



Chorus Limited  
Level 10, 1 Willis Street  
P O Box 632  
Wellington 6140  
New Zealand  
Email: [company.secretary@chorus.co.nz](mailto:company.secretary@chorus.co.nz)

## **STOCK EXCHANGE ANNOUNCEMENT**

13 October 2017

### **Chorus Q1 FY18 Connections Update**

**Total fixed line connections declined by 20k to 1,582,000 in the three months to 30 September, while total broadband connections declined by 2k to 1,184,000**

- line loss slowed progressively through Q1 as our *Ask for Better* campaign made customers more aware of their better broadband options
- broadband connections grew in Chorus' UFB areas, while local fibre companies continued to gain fibre connections in their areas and some retailers promoted their wireless networks more widely

**More customers than ever made the switch to better broadband on copper VDSL or fibre**

- 53% of broadband connections now on VDSL or fibre, up from 45% at 30 June
- 50,000 connections were added to VDSL, our largest increase ever
- field force productivity was the highest ever with 40,000 new fibre connections built
- fibre uptake across all Chorus UFB areas is now 39%, with Blenheim leading at 47% uptake

**Data demand continues to grow as video streaming drives increased broadband usage**

- 1,240 gigabits per second average network throughput at 9pm in September 2017, up from 1,084 Gbps in June 2017
- 162GB monthly average household data usage in September (128GB average on copper broadband; 251GB on fibre), up from 155GB in June

**ENDS**

For further information:

Brett Jackson  
Investor Relations Manager  
Phone: +64 4 896 4039  
Mobile: +64 27 488 7808  
Email: [brett.jackson@chorus.co.nz](mailto:brett.jackson@chorus.co.nz)



## Q1 FY18 Connections Update

13 October 2017

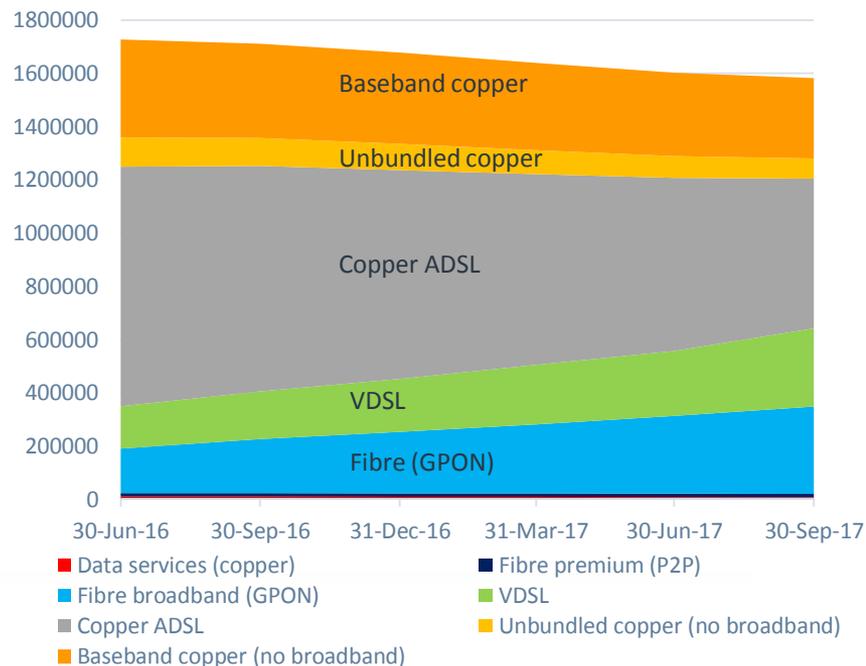
# Q1 FY18 OVERVIEW

- > **Total fixed line connections declined by 20k to 1,582,000 and total broadband connections declined by 2k to 1,184,000**
  - line loss slowed progressively through Q1 as our *Ask for Better* campaign made customers more aware of their better broadband options
  - broadband connections grew in Chorus' UFB areas, while local fibre companies continued to gain fibre connections in their areas and some retailers promoted their wireless networks more widely
- > **More customers than ever made the switch to better broadband on copper VDSL or fibre**
  - 53% of broadband connections now on VDSL or fibre, up from 45% at 30 June
  - 50,000 connections were added to VDSL, our largest increase ever
  - field force productivity was the highest ever with 40,000 new fibre connections built
  - fibre uptake across all Chorus UFB areas is now 39%, with Blenheim leading at 47% uptake
- > **Data demand continues to grow as video streaming drives increased broadband usage**
  - 1,240 gigabits per second average network throughput at 9pm in September 2017, up from 1,084 Gbps in June 2017
  - 162GB monthly average household data usage in September (128GB average on copper broadband; 251GB on fibre), up from 155GB in June

# Q1 CONNECTION TRENDS

- > Total connections reduced by **20,000** to **1,582,000**
  - a reduction of **17,000** copper lines with no broadband (including unbundled connections)
  - a decrease of **2,000** total broadband connections to **1,184,000**
  - decline of **1,000** data services (copper) connections

	30 Sept 2016	31 Dec 2016	31 March 2017	30 June 2017	30 Sept 2017
Unbundled copper	105,000	99,000	90,000	82,000	76,000
Baseband copper (no broadband)	354,000	343,000	328,000	313,000	302,000
Fibre broadband (GPON)	203,000	231,000	259,000	292,000	328,000
VDSL (includes naked)	179,000	199,000	224,000	244,000	294,000
Copper ADSL (includes naked)	847,000	784,000	716,000	650,000	562,000
Data services (copper)	10,000	9,000	9,000	8,000	7,000
Fibre premium (P2P)	13,000	13,000	13,000	13,000	13,000
<b>Total fixed line connections</b>	<b>1,711,000</b>	<b>1,678,000</b>	<b>1,639,000</b>	<b>1,602,000</b>	<b>1,582,000</b>



# KEY CONNECTION TRENDS – Q1 FY18

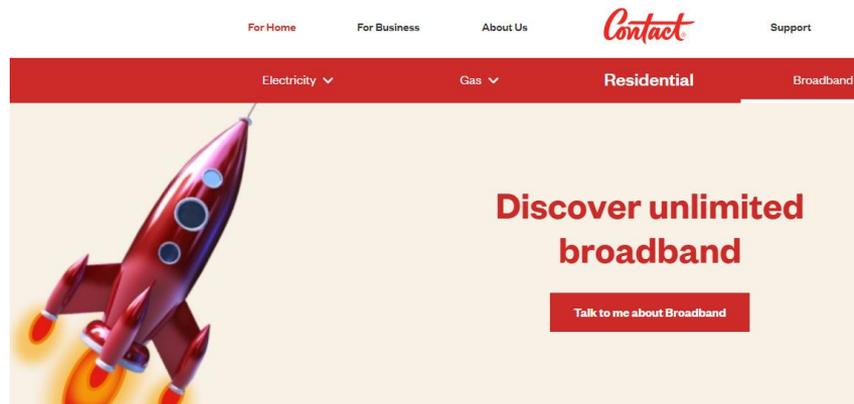
- > **copper voice only lines reduced by 17k** (prior quarter -23k), with just under half of the reduction being UCLL connections presumably migrating to fibre, or other broadband products
- > the **decline in total broadband connections slowed significantly to -2k** (prior quarter -13k) as our *Ask for Better* advertising and retailer incentives came into effect (campaign started in May)
  - 53% of broadband connections are now on VDSL or fibre, up from 45% at 30 June
  - VDSL connections grew by 50k in Q1 (prior quarter +20k) as some retailers began to accelerate the migration of their customers to better broadband
  - fibre connections grew by 36k in Q1 (prior quarter +33k)
  - broadband connections grew in Chorus UFB1 & 2 areas

INDICATIVE CONNECTIONS BY ZONE AT 30 SEPT (note: zones not yet defined to reflect UFB2+ areas)	Chorus UFB1 & 2 areas	Non-UFB1 & 2 areas	Local Fibre Company UFB 1 & 2 areas	TOTAL
Copper connections – no broadband	241,000	62,000	75,000	378,000
Broadband – copper and fibre	866,000	170,000	148,000	1,184,000
<b>TOTAL</b>	<b>1,107,000</b>	<b>232,000</b>	<b>223,000</b>	<b>1,562,000*</b>

\*Excludes the 20k business fibre/copper data connections

# PROMOTING BETTER BROADBAND

- > Our *Ask for better* campaign continues to raise awareness of VDSL and fibre availability
  - more targeted incentives for retailers to migrate ADSL/UCLL connections to better broadband and win back off-net connections
  - *Consumer New Zealand* has reported that wireless marketing claims “don’t stack up” relative to fixed line options given speed, data, and congestion limitations.
  
- > Fibre migration trials yielding results
  - 70% of customers spoken to agreed to connect their homes at the same time as the street rollout in Hokitika.
  - 40% of customers in an Auckland neighbourhood, whom hadn’t yet connected to fibre, agreed to have their homes connected when approached by Chorus.
  
- > Contact Energy has become the largest electricity retailer to enter the broadband market, offering unlimited plans only and no fixed term contract.

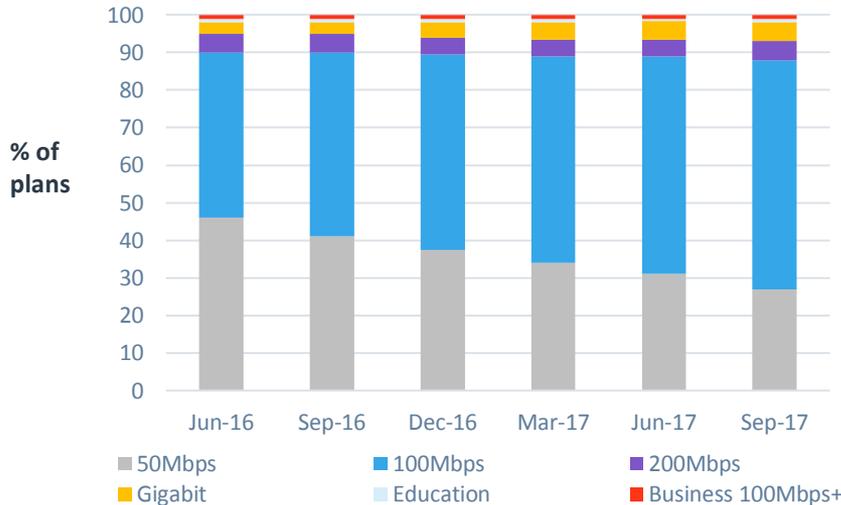


# FIBRE UPTAKE & USAGE

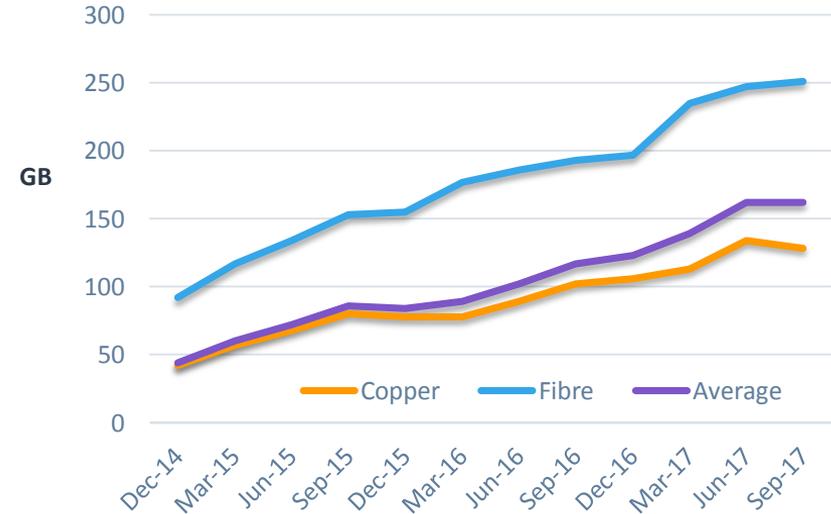
- > **39% uptake** with **309,000** connections within UFB deployed footprint (FY17: 35% uptake and 275,000 connections)
  - **73%** of mass market fibre plans 100Mbps or higher
  - total number of 50Mbps connections now reducing

- > **162GB** monthly average data usage per connection on our network in Sept 2017
  - 251GB on fibre
  - 128GB on copper

Total mass market fibre uptake by plan type

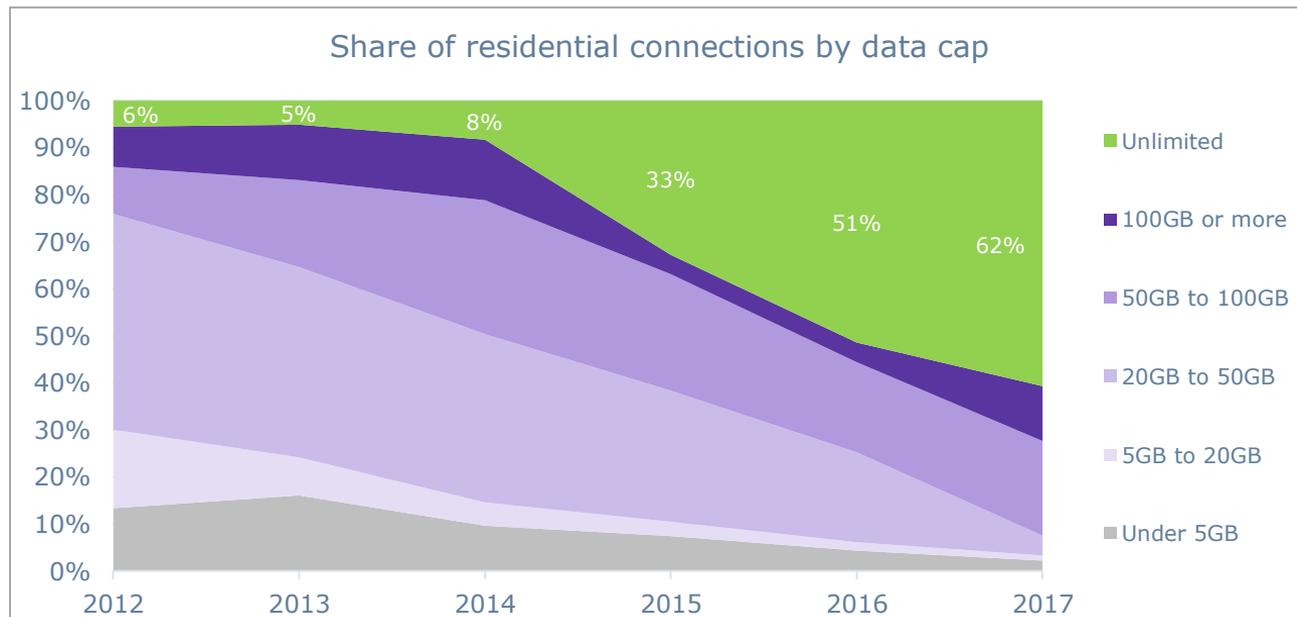


Monthly average data usage per connection on our network



# UNLIMITED DATA BECOMING THE NORM

> **62%** of connections are now estimated to be on unlimited data



Source: Statistics NZ ISP Survey June 2017

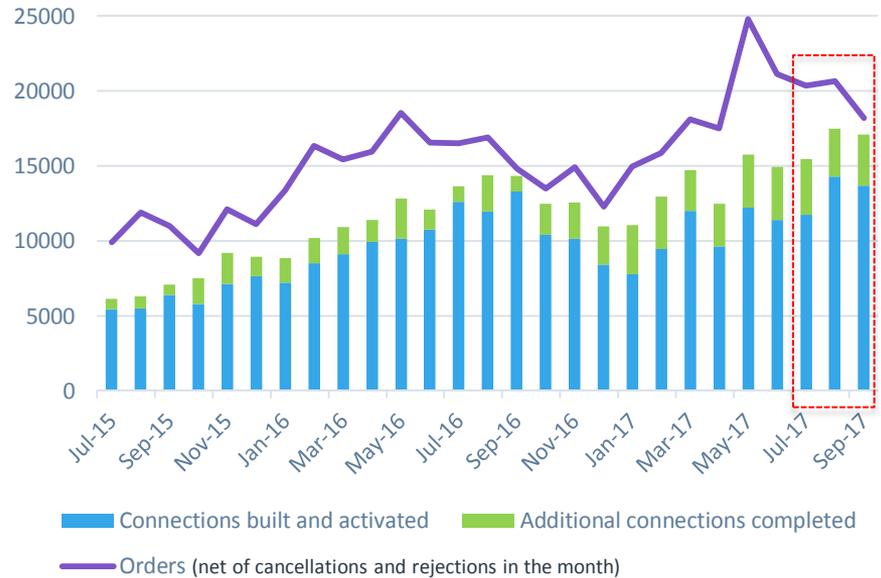
# FIBRE ROLLOUT AND UPTAKE

- > **585,000 premises passed** (FY17:581,000) out of ~1,054,000 to be passed by the end of 2022
  - **784,000** customers now able to connect
  - **14 days** weighted average lead time for fibre connection (was 22 days in June)
  - **27k work in progress** connections (was 32k in June)
  - customer satisfaction with installation was **7.4** in August (rolling three month average)

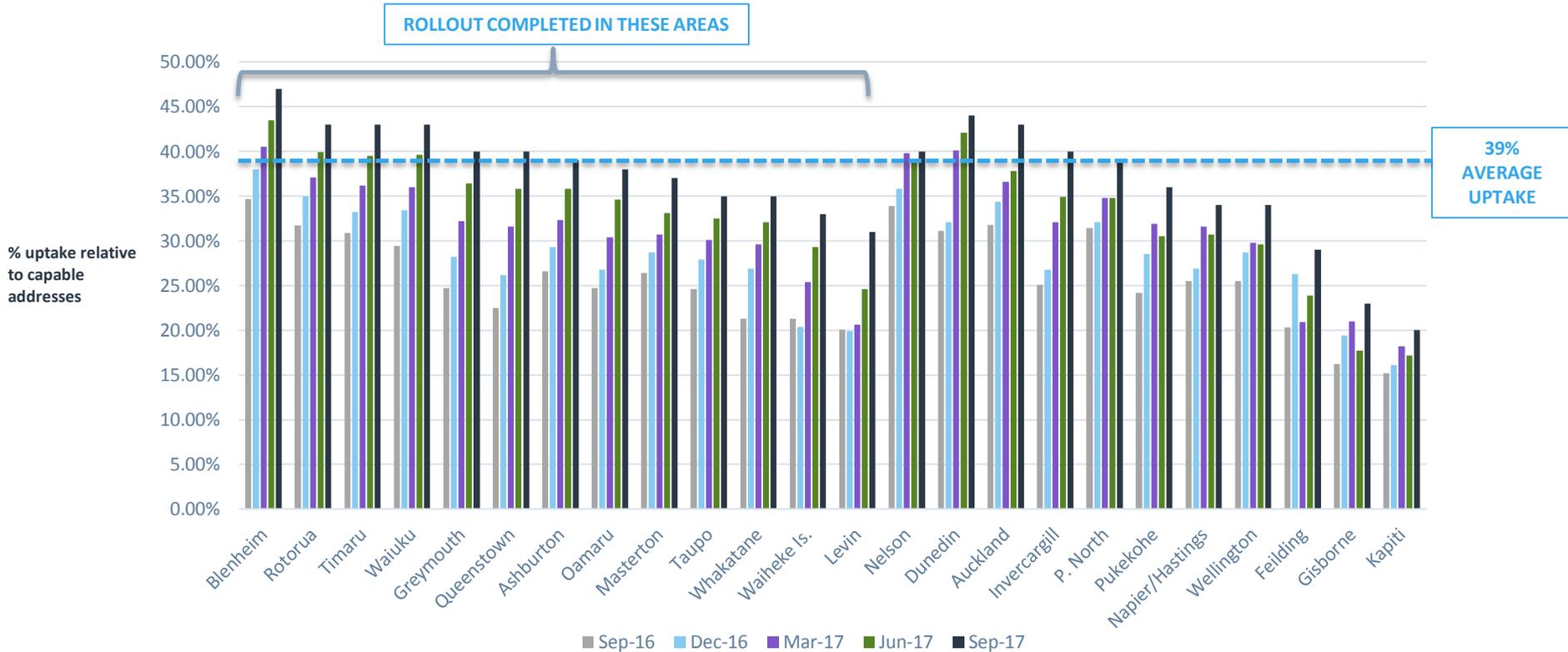


- > **40,000** new fibre connections built in Q1, our highest ever quarter for build

Chorus fibre connection activity - all NZ

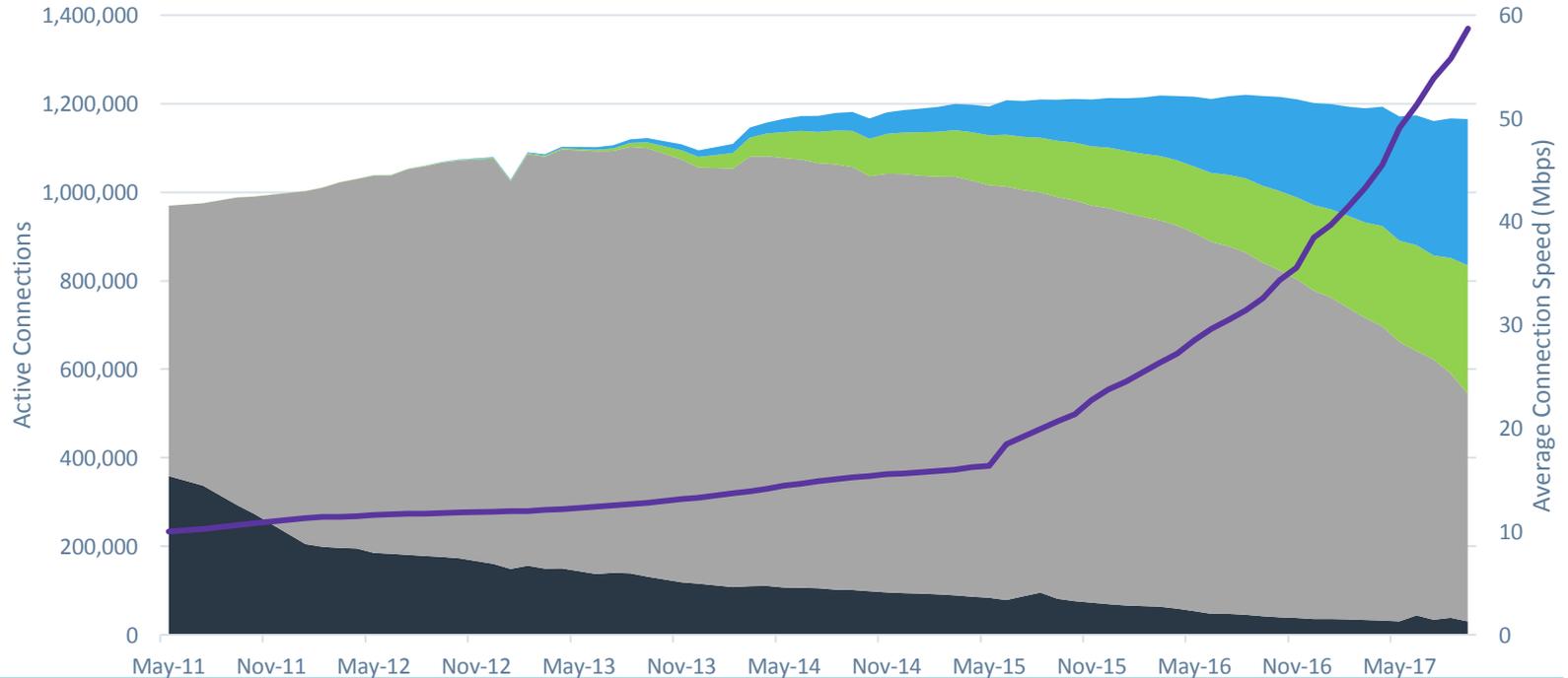


# UFB1 UPTAKE BY REGION



# CONNECTION SPEED

- > With 53% of broadband connections now on VDSL or fibre, average broadband speed has increased from 33Mbps in Sept 16 to **59Mbps** in Sept 17.



# CONNECTION SPEED HISTOGRAM – 30 Sept 2017

