

# Q1 FY21 Connections Update

# Q1 FY21 overview

Fibre uptake increased to 62% with 1Gbps uptake growing to 17%

> **Fibre broadband connections increased by 33k**

- 1Gbps connections increased 13k
- fibre uptake across the completed UFB footprint rose from 60% to 62%
- fibre uptake in UFB1 areas is at 65%, with Auckland growing to 70%
- average monthly data usage on fibre increased to 456GB, up from 436GB in June (including upstream traffic)

> **Copper broadband and voice connections declined by 57k**

- line loss trends reverted to pre COVID-19 levels with additional copper broadband decline reflecting:
  - RSP copper broadband billing clean-up and catch-up of copper migration delayed by Q4 lockdown period (~5-10k)
  - mobile network providers continuing to promote fixed wireless
  - subdued RSP fibre marketing in Q1, with activity expected to lift in Q2 as enhanced Chorus campaign incentives become available

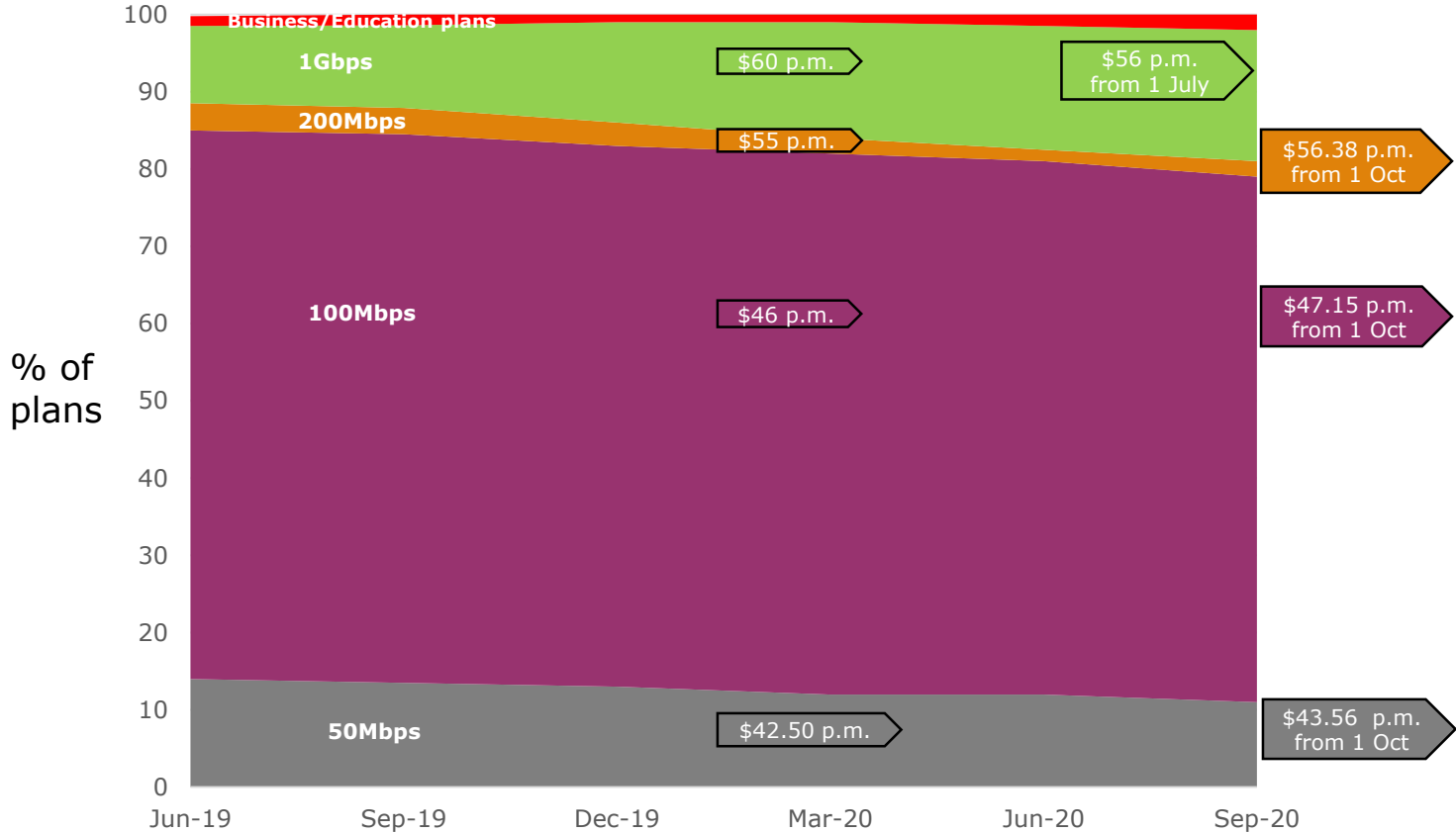
> **Total broadband connections declined by 13k to 1,193,000\*** (Q4 FY20: +4k; Q3 FY20:-4k)

> **Total fixed line connections declined by 25k to 1,390,000\*** (Q4 FY20: -4k; Q3 FY20: -13k)

\*totals exclude the 11,000 broadband connections Chorus is currently providing free to student households

# 1Gbps uptake grew to 17% of mass market fibre

**Total mass market fibre uptake by plan type**



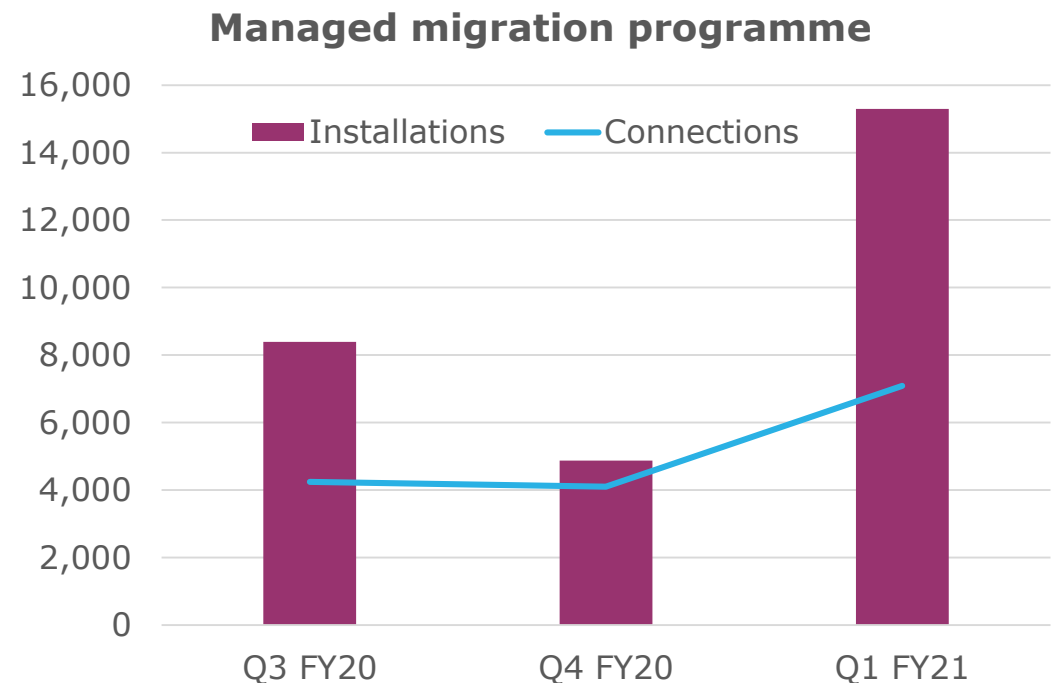
**33,000 mass market fibre connections added**

- 1Gbps connections grew from 115k to 128k (i.e. 40% of 33k increase in total fibre connections in Q1)
- 1Gbps demand represents ~20% of new fibre connection orders in recent weeks
- small business connections grew from 3k to 4k

# Managed migration activity lifts fibre connections

## More than 15k installations completed in Q1

- Q1 installation volumes increased significantly on prior quarters (Q4 FY20 affected by COVID-19) as migration activity ramps up
- migration activity drove 7k connections in Q1 and continues to result in ~50% uptake within 6 months of installation
- COVID-19 restrictions on door-to-door activity in Auckland affected Q1 connection initiatives
- *Fibre, it's how we internet now* advertising campaign creating strong awareness among late adopters and helping drive migration activity



# UFB uptake reaches 62%

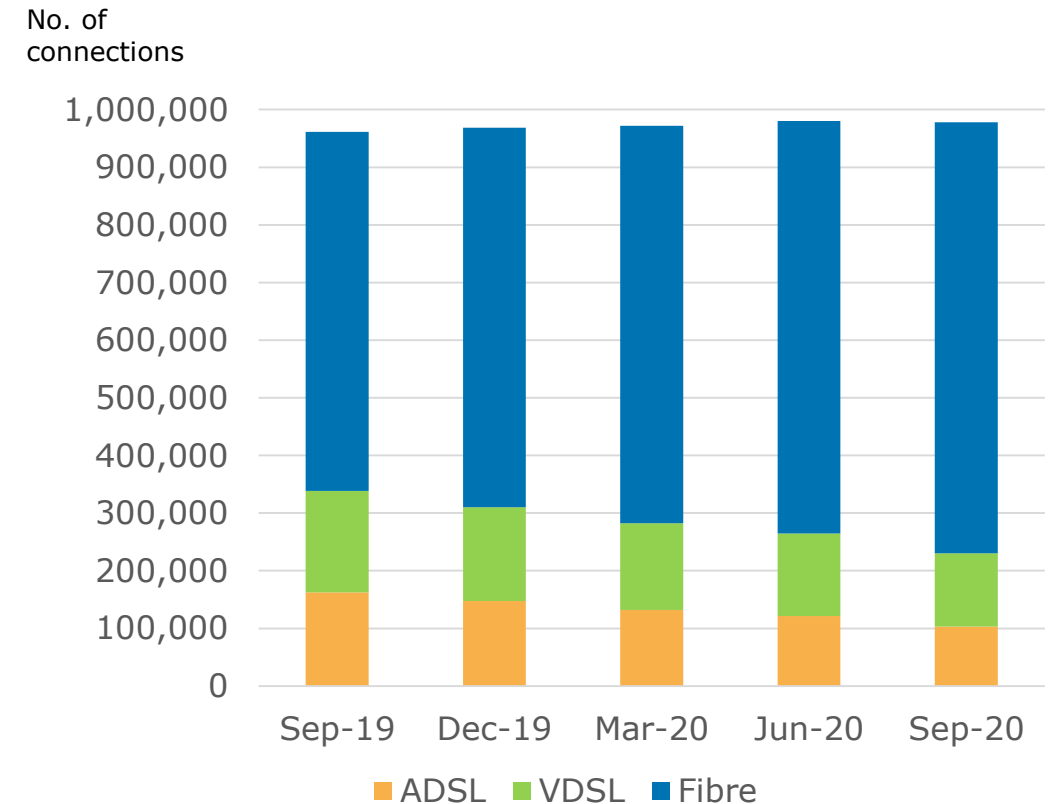
- > **UFB uptake increased from 60% to 62% within completed footprint in Q1**
  - uptake in UFB1 areas grew from 63% to **65%**
  - uptake in UFB2 areas grew from 37% to **38%**

(note: uptake includes some UFB2 areas that have been partially built, but not yet submitted for Crown sign-off)

  - **757,000** connections (Q4: 725,000) now within completed footprint, including business premium connections
  - **1,226,000** customers able to connect (Q4: 1,209,000)
  - **947,000** premises passed\* (Q4: 931,000) out of 1,054,000 target = UFB rollout 90% complete
- > **47,000 fibre installations completed in Q1 (Q4: 31k)**
  - customer satisfaction increased from 8.1 to **8.2**

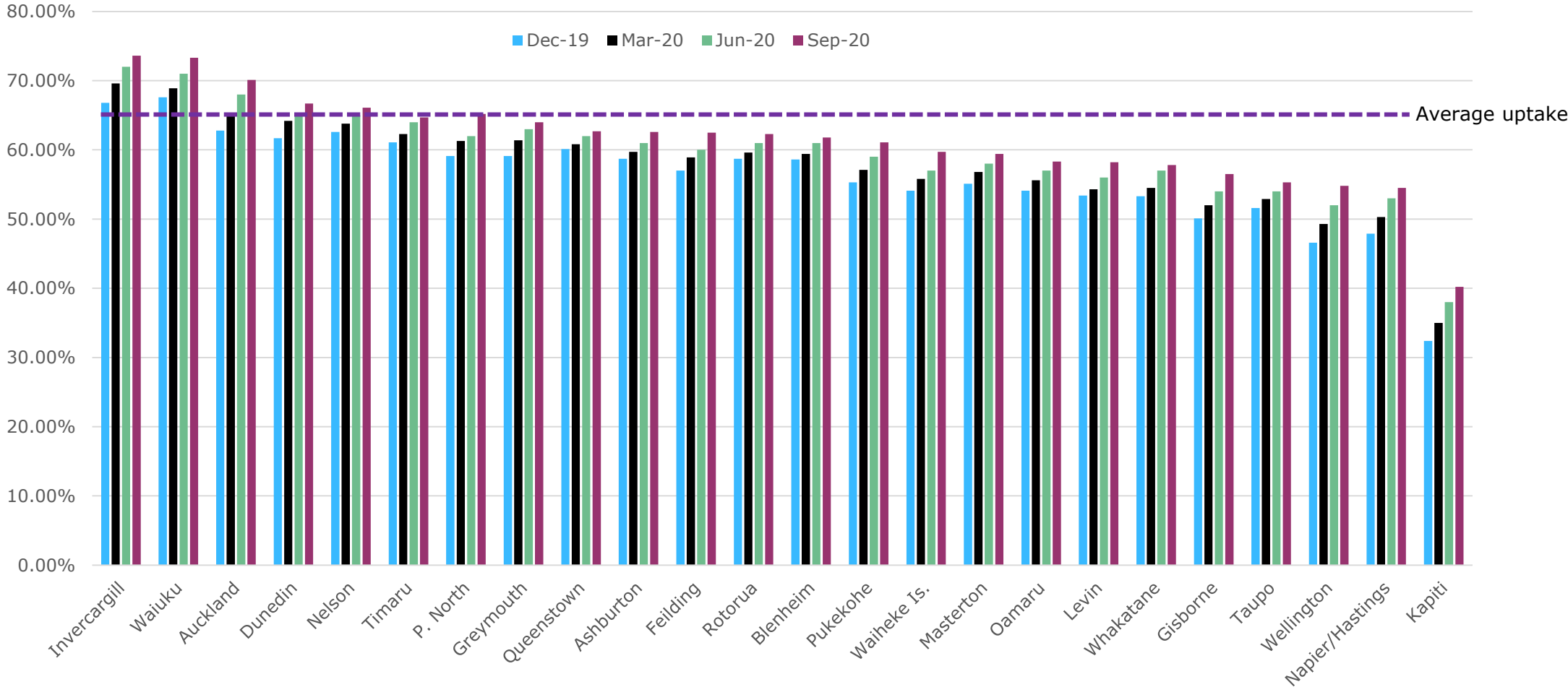
\*under the UFB contract, a multi-dwelling unit or single office block is one premises

Fibre now 76% of Chorus broadband connections in planned UFB zone



# UFB1 uptake: 65%

% uptake relative to capable addresses



# Connection changes by Zone (indicative)

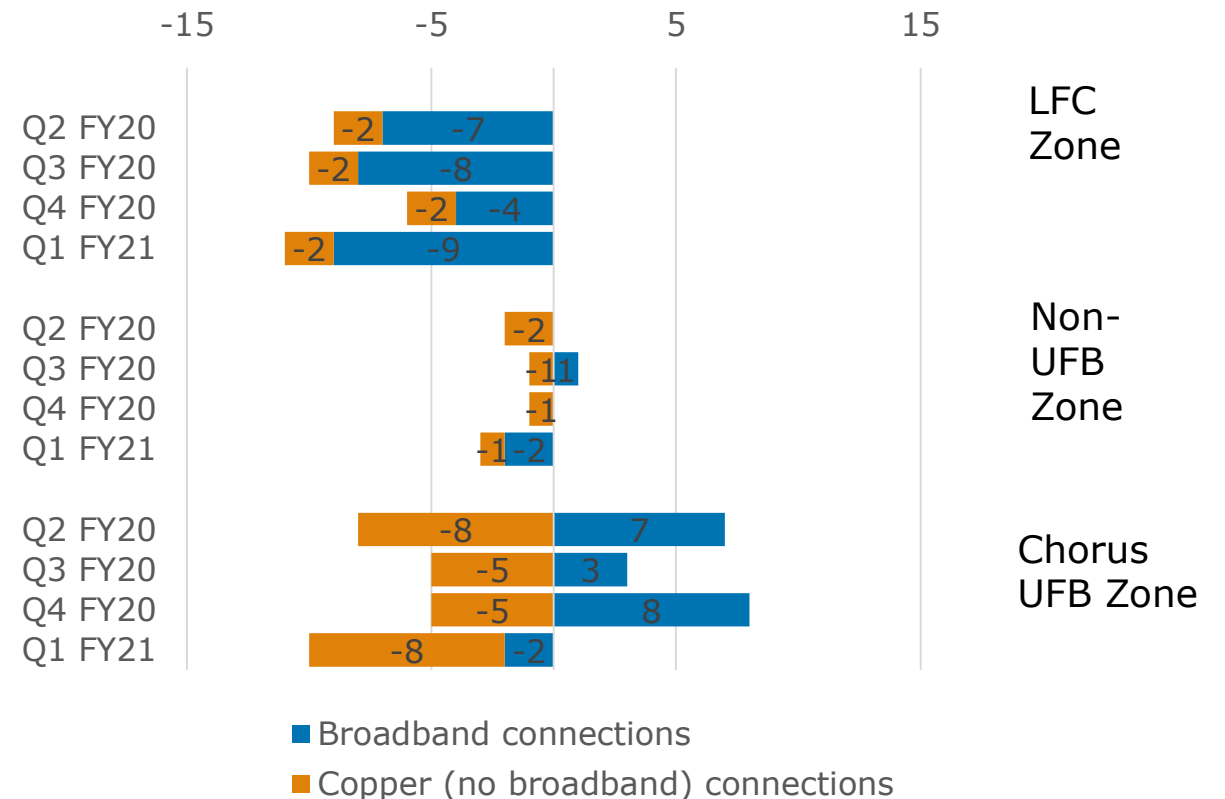
- > **Chorus UFB zone:** reduction in broadband reflecting RSP copper broadband billing clean-up and catch-up of copper migration delayed by Q4 lockdown period, as well as renewed inertia selling campaigns by fixed wireless providers
- > **LFC zone:** disconnections returned to pre-lockdown (Q4 FY20) levels
- > **Non-UFB zone:** fibre connections now 22k; some increased rural wireless competition through mobile network expansion

	Chorus UFB zone*	Non-UFB zone	Local Fibre Company UFB zone
<b>Total connections at 30 September**</b>	<b>1,087,000</b>	<b>192,000</b>	<b>97,000</b>
Broadband connections	978,000	153,000	62,000
Copper (no broadband) connections	109,000	39,000	35,000

\* Includes planned Chorus UFB1, 2 and 2+ coverage

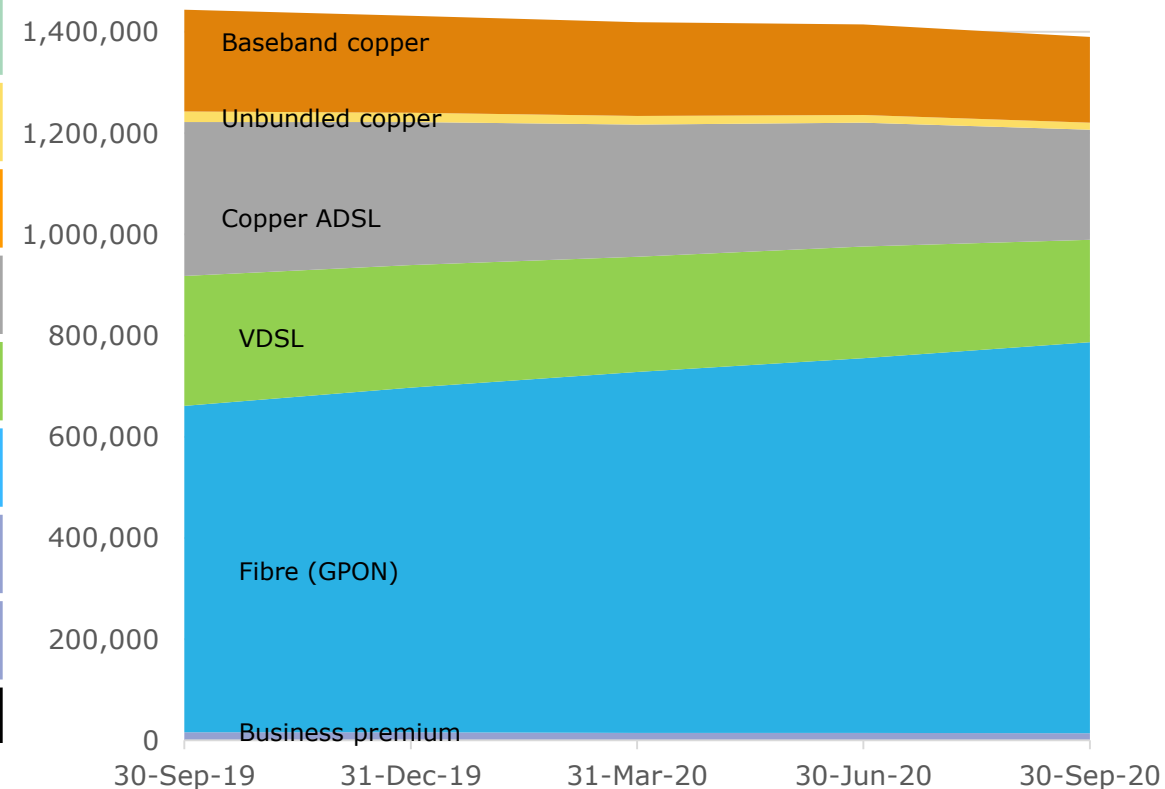
\*\*Excludes 14k fibre premium and data services (copper) connections

Change in connections ('000s) by zone\*\*



# Fibre comprises 56% of Chorus connections

	30 Sept 2019	31 Dec 2019	31 March 2020	30 June 2020	30 Sept 2020
Unbundled copper (no broadband)	21,000	18,000	17,000	15,000	14,000
Baseband copper (no broadband)	201,000	192,000	185,000	179,000	169,000
Copper ADSL (includes naked)	304,000	283,000	261,000	245,000	218,000
VDSL (includes naked)	257,000	242,000	228,000	221,000	202,000
Fibre broadband (GPON)	645,000	681,000	713,000	740,000	773,000
Data services (copper)	4,000	4,000	4,000	4,000	3,000
Fibre premium (P2P)	12,000	12,000	11,000	11,000	11,000
<b>Total connections</b>	<b>1,444,000</b>	<b>1,432,000</b>	<b>1,419,000</b>	<b>1,415,000</b>	<b>1,390,000</b>



> **1,193,000 broadband connections comprises:**

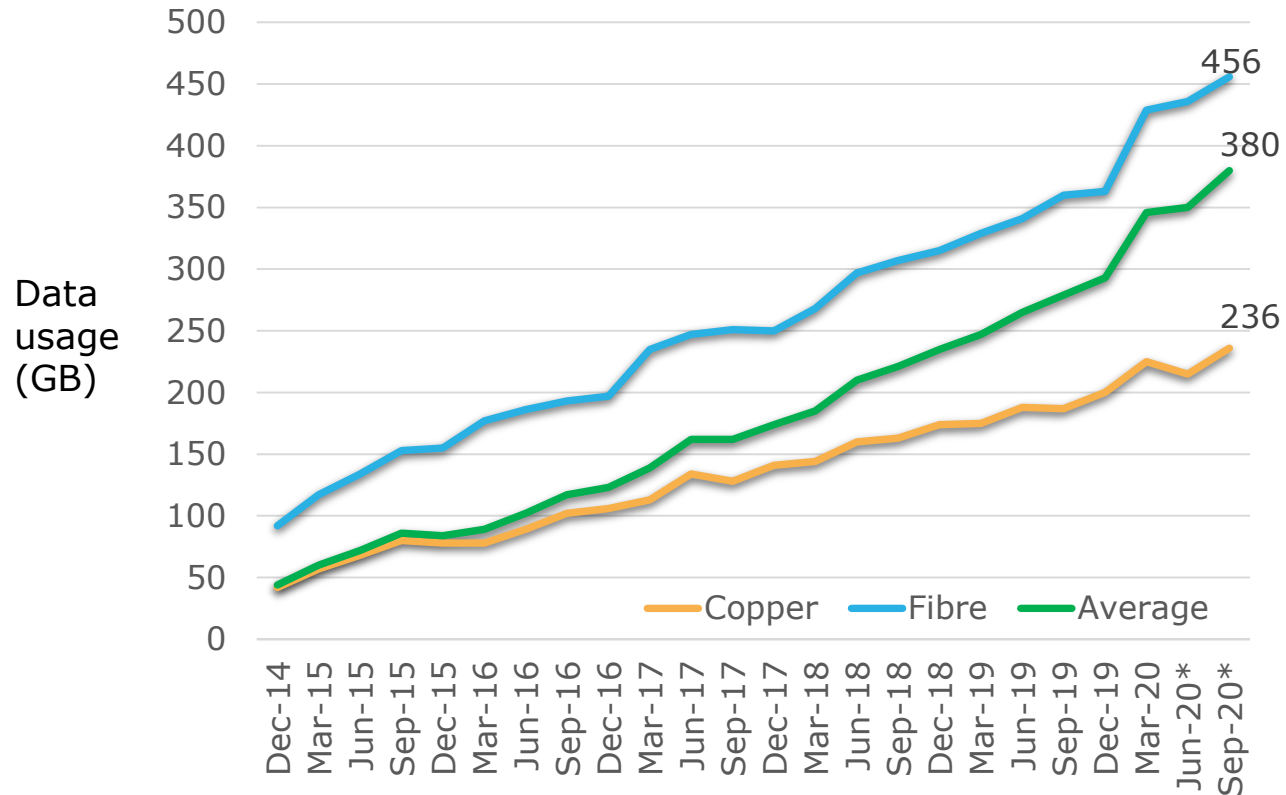
- 773,000 fibre (GPON) connections
- 420,000 VDSL/ADSL (copper) connections

**Note:** 11,000 free education connections are excluded from this data



# Monthly average data usage on fibre exceeds 450GB

## Monthly average data usage per connection on our network\*



\* includes upstream traffic from June 2020 onwards

- > monthly average data usage per connection on our network grew to **380GB** in September, up from 350GB (June)
  - **456GB** on fibre (June:436GB)
  - **236GB** on copper (June:215GB)
  
- > **\*Note:** June and September 2020 data includes upstream traffic to reflect growing importance of two-way traffic for consumer applications.
  - September upstream traffic values
    - fibre:49GB
    - average:38GB
    - copper:18GB