CHORUS

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STOCK EXCHANGE ANNOUNCEMENT

10 April 2019

Chorus Q3 FY19 Connections Update

The Q3 period to 31 March 2019 saw broadband connections rebound, with UFB uptake growing to 53%.

Total fixed line connections declined by 14k to 1,472,000 in Q3 (Q3 FY18: -16k)

- broadband growth returned to Q1 levels in Chorus fibre areas, largely offsetting declines in copper lines with no broadband
- the pace of connection losses in other fibre company zones slowed

Total broadband connections grew by 5k to 1,191,000 (Q3 FY18: +3k)

- fibre demand was strong through Q3, with **43,000** fibre installations completed
- fibre uptake within our UFB areas increased to **53%**, up from 51% in December
- Waiuku and Queenstown lead with 62% uptake, while demand in Auckland is also strong at 57%
- demand for 1Gbps connections grew to 50,000 connections, up from 44,000 in December

Monthly average data usage grew to 247GB

- fibre users now averaging **329GB** monthly, up from 315GB in December
- peak time data usage has begun exceeding **1.8Tbps**, up from 1.3Tbps in March 2018

ENDS

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Q3 FY19 Connections Update

10 April 2019

Q3 FY19 overview

Broadband connections rebounded, with UFB uptake growing to 53%

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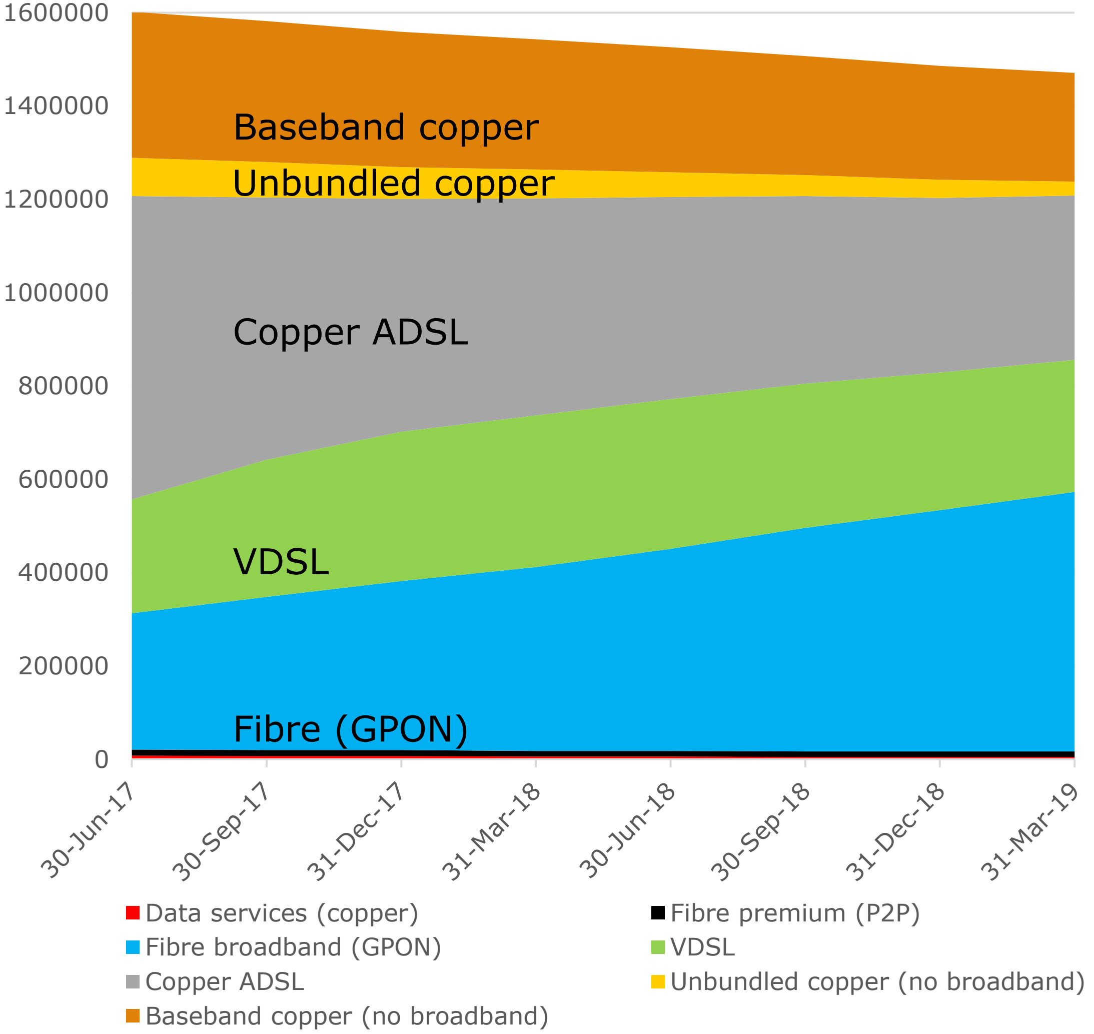
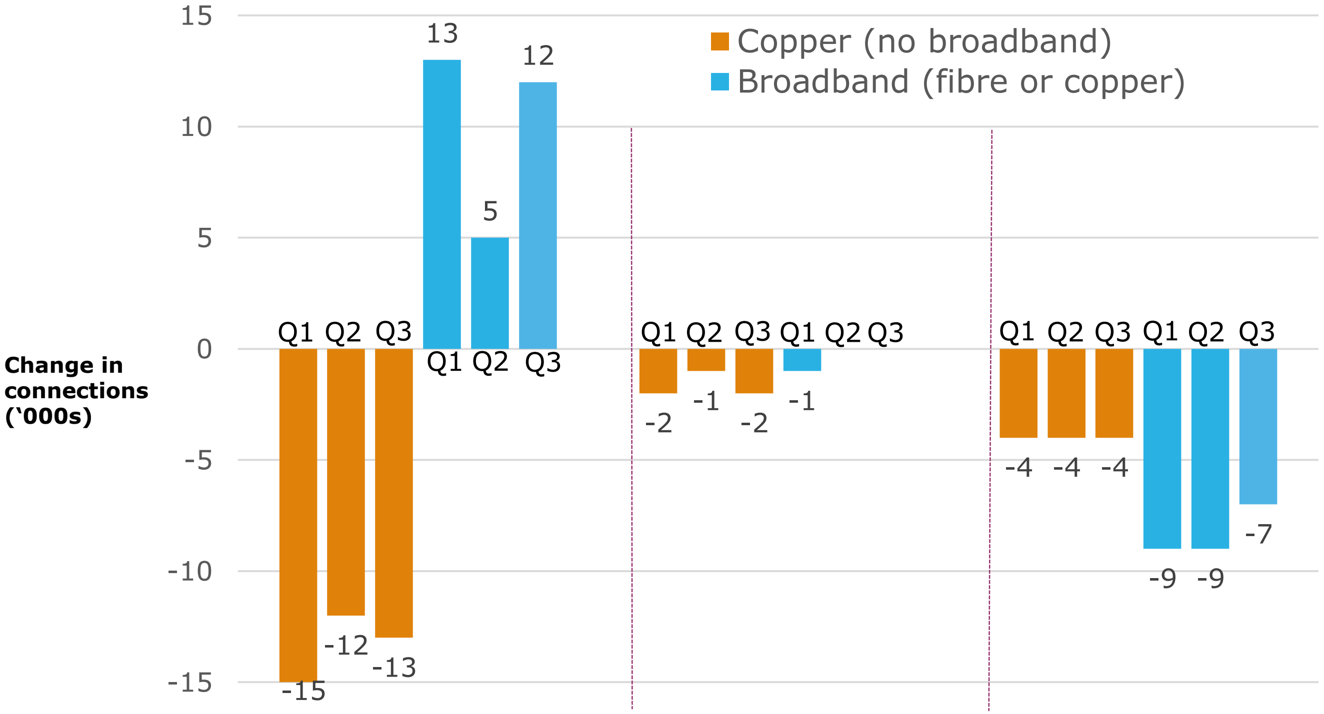
Fibre now 47% of broadband connections

	31 March 2018	30 June 2018	30 Sept 2018	31 Dec 2018	31 March 2019
Unbundled copper	62,000	53,000	45,000	39,000	31,000
Baseband copper (no broadband)	279,000	268,000	255,000	244,000	233,000
Fibre broadband (GPON)	394,000	433,000	479,000	517,000	556,000
VDSL (includes naked)	325,000	321,000	309,000	295,000	283,000
Copper ADSL (includes naked)	465,000	433,000	402,000	374,000	352,000
Data services (copper)	6,000	6,000	5,000	5,000	5,000
Fibre premium (P2P)	12,000	12,000	12,000	12,000	12,000
Total connections	1,543,000	1,526,000	1,507,000	1,486,000	1,472,000



Connection movements by Zone (indicative)

> **Broadband connections grew by 12k in Chorus UFB areas**
- broadband growth in Chorus areas offsetting broadband reductions in LFC zone
- line loss in LFC zone slowed slightly in Q3
- VDSL and vectoring upgrades continue to support broadband demand in rural areas

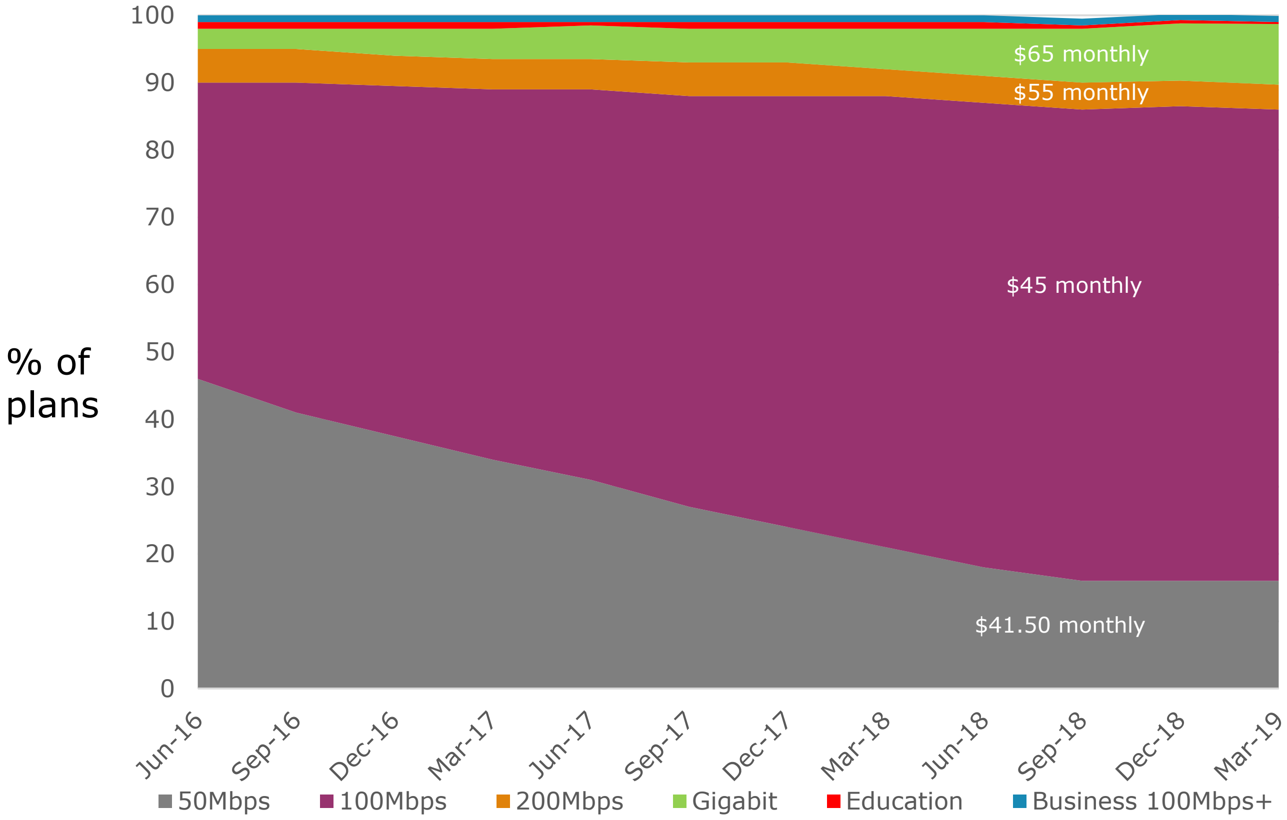


	Chorus UFB zone*	Rural (non-UFB) zone	Local Fibre Company UFB zone
Total connections at 31 March**	**1,098,000**	**200,000**	**157,000**
Broadband connections	934,000	153,000	104,000
Copper (no broadband) connections	164,000	47,000	53,000

* Includes planned UFB1, 2 and 2+ coverage
**Excludes 17k fibre premium and data services (copper) connections

1Gbps connections gaining share

Total mass market fibre uptake by plan type



> **39,000** mass market fibre connections added in Q3 (vs 32k Q3 FY18)

- 1Gbps uptake grew to 9%: 50k connections, up from 44k at 31 Dec
- 70% of mass market fibre connections on 100Mbps

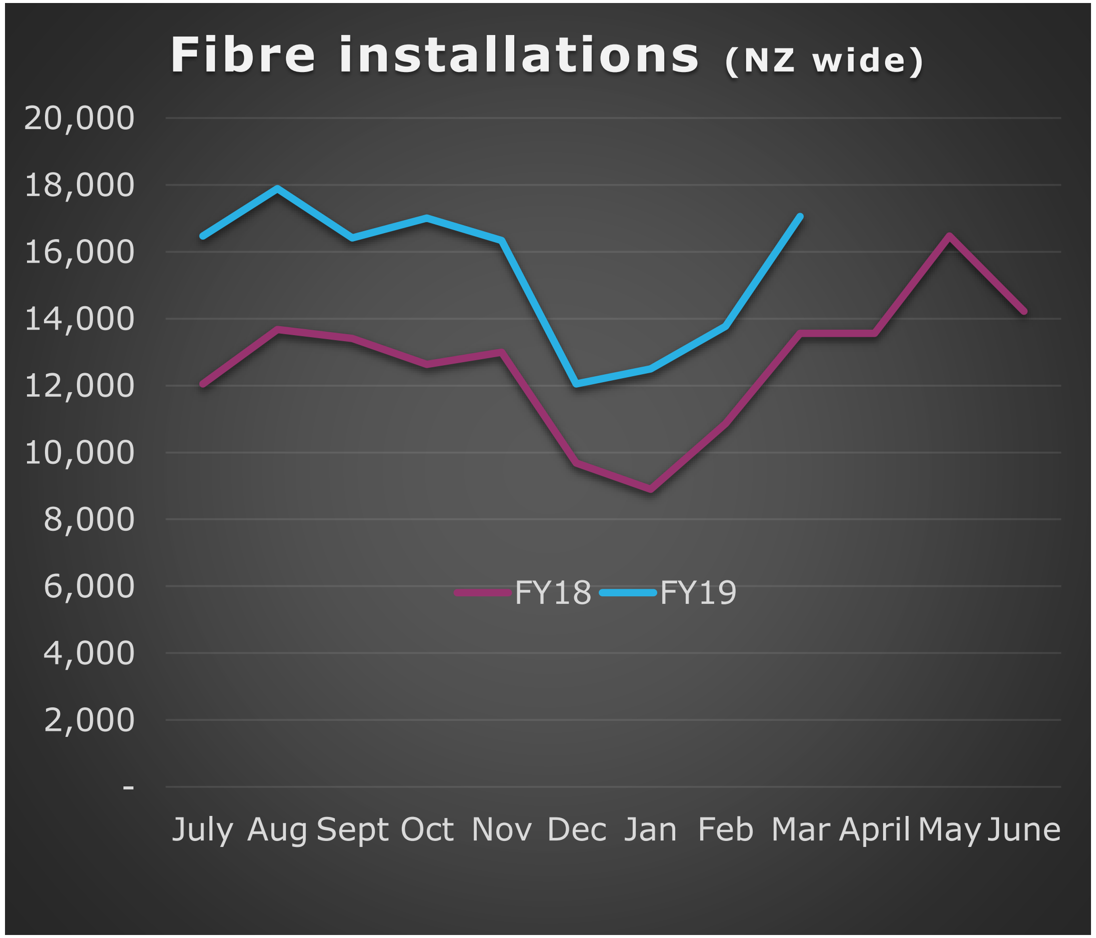
> **Q4 incentives** for retailers to connect new customers, or upgrade existing customers, to higher speed fibre plans:

- ≥75% of orders in Q4 are 100Mbps or faster = $50 credit per eligible connection
- 15% ≤ 25% of orders in Q4 are 1Gbps = $125 credit per eligible connection
- > 25% of orders in Q4 are 1Gbps = $150 credit per eligible connection

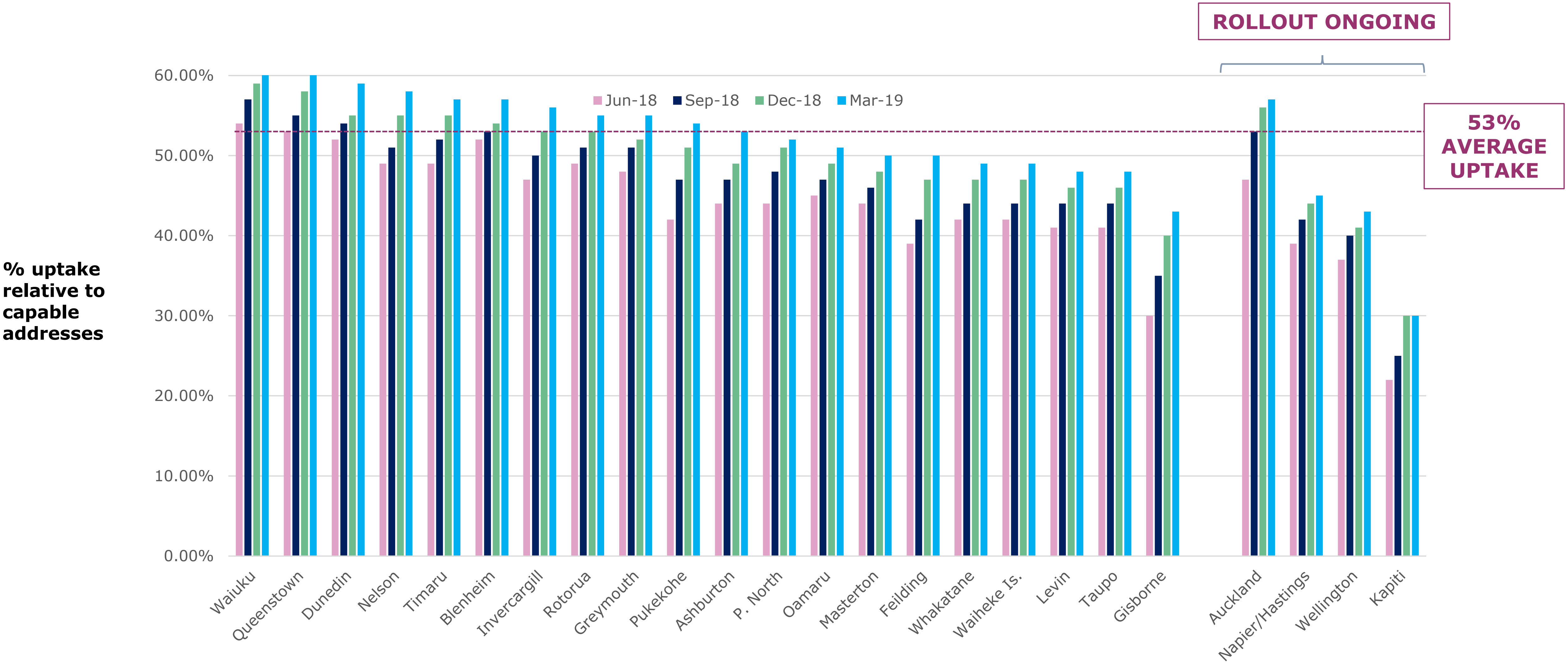
UFB uptake grows to 53%

> **UFB rollout now 73% complete with another 33,000 premises passed**
- **771,000** premises passed (31 Dec: 738,000)
- **1,024,000** customers able to connect (31 Dec: 981,000)
- **543,000** connections (31 Dec: 504,000) = uptake grew from 51% (31 Dec) to 53% (31 March)

> **43,000 installations completed in Q3**
- weighted average lead times reduced to **9 days** vs 12 days in December
- work in progress increased from 22k to **26k**



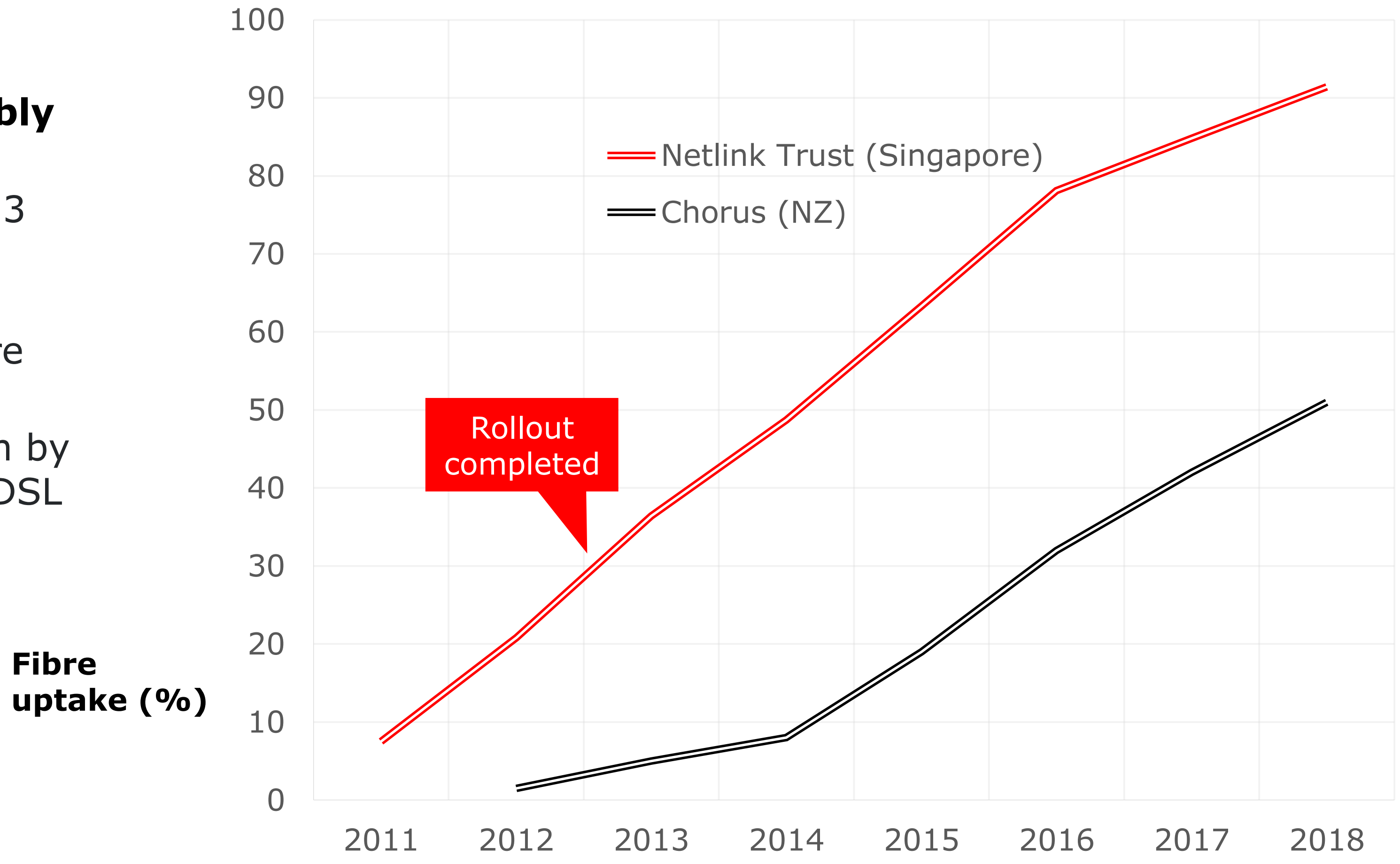
UFB1 uptake



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

Chorus uptake on similar trajectory to Singapore

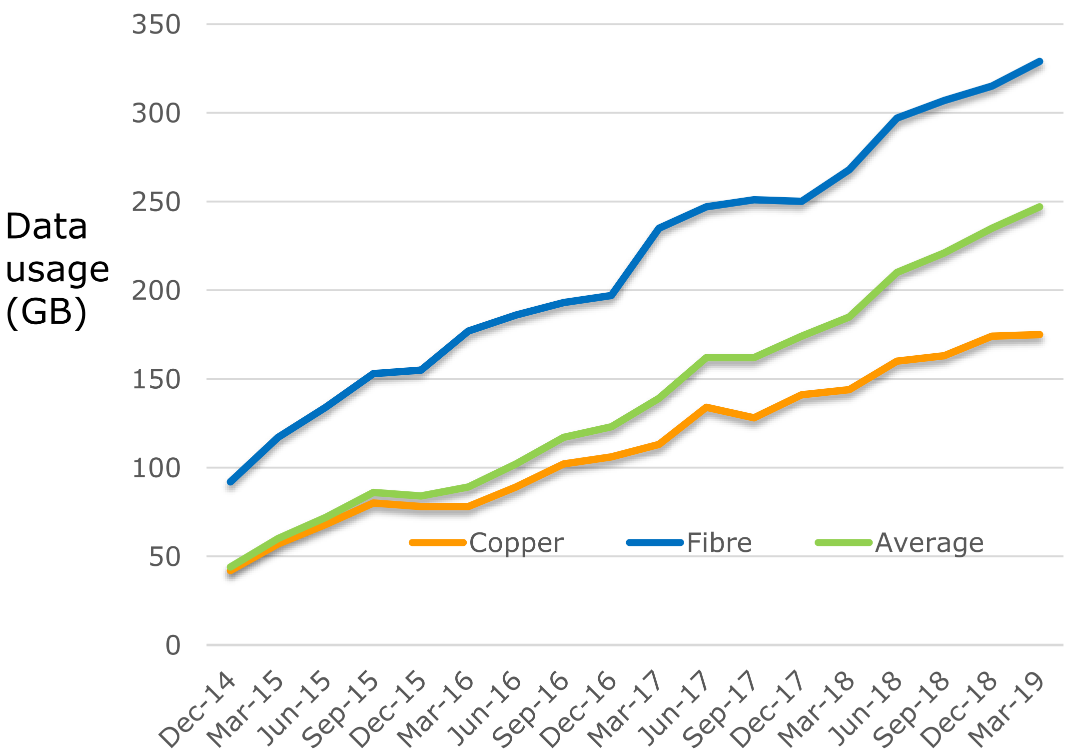
> **Chorus fibre uptake compares favourably to Netlink Trust (Singapore)**
- Singapore fibre rollout completed in 2013
- Chorus fibre rollout will be completed in 2022: the ongoing growth in network footprint is offsetting the increase in fibre uptake
- Singapore's fibre uptake has been driven by the imminent shutdown of third party ADSL and cable networks



Source: Analysys Mason, Chorus data

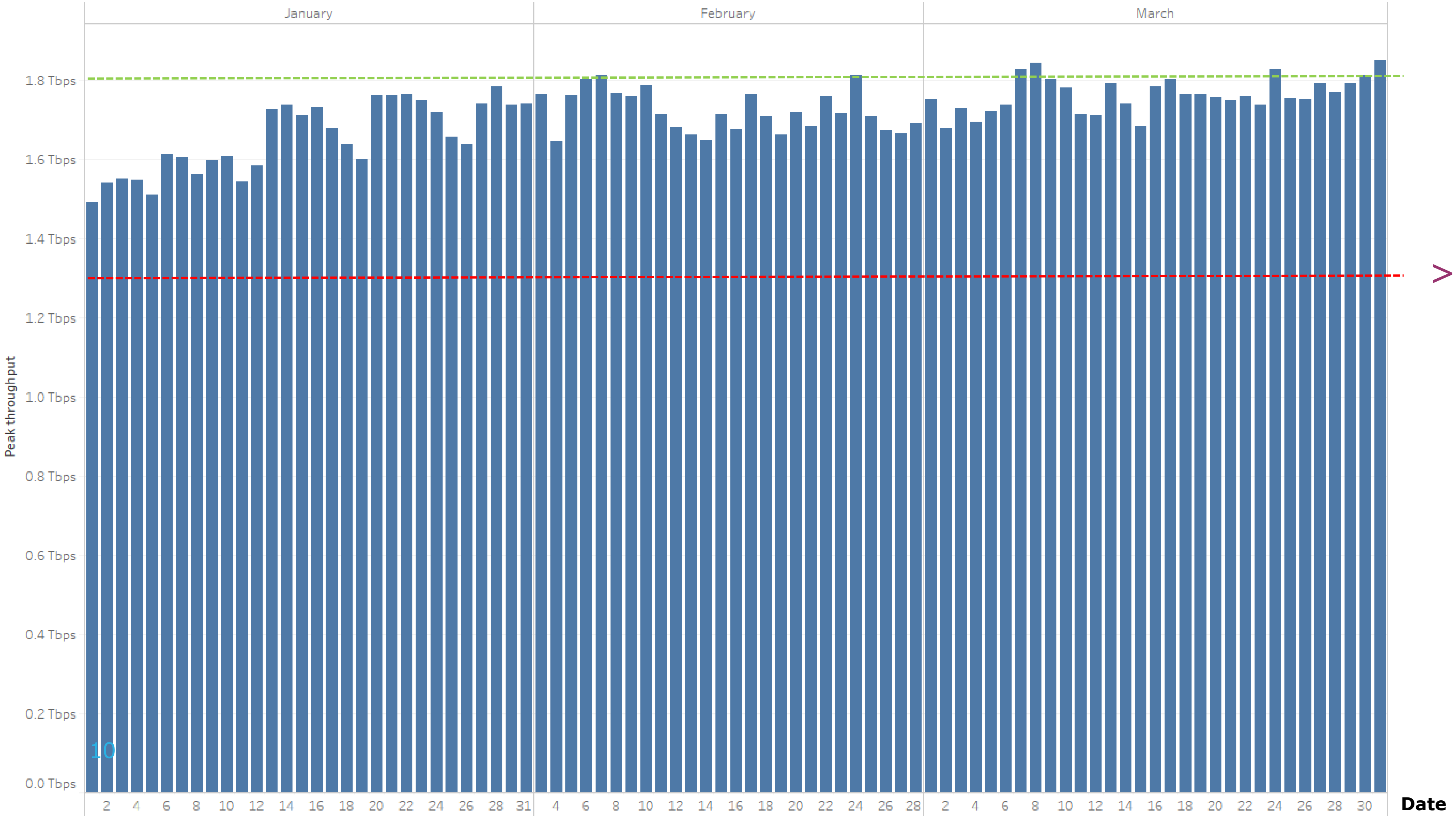
Fibre data usage up 61GB since March 2018

Monthly average data usage per connection on our network



> Monthly average data usage per connection on our network grew to **247GB** from **235GB** (Dec 2018)
- **329GB** on fibre (Dec:315GB)
- **175GB** on copper (Dec:174GB)

Peak time data usage has begun exceeding 1.8Tbps



> Average peak time usage in March 2018 was **1.34Tbps**