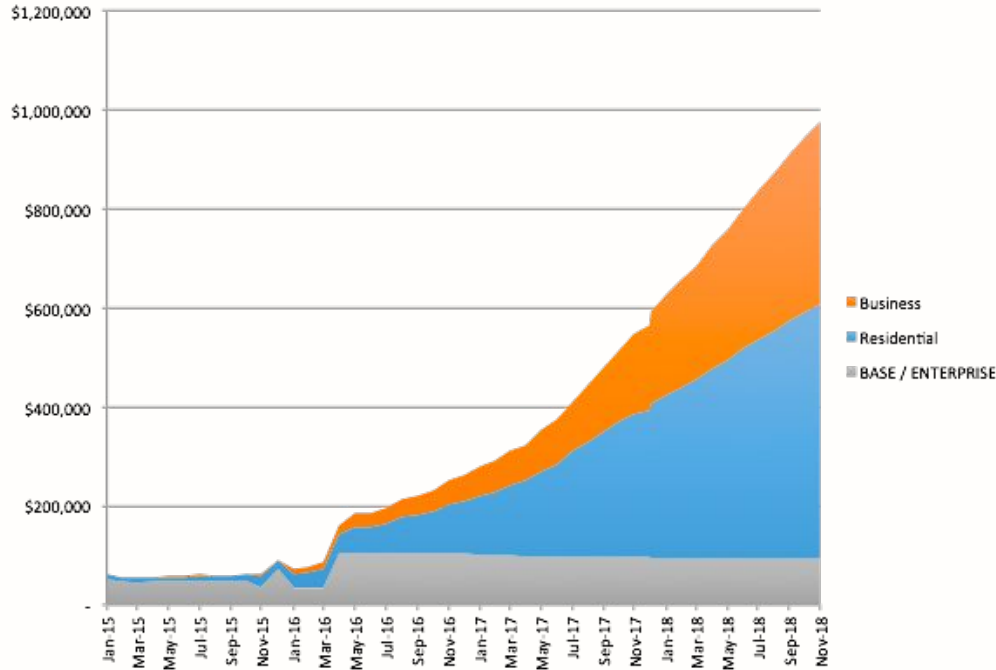
*Urban is targeting to have 5,886 residential and 840 commercial customers on-net by the end of 2018.*

|   |             | 2016  | 2017  | 2018  |
|---|-------------|-------|-------|-------|
| Buildings Live:   | Residential | 98    | 207   | 325   |
|   | Commercial  | 36    | 105   | 207   |
| Total   |             | 134   | 312   | 532   |
|   |             |       |       |       |
| Urban Internet Subscribers:   | Residential | 1,499 | 3,253 | 5,886 |
|   | Commercial  | 120   | 388   | 840   |
| Total   |             | 1,618 | 3,642 | 6,725 |
| Subscriber Value = 48 months revenue. Deals in Canada have seen as high as 60 months revenue. |             |       |       |       |

11

# MONTHLY FORECAST REVENUES BY SOURCE

*Growing Demand for UBN's 1-Gig Internet - 5,000 requests for Service since April 2015*



# HIGHLY EXPERIENCED MANAGEMENT TEAM

## **JOHN FARLINGER** – Chief Executive Officer

Veteran technology executive with over 20 years of experience in telecom, operations, technology, and finance. Past tenures include:

- CEO, Titan Communications/Galaxy Multimedia Inc
- CEO & President, Adzilla (Silicon Valley) Inc.
- COO, Quanta Investments Inc. (Seattle)
- CFO, Lavalife

## **JON PAUL JANZE** – VP of Product Marketing

20 years experience in technology product marketing and product management. Past roles include:

- Head, Product Marketing, Global Email Security Provider, Fusemail
- Director, Product Management, Sutus Inc.
- Director of Marketing, Titan Communications/Galaxy Multimedia Inc.
- Director, Product Development Group, Adzilla (Silicon Valley) Inc.

## **MICHAEL SCHMIDT** – President

20 years sales and marketing experience. Past tenures include:

- VP, Business Development, TeliPhone Corp
- CEO, Uniserve Communications Corp. (TSX.V:USS)
- VP, Sales & Marketing, Parasun Technologies Inc.

## **TOM SAMPLONIUS** – VP of Technology

Seasoned Internet technologist, specializing in ISP technology and operations with 20+ years experience. Past roles include:

- Director Product Development, Telephone Navigata-Westel
- VP Engineering, Titan Communications/Galaxy Multimedia Inc.
- VP Network & Technology, Uniserve Com. Corp. (TSX.V:USS)
- VP of Technology, Superb Internet

## **GEOFF HULTIN** - VP Corporate Sales

Over 20 years of sales, business development and product management experience in the telecom sector. Previous Positions include:

- Lead Unified Comms. sales efforts in BC, MTS Allstream,
- Infrastructure Solutions Product Manager, Bell Canada,
- Managing Director, Consumer Strategy, Telus