Q2 FY21 Connections Update

26 January 2021

CHORUS

Q2 FY21 overview

Fibre uptake increased to 63% with the UFB rollout now 92% complete

> **Fibre broadband connections increased by 29k (Q1 FY21: +33k; Q2 FY20: +36k)**

- 1Gbps connections increased 8k
- fibre uptake across the completed UFB footprint grew from 62% to 63%
- fibre uptake in UFB1 areas is at 66%, with growth strongest in Kapiti/Wellington and Waiheke Island
- recently completed UFB2 townships include Matapouri, Taipa Bay-Mangonui, Taumarunui, Karapiro, Hunterville, Cheviot, Amberley, Lawrence
- average monthly data usage on fibre increased to 460GB, up from 456GB in Sept (including upstream traffic)

> **Copper broadband and voice connections declined by 50k (Q1 FY21: -57k; Q2 FY20: -48k)**

> **Total broadband connections declined by 10k to 1,183,000*** (Q1 FY21: -13k; Q2 FY20: no change)

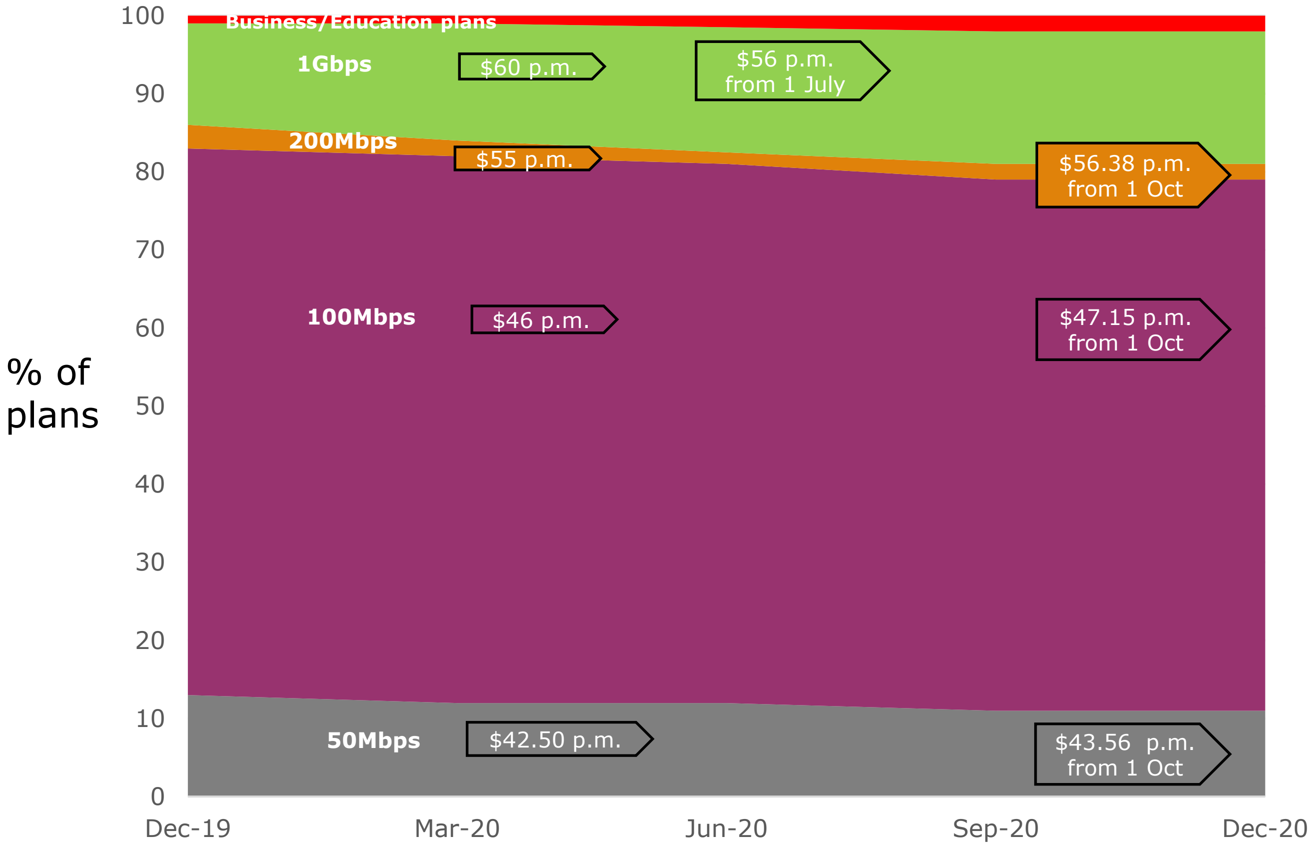
- Q2 reduction in broadband reflects combined seasonal effect of student holiday disconnections (e.g. fibre uptake reduced in Dunedin), inertia selling campaigns by fixed wireless providers and COVID-19 impact on net migration
- Statistics NZ notes COVID border restrictions have reduced population growth significantly, with the gain from migration reducing from 6,000 a month pre-COVID to ~600 a month

> **Total fixed line connections declined by 21k to 1,369,000*** (Q1 FY21: -25k; Q2 FY20: -12k)

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

1Gbps uptake grew by 8k connections

Total mass market fibre uptake by plan type



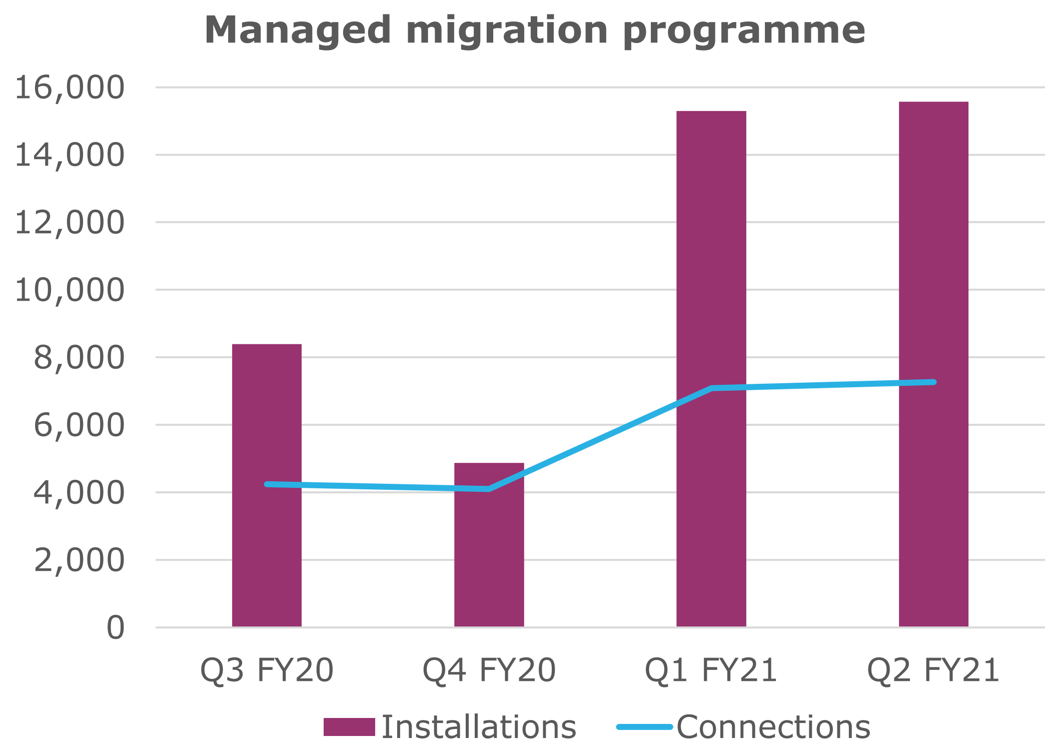
29,000 mass market fibre connections added

- 1Gbps connections grew from 128k to 136k (i.e. 28% of 29k increase in fibre GPON connections in Q2)
- small business connections grew from 4k to 11k

Managed migration activity lifts fibre connections

15.5k installations completed in Q2

- managed migration installations (i.e. ONT only without active service) were higher again in Q2 at 15.5k, including 9k offnet addresses
- migration activity driving positive momentum in connections with more than 7k ONT activations in Q2
- 3k of activations were at offnet addresses, with ~20% of these in HFC cable areas



UFB uptake reaches 63%

> **UFB uptake increased from 62% to 63% within completed footprint in Q2***

- uptake in UFB1 areas grew from 65% to **66%**
- uptake in UFB2 areas grew from 38% to **39%**
- **783,000** connections (Q1: 757,000) now within completed footprint, including business premium connections
- **1,246,000** customers able to connect (Q1: 1,226,000)
- **966,000** premises passed** (Q1: 947,000) out of 1,054,000 target = UFB rollout 92% complete

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

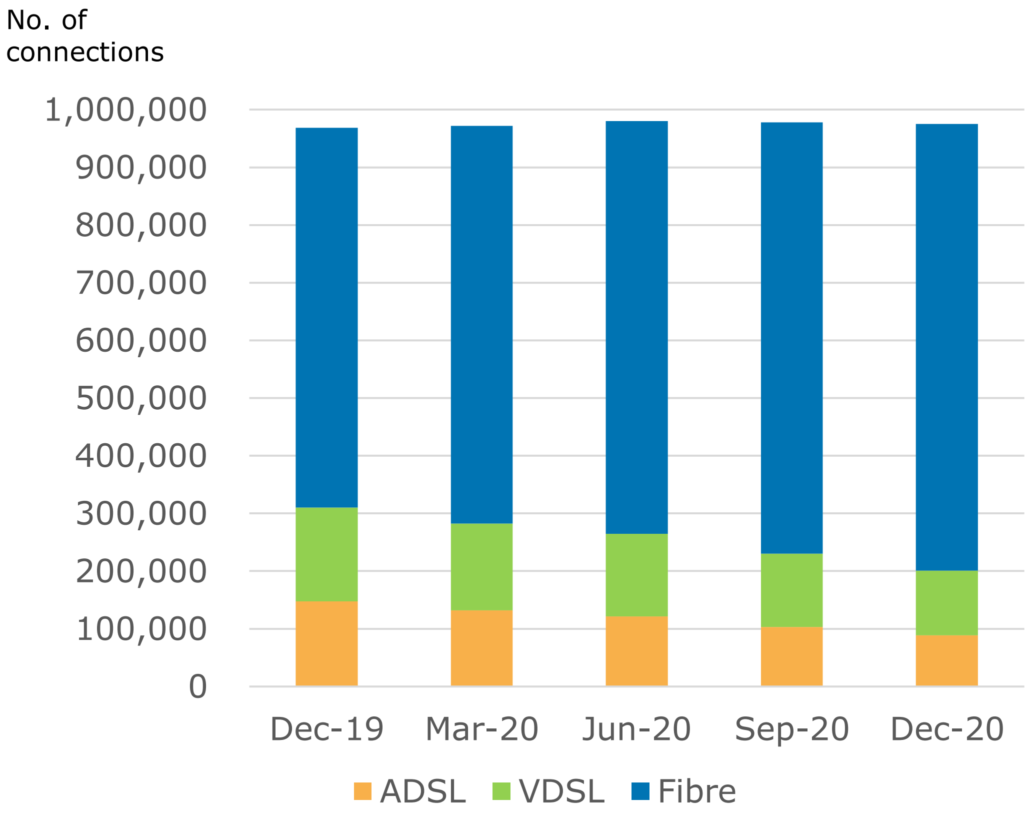
> **44,000 fibre installations completed in Q2 (Q1: 47k)**

- customer satisfaction steady at **8.2**
- WIP reduced to 13k from 15k (Sept)
- field crews increased from 646 (Sept) to 689

* includes ~3k free education connections

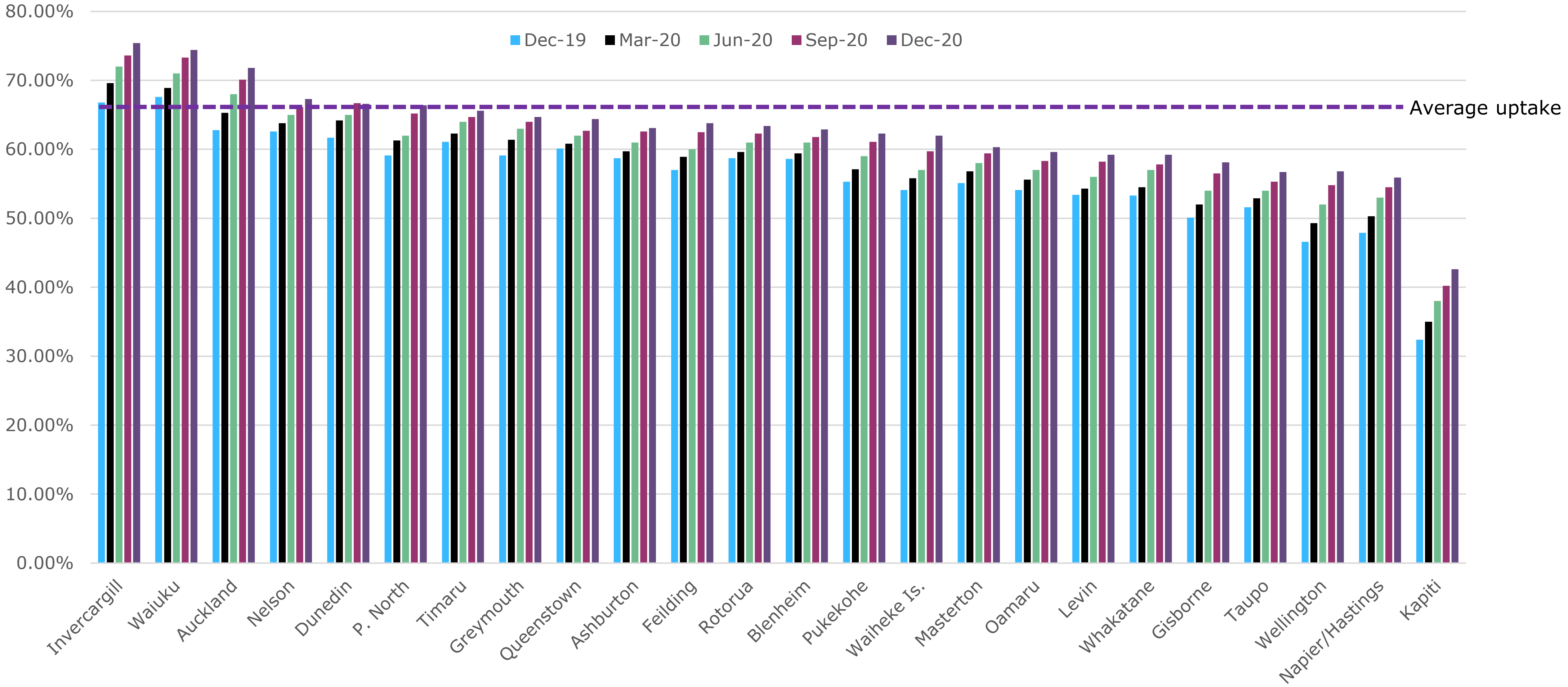
**under the UFB contract, a multi-dwelling unit or single office block is one premises

Fibre now 79% of Chorus broadband connections in planned UFB zone



UFB1 uptake: 66%

% uptake relative to capable addresses



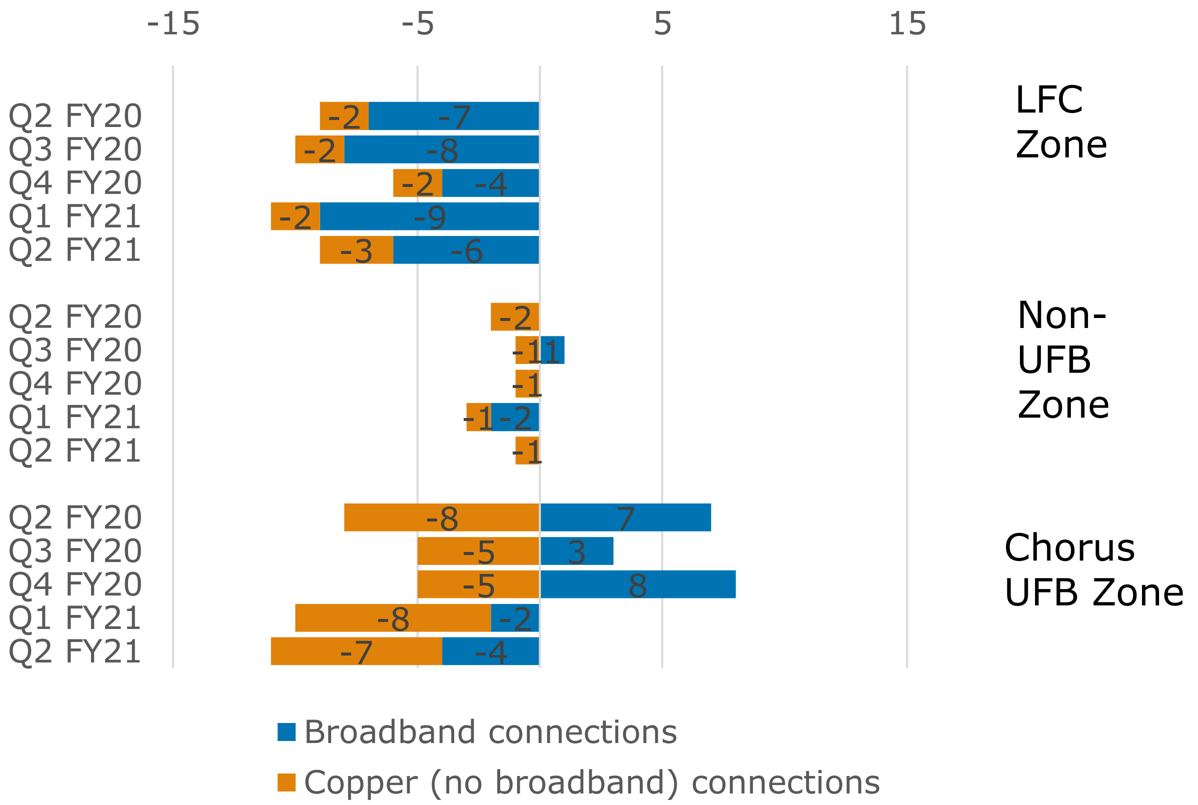
Connection changes by Zone (indicative)

- **Chorus UFB zone:** reduction in broadband reflects combined effects of university holiday disconnections, COVID-19 effect on net migration and inertia selling campaigns by fixed wireless providers
- **LFC zone**: disconnections consistent with pre-COVID levels
- **Non-UFB zone**: fibre connection growth helping offset rural wireless competition

	Chorus UFB zone*	Non-UFB zone	Local Fibre Company UFB zone
Total connections at 31 December*	**1,076,000**	**191,000**	**88,000**
Broadband connections	974,000	153,000	56,000
Copper (no broadband) connections	102,000	38,000	32,000

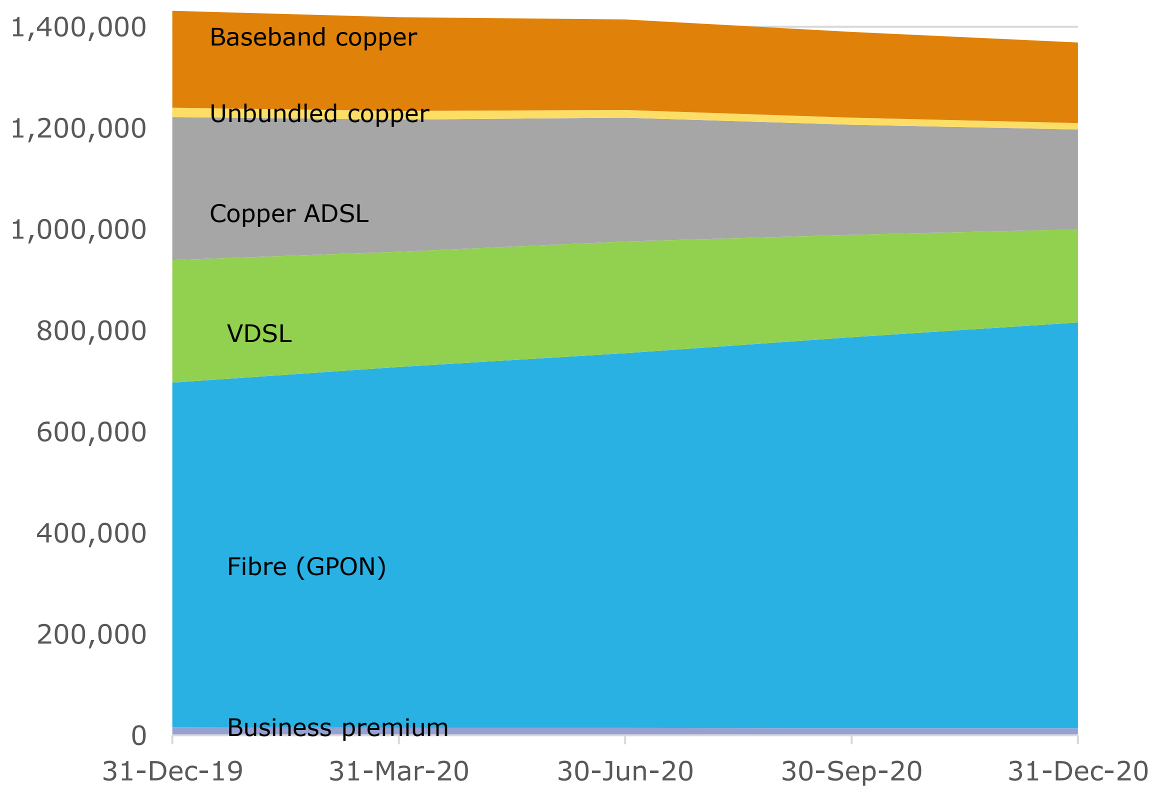
* Includes planned Chorus UFB1, 2 and 2+ coverage
**Excludes 14k fibre premium and data services (copper) connections

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



Fibre comprises 59% of Chorus connections

	31 Dec 2019	31 March 2020	30 June 2020	30 Sept 2020	31 Dec 2020
Unbundled copper (no broadband)	18,000	17,000	15,000	14,000	13,000
Baseband copper (no broadband)	192,000	185,000	179,000	169,000	159,000
Copper ADSL (includes naked)	283,000	261,000	245,000	218,000	197,000
VDSL (includes naked)	242,000	228,000	221,000	202,000	184,000
Fibre broadband (GPON)	681,000	713,000	740,000	773,000	802,000
Data services (copper)	4,000	4,000	4,000	3,000	3,000
Fibre premium (P2P)	12,000	11,000	11,000	11,000	11,000
Total connections	1,432,000	1,419,000	1,415,000	1,390,000	1,369,000

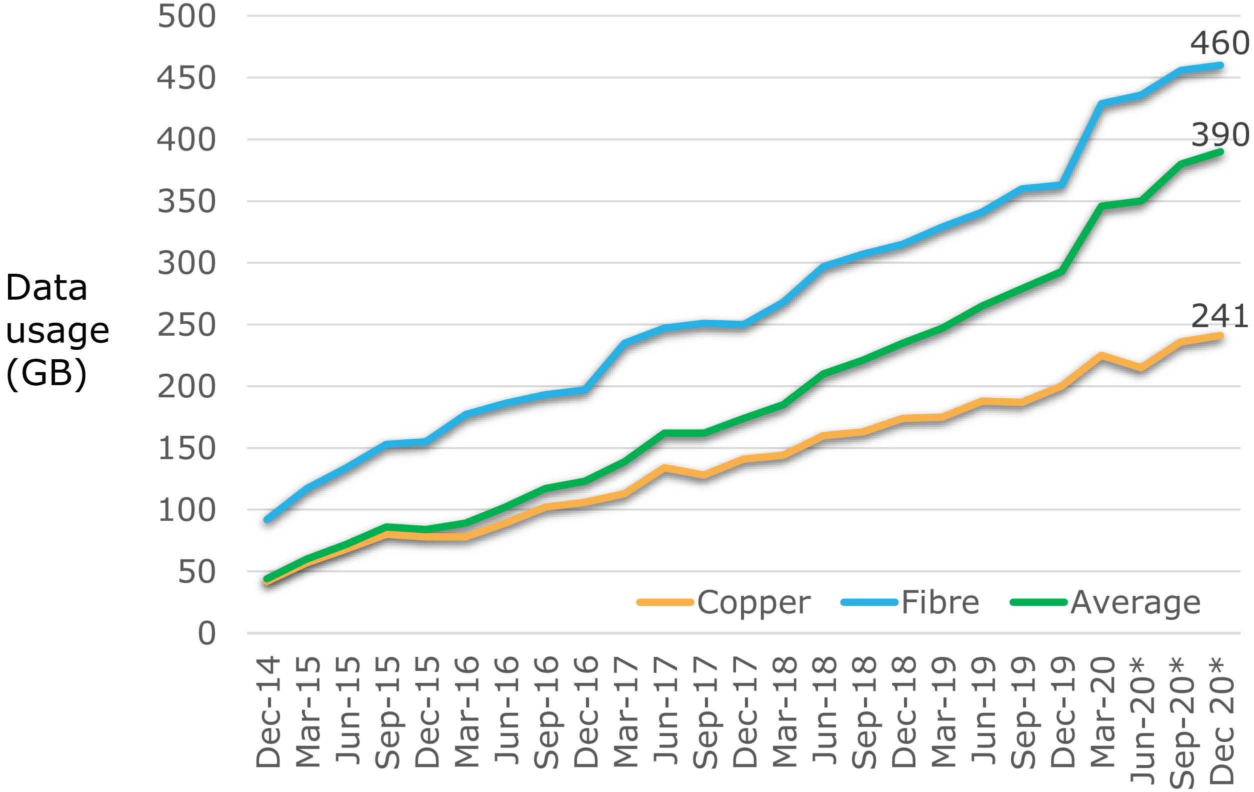


> **1,183,000 broadband connections comprises:**
- 802,000 fibre (GPON) connections
- 381,000 VDSL/ADSL (copper) connections

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

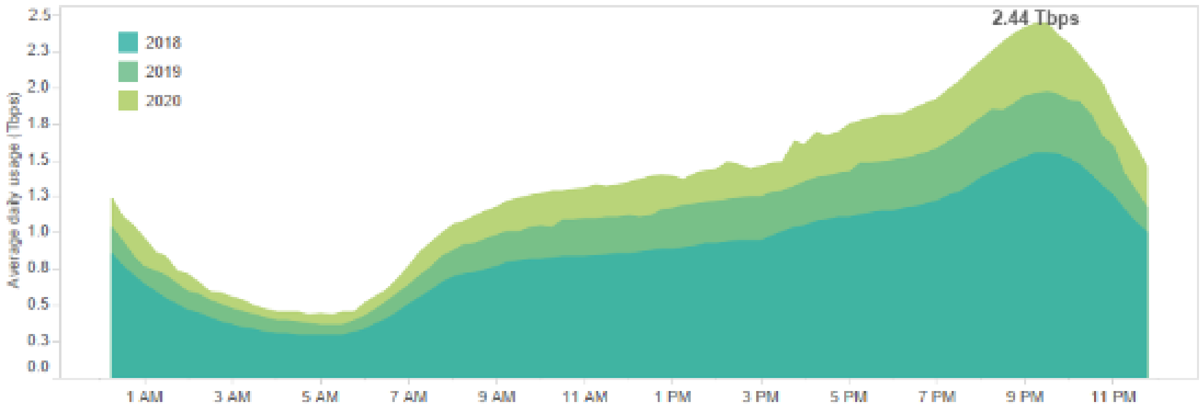
Monthly average data usage on fibre 460 gigabytes

Monthly average data usage per connection on our network*



* includes upstream traffic from June 2020 onwards

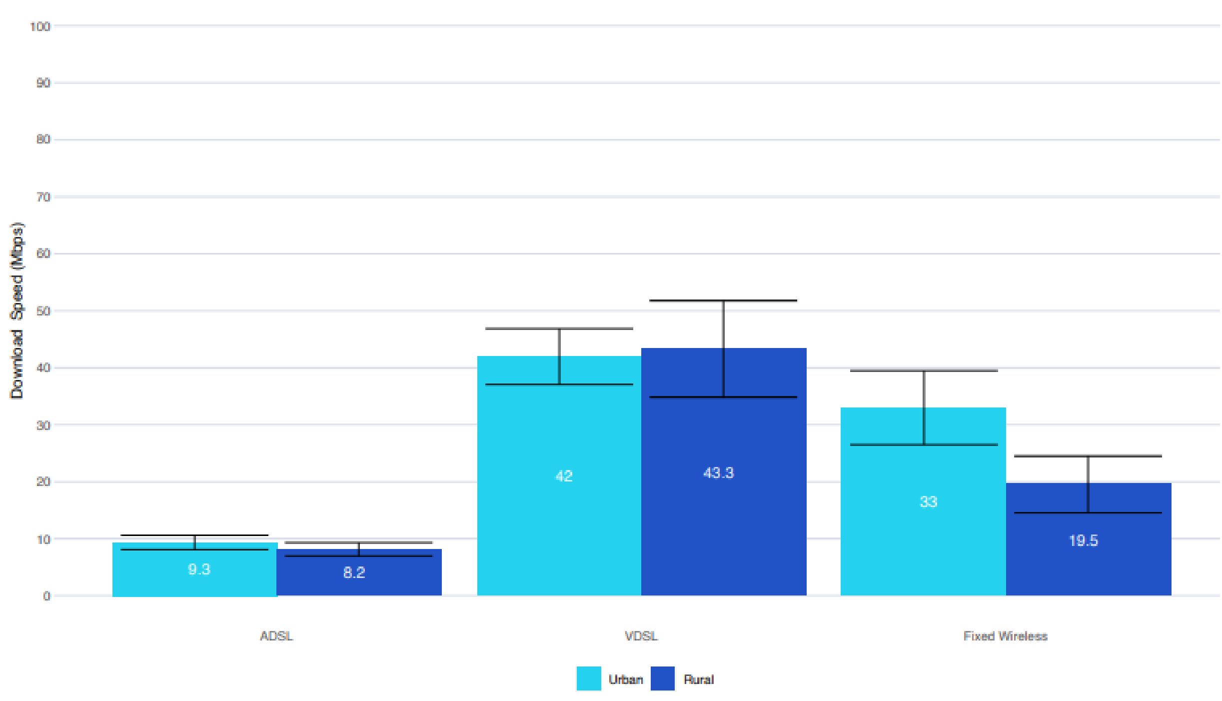
- monthly average data usage per connection on our network grew to **390GB** in December, up from 380GB (Sept)
  - **460GB** on fibre (Sept:456GB)
  - **241GB** on copper (Sept:236GB)
- Average peak throughput on our network at peak time (~9pm) was 2.44Tbps, up from 1.96Tbps in December 2019



Commission report: VDSL outperforms fixed wireless

- The Commerce Commission's *Measuring Broadband New Zealand*, Spring Report (December 2020) showed copper VDSL services outperformed fixed wireless on key measures such as download speeds and latency

Download speeds for Copper and Fixed Wireless plans across urban and rural areas.
Average of household averages. Error bars indicate 95% confidence intervals of the mean.



Latency to test servers for Copper and Fixed Wireless plans. Lower is better.
Average of household averages. Error bars indicate 95% confidence intervals of the mean.