

STOCK EXCHANGE ANNOUNCEMENT

15 April 2025

Q3 FY25 Connections Update

Chorus today released its connections update for the Q3 period to 31 March.

Final copper withdrawal notices to be issued in Chorus fibre areas

Chorus' shift to a simpler all-fibre network continued with another 16,000 copper lines disconnected nationwide in the quarter. This left about 107,000 copper lines in service on 31 March.

More than 1,700 copper broadband cabinets no longer have active customers and the Forrest Hill exchange in Auckland has become the second major exchange to become copper-free. Forrest Hill had more than 8,000 copper connections until the arrival of Netflix streaming services in 2015 began to fuel the rapid adoption of fibre connections.

Just 19,000 copper lines remain in service in Chorus fibre areas, down from about 28,000 lines at the end of December. A final group of about 4,000 copper customers is due to receive six months' notice of copper service withdrawal this month. Chorus expects the copper network in its fibre areas to be fully retired by mid-2026.

Deregulation proposed for copper services

In March the Commerce Commission released a draft recommendation that copper voice and broadband services should be deregulated. They said the wide availability of alternative technologies meant regulation of copper services was no longer needed to promote competition. A final recommendation is due to Government by the end of 2025.

In areas where fibre is not available, Chorus saw about 5,000 copper customers choose to migrate to alternative network options in the quarter. This leaves approximately 75,000 copper lines outside of the existing fibre footprint, down 24% from a year ago.

Chorus' current programme to extend fibre to approximately 10,000 existing homes in smaller communities is shrinking the copper footprint further. About 2,500 of these premises now have fibre available with 4,500 expressions of interest received and 700 customers connected to date.

Fibre uptake reaches 72%

Total fibre connections increased by about 9,000 lines in the quarter to 1,107,000. Fibre uptake in UFB2 rollout areas, completed between 2018 and the end of 2022, rose from 60% to 61%. Fibre uptake across Chorus' wider fibre network footprint, excluding other local fibre company areas, lifted by 0.3% to 72%.

A recent global report on fibre uptake ranks New Zealand at 19th, just behind Sweden and Japan.

Another 5,000 addresses were added to the network footprint in the quarter, largely from new property developments. The majority of these were in Auckland, which meant overall uptake in the city remained flat at 76.4% despite continued growth in connections. Fibre uptake in Dunedin rebounded to 76.4% with the return of the student population.

The combination of reducing demand for copper connections, partly offset by growth in fibre connections, saw Chorus' total fixed line connections reduce by 7,000 lines. This was an improvement on a decline of 10,000 lines in the prior quarter.

50Mbps plan remains popular as offnet demand drives majority of growth

Chorus' Home Fibre Starter 50Mbps plan remained popular in the challenging economic environment. A net 9,000 connections were added to the plan in the quarter. About two-thirds of gross adds on the plan were from new fibre connections or off-net addresses, up 4% from the prior quarter. A quarter of the gross adds were from higher speed plans and the remainder from legacy 50Mbps plans.

Residential customers on 1Gbps or better grew by about 2,000 connections in the quarter, while business connections on speeds of 500Mbps and above grew by 6,000 connections.

Chorus plans to upgrade the residential 50Mbps plan to 100Mbps download and the 300Mbps plan to 500Mbps download in June.

Record peak time usage in February

Chorus saw another peak time usage record set in February with a Fortnite upgrade lifting overall network usage to 5.4Tbps in the evening. Data usage trends in March were consistent with December. Average monthly data usage on fibre was stable at 642 gigabytes (GB) and the proportion of fibre users consuming more than 1,000GB, or 1 terabyte of data, was 17%.

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C H ● R U S

**Q3 FY25
CONNECTIONS
UPDATE**

Q3 FY25 overview

- > **Fibre connections (including non-address points and LFC areas) increased 9k (Q2 FY25: +6k) to 1,107,000**
 - in Chorus fibre areas, an 8k increase in fibre broadband connections largely offset a 9k reduction in copper lines
 - *Home Fibre Starter* (50Mbps) connections grew 9k to 77k with the majority of growth from new and offnet addresses
 - 1Gbps+ residential connections grew 2k and comprise 25% of residential plans
- > **Chorus' fibre footprint now covers 1,525,000 addresses (excluding LFC areas)**
 - fibre passed another 5,000 addresses in Q3 (Q2: +6k), including fibre to ~900 existing homes in smaller communities
 - uptake in UFB2 areas lifted from 60% to 61%
 - overall fibre uptake grew 0.3% to 72% of passed addresses in Q3 (Q2: +0.1%)
 - New Zealand is ranked 19th globally for fibre uptake, just behind Sweden and Japan
- > **Total fixed line connections* declined by 7k (Q2: -10k) and now total 1,214,000**
 - copper broadband connections declined by 10k (Q2: -10k) and copper voice connections declined 5k (Q2: -6k)
 - copper lines in non-fibre areas declined by 5k (Q2: -6k) with 75k remaining
- > **Average monthly data usage on fibre was stable at 642GB (Dec:644GB)**
 - a *Fortnite* update drove new peak time traffic record of 5.4Tbps in February
 - the proportion of terabyte users (i.e. consuming 1,000GB+ a month) was ~17% in March (Dec: 17.5%)

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

Fibre comprises 90% of Chorus connections

	31 Dec 2023	31 March 2024	30 June 2024	30 Sept 2024	31 Dec 2024	31 March 2025
Baseband copper (no broadband)	57,000	51,000	45,000	40,000	34,000	29,000
Copper ADSL (includes naked)	68,000	62,000	56,000	49,000	44,000	39,000
VDSL (includes naked)	68,000	62,000	55,000	49,000	44,000	39,000
Data services (copper)	1,000	1,000	1,000	1,000	1,000	NM
Fibre broadband (GPON)	1,052,000	1,064,000	1,074,000	1,083,000	1,089,000	1,098,000
Fibre premium (P2P)	10,000	10,000	10,000	9,000	9,000	9,000
Total connections*	1,256,000	1,250,000	1,241,000	1,231,000	1,221,000	1,214,000

Copper connections declined 16k in Q3 and total 107k

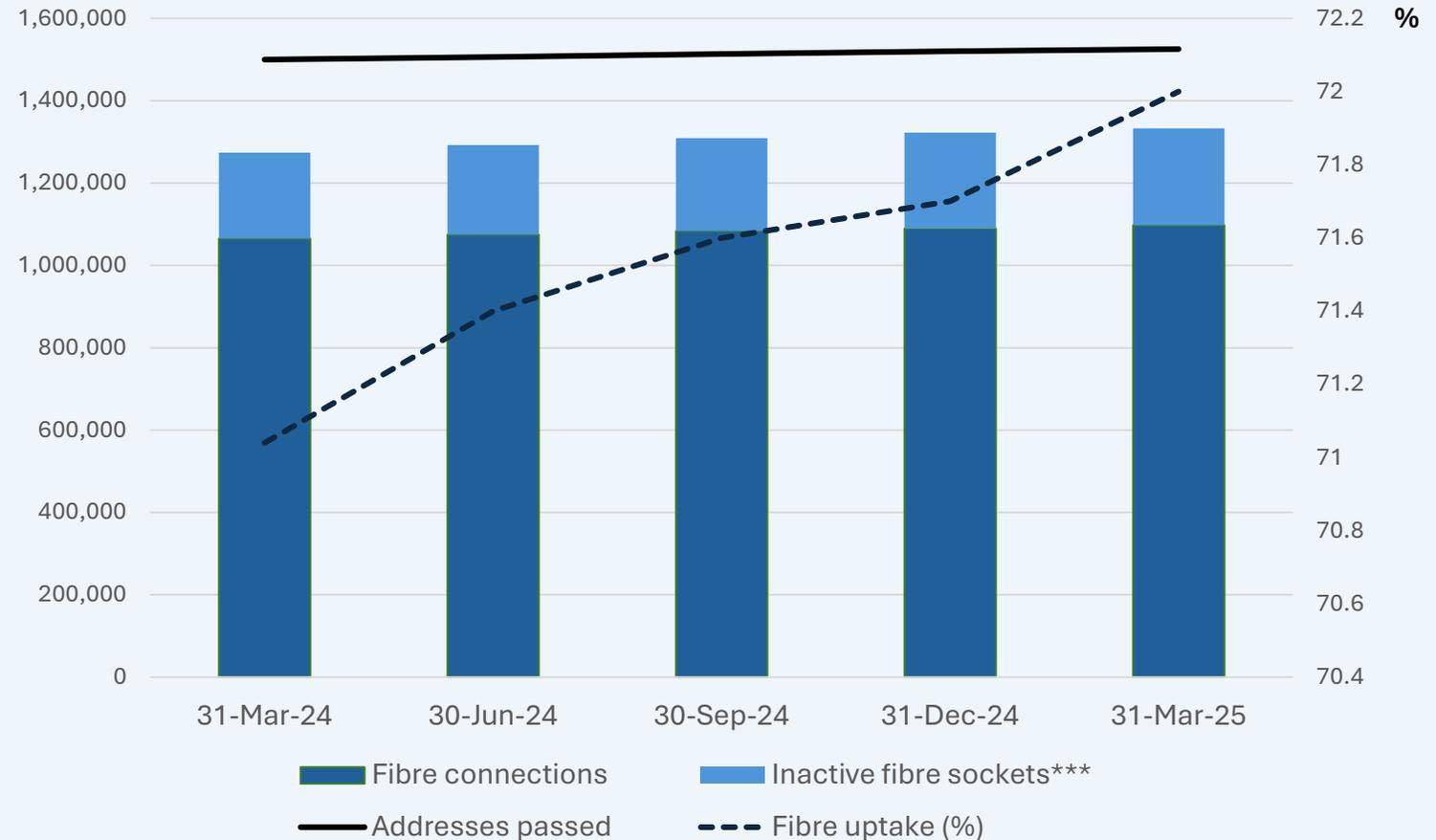
Total fibre connections grew 9k in Q3 and total 1,107k

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

Fibre uptake reaches 72%

72% fibre uptake across 1,525,000 passed addresses*

- uptake grew +0.3% in Q3
- +8k fibre connections to addresses**
- +5k addresses passed in Q3, including ~900 addresses as part of Chorus' fibre expansion programme to smaller communities
- 13k installations in Q3 (Q2:14k)
- 235k inactive fibre sockets (Q2: 233k)



*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

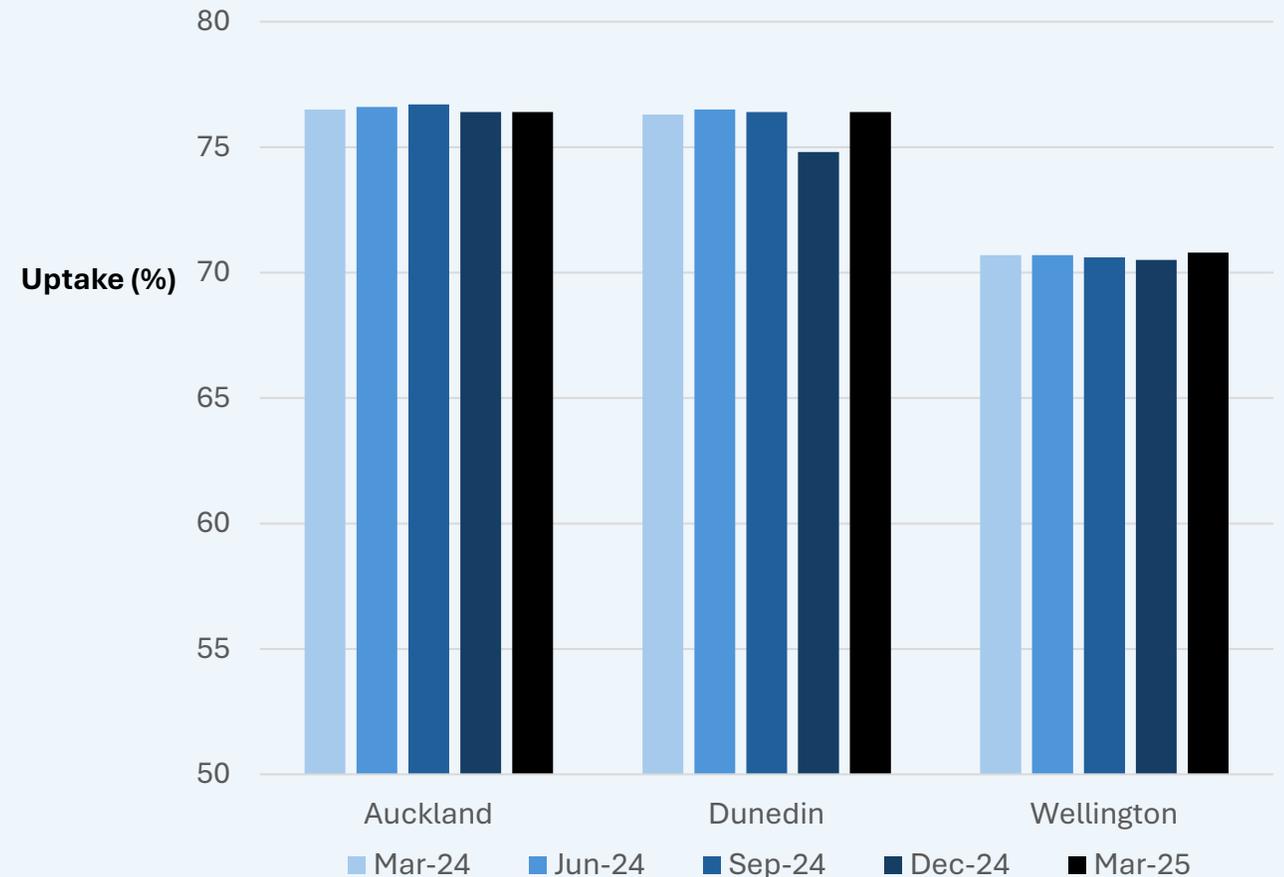
*** not active on 31 March 2025

Fibre uptake by city

- **Auckland** uptake was flat at 76.4% with address growth continuing to outpace connection growth
- **Dunedin** uptake grew 1.6% to 76.4% reflecting student seasonality
- **Wellington** uptake grew 0.3% to 70.8%

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

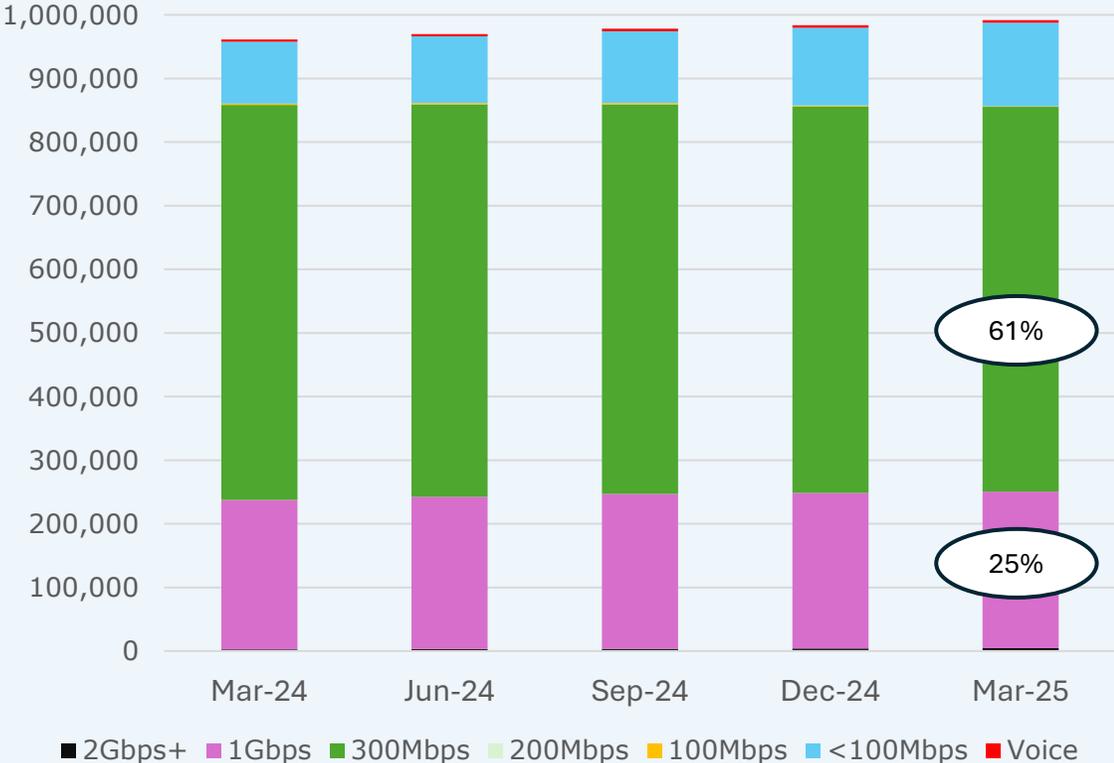
Uptake, by urban area, for fibre passed addresses



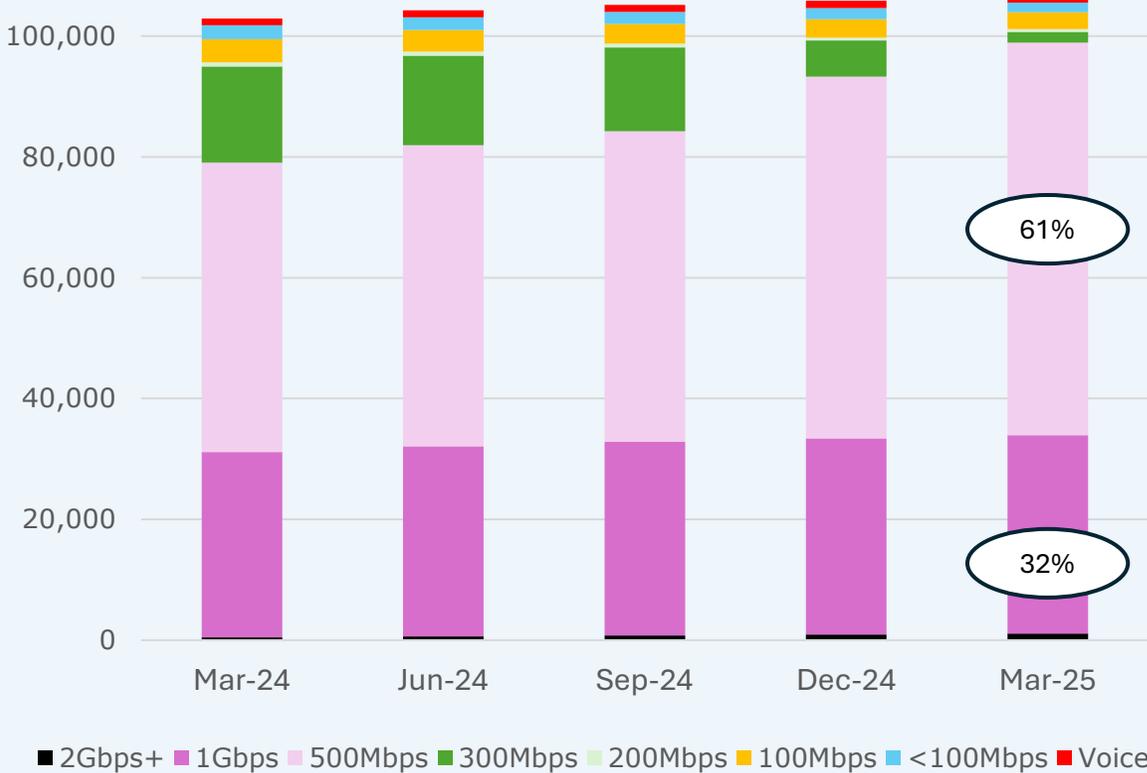
Offnet demand drives majority of continued 50Mbps growth

- *Home Fibre Starter* (50Mbps) connections grew by net 9k connections to 77k; 66% of gross adds were from new fibre connections or offnet (up 4% from Q2), 25% were from higher speed plans, and 9% from legacy 50Mbps plans
- 1Gbps+ residential connections grew 2k and comprise 25% of residential plans
- business 500Mbps+ connections grew by 6k, driven by simplification of business plans

Residential



Business

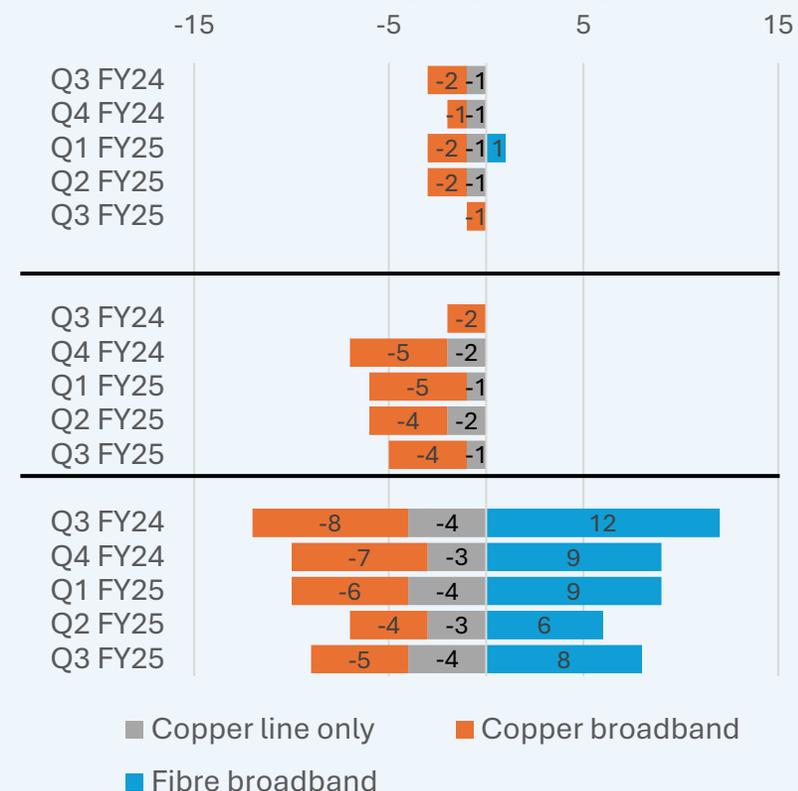


Connection changes by zone* (indicative as at 31 March)

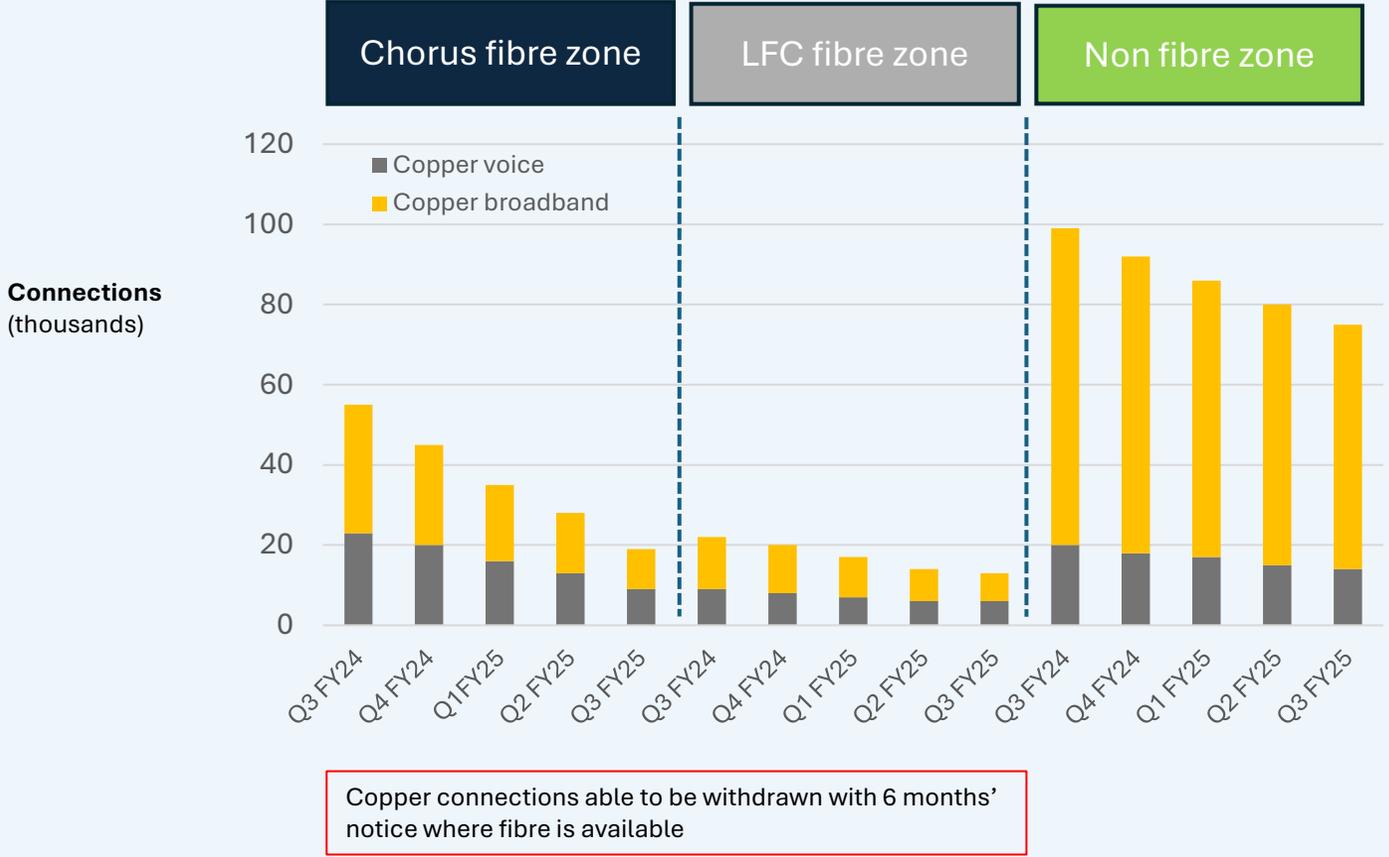
Other fibre company (LFC) zone	Copper lines (no broadband)	6,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper broadband lines	7,000	
	Fibre broadband lines (GPON)	4,000	
	TOTAL	17,000	
Non-fibre addresses (i.e. Chorus fibre not available)	Copper lines (no broadband)	14,000	Ongoing decline in copper connections due to mobile/fixed wireless/satellite footprint expansion.
	Copper broadband lines	61,000	
	TOTAL	75,000	
Chorus fibre zone	Copper lines (no broadband)	9,000	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	10,000	
	Fibre broadband lines (GPON)	1,091,000	
	TOTAL	1,110,000	

* Excludes ~12k fibre premium and smart location connections

Quarterly change ('000s) by zone



39% annual decline in copper lines: only 107k lines remain



> **Chorus' fibre zone:**

- 19k copper lines in service, with final ~4k lines to receive withdrawal notice this month
- broadband retention rate steady at 80%
- 1,771 copper broadband cabinets closed (Q2: 1,561)

> **Non-fibre zones:**

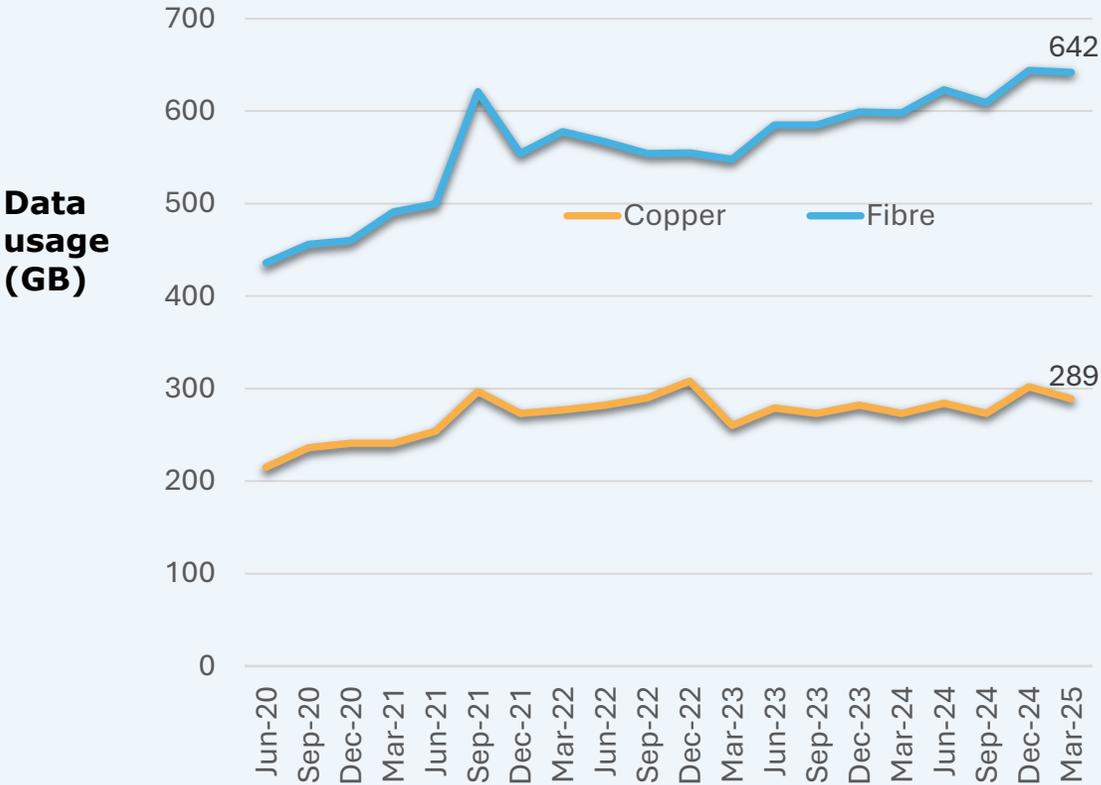
- just 75k copper lines remaining, down 24% in a year
- Chorus' ~10k premises fibre rollout is reducing copper further with 2.5k premises ready for service and 700 connected to date (4.5k expressions of interest)

> **Deregulation of copper:**

- Commerce Commission draft recommendation that regulation of copper voice and broadband services is no longer needed to promote competition
- final report due to Government by end of 2025

Data usage on fibre stable at 642GB in March

Monthly average data usage per connection*

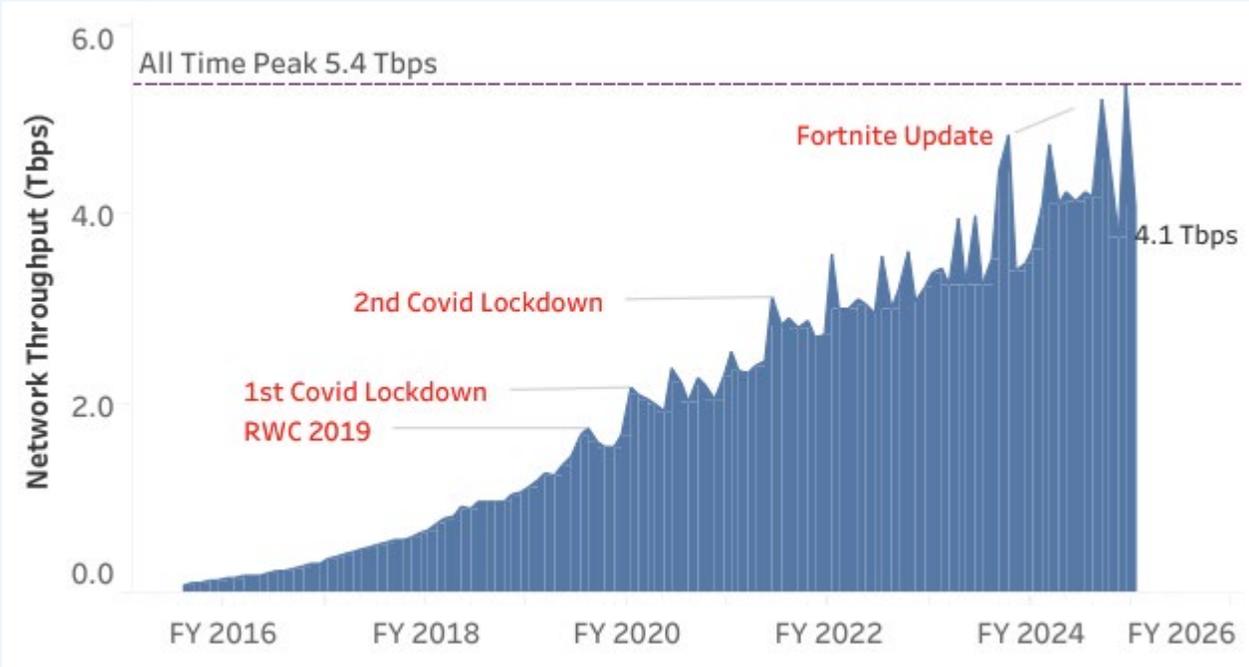


* includes upstream traffic

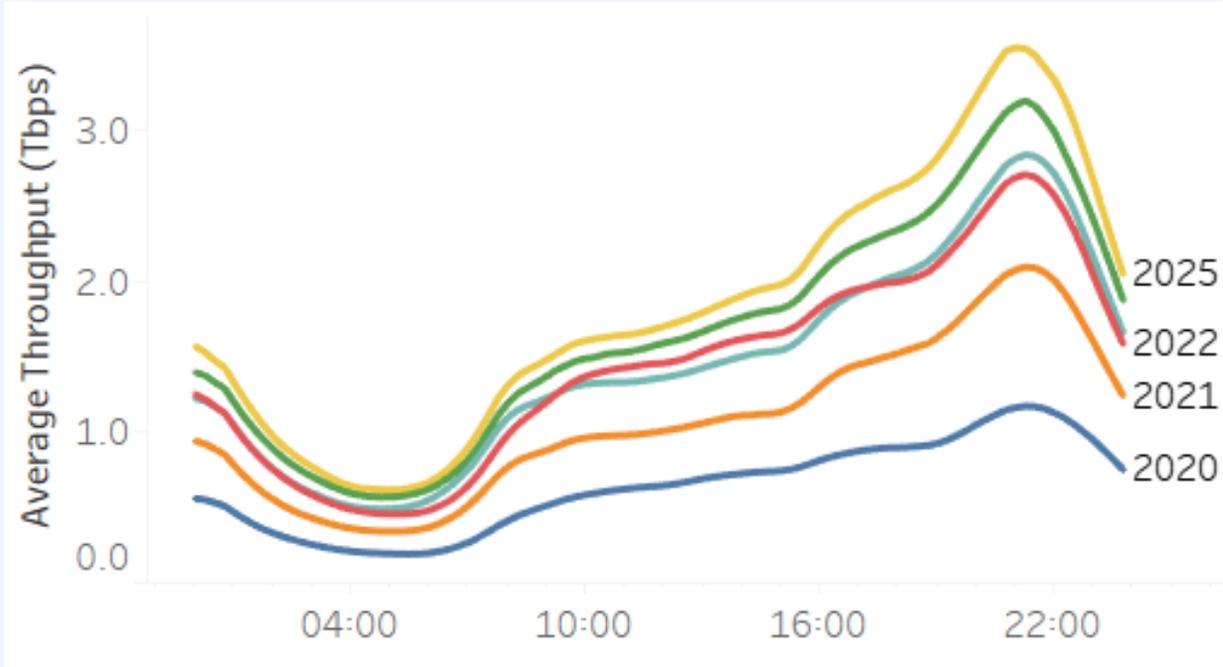
- monthly average data usage on fibre was stable at 642GB in March vs 644GB in December
- the proportion of fibre connections using more than 1 terabyte of data was ~17% vs 17.5% in December
- copper usage was 289GB (Dec: 302GB)

Record peak time usage of 5.4Tbps in February

Fortnite update drove new record peak in February

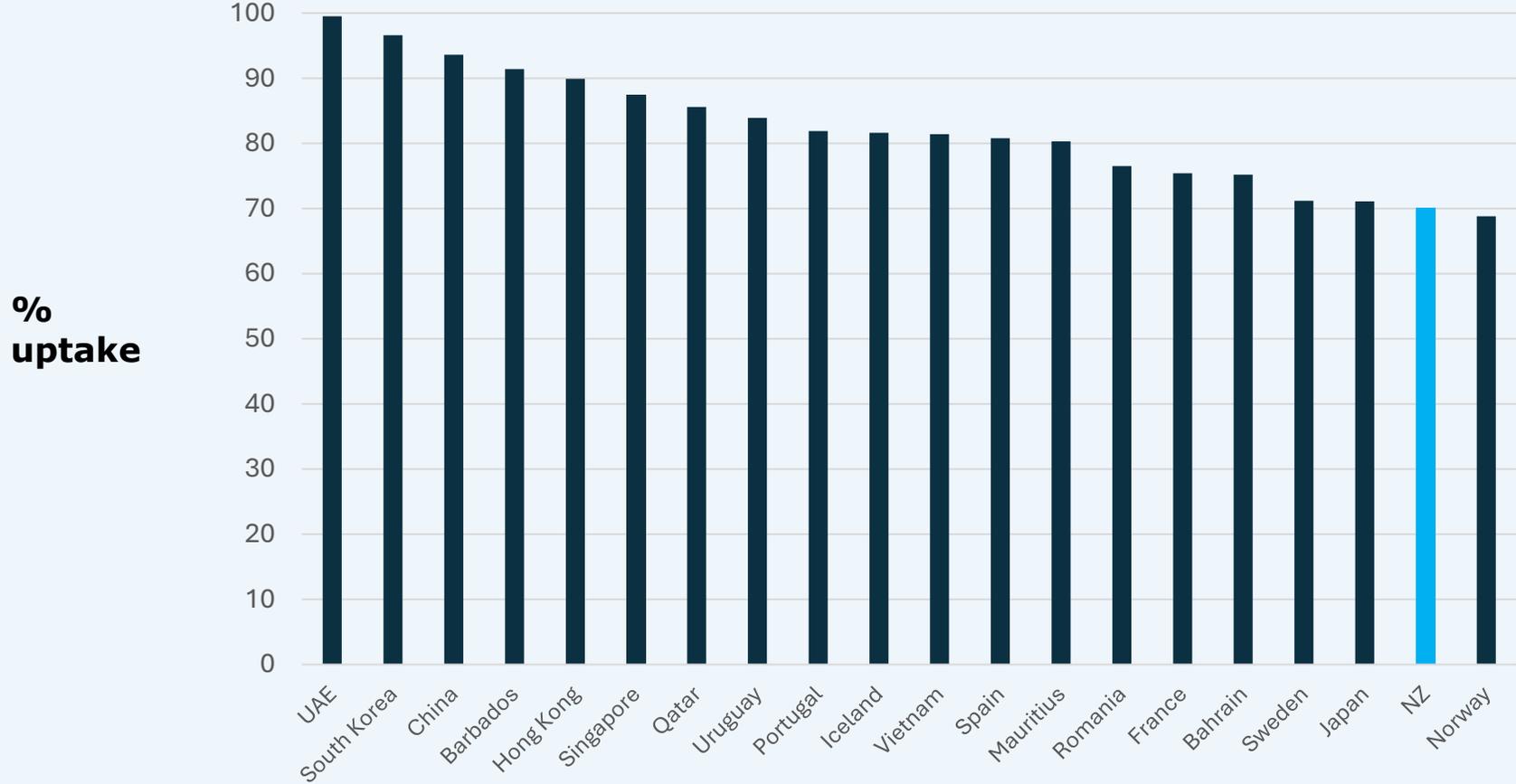


Average throughput in March, by time of day



NZ ranked 19th globally for fibre uptake

FTTH/B uptake % by households



Source:
FTTH Council Europe, Sept 2024