

STOCK EXCHANGE ANNOUNCEMENT

14 November 2018

Chorus reaches 500,000 fibre connections, price reduction for premium fibre service

Chorus has today announced the number of Ultra-Fast Broadband (UFB) connections on its network has reached 500,000, and signalled it plans to reduce the wholesale price of its premium fibre product.

While demand for fibre has been strong for some time, during recent months, demand has particularly surged. In April, Chorus reached 400,000 fibre connections, meaning an additional 100,000 premises have been connected to Chorus fibre in just the last six months. By comparison, it took five years to connect the first 100,000 customers to fibre.

As more New Zealanders connect to fibre, consumers are also moving away from entry-level plans towards higher specification plans to ensure they get the very best experience.

Chorus wants to ensure New Zealanders are getting the very best out of the network, so to incentivise take-up, Chorus intends to reduce the wholesale price of its gigabit broadband services for residential customers.

From mid next year, the wholesale price for the residential gigabit service will drop from \$65 a month to \$60, with a further reduction to \$56 in mid-2020. Retailer service providers add their own margin to the wholesale price, independent of Chorus.

"The demand for fibre broadband has been rapidly increasing and even more so now as more content moves online and New Zealanders prepare to live stream the Rugby World Cup and other sporting events in 2019," Chorus CEO Kate McKenzie said.

"And there's no sign of demand for fibre slowing down. As Chorus crosses the country laying fibre, more Kiwis can, and are, taking advantage of faster, more reliable broadband connections.

"New Zealanders are downloading, streaming high-definition TV and gaming at a huge rate and the likely impact of online TV will continue to be felt in peak network traffic growth. As more content becomes available online, new devices are released to watch it on with higher video resolutions such as 4K (and soon 8K).

“What these numbers are overwhelmingly telling us is that as a nation our average data use is growing fast, and it will continue to grow faster in the coming years so being on the best available fibre connection is vital.”

Breakdown of overall fibre connections on Chorus’ network (numbers rounded for simplicity)

Downstream plan speed	Connections
50Mbps	84,000
100Mbps	353,000
200Mbps	19,000
Gigabit	36,000
Education & business 100Mbps+	6,000

ENDS

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