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STOCK EXCHANGE ANNOUNCEMENT

11 October 2018

Chorus Q1 FY19 Connections Update

The Q1 period to 30 September 2018 saw broadband demand continue to grow strongly in Chorus fibre areas, with UFB uptake reaching 50% following a record quarter for new fibre installations.

- **Total fixed line connections declined by 19k to 1,507,000 in Q1** (Q4 FY18: -17k)
- In Chorus fibre areas, the decline in copper lines with no broadband is being largely offset by strong broadband growth. The majority of the decline in total connections was in other fibre company zones as expected given fibre demand.
- **Total broadband connections grew by 3k to 1,190,000** (Q4 FY18: +3k).
- Fibre demand was strong through Q1, with a record **50,000** fibre installations completed.
- UFB uptake grew to **50%** from 45% (30 June) within Chorus' completed areas.
- 1Gbps connections grew 20% to 36,000.
- The **surge in data demand continues with 221GB** monthly average household data usage in September, up from 210GB in June, and fibre users now averaging **307GB** monthly, up from 297GB in June.

ENDS

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Q1 FY19 Connections Update

Q1 FY19 overview

Broadband demand continued to grow strongly in Chorus fibre areas, with UFB uptake reaching 50% following a record quarter for new fibre installations

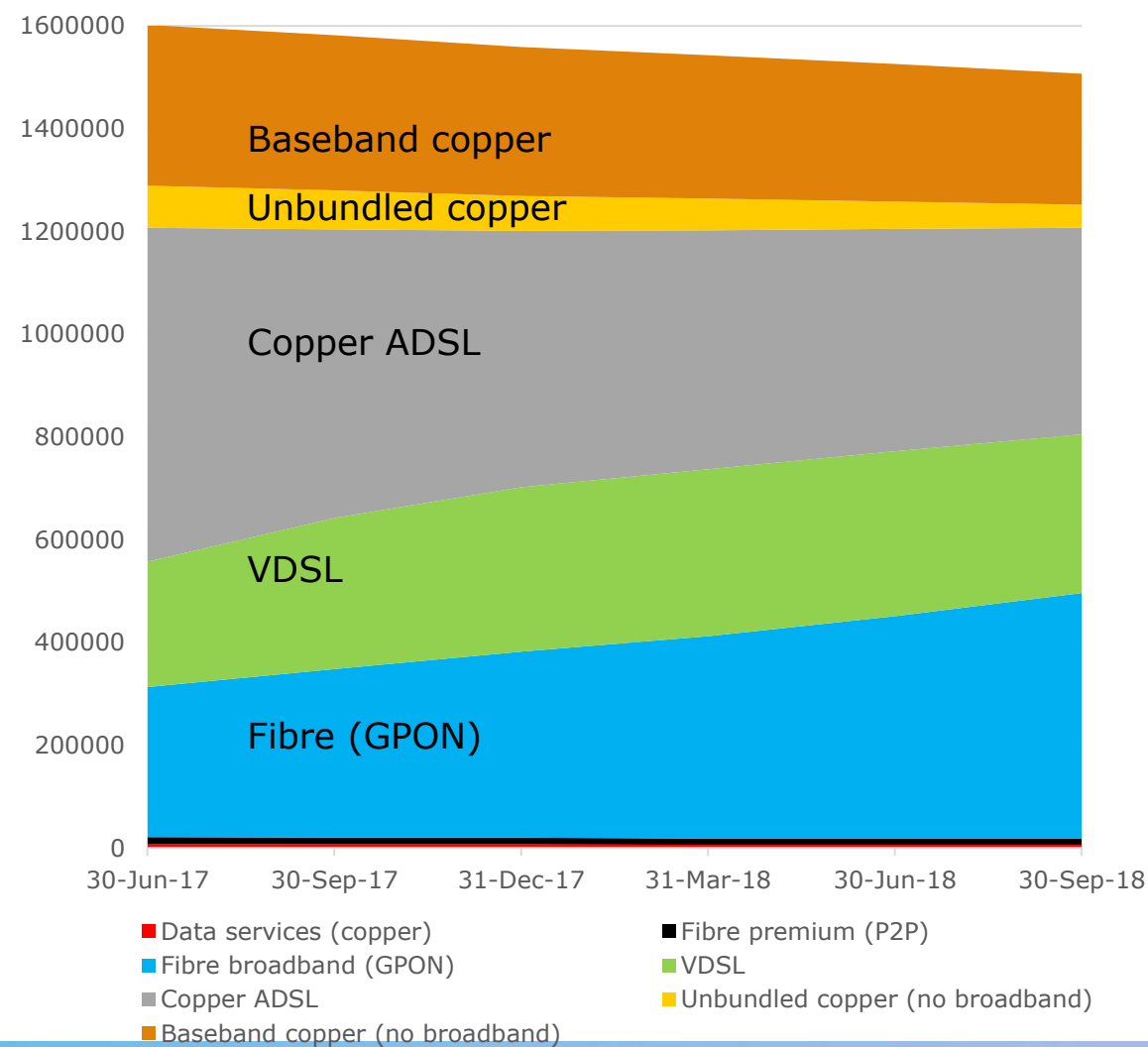
- > **Total fixed line connections declined by 19k to 1,507,000 in Q1** (Q4 FY18: -17k)
 - in Chorus fibre areas, the decline in copper lines with no broadband is being largely offset by strong broadband growth
 - the majority of the decline in total connections was in other fibre company zones as expected given fibre demand

- > **Total broadband connections grew by 3k to 1,190,000** (Q4 FY18 : +3k)
 - fibre demand was strong through Q1, with a record **50,000** fibre installations completed
 - UFB uptake grew to **50%** from 45% (30 June) within Chorus' completed areas
 - 1Gbps connections grew 20% to 36,000

- > **Surge in data demand continues**
 - **221GB** monthly average household data usage in September, up from 210GB in June
 - fibre users now average **307GB** monthly, up from 297GB in June

Q1 connection trends

	30 Sept 2017	31 Dec 2017	31 March 2018	30 June 2018	30 Sept 2018
Unbundled copper	76,000	68,000	62,000	53,000	45,000
Baseband copper (no broadband)	302,000	290,000	279,000	268,000	255,000
Fibre broadband (GPON)	328,000	362,000	394,000	433,000	479,000
VDSL (includes naked)	294,000	320,000	325,000	321,000	309,000
Copper ADSL (includes naked)	562,000	499,000	465,000	433,000	402,000
Data services (copper)	7,000	7,000	6,000	6,000	5,000
Fibre premium (P2P)	13,000	13,000	12,000	12,000	12,000
Total connections	1,582,000	1,559,000	1,543,000	1,526,000	1,507,000



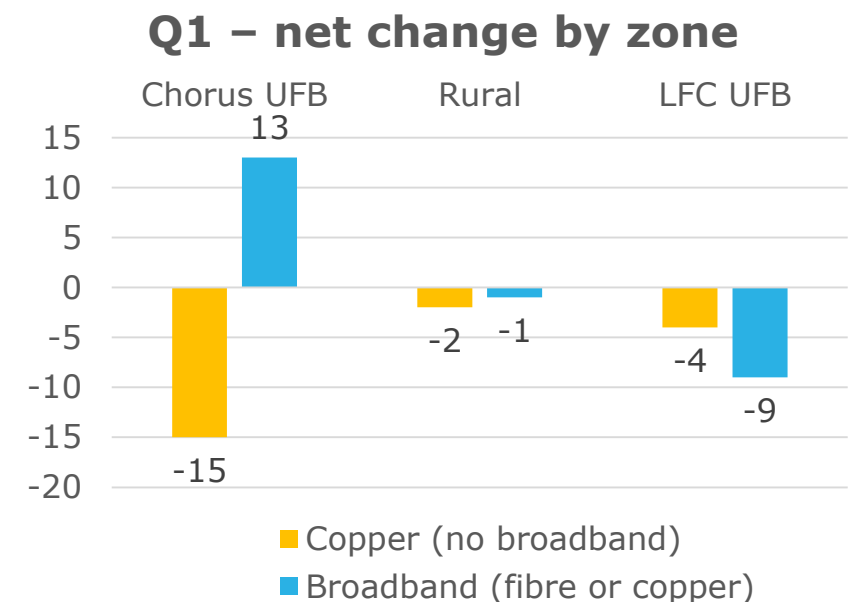
Connections by Zone - indicative

- the indicative data below includes revised 30 June totals to better reflect all UFB zone boundaries
- the Rural zone includes ~13k fibre premises and the LFC zone ~3k fibre premises

INDICATIVE CONNECTIONS	Chorus UFB zone*	Rural (non-UFB) zone	Local Fibre Company UFB zone	TOTAL
TOTAL 30 June	1,108,000	206,000	194,000	1,508,000**
TOTAL 30 Sept	1,106,000	203,000	181,000	1,490,000**
Copper connections: no broadband	189,000	50,000	61,000	300,000
Broadband: copper + fibre	917,000	153,000	120,000	1,190,000

* Includes planned UFB1, 2 and 2+ coverage

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



Fibre uptake and data demand

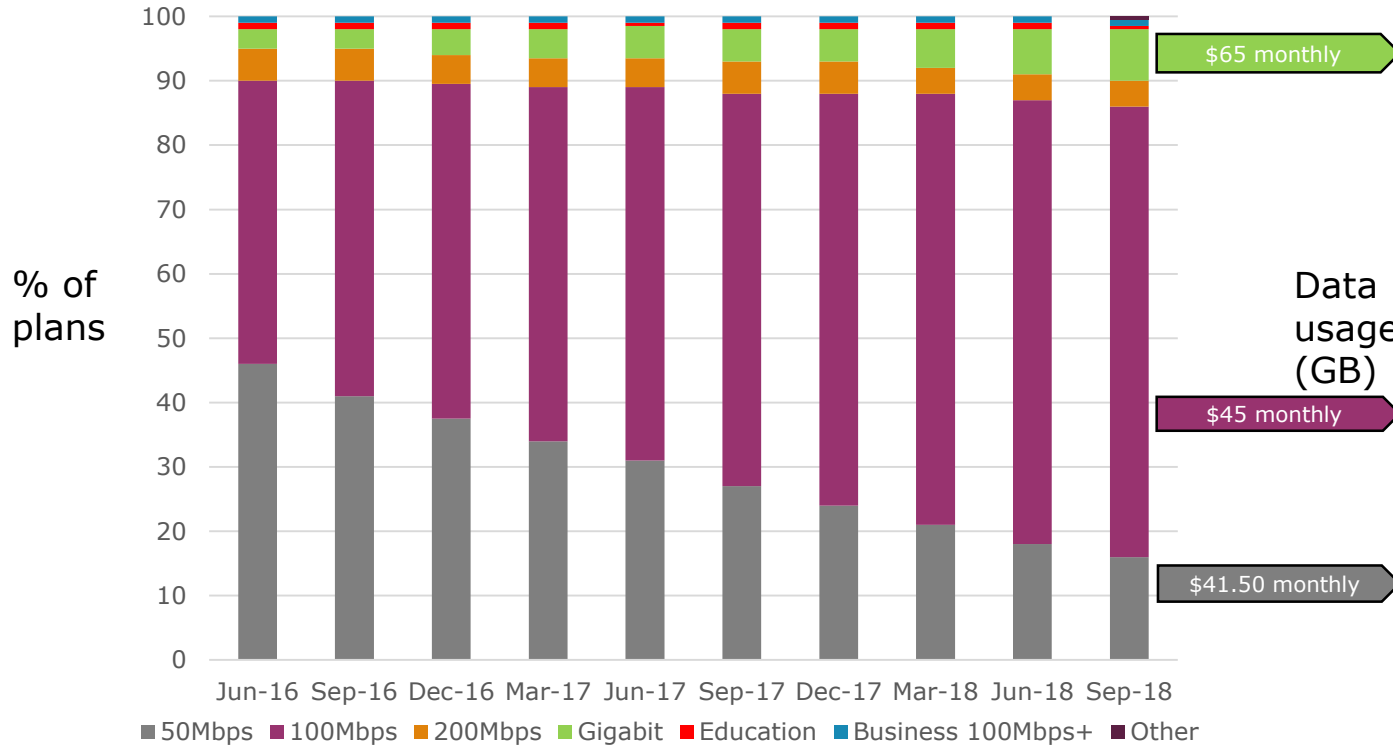
> **46,000** mass market fibre connections added in Q1

- 36,000 connections now on gigabit plans (Q4: 30,000)
- 70% of mass market fibre connections on 100Mbps

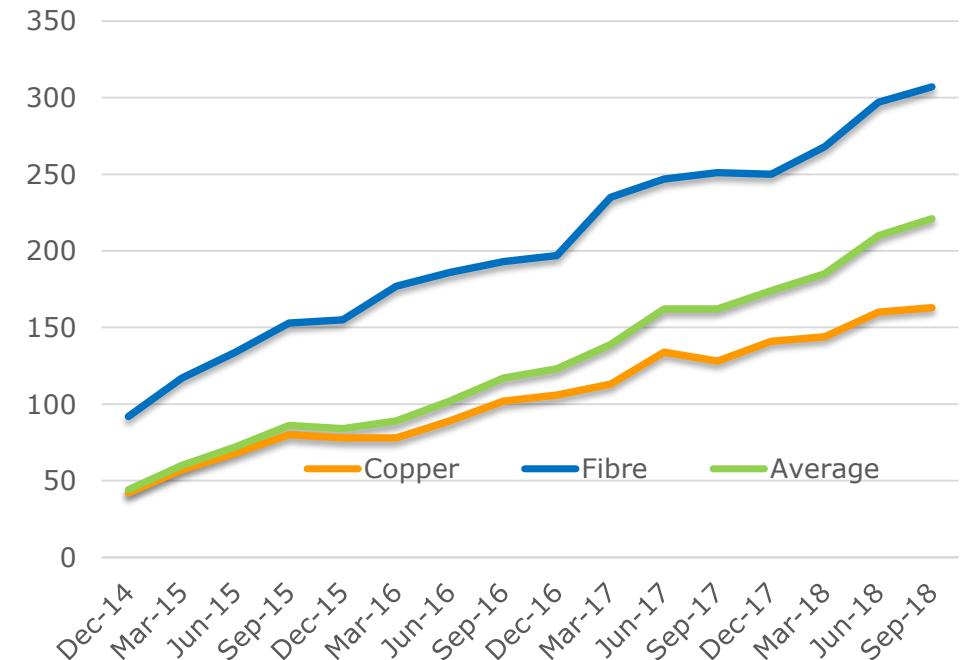
> Monthly average data usage per connection on our network grew to **221GB** from **210GB** (June 2018)

- **307GB** on fibre (June: 297GB)
- **163GB** on copper (June:160GB)

Total mass market fibre uptake by plan type

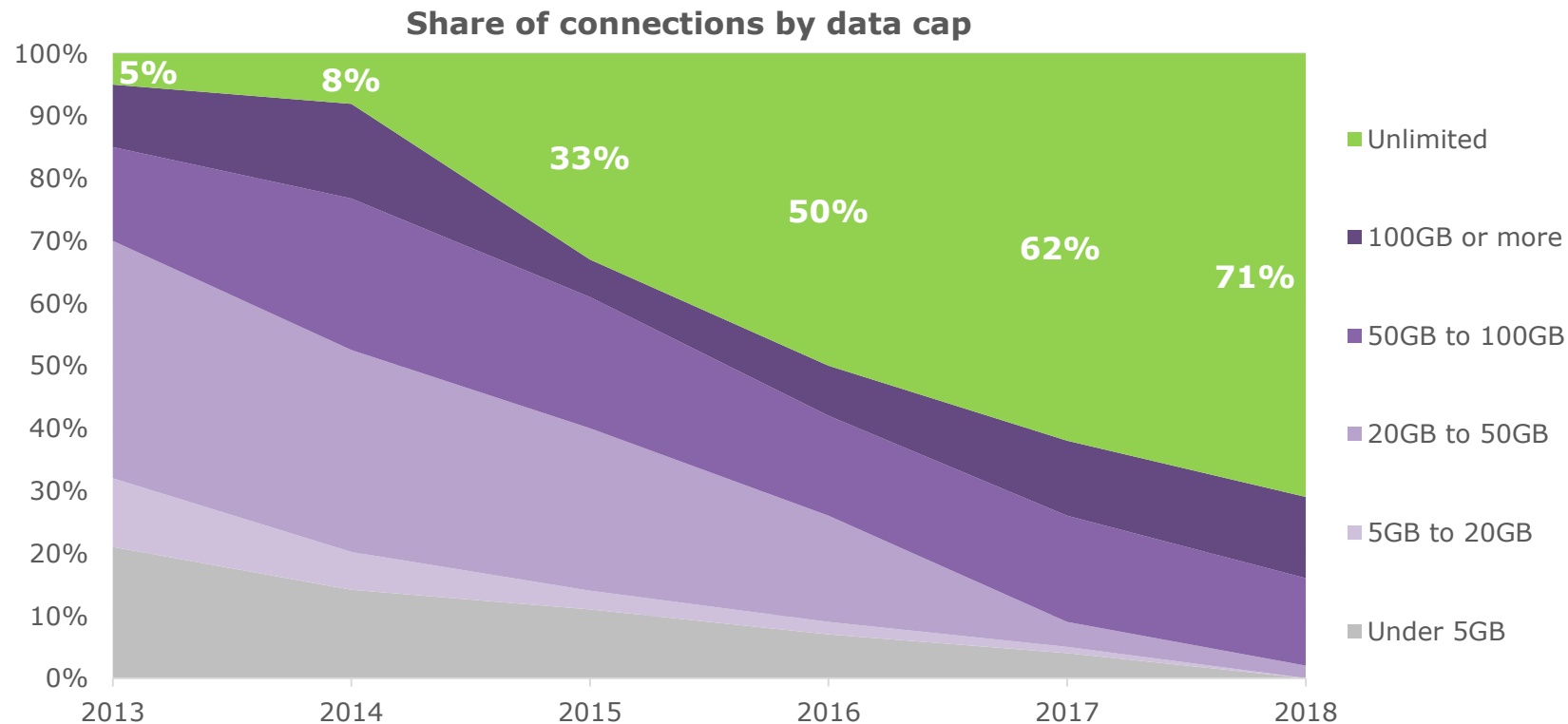


Monthly average data usage per connection on our network



Streaming is driving shift to unlimited data plans

71% of NZ broadband connections had no data cap at 30 June 2018



> ~1.3m broadband connections are believed to be on unlimited data plans, up from ~130k in 2014

Source: Statistics NZ ISP Survey June 2018

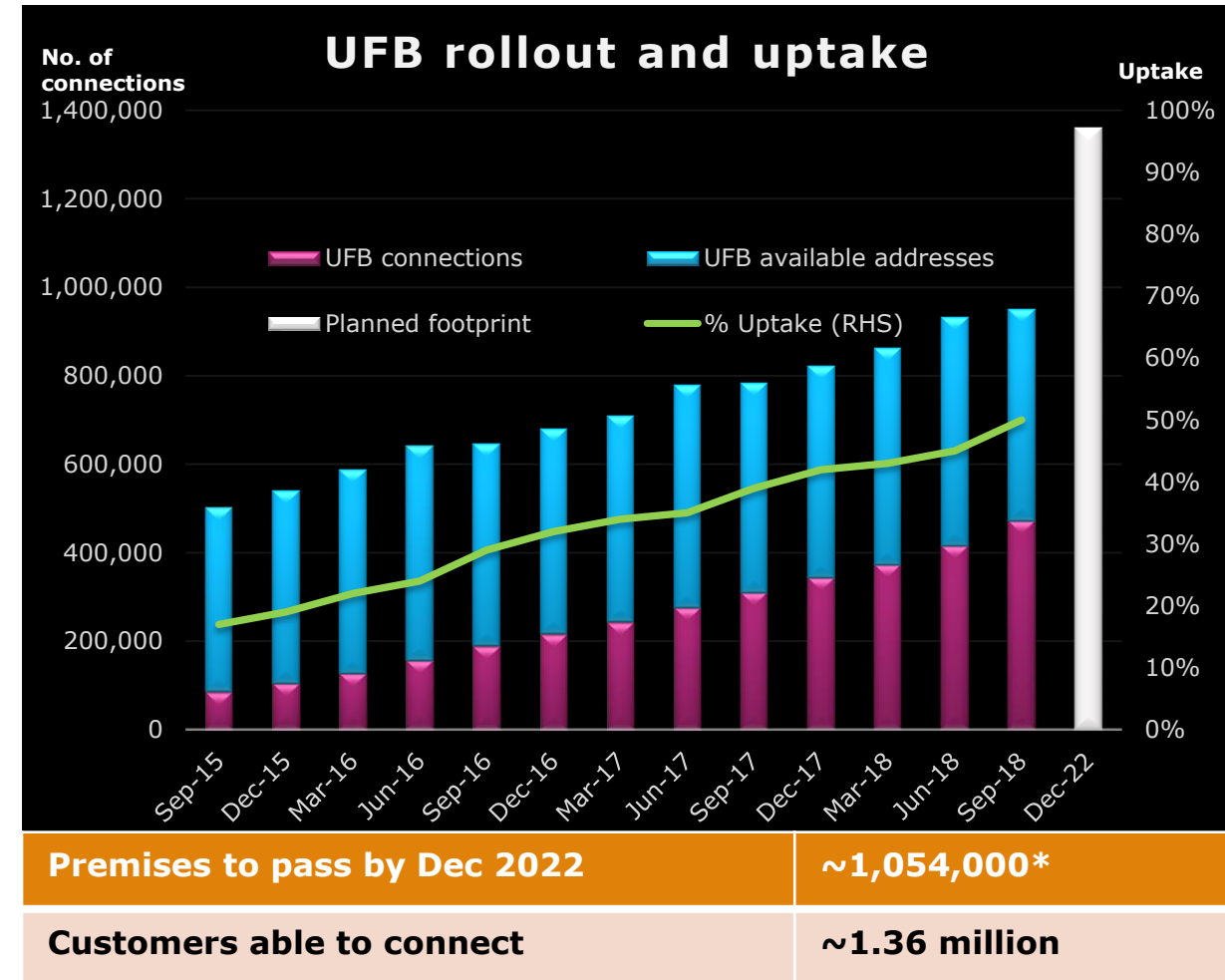
UFB uptake reaches 50%

> 50% UFB uptake at 30 Sept (30 June: 45%)

- **472,000** connections
- **950,000** customers able to connect
- **714,000** premises passed

Record quarter for fibre installations

- **50k** fibre installations completed (NZ wide)
- field crews reduced to **770** vs 800 at 30 June
- work in progress reduced to **25k** vs 30k at 30 June
- weighted average lead times reduced to **8 days** vs 13 days at 30 June

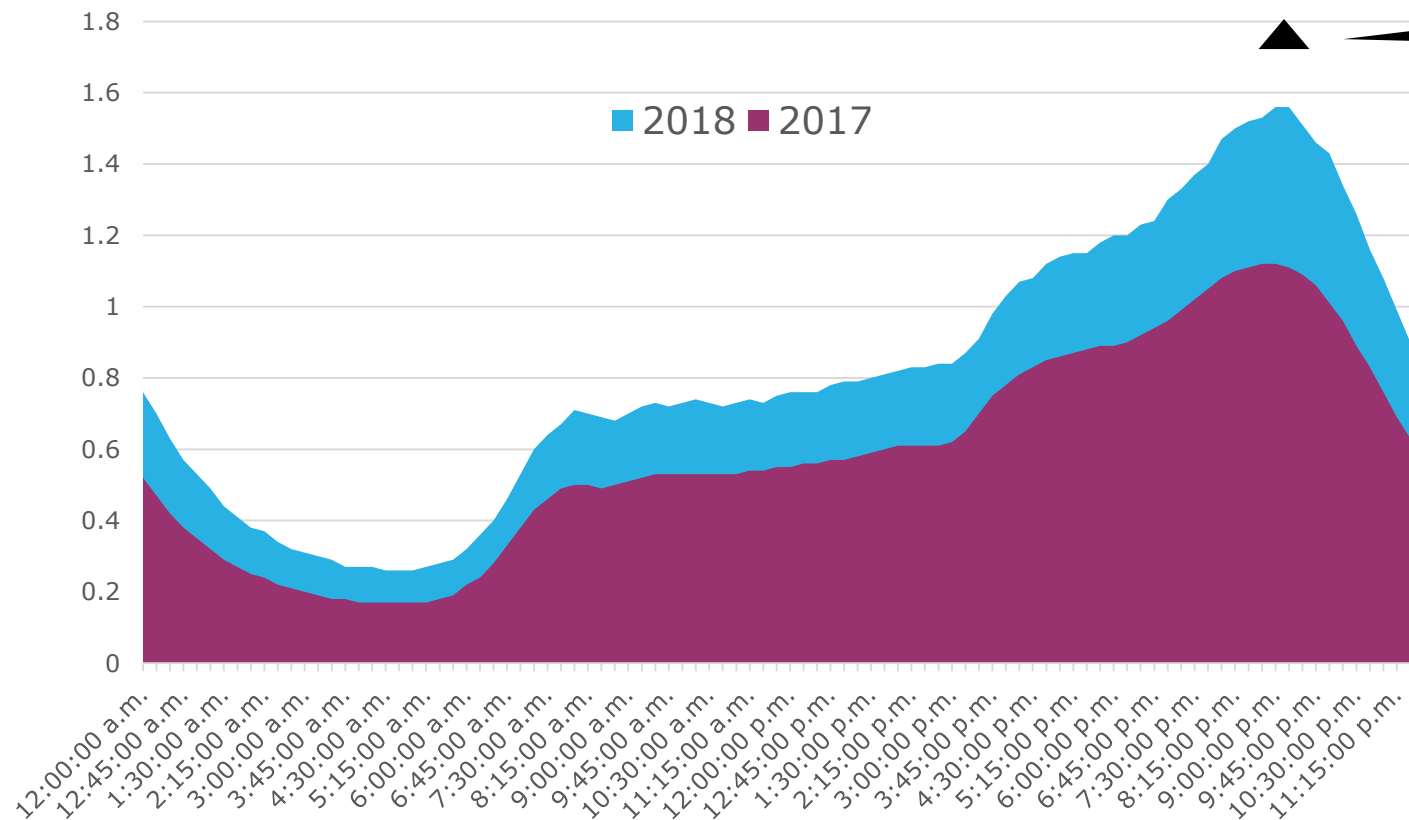


*Includes estimated 43k greenfields premises for UFB1

40% growth in traffic peak: Sept 2017-2018

Average Peak Throughput - September

Network
throughput
(Tbps)



*Fortnite effect: record
peak traffic 1,792Gbps
on 12 July 2018*

Time of day

UFB1 uptake by area

ROLLOUT COMPLETED IN THESE AREAS

Note: % uptake can reduce in areas as the fibre rollout passes more addresses in a period

