Q2 FY23 Connections Update

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

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

> **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)

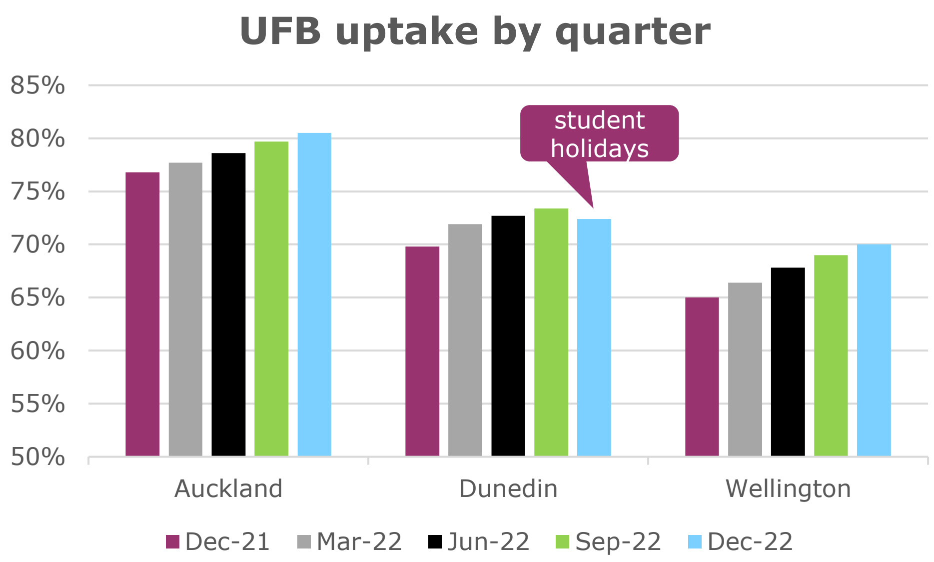
> **Average monthly data usage on fibre was 555GB in December (Sept: 554GB)**

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

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)

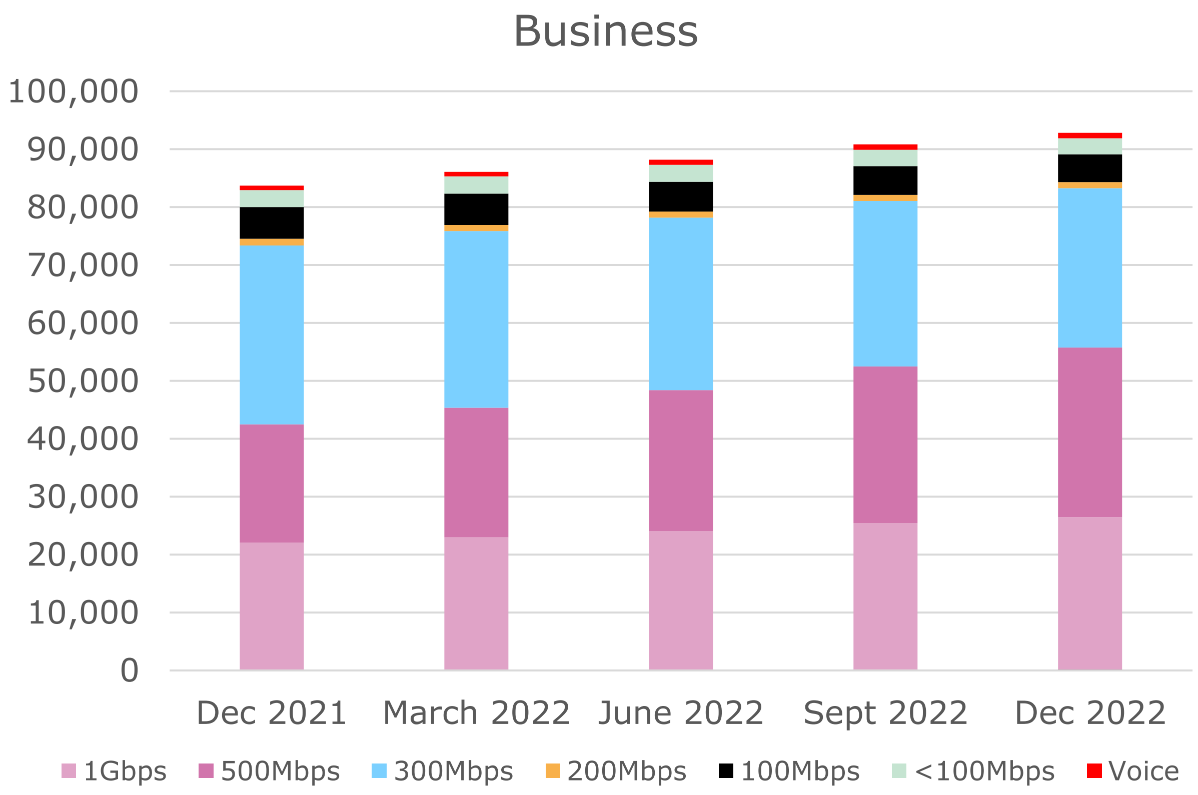
> **22,000 fibre installations completed in Q2 (Q1 FY23: 26k)**
- customer satisfaction increased from 7.7 to 7.8
- WIP reduced from 13k to 12k
- field crews reduced from ~450 to ~380 due to resourcing challenges



- 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

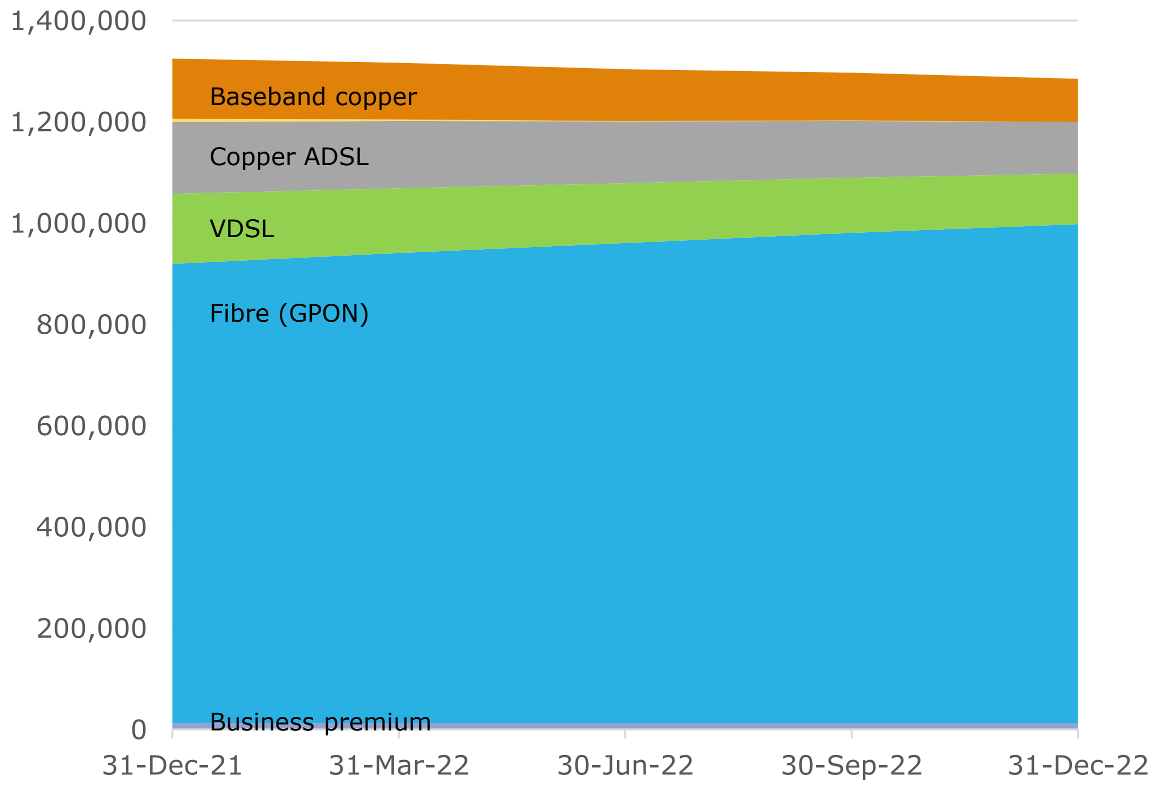
Mass market fibre connections grew 17k

- 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

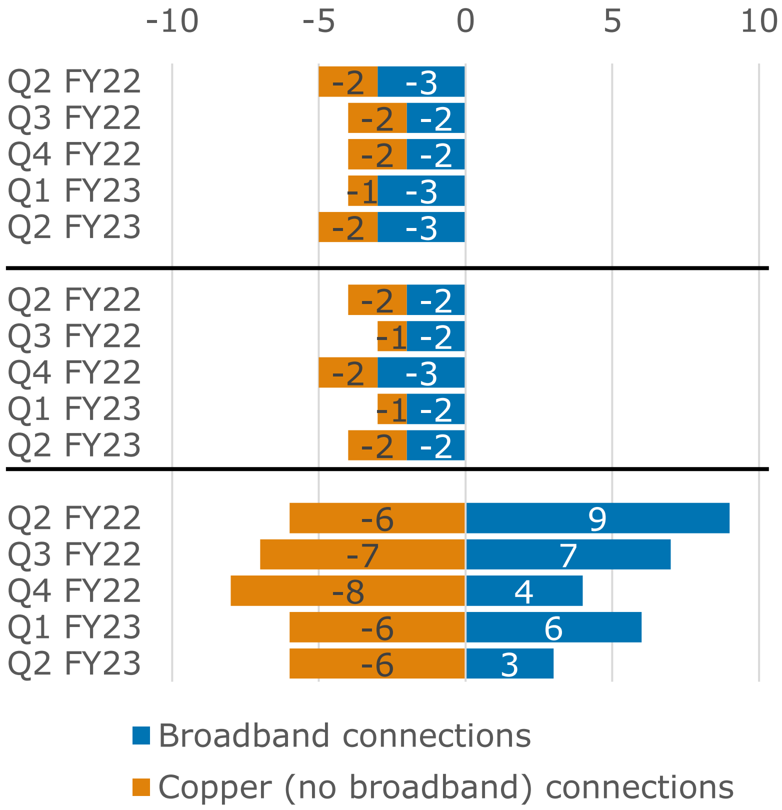


> **1,188,000 broadband connections comprises:**
- 986,000 fibre (GPON) connections
- 202,000 VDSL/ADSL (copper) connections

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*



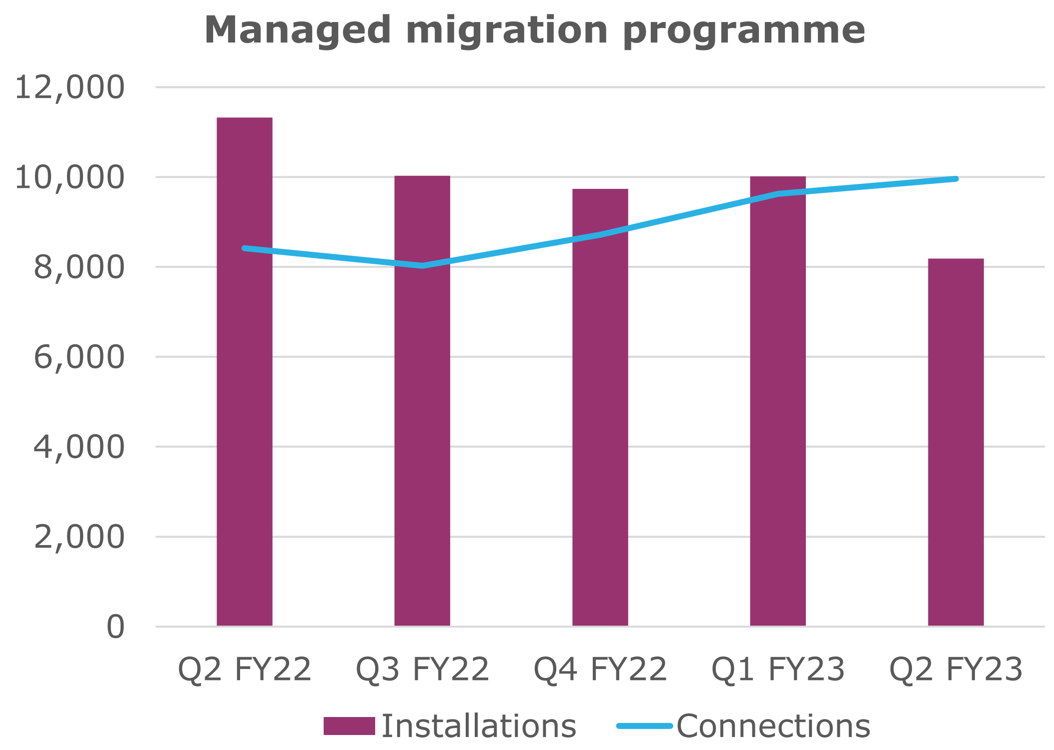
Other fibre company (LFC) zone	Broadband connections	29,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper line (no broadband)	16,000	
	TOTAL	**45,000**	
Non-UFB zone	Broadband connections	138,000	Gradual decline in copper connections 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

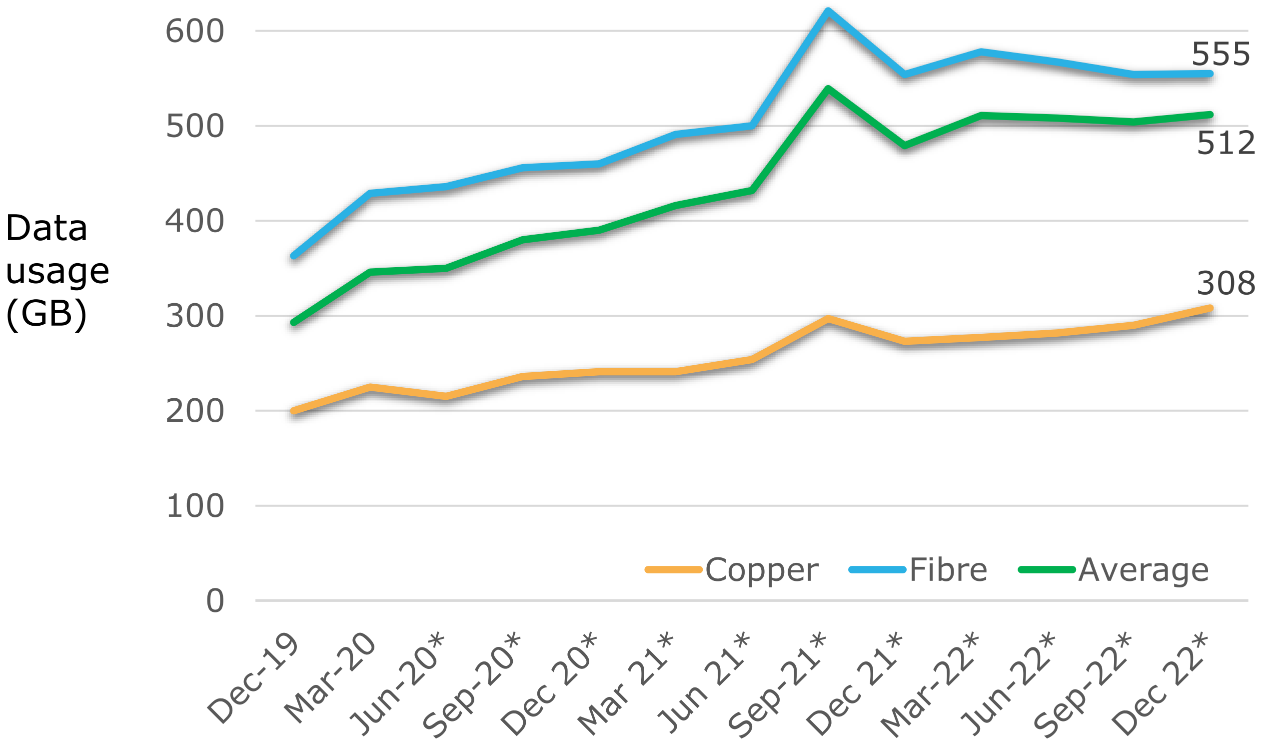
> **successful focus on driving activation of installed fibre sockets (ONTs)**
- 10k sockets activated in Q2, up slightly from Q1
- 46% of activations were offnet addresses (Q1 FY23: 45%)

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



Monthly average data usage on fibre 555 gigabytes

Monthly average data usage per connection on our network*

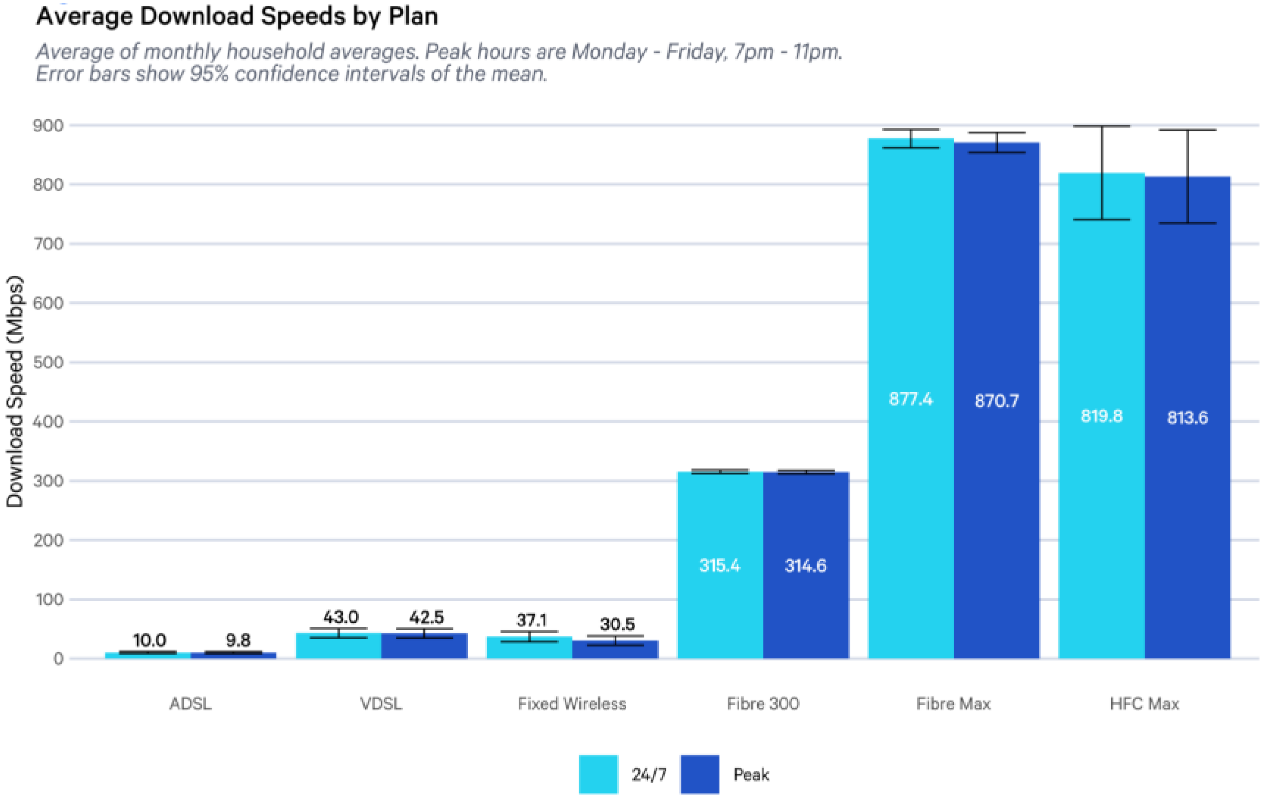


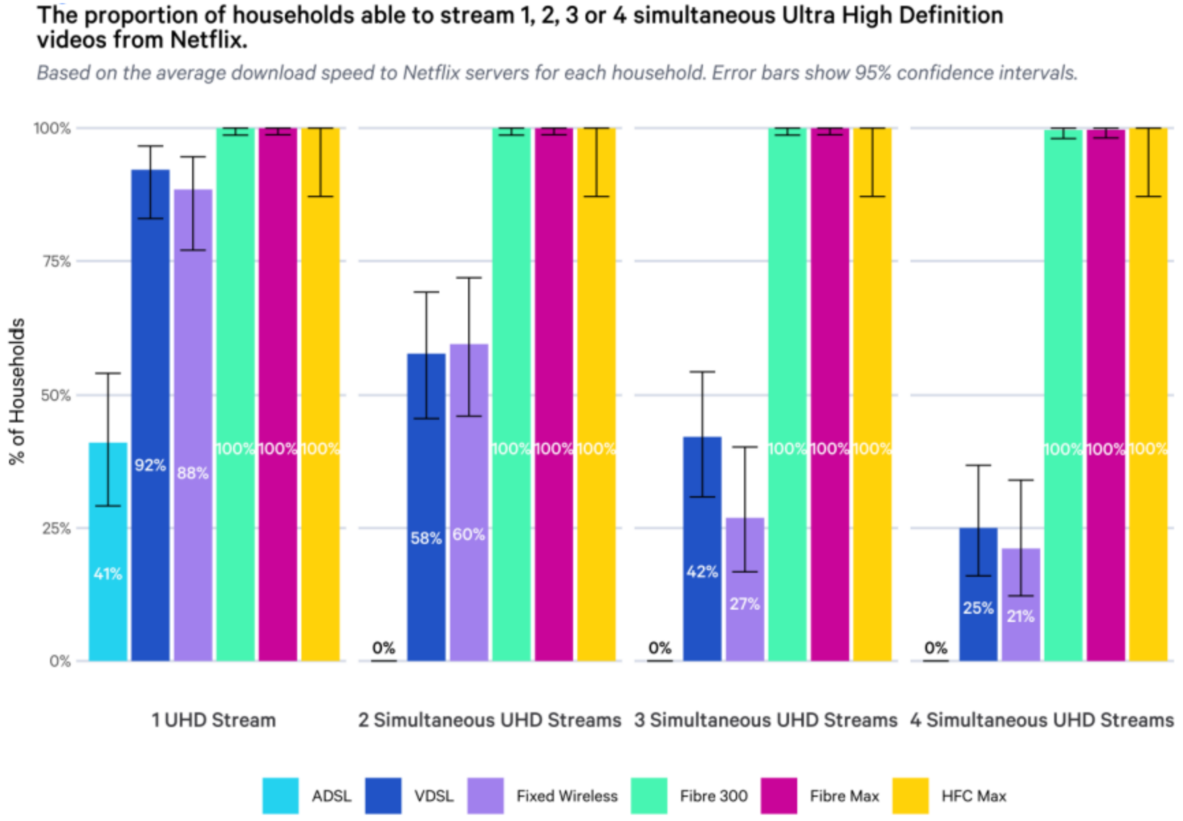
* includes upstream traffic from June 2020 onwards

- 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