

STOCK EXCHANGE ANNOUNCEMENT

11 October 2024

Q1 FY25 Connections Update

Chorus today released its connections update for the Q1 period to 30 September.

Birkdale becomes Chorus' first fibre-only exchange

Chorus' retirement of the copper network marked a new milestone in the quarter with Birkdale exchange in Auckland becoming the first fibre-only exchange. When the fibre rollout began in 2011, Birkdale had approximately 7,000 copper connections.

In areas where Chorus fibre is available, service withdrawal notices have been issued for approximately 90,000 copper connections so far. About 35,000 copper lines remain in service in Chorus fibre areas.

When including copper disconnections outside of Chorus fibre areas, where customers choose alternative network options, about 18,000 copper lines were disconnected nationwide in the quarter. This left about 139,000 copper lines in service nationwide on 30 September. This trend drove an overall reduction in Chorus' fixed line connections from 1,241,000 to 1,231,000 connections in the quarter.

Fibre uptake lifts to 71.6%

Chorus' fibre network footprint, excluding other local fibre company areas, grew by 7,000 addresses in the quarter to 1,514,000 addresses. Fibre uptake within this footprint lifted by 0.2% to 71.6%. Uptake in UFB2 rollout areas increased from 58% to 59%. The Auckland area is at 76.7% uptake, compared to Dunedin on 76.4% and Wellington on 70.6%.

Total fibre connections increased by 8,000 in the quarter. Mass market fibre connections grew by 9,000 in Chorus fibre areas, while point-to-point fibre premium connections reduced by about 1,000 lines as a legacy technology platform is withdrawn from service.

Strong demand continued for the entry level 50Mbps Home Fibre Starter service with another 10,000 connections added. Business and residential consumers on speeds of 500Mbps and above grew by about 6,000 connections. More than 25% of residential connections are on speeds of 1Gbps and above.

Demand for multi-gigabit *Hyperfibre* connections accelerated in the quarter with more retailers promoting the service. Residential customers now comprise 81% of the more than 4,000 *Hyperfibre* connections.

Average monthly data usage on fibre reduced slightly from 623 gigabytes in June to 609GB. The proportion of fibre users consuming more than 1 terabyte of data was 15%.

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Q1 FY25 connections update

11 October 2024

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Q1 FY25 overview

- > **Fibre connections (including non-address points and LFC areas) increased 8k (Q4 FY24: +10k) to 1,092,000**
 - in Chorus fibre areas, a 9k increase in fibre broadband connections offset a 6k reduction in copper broadband
 - Home Fibre Starter (50Mbps) connections grew 10k to 57k
 - fibre connections of 500Mbps+ grew by 6k across residential and business plans
 - fibre premium (P2P) connections reduced to 9k as legacy services are withdrawn
- > **Chorus' fibre footprint now covers 1,514,000 addresses (excluding LFC areas)**
 - fibre passed another 7,000 addresses in Q1 (Q4: +7k)
 - overall fibre uptake grew 0.2% to 71.6% of passed addresses in Q1 (Q4: +0.4%)
 - uptake in UFB2 areas lifted from 58% to 59%
- > **Total fixed line connections* declined by 10k (Q4: -9k) and now total 1,231,000**
 - copper broadband and voice connections declined by 18k (Q4: -19k)
 - copper voice only disconnections were 5k (Q4: -6k)
 - Birkdale in Auckland is the first exchange area to have all copper lines withdrawn
 - 1,492 copper broadband cabinets no longer have active customers (Q4:1,253)
- > **Average monthly data usage on fibre was down slightly to 609GB (June:623GB)**
 - the proportion of terabyte users (i.e. consuming 1,000GB+ a month) was 15% (June:16%)

*includes ~2,000 broadband connections Chorus is subsidising for lower socio-economic households

Fibre comprises 89% of Chorus connections

	30 Sept 2023	31 Dec 2023	31 March 2024	30 June 2024	30 Sept 2024
Baseband copper (no broadband)	64,000	57,000	51,000	45,000	40,000
Copper ADSL (includes naked)	75,000	68,000	62,000	56,000	49,000
VDSL (includes naked)	75,000	68,000	62,000	55,000	49,000
Data services (copper)	1,000	1,000	1,000	1,000	1,000
Fibre broadband (GPON)	1,041,000	1,052,000	1,064,000	1,074,000	1,083,000
Fibre premium (P2P)	10,000	10,000	10,000	10,000	9,000
Total connections*	1,266,000	1,256,000	1,250,000	1,241,000	1,231,000

- Copper connections declined 18k (~11%) in Q1 and total 139k

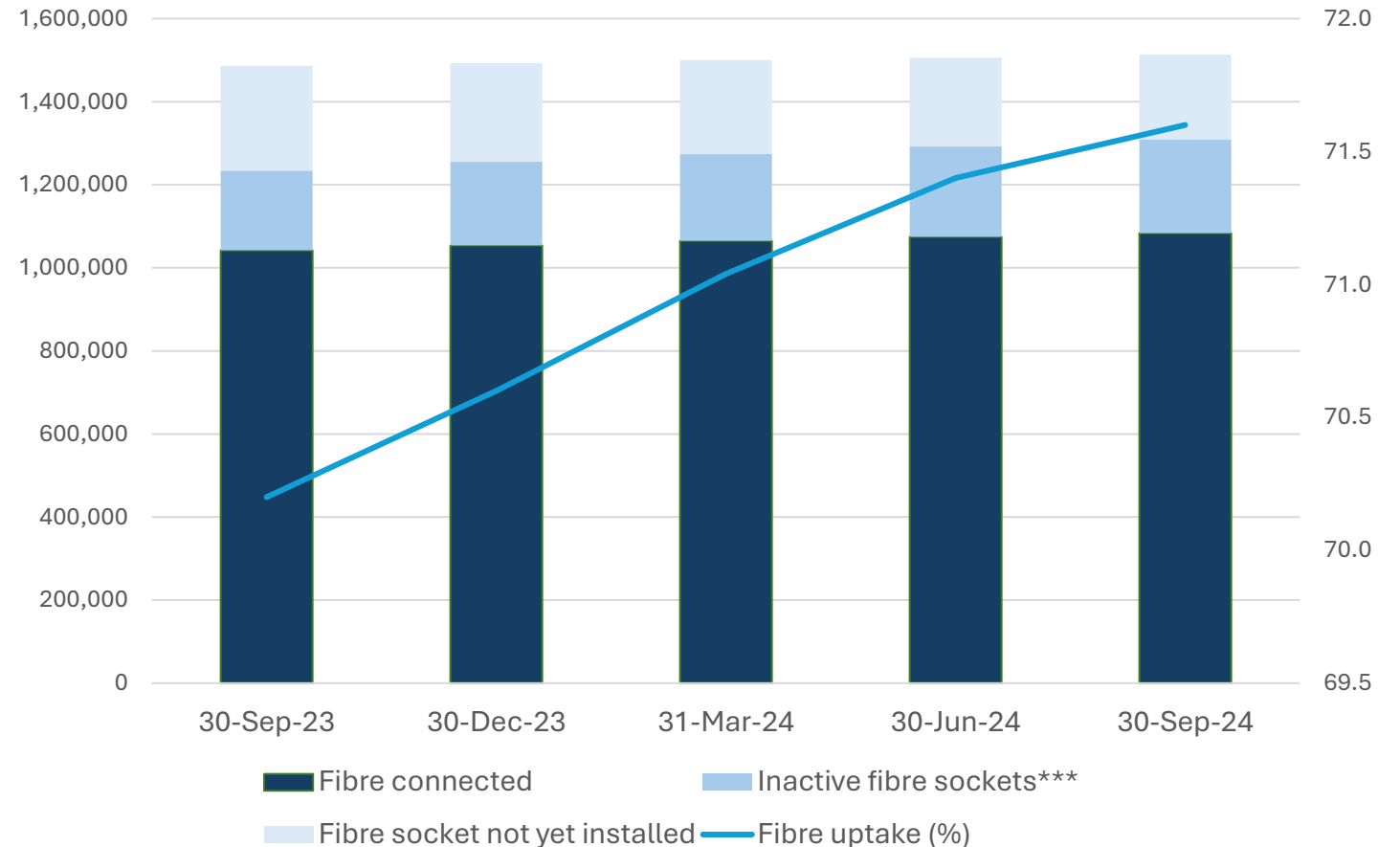
- Total fibre connections grew 8k (~1%) in Q1 and total 1,092k

*includes ~2,000 broadband connections Chorus is subsidising for lower socio-economic households

Fibre uptake grew 0.2% to 71.6%

- **71.6% fibre uptake across 1,514,000 passed addresses***
 - uptake +0.2% in Q1
 - +9k fibre connections to addresses**
 - +7k addresses passed in Q1

- **1,309,000 fibre installed addresses**
 - 17k installations in Q1 (Q4:20k)
 - 205,000 addresses passed by fibre, but fibre socket not yet installed (Q4:214k)

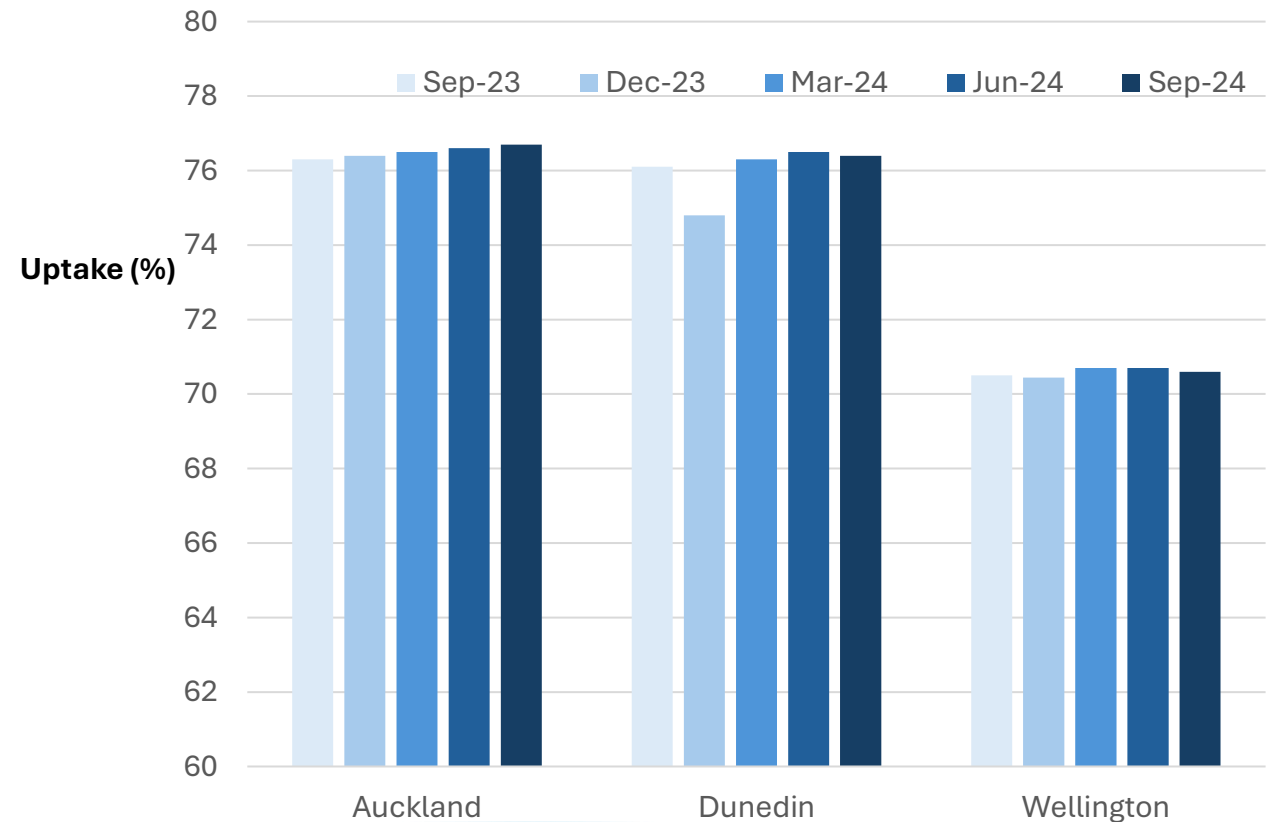


*based on independent address data and Chorus network data for addresses passed by fibre; excludes Chorus fibre in Local Fibre Company (LFC) areas
 ** includes ~7k fibre premium connections to addresses; excludes smart location (GPON) connections and connections in LFC areas
 *** not active on 30 September 2024

Uptake by city

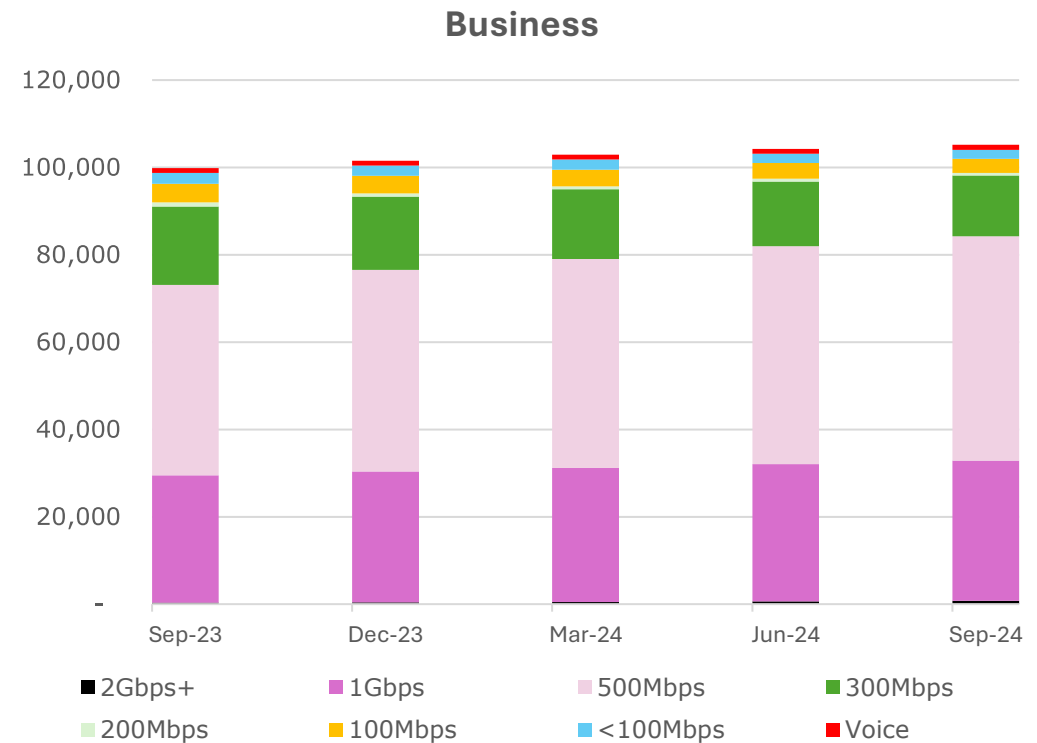
- > Uptake is measured across “urban areas” as defined by Statistics NZ, rather than the original UFB rollout area
 - **Auckland** uptake grew 0.1% to 76.7% in Q1 despite ongoing address growth
 - **Dunedin** uptake reduced 0.1% to 76.4% as address growth outpaced connection growth
 - **Wellington** uptake reduced 0.1% to 70.6% as address growth outpaced connection growth

Uptake, by urban area, for fibre passed addresses



Hyperfibre lifts to over 4k connections

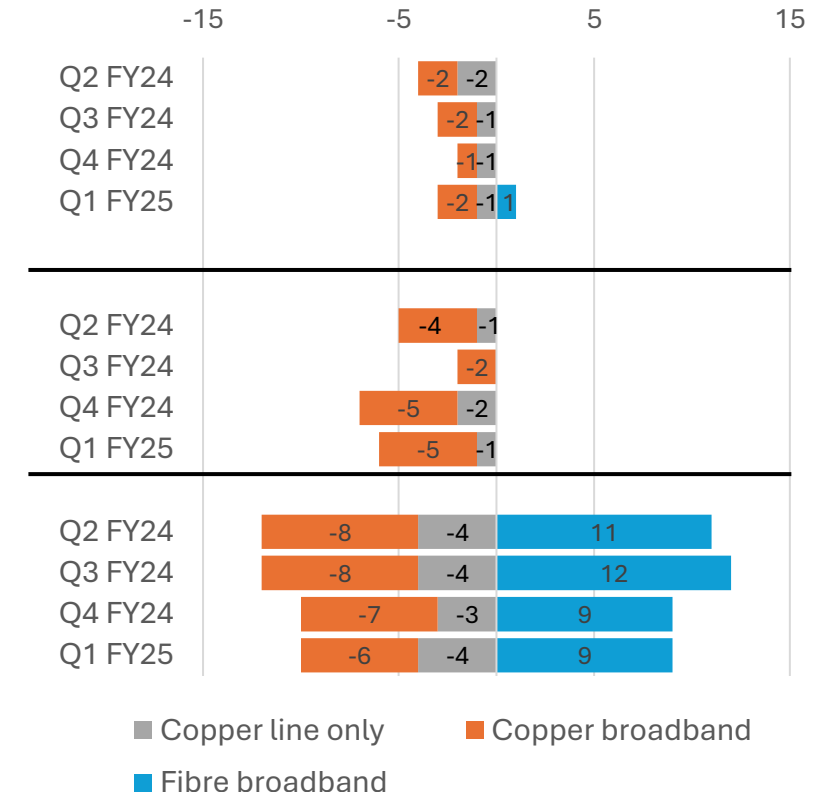
- Home Fibre Starter (50Mbps) connections grew by 10k to 57k; plans below 300Mbps are 12% of residential connections
- business and residential connections of 500Mbps+ grew by 6k
- 81% of business connections are on 500Mbps or faster; 25% of residential plans are on 1Gbps or faster
- Hyperfibre connections of 2Gbps and above grew to more than 4k with ~81% on residential plans



Connection changes by Zone (indicative as at 30 Sept*)

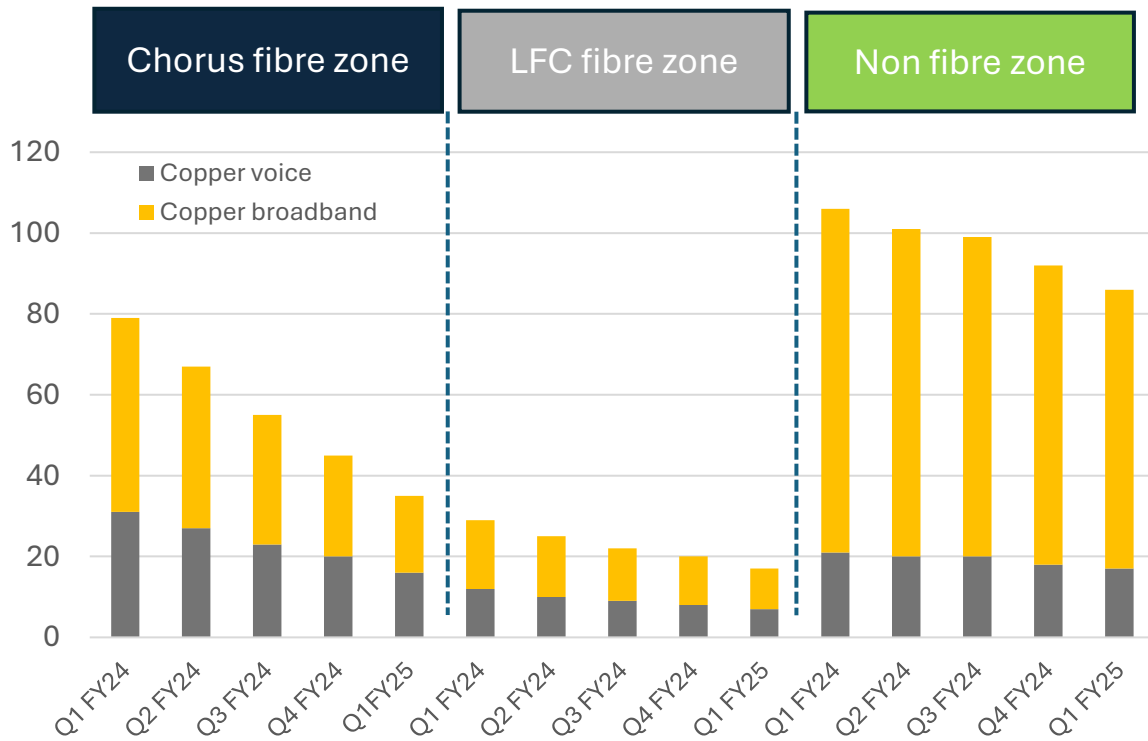
Other fibre company (LFC) zone	Copper lines (no broadband)	7,000	Local Fibre Company and fixed wireless provider activity is driving a gradual decline in copper connections.
	Copper broadband lines	10,000	
	Fibre broadband lines (GPON)	4,000	
	TOTAL	21,000	
Non-fibre addresses (i.e. Chorus fibre not available)	Copper lines (no broadband)	17,000	Ongoing decline in copper connections due to mobile/fixed wireless/satellite footprint expansion.
	Copper broadband lines	69,000	
	TOTAL	86,000	
Chorus fibre zone	Copper lines (no broadband)	16,000	Covers all addresses outside of LFC UFB rollout zone where Chorus fibre is available. Fibre footprint is growing as a result of new property development. Copper connections are reducing as Chorus retires its copper network.
	Copper broadband lines	19,000	
	Fibre broadband lines (GPON)	1,077,000	
	TOTAL	1,112,000	

Quarterly change ('000s) by zone



* Excludes ~12k fibre premium, data services (copper) and smart location connections

35k copper lines remaining in Chorus fibre areas



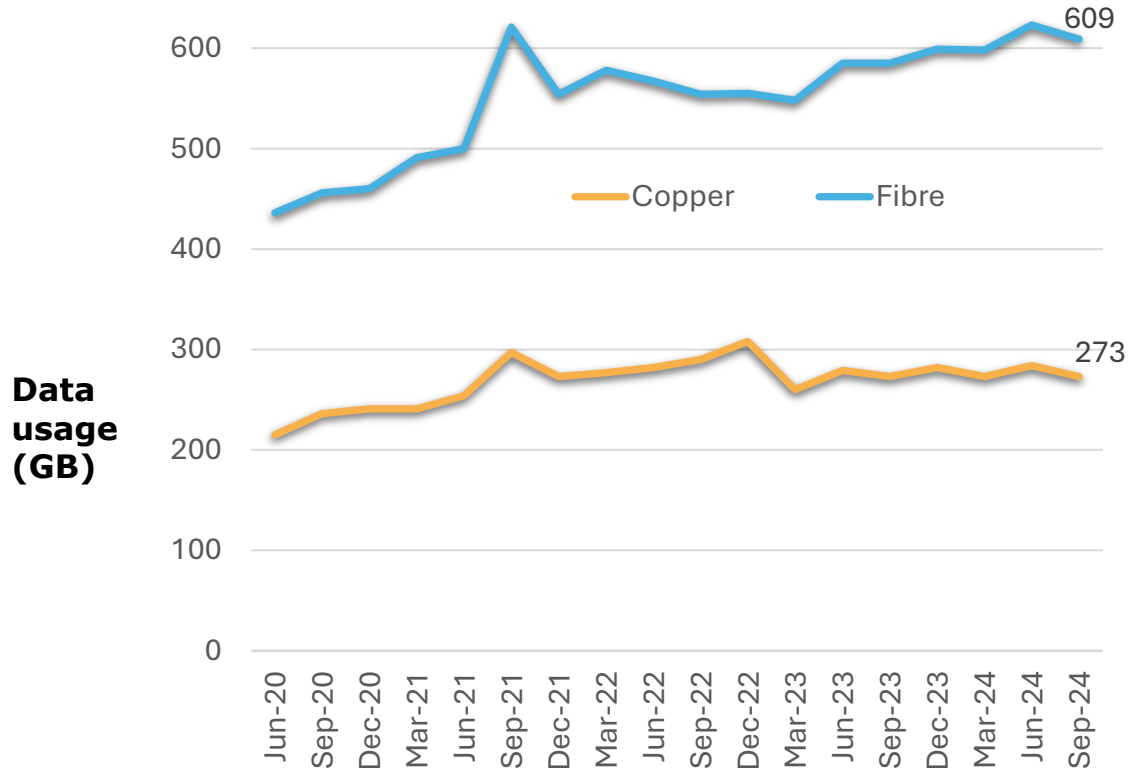
Copper connections able to be withdrawn with 6 months' notice where fibre is available

- > **~90,000 copper withdrawal notifications issued (cumulative) in Chorus fibre areas**
 - ~35k connections remaining
 - 1,492 copper broadband cabinets closed (Q4: 1,253); another 972 under closure notice
 - broadband retention rate of 79% across closed cabinets

- > **managed migration initiatives: activation of installed fibre sockets (ONTs)**
 - ~6k sockets activated in Q1 (Q4:~6k)
 - 58% of activations were offnet addresses (Q4:59%)

Monthly average data usage on fibre 609 gigabytes

Monthly average data usage per connection*



- monthly average data usage on fibre reduced slightly from 623GB in June to 609GB,
- the proportion of fibre connections using more than 1 terabyte of data was 15%
- copper usage was 273GB (June: 284GB)

* includes upstream traffic

Pricing update

Fibre plan - consumer	Current wholesale price	Price from 1 Jan 2025	Notes
Voice line	\$29.11	\$30.59	
Home starter 50/10Mbps	\$35	\$38	To apply where retail price is \$65. Wholesale price was previously reduced to \$35 from 1 Feb 2022
50/10Mbps	\$50.43	\$53.96	
100/20Mbps 300/100Mbps	\$53.54	\$56.28	100Mbps is anchor service.
1Gbps	\$61.86	\$66.19	
Hyperfibre 2Gbps	\$70	\$74.90	
Hyperfibre 4Gbps	\$85	\$90.95	
Hyperfibre 8Gbps	\$110	\$117.70	

Copper pricing	Current wholesale price	Price before 16 Dec 2023	Notes
Copper line	\$38.21	\$36.17	Annual CPI adjustment mid-December 2024
Copper broadband	\$51.08	\$48.35	