

Q1 FY19 Connections Update

Q1 FY19 overview

Broadband demand continued to grow strongly in Chorus fibre areas, with UFB uptake reaching 50% following a record quarter for new fibre installations

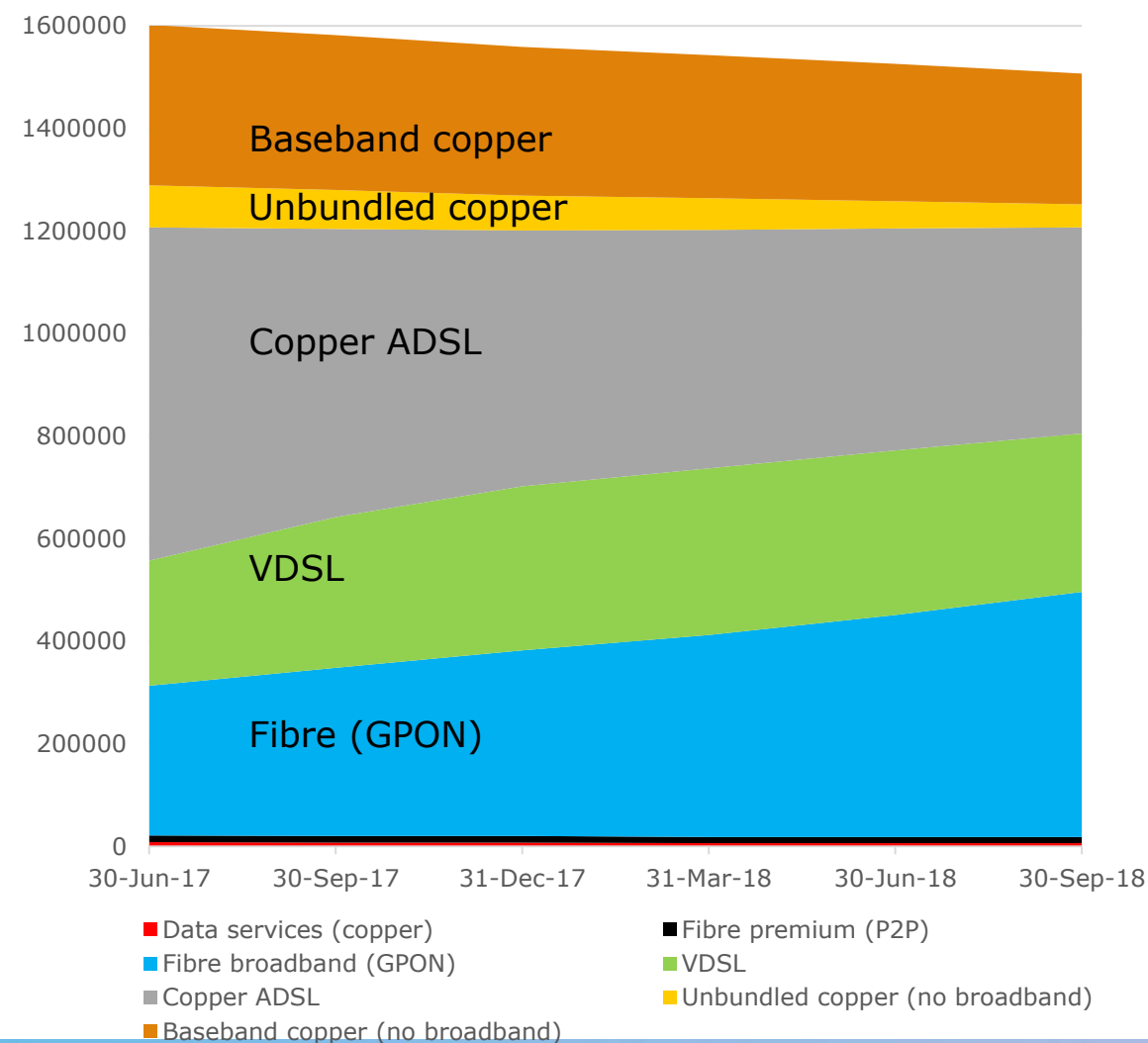
- > **Total fixed line connections declined by 19k to 1,507,000 in Q1** (Q4 FY18: -17k)
 - in Chorus fibre areas, the decline in copper lines with no broadband is being largely offset by strong broadband growth
 - the majority of the decline in total connections was in other fibre company zones as expected given fibre demand

- > **Total broadband connections grew by 3k to 1,190,000** (Q4 FY18 : +3k)
 - fibre demand was strong through Q1, with a record **50,000** fibre installations completed
 - UFB uptake grew to **50%** from 45% (30 June) within Chorus' completed areas
 - 1Gbps connections grew 20% to 36,000

- > **Surge in data demand continues**
 - **221GB** monthly average household data usage in September, up from 210GB in June
 - fibre users now average **307GB** monthly, up from 297GB in June

Q1 connection trends

| | 30 Sept 2017 | 31 Dec 2017 | 31 March 2018 | 30 June 2018 | 30 Sept 2018 |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Unbundled copper | 76,000 | 68,000 | 62,000 | 53,000 | 45,000 |
| Baseband copper (no broadband) | 302,000 | 290,000 | 279,000 | 268,000 | 255,000 |
| Fibre broadband (GPON) | 328,000 | 362,000 | 394,000 | 433,000 | 479,000 |
| VDSL (includes naked) | 294,000 | 320,000 | 325,000 | 321,000 | 309,000 |
| Copper ADSL (includes naked) | 562,000 | 499,000 | 465,000 | 433,000 | 402,000 |
| Data services (copper) | 7,000 | 7,000 | 6,000 | 6,000 | 5,000 |
| Fibre premium (P2P) | 13,000 | 13,000 | 12,000 | 12,000 | 12,000 |
| Total connections | 1,582,000 | 1,559,000 | 1,543,000 | 1,526,000 | 1,507,000 |



Connections by Zone - indicative

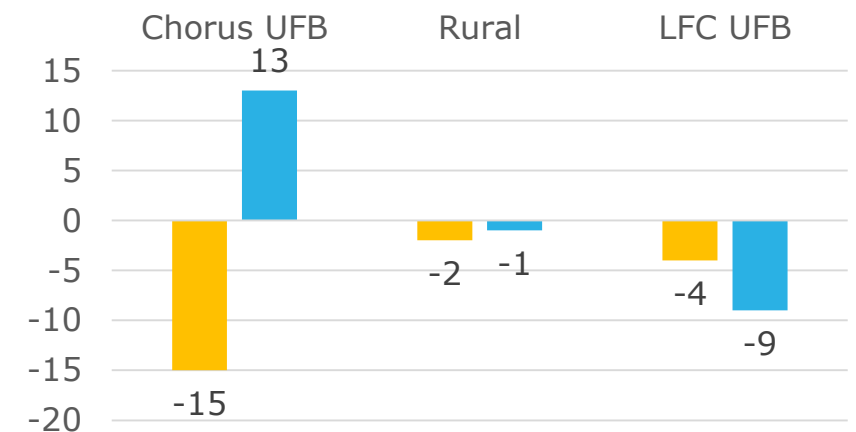
- the indicative data below includes revised 30 June totals to better reflect all UFB zone boundaries
- the Rural zone includes ~13k fibre premises and the LFC zone ~3k fibre premises

| INDICATIVE CONNECTIONS | Chorus UFB zone* | Rural (non-UFB) zone | Local Fibre Company UFB zone | TOTAL |
|----------------------------------|------------------|----------------------|------------------------------|--------------------|
| TOTAL 30 June | 1,108,000 | 206,000 | 194,000 | 1,508,000** |
| TOTAL 30 Sept | 1,106,000 | 203,000 | 181,000 | 1,490,000** |
| Copper connections: no broadband | 189,000 | 50,000 | 61,000 | 300,000 |
| Broadband: copper + fibre | 917,000 | 153,000 | 120,000 | 1,190,000 |

* Includes planned UFB1, 2 and 2+ coverage

**Excludes fibre premium and data services (copper) connections

Q1 – net change by zone



■ Copper (no broadband)

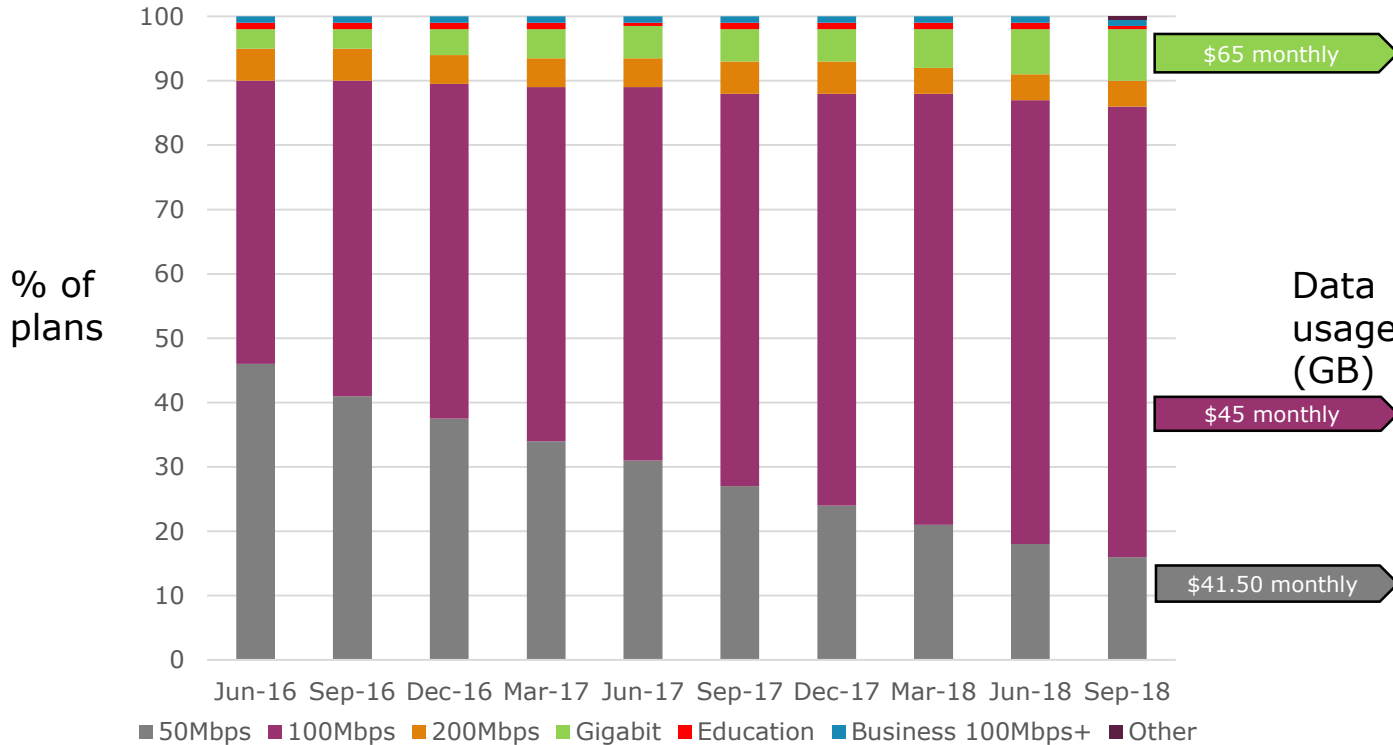
■ Broadband (fibre or copper)

Fibre uptake and data demand

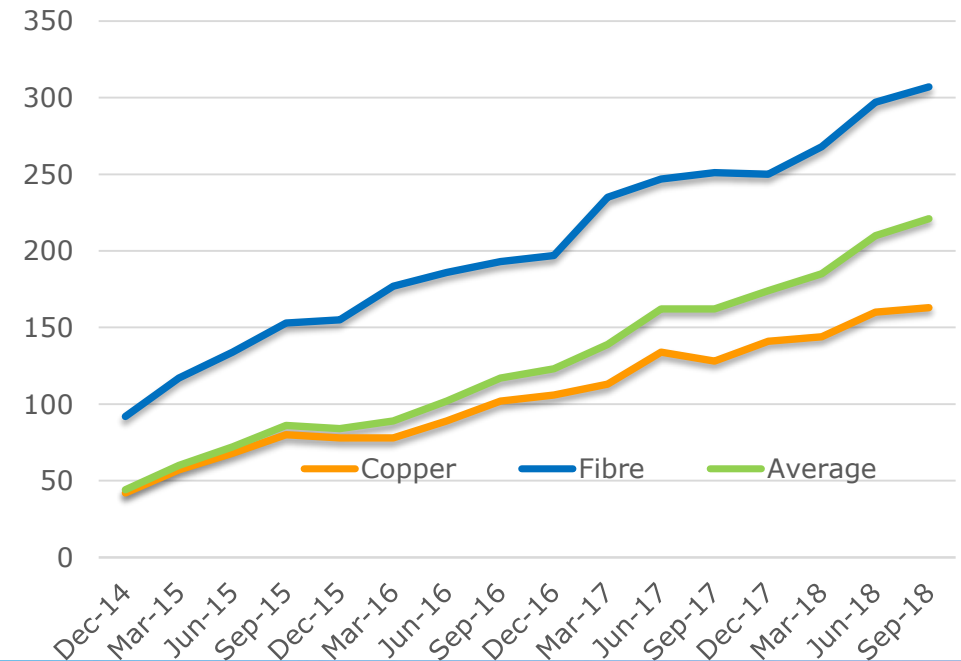
- > **46,000** mass market fibre connections added in Q1
 - 36,000 connections now on gigabit plans (Q4: 30,000)
 - 70% of mass market fibre connections on 100Mbps

- > Monthly average data usage per connection on our network grew to **221GB** from **210GB** (June 2018)
 - **307GB** on fibre (June: 297GB)
 - **163GB** on copper (June:160GB)

Total mass market fibre uptake by plan type

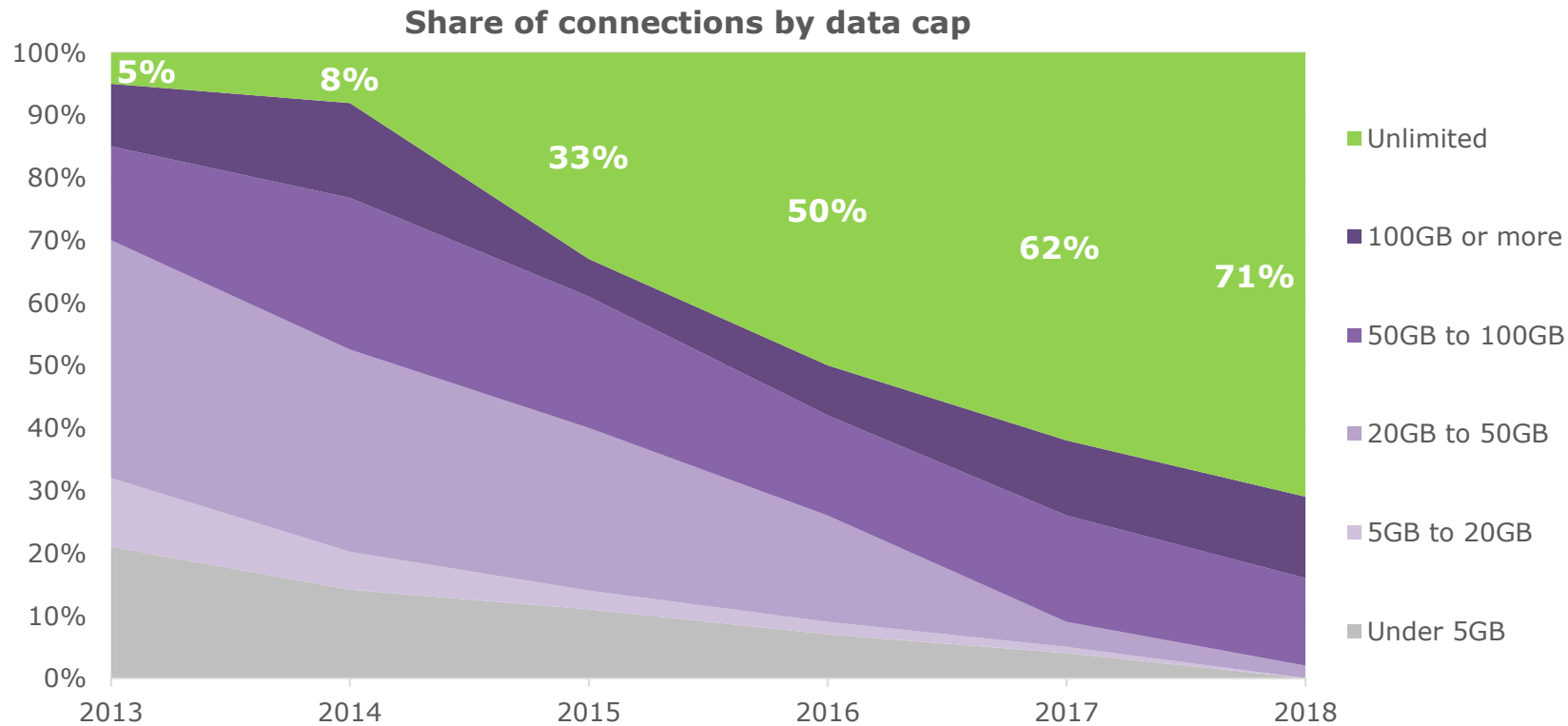


Monthly average data usage per connection on our network



Streaming is driving shift to unlimited data plans

71% of NZ broadband connections had no data cap at 30 June 2018



> ~1.3m broadband connections are believed to be on unlimited data plans, up from ~130k in 2014

Source: Statistics NZ ISP Survey June 2018

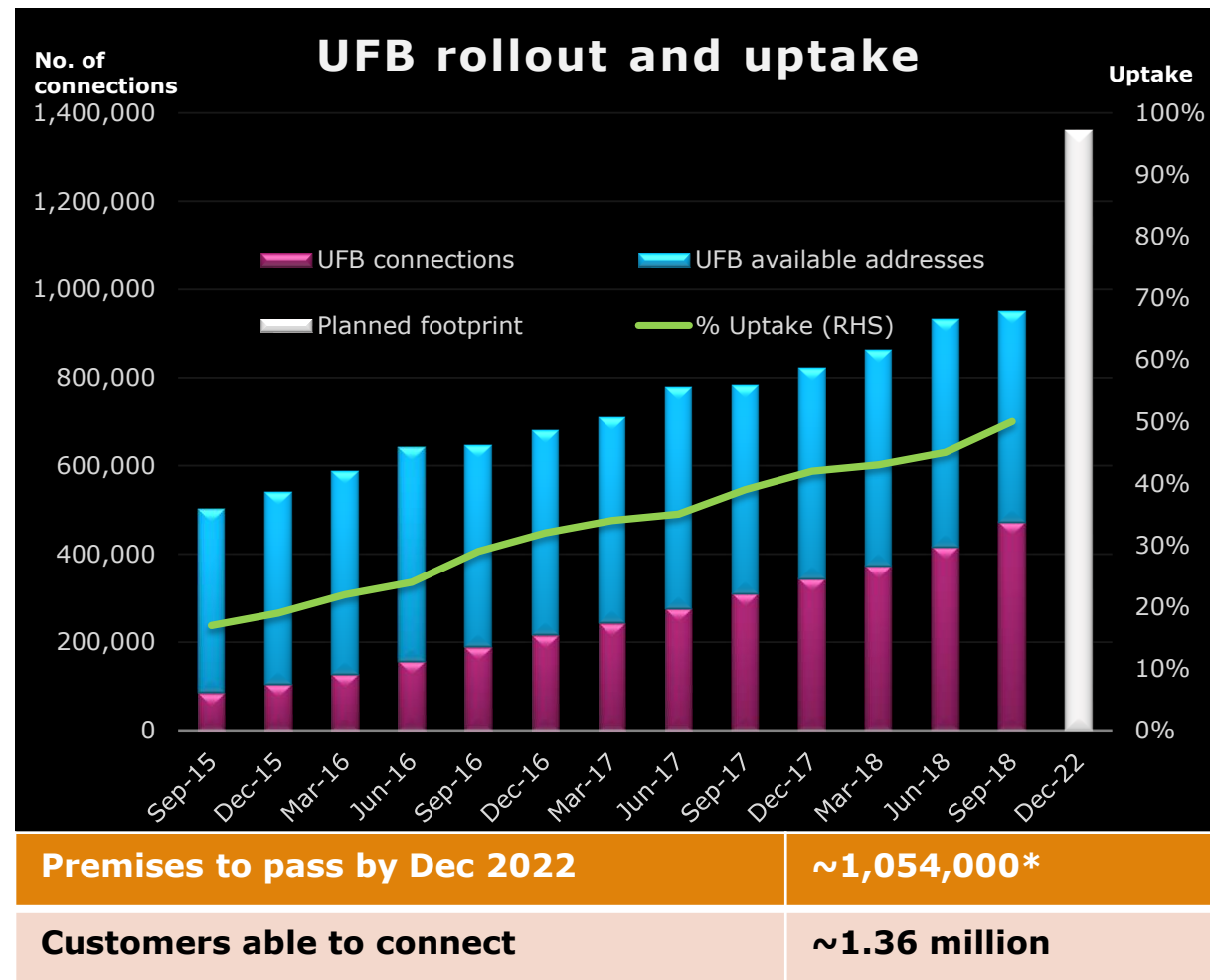
UFB uptake reaches 50%

> **50% UFB uptake at 30 Sept (30 June: 45%)**

- **472,000** connections
- **950,000** customers able to connect
- **714,000** premises passed

Record quarter for fibre installations

- **50k** fibre installations completed (NZ wide)
- field crews reduced to **770** vs 800 at 30 June
- work in progress reduced to **25k** vs 30k at 30 June
- weighted average lead times reduced to **8 days** vs 13 days at 30 June

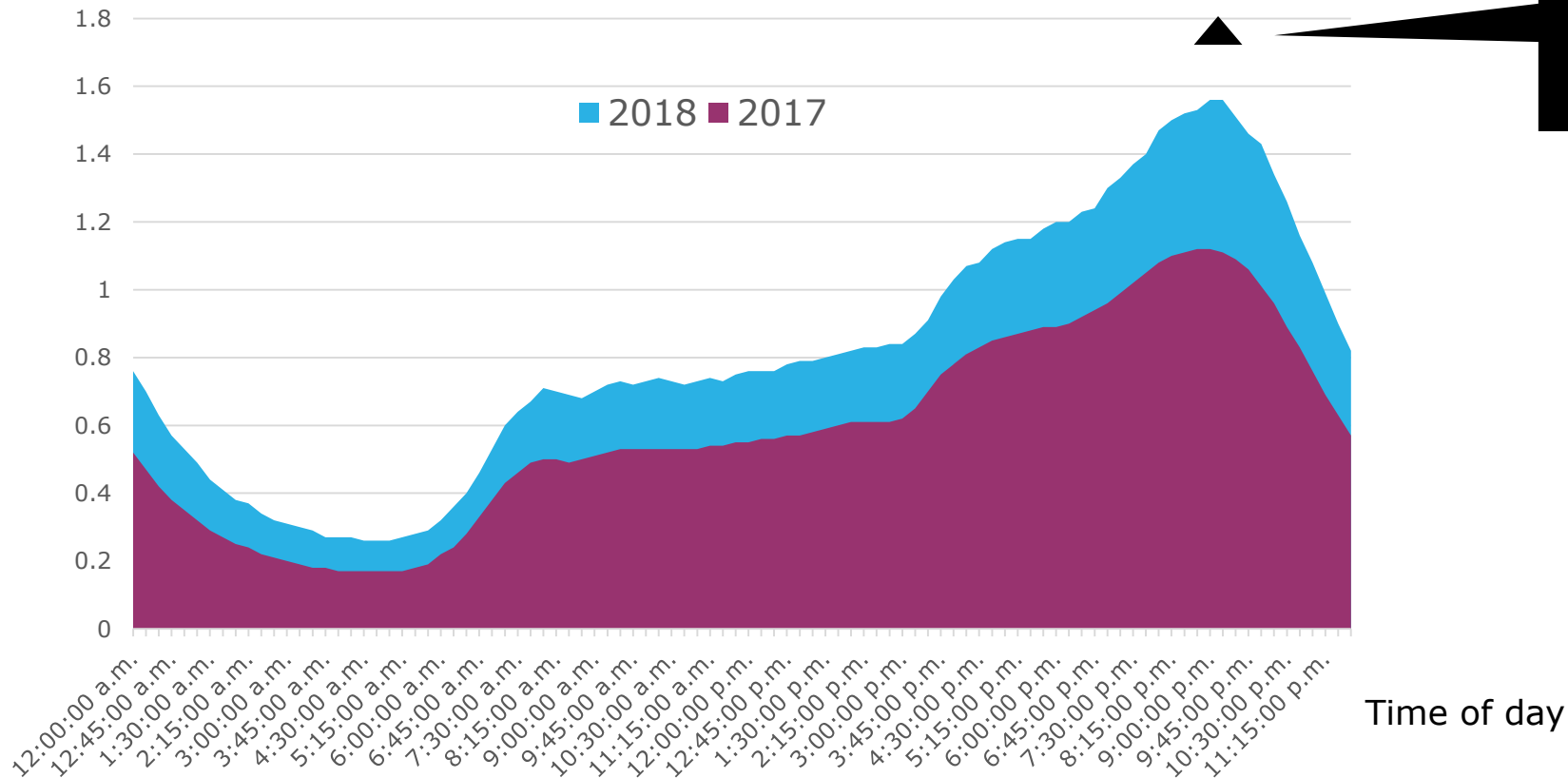


*Includes estimated 43k greenfields premises for UFB1

40% growth in traffic peak: Sept 2017-2018

Average Peak Throughput - September

Network throughput (Tbps)

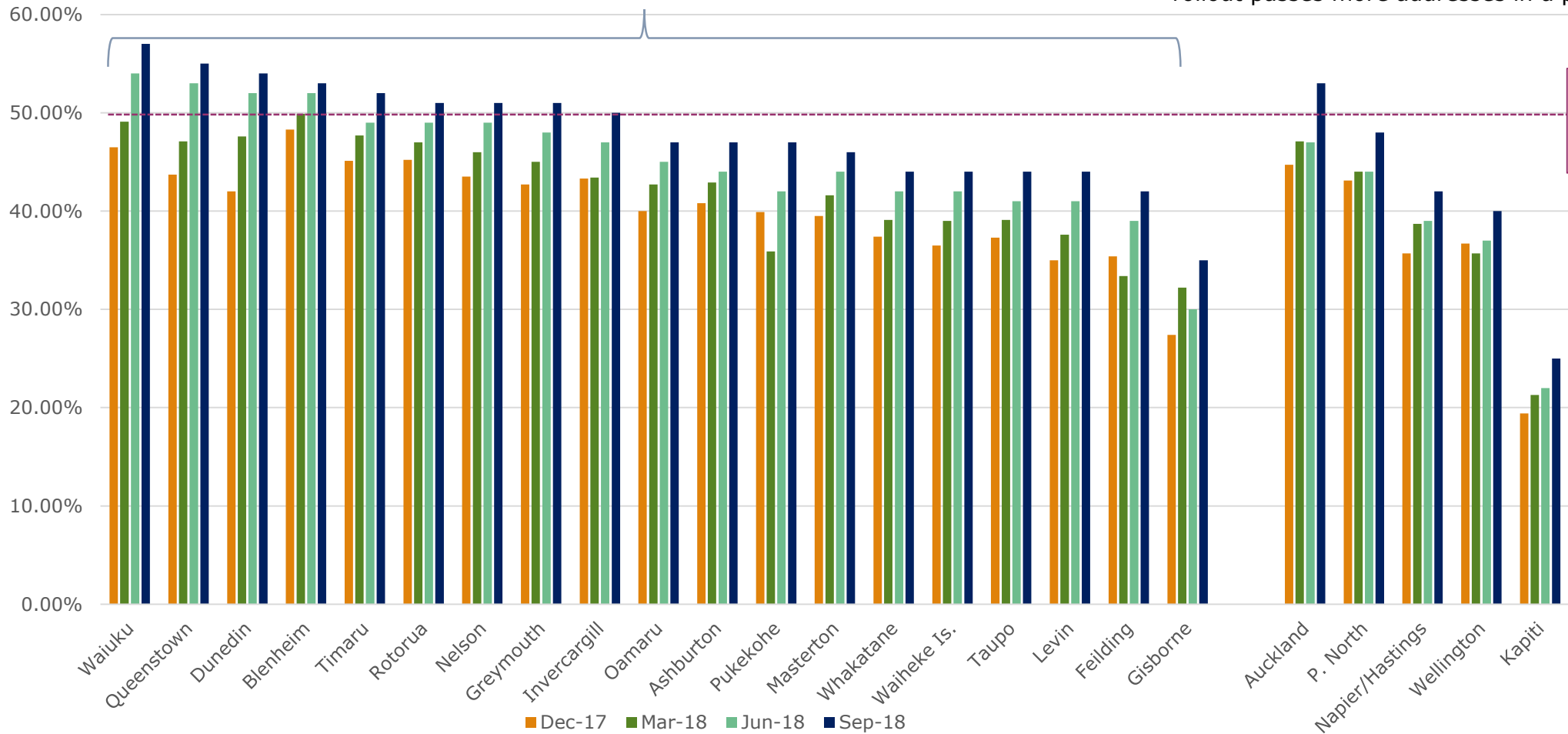


Fortnite effect: record peak traffic 1,792Gbps on 12 July 2018

UFB1 uptake by area

ROLLOUT COMPLETED IN THESE AREAS

Note: % uptake can reduce in areas as the fibre rollout passes more addresses in a period



**50%
AVERAGE
UPTAKE**

% uptake relative to capable addresses