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## **STOCK EXCHANGE ANNOUNCEMENT**

22 January 2025

### **Q2 FY25 Connections Update**

Chorus today released its connections update for the Q2 period to 31 December.

#### **Record monthly data usage**

Average monthly data usage on fibre grew from 609 gigabytes (GB) in September to a new monthly record of 644GB. The proportion of fibre users consuming more than 1,000GB, or 1 terabyte of data, rose from 15% to 17.5%.

#### **Shift to a simpler all-fibre network continues at pace**

About 16,000 copper lines were disconnected nationwide in the quarter, leaving about 123,000 copper lines in service on 31 December.

Within this total, about 28,000 copper lines remain in service in Chorus fibre areas, down from about 35,000 lines at the end of September. Chorus expects the copper network in this area to be fully retired by the end of 2026 and has issued approximately 96,000 service withdrawal notices for copper connections so far. More than 1,500 copper broadband cabinets no longer have active customers.

In areas where fibre is not available, about 6,000 copper customers chose to migrate to alternative network options, consistent with the trend in the prior quarter.

#### **Fibre uptake keeps growing despite holiday season and shrinking copper pool**

Total fibre connections increased by about 6,000 lines in the quarter to 1,098,000. This growth more than offset a decline of 4,000 copper broadband lines in Chorus fibre areas. While Chorus continues to retain close to 80% of migrating copper broadband connections, the pool of customers available to migrate to fibre from copper is diminishing.

Fibre uptake in UFB2 rollout areas, completed between 2018 and the end of 2022, rose steadily in the quarter from 59% to 60%. Fibre uptake across Chorus' wider fibre network footprint, excluding other local fibre company areas, lifted by 0.1% to 71.7%. The pace of uptake also reflected the addition of another 6,000 addresses to the network footprint in the quarter. This growth was driven by new property developments and Chorus' ongoing programme to extend fibre to about 10,000 existing homes in smaller communities.

The effect of reduced student demand during summer holidays was again most evident in Dunedin where fibre uptake decreased 1.6% to 74.8%. Uptake in Auckland and Wellington also slipped slightly, despite overall growth in connections, as footprint growth outweighed connection growth in the quarter.

The combination of reducing demand for copper connections, partly offset by growth in fibre connections, saw Chorus' total fixed line connections reduce by 10,000 lines. This was consistent with the prior quarter.

### **Multi-gigabit services continue to gain momentum**

Business and residential customers on speeds of 500Mbps and above grew by 11,000 connections, with Chorus' simplification of business plans driving a significant proportion of upgrades to 500Mbps plans. Demand for multi-gigabit *Hyperfibre* connections also gained momentum, rising another 19% to near 5,000 connections.

Cost-of-living pressures likely continued to fuel strong uptake of the entry level 50Mbps Home Fibre Starter service, with another 11,000 connections added.

Authorised by:

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### **ENDS**

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# Q2 FY25 CONNECTIONS UPDATE

# Q2 FY25 overview

- > **Fibre connections (including non-address points and LFC areas) increased 6k (Q1 FY25: +8k) to 1,098,000**
  - in Chorus fibre areas, a 6k increase in fibre broadband connections offset a 4k reduction in copper broadband lines
  - Home Fibre Starter (50Mbps) connections grew 11k to 68k
  - fibre connections of 500Mbps+ increased by 11k across residential and business plans
- > **Chorus' fibre footprint now covers 1,520,000 addresses (excluding LFC areas)**
  - fibre passed another 6,000 addresses in Q2 (Q1: +7k), including fibre to 500 existing homes in smaller communities
  - overall fibre uptake grew 0.1% to 71.7% of passed addresses in Q2 (Q1: +0.2%)
  - uptake in UFB2 areas lifted from 59% to 60%
- > **Total fixed line connections\* declined by 10k (Q1: -10k) and now total 1,221,000**
  - copper broadband connections declined by 10k (Q1: -13k) and copper voice connections declined 6k (Q1: -5k)
  - 1,561 copper broadband cabinets no longer have active customers (Q1:1,492)
- > **Average monthly data usage on fibre was up strongly to 644GB (Sept:609GB)**
  - the proportion of terabyte users (i.e. consuming 1,000GB+ a month) lifted from 15% (Sept) to 17.5% (Dec)

\*includes ~2,000 broadband connections Chorus is subsidising for lower socio-economic households

# Fibre comprises 90% of Chorus connections

	30 Sept 2023	31 Dec 2023	31 March 2024	30 June 2024	30 Sept 2024	31 Dec 2024
Baseband copper (no broadband)	64,000	57,000	51,000	45,000	40,000	34,000
Copper ADSL (includes naked)	75,000	68,000	62,000	56,000	49,000	44,000
VDSL (includes naked)	75,000	68,000	62,000	55,000	49,000	44,000
Data services (copper)	1,000	1,000	1,000	1,000	1,000	1,000
Fibre broadband (GPON)	1,041,000	1,052,000	1,064,000	1,074,000	1,083,000	1,089,000
Fibre premium (P2P)	10,000	10,000	10,000	10,000	9,000	9,000
<b>Total connections*</b>	<b>1,266,000</b>	<b>1,256,000</b>	<b>1,250,000</b>	<b>1,241,000</b>	<b>1,231,000</b>	<b>1,221,000</b>

Copper connections declined 16k in Q2 and total 123k

Total fibre connections grew 6k in Q2 and total 1,098k

\*includes ~2,000 broadband connections Chorus is subsidising for lower socio-economic households

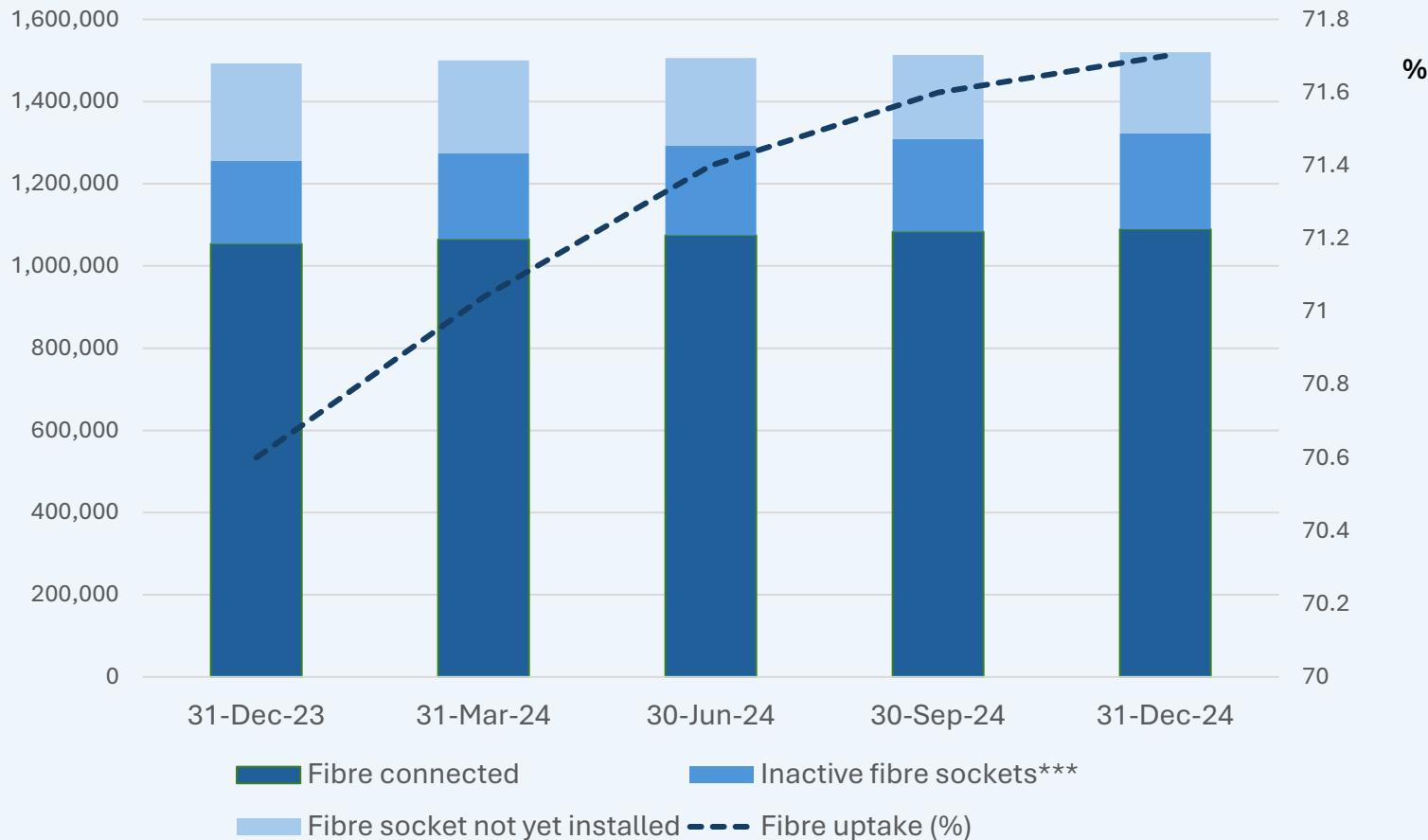
# Fibre footprint reaches 1,520,000

## 71.7% fibre uptake across 1,520,000 passed addresses\*

- uptake grew +0.1% in Q2
- +6k fibre connections to addresses\*\*
- +6k addresses passed in Q2, including 500 addresses as part of Chorus' fibre expansion programme to smaller communities

## 1,322,000 fibre installed addresses

- 14k installations in Q2 (Q1:17k)
- 198,000 addresses passed by fibre, but fibre socket not yet installed (Q1:205k)



\*based on independent address data and Chorus network data for addresses passed by fibre; excludes Chorus fibre in Local Fibre Company (LFC) areas

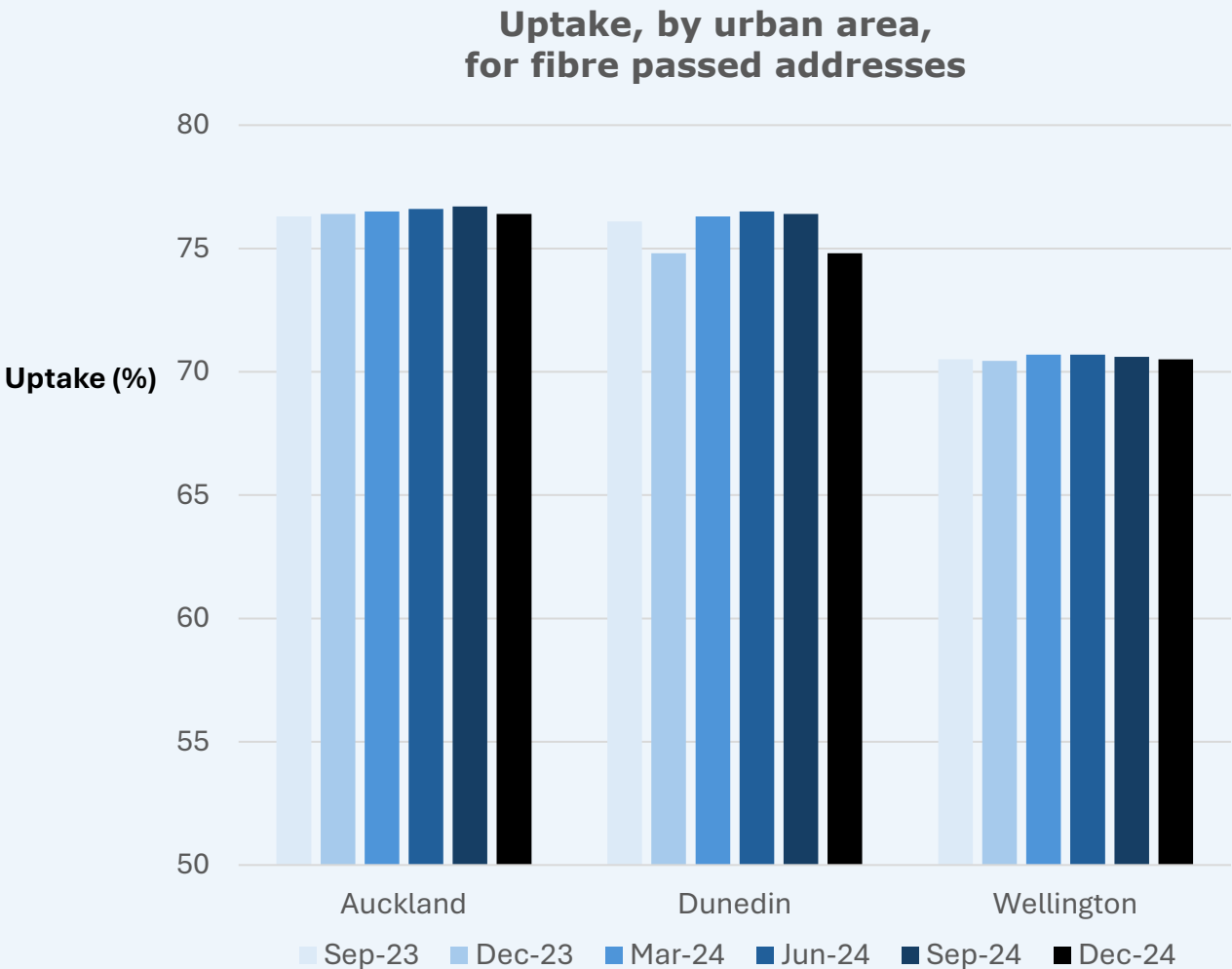
\*\* includes ~7k fibre premium connections to addresses; excludes smart location (GPON) connections and connections in LFC areas

\*\*\* not active on 31 December 2024

# Uptake by city

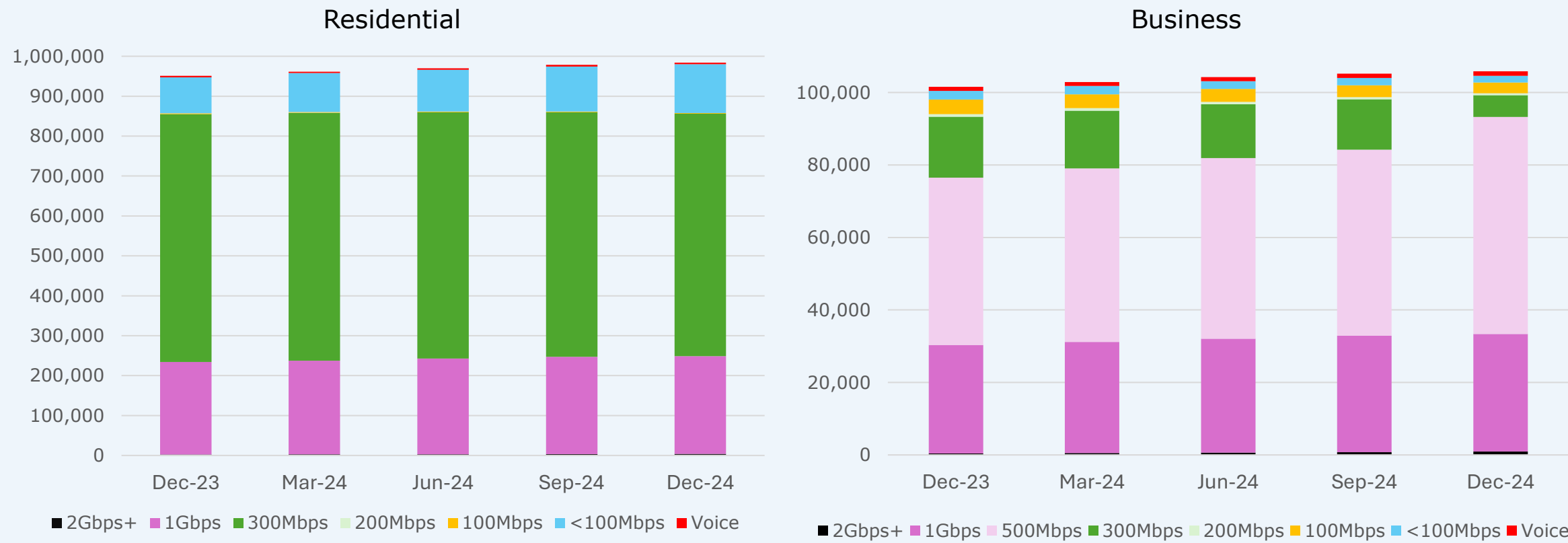
- **Auckland** uptake reduced 0.3% to 76.4% in Q2 as address growth outpaced connection growth
- **Dunedin** uptake reduced 1.6% to 74.8% reflecting student seasonality
- **Wellington** uptake reduced 0.1% to 70.5% as address growth outpaced connection growth

Note: uptake is measured across “urban areas” as defined by Statistics NZ, rather than the original UFB rollout areas



# Multi-gigabit *Hyperfibre* connections lift to ~5k

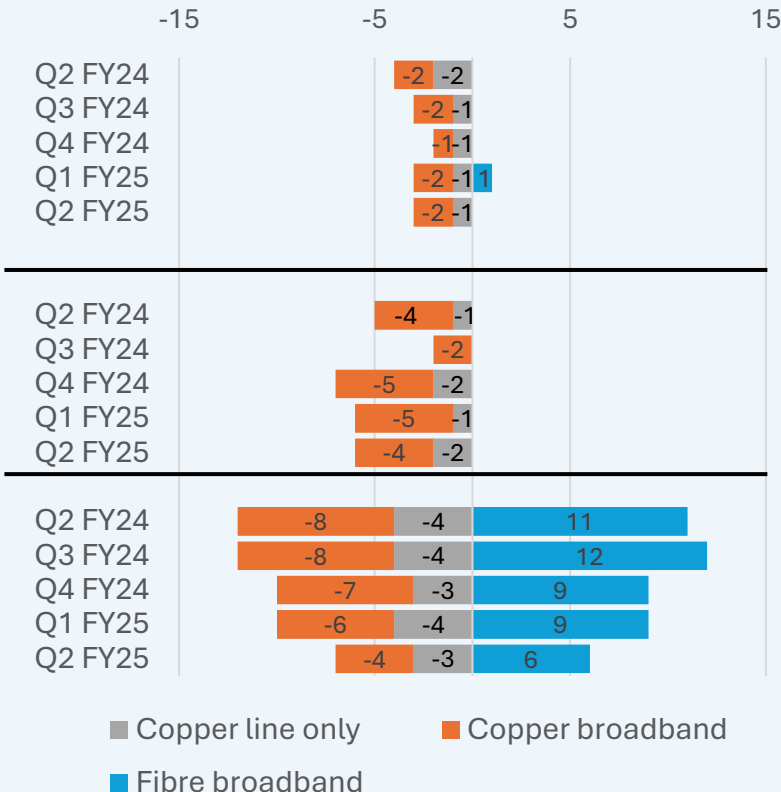
- demand for Hyperfibre plans (2Gbps and above) gained momentum, nearing 5k connections
- Home Fibre Starter (50Mbps) connections grew by 11k to 68k; plans below 300Mbps are 12% of residential connections
- business and residential connections of 500Mbps+ grew by 11k; driven mostly by simplification of business plans
- 88% of business connections are on 500Mbps or faster; 25% of residential plans are on 1Gbps or faster



# Connection changes by zone (indicative as at 31 December)

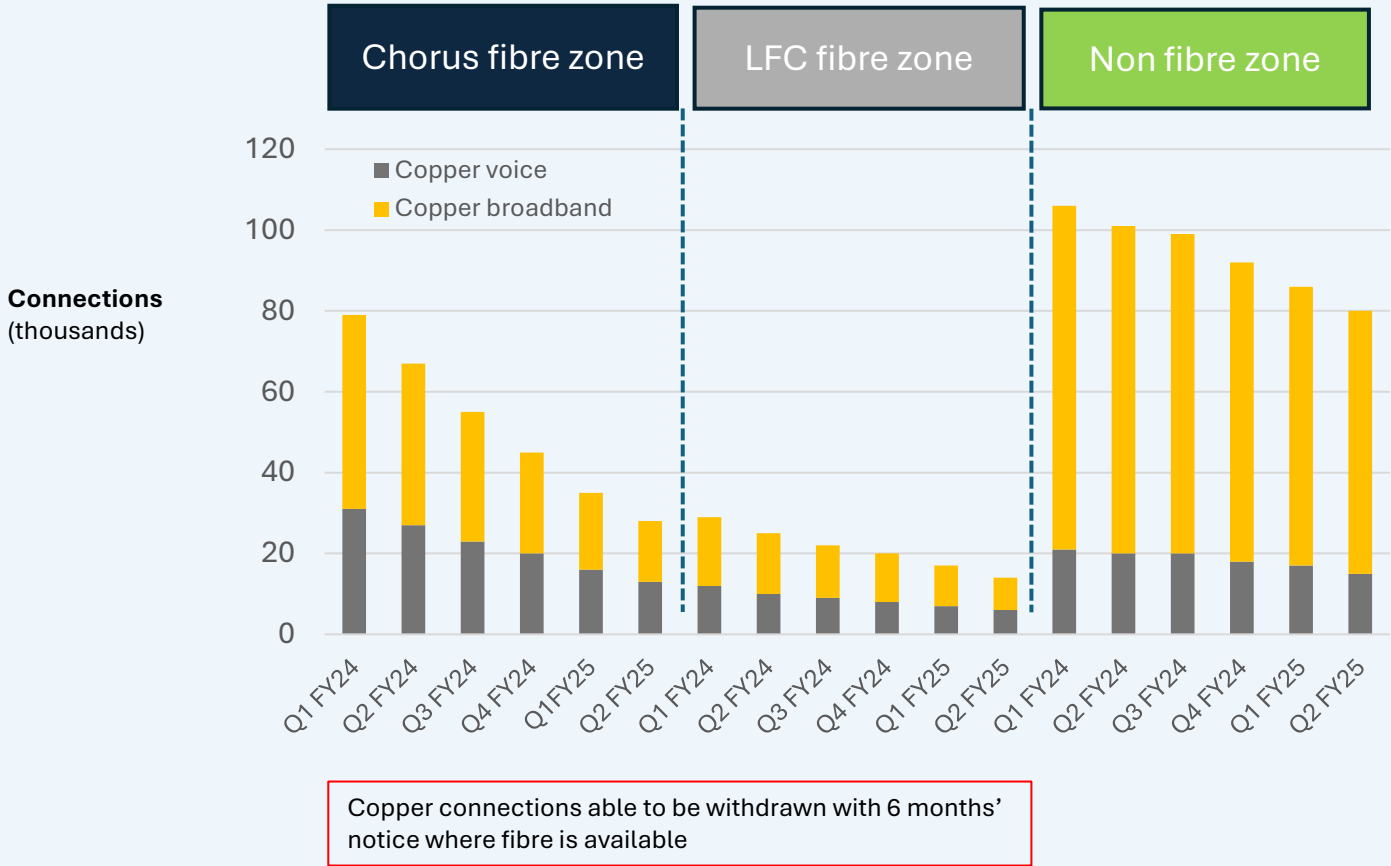
<b>Other fibre company (LFC) zone</b>	Copper lines (no broadband)	6,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper broadband lines	8,000	
	Fibre broadband lines (GPON)	4,000	
	TOTAL	<b>18,000</b>	
<b>Non-fibre addresses (i.e. Chorus fibre not available)</b>	Copper lines (no broadband)	15,000	Ongoing decline in copper connections due to mobile/fixed wireless/satellite footprint expansion.
	Copper broadband lines	65,000	
	TOTAL	<b>80,000</b>	
<b>Chorus fibre zone</b>	Copper lines (no broadband)	13,000	Covers all addresses outside of LFC UFB rollout zone where Chorus fibre is available. Fibre footprint is growing as a result of new property development. Copper connections are reducing as Chorus retires its copper network.
	Copper broadband lines	15,000	
	Fibre broadband lines (GPON)	1,083,000	
	TOTAL	<b>1,111,000</b>	

Quarterly change ('000s) by zone



\* Excludes ~12k fibre premium, data services (copper) and smart location connections

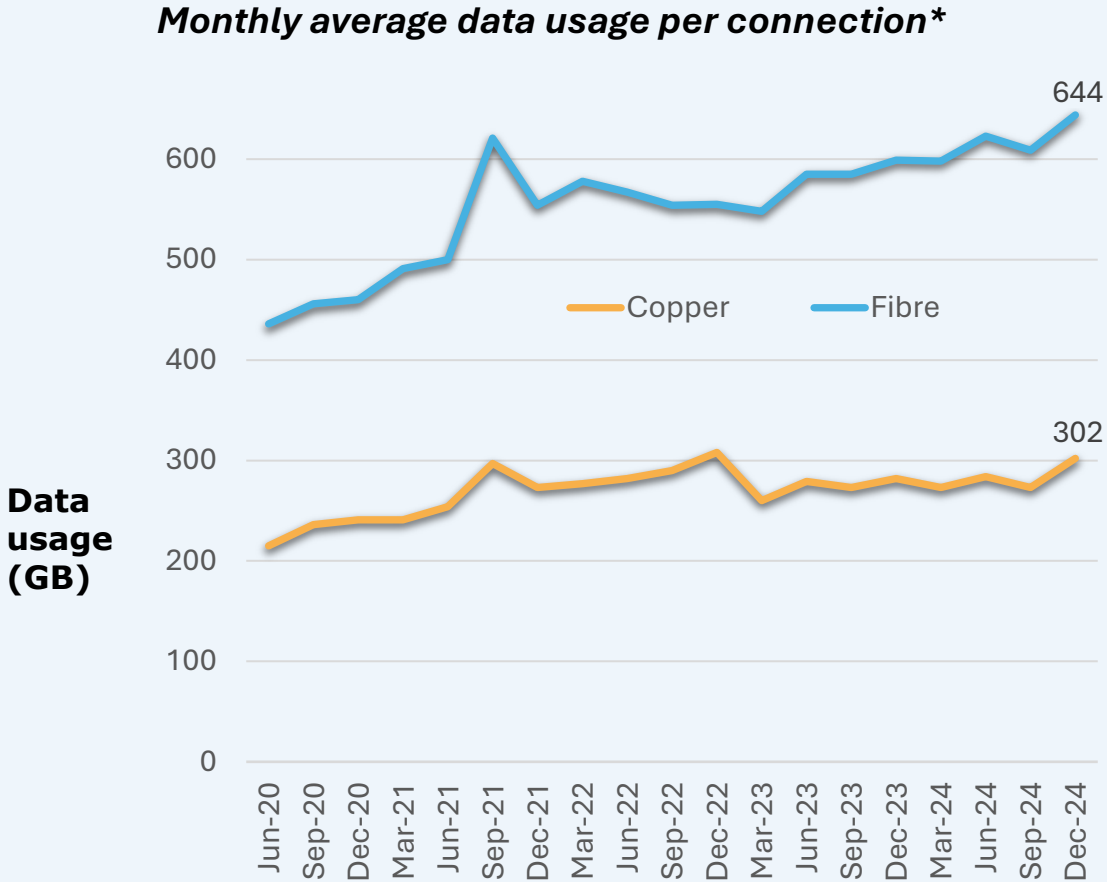
# 28k copper lines remaining in Chorus fibre areas



**~96,000 copper withdrawal notifications issued (cumulative) in Chorus fibre areas**

- ~28k connections remaining
- 1,561 copper broadband cabinets closed (Q1: 1,492)
- broadband retention rate steady at 79%

# Strong growth in monthly average data usage on fibre



\* includes upstream traffic

- monthly average data usage on fibre increased strongly from 609GB in September to 644GB
- the proportion of fibre connections using more than 1 terabyte of data was 17.5%, up from 15% in September
- copper usage was 302GB (Sept: 273GB)

# Pricing update

Fibre plan - consumer	Current wholesale price	Price before 1 Jan 2025	Notes
Voice line	\$30.59	\$29.11	
Home starter 50/10Mbps	\$38	\$35	Wholesale price applies where retail price is \$65. 50/10Mbps upgrades to 100/20Mbps from end FY25.
50/10Mbps	\$53.96	\$50.43	
100/20Mbps 300/100Mbps	\$56.28	\$53.54	100Mbps is anchor service. 300/100Mbps service upgrades to 500/100Mbps from end FY25.
1Gbps	\$66.19	\$61.86	
Hyperfibre 2Gbps	\$74.90	\$70	
Hyperfibre 4Gbps	\$90.95	\$85	
Hyperfibre 8Gbps	\$117.70	\$110	

Copper pricing	Current wholesale price	Price before 16 Dec 2023	Notes
Copper line	\$38.21	\$36.17	Annual CPI adjustment mid-December 2024
Copper broadband	\$51.08	\$48.35	