

Q1 FY20 Connections Update

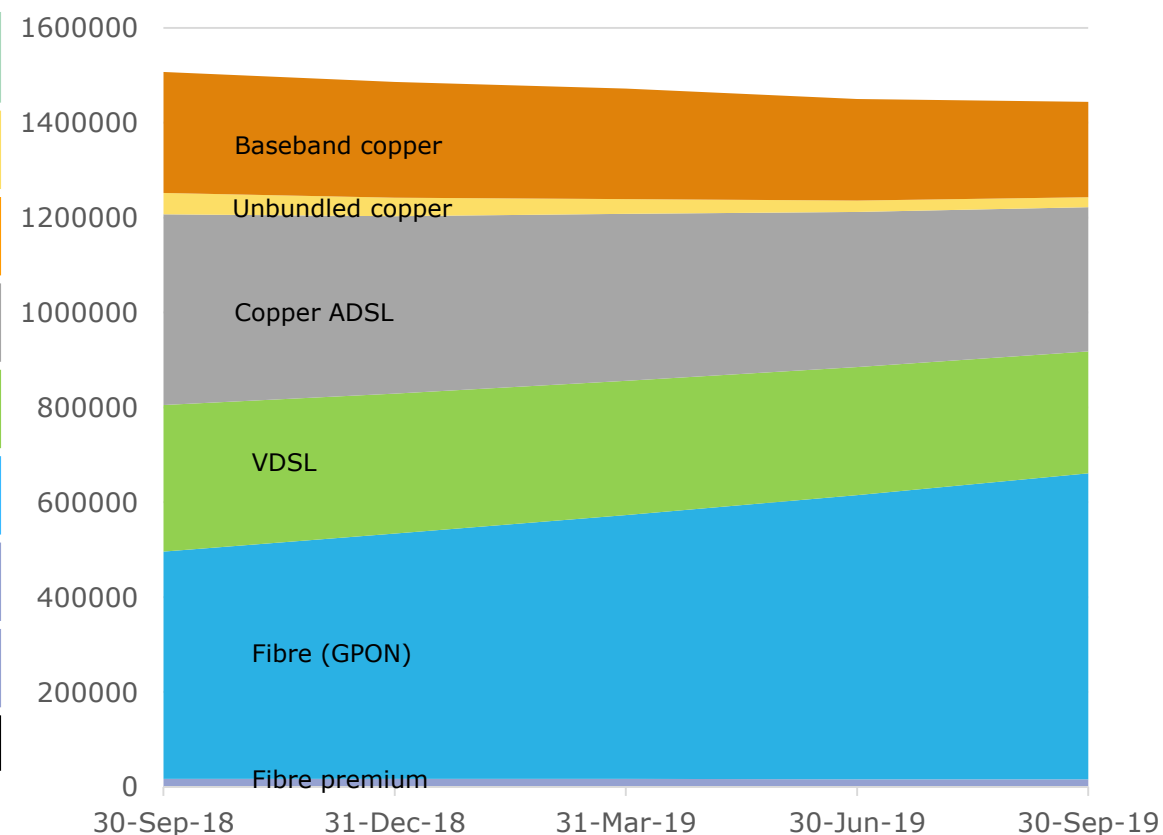
Q1 FY20 overview

Line loss slows significantly as broadband uptake soars

- > **Total broadband connections grew by 10k to 1,206,000** (Q4 FY19: +5k)
 - record quarter for fibre demand, with 46k connections added
 - demand for 1Gbps connections grew to 69,000 connections, up from 58,000 in June
 - 25,000 more customers were passed by the fibre rollout
 - UFB uptake rose from 53% to 55%
- > **Total fixed line connections declined by 6k to 1,444,000** (Q4 FY19: -22k)
 - connections in Chorus UFB areas grew by 5k
 - disconnections in LFC areas slowed
- > **Monthly average data usage grew to 279GB**
 - fibre users now averaging 360GB monthly, up from 341GB in June
 - peak time network throughput now regularly above 2Tbps
 - new peak time record of 2.5Tbps coincided with Wales vs Australia match

Fibre now 53% of broadband connections

	30 Sept 2018	31 Dec 2018	31 March 2019	30 June 2019	30 Sept 2019
Unbundled copper (no broadband)	45,000	39,000	31,000	24,000	21,000
Baseband copper (no broadband)	255,000	244,000	233,000	214,000	201,000
Copper ADSL (includes naked)	402,000	374,000	352,000	327,000	304,000
VDSL (includes naked)	309,000	295,000	283,000	270,000	257,000
Fibre broadband (GPON)	479,000	517,000	556,000	599,000	645,000
Data services (copper)	5,000	5,000	5,000	5,000	4,000
Fibre premium (P2P)	12,000	12,000	12,000	11,000	12,000
Total connections	1,507,000	1,486,000	1,472,000	1,450,000	1,444,000

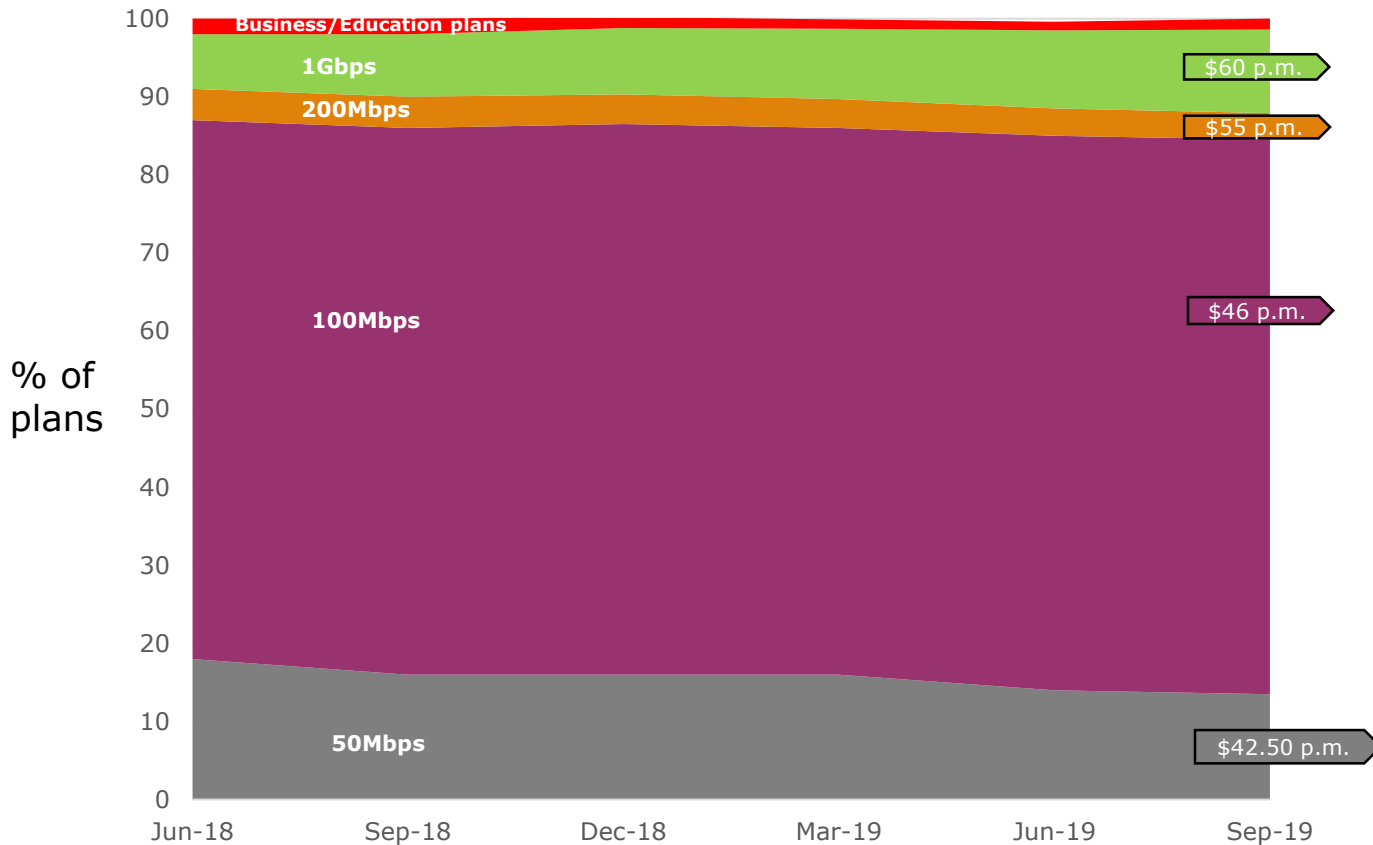


> **1,206,000 broadband connections comprises:**

- 645,000 fibre (GPON) connections
- 561,000 VDSL/ADSL (copper) connections

Active wholesaler campaigns driving ARPU growth

Total mass market fibre uptake by plan type

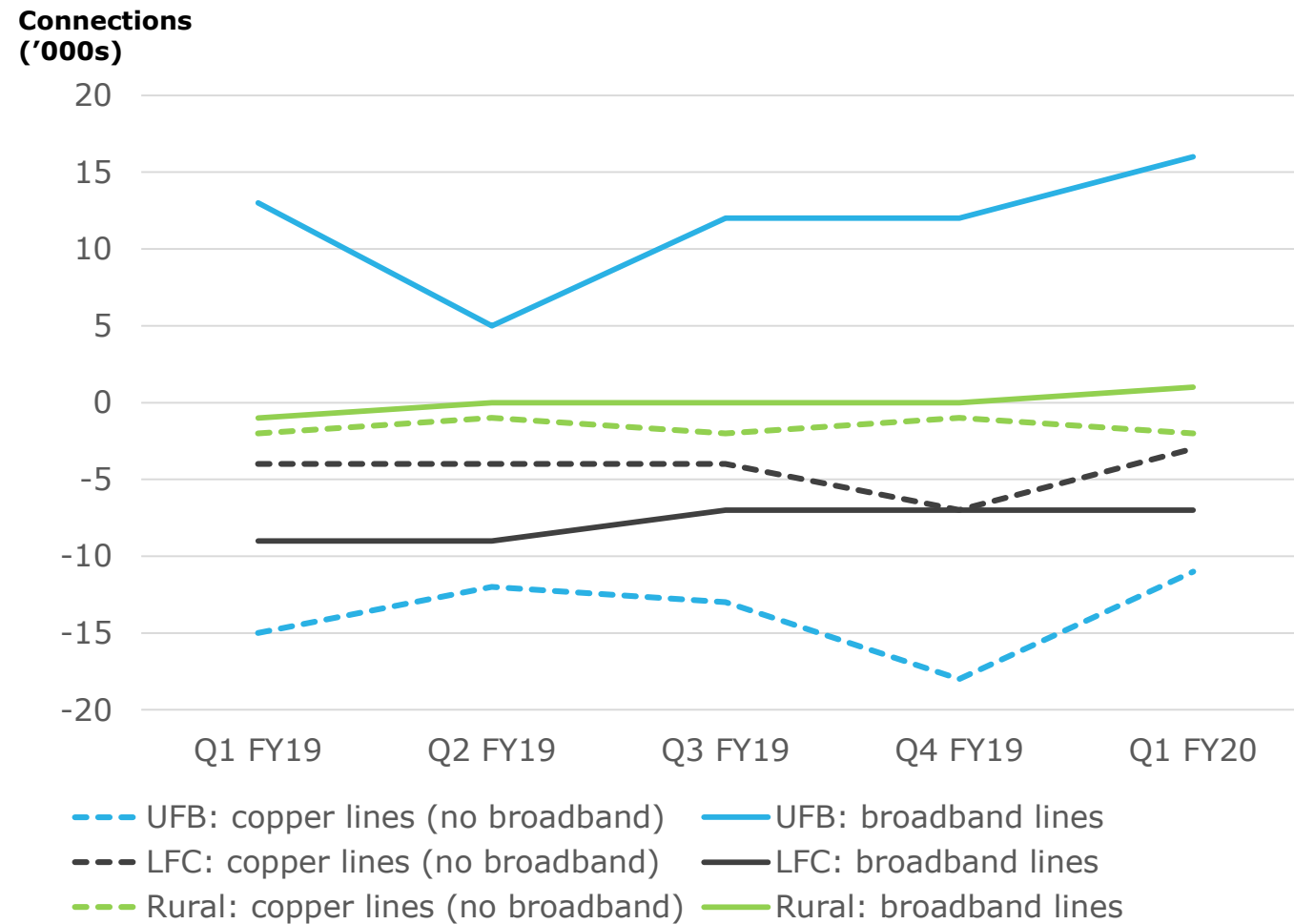


- > **46,000** mass market fibre connections added in Q1 (vs 43k in Q4 FY19)
 - 1Gbps connections grew to 69k (Q4 FY19: 58k) and are now ~11% of mass market fibre connections
 - second tier retailers continue to grow market share with some promoting 1Gbps at ~\$85p.m.
 - 100Mbps connections stable at 71%

Copper pricing

Regulated copper pricing	Line only (monthly)	With broadband (monthly)
Current pricing	\$31.19	\$42.02
From mid Dec 2019	\$31.68	\$42.35

Connection changes by Zone (indicative)



	Chorus UFB zone*	Rural (non-UFB) zone	Local Fibre Company UFB zone
Total connections at 30 Sept**	1,097,000	198,000	133,000
Broadband connections	962,000	154,000	90,000
Copper (no broadband) connections	135,000	44,000	43,000

* Includes planned UFB1, 2 and 2+ coverage

**Excludes 16k fibre premium and data services (copper) connections

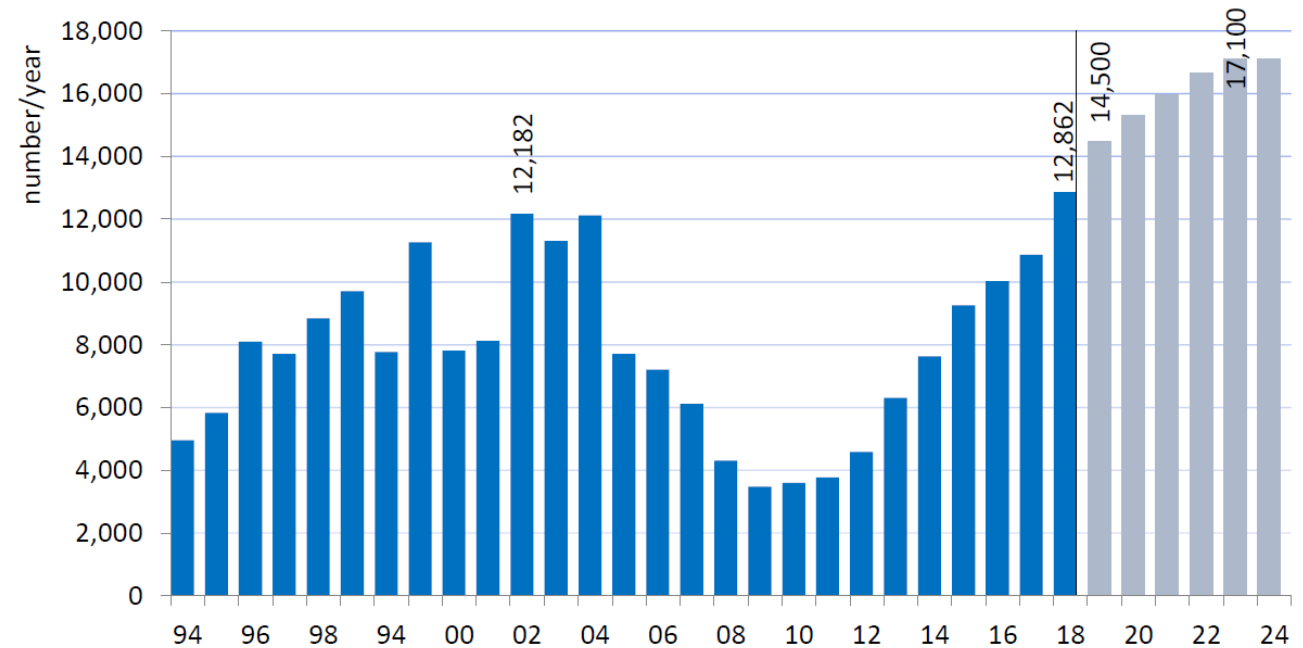
- premises growth, increasing broadband penetration and winback of offnet customers to fibre is fuelling broadband demand in Chorus UFB areas
- VDSL vectoring upgrade and premises growth helping offset wireless competition in rural areas
- mobile network operators are targeting their copper voice customers with wireless voice services across all Zones

Premises growth supporting broadband uptake

96,000 dwellings forecast to be consented in Auckland (2019-2024)

- **Auckland:** new peak of ~13k dwelling unit consents in 2018, forecast to keep growing
- **New Zealand:** average of 37,000 new dwellings forecast per annum for the next six years
- **New Zealand:** multi-unit dwellings expected to grow from 36% to 41% of new residential dwellings by 2024

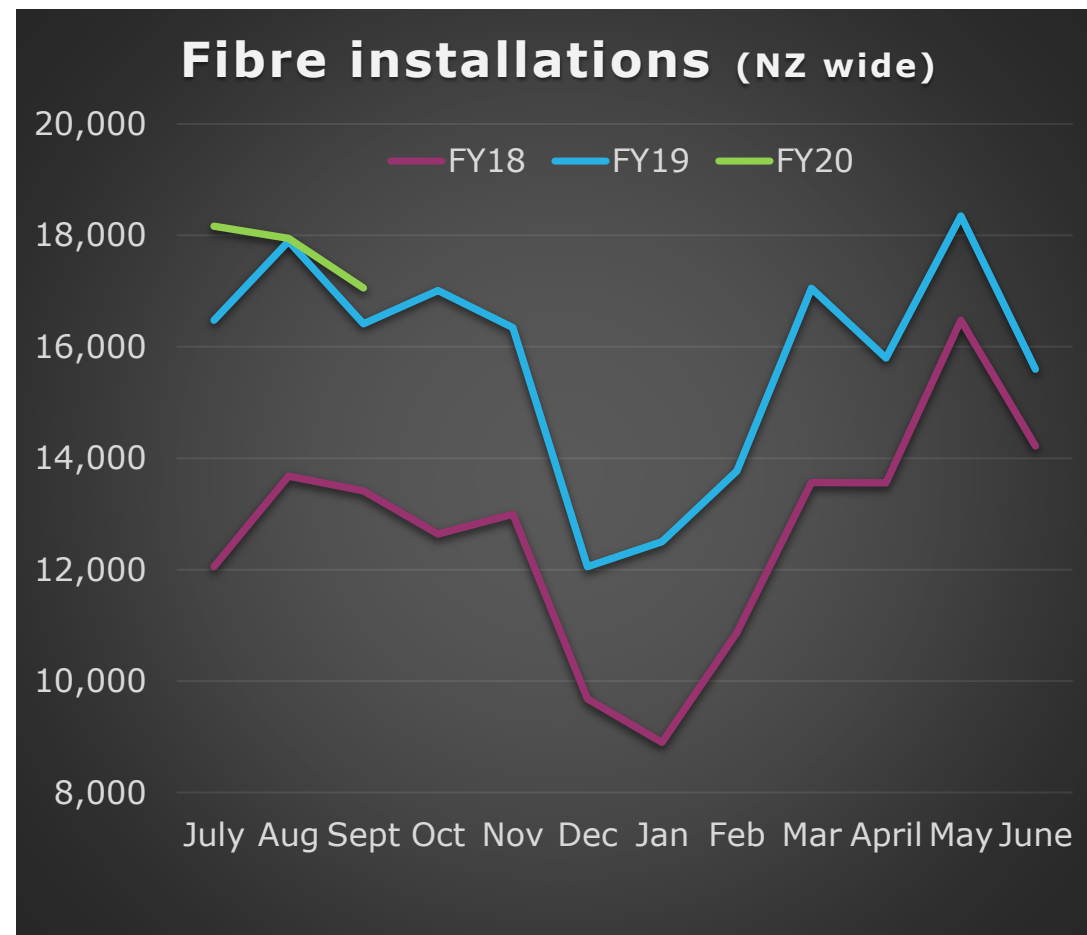
Figure 4.1.2 Dwelling units in Auckland, 1994 to 2024



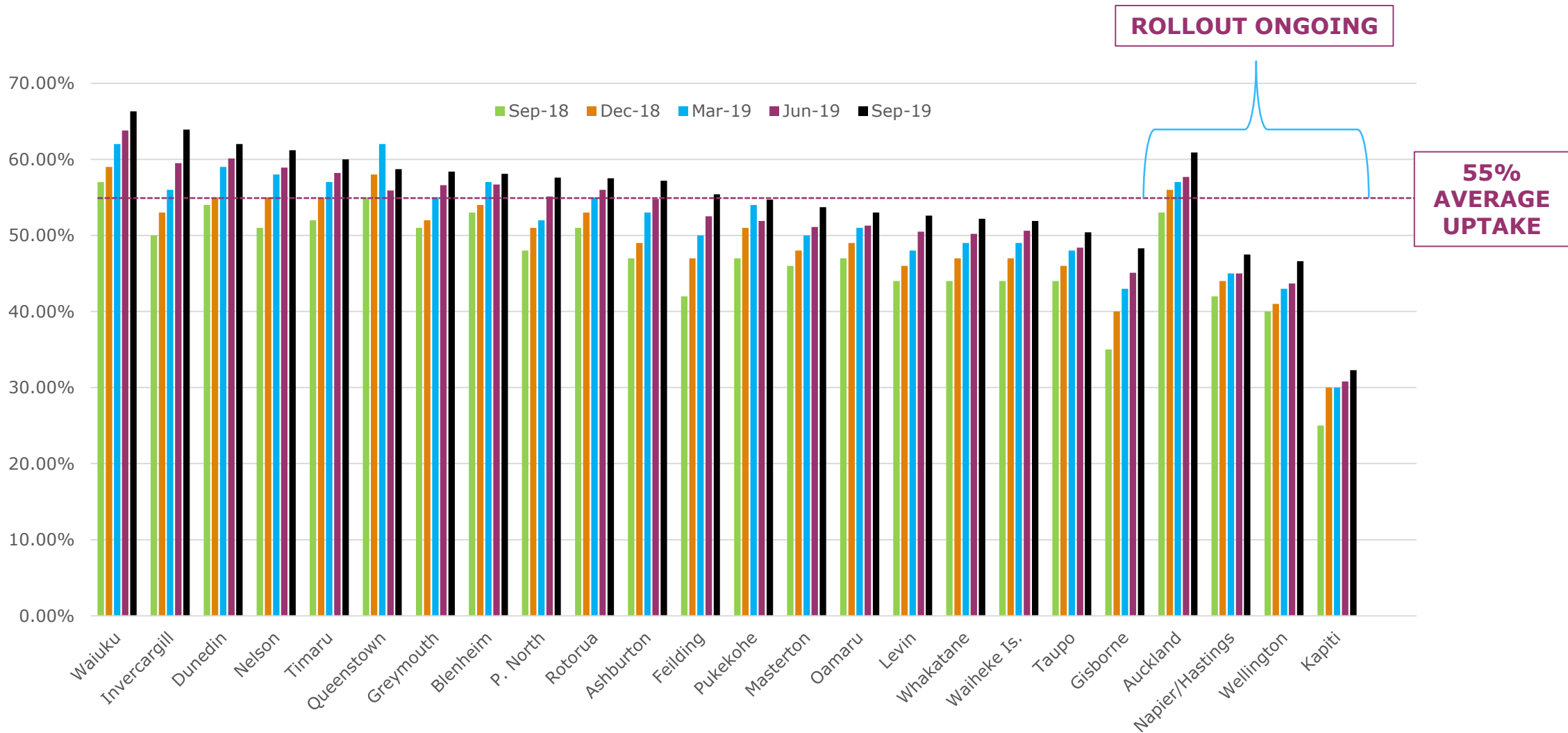
Source: BRANZ/Stats NZ

UFB rollout 82% complete

- > **53,000 fibre installations completed in Q1 (Q4 FY19: 50k)**
 - weighted average lead times reduced from 8 to 6 **days**
 - work in progress stable at **23k**
 - customer satisfaction increased from 7.7 to **7.8** (August)
 - field crews stable at **~670**
- > **UFB uptake increased from 53% to 55%**
 - **624,000** connections (30 June: 584,000)
 - **1,133,000** customers able to connect (30 June: 1,108,000)
 - uptake in UFB2 areas already **29%**
 - **863,000** premises passed (30 June: 842,000) out of 1,054,000 target = 82% complete



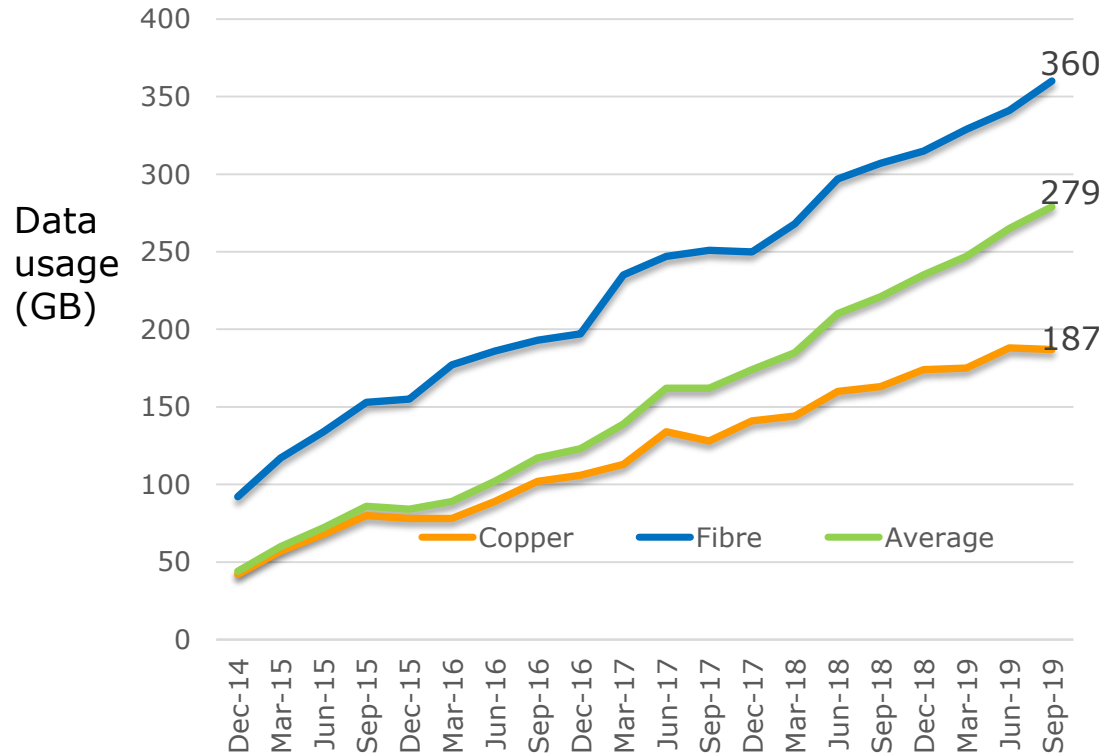
UFB1 uptake



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

Monthly average data usage now 279GB

Monthly average data usage per connection on our network



- > Monthly average data usage per connection on our network grew to **279GB** in Q1, up from **265GB** (June)
 - **360GB** on fibre (June:341GB)
 - **187GB** on copper (June:188GB)

Rugby streaming driving higher data usage

Record 2.5 Tbps peak at 9:25pm on 30 Sept coincided with Australia vs Wales

Chorus network throughput

