

STOCK EXCHANGE ANNOUNCEMENT

17 January 2019

Chorus Q2 FY19 Connections Update

The Q2 period to 31 December 2018 saw UFB uptake grow to 51%, with fibre demand stronger than the same period in 2017.

Total fixed line connections decreased by 21k to 1,486,000 in Q2 (Q1 FY19: -19k). This was an improvement on the equivalent period in Q2 FY18 (- 23k).

- Broadband connections continued to grow in Chorus fibre areas (+5k).

Total broadband connections decreased by 4k to 1,186,000 (Q1 FY19: +3k), consistent with seasonal Q2 broadband disconnections.

- 517,000 broadband connections are now on fibre, with 38,000 fibre connections added in Q2 (Q1 FY19: 46,000; Q2 FY18: 34,000)
- 1Gbps connections grew 22% to 44,000.

Data consumption continues to grow, with 25 November setting a record of **~11 million gigabytes**

- Monthly average household data usage was **235GB** in December, up from 221GB in September. Fibre users now average **315GB** monthly, up from 307GB in September.

ENDS

For further information:

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

Holly Cushen
Senior Communications Specialist
Mobile: +64 (21) 029 94144
Email: holly.cushen@chorus.co.nz

Q2 FY19 Connections Update

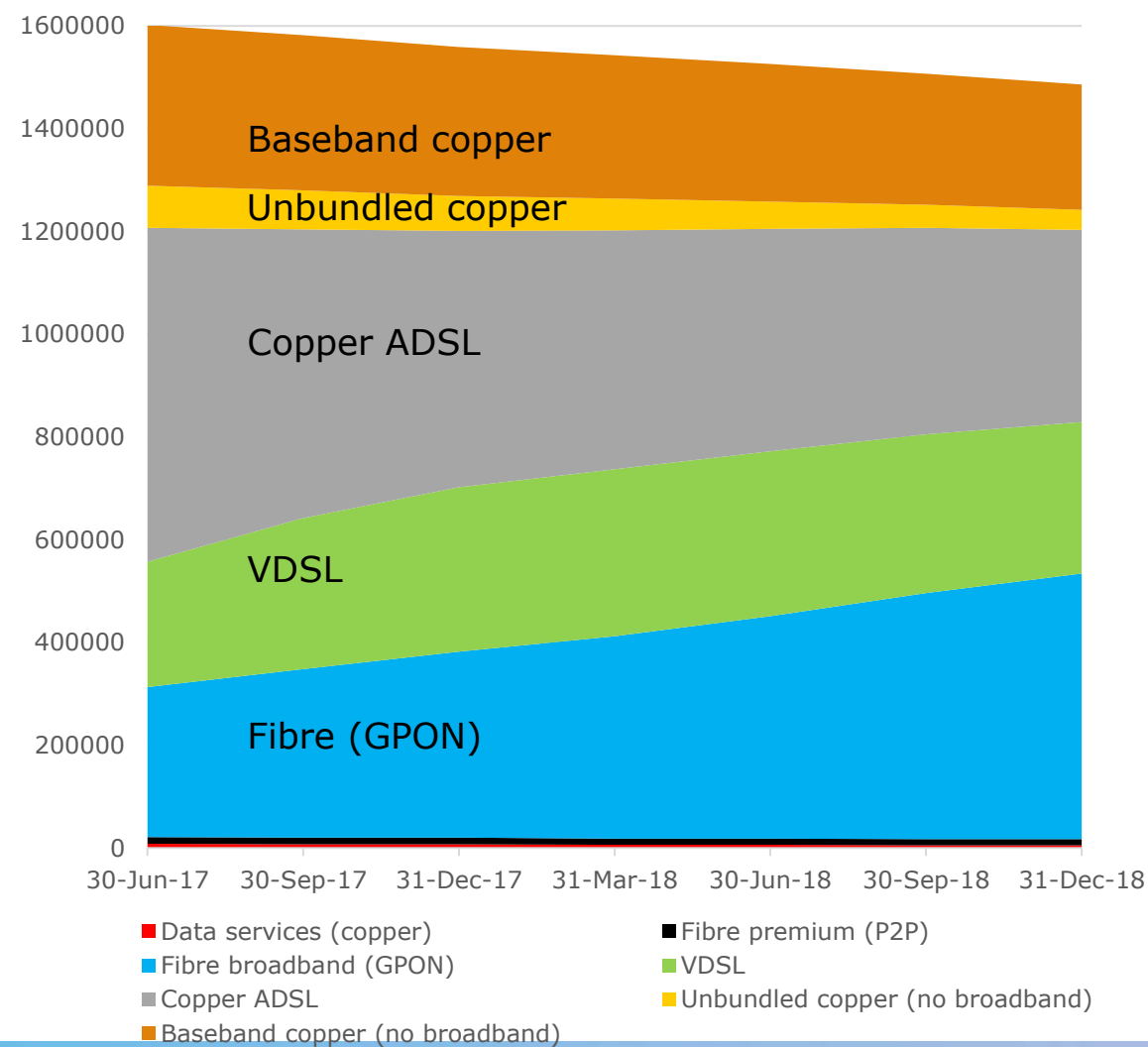
Q2 FY19 overview

UFB uptake grew to 51%, with fibre demand stronger than the same period in 2017

- > **Total fixed line connections decreased by 21k to 1,486,000 in Q2** (Q1 FY19: -19k)
 - this was an improvement on the equivalent period in Q2 FY18 (-23k)
 - broadband connections continued to grow in Chorus fibre areas (+5k)
- > **Total broadband connections decreased by 4k to 1,186,000** (Q1 FY19: +3k), **consistent with seasonal Q2 broadband disconnections**
 - 517,000 broadband connections now on fibre
 - 38,000 fibre connections were added in Q2 (Q1 FY19: 46,000; Q2 FY18: 34,000)
 - 1Gbps connections grew 22% to 44,000
- > **Data consumption continues to grow, with 25 November record of ~11 million gigabytes**
 - **235GB** monthly average household data usage in December, up from 221GB in September
 - fibre users now average **315GB** monthly, up from 307GB in September

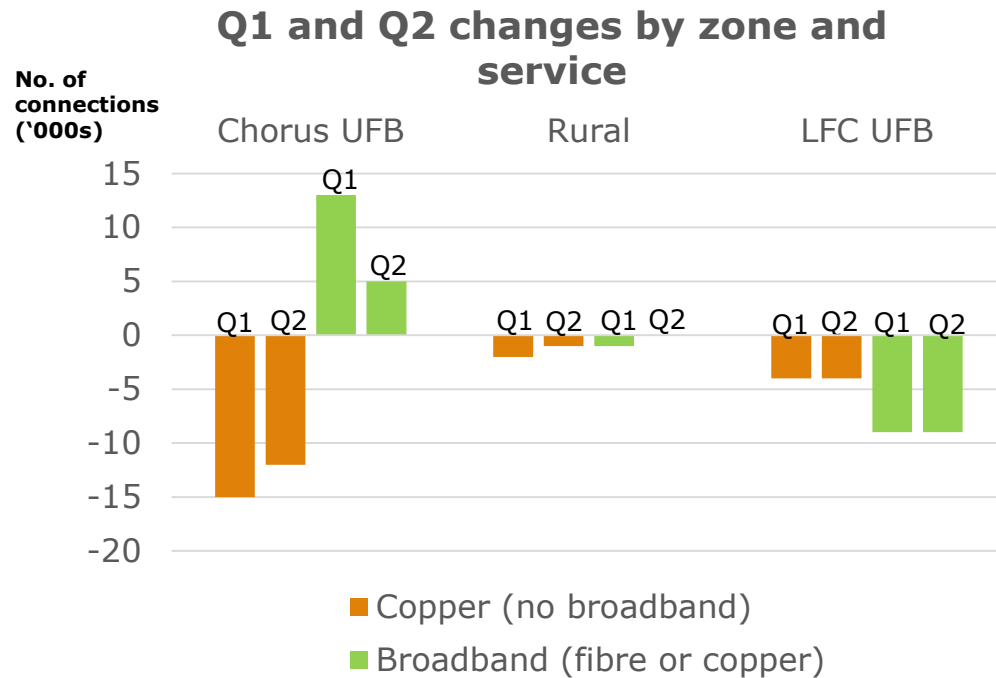
Q2 connection trends

	31 Dec 2017	31 March 2018	30 June 2018	30 Sept 2018	31 Dec 2018
Unbundled copper	68,000	62,000	53,000	45,000	39,000
Baseband copper (no broadband)	290,000	279,000	268,000	255,000	244,000
Fibre broadband (GPON)	362,000	394,000	433,000	479,000	517,000
VDSL (includes naked)	320,000	325,000	321,000	309,000	295,000
Copper ADSL (includes naked)	499,000	465,000	433,000	402,000	374,000
Data services (copper)	7,000	6,000	6,000	5,000	5,000
Fibre premium (P2P)	13,000	12,000	12,000	12,000	12,000
Total connections	1,559,000	1,543,000	1,526,000	1,507,000	1,486,000



Connection movements by Zone - indicative

- > **Total fixed line connections decreased by 21k to 1,486,000 in Q2** (Q1 FY19: -19k)
 - broadband connections continued to grow in Chorus UFB areas (+5k), albeit at a slower pace than Q1 (+13k) reflecting seasonal factors (e.g. holidays and student disconnections)



CONNECTIONS	Chorus UFB zone*	Rural (non-UFB) zone	Local Fibre Company UFB zone	TOTAL
Broadband: copper + fibre	922,000	153,000	111,000	1,186,000
Copper connections: no broadband	177,000	49,000	57,000	283,000
TOTAL 31 Dec	1,099,000	202,000	168,000	1,469,000**
TOTAL 30 Sept	1,106,000	203,000	181,000	1,490,000**

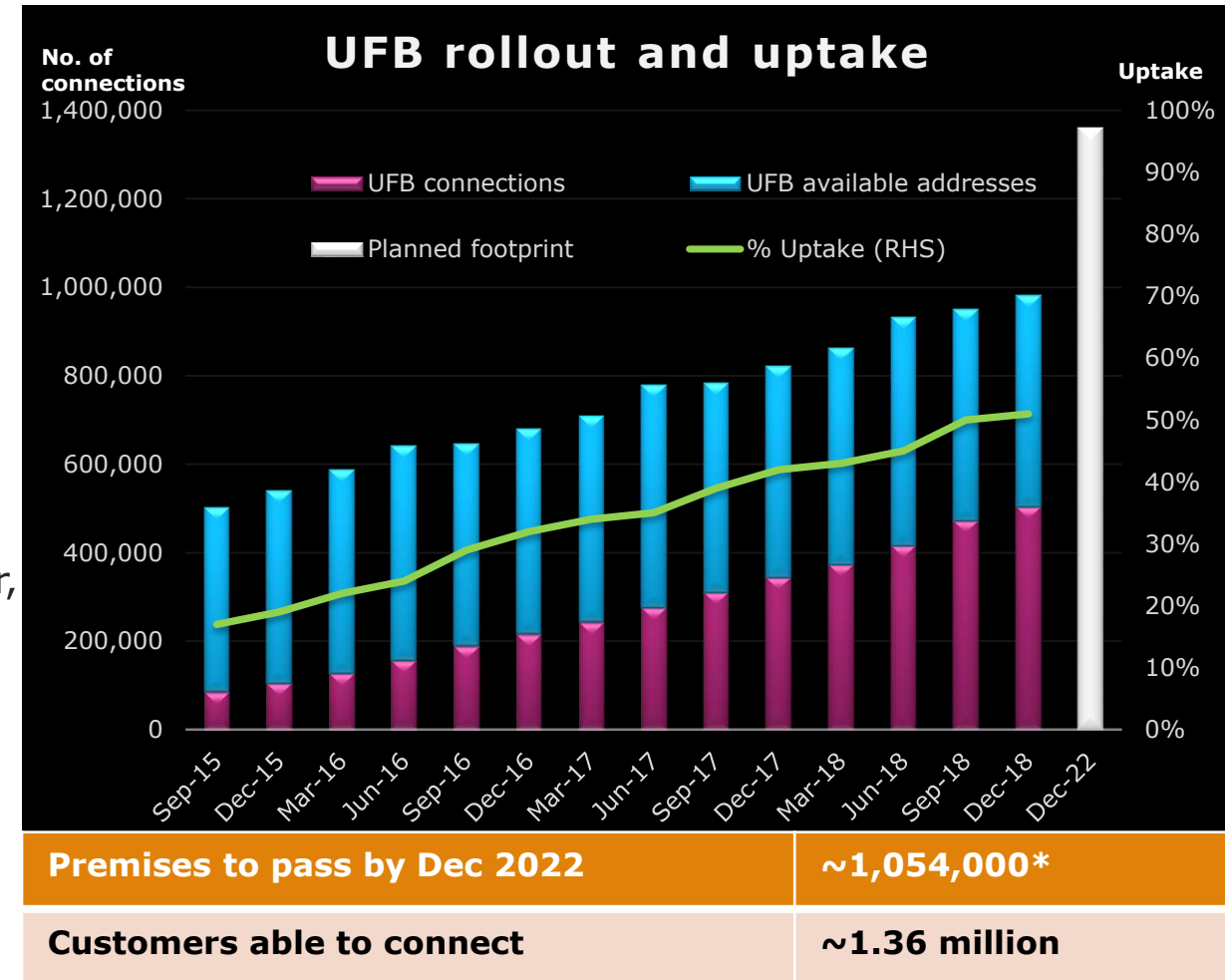
* Includes planned UFB1, 2 and 2+ coverage

**Excludes fibre premium and data services (copper) connections

UFB rollout and uptake

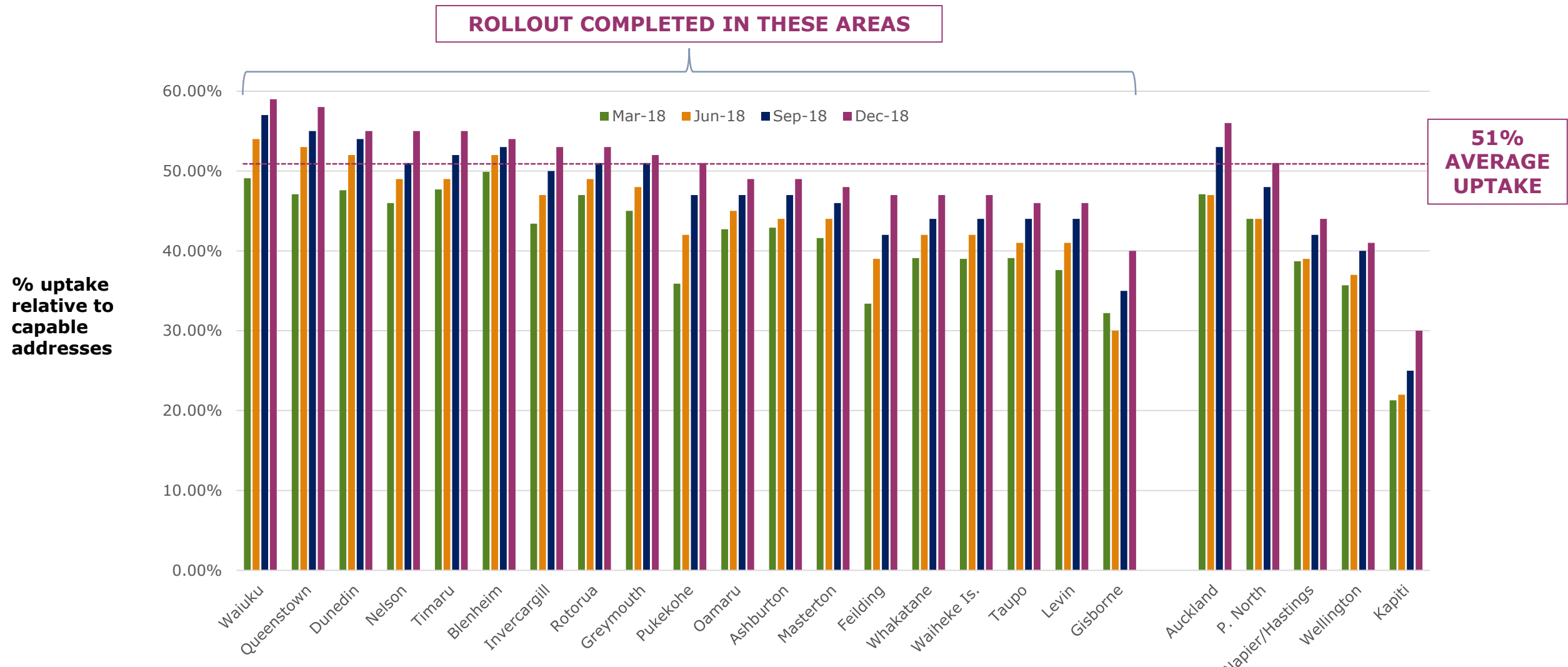
- > **51% UFB uptake at 31 Dec (30 Sept: 50%)**
 - **504,000** connections
 - **981,000** customers able to connect
 - **738,000** premises passed
 - strong rate of uptake in UFB2 areas: Horotiu 52%, Hokitika 43%

- > **Good progress on customer experience initiatives**
 - customer satisfaction score of **7.8** achieved in November, up from 7.5 in September
 - achieved target of connecting **50%** of fibre installations within a day
 - field crews reduced to **750** vs 770 at 30 Sept
 - work in progress reduced to **22k** vs 25k at 30 Sept
 - weighted average lead times increased to **12 days** in December (30 Sept: 8 days)



*Includes estimated 43k greenfields premises for UFB1

UFB1 uptake



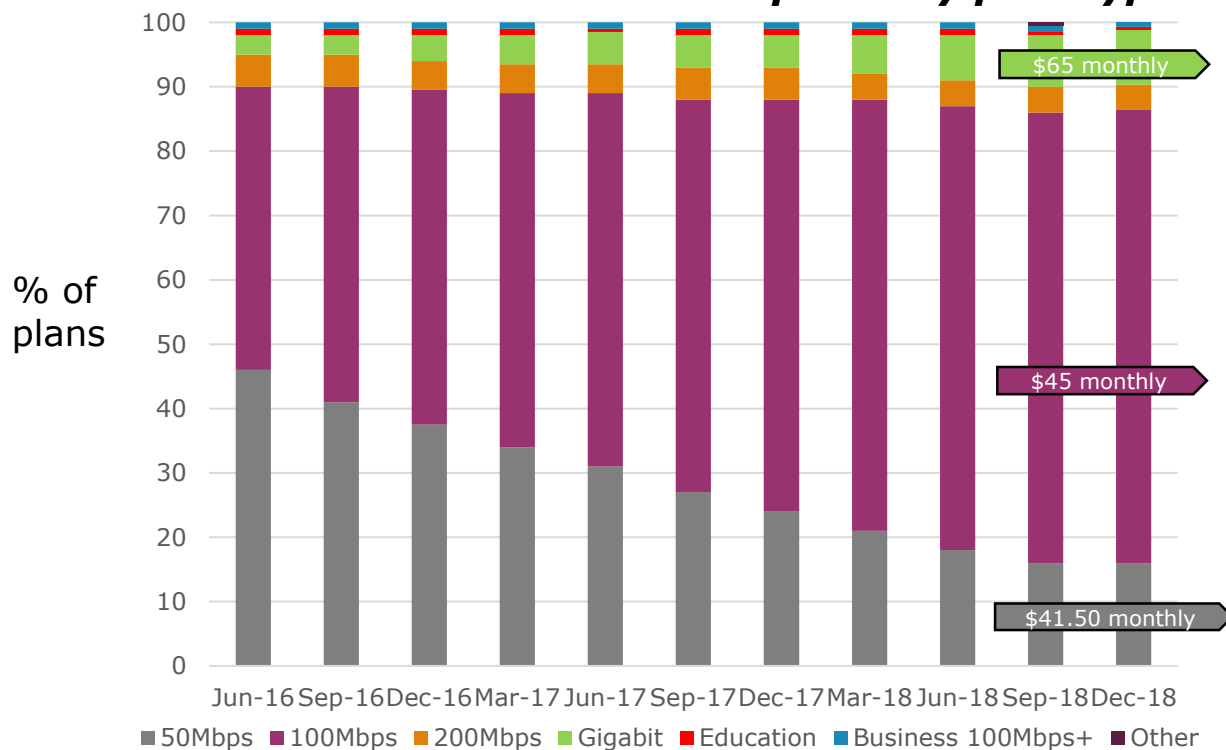
Note: % uptake can reduce in areas as the fibre rollout passes more addresses in a period

Fibre uptake and data demand

> **38,000** mass market fibre connections added in Q2

- 44,000 connections now on gigabit plans (Q1: 36,000)
- 71% of mass market fibre connections on 100Mbps

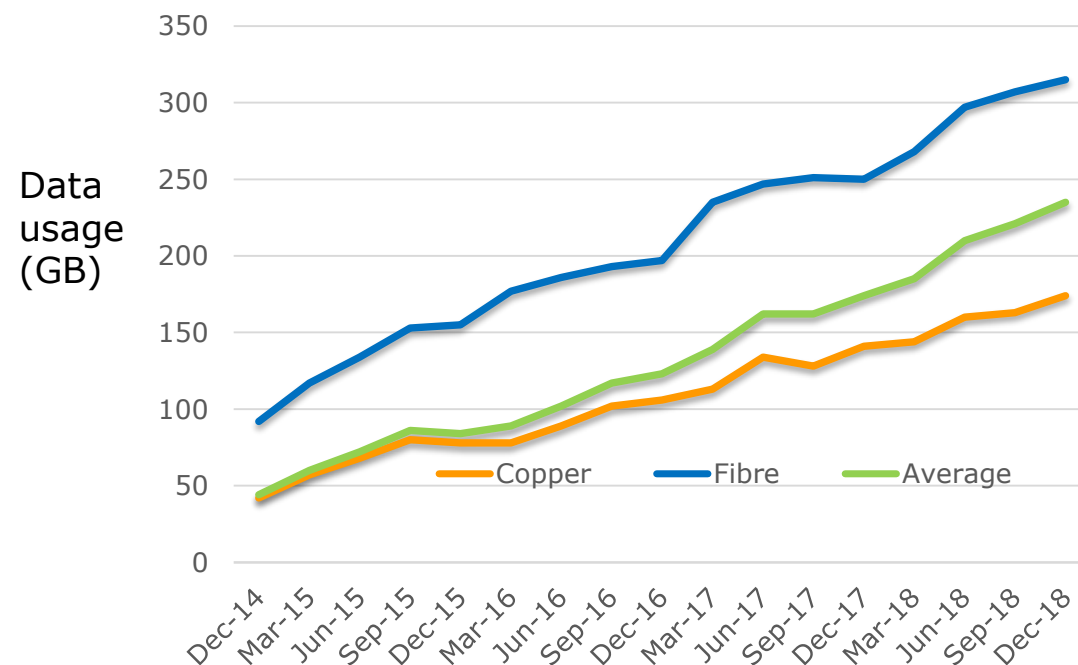
Total mass market fibre uptake by plan type



> Monthly average data usage per connection on our network grew to **235GB** from **221GB** (Sept 2018)

- **315GB** on fibre (Sept: 307GB)
- **174GB** on copper (Sept:163GB)

Monthly average data usage per connection on our network

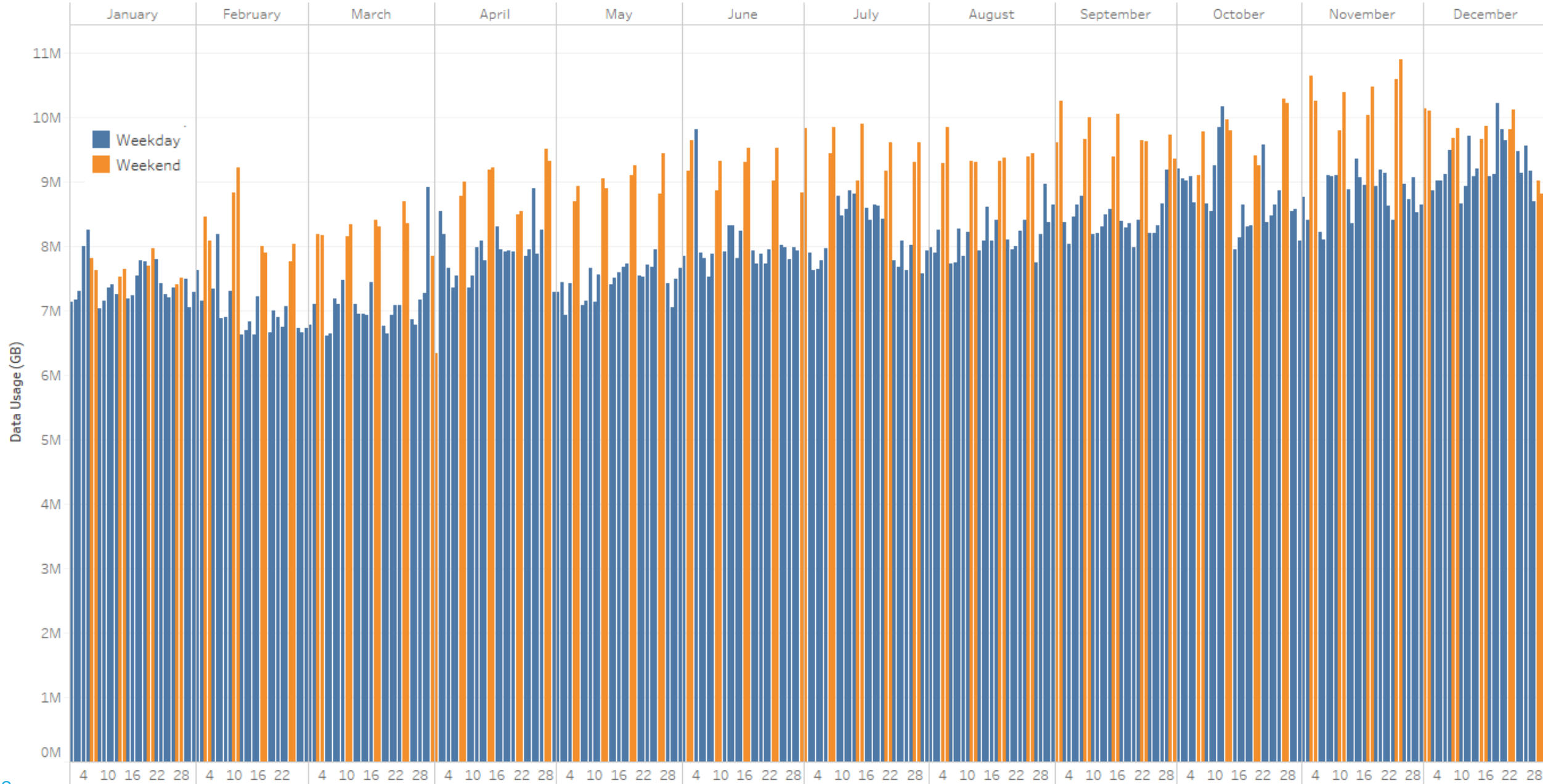


Data usage continues to rise

- > **Total data usage on Chorus' network grew strongly through 2018 (see Graph 1)**
 - weekends (orange columns) typically had the highest data usage, with Sunday 25 November setting the 2018 record at just under 11 million gigabytes of data
 - Sunday 1 April (Easter holidays) had the lowest usage with 6 million gigabytes
 - data usage on weekends tends to be lowest through December and January
 - there was a clear correlation between weekday data usage and school holidays (April, July, October)

- > **Peak time usage, typically around 9pm in the evening, also grew strongly in 2018 (see Graph 2)**
 - live streaming of the Commonwealth Games (4-15 April) drove a significant step up in peak time traffic
 - new season releases and software updates associated with gaming phenomenon *Fortnite* drove subsequent record peaks in usage in May, July, September and October
 - the lowest peak time usage was recorded on New Year's Eve

Graph 1: Daily data usage on Chorus' network in 2018



Graph 2: Peak time usage in 2018, by day

