



# TELUS Corporation

*Third Quarter, 2018*

## *Supplemental Investor Information*

(UNAUDITED)

Financial information presented according to  
International Financial Reporting Standards (IFRS)  
as issued by the International Accounting Standards Board (IASB)

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**TELUS Corporation**  
**Selected Consolidated Data<sup>(A)</sup>**

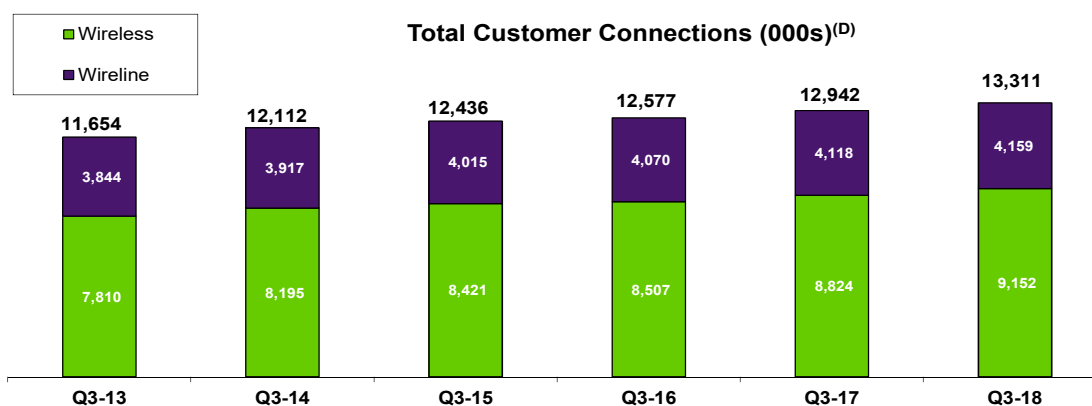
*\$ millions except shares, per share amounts, ratios and total customer connections*

	Quarterly							Sept YTD 2018	Annual 2017
	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17		
Net Income	447	397	412	354	406	396	422	1,256	1,578
Adjusted Net Income <sup>(B)</sup>	445	414	435	396	417	412	418	1,294	1,643
Basic earnings per share (\$)	0.74	0.66	0.69	0.59	0.68	0.66	0.70	2.09	2.63
Adjusted Basic earnings per share (\$) <sup>(B)</sup>	0.74	0.70	0.73	0.66	0.70	0.70	0.71	2.17	2.77
Dividends declared per share (\$)	0.5250	0.5250	0.5050	0.5050	0.4925	0.4925	0.48	1.5550	1.97
Return on common equity <sup>1(C)</sup>	17.8%	17.5%	17.5%	17.8%	15.3%	15.2%	16.0%	17.8%	17.8%
EBITDA interest coverage ratio <sup>2(C)</sup>	8.3	8.5	8.5	8.7	8.5	8.6	8.5	8.3	8.7
Free cash flow <sup>3</sup>	303	329	443	274	215	260	217	1,075	966
Net debt <sup>4</sup>	13,698	13,667	13,785	13,422	13,394	13,404	13,054	13,698	13,422
Net debt : EBITDA (times) <sup>5(C)</sup>	2.60	2.72	2.77	2.73	2.76	2.79	2.73	2.60	2.73
Outstanding shares at end of period (M)	598	596	595	595	594	593	591	598	595
Basic weighted average shares outstanding (M)	597	596	595	595	594	592	591	596	593
Total customer connections (000s) <sup>(D)</sup>	13,311	13,124	13,067	13,050	12,942	12,810	12,683	13,311	13,050

<sup>(A)</sup> TELUS Q3 2018 results include non-recurring equity income related to real estate joint ventures of \$171 million arising from the sale of TELUS Garden and a donation to the TELUS Friendly Future Foundation of \$118 million as part of Restructuring and other costs. The impact of these items was split evenly between Wireless and Wireline and has been excluded in certain metrics, as noted in this document.

<sup>(B)</sup> Adjusted Net income and Adjusted EPS exclude the effects of restructuring and other costs, non-recurring gains and equity income or non-recurring losses and equity losses related to real estate joint ventures, income tax-related adjustments, and the MTS net recovery described in section 1.2 of the Q4 2017 Management's Review of Operations.

<sup>(C)</sup> We have not recast comparative amounts for purposes of managing capital; as set out in Note 2(a) of the interim consolidated financial statements, a practical expedient that we are using in transitioning to IFRS 15 is that we are not recasting for contracts that were completed as at January 1, 2017, or earlier. Accordingly, amounts prior to fiscal 2017 included in the comparative 12 month period ended September 30, 2017, have not been prepared on a basis including IFRS 9 and IFRS 15. For purposes of assessing results compared to the prior period, we have excluded the effects of implementing IFRS 9 and IFRS 15 from our fiscal 2018 results.



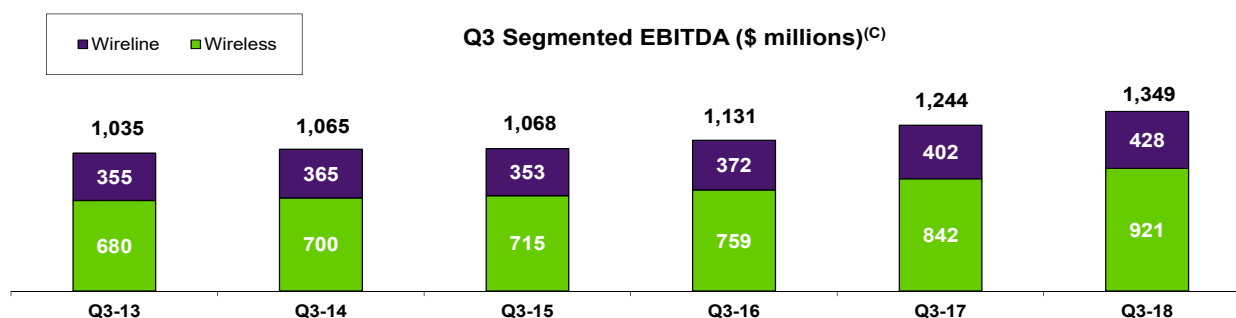
<sup>(D)</sup> Customer Connections may not balance due to rounding alignment to YTD figures. Effective April 1, 2017, postpaid subscribers, total subscribers and associated operating statistics (gross additions, net additions, ABPU/ARPU and churn) were adjusted to include an estimated migration of 85,000 MTS subscribers (see section 1.3 of the Q2 2017 Management's Discussion and Analysis for additional details) in the opening subscriber balances. Subsequent to this, on October 1, 2017, total subscribers and associated operating statistics were adjusted to reduce estimated migrations of MTS subscribers by 11,000 to 74,000. In addition, effective April 1, 2018 and on a prospective basis, we have adjusted Wireline cumulative subscriber connections to remove approximately 68,000 TELUS TV subscribers as we have ceased marketing our Satellite TV product.

**TELUS Corporation**  
**Segmented Data**

<i>\$ millions</i>	Quarter 3				September YTD			
	2018	2017	Change	% Change	2018	2017	Change	% Change
<b>Revenues</b>								
TELUS Wireless	2,161	1,991	170	8.5%	6,003	5,648	355	6.3%
TELUS Wireline	1,677	1,475	202	13.7%	4,790	4,407	383	8.7%
Less: Intersegment revenue	(64)	(62)	(2)	3.2%	(189)	(188)	(1)	0.5%
Operating revenues	3,774	3,404	370	10.9%	10,604	9,867	737	7.5%
<b>EBITDA</b>								
TELUS Wireless	921	842	79	9.3%	2,601	2,439	162	6.6%
TELUS Wireline	428	402	26	6.1%	1,268	1,248	20	1.5%
Consolidated	1,349	1,244	105	8.2%	3,869	3,687	182	4.9%
<b>EBITDA margin</b>								
TELUS Wireless	42.6%	42.3%	0.3 pts.		43.3%	43.2%	0.1 pts.	
TELUS Wireline	25.6%	27.4%	(1.8) pts.		26.5%	28.4%	(1.9) pts.	
Consolidated	35.7%	36.5%	(0.8) pts.		36.5%	37.4%	(0.9) pts.	
<b>Capital expenditures</b>								
TELUS Wireless	218	237	(19)	(8.0%)	643	745	(102)	(13.7%)
TELUS Wireline	544	584	(40)	(6.8%)	1,560	1,610	(50)	(3.1%)
Consolidated	762	821	(59)	(7.2%)	2,203	2,355	(152)	(6.5%)
<b>Capital expenditure intensity<sup>6</sup></b>								
TELUS Wireless	10%	12%	(2) pts.		11%	13%	(2) pts.	
TELUS Wireline	32%	40%	(8) pts.		33%	37%	(4) pts.	
Consolidated	20%	24%	(4) pts.		21%	24%	(3) pts.	
<b>EBITDA less capex</b>								
TELUS Wireless	703	605	98	16.2%	1,958	1,694	264	15.6%
TELUS Wireline	(116)	(182)	66	36.3%	(292)	(362)	70	19.3%
Consolidated	587	423	164	38.8%	1,666	1,332	334	25.1%
<b>Adjusted EBITDA<sup>(A)</sup></b>								
TELUS Wireless	912	853	59	6.8%	2,609	2,474	135	5.4%
TELUS Wireline	439	414	25	5.7%	1,331	1,273	58	4.5%
Consolidated	1,351	1,267	84	6.4%	3,940	3,747	193	5.1%
<b>Adjusted EBITDA margin<sup>(B)</sup></b>								
TELUS Wireless	43.9%	42.8%	1.1 pts.		44.1%	43.8%	0.3 pts.	
TELUS Wireline	27.6%	28.2%	(0.6) pts.		28.3%	28.9%	(0.6) pts.	
Consolidated	37.5%	37.3%	0.2 pts.		37.8%	38.0%	(0.2) pts.	

<sup>(A)</sup> EBITDA has been adjusted to exclude restructuring and other costs, non-recurring gains and equity income or non-recurring losses and equity losses related to real estate joint ventures (see Historical Trend pages for Wireless and Wireline).

<sup>(B)</sup> Adjusted EBITDA margin is Adjusted EBITDA divided by Operating revenues, where the calculation of the Operating revenues excludes the non-recurring gains and equity income or non-recurring losses and equity losses related to real estate joint ventures.



<sup>(C)</sup> Periods prior to 2017 have not been adjusted for adoption of IFRS15 and IFRS9 accounting standards; accordingly, they are not comparable to 2017 and 2018 results.

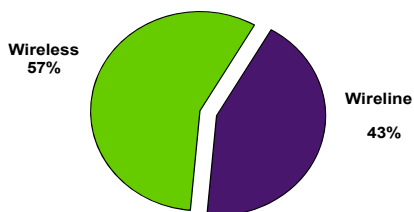
**TELUS Corporation**  
**Segmented Data - Historical Trend**

\$ millions	Quarterly							Sept YTD 2018	Annual 2017
	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17		
<b>Revenues</b>									
TELUS Wireless	2,161	1,941	1,901	2,066	1,991	1,874	1,783	6,003	7,714
TELUS Wireline	1,677	1,574	1,539	1,536	1,475	1,469	1,463	4,790	5,943
Less: Intersegment revenue	(64)	(62)	(63)	(61)	(62)	(63)	(63)	(189)	(249)
Operating revenues	3,774	3,453	3,377	3,541	3,404	3,280	3,183	10,604	13,408
<b>Revenues % change on prior year</b>									
TELUS Wireless	8.5%	3.6%	6.6%					6.3%	
TELUS Wireline	13.7%	7.1%	5.1%					8.7%	
Operating revenues	10.9%	5.3%	6.0%					7.5%	
<b>EBITDA</b>									
TELUS Wireless	921	844	836	811	842	800	797	2,601	3,250
TELUS Wireline	428	407	433	412	402	408	438	1,268	1,660
Consolidated	1,349	1,251	1,269	1,223	1,244	1,208	1,235	3,869	4,910
<b>EBITDA % change on prior year</b>									
TELUS Wireless	9.3%	5.5%	4.9%					6.6%	
TELUS Wireline	6.1%	(0.2%)	(1.2%)					1.5%	
Consolidated	8.2%	3.6%	2.7%					4.9%	
<b>EBITDA margin</b>									
TELUS Wireless	42.6%	43.5%	44.0%	39.2%	42.3%	42.8%	44.7%	43.3%	42.1%
TELUS Wireline	25.6%	25.9%	28.1%	26.7%	27.4%	27.8%	29.9%	26.5%	27.9%
Consolidated	35.7%	36.2%	37.6%	34.5%	36.5%	36.8%	38.8%	36.5%	36.6%
<b>Capital expenditures</b>									
TELUS Wireless	218	243	182	233	237	259	249	643	978
TELUS Wireline	544	548	468	506	584	551	475	1,560	2,116
Consolidated	762	791	650	739	821	810	724	2,203	3,094
<b>Capital expenditure intensity<sup>6</sup></b>									
TELUS Wireless	10%	13%	10%	11%	12%	14%	14%	11%	13%
TELUS Wireline	32%	35%	30%	33%	40%	38%	32%	33%	36%
Consolidated	20%	23%	19%	21%	24%	25%	23%	21%	23%
<b>EBITDA less capex</b>									
TELUS Wireless	703	601	654	578	605	541	548	1,958	2,272
TELUS Wireline	(116)	(141)	(35)	(94)	(182)	(143)	(37)	(292)	(456)
Consolidated	587	460	619	484	423	398	511	1,666	1,816
<b>Adjusted EBITDA<sup>(A)</sup></b>									
TELUS Wireless	912	851	846	812	853	823	798	2,609	3,286
TELUS Wireline	439	435	457	446	414	418	441	1,331	1,719
Consolidated	1,351	1,286	1,303	1,258	1,267	1,241	1,239	3,940	5,005
<b>Adjusted EBITDA<sup>(A)</sup> % change on prior year</b>									
TELUS Wireless	6.8%	3.3%	6.0%					5.4%	
TELUS Wireline	5.7%	4.0%	3.7%					4.5%	
Consolidated	6.4%	3.6%	5.2%					5.1%	
<b>Adjusted EBITDA margin<sup>(B)</sup></b>									
TELUS Wireless	43.9%	43.8%	44.5%	39.7%	42.8%	44.0%	44.7%	44.1%	42.7%
TELUS Wireline	27.6%	27.7%	29.7%	28.9%	28.2%	28.5%	30.1%	28.3%	28.9%
Consolidated	37.5%	37.2%	38.6%	35.7%	37.3%	37.9%	38.9%	37.8%	37.4%

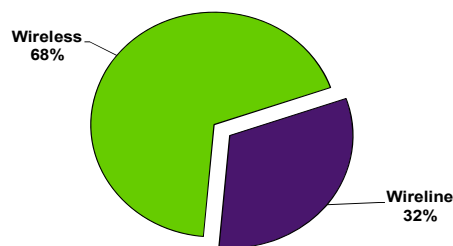
<sup>(A)</sup> EBITDA has been adjusted to exclude restructuring and other costs, non-recurring gains and equity income or non-recurring losses and equity losses related to real estate joint ventures, and the MTS net recovery (see Historical Trend pages for Wireless and Wireline).

<sup>(B)</sup> Adjusted EBITDA margin is Adjusted EBITDA divided by Operating revenues, where the calculation of the Operating revenues excludes the non-recurring gains and equity income or non-recurring losses and equity losses related to real estate joint ventures and the MTS net recovery.

**Segmented external revenue profile - Q3 2018**  
(% of total operating revenues)



**Segmented EBITDA profile - Q3 2018**



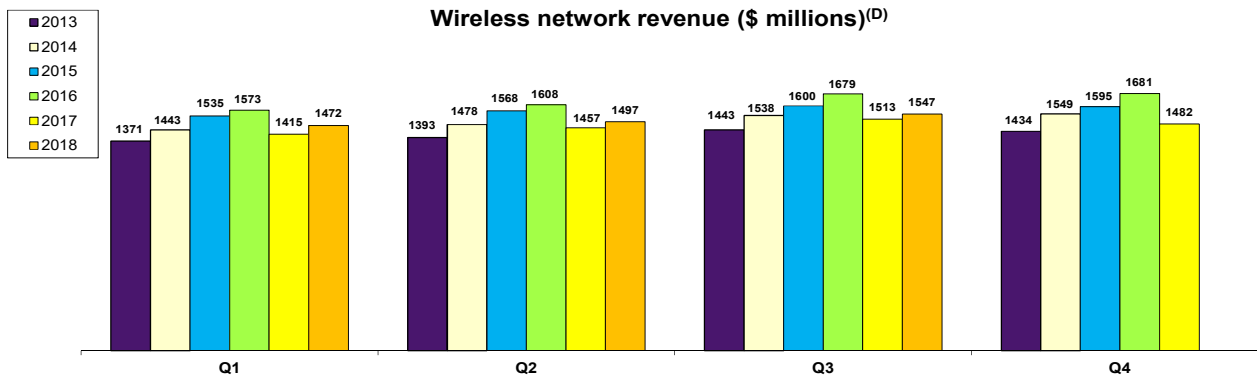
**TELUS Wireless  
Operations<sup>(A)</sup>**

<i>\$ millions</i>	Quarter 3				September YTD			
	2018	2017	Change	% Change	2018	2017	Change	% Change
<b>Revenues</b>								
Network revenue	1,547	1,513	34	2.2%	4,516	4,385	131	3.0%
Equipment and other service revenue	512	462	50	10.8%	1,347	1,225	122	10.0%
<b>Revenues arising from contracts with customers</b>	<b>2,059</b>	<b>1,975</b>	<b>84</b>	<b>4.3%</b>	<b>5,863</b>	<b>5,610</b>	<b>253</b>	<b>4.5%</b>
Other operating income	90	5	85	n.m.	105	5	100	n.m.
<b>Total external revenue</b>	<b>2,149</b>	<b>1,980</b>	<b>169</b>	<b>8.5%</b>	<b>5,968</b>	<b>5,615</b>	<b>353</b>	<b>6.3%</b>
Intersegment network revenue	12	11	1	9.1%	35	33	2	6.1%
<b>Total operating revenues</b>	<b>2,161</b>	<b>1,991</b>	<b>170</b>	<b>8.5%</b>	<b>6,003</b>	<b>5,648</b>	<b>355</b>	<b>6.3%</b>
Goods and services purchased	1,064	992	72	7.3%	2,886	2,728	158	5.8%
Employee benefits expense <sup>(B)</sup>	176	157	19	12.1%	516	481	35	7.3%
<b>Total operating expense</b>	<b>1,240</b>	<b>1,149</b>	<b>91</b>	<b>7.9%</b>	<b>3,402</b>	<b>3,209</b>	<b>193</b>	<b>6.0%</b>
<b>EBITDA</b>	<b>921</b>	<b>842</b>	<b>79</b>	<b>9.3%</b>	<b>2,601</b>	<b>2,439</b>	<b>162</b>	<b>6.6%</b>
<b>EBITDA margin (total revenue)</b>	<b>42.6%</b>	<b>42.3%</b>	<b>0.3 pts.</b>		<b>43.3%</b>	<b>43.2%</b>	<b>0.1 pts.</b>	
<b>Capital expenditures</b>	218	237	(19)	(8.0%)	643	745	(102)	(13.7%)
<b>Capital expenditure intensity<sup>6</sup></b>	10%	12%	(2) pts.		11%	13%	(2) pts.	
<b>EBITDA less capex</b>	703	605	98	16.2%	1,958	1,694	264	15.6%
Add: Restructuring and other costs included in total operating expense	76	11	65	n.m.	93	36	57	n.m.
Deduct: Non-recurring gains and equity income related to real estate joint ventures	(85)	-	(85)	n.m.	(85)	(1)	(84)	n.m.
<b>Adjusted EBITDA</b>	<b>912</b>	<b>853</b>	<b>59</b>	<b>6.8%</b>	<b>2,609</b>	<b>2,474</b>	<b>135</b>	<b>5.4%</b>
<b>Adjusted EBITDA margin<sup>(C)</sup></b>	<b>43.9%</b>	<b>42.8%</b>	<b>1.1 pts.</b>		<b>44.1%</b>	<b>43.8%</b>	<b>0.3 pts.</b>	

<sup>(A)</sup> May not balance due to rounding alignment to YTD figures.

<sup>(B)</sup> Includes restructuring and other costs.

<sup>(C)</sup> Adjusted EBITDA margin is Adjusted EBITDA divided by Operating revenues, where the calculation of the Operating revenues excludes the non-recurring gains and equity income or non-recurring losses and equity losses related to real estate joint ventures.



<sup>(D)</sup> Periods prior to 2017 have not been adjusted for adoption of IFRS15 and IFRS9 accounting standards; accordingly, they are not comparable to 2017 and 2018 results.

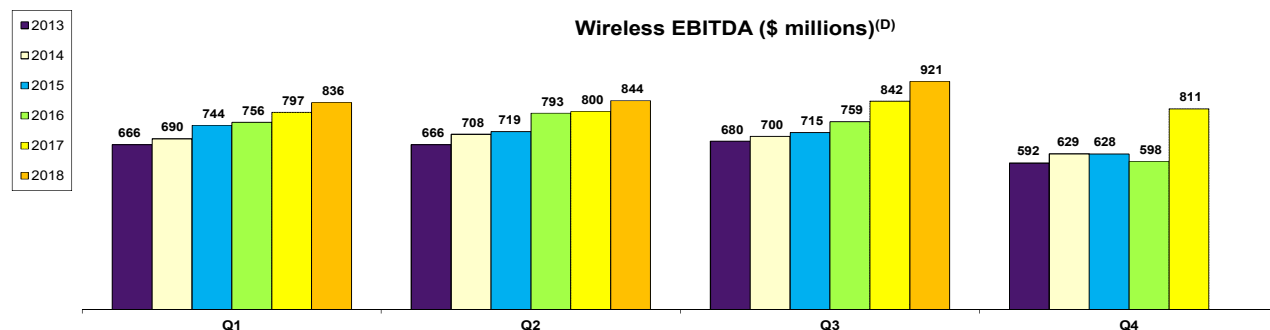
**TELUS Wireless**  
**Operations - Historical Trend<sup>(A)</sup>**

<i>\$ millions</i>	Quarterly							Sept YTD 2018	Annual 2017
	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17		
<b>Revenues</b>									
Network revenue	1,547	1,497	1,472	1,482	1,513	1,457	1,415	4,516	5,867
Equipment and other service revenue	512	424	411	543	462	408	355	1,347	1,768
<b>Revenues arising from contracts with customers</b>	<b>2,059</b>	<b>1,921</b>	<b>1,883</b>	<b>2,025</b>	<b>1,975</b>	<b>1,865</b>	<b>1,770</b>	<b>5,863</b>	<b>7,635</b>
Other operating income	90	8	7	31	5	(2)	2	105	36
<b>Total external revenue</b>	<b>2,149</b>	<b>1,929</b>	<b>1,890</b>	<b>2,056</b>	<b>1,980</b>	<b>1,863</b>	<b>1,772</b>	<b>5,968</b>	<b>7,671</b>
Intersegment network revenue	12	12	11	10	11	11	11	35	43
<b>Total operating revenues</b>	<b>2,161</b>	<b>1,941</b>	<b>1,901</b>	<b>2,066</b>	<b>1,991</b>	<b>1,874</b>	<b>1,783</b>	<b>6,003</b>	<b>7,714</b>
<i>Network revenue % change on prior year</i>	2.2%	2.7%	4.0%					3.0%	
<i>Total external revenue % change on prior year</i>	8.5%	3.5%	6.7%					6.3%	
Goods and services purchased	1,064	928	894	1,082	992	910	826	2,886	3,810
Employee benefits expense <sup>(B)</sup>	176	169	171	173	157	164	160	516	654
<b>Total operating expense</b>	<b>1,240</b>	<b>1,097</b>	<b>1,065</b>	<b>1,255</b>	<b>1,149</b>	<b>1,074</b>	<b>986</b>	<b>3,402</b>	<b>4,464</b>
<b>EBITDA</b>	<b>921</b>	<b>844</b>	<b>836</b>	<b>811</b>	<b>842</b>	<b>800</b>	<b>797</b>	<b>2,601</b>	<b>3,250</b>
<i>EBITDA % change on prior year</i>	9.3%	5.5%	4.9%					6.6%	
<b>EBITDA margin (total revenue)</b>	42.6%	43.5%	44.0%	39.2%	42.3%	42.8%	44.7%	43.3%	42.1%
<b>Capital expenditures</b>	218	243	182	233	237	259	249	643	978
<b>Capital expenditure intensity<sup>6</sup></b>	10%	13%	10%	11%	12%	14%	14%	11%	13%
<b>EBITDA less capex</b>	703	601	654	578	605	541	548	1,958	2,272
Add: Restructuring and other costs included in total operating expense	76	7	10	21	11	24	1	93	57
Deduct: Non-recurring gains and equity income related to real estate joint ventures	(85)	-	-	1	-	(1)	-	(85)	-
Deduct: MTS net recovery	-	-	-	(21)	-	-	-	-	(21)
<b>Adjusted EBITDA</b>	<b>912</b>	<b>851</b>	<b>846</b>	<b>812</b>	<b>853</b>	<b>823</b>	<b>798</b>	<b>2,609</b>	<b>3,286</b>
<i>Adjusted EBITDA % change on prior year</i>	6.8%	3.3%	6.0%					5.4%	
<b>Adjusted EBITDA margin<sup>(C)</sup></b>	43.9%	43.8%	44.5%	39.7%	42.8%	44.0%	44.7%	44.1%	42.7%

<sup>(A)</sup> May not balance due to rounding alignment to YTD figures.

<sup>(B)</sup> Includes restructuring and other costs.

<sup>(C)</sup> Adjusted EBITDA margin is Adjusted EBITDA divided by Operating revenues, where the calculation of the Operating revenues excludes the non-recurring gains and equity income or non-recurring losses and equity losses related to real estate joint ventures and the MTS net recovery.



<sup>(D)</sup> Periods prior to 2017 have not been adjusted for adoption of IFRS15 and IFRS9 accounting standards; accordingly, they are not comparable to 2017 and 2018 results.

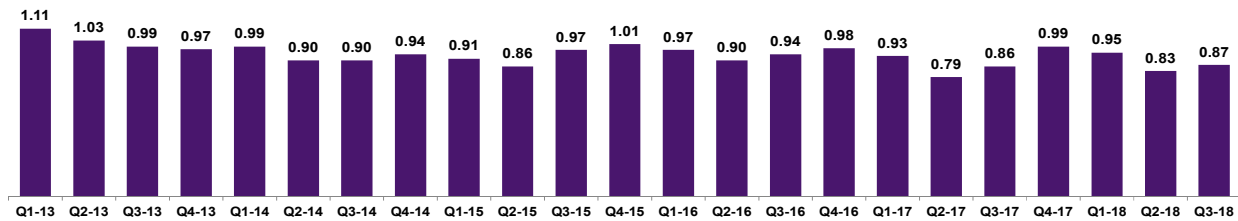
**TELUS Wireless**  
**Operating Statistics**<sup>(A)(B)</sup>

	Quarter 3				September YTD			
	2018	2017	Change	% Change	2018	2017	Change	% Change
<b>Subscriber gross adds (000s)</b>								
Postpaid	302	306	(4)	(1.3%)	824	793	31	3.9%
Prepaid	125	93	32	34.4%	273	243	30	12.3%
Total	427	399	28	7.0%	1,097	1,036	61	5.9%
<b>Subscriber net adds (000s)</b>								
Postpaid	109	115	(6)	(5.2%)	244	258	(14)	(5.4%)
Prepaid	36	9	27	n.m.	(3)	(60)	57	95.0%
Total	145	124	21	16.9%	241	198	43	21.7%
<b>Subscribers (000s)</b>								
Postpaid	8,222	7,868	354	4.5%	8,222	7,868	354	4.5%
Prepaid	930	956	(26)	(2.7%)	930	956	(26)	(2.7%)
Total	9,152	8,824	328	3.7%	9,152	8,824	328	3.7%
<b>ABPU (\$)</b> <sup>7</sup>	\$68.64	\$68.67	(\$0.03)	-	\$67.47	\$67.04	\$0.43	0.6%
<b>ARPU (\$)</b> <sup>8</sup>	\$57.28	\$57.97	(\$0.69)	(1.2%)	\$56.34	\$56.69	(\$0.35)	(0.6%)
<b>Churn, per month (%)</b> <sup>9</sup>								
Blended Churn	1.03%	1.05%	(0.02) pts.		1.06%	1.07%	(0.01) pts.	
Postpaid Churn	0.87%	0.86%	0.01 pts.		0.88%	0.86%	0.02 pts.	

<sup>(A)</sup>May not balance due to rounding alignment to YTD figures.

<sup>(B)</sup>Effective April 1, 2017, postpaid subscribers, total subscribers and associated operating statistics (gross additions, net additions, ABPU/ARPU and churn) were adjusted to include an estimated migration of 85,000 MTS subscribers (see section 1.3 of the Q2 2017 Management's Discussion and Analysis for additional details) in the opening subscriber balances. Subsequent to this, on October 1, 2017, total subscribers and associated operating statistics were adjusted to reduce estimated migrations of MTS subscribers by 11,000 to 74,000.

**Postpaid Churn (%)**

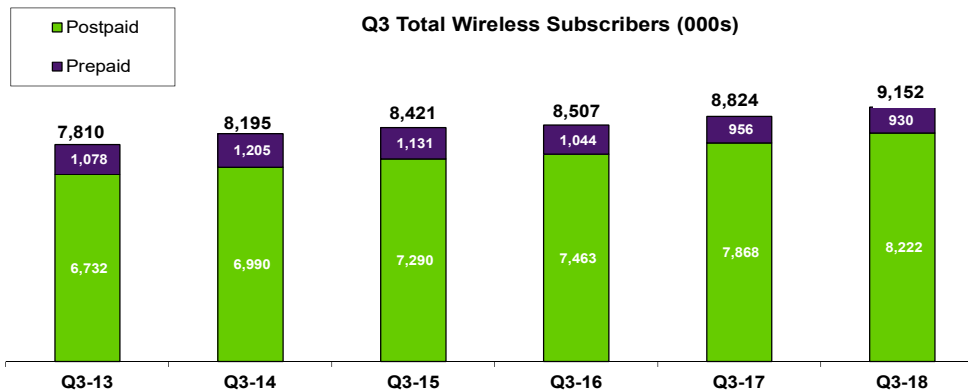


**TELUS Wireless**  
**Operating Statistics - Historical Trend<sup>(A)(B)</sup>**

	Quarterly							Sept YTD 2018	Annual 2017
	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17		
<b>Subscriber gross adds (000s)</b>									
Postpaid	302	278	244	347	306	262	225	824	1,140
Prepaid	125	84	64	77	93	80	70	273	320
Total	427	362	308	424	399	342	295	1,097	1,460
<b>Subscriber net adds (000s)</b>									
Postpaid	109	87	48	121	115	99	44	244	379
Prepaid	36	4	(43)	(23)	9	(16)	(53)	(3)	(83)
Total	145	91	5	98	124	83	(9)	241	296
<b>Subscribers (000s)</b>									
Postpaid	8,222	8,113	8,026	7,978	7,868	7,753	7,594	8,222	7,978
Prepaid	930	894	890	933	956	947	982	930	933
Total	9,152	9,007	8,916	8,911	8,824	8,700	8,576	9,152	8,911
<b>ABPU (\$)<sup>7</sup></b>	\$68.64	\$67.24	\$66.51	\$67.27	\$68.67	\$66.87	\$65.53	\$67.47	\$67.05
<b>ABPU % change on prior year</b>	-	0.6%	1.5%	1.6%	3.0%	3.9%	3.9%	0.6%	3.0%
<b>ARPU (\$)<sup>8</sup></b>	\$57.28	\$56.18	\$55.55	\$56.33	\$57.97	\$56.55	\$55.50	\$56.34	\$56.55
<b>ARPU % change on prior year</b>	(1.2%)	(0.7%)	0.1%					(0.6%)	
<b>Churn, per month (%)<sup>9</sup></b>									
Blended Churn	1.03%	1.01%	1.14%	1.23%	1.05%	1.00%	1.18%	1.06%	1.11%
Postpaid Churn	0.87%	0.83%	0.95%	0.99%	0.86%	0.79%	0.93%	0.88%	0.90%

<sup>(A)</sup>May not balance due to rounding alignment to YTD figures.

<sup>(B)</sup>Effective April 1, 2017, postpaid subscribers, total subscribers and associated operating statistics (gross additions, net additions, ABPU/ARPU and churn) were adjusted to include an estimated migration of 85,000 MTS subscribers (see section 1.3 of the Q2 2017 Management's Discussion and Analysis for additional details) in the opening subscriber balances. Subsequent to this, on October 1, 2017, total subscribers and associated operating statistics were adjusted to reduce estimated migrations of MTS subscribers by 11,000 to 74,000.





**TELUS Wireline  
Operations<sup>(A)</sup>**

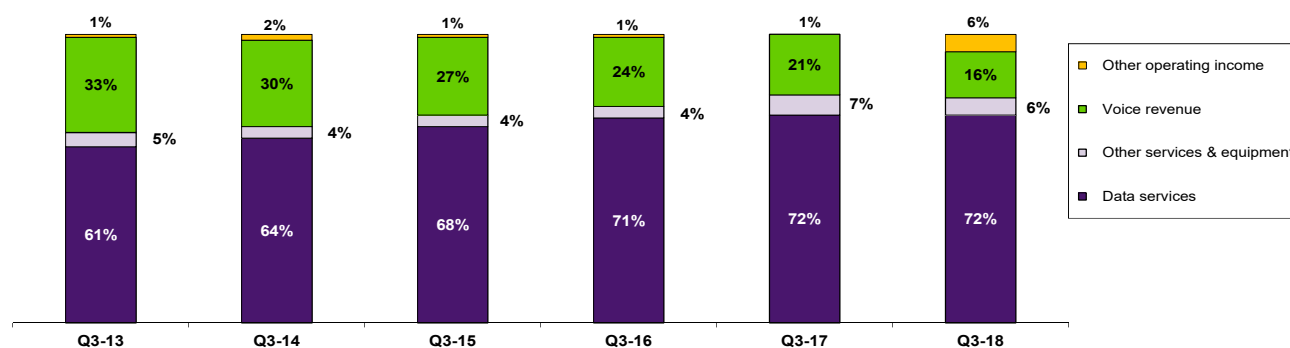
<i>\$ millions</i>	Quarter 3				September YTD			
	2018	2017	Change	% Change	2018	2017	Change	% Change
<b>Revenues</b>								
Data services	1,168	1,019	149	14.6%	3,388	3,012	376	12.5%
Voice service (local and long distance)	267	302	(35)	(11.6%)	825	926	(101)	(10.9%)
Other service and equipment	97	96	1	1.0%	306	280	26	9.3%
<b>Revenues arising from contracts with customers</b>	1,532	1,417	115	8.1%	4,519	4,218	301	7.1%
Other operating income	93	7	86	n.m.	117	34	83	n.m.
<b>Total external revenue</b>	1,625	1,424	201	14.1%	4,636	4,252	384	9.0%
Intersegment revenue	52	51	1	2.0%	154	155	(1)	(0.6%)
<b>Total operating revenues</b>	1,677	1,475	202	13.7%	4,790	4,407	383	8.7%
Goods and services purchased	685	592	93	15.7%	1,887	1,729	158	9.1%
Employee benefits expense <sup>(B)</sup>	564	481	83	17.3%	1,635	1,430	205	14.3%
<b>Total operating expense</b>	1,249	1,073	176	16.4%	3,522	3,159	363	11.5%
<b>EBITDA</b>	428	402	26	6.1%	1,268	1,248	20	1.5%
<b>EBITDA margin</b>	25.6%	27.4%	(1.8) pts.		26.5%	28.4%	(1.9) pts.	
<b>Capital expenditures</b>	544	584	(40)	(6.8%)	1,560	1,610	(50)	(3.1%)
<b>Capital expenditure intensity<sup>(B)</sup></b>	32%	40%	(8) pts.		33%	37%	(4) pts.	
<b>EBITDA less capex</b>	(116)	(182)	66	36.3%	(292)	(362)	70	19.3%
Add: Restructuring and other costs included in total operating expense	97	12	85	n.m.	149	27	122	n.m.
Deduct: Non-recurring gains and equity income related to real estate joint ventures	(86)	-	(86)	n.m.	(86)	(2)	(84)	n.m.
<b>Adjusted EBITDA</b>	439	414	25	5.7%	1,331	1,273	58	4.5%
<b>Adjusted EBITDA margin<sup>(C)</sup></b>	27.6%	28.2%	(0.6) pts.		28.3%	28.9%	(0.6) pts.	

<sup>(A)</sup> May not balance due to rounding alignment to YTD figures.

<sup>(B)</sup> Includes restructuring and other costs.

<sup>(C)</sup> Adjusted EBITDA margin is Adjusted EBITDA divided by Operating revenues, where the calculation of the Operating revenues excludes the non-recurring gains and equity income or non-recurring losses and equity losses related to real estate joint ventures.

**Q3 Wireline revenue profile - (% of total external wireline revenue)<sup>(D)</sup>**



<sup>(D)</sup> Periods prior to 2017 have not been adjusted for adoption of IFRS15 and IFRS9 accounting standards; accordingly, they are not comparable to 2017 and 2018 results.

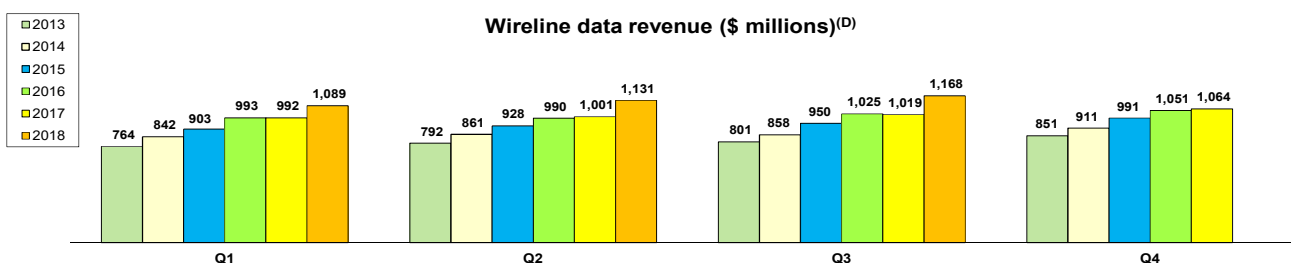
**TELUS Wireline**  
Operations - Historical Trend<sup>(A)</sup>

<i>\$ millions</i>	Quarterly							Sept YTD 2018	Annual 2017
	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17		
<b>Revenues</b>									
Data services	1,168	1,131	1,089	1,064	1,019	1,001	992	3,388	4,076
Voice service (local and long distance)	267	277	281	290	302	308	316	825	1,216
Other service and equipment	97	111	98	98	96	92	92	306	378
<b>Revenues arising from contracts with customers</b>	<b>1,532</b>	<b>1,519</b>	<b>1,468</b>	<b>1,452</b>	<b>1,417</b>	<b>1,401</b>	<b>1,400</b>	<b>4,519</b>	<b>5,670</b>
Other operating income	93	5	19	33	7	16	11	117	67
<b>Total external revenue</b>	<b>1,625</b>	<b>1,524</b>	<b>1,487</b>	<b>1,485</b>	<b>1,424</b>	<b>1,417</b>	<b>1,411</b>	<b>4,636</b>	<b>5,737</b>
Intersegment revenue	52	50	52	51	51	52	52	154	206
<b>Total operating revenues</b>	<b>1,677</b>	<b>1,574</b>	<b>1,539</b>	<b>1,536</b>	<b>1,475</b>	<b>1,469</b>	<b>1,463</b>	<b>4,790</b>	<b>5,943</b>
<i>Data service and equipment revenue % change on prior year</i>	14.6%	13.0%	9.8%					12.5%	
<i>Total external revenue % change on prior year</i>	14.1%	7.6%	5.4%					9.0%	
Goods and services purchased	685	625	577	614	592	576	561	1,887	2,343
Employee benefits expense <sup>(B)</sup>	564	542	529	510	481	485	464	1,635	1,940
<b>Total operating expense</b>	<b>1,249</b>	<b>1,167</b>	<b>1,106</b>	<b>1,124</b>	<b>1,073</b>	<b>1,061</b>	<b>1,025</b>	<b>3,522</b>	<b>4,283</b>
<b>EBITDA</b>	<b>428</b>	<b>407</b>	<b>433</b>	<b>412</b>	<b>402</b>	<b>408</b>	<b>438</b>	<b>1,268</b>	<b>1,660</b>
<i>EBITDA % change on prior year</i>	6.1%	(0.2%)	(1.2%)					1.5%	
<b>EBITDA margin</b>	25.6%	25.9%	28.1%	26.7%	27.4%	27.8%	29.9%	26.5%	27.9%
<b>Capital expenditures</b>	544	548	468	506	584	551	475	1,560	2,116
<b>Capital expenditure intensity<sup>(B)</sup></b>	32%	35%	30%	33%	40%	38%	32%	33%	36%
<b>EBITDA less capex</b>	(116)	(141)	(35)	(94)	(182)	(143)	(37)	(292)	(456)
Add: Restructuring and other costs included in total operating expense	97	28	24	33	12	12	3	149	60
Deduct: Non-recurring gains and equity income related to real estate joint ventures	(86)	-	-	1	-	(2)	-	(86)	(1)
<b>Adjusted EBITDA</b>	<b>439</b>	<b>435</b>	<b>457</b>	<b>446</b>	<b>414</b>	<b>418</b>	<b>441</b>	<b>1,331</b>	<b>1,719</b>
<i>Adjusted EBITDA % change on prior year</i>	5.7%	4.0%	3.7%					4.5%	
<b>Adjusted EBITDA margin<sup>(C)</sup></b>	27.6%	27.7%	29.7%	28.9%	28.2%	28.5%	30.1%	28.3%	28.9%

<sup>(A)</sup> May not balance due to rounding alignment to YTD figures.

<sup>(B)</sup> Includes restructuring and other costs.

<sup>(C)</sup> Adjusted EBITDA margin is Adjusted EBITDA divided by Operating revenues, where the calculation of the Operating revenues excludes the non-recurring gains and equity income or non-recurring losses and equity losses related to real estate joint ventures.



<sup>(D)</sup> Periods prior to 2017 have not been adjusted for adoption of IFRS15 and IFRS9 accounting standards; accordingly, they are not comparable to 2017 and 2018 results.

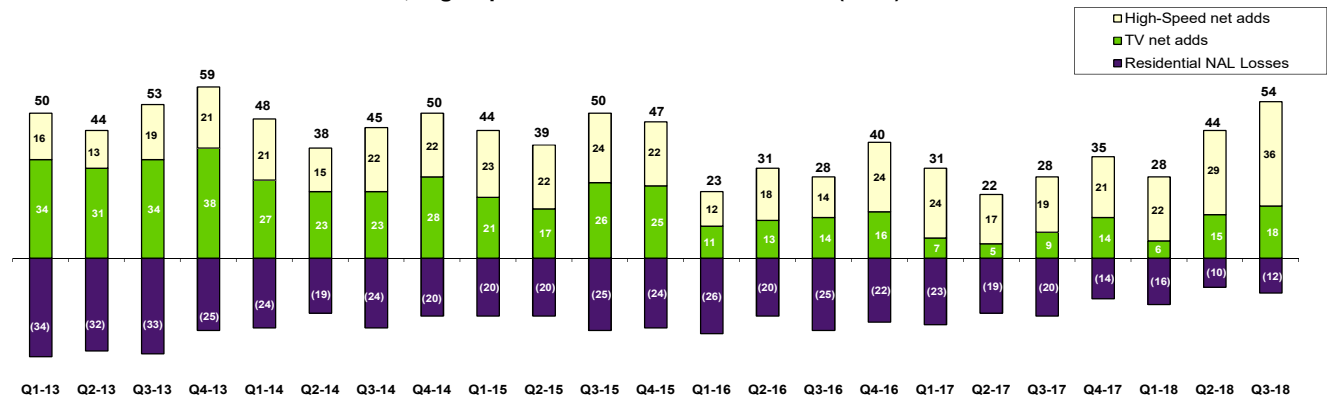
## TELUS Wireline Operating Statistics<sup>(A)</sup>

<i>thousands (000s)</i>	Quarter 3				September YTD			
	2018	2017	Change	% Change	2018	2017	Change	% Change
High Speed Internet Subscriber net additions (losses)	36	19	17	89.5%	87	60	27	45.0%
High Speed Internet Subscribers	1,830	1,722	108	6.3%	1,830	1,722	108	6.3%
TV subscriber net adds <sup>10</sup>	18	9	9	n.m.	39	21	18	85.7%
TV subscribers <sup>(B)10</sup>	1,069	1,084	(15)	(1.4%)	1,069	1,084	(15)	(1.4%)
Residential NAL net additions (losses)	(12)	(20)	8	40.0%	(38)	(62)	24	38.7%
Residential Network access lines (NAL)	1,260	1,312	(52)	(4.0%)	1,260	1,312	(52)	(4.0%)
<b>Total Wireline net additions</b>	<b>42</b>	<b>8</b>	<b>34</b>	<b>n.m.</b>	<b>88</b>	<b>19</b>	<b>69</b>	<b>n.m.</b>
<b>Total Wireline Subscribers<sup>(B)</sup></b>	<b>4,159</b>	<b>4,118</b>	<b>41</b>	<b>1.0%</b>	<b>4,159</b>	<b>4,118</b>	<b>41</b>	<b>1.0%</b>

<sup>(A)</sup> May not balance due to rounding alignment to YTD figures.

<sup>(B)</sup> Effective April 1, 2018 and on a prospective basis, we have adjusted cumulative subscriber connections to remove approximately 68,000 TELUS TV subscribers as we have ceased marketing our Satellite TV product.

### Wireline Residential NAL Losses, High-Speed Net Adds and TV Net Adds (000s)



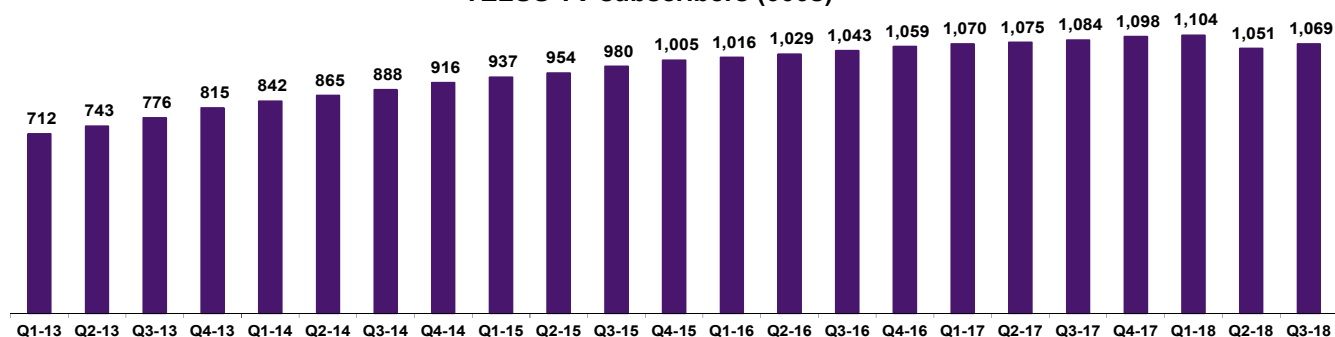
**TELUS Wireline**  
**Operating Statistics - Historical Trend<sup>(A)</sup>**

<i>thousands (000s)</i>	Quarterly							Sept YTD 2018	Annual 2017
	Q3/18	Q2/18	Q1/18	Q4/17	Q3/17	Q2/17	Q1/17		
High Speed Internet Subscriber net additions (losses)	36	29	22	21	19	17	24	87	81
High Speed Internet Subscribers	1,830	1,794	1,765	1,743	1,722	1,703	1,686	1,830	1,743
TV subscriber net adds <sup>10</sup>	18	15	6	14	9	5	7	39	35
TV subscribers <sup>(B)10</sup>	1,069	1,051	1,104	1,098	1,084	1,075	1,070	1,069	1,098
Residential NAL net additions (losses)	(12)	(10)	(16)	(14)	(20)	(19)	(23)	(38)	(76)
Residential Network access lines (NAL)	1,260	1,272	1,282	1,298	1,312	1,332	1,351	1,260	1,298
Total Wireline net additions	42	34	12	21	8	3	8	88	40
Total Wireline Subscribers <sup>(B)</sup>	4,159	4,117	4,151	4,139	4,118	4,110	4,107	4,159	4,139

<sup>(A)</sup>May not balance due to rounding alignment to YTD figures.

<sup>(B)</sup>Effective April 1, 2018 and on a prospective basis, we have adjusted cumulative subscriber connections to remove approximately 68,000 TELUS TV subscribers as we have ceased marketing our Satellite TV product.

**TELUS TV subscribers (000s)<sup>(B)</sup>**



## Non-GAAP measures and definitions of key operating indicators

<sup>1</sup> **Return on common equity** is Net income attributed to equity shares for a 12-month trailing period, divided by the average Common equity for the 12-month period.

<sup>2</sup> **EBITDA interest coverage ratio** is defined as EBITDA (excluding restructuring and other costs), divided by net interest cost. Net interest cost is defined as financing costs, net of capitalized long-term debt interest, excluding employee defined benefit plans net interest, as well as recoveries on redemption and repayment of debt, calculated on a 12-month trailing basis. Any losses recorded on the redemption of debt are included in net interest. This measure is similar to the coverage ratio covenant in TELUS' credit facilities.

<sup>3</sup> **Free cash flow** is calculated as EBITDA, adding or deducting as appropriate: non-recurring gains and equity income or non-recurring losses and equity losses from real estate joint ventures, the Q3 2018 donation to TELUS Friendly Future Foundation in TELUS Common Shares, the effects of contract asset, acquisition and fulfilment, non-cash gains from the sale of property, plant and equipment, restructuring and other costs net of disbursements, share-based compensation, net employee defined benefit plans expense, employer contributions to employee defined benefit plans, interest paid, interest received, capital expenditures (excluding spectrum licenses), income taxes received or paid net of refunds. Refer to Section 11.1 of the Q3 2018 Management's Discussion and Analysis for additional details.

<sup>4</sup> **Net debt** is defined as Long-term Debt (including current maturities of long-term debt) plus debt issue costs netted against long-term debt, Short-term borrowings and net derivative liabilities, less Cash and temporary investments and Accumulated other comprehensive income amounts arising from financial instruments used to manage interest rate and currency risks associated with U.S. dollar-denominated long-term debt (excluding tax effects).

<sup>5</sup> **Net debt to EBITDA** excluding restructuring and other costs is defined as Net debt as at the end of the period divided by the 12-month trailing EBITDA excluding restructuring and other costs. TELUS' current policy guideline for Net debt to EBITDA is from 2.0 to 2.5 times. Historically, Net debt to EBITDA excluding restructuring and other costs is similar to the Leverage Ratio covenant in TELUS' credit facilities.

<sup>6</sup> **Capital expenditure intensity** is defined as capital expenditures (excluding spectrum licences and non-monetary transactions) as a percentage of total operating revenues.

<sup>7</sup> **Average billing per subscriber unit per month (ABPU)** for wireless subscribers is calculated as Network revenue derived from monthly service plan, roaming and usage charges, as well as monthly re-payments of the outstanding device balance owing from customers on contract; divided by the average number of subscriber units on the network during the period and is expressed as a rate per month.

<sup>8</sup> **Average revenue per subscriber unit per month (ARPU)** for wireless subscribers is calculated as Network revenue derived from monthly service plan, roaming and usage charges; divided by the average number of subscriber units on the network during the period and is expressed as a rate per month.

<sup>9</sup> **Churn per month** is calculated as the number of subscriber units deactivated during a given period divided by the average number of subscriber units on the network during the period, and is expressed as a rate per month. Blended churn refers to the aggregate average of both prepaid and postpaid churn. A TELUS, Koodo or Public Mobile brand prepaid subscriber is deactivated when the subscriber has no usage for 90 days following expiry of the prepaid credits.

<sup>10</sup> **TV subscribers** consist of IP-based Optik TV and Pik TV subscribers, as well as TELUS Satellite TV subscribers.