



UFB & RBI Update

RBI progress & status

Rural Broadband Rollout

**Highly
successful
programme**

\$275 million invested to 30 June 2015

1,015 schools and **39** hospitals passed by fibre

93,000 lines within reach of better broadband with ~85% uptake

Average sync speed of rural lines increased from less than 6Mbps to **9.3Mbps**

Community funded upgrades

14 projects fully funded

12 completed

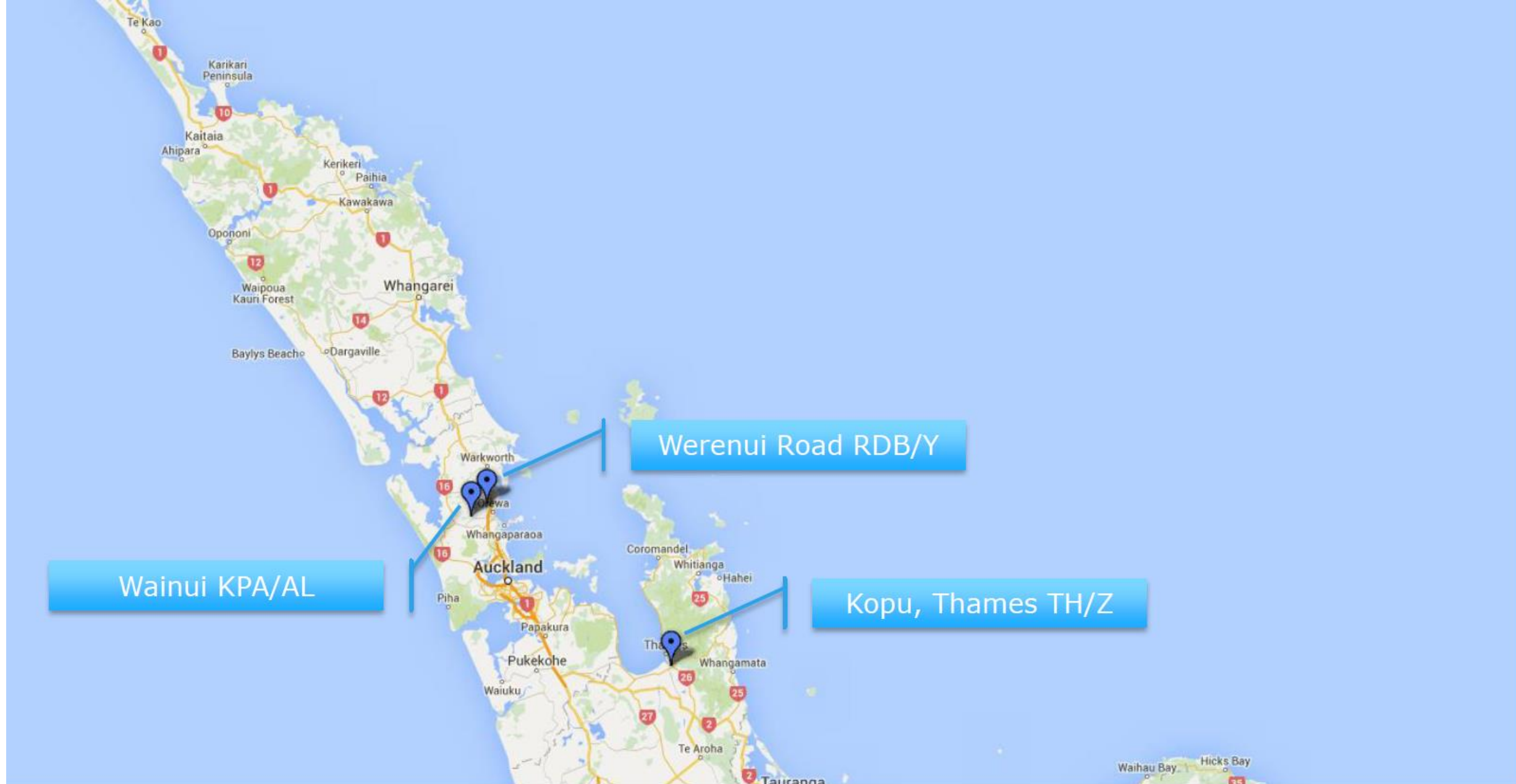
1 in design phase

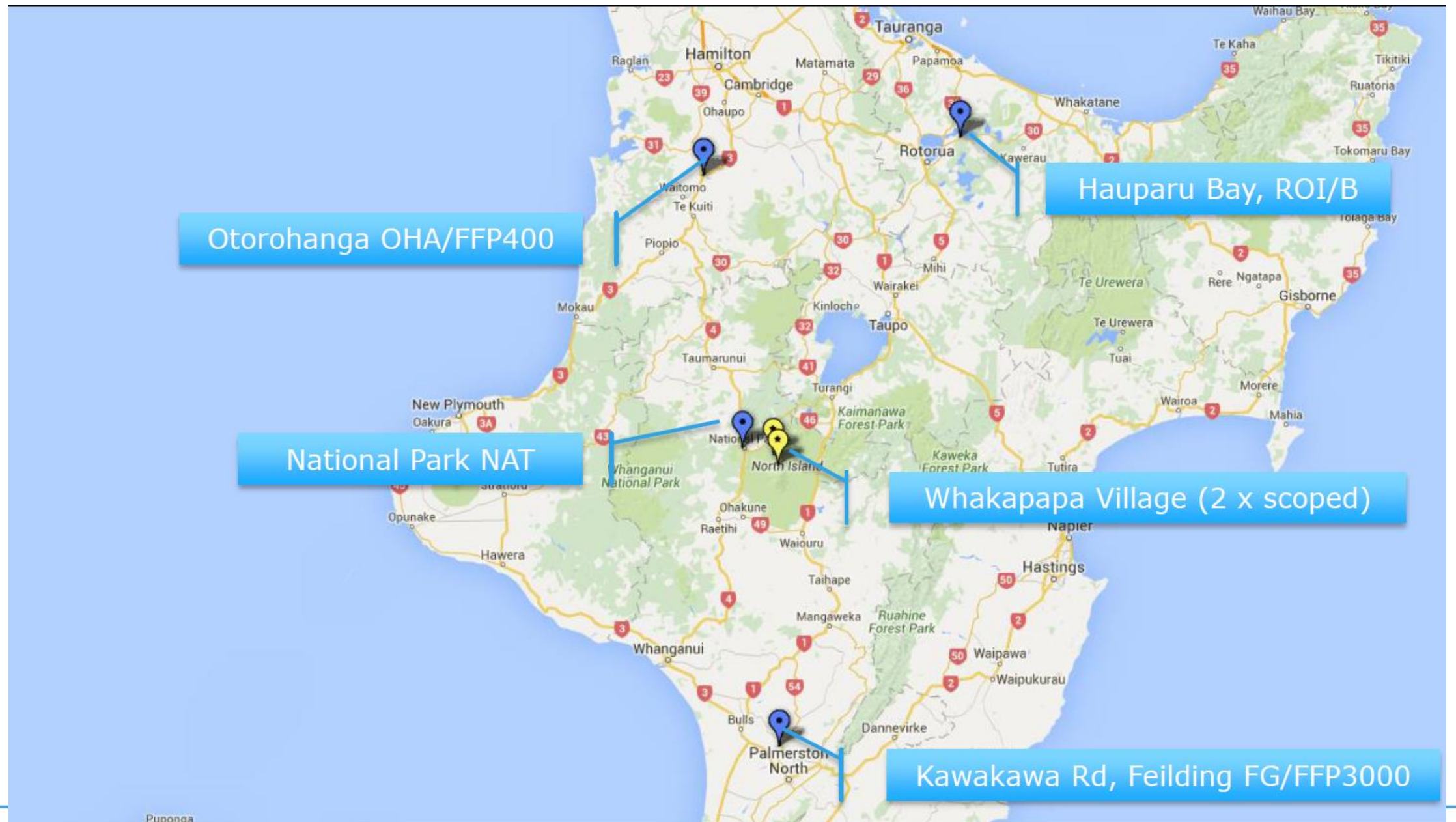
A lot of engagement required

Unanimous support is never available

It takes a lot of work

**Communities are
willing to fund
solutions**







UFB progress & status

FIBRE ROLLOUT: 52% COMPLETE

- **435,000 premises passed** out of 830,900
- **588,000** homes & businesses within reach
- **127,000** connections within UFB deployed footprint (105,000 at 31 December)
- **22% uptake** across UFB areas
- Now completing close to 500 fibre connections per weekday, up from 450 in mid-February

Chorus UFB uptake by candidate area – March 2016

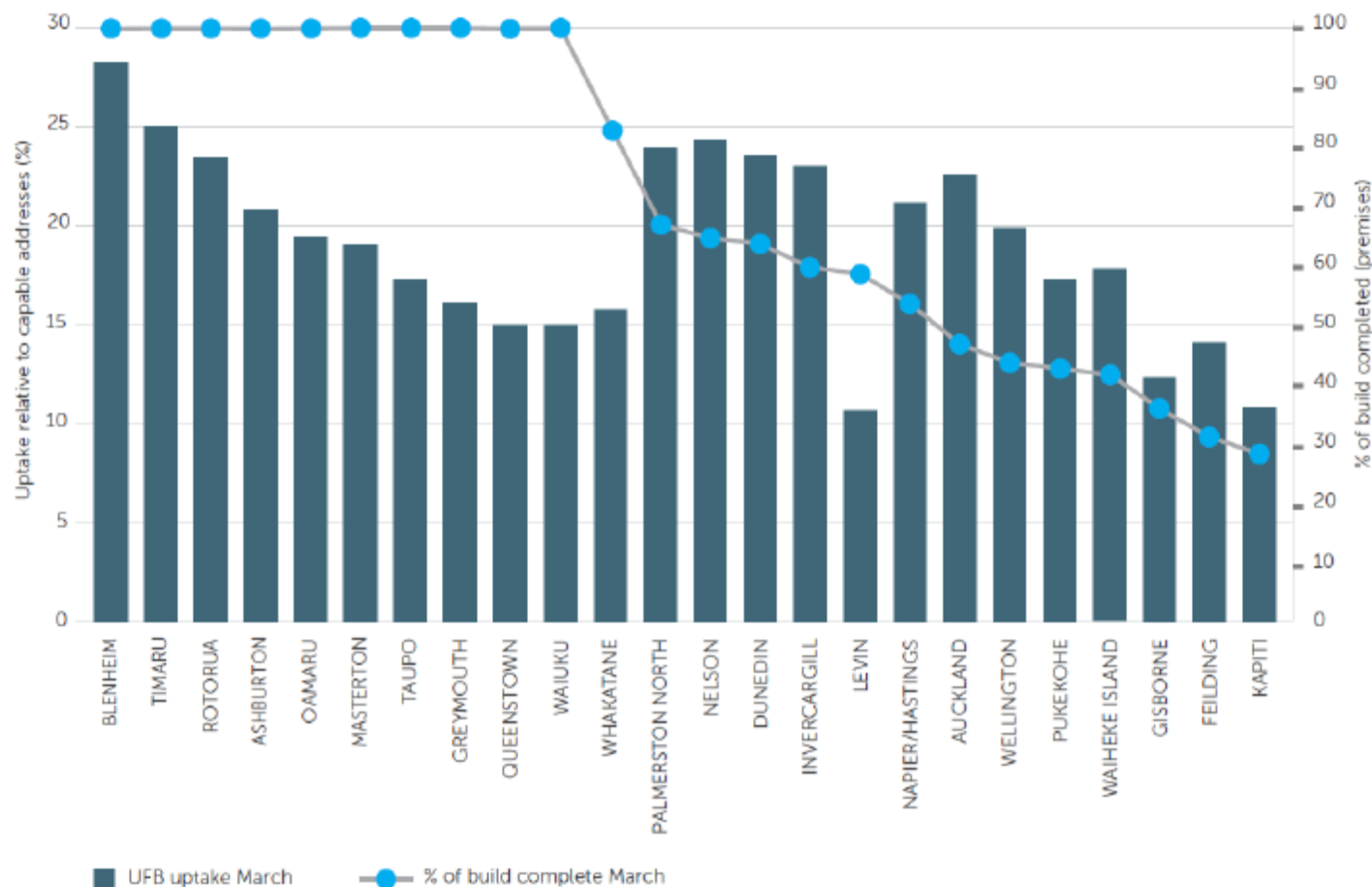


Chart shows consumer uptake as a proportion of UFB capable addresses (i.e. network is commissioned for service)

Chorus fibre improvements

Current situation

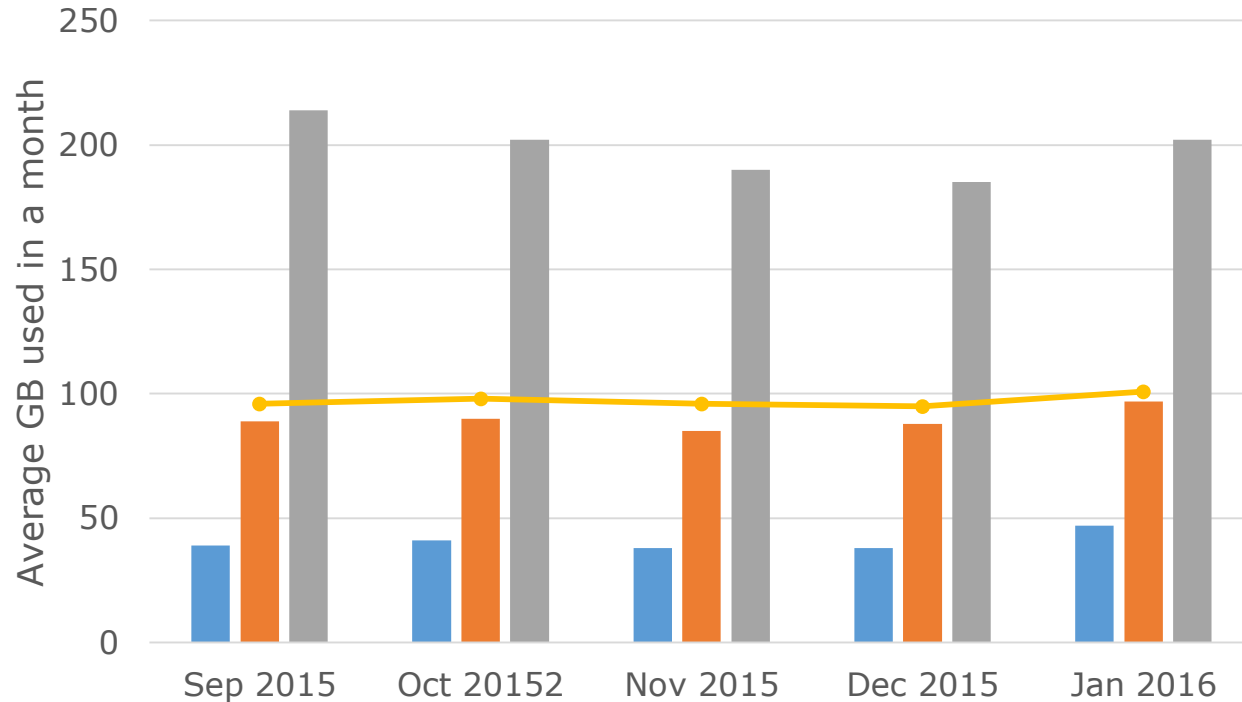
- Demand for fibre remains strong
- Chorus completed nearly 11,000 fibre connections nationwide in March, compared to about 7500 in October last year
- This is the highest number of fibre connections we've done in one month.
- Number of fibre crews has jumped from about 340 in September to about 415 in March. More crews still needed
- Aim to complete 600 fibre connections a day by July
- More initiatives to help both internet service providers and consumers

Chorus Fibre Performance Review

| National Fibre Update | Oct 2015 | Nov 2015 | Dec 2015 | Jan 2016 | Feb 2016 | Mar 2016 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Connection orders received | 9,167 | 12,103 | 11,116 | 13,342 | 16,344 | 15,413 |
| Total connections completed (Connections in UFB area) | 7,486 | 9,202 | 8,919 (7,776) | 8,824 (7,890) | 10,204 (9,043) | 10,936 (9,788) |
| New connections completed – daily average | 354 | 421 | 421 | 441 | 448 | 455 |
| Closing WIP | 19,471 | 20,944 | 20,887 | 23,718 | 27,291 | 27,977 |
| Slot leadtime – National weighted average (business days) | 22 | 14 | 13 | 12 | 14 | 17 |
| Service Company crews | 341 | 351 | 360 | 382 | 399 | 413 |

Fibre users consume twice as much data as copper

Monthly data consumption by access technology

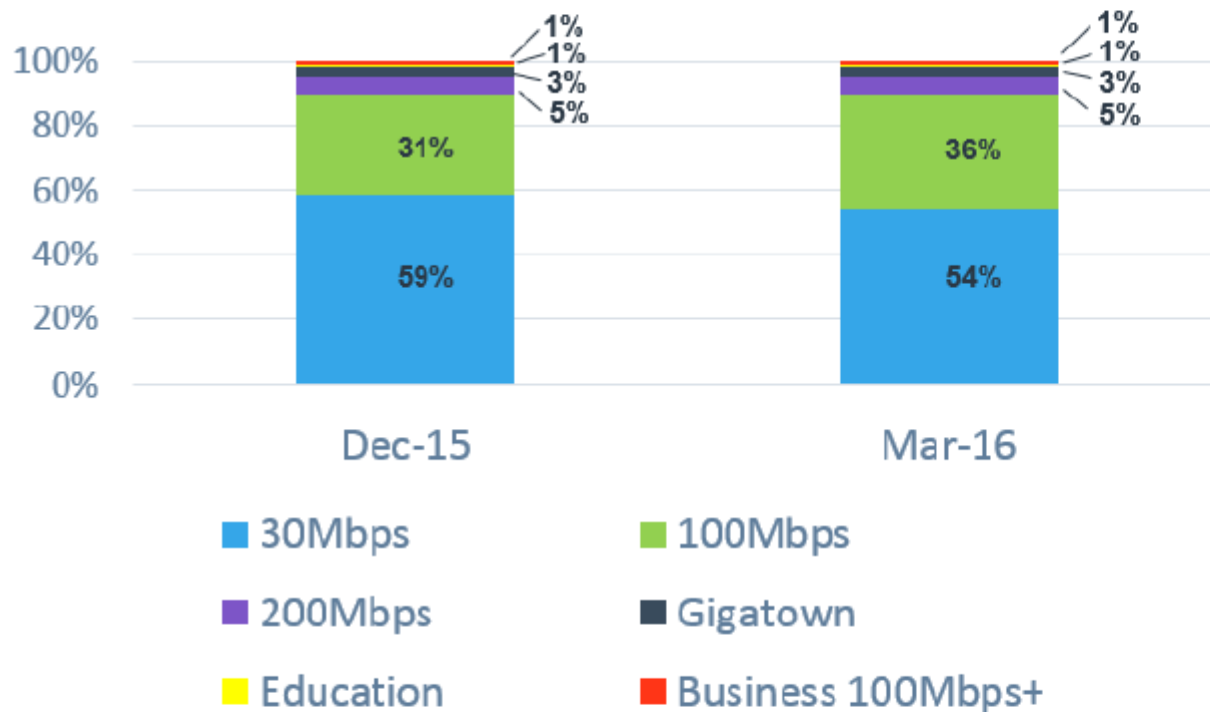


Source: Chorus network

- Average monthly usage across all connections sitting just below 100GB per month
- Average monthly data consumption on fibre connections is typically
 - 2x that of standard copper &
 - 4x that of basic copper

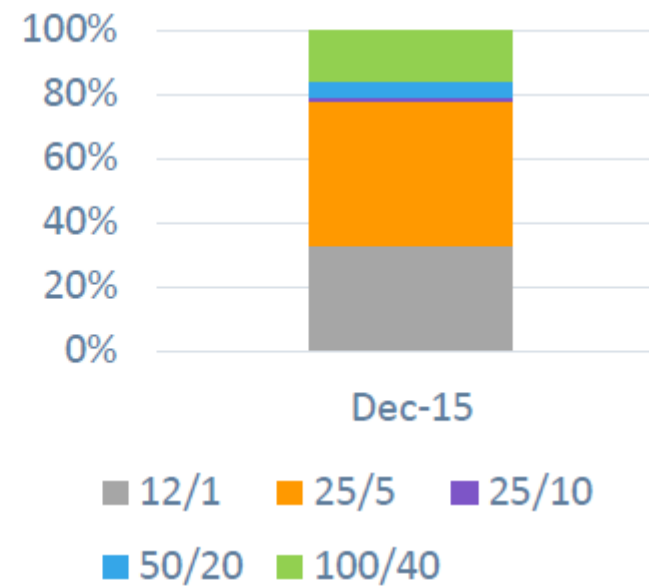
SERVICE UPTAKE

Chorus mass market fibre uptake by plan type



- 46% of mass market fibre connections are 100Mbps plans or better; up from 41% at 31 December
- 73% of mass market net adds in Q3 were for 100Mbps plans or better

NBN Fixed Line Speed Tier Mix (Mbps)



Source: NBN Half Year Results 2016

Visionstream move to Wellington

- We've brought Visionstream into the Wellington region
- The move is in response to long lead times in Wellington
- Chorus will continue to look at change necessary where our fibre performance needs a significant step change

Recruiting more people nationwide

- May-June job fairs to attract more people to the industry

Government initiatives

- Deemed consent regime

Update on key NGA initiatives

Helping consumers through the fibre process

| End-user activity | Sept 2015 | Feb 2016 | Apr- May 2016 |
|--|-----------|----------|-----------------------------|
| Agree appointment dates & set expectations | Chorus | Chorus | Chorus |
| Manage customer requested reschedule | Chorus | Chorus | Chorus |
| Manage other reschedule reason | RSP | Chorus | Chorus |
| Set appointment following MDU / ROW build | RSP | Chorus | Chorus |
| Manage customer appointment exceptions | RSP | Chorus | Chorus |
| Manage in-bound appointment queries | RSP | Chorus | Chorus |
| Set MDU / RoW consent and build expectations | RSP | RSP | Chorus |
| Manage customer consent and build updates | RSP | RSP | Chorus |
| Set complex install expectations | RSP | RSP | Chorus |
| Manage customer complex install updates | RSP | RSP | Chorus |
| New tools | | | Fibre Test Tools Chorus App |

Initiatives completed

Projects which improved RSP and consumer experience

Installation Support

Launched a suite of better business services

Launched our business to business portal for RSPs

Better fibre performance reporting to RSPs and stakeholders

Now conducting regular consumer fibre satisfaction surveys

Re-designed the Chorus website to provide easily accessible information about fibre to consumers

Projects lifting our fibre performance

46% increase in connection capacity since October

Various service company changes in Wellington (Visionstream)

Improved field productivity

New demand forecasting capability in Chorus

Records have been improved from 90% to 99% accuracy

Improvements in technician training, a new fibre test tool for technicians and a new fibre technician portal

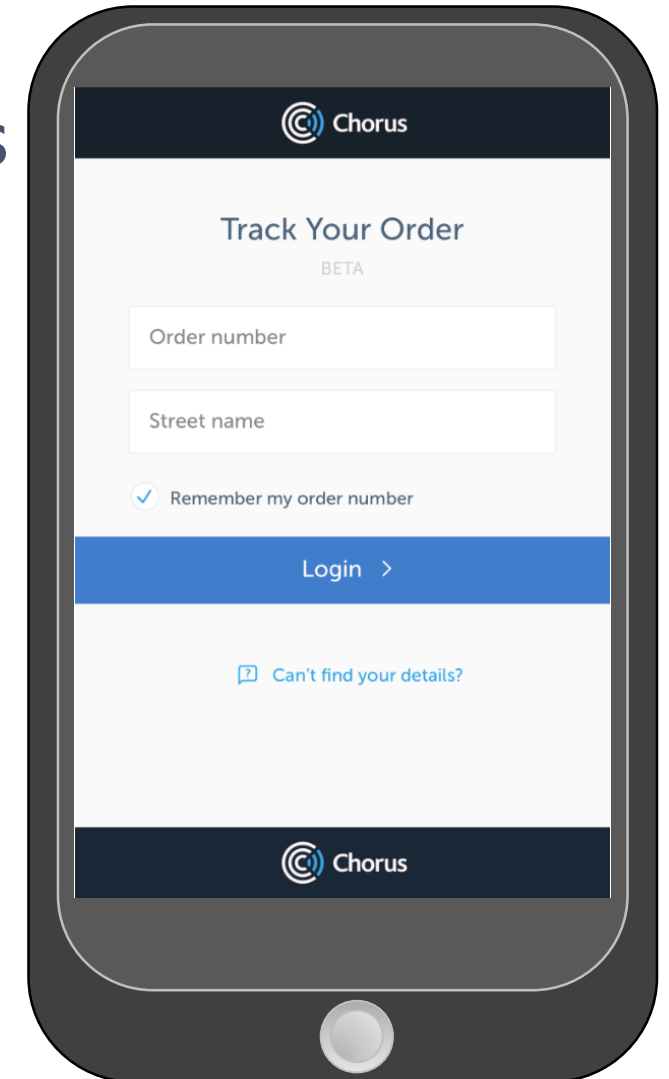
Chorus order tracker for consumers

Initiatives in plan

| | |
|--|---|
| So that we can do more jobs | <ul style="list-style-type: none">Aim to complete 600 fibre connections a day by JulyBedding down recent service company changesLeverage the results of fibre survey and experience insights <hr/> |
| To improve RSP and consumer experience | <ul style="list-style-type: none">Focus on pushing through older jobs in the systemFibre technicians for business connectionsDefine our approach to Government's deemed consent regimeMore transparency on waiting times <hr/> |
| Longer term | <ul style="list-style-type: none">Continue to improve the flow of information to set consumer expectationsDefine and secure a skilled, sustainable workforce and supplier agreementIntegration challenges between RSP, Chorus and service companies |

Chorus online order tracker

- New online order tracker for consumers
- Similar system to how someone would track a courier parcel online
- Gives the consumer more control and oversight of their fibre install
- **LAUNCHED END APRIL**



Questions ?

Answers to questions submitted

SECURITY BOND REVIEW

- Under current regulation, anybody who is in the business of reselling telecommunications services can approach Chorus for supply. Chorus has the right, like any business, to request appropriate security to cover the risk of payment default.
- At demerger time, RSPs security arrangements were up for review due to the split of their business between Chorus and Spark Wholesale. There was a lot going on and not the top priority for any of us at the time.
- We are seeking to right-size securities based on individual customer profiles. With each of our customers having a different spend profile, growth-rate and trading history, securities will be tailored to each individual case.

SLA REPORTS & CREDITS

- Chorus was paying SLA credits for missed NGA installs as per the interim agreement - stopped August 2015.
- Reporting from legacy Spark system- replacement Chorus reporting required.
- This reporting has been folded into the wider Chorus Data Warehouse project – which has resulted in delays in getting the reporting we need.
- The business owner for the project advises we are currently doing data reconciliation testing and expect to have live reporting and SLA credits covering Sep '15 – May '16 in the next 3-6 weeks.

Thank you

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