Urban Communications Inc. (UBN), incorporated in 1988 and headquartered in Burnaby, Canada, is a company that owns and operates telecommunications networks for the delivery of Internet, voice, video, and broadband applications. UBN offers services to commercial, residential, and public sector customers over its 200km fiber optic network in the metro Vancouver and Victoria areas of British Columbia, Canada. UBN services include Internet access, telephone, IPTV and cable television, as well as data center services, fibre lease, web and email hosting. UBN’s major asset is its fiber optic telecommunications network constructed over a 10-year span, however the company also owns two operating subsidiaries - Urban Networks Inc. and Wimsey Entertainment Corp. UBN also has a $10.8M tax loss carry forward. Valuation of UBN is based upon replacement costs for fiber networks, current infrastructure value / growth potential, and its inherent value as a public company. While current market cap is $3.9M, independent analysts value Urban’s fibre network at $14.1M, on a replacement basis; with potential acquisition transaction values ranging from $13.5M to $31M.

The potential existing serviceable market is approximately 850,000 residential units and 80,000 commercial enterprises. UBN is a Canadian Radio-Television and Telecommunications Commission (CRTC) registered, non-dominant carrier. UBN competitors range from smaller firms such as Telophop Communications ($1.94 M market cap) to larger firms such as BCE Inc. ($45 Billion market cap) to Google (Alphabet) whose Google Fiber is now a major competitor in the USA. Direct competitors are Telus Canada, Shaw Communications and Novus. These direct competitors have little differentiation from each other, however UBN’s disruptive residential positioning. With the current ‘cord-cutting’ trends of households dropping cable TV, a 12.7% drop in January alone (Source: Nomura 2015), the rapid increase in subscription video-on-demand services, 27% year over year (Source: NPD Group 2013), the increase in number of connected devices per household, average of 5.2 (Source: Erickson 2014) and the evolution to a two-way internet (upload not just download), UBN’s ultra high-speed, symmetrical Internet service is well positioned in a fast moving industry and expects continued growth.

UBN has new management with CEO John Farlinger, a veteran 20-year technology executive who held past positions as CEO with Titan Communications and Adzilla New Media Inc. Mike Schmidt serves as President with over 20 years sales and marketing experience, and Julie van Baarsen serves as CFO with 23 years as a Chartered Accountant. The new management team has revised the business strategy to focus on growth with additional financing arrangements intended to offset operational losses that will create new opportunities to increase revenue. UBN currently has sufficient capital to meet obligations in the short term (with current placement); longer term may be dependent on UBN’s ability to raise further financing until profitable operations are attained. In order to obtain growth, UBN has a new direction focused on three high margin verticals and disruptive positioning: Residential On-Net, Commercial On-Net and “Over the Top” Services. UBN delivers 10x–50x faster Internet speeds to these verticals at lower prices than competitors. This accelerates the consumer trend to ‘cut the cord’ and enables end-to-end solutions for businesses that require high-bandwidth and low latency.

Recent 2014 / 2015 Highlights

- Completed $3M financing in Q3/Q4 2014
- UBN received $1.5M through 3 tranches of private placements at $0.10 per unit resulting in the issuance of 15 million shares.
- Company filed in late Aug. with TSXV a non-broker private placement unit offering.
- Engaged Cormark Securities Inc., leading independent investment dealer as its financial advisor to provide strategic and capital markets advice.
- Google Fiber launches in the US and has customer acceptance rates exceeding 50%. UrbanFiber model is identical to that of Google Fiber.
- Launched Canada’s first 1 Gigabit Internet service that is 10x faster than competitors.
- Recent independent valuations suggest current replacement cost value of 14.1M; With a range of possible future acquisition values of $13.5M to $31M, based on similar market related transactions, and depending on premium and share prices at the time of any future transactions if any.

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