

STOCK EXCHANGE ANNOUNCEMENT

10 June 2022

Chorus updates on RAB finalisation process and FY22 capex guidance

Chorus has submitted updated modelling to the Commerce Commission as required for the Commission's regulated asset base (RAB) finalisation process. The Commission is currently scheduled to confirm the final RAB in July.

Chorus' modelling updates previous spending forecasts that informed the Commission's draft starting RAB, announced in December 2021, with actual spending over the 18 months to 31 December 2021.

The combined effect of lower than forecast capital and operating expenditure in FY21 and HY22 suggests a reduction in the 1 January 2022 starting RAB, from \$5.425 billion to \$5.346 billion. This comprises a \$65 million reduction in the core RAB from the transitional RAB decision and a \$14 million reduction in the financial loss asset.

However, this modelling does not yet reflect a separate Chorus submission on shared exchange space that is being considered by the Commission and could add up to \$67 million to the starting RAB.

Chorus CFO David Collins said today's update reflects a combination of COVID impacts and positive business gains.

"COVID restrictions delayed investment in the core RAB by slowing our fibre installation programme and other expected network projects. Lower than expected operating expenditure over the 18 months, net of revenue, is the main contributor to the change in the financial loss asset," he said.

Revenue effects from any changes to the final RAB will be washed up as part of the maximum allowable revenue in the next regulatory period beginning in 2025.

FY22 capital expenditure guidance update

Chorus has also updated its FY22 capital expenditure guidance to reflect the ongoing constraints COVID has had on fibre installations and other network investment activity. Chorus now expects FY22 capital expenditure to be within a range of \$480 million to \$500 million. This is below the previous range of \$520 million to \$560 million provided at the half year results announcement in February.

Consumer demand for new fibre connections remains strong with Chorus continuing to promote the activation of pre-installed fibre connections. Managed migration campaigns have been reoriented to focus on areas where fibre has been recently

deployed, or where copper services are in the process of being withdrawn. Chorus will release its Q4 connections update in early July.

Chorus' FY22 EBITDA guidance of \$665 million to \$685 million remains unchanged.

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ENDS

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