



Chorus Limited
Level 10, 1 Willis Street
P O Box 632
Wellington 6140
New Zealand

Email: company.secretary@chorus.co.nz

STOCK EXCHANGE ANNOUNCEMENT

30 August 2017

Chorus to take UFB footprint further, faster

- 54,500 rural premises to be added to Chorus' UFB rollout at an expected communal rollout cost of \$135 - \$155 million
- UFB2 rollout schedule to be accelerated – complete by December 2022
- Vectored VDSL investment could improve broadband for up to 360,000 customers in rural and local fibre company areas
- No changes to FY18 capex guidance
- FY17 final dividend to be fully underwritten; no changes to dividend guidance

Chorus today announced it has reached an agreement with Crown Fibre Holdings (CFH) to extend its ultra-fast broadband (UFB) rollout to about 60,000 more customers beyond the approximately 1.3 million customers in Chorus' existing planned UFB1 and 2 rollout areas.

As part of the agreement, Chorus will also complete its current UFB2 rollout in December 2022, two years earlier than initially planned.

Chorus CEO Kate McKenzie said the agreement will ensure a future-proofed network solution for another 200 towns and rural communities.

"Fibre uptake across our existing UFB areas is at 35%, while first time orders from addresses in our FY14-FY16 rollout areas are already about 45% to 50%.

"People clearly recognise the bandwidth and performance benefits of fibre and we're pleased that New Zealand's fibre footprint will now extend to close to 90% of the population."

The terms of the agreement are consistent with the previously announced UFB2 rollout. Chorus will receive further Crown funding including:

- \$2,000 per premises passed, or up to \$109 million in CFH equity securities, for the additional 54,500 premises. This equates to approximately 75% of the expected communal rollout cost of \$135 to \$155 million.
- \$7 million to assist with accelerating the UFB2 build

Meaningful build work on the new UFB areas is expected to begin from FY19 onwards.

Taking fibre further is expected to increase Chorus' peak leverage in the medium term, so Chorus will arrange underwriting of its final FY17 dividend payment.

In addition to its investment in rural fibre, Chorus will spend around \$20 million to deploy VDSL vectoring capability in rural and local fibre company areas during FY18. This has the potential to improve broadband performance for up to 360,000 customers in these areas.

The agreement is conditional on Chorus securing tax and ratings treatment consistent with UFB2, as well as competition law authorisations which were provided for UFB2.

Please see the supplementary presentation slides for more information.

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

Nathan Beaumont
Stakeholder Communications Manager
Phone: +64 4 896 4352
Mobile: +64 (21) 243 8412
Email: nathan.beaumont@chorus.co.nz