



Chorus Limited
Level 10, 1 Willis Street
P O Box 632
Wellington 6140
New Zealand

Email: company.secretary@chorus.co.nz

STOCK EXCHANGE ANNOUNCEMENT

13 April 2018

Chorus Q3 FY18 Connections Update

The Q3 period to 31 March 2018 was characterised by a continued slowdown in line loss, with strong broadband demand in Chorus UFB zones

- **total fixed line connections declined by 16k to 1,543,000** (-23k in Q2), with most of the reduction in other fibre company zones as expected
- non-broadband copper lines declined by 17k, (-20k in Q2)
- **total broadband connections grew by 3k to 1,184,000** (-3k in Q2)
- broadband connections grew by 11k within Chorus UFB zones

Fibre uptake in UFB areas now 43%

- strongest ever quarter for fibre demand with 67k orders
- 67% of mass market fibre connections on 100Mbps
- 25% increase in 1Gbps connections to 25,000
- continued increase, albeit off a low base, of off-net "win-backs" where fibre now available

Peak time data demand continues to surge

- new peak record of 1,599 gigabits per second network throughput on 4 April 2018
- 185GB monthly average household data usage in March 2018, up from 174GB in December

ENDS

For further information:

Nathan Beaumont
Media and PR Manager
Phone: +64 4 896 4352
Mobile: +64 (21) 243 8412
Email: Nathan.Beaumont@chorus.co.nz

Brett Jackson
Investor Relations Manager
Phone: +64 4 896 4039
Mobile: +64 (27) 488 7808
Email: Brett.Jackson@chorus.co.nz



Q3 FY18 Connections Update

13 April 2018

Q3 FY18 OVERVIEW

- > **The Q3 period to 31 March 2018 was characterised by a continued slowdown in line loss, with strong broadband demand in Chorus UFB zones**
 - **total fixed line connections declined by 16k to 1,543,000** (-23k in Q2), with most of the reduction in other fibre company zones as expected
 - non-broadband copper lines declined by 17k, (-20k in Q2)
 - **total broadband connections grew by 3k to 1,184,000** (-3k in Q2)
 - broadband connections grew by 11k within Chorus UFB zones

- > **Fibre uptake in UFB areas now 43%**
 - strongest ever quarter for fibre demand with 67k orders
 - 67% of mass market fibre connections on 100Mbps
 - 25% increase in 1Gbps connections to 25,000
 - continued increase, albeit off a low base, of off-net “win-backs” where fibre now available

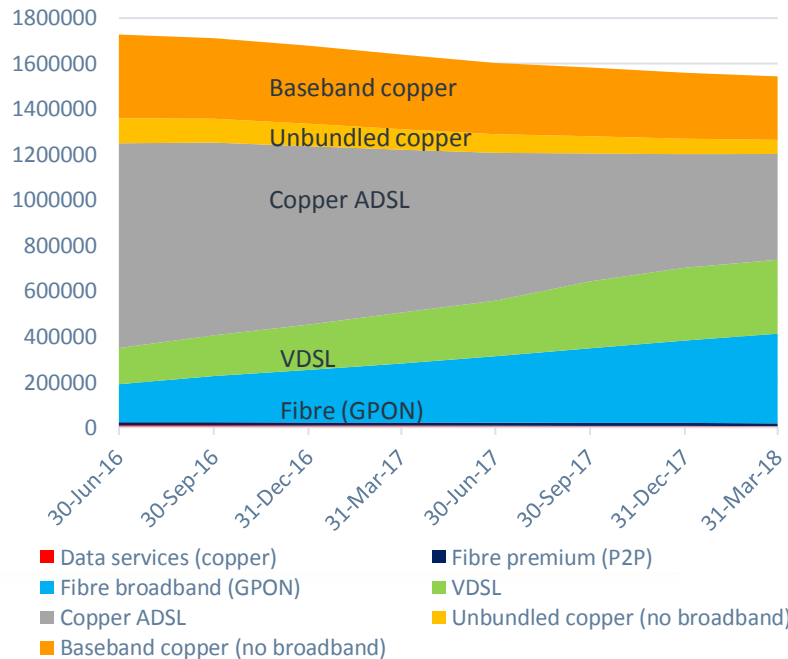
- > **Peak time data demand continues to surge**
 - new peak record of 1,599 gigabits per second network throughput on 4 April 2018
 - 185GB monthly average household data usage in March 2018, up from 174GB in December

Q3 CONNECTION TRENDS

> Total connections reduced by 16,000 to 1,543,000

- a reduction of 17,000 copper lines with no broadband (including unbundled connections)
- an increase of 3,000 total broadband connections to 1,184,000
- fibre premium connections declined as customers move to lower cost/grade inputs

	31 March 2017	30 June 2017	30 Sept 2017	31 Dec 2017	31 March 2018
Unbundled copper	90,000	82,000	76,000	68,000	62,000
Baseband copper (no broadband)	328,000	313,000	302,000	290,000	279,000
Fibre broadband (GPON)	259,000	292,000	328,000	362,000	394,000
VDSL (includes naked)	224,000	244,000	294,000	320,000	325,000
Copper ADSL (includes naked)	716,000	650,000	562,000	499,000	465,000
Data services (copper)	9,000	8,000	7,000	7,000	6,000
Fibre premium (P2P)	13,000	13,000	13,000	13,000	12,000
Total connections	1,639,000	1,602,000	1,582,000	1,559,000	1,543,000



CONNECTIONS BY ZONE

> **The table below shows indicative connection totals by zone as at 31 March**

- broadband connections within the Chorus UFB zone increased
- connections in Rural (non-UFB) zone were stable
- the pace of connection loss in the LFC UFB zone has slowed compared to the same time last year

	Chorus UFB zone*		Rural (non-UFB) zone		Local Fibre Company UFB zone*		TOTAL
		Q3 change		Q3 change		Q3 change	
Copper connections: no broadband	219,000	-13k	54,000	-1k	68,000	-3k	341,000
Broadband: copper and fibre	905,000	+11k	143,000	-	136,000	-8k	1,184,000
TOTAL	1,124,000		197,000		204,000		1,525,000**

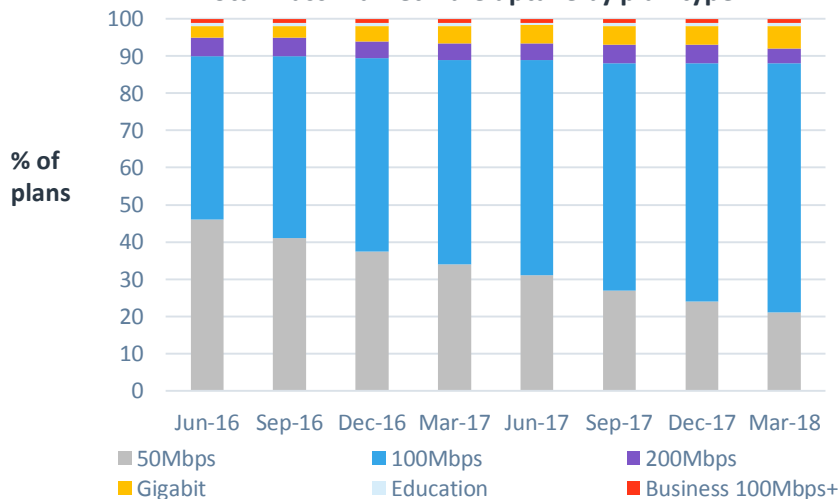
* Includes planned UFB1, 2 and 2+ coverage

**Excludes the 18k business fibre/copper data connections

FIBRE UPTAKE & USAGE

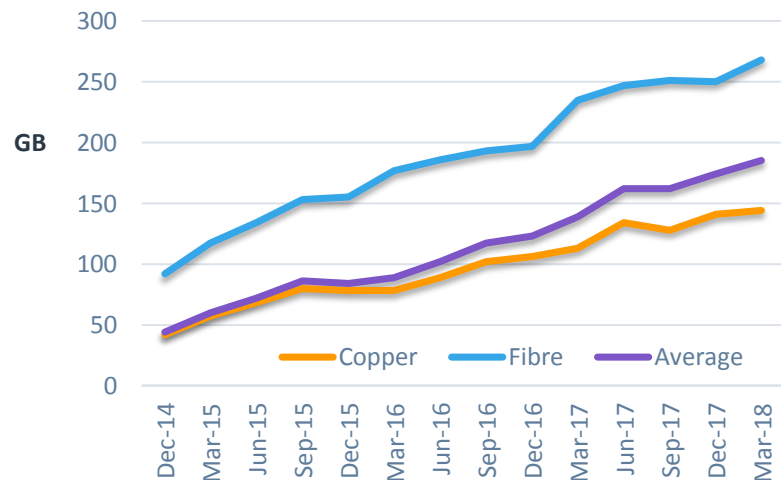
- > **32,000** mass market fibre connections added in Q3
 - 25,000 connections now on gigabit plans (Q2: 20,000)
 - 67% of mass market fibre connections on 100Mbps
 - 100/20Mbps pricing increases to \$45 monthly from 1 July

Total mass market fibre uptake by plan type



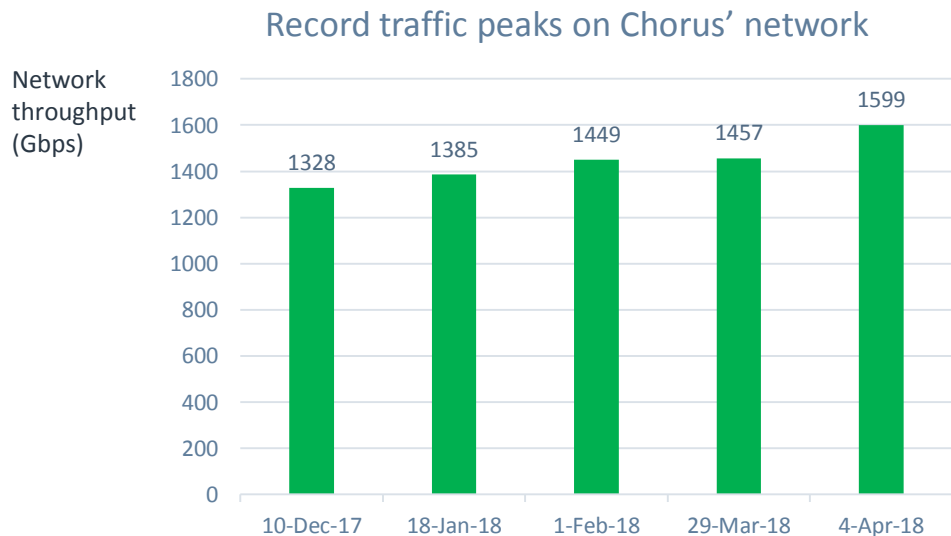
- > Monthly average data usage per connection on our network grew to **185GB** from **174GB** in Dec 2017
 - **268GB** on fibre (Dec: 250GB)
 - **144GB** on copper (Dec:141GB)

Monthly average data usage per connection on our network

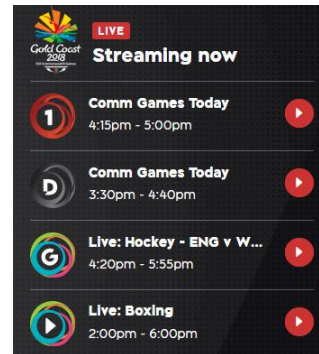


ONLINE VIEWING DRIVING RECORD PEAKS

- > **New peak traffic record of 1,599 Gbps on 4th April**
 - up 20% since Q2 record peak of 1,328Gbps on 10 December
 - increase equivalent to an extra 50,000 HD TV streams



TVNZ reports 1.33m live streams (~30m viewing minutes) during first 7 days of Commonwealth Games

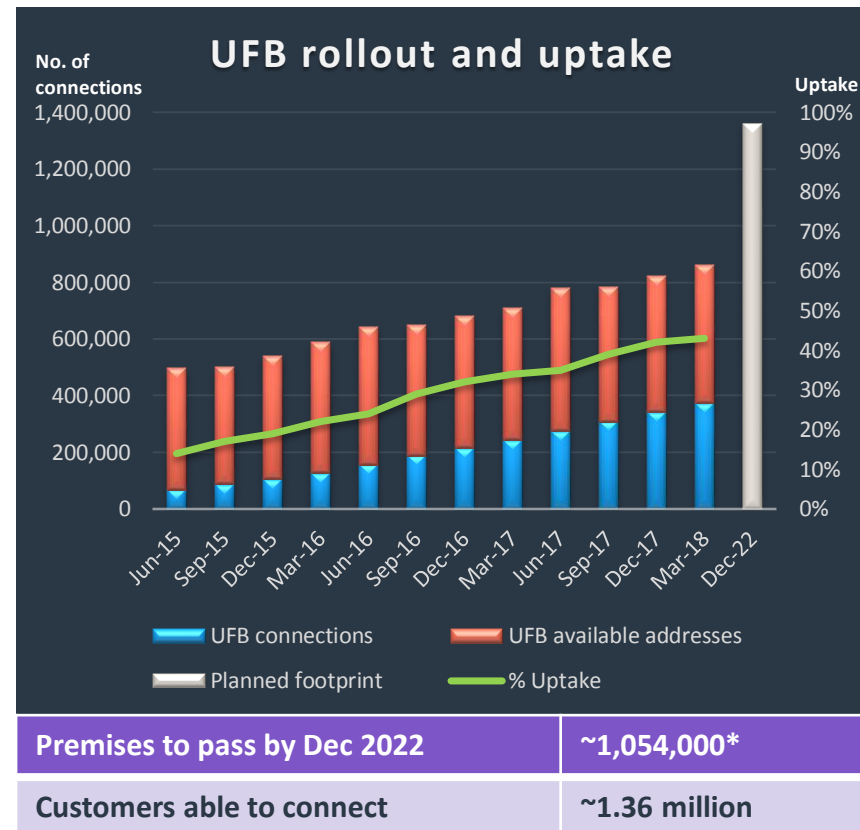


FIBRE FOCUS

- > **Record quarter for fibre demand with 67k orders**
 - 32k fibre installations completed
 - weighted average lead times reduced from 14 to 8 days
 - field crews increased from 700 to 720
 - work in progress increased from 25k to 32k

- > **Migration activity fuelling order growth**
 - 30+ concurrent campaigns (RSP and Chorus led)
 - Hokitika build + ONT trial extended to Thames: about 2/3 of customers spoken to so far agree to ONT installation
 - strong response to trial Wellington off-net campaign

- > **43% UFB uptake at 31 March (Q2: 42%)**
 - **373,000** connections
 - **863,000** customers able to connect
 - **643,000** premises passed
 - scheduled to pass 45,000 more premises in Q4

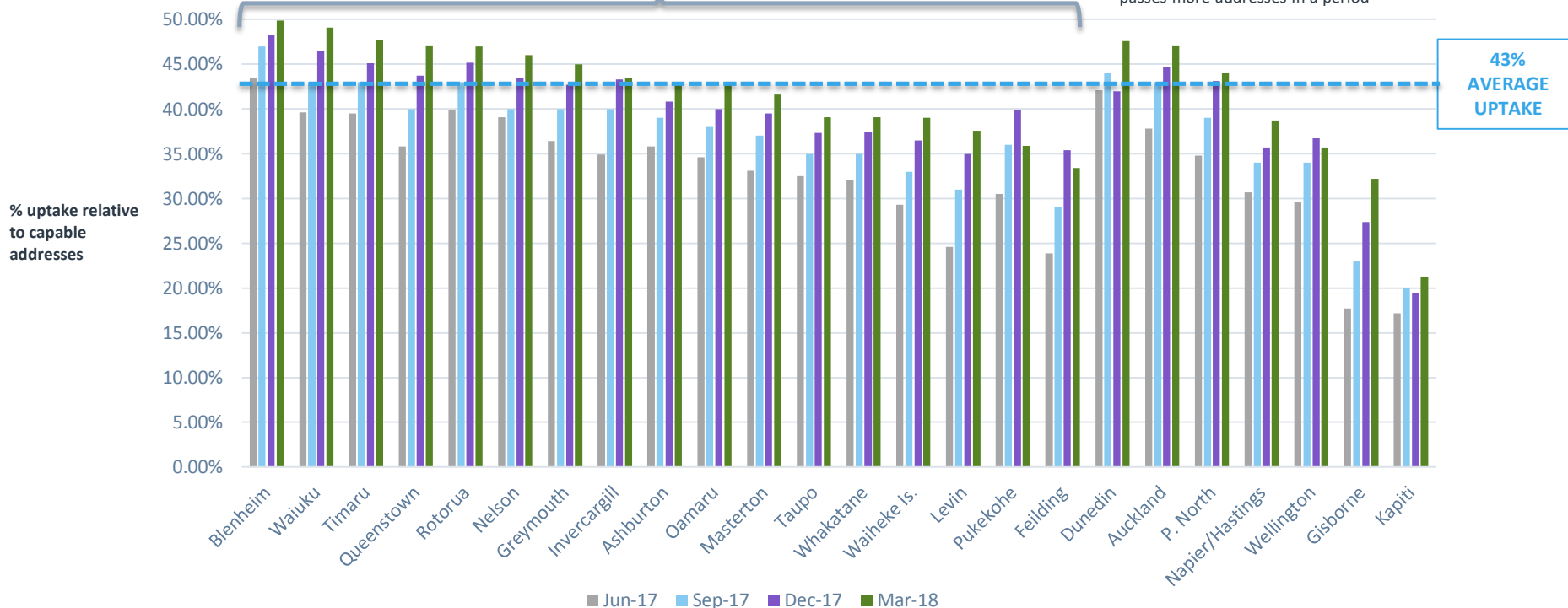


*Includes estimated 43k greenfields premises for UFB1

UFB UPTAKE BY AREA

ROLLOUT COMPLETED IN THESE AREAS

Note: % uptake can reduce in some areas as the fibre rollout passes more addresses in a period



CONNECTION SPEED

- > 61% of broadband connections now on VDSL or fibre
- > Average broadband speed has increased from 64Mbps in Dec 17 to **72Mbps** in March 18.

