

Q4 FY19 Connections Update

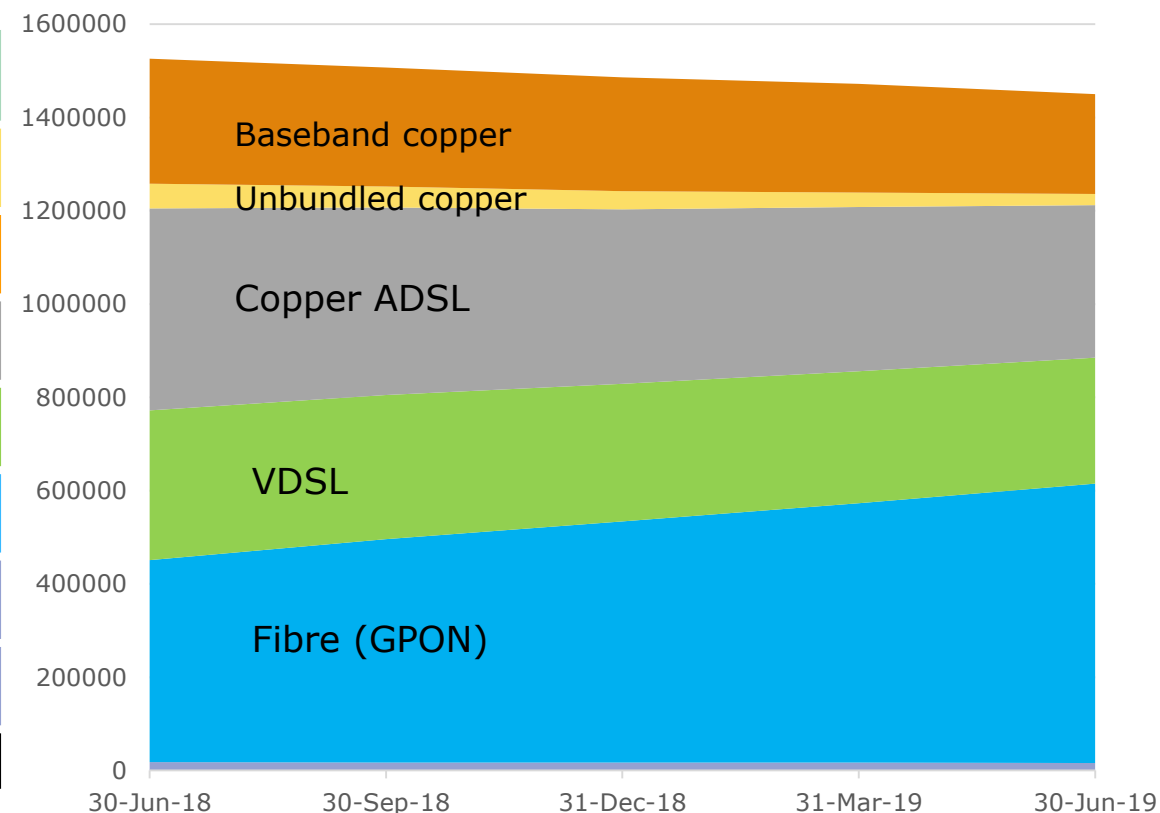
Q4 FY19 overview

50% of broadband connections now on fibre

- > **Total broadband connections grew by 5k to 1,196,000** (Q3 FY19: +5k)
 - demand for 1Gbps connections grew to 58,000 connections, up from 50,000 in March
 - fibre demand was strong, with **50,000** fibre installations completed
 - weighting of build programme to Q4, kept fibre uptake steady at 53% with 84,000 more customers passed
- > **Total fixed line connections declined by 22k to 1,450,000 in Q4** (Q3 FY19: -14k)
 - voice only disconnections increased as retailers targeted their customers with wireless voice
- > **Monthly average data usage grew to 265GB**
 - fibre users now averaging **341GB** monthly, up from 329GB in March
 - Aucklanders average **364GB** monthly on fibre, 308GB monthly across copper and fibre
 - peak time data usage has begun exceeding **2Tbps**, up 77% from June 2017 level

Fibre now 50% of broadband connections

	30 June 2018	30 Sept 2018	31 Dec 2018	31 March 2019	30 June 2019
Unbundled copper (no broadband)	53,000	45,000	39,000	31,000	24,000
Baseband copper (no broadband)	268,000	255,000	244,000	233,000	214,000
Copper ADSL (includes naked)	433,000	402,000	374,000	352,000	327,000
VDSL (includes naked)	321,000	309,000	295,000	283,000	270,000
Fibre broadband (GPON)	433,000	479,000	517,000	556,000	599,000
Data services (copper)	6,000	5,000	5,000	5,000	5,000
Fibre premium (P2P)	12,000	12,000	12,000	12,000	11,000
Total connections	1,526,000	1,507,000	1,486,000	1,472,000	1,450,000



> **1,196,000 broadband connections comprises:**

- 599,000 fibre (GPON) connections
- 597,000 VDSL/ADSL (copper) connections

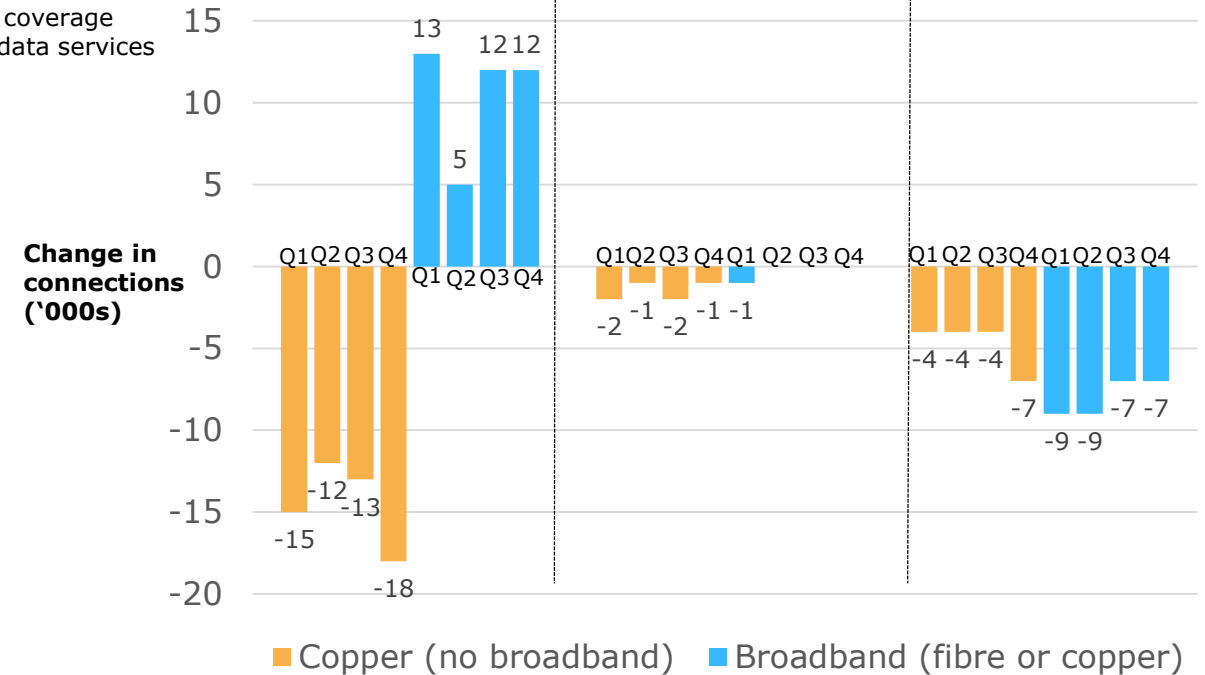
Connection movements by Zone (indicative)

	Chorus UFB zone*	Rural (non-UFB) zone	Local Fibre Company UFB zone
Total connections at 30 June**	1,092,000	199,000	143,000
Broadband connections	946,000	153,000	97,000
Copper (no broadband) connections	146,000	46,000	46,000

* Includes planned UFB1, 2 and 2+ coverage
 **Excludes 16k fibre premium and data services (copper) connections

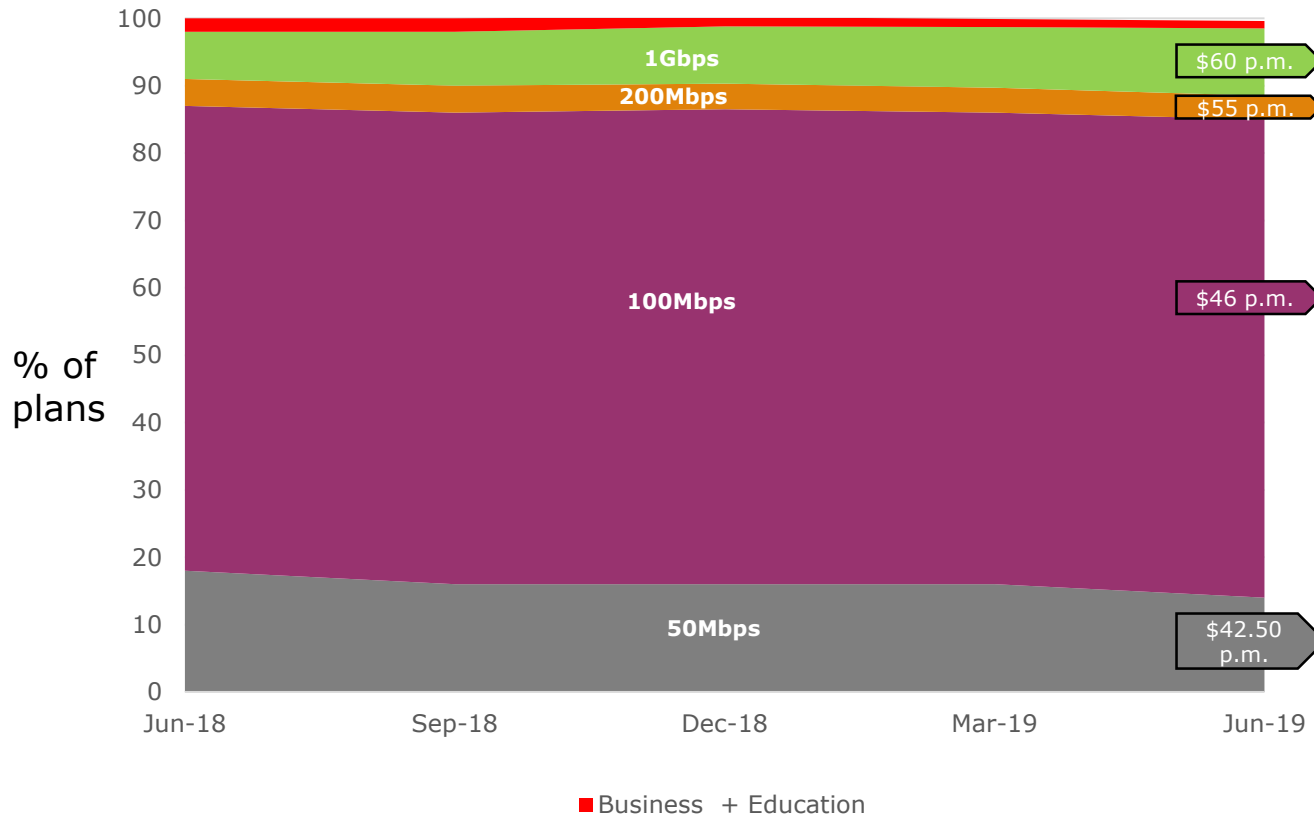
> Strong broadband growth in Chorus UFB areas

- broadband growth is outpacing premises growth in Chorus UFB areas and offsetting broadband disconnections in LFC zone
- VDSL and vectoring upgrades continue to support broadband demand in rural areas
- voice line loss increased in Chorus UFB zone and LFC zone as retailers targeted their customers with wireless voice



Active wholesaler campaigns driving ARPU growth

Total mass market fibre uptake by plan type

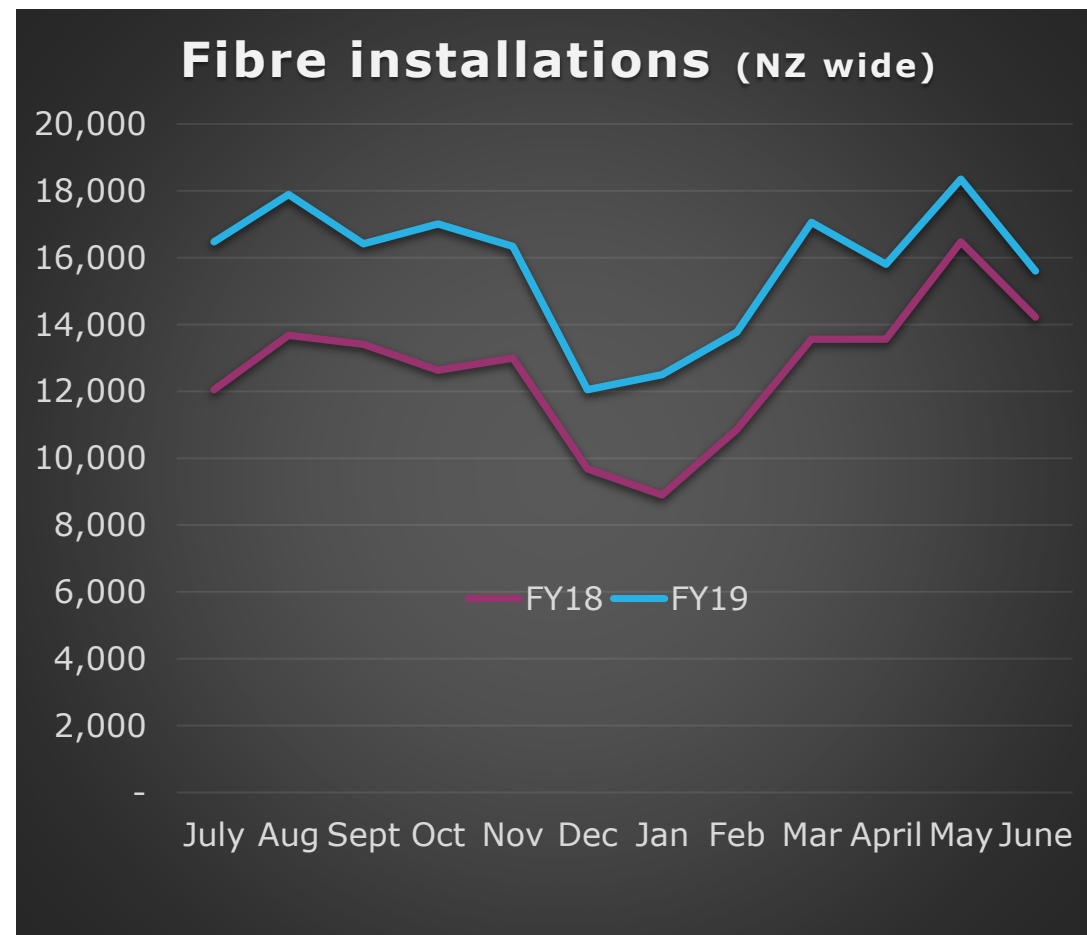


- > **43,000** mass market fibre connections added in Q4 (vs 39k Q3)
 - 1Gbps connections grew by 8k to 10% of mass market fibre connections, up from 50k connections in Q3
 - 95%+ of Dunedin *Gigatown* connections retained on 1Gbps following end of sponsorship
 - 71% of mass market fibre connections on 100Mbps

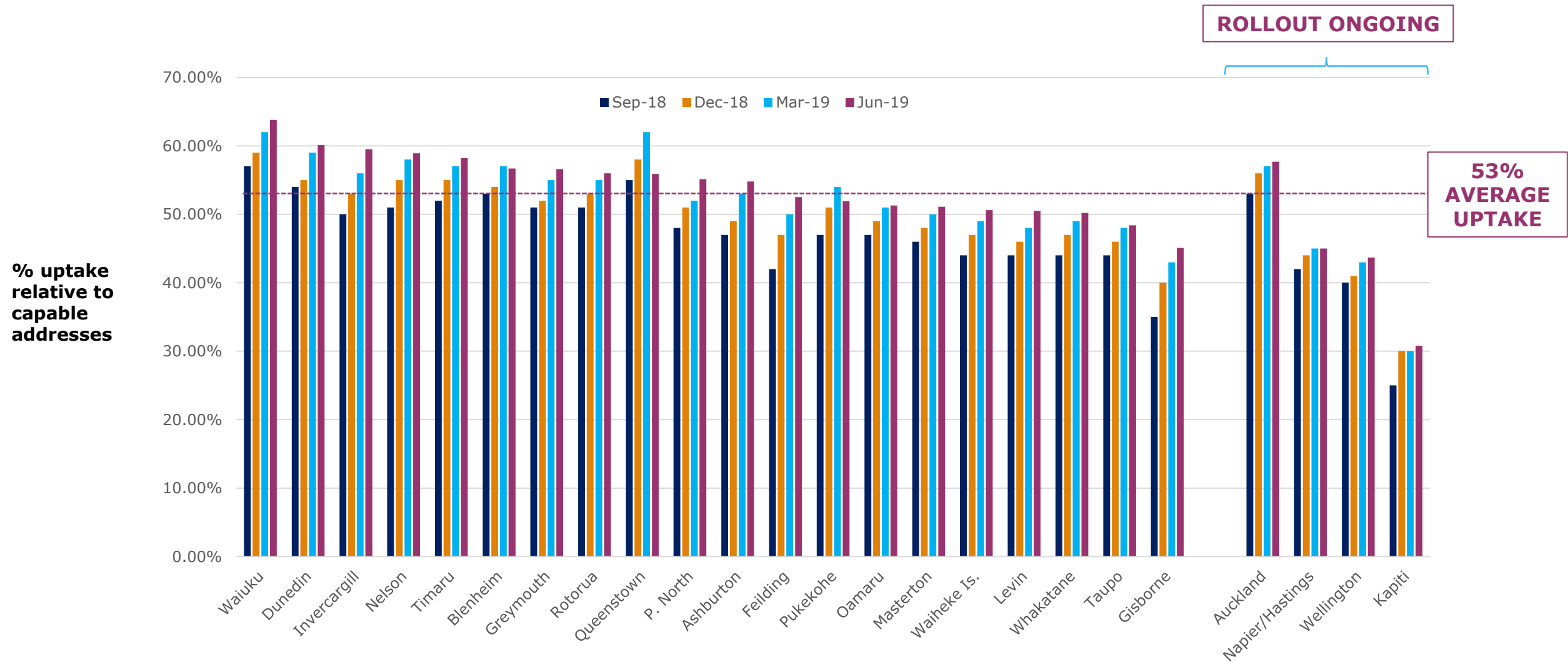
- > Focus on enhancing product portfolio
 - **small business plans** launched 1 July with enhanced restoration levels: 100Mbps plan \$55 per month; 1Gbps plan \$65 per month
 - **10GPON** trial underway with retailers; use cases identified

UFB rollout now 80% complete

- > **50,000 installations completed in Q4**
 - weighted average lead times reduced from 9 to **8 days**
 - work in progress decreased from 26k to **23k**
- > **Uptake steady at 53% with fibre passing another 84,000 customers in Q4**
 - **584,000** connections (31 March: 543,000)
 - **1,108,000** customers able to connect (31 March: 1,024,000)
 - **842,000** premises passed (31 March: 771,000) out of 1,054,000 target



UFB1 uptake



Note: % uptake can reduce in areas as the fibre rollout passes more addresses in a period and greenfield subdivisions are claimed

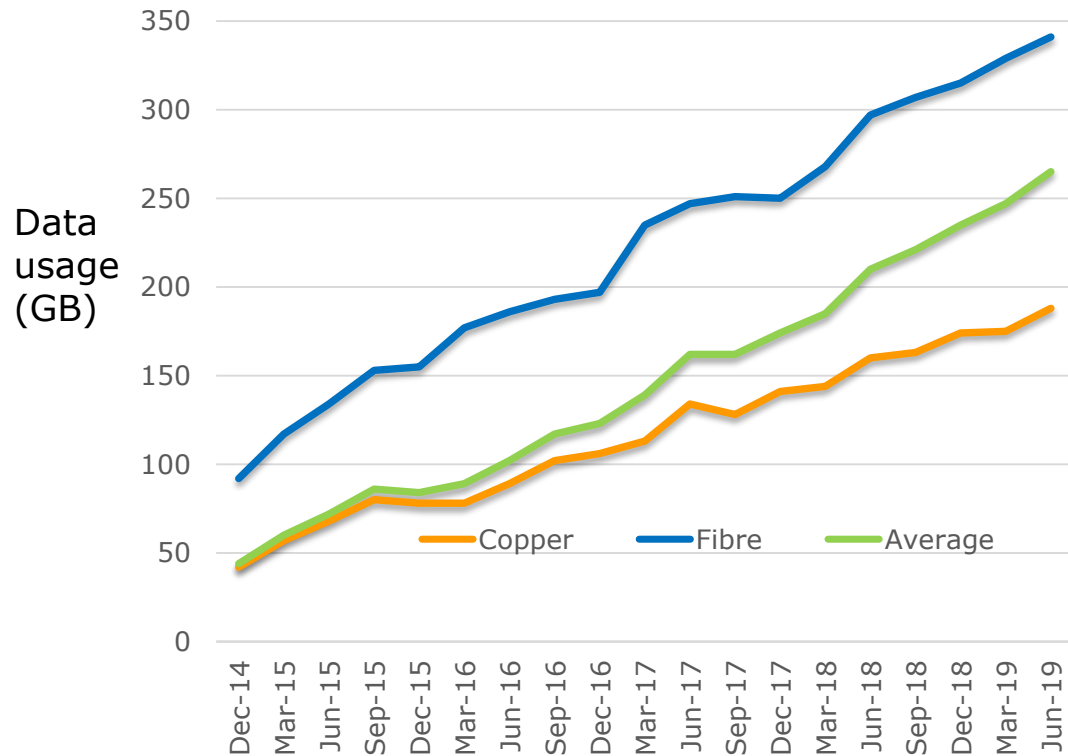
Fibre penetration by exchange area

Uptake has increased strongly in exchange areas listed in HY19 presentation

Exchange area (>1,000 connections)	Region	Fibre penetration (total Chorus connections)		Fibre penetration (Chorus broadband connections)	
		% of total connections	change from Dec 2018	% of broadband connections	change from Dec 2018
Whitby	Wellington	86%	+4%	88%	+5%
Corstorphine	Dunedin	78%	+4%	82%	+4%
Lynmore	Rotorua	77%	+4%	83%	+5%
Ngongotaha	Rotorua	77%	+4%	82%	+5%
Halfway Bush	Dunedin	78%	+5%	84%	+5%
North East Valley	Dunedin	79%	+7%	84%	+8%
Kelvin Grove	Palmerston North	76%	+5%	84%	+5%
Browns Bay	Auckland	76%	+5%	82%	+6%
Belmont	Wellington	76%	+5%	80%	+6%
Gleniti	Timaru	76%	+5%	82%	+5%

Monthly average data usage now 265GB

Monthly average data usage per connection on our network



> Aucklanders use significantly more data

- **308GB** monthly average data usage
- 364GB on fibre
- 213GB on copper

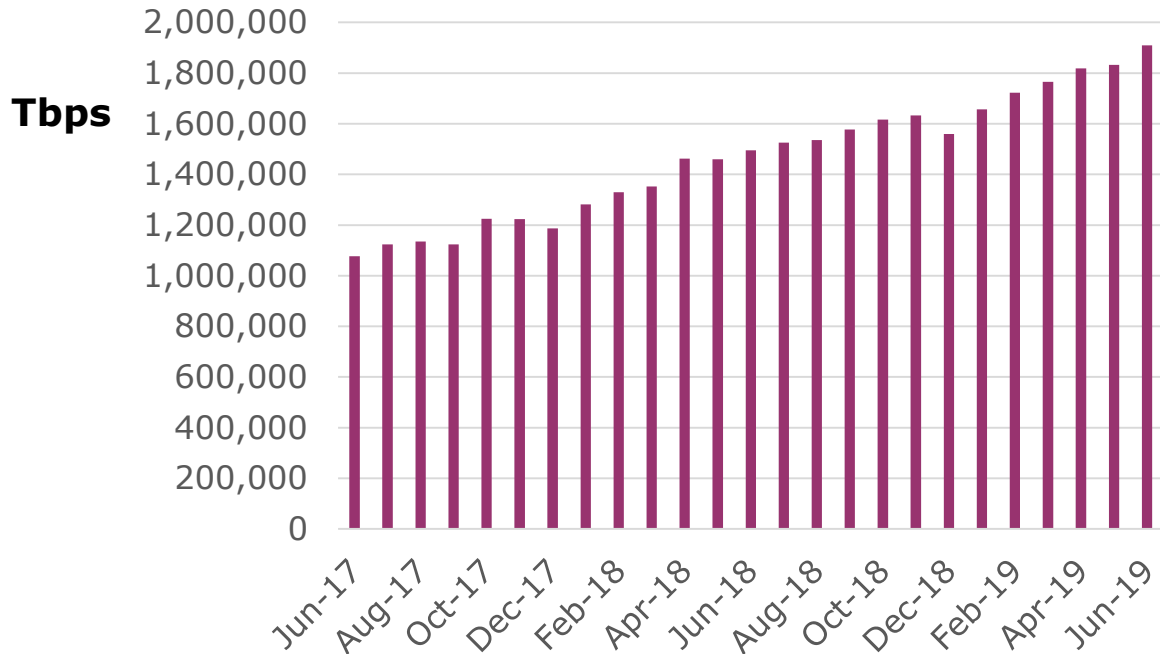
> Monthly average data usage per connection on our network grew to **265GB** in Q4 from **247GB** (March 2019)

- **341GB** on fibre (March:329GB)
- **188GB** on copper (March:175GB)

77% increase in network traffic at peak time since June 2017

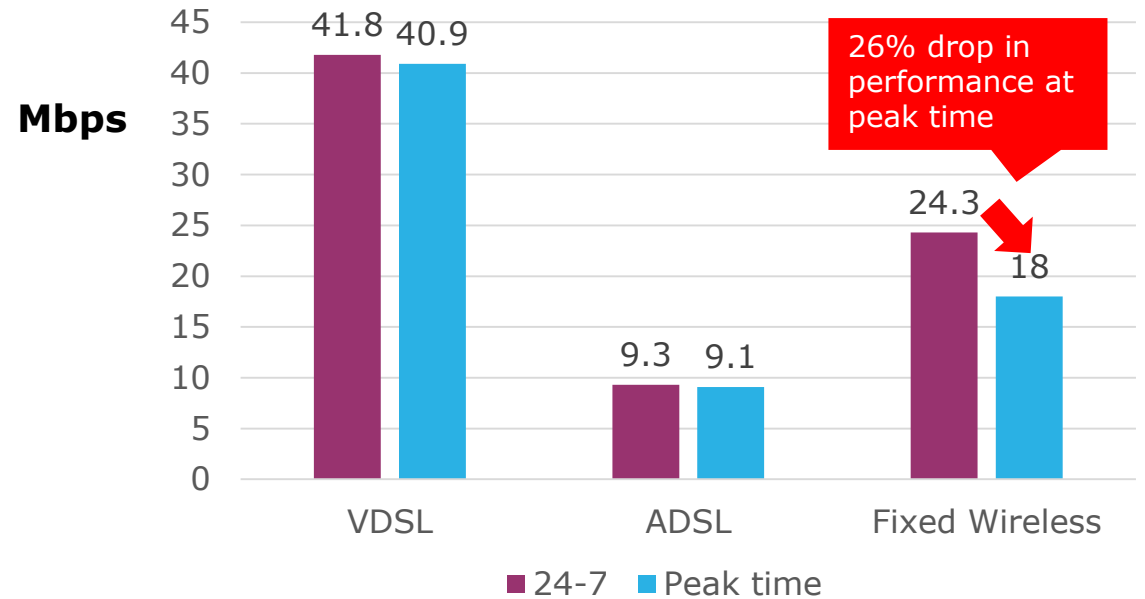
Fixed line network delivering consistent performance at peak time

Average peak time throughput on Chorus network



Peak time = busiest daily 15 minute period

Download speed: Copper line vs fixed wireless



Source: Commerce Commission, June 2019