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STOCK EXCHANGE ANNOUNCEMENT

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Q3 FY25 Connections Update

Chorus today released its connections update for the Q3 period to 31 March.

Final copper withdrawal notices to be issued in Chorus fibre areas

Chorus' shift to a simpler all-fibre network continued with another 16,000 copper lines disconnected nationwide in the quarter. This left about 107,000 copper lines in service on 31 March.

More than 1,700 copper broadband cabinets no longer have active customers and the Forrest Hill exchange in Auckland has become the second major exchange to become copper-free. Forrest Hill had more than 8,000 copper connections until the arrival of Netflix streaming services in 2015 began to fuel the rapid adoption of fibre connections.

Just 19,000 copper lines remain in service in Chorus fibre areas, down from about 28,000 lines at the end of December. A final group of about 4,000 copper customers is due to receive six months' notice of copper service withdrawal this month. Chorus expects the copper network in its fibre areas to be fully retired by mid-2026.

Deregulation proposed for copper services

In March the Commerce Commission released a draft recommendation that copper voice and broadband services should be deregulated. They said the wide availability of alternative technologies meant regulation of copper services was no longer needed to promote competition. A final recommendation is due to Government by the end of 2025.

In areas where fibre is not available, Chorus saw about 5,000 copper customers choose to migrate to alternative network options in the quarter. This leaves approximately 75,000 copper lines outside of the existing fibre footprint, down 24% from a year ago.

Chorus' current programme to extend fibre to approximately 10,000 existing homes in smaller communities is shrinking the copper footprint further. About 2,500 of these premises now have fibre available with 4,500 expressions of interest received and 700 customers connected to date.

Fibre uptake reaches 72%

Total fibre connections increased by about 9,000 lines in the quarter to 1,107,000. Fibre uptake in UFB2 rollout areas, completed between 2018 and the end of 2022, rose from 60% to 61%. Fibre uptake across Chorus' wider fibre network footprint, excluding other local fibre company areas, lifted by 0.3% to 72%.

A recent global report on fibre uptake ranks New Zealand at 19th, just behind Sweden and Japan.

Another 5,000 addresses were added to the network footprint in the quarter, largely from new property developments. The majority of these were in Auckland, which meant overall uptake in the city remained flat at 76.4% despite continued growth in connections. Fibre uptake in Dunedin rebounded to 76.4% with the return of the student population.

The combination of reducing demand for copper connections, partly offset by growth in fibre connections, saw Chorus' total fixed line connections reduce by 7,000 lines. This was an improvement on a decline of 10,000 lines in the prior quarter.

50Mbps plan remains popular as offnet demand drives majority of growth

Chorus' Home Fibre Starter 50Mbps plan remained popular in the challenging economic environment. A net 9,000 connections were added to the plan in the quarter. About two-thirds of gross adds on the plan were from new fibre connections or off-net addresses, up 4% from the prior quarter. A quarter of the gross adds were from higher speed plans and the remainder from legacy 50Mbps plans.

Residential customers on 1Gbps or better grew by about 2,000 connections in the quarter, while business connections on speeds of 500Mbps and above grew by 6,000 connections.

Chorus plans to upgrade the residential 50Mbps plan to 100Mbps download and the 300Mbps plan to 500Mbps download in June.

Record peak time usage in February

Chorus saw another peak time usage record set in February with a Fortnite upgrade lifting overall network usage to 5.4Tbps in the evening. Data usage trends in March were consistent with December. Average monthly data usage on fibre was stable at 642 gigabytes (GB) and the proportion of fibre users consuming more than 1,000GB, or 1 terabyte of data, was 17%.

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