

Q4 FY21 Connections Update

Q4 FY21 overview

Total fixed line connections declined by 16k to 1,340,000* (Q3 FY21: -13k)

- > **Copper broadband and voice connections declined by 44k** (Q3 FY21: -42k)
 - fixed wireless providers continued targeted sales campaigns to their fixed line customers
 - voice only disconnections increased to 14k (Q3: -11k)

- > **Total broadband connections reduced 1k to 1,180,000*** (Q3 FY21: -2k)
 - COVID-19 impact on net migration continues to constrain broadband growth below historic rate
 - increase of 5k connections in Chorus UFB zone driven by Chorus incentive and migration campaigns
 - market reports indicate smaller retailers continue to grow broadband market share
 - Vodafone and Skinny introduced \$55 and \$50 4G unlimited fixed wireless plans; 5G plans in some areas

- > **Fibre broadband connections increased by 29k** (Q3 FY21: +29k)
 - fibre uptake across the completed UFB footprint grew from 64% to 65%
 - strongest quarterly fibre growth was in the Queenstown and Wellington-Kapiti regions
 - 1Gbps connections increased 14k and are now 19% of GPON connections
 - average monthly data usage on fibre increased to 500GB, up from 491GB in March (including upstream traffic)
 - streaming traffic continues to grow with highest June throughput of 2.97Tbps on Queen's Birthday

*totals exclude ~10,000 broadband connections Chorus is partly subsidising for student households

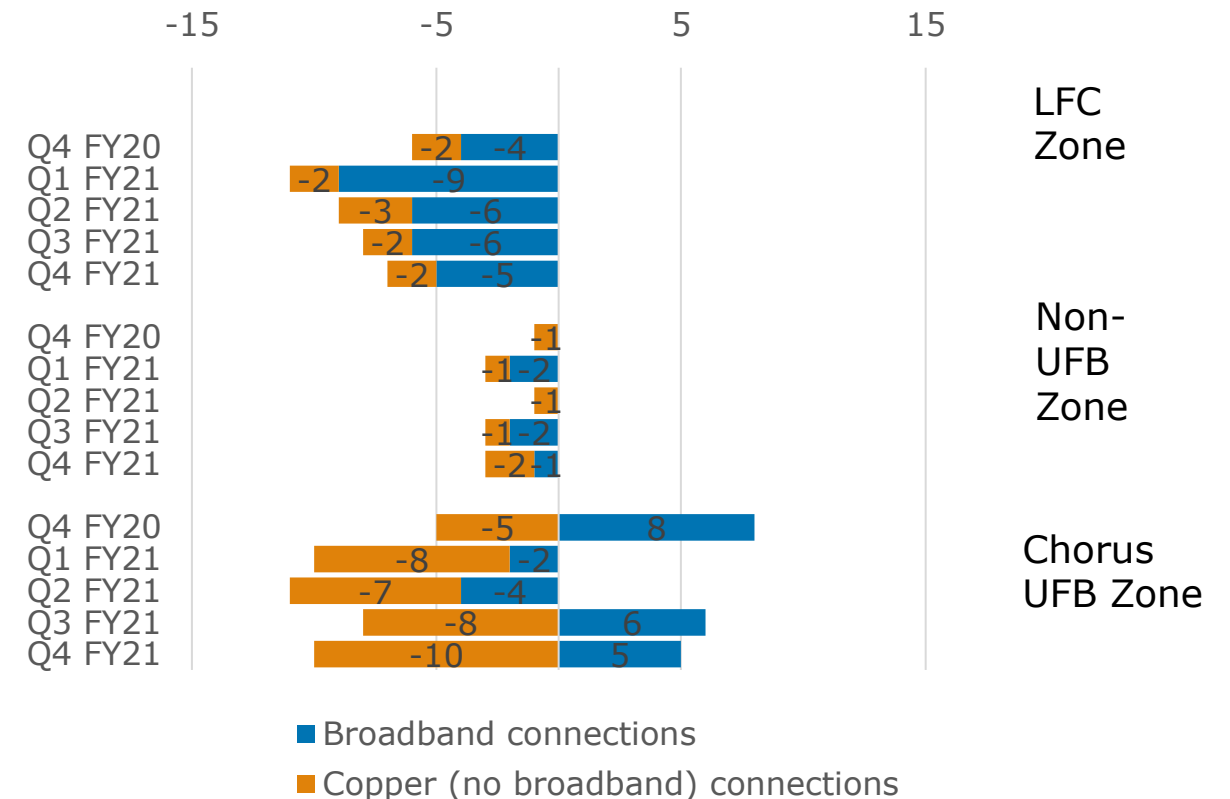
Connection changes by Zone (indicative)

- > **Chorus UFB zone:** continued broadband growth driven by Chorus incentives and migration campaigns. Increased rate of copper voice disconnections reflects targeted fixed wireless sales campaigns.
- > **LFC zone:** disconnections continue at consistent rate reflecting Local Fibre Company and fixed wireless provider activity
- > **Non-UFB zone:** increasing rural wireless competition as mobile providers expand wireless coverage and capacity

	Chorus UFB zone*	Non-UFB zone	Local Fibre Company UFB zone
Total connections at 30 June**	1,069,000	185,000	73,000
Broadband connections	985,000	150,000	45,000
Copper (no broadband) connections	84,000	35,000	28,000

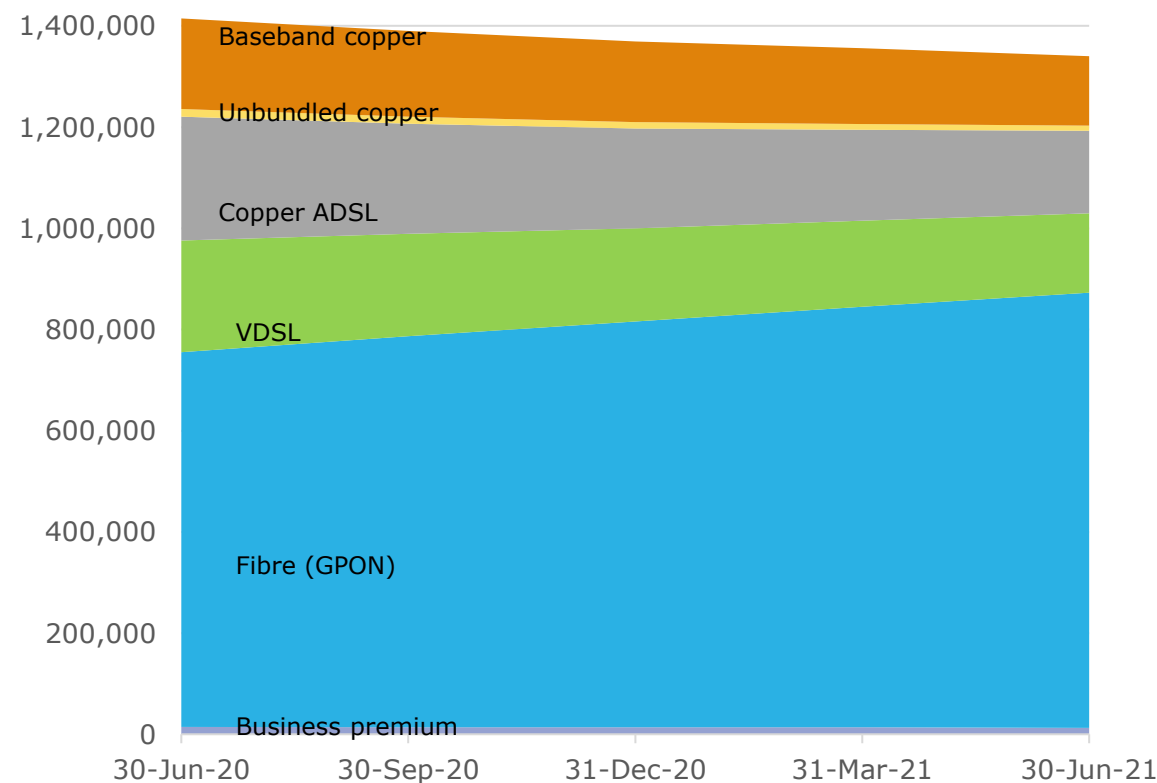
* Includes planned Chorus UFB1, 2 and 2+ coverage
 **Excludes 13k fibre premium and data services (copper) connections

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



Fibre comprises 65% of Chorus connections

	30 June 2020	30 Sept 2020	31 Dec 2020	31 March 2021	30 June 2021
Unbundled copper (no broadband)	15,000	14,000	13,000	11,000	10,000
Baseband copper (no broadband)	179,000	169,000	159,000	150,000	137,000
Copper ADSL (includes naked)	245,000	218,000	197,000	180,000	163,000
VDSL (includes naked)	221,000	202,000	184,000	170,000	157,000
Fibre broadband (GPON)	740,000	773,000	802,000	831,000	860,000
Data services (copper)	4,000	3,000	3,000	3,000	2,000
Fibre premium (P2P)	11,000	11,000	11,000	11,000	11,000
Total connections	1,415,000	1,390,000	1,369,000	1,356,000	1,340,000



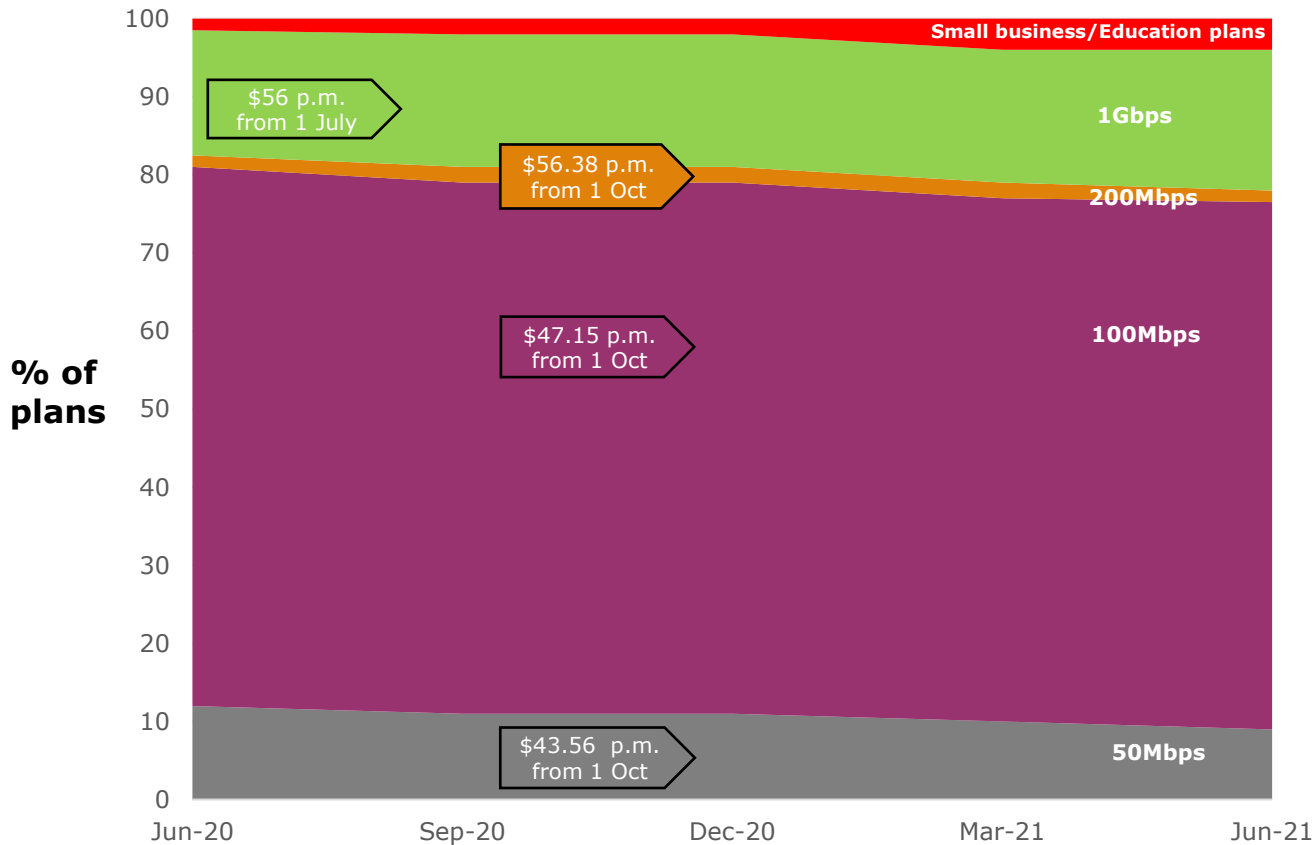
> **1,180,000 broadband connections comprises:**

- 860,000 fibre (GPON) connections
- 320,000 VDSL/ADSL (copper) connections

Note: 10,000 partly subsidised education connections are excluded from this data

1Gbps uptake grew by 14k connections to 19%

Total mass market fibre uptake by plan type*



- > **29,000 mass market fibre connections added**
 - 1Gbps connections grew from 152k (including business) to 166k and comprise 19% of GPON connections
 - small business connections grew from 24k to 26k
 - 50Mbps connections reduced to 9% of GPON connections

- > **consumer pricing/CPI changes from 1 October 2021**
 - 1Gbps – no change
 - 200Mbps – reducing to \$56.00
 - 100Mbps – increasing to \$47.87
 - 50Mbps – increasing to \$44.22

*excludes ~6k secondary and voice connections

UFB uptake reaches 65%

- > **UFB uptake increased from 64% to 65% within completed footprint in Q4***
 - uptake in UFB1 areas grew from 68% to **69%**
 - uptake in UFB2 areas grew from 40% to **42%**
 - **837,000** connections (Q3: 810,000) now within completed footprint, including business premium connections
 - **1,282,000** customers able to connect (Q3: 1,268,000)
 - **999,000** premises passed** (Q3: 986,000) out of 1,054,000 target = UFB rollout 95% complete

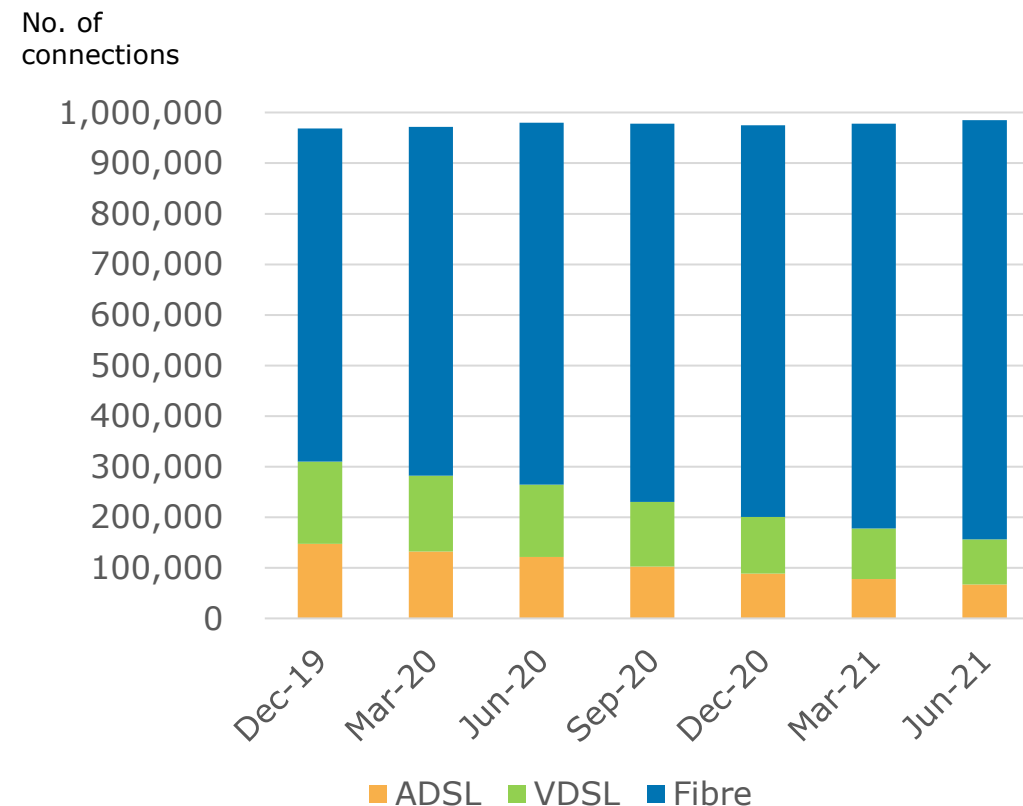
(note: data includes some UFB2 areas that have been partially built, but not yet submitted for Crown sign-off)

- > **41,000 fibre installations completed in Q4 (Q3: 40k)**
 - customer satisfaction steady at **8.2**
 - WIP reduced to 13k from ~15k
 - field crews remained steady ~650

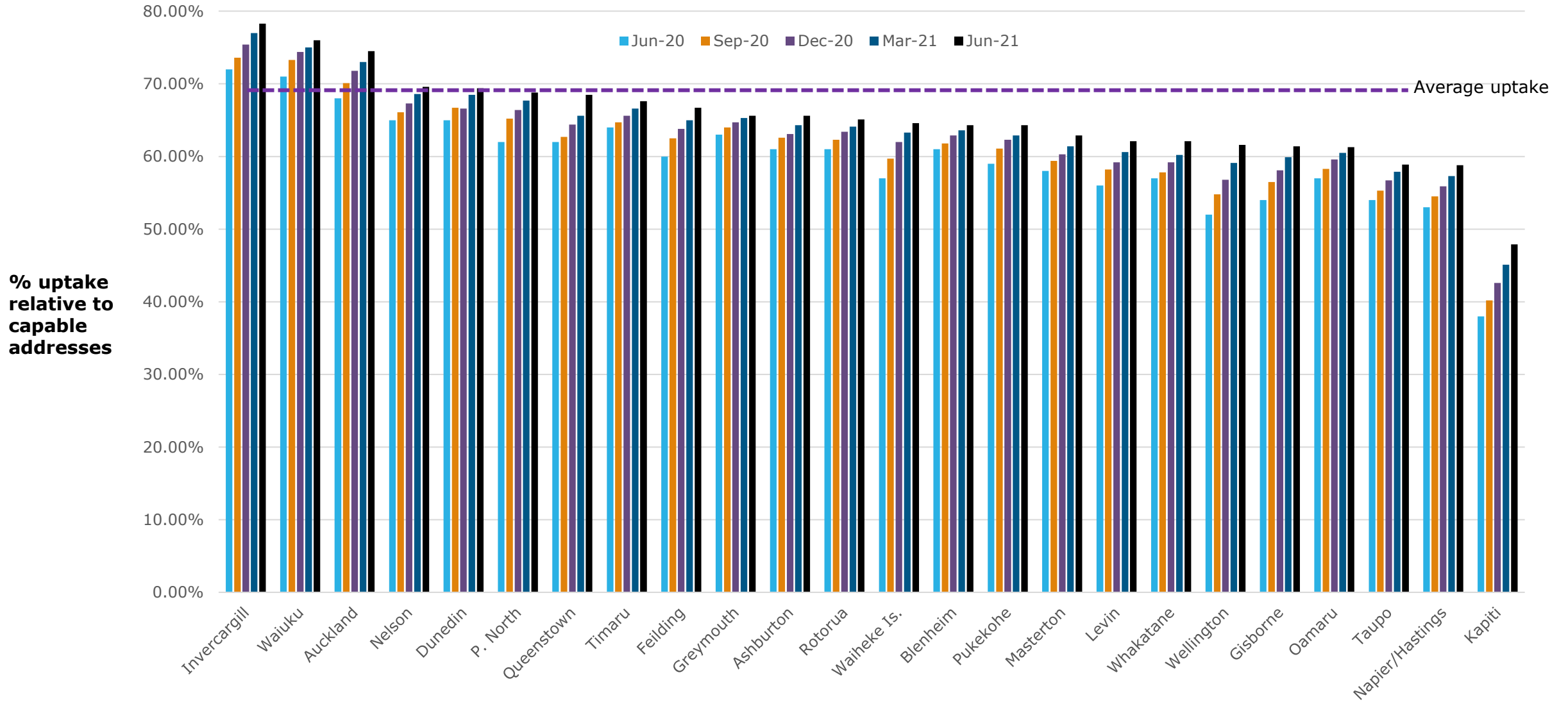
* includes ~3k partly subsidised education connections

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

Fibre now 84% of Chorus broadband connections in planned UFB zone



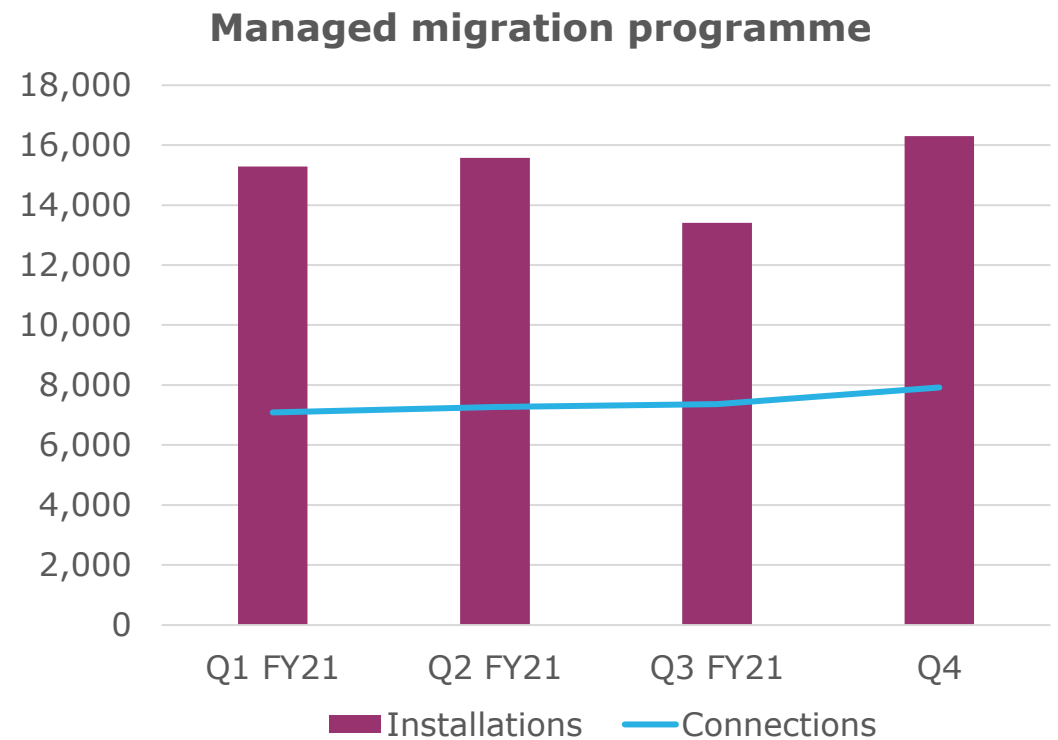
UFB1 uptake: 69%



Managed migration activity lifts fibre connections

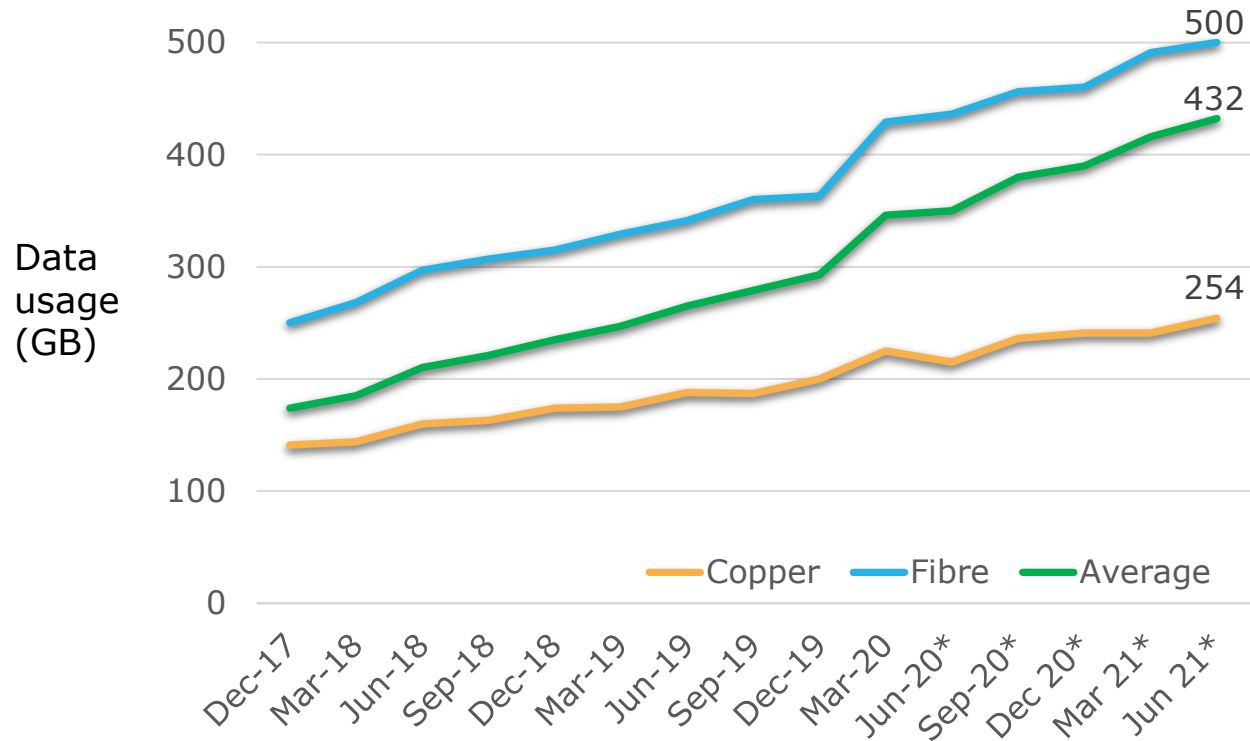
16k installations completed in Q4

- > strongest quarter yet for managed migration installations (i.e. ONT only without active service)
 - 8k ONT activations
 - ~4k activations were at offnet addresses



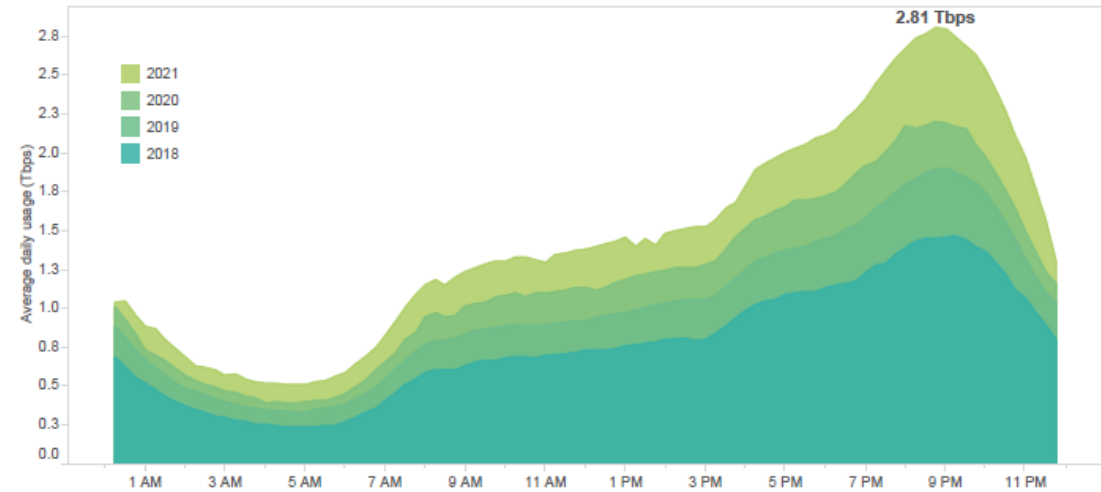
Monthly average data usage on fibre 500 gigabytes

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 **432GB** in June, up from 416GB (March)
 - **500GB** on fibre (March:491GB)
 - **254GB** on copper (March:241GB)
- > Average peak throughput on our network at peak time (~9pm) was 2.81Tbps in June, up from 2.75Tbps in March
 - highest peak of 2.97Tbps on Queen's Birthday

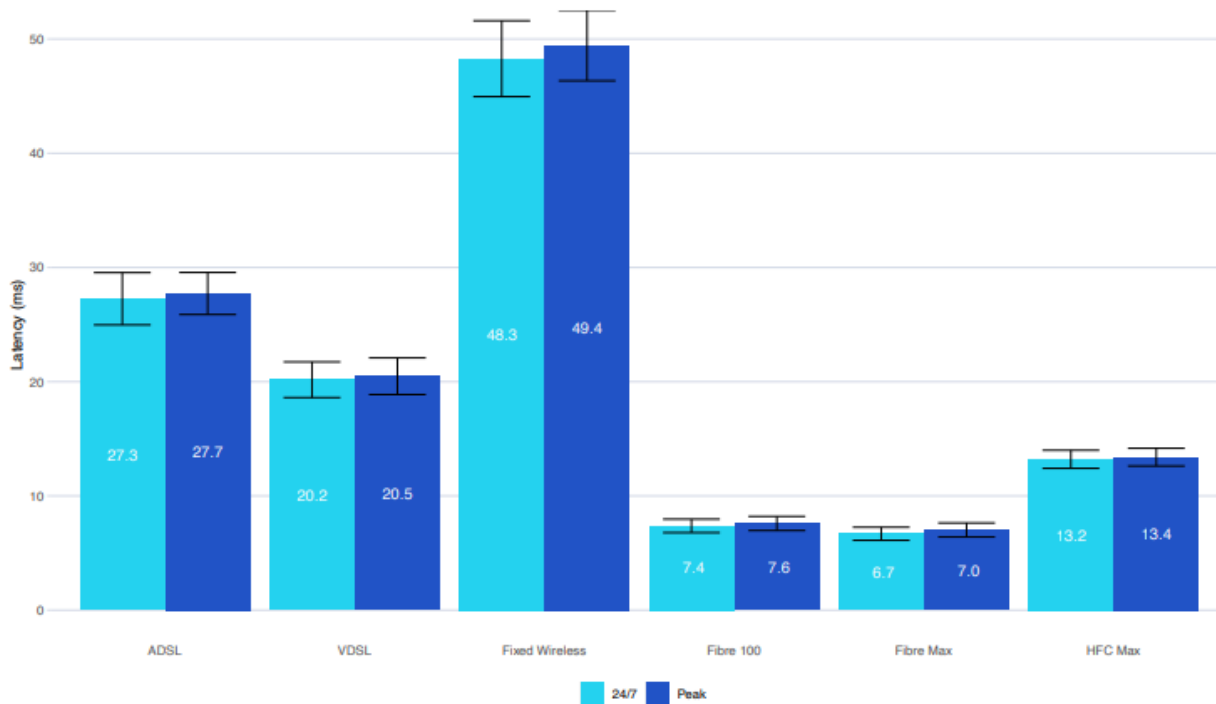


Commerce Commission broadband testing report

- The Commerce Commission's *Measuring Broadband New Zealand, Autumn Report* (June 2021) continues to show fixed line services outperform fixed wireless significantly on key measures such as download speeds and latency

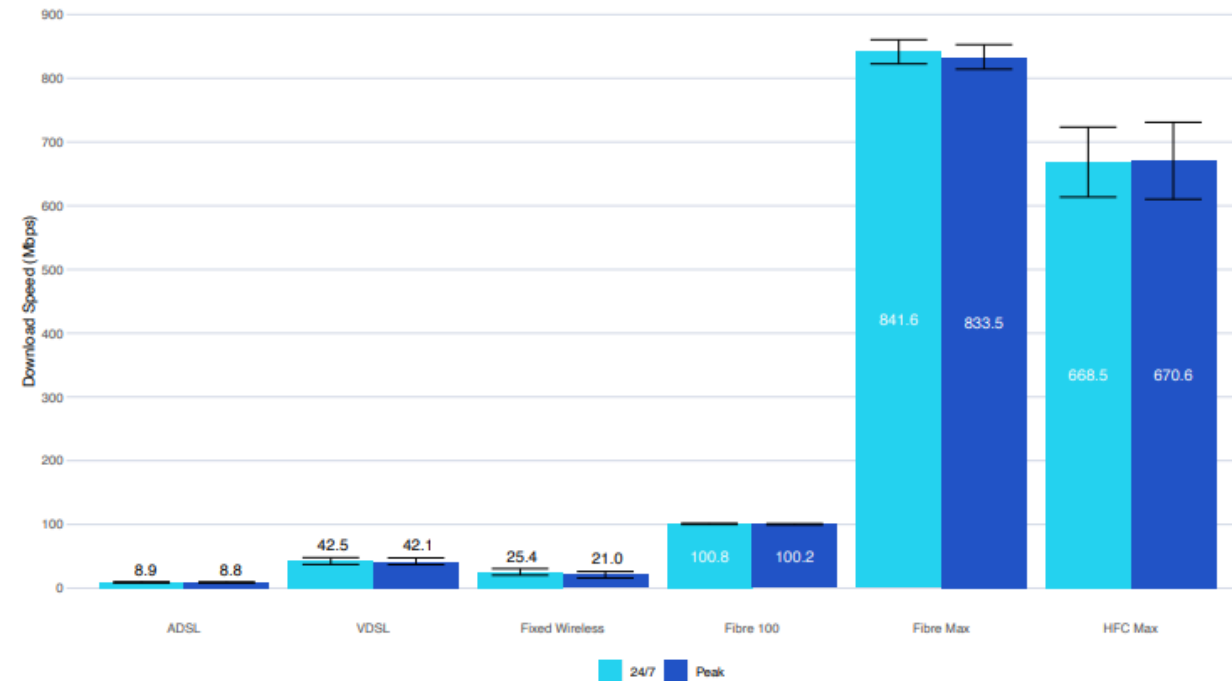
Average Latency to Test Servers by Plan. Lower is better.

Average of monthly household averages. Peak hours are Monday - Friday, 7pm - 11pm. Error bars show 95% confidence intervals.



Average Download Speeds by Plan.

Average of monthly household averages. Peak hours are Monday - Friday, 7pm - 11pm. Error bars show 95% confidence intervals.



Source: Commerce Commission