CHORUS

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**STOCK EXCHANGE ANNOUNCEMENT**

25 January 2023

## Q2 FY23 overview

## Total fibre connections increased by 17k to 997,000 (Q1 FY23: +21k)

**The UFB rollout was completed in December with uptake remaining at 71% (rounded)**

- Chorus' target of 1 million total fibre connections was achieved in mid-January, despite fibre connection growth in Q2 being affected by field workforce constraints
- 0.5% growth in uptake across all UFB areas with 75.5% (+0.5%) in UFB1 areas and 52% (+1%) in UFB2 areas
- Auckland reached 80.5% (+0.5%) uptake, while Wellington grew to 70% (+1%) and some areas (e.g. Dunedin) saw demand affected by student holidays

**Total broadband connections reduced 2k to 1,188,000*** (Q1 FY23: +1k)

- 3k broadband connections were added in Chorus UFB areas
- 1Gbps and Hyperfibre connections were 36% of mass market fibre adds in Q2
- Hyperfibre (2-8Gbps) connections grew 23%, with monthly volumes lifting steadily

**Copper broadband and voice connections declined by 29k** (Q1 FY23: -27k)

- voice only disconnections were -10k (Q1 FY23: -8k)
- copper withdrawal: 268 copper broadband cabinets no longer have active customers (Q1 FY23: 177 cabinets)
- CPI increase of 7.2% applied to copper baseband and copper broadband services from mid-December
- total fixed line connections declined by 12k to 1,285,000* (Q1 FY23: -7k)

**Average monthly data usage on fibre was 555GB in December (Sept: 554GB)**

- ~15% of fibre connections consume 1,000GB+ a month

*totals exclude 8,000 broadband connections Chorus is partly subsidising for student households

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# Q2 FY23 Connections Update

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25 January 2023

# Q2 FY23 overview

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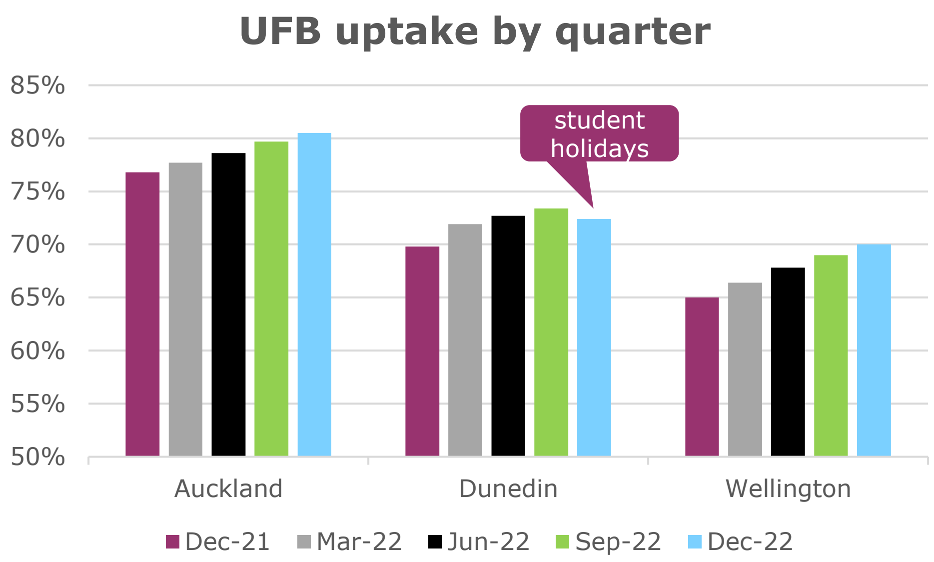
# UFB rollout completed in December 2022

> **Total UFB uptake of 71% (rounded) within completed footprint in Q2**

- uptake in UFB1 areas grew from 75% to **75.5%**
- uptake in UFB2 areas grew from 51% to **52%**
- **954,000** connections (Q1 FY23: 938,000) now within completed footprint (includes business premium and partly subsidised education connections)
- **1,342,000** customers able to connect (Q1 FY23: 1,330,000)

> **22,000 fibre installations completed in Q2 (Q1 FY23: 26k)**

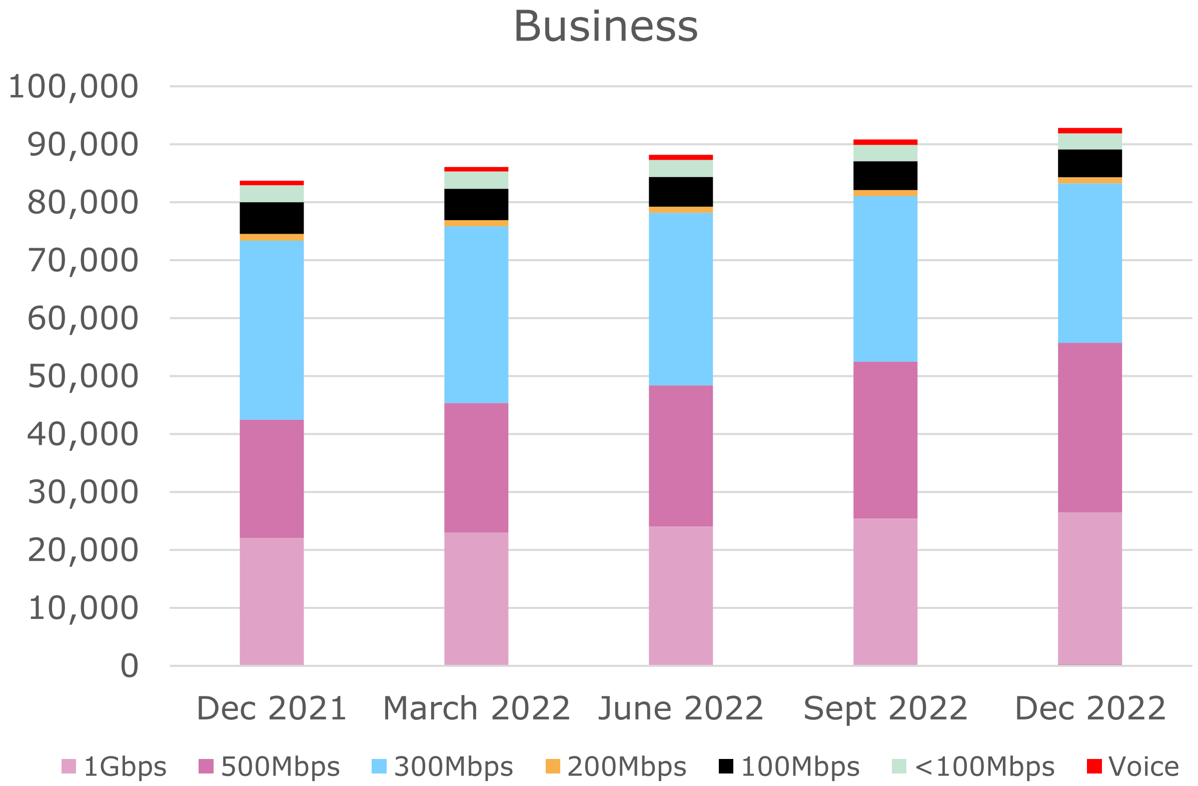
- customer satisfaction increased from 7.7 to 7.8
- WIP reduced from 13k to 12k
- field crews reduced from ~450 to ~380 due to resourcing challenges




- Auckland, Wellington and Dunedin cover >70% of UFB1 homes and businesses able to connect
- 93% of Chorus' broadband connections in our planned UFB zone are now on fibre

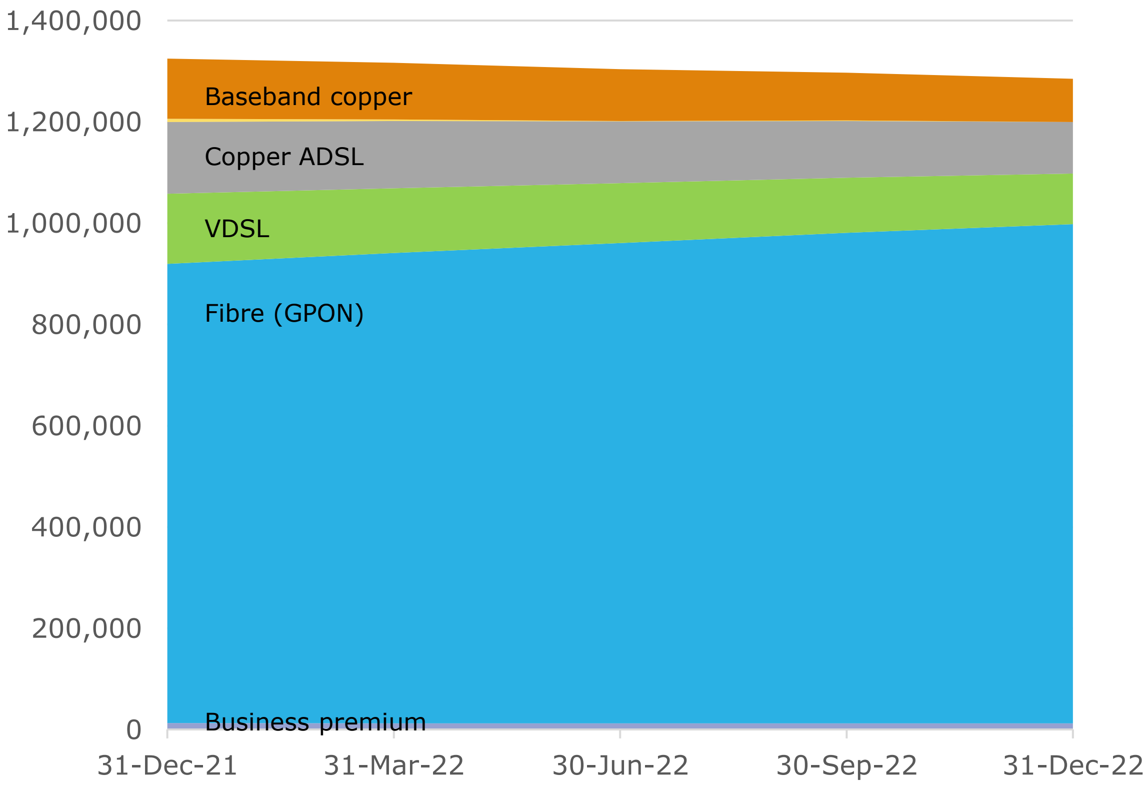
# Mass market fibre connections grew 17k

> 300Mbps plans account for 68% of residential connections and 1Gbps connections 24%
> mass market Hyperfibre (2-8Gbps) connections grew 23% in Q2 with monthly volumes lifting steadily
> 1Gbps and Hyperfibre connections were 36% of mass market fibre adds in Q2

# Fibre comprises 78% of Chorus connections

| | 31 Dec 2021 | 31 March 2022 | 30 June 2022 | 30 Sept 2022 | 31 Dec 2022 |
|---|---|---|---|---|---|
| Unbundled copper (no broadband) | 6,000 | 3,000 | 1,000 | 1,000 | not material |
| Baseband copper (no broadband) | 119,000 | 112,000 | 102,000 | 94,000 | 85,000 |
| Copper ADSL (includes naked) | 142,000 | 133,000 | 122,000 | 112,000 | 102,000 |
| VDSL (includes naked) | 138,000 | 128,000 | 118,000 | 109,000 | 100,000 |
| Fibre broadband (GPON) | 907,000 | 929,000 | 949,000 | 969,000 | 986,000 |
| Data services (copper) | 2,000 | 2,000 | 2,000 | 1,000 | 1,000 |
| Fibre premium (P2P) | 11,000 | 10,000 | 10,000 | 11,000 | 11,000 |
| **Total connections** | 1,325,000 | 1,317,000 | 1,304,000 | 1,297,000 | 1,285,000 |

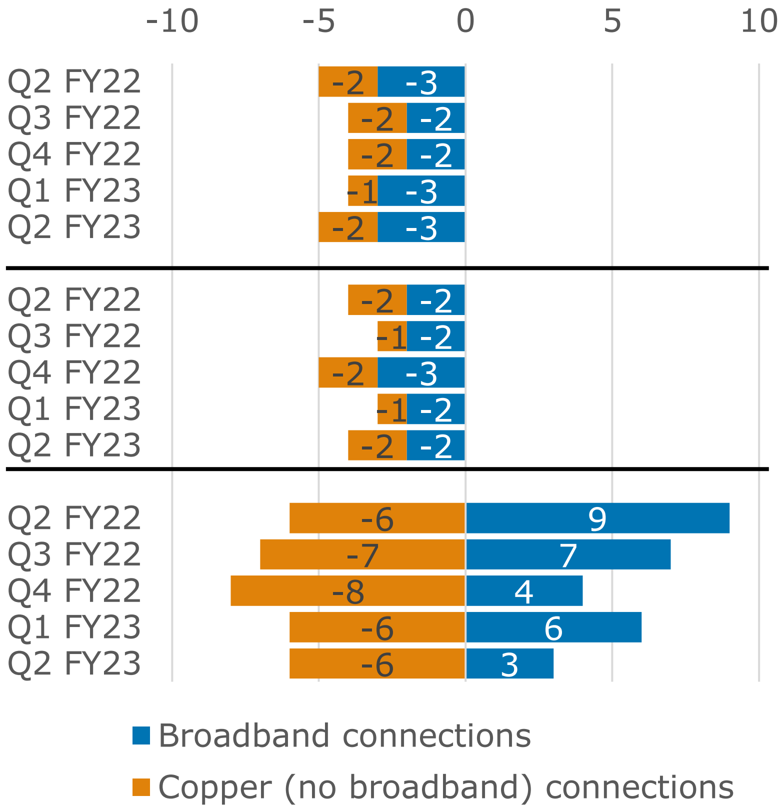



> **1,188,000 broadband connections comprises:**
- 986,000 fibre (GPON) connections
- 202,000 VDSL/ADSL (copper) connections

**Note**: 8,000 partly subsidised education connections are excluded from this data

# Connection changes by Zone (indicative as at 31 Dec)

## Quarterly change ('000s) by zone*



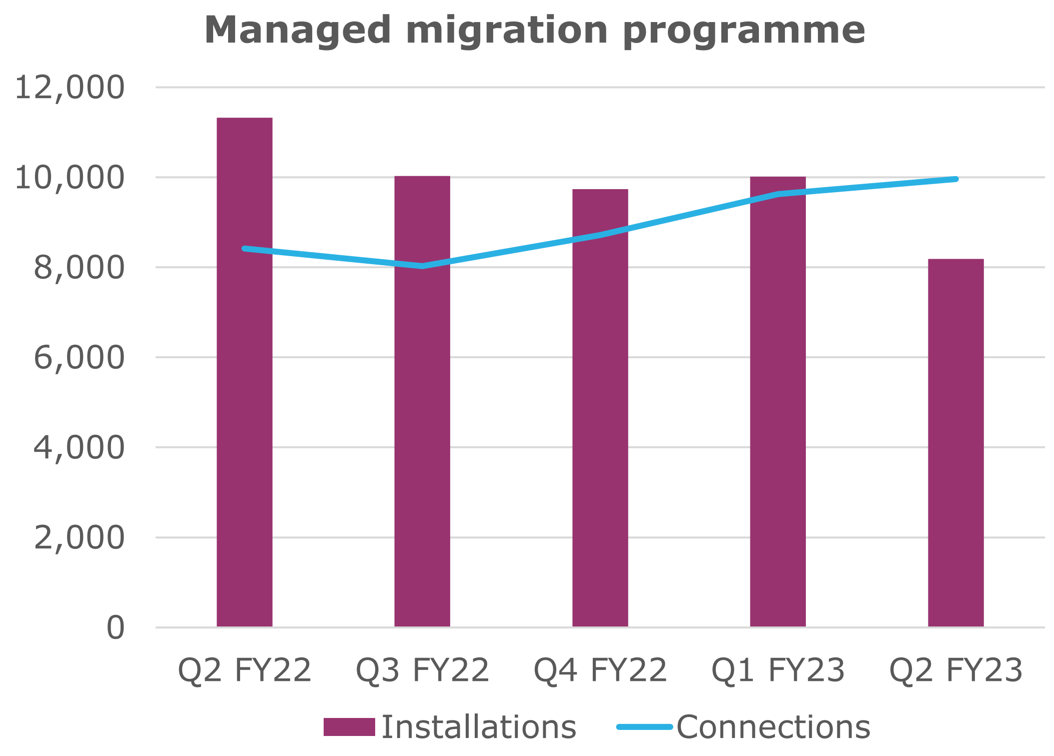

| | | | |
|---|---|---|---|
| **Other fibre company (LFC) zone** | Broadband connections | 29,000 | Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections. |
| | Copper line (no broadband) | 16,000 | |
| | TOTAL | **45,000** | |
| **Non-UFB zone** | Broadband connections | 138,000 | Gradual decline in copper connections due to mobile/fixed wireless/satellite footprint expansion. Partly offset by fibre connections growth for greenfield developments. |
| | Copper line (no broadband) | 26,000 | |
| | TOTAL | **164,000** | |
| **Chorus UFB zone** | Broadband connections | 1,021,000 | Lower broadband growth in Q2 reflecting field resource constraints. Continued reduction in copper connections due to Chorus fibre migration activity and fixed wireless/mobile competition. |
| | Copper line (no broadband) | 43,000 | |
| | TOTAL | **1,064,000** | |

* Excludes 8k partly subsidised education connections and 12k fibre premium and data services (copper) connections

# Managed migration programme lifts connections

> **successful focus on driving activation of installed fibre sockets (ONTs)**
- 10k sockets activated in Q2, up slightly from Q1
- 46% of activations were offnet addresses (Q1 FY23: 45%)

> **installation activity via the managed migration programme was reduced in Q2 given workforce constraints**
- 8k installations completed in Q2, down from 10k in Q1





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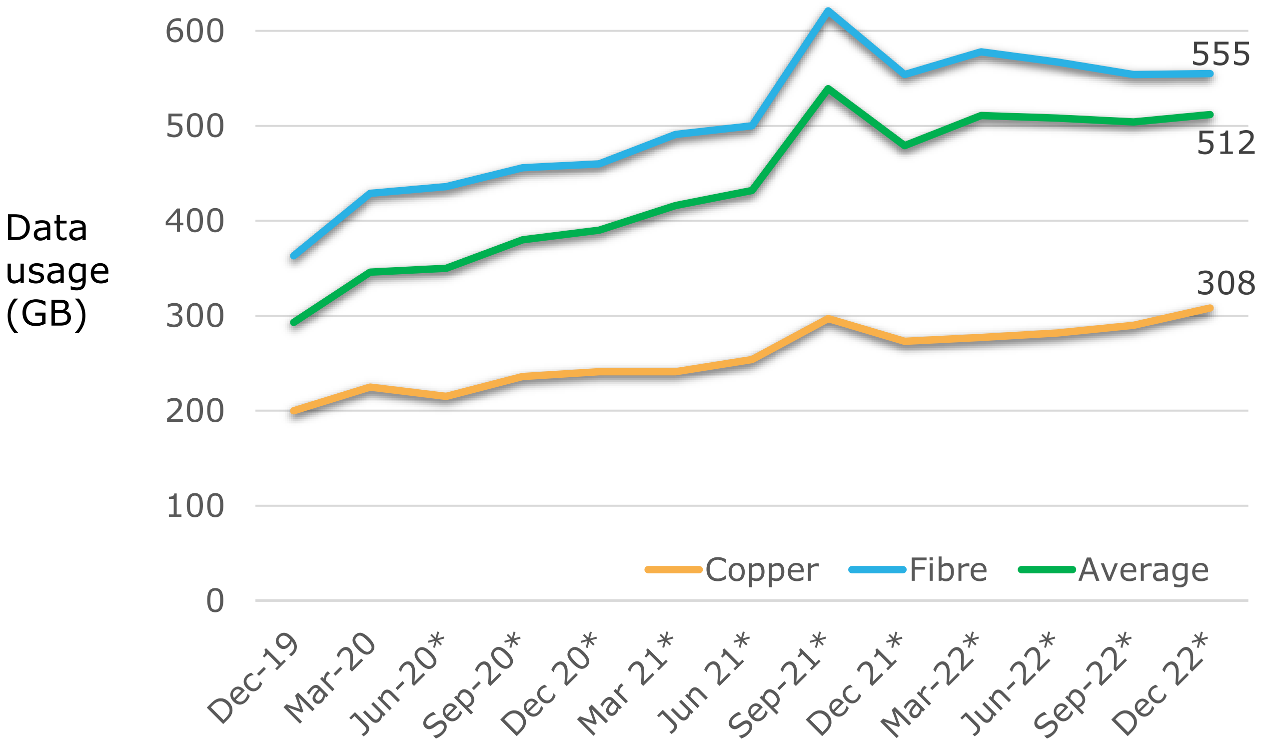
# Monthly average data usage on fibre 555 gigabytes

***Monthly average data usage per connection on our network****




* includes upstream traffic from June 2020 onwards

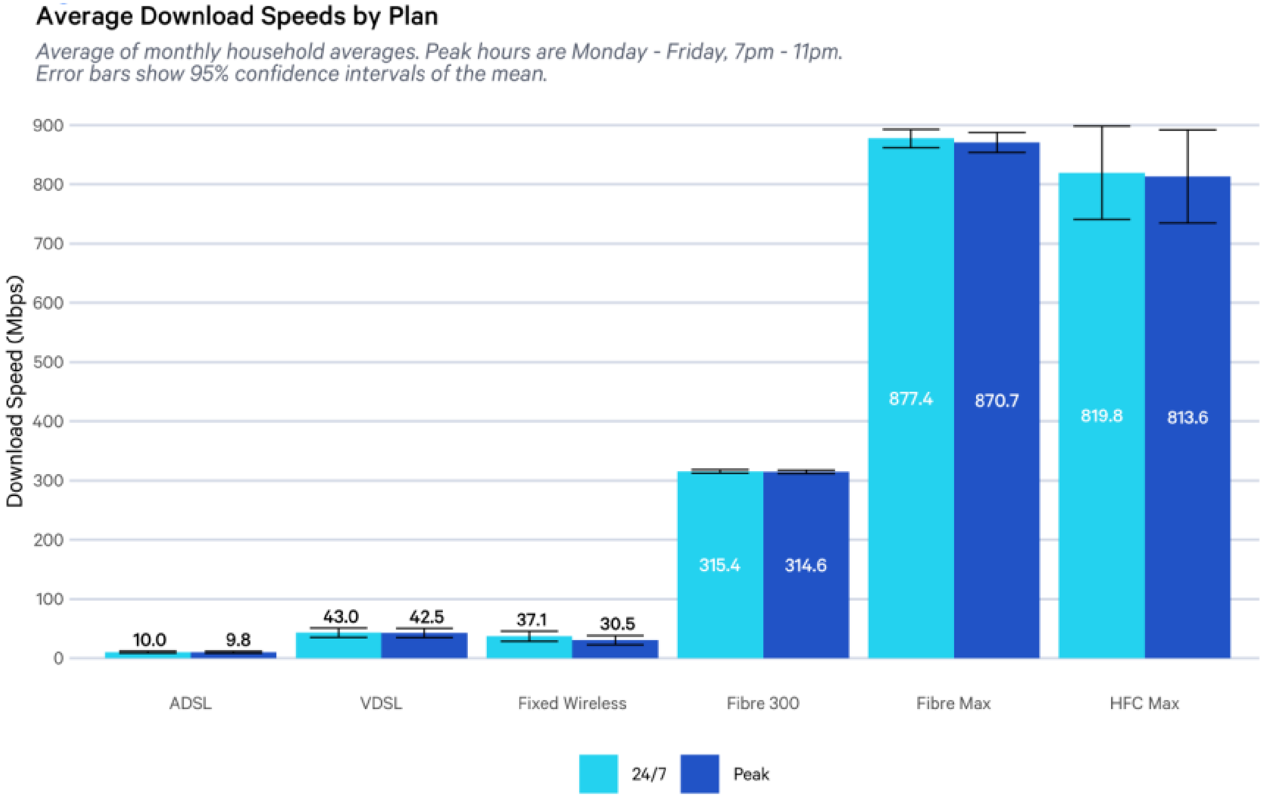
> Monthly average data usage grew from 504GB to 512GB with most growth coming from copper broadband users
- **555GB** on fibre (Sept:554GB)
- **308GB** on copper (Sept:290GB)
- **512GB** average across all connections (Sept:504GB)

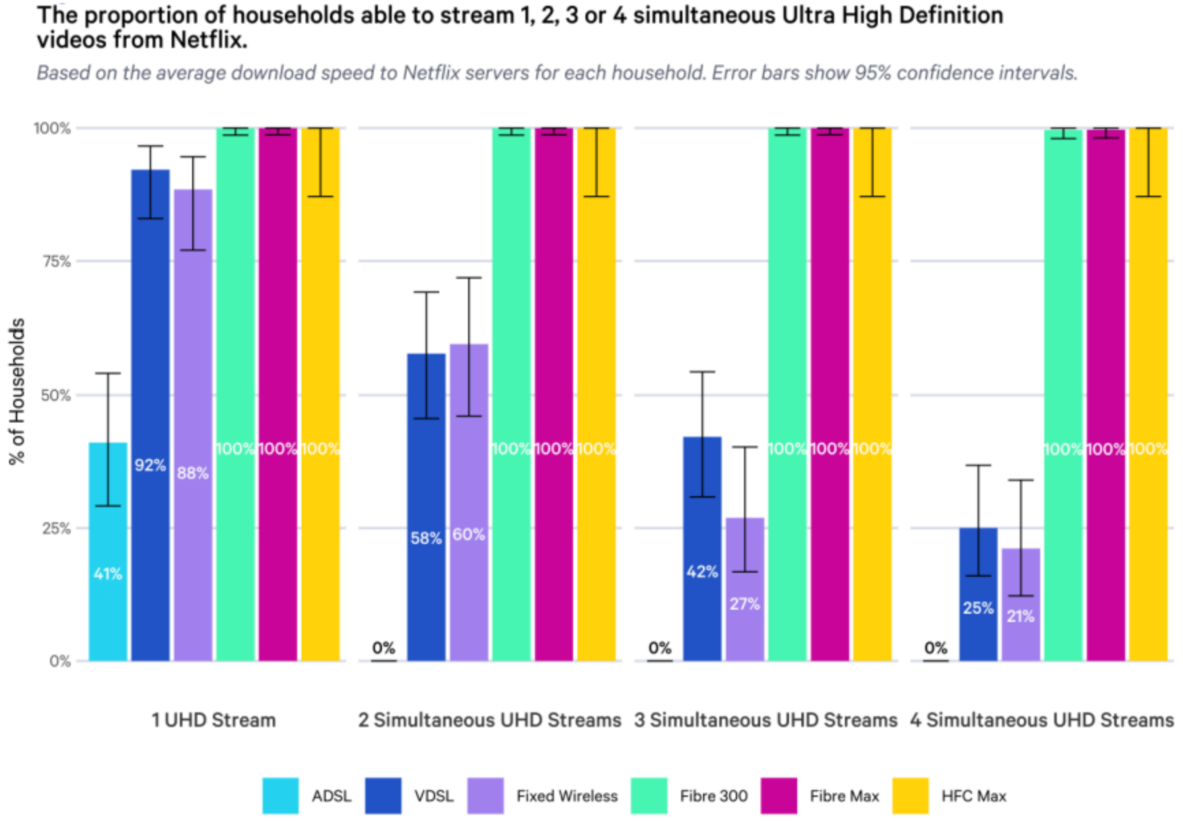
> ~15% of fibre connections consume 1,000GB+ a month

> Average peak throughput on our network at peak time (~9pm) was 3.1Tbps in December
- a single day peak of 4.0Tbps coincided with a *Fortnite* update

# Commerce Commission broadband testing report

- The Commerce Commission's *Measuring Broadband New Zealand*, Spring Report (October 2022) continues to highlight the strong performance of fibre relative to other technologies.




*Source: Commerce Commission*