



People purpose passion



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TELUS Corporate Participants

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Doug French - TELUS Corporation - EVP & CFO

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Robert Mitchell - TELUS Corporation - Head of IR

Analyst Participants

Benjamin Swinburne - Morgan Stanley

Drew McReynolds - RBC Capital Markets

Jerome Dubreuil - Desjardins Securities

Maher Yaghi - Scotiabank

Stephanie Price - CIBC

Sebastiano Petti - JP Morgan

Presentation Transcript

Operator

Good day. Welcome to the TELUS 2024 Q4 earnings conference call. I would like to introduce your speaker, Mr. Robert Mitchell. Please go ahead.

Robert Mitchell - Head of IR

Hello, everyone. Thank you for joining us today. Our fourth quarter 2024 results' news release, MD&A, financial statements, and detailed supplemental investor information were posted to our website earlier this morning. On our call today, we will begin with remarks by Darren and Doug. In the Q&A portion, we will be joined by Zainul, Navin, Jason, and Tobias.

Briefly, prepared remarks, slides and answers to questions contain forward-looking statements. Actual results could vary materially from these statements, the assumptions in which they are based and the material risks that could cause them to

differ are outlined in our public filings with securities commissions in Canada and the US, including fourth quarter and annual 2024 MD&A. With that, over to you, Darren.

Darren Entwistle - President & CEO

Thanks, Robert, and hello, everyone. In the fourth quarter, and for 2024, our team's relentless pursuit of operational excellence continued to differentiate the TELUS organization, driving significant customer growth, and robust financial results. Through our premier asset portfolio and unwavering commitment to cost efficiency, we delivered strong profitable growth to close out 2024 - momentum that we intend to build upon in 2025, and beyond.

Our focus on margin accretive customer expansion, globally leading broadband networks, and a customer-centric culture culminated in our third consecutive year of surpassing one million mobility and fixed customer additions. Once again, TELUS led the industry with more than 1.2 million telecom net new customer additions in 2024. This performance is a testament to our unmatched bundled product offerings across Mobile and Home.

Indeed, our team's passion for delivering customer service excellence again, contributed to continued strong loyalty across our key product lines. Notably, postpaid mobile phone churn of 0.99% for the full year marks the eleventh consecutive year at less than 1%.

Despite a challenging competitive, regulatory, and macroeconomic landscape, TELUS drove 5.5% TTech EBITDA growth for 2024, meeting the target range that we set at the beginning of 2024. This included strong TTech EBITDA growth of 7% in the fourth quarter. Our team once again achieved industry-best total customer telecom net additions of 328,000 for the quarter.

In mobile, we drove leading total net additions of 264,000, including healthy mobile phone net additions of 70,000 and strong connected device net additions of 194,000. This was supported by our ongoing intense focus on economic, margin accretive customer growth, which is evidenced by our consistent industry-leading lifetime revenue, buttressed by our industry-best churn, and superior customer experience.

Let's turn now and take a look at our wireline business. TELUS delivered another quarter of industry-leading total wireline customer growth, including industry-best fourth-quarter internet net additions of 37,000. Notably, this drove industry-leading fixed data services revenue growth of 3.5%.

Furthermore, in the fourth quarter, we drove continued strong momentum in our unique and highly differentiated data-centric growth businesses.

Our TELUS Health team achieved accelerated revenue growth in the quarter of 10%, alongside 20% growth in its EBITDA contribution. Since acquiring LifeWorks in 2022, we have achieved \$355 million in combined annualized synergies, including \$294 million in cost synergies and \$61 million in cross-selling. Importantly, we remain on track to deliver our goal of \$427 million by year-end.

Moreover, we drove a 10% year-over-year increase in global lives covered to over 76 million, a 16% increase in virtual care members, and a 7% increase in digital health transactions. Likewise, our team achieved robust performance in TELUS Agriculture & Consumer Goods with revenue growth of 16%, on the back of eight consecutive quarters of record sales performance, driving increasing profitability and margin contributions. We look forward to continuing the momentum in these emerging growth areas in 2025, and beyond.

The strategic investments we have made in our leading broadband networks, alongside our customer experience leadership, underpin the continued advancement and sustainability of our strong financial and operational performance. This gives us confidence in the robust outlook for consistent, long-term profitable growth, and our ability to deliver on the annual targets that we have set out for 2025.

These include industry-leading TTech operating revenue and adjusted EBITDA growth of up to 4% and 5%, respectively, and consolidated free cash flow of approximately \$2.15 billion, supported by continued moderated capital expenditures of approximately \$2.5 billion, representing an industry-best capital intensity.

Our team's track record for executional excellence, alongside an attractive long-term free cash flow growth outlook, underpin our sustainable, and leading multi-year dividend growth program now in its fifteenth year.

Needless to say, we remain disappointed in our share price performance over the past year, in spite of significantly outperforming the majority of our national and global peers across a wide range of operational and financial metrics.

This is frustrating for our management team in the context of our robust and profitable customer growth, which drove leading fourth quarter telecom EBITDA growth of 7% and 5.5% for the year, not to mention our dividend yield of 8%, coupled with TELUS' potent defensive characteristics in a volatile macroeconomic environment.

Furthermore, our leading and differentiated asset mix underpins the significant value that we have created, including our pervasive PureFibre network, with world-best KPIs, as reflected in recent US fibre transactions, our differentiated TELUS Health and TELUS Agriculture & Consumer Goods businesses with their attractive growth and valuation multiple characteristics, and the best telecom asset in the business with a reliable execution track record.

Going forward, this management team remains laser-focused on building on the strong operational and financial performance momentum with which we exited 2024. We remain focused on achieving our robust targets for 2025, and delivering sustainable free cash flow expansion year-in, and year-out for the foreseeable future.

This is buttressed by one of the lowest capital intensity ratios globally, alongside compelling monetization opportunities that we anticipate supporting meaningful deleveraging, also a key area of focus for 2025 and beyond.

TELUS is targeting to achieve a net debt to EBITDA ratio of approximately 3 times in 2027, in conjunction with the contemporaneous removal of the discounted dividend reinvestment plan, preceded by a ratcheting down of the plan in 2026.

In May, per our established cycle, we will provide an update on our dividend growth program for 2026 through 2028 and, more generally, for the return of capital to our shareholders. In closing, I would like to express my gratitude to our team for their efforts, their expertise, and frankly, in the environment, their grit in executing on our consistent winning strategy to meet our commitments to all of our stakeholders.

And on that note, let me turn the call over now to Doug.

Doug French - EVP & CFO

Thank you, Darren, and hi, everyone.

Mobile network revenue was flat as profitable mobile loading and connected device editions were offset by lower mobile phone ARPU, which declined 3.6%. The decline in ARPU, although reflective of the ongoing competitive pressures in the market, remained relatively stable as compared to the previous few quarters. Double digit IoT revenue growth partially mitigated this impact.

Fixed data services revenue grew 3.5% year-over-year, driven by strong customer growth across our leading product portfolio of PureFibre internet, TV, security, and home automation, as well as B2B growth.

At the segment level, TTech operating revenues were up 4.1%, driven primarily by mobile equipment, fixed data services, as well as strong growth in our Health and Agriculture services revenue, as Darren highlighted.

Other income of \$52 million in the quarter increased by \$37 million over last year, largely due to gains recognized on our active real estate projects and associated copper monetization programs. We anticipate these programs to continue in 2025 as we execute against these initiatives.

Notably, TTech adjusted EBITDA increased by 7% in the fourth quarter and 5.5% for the full year, achieving the low end of our target range, alongside margin expansion of 110 basis points to 38.2%, demonstrating unparalleled track record of execution excellence in a highly dynamic operating environment.

These results were driven by our consistent emphasis on profitable revenue growth, our customer growth, the benefits from our ongoing focus on cost efficiency and effectiveness, gains from our real estate and copper monetization programs as well as increasing margin contribution from TELUS Health and TELUS Agriculture & Consumer Goods.

Looking at our TELUS Digital segment, operating revenues and adjusted EBITDA for the fourth quarter continued to reflect stabilization in performance, both improving on a sequential quarterly basis.

The team continues to manage their cost structure while focusing on revenue generation. Please refer to TELUS Digital's quarterly conference call earlier today.

On a consolidated basis, net income increased by 3.2% year-over-year, while basic EPS was higher by 20%. On an adjusted basis, net income and EPS were higher by 11% and 4.2%, respectively.

This strong growth was driven by the after-tax impacts of higher operating income, partially offset by higher financing costs, mainly reflecting the impact of unrealized changes in the forward element of our virtual power purchase agreements, as well as higher interest costs associated with our increased long-term debt and higher interest rates.

For the full year, CapEx, excluding real estate, declined by \$294 million or 11%, driven by the planned slowdown of our fibre and wireless asset builds as we approach their completions. Consolidated capital intensity of 12% was down 200 basis points over last year. For the full year, free cash flow of approximately \$2 billion came in slightly below our target of \$2.1 billion.

This was primarily due to higher-than-expected cash impact effects of contract assets and device financing associated with the higher contracted devices in Q4 as promotions were heavily focused on device subsidies throughout Black Friday and the holiday selling period. Free cash flow was also impacted by slightly higher restructuring from our ongoing cost efficiency programs. These factors were partially offset by lower capital expenditures.

Looking ahead, our financial targets for 2025 build off our leading growth profile and operating execution excellence, our financial targets include TTech operating revenue growth of 2% to 4%, and TTech adjusted EBITDA growth of 3% to 5%.

Consolidated capital expenditures, excluding real estate, are targeted to remain stable at approximately \$2.5 billion. We also set aside \$100 million in capital for real estate development initiatives, similar to 2024.

Lastly, consolidated free cash flow for 2025 is forecasted to be approximately \$2.15 billion, driven by higher EBITDA and disciplined capital management. Our outlook for free cash flow includes an increase to cash taxes due to higher installments related to higher taxable income. Additionally, there will be a catch-up tax payment in 2025 related to 2024 for the increase on our earnings before tax, as well as a step-down in the amount of tax depreciation TELUS can claim under the Accelerated Investment Incentive program.

For 2025, we also anticipate slightly higher interest paid. The effects contract assets and device financing as well as cash restructuring payments, both anticipated to be flat in 2024.

A detailed list of our assumptions for 2025 are set out in our annual MD&A released today.

As it relates to our balance sheet, the average term to maturity of our long-term debt stands at over 10 years, and our average cost of debt is 4.37%. Our leverage ratio at the end of 2024 is at 3.9 times, and we remain committed to de-levering our balance sheet with the execution of the plan in place towards a net debt to EBITDA leverage of approximately 3 times in 2027.

The plan includes EBITDA growth and cash flow expansion alongside a reducing capital intensity as well as the continuing of programs such as real estate and copper initiatives, partner opportunities within our growth businesses, divestiture of non-core assets and servicing value in our infrastructure where appropriate.

Furthermore, as Darren outlined, we expect to achieve this target leverage ratio alongside our plans to reduce the discount associated with our dividend reinvestment plan in 2026 with the intention of removing it in 2027.

Overall, we look forward to the new year. We remain highly confident in our ability to build on a track record of execution excellence, underpinned by our leading asset mix, and resilient business strategy. This will be supported by our focus on deleveraging as we ensure we are well equipped to deliver strong, sustainable growth into the future.

With that, back to you, Robert.

Robert Mitchell - Head of IR

Operator, we're ready for questions, please.

Operator

The first question is from Jerome Dubreuil from Desjardins.

Jerome Dubreuil - Desjardins Securities

Hi. Thanks for taking my questions. A couple for me. First topic is on your target of 3 times leverage in 2027. I think that was very interesting. How much asset divestiture does that include? And can we infer from this that you are happy with your current portfolio of assets going forward? And then the second topic for me, in light of the high dividend yield, if you can maybe elaborate on the merits of having a long-term dividend plan in general? You know, the competitive environment evolves, investment opportunities arise and interest rate changes in three years -- just seems like a very long time. So if you can talk about this. Thanks.

Doug French - EVP & CFO

Okay. I will start. So on the assets going forward, so that question, we have a placeholder in our plan. We have been open on that of approximately \$500 million, and that is included in our three-year plan going forward that we will continue to do appropriate divestitures as we seem appropriate -- or acquisitions as we seem appropriate.

On the de-levering side of assets, as highlighted, we are obviously leveraging off our free cash flow and capital intensity reductions. We have a three-year plan that includes the divestitures of some of the non-core assets. We have not disclosed exactly the amount with that. But I think with the initiatives over the next little bit, you will see some coming to fruition within 2025. And we'll continue to update on our progression on that, but I'm not going to give an exact number on those divestitures today. And on the growth plan, Darren, I will pass it back to you.

Darren Entwistle - President & CEO

So I think over the past 15 years, the dividend growth model has served investors extremely well at this organization. Secondly, I think we have been pretty clear in respect of the pecking order for our capital allocation. Priority number one for the benefit of all securities holders is to drive improvements in our balance sheet. And you've heard us this morning come out with a public target in that regard and ancillary considerations around it, including ratcheting down and removing the DDRIP along the way. We think we've got the latitude to continue to invest prudently in the growth of the business.

And then thirdly, to return cash to shareholders were the primary but not the exclusive vehicle has been our dividend growth model. When I look at the future prospects of this organization from EBITDA growth to operating efficiency to the emerging growth opportunities within Health and TELUS Agriculture & Consumer Goods. When I look at a capital appetite that's moderating with a goal to get down to a capital intensity level of circa 10%, I foresee a very strong and sustainable free cash flow story for this organization prospectively.

And that strong free cash flow generation on that longitudinal basis with that parameter of sustainability supports the affordability of the dividend growth model, both in terms of magnitude and longevity. Having said that, as I have said over and over and over again, the dividend remains the quarterly providence of the Board to adjudicate upon factoring in multiple considerations.

And if there is undue volatility of some sort, we always have that lever to be adjusted smartly, appropriately according to those conditions. But when I normalize for anomalies of that nature, I think the growth trajectory of this organization at the cash flow level for the reasons that I've just cited supports the type of continuity as it relates to returning cash to shareholders in a fashion that's both meaningful and differentiated from our peer group.

Operator

The next question is Maher Yaghi from Scotiabank.

Maher Yaghi - Scotiabank

Great. Thank you for taking my question. Good morning. First, I would like to ask you on your fixed data services and fixed service revenue – service revenue in general. This is the second quarter that we see an acceleration in growth on both metrics, quite a feat, I see, in the current environment. Can you discuss the underlying KPIs that is supporting this improvement? And it seems to me it's coming from pricing and customer intensity. Can you confirm that? And when

you look at the pricing in general, can you comment a little bit about the pricing in your marketplace? Thank you.

Darren Entwistle - President & CEO

I don't think it's quite a feat. I think it's a satisfactory achievement. Zainul, why don't you speak to your satisfactory achievement?

Zainul Mawji - EVP & President of TELUS Consumer Solutions

Always striving for better. So I think it's a great question. I think that what you should see from our fixed data growth is that, first of all, it is based on a foundation of volume and significant quarter-over-quarter, year-over-year growth in our fixed customer base.

The second thing that I would highlight is that we're always driving for profitable growth across our regions. And so while we have access to new markets and territories, we are always going to do that in a profitable way. So that's the volume side.

The other piece that's very important is that we have a diversified and growing portfolio of services that are dependent and driving fixed growth. And then I think it's really important to look at the characteristics that Darren alluded to on the fibre side with respect to the percentage of customers that are taking higher speeds and continue to be pushed up the speed curve and want to take those higher levels of the portfolio that we offer as well as the product intensity that we offer in terms of the incremental products and services. So, we have a significant opportunity to continue growing that market. And we are seeing a strong take rate of our services over time.

And of course, we're going to be supporting the idea that as we grow and ensure that we provide better reliability, better capacity of our networks that the pricing dynamic keeps pace with us. So those are all the kinds of things that we will look to. I think over time, as well, when you look at there are some policy and other elements in terms of our pricing strategy that still have accretion opportunity for us, and we're going to continue to be mining those. So I think our overall strategy is going to be product diversification and growth, and we're always going to seek that profitably, and you see that in our results.

Darren Entwistle - President & CEO

One of the areas where we've again delivered differentiated results on this exact front is within the B2B side of our business. Navin, would you please provide a short top-up to Zainul's excellent comments?

Navin Arora - EVP & President of TELUS Business Solutions

Yeah, for sure, Darren. And yeah, just as a top-up to Zainul's comments, we are seeing very strong volume growth and growth of share on the fixed data services side. And quite frankly, in B2B and specifically SMB, we had room to grow share in our ILEC territory and obviously, the opportunity in our non-ILEC Eastern territories. So that is an area that we've been very focused on and have seen good success in terms of driving good volume and market share penetration.

We also have a good opportunity that we've made progress on, but still have lots more to go in terms of product intensity, especially in the SMB space, and we will continue to focus on that. And then lastly, we continue to look at our product depth and breadth and look to drive product expansion that then also drives improved revenue. So back to you, Darren.

Operator

Next question is from Stephanie Price from CIBC.

Stephanie Price - CIBC

Good morning. On the DDRIP removal, can you talk a little bit about how you are thinking about the payout ratio by 2027, excluding the DDRIP? And then, maybe you can talk more broadly about kind of that term ratcheting down the DDRIP in 2026 and what that implies in terms of magnitude?

Doug French - EVP & CFO

Yeah. So we expect our ratio to be within our payout ratio that we have actually put out. So that is 60% to 75%. That ratio is one we'd expect to be in in 2027, even with all the moving parts that we've just talked about.

Darren Entwistle - President, CEO & Director

And in terms of the 2026 ratchet down component, we have not provided that specificity. We will do so in May. But I think a good operating assumption would be that we would make half a step in the ultimate direction that we want to achieve in 2027. So a move halfway there, I think, is a good modeling assumption.

Stephanie Price - CIBC

Perfect, thank you. And then, Zainul, you mentioned in the answer to the last question about moving into new territories in fixed data in a profitable way. Just curious if you can expand a little bit on the move into the Ontario internet market, what the strategy is there, and what you are seeing so far in terms of uptake?

Zainul Mawji - EVP & President of TELUS Consumer Solutions

Sure, Stephanie. So I think the key thing is that it is not a new move, right? So we have been acquiring assets and making sure that we look at the market in terms of what the customer behavior and customer desires are. We have had Koodo Internet in market for a period of time. And we are seeing good bifurcation in terms of product intensity from a Koodo Internet perspective in terms of the take rate for that demographic of the market. And when we bundle in elements like Stream+ and other offers, there's a really great value proposition for our customers there.

And, I think that as it relates to PureFibre Internet, this is a marathon, it is not a sprint. We have always talked about smart economics and leveraging new products. And so we have areas where we have consumers that are taking our security services that want our view and our responsibility and reliability on their WiFi and their internet. And so those are the kinds of areas that we're going to grow in profitably where we can provide a value-added service

and an end-to-end opportunity for our customers to experience both our wireless, wireline, and our value-added product.

So when we look at this, we have to look at it from that lens. And we are not running to the market and doing dilutive offers, but we are really finding the niches where our customers want those bundles and products and growing profitably from that perspective.

Operator

Next question is from Drew McReynolds at RBC.

Drew McReynolds - RBC

Yeah. Thanks very much A couple for me. Just first on the revenue growth guidance, we have heard from some of your competitors just in terms of population growth assumptions or more broadly wireless market expansion assumptions. Just wondering what you're thinking on the volume side for wireless in 2025?

And then secondly, just back to the earlier question on TPIA and whether there will or will not be a big three band out of footprint. Just wondering from a TELUS perspective, again, with reference to perhaps the 2025 guidance, if you are unable to tap TPIA in the East, just wondering what other growth opportunities you would have or whether that materially change the growth outlook here for TELUS short- and medium-term? Thank you.

Darren Entwistle - President & CEO

You want to take the first part of that question, Zainul?

Zainul Mawji - EVP & President of TELUS Consumer Solutions

Sure. On the volume side. So I will say that Darren reminds me daily of the comments that he has made for several consecutive quarters on the fact that our EBITDA growth could be at the high end of guidance on the back of leveraging our existing customers and ensuring that we continue to provide great service, continue to drive product intensity and continue to improve on our churn and other economics. So I think that we are really focused on what we can do with the capabilities that we have. We have a breadth of a product portfolio that is unmatched domestically, and we have the opportunity to continue to leverage that differentiation to grow our business.

We are going to be focused regardless of the macroeconomics and the macro environment on driving that level of product intensity. So, we are absolutely seeing some shifts, and we are seeing some areas of decline. I think that we are all managing through that. Our approach is to be as disciplined as we possibly can and continue to grow profitably off this opportunity size that we already have that we can continue to mature.

Darren Entwistle - President & CEO

Again, given that the differentiated success on the B2B front, particularly as it relates to national expansion and the growth opportunities within the small-, medium-business side are considerable. Navin, would you top-up on Zainul's response as well, please? And then I will close it out for Drew.

Navin Arora - EVP & President of TELUS Business Solutions

Yeah. Thanks, Darren. So just as an example, we saw 6% revenue growth in our SMB segment in the fourth quarter, and we continue to see double-digit growth in our 5G IoT portfolio, which all continue to contribute positively to the B2B growth story. And so when we look at 2025, wireless specifically, there are some headwinds that will continue, but we feel very confident in our ability to drive the volume growth and the new product growth. The opportunity to monetize data is nascent at this point and a very good opportunity for us to continue to grow on that front as well. So, the SMB opportunity on a national basis continues to be an area of strong growth for us.

Darren Entwistle - President & CEO

Finally, Drew, I could reiterate the comment that I made last time, which I still feel strongly about, which is the significant growth opportunity that exists within our existing client base in terms of the upside of product intensity that would give us volume loading growth and extremely attractive economics associated with that, because it would be economic quality loading that we would be affecting. And to be quite clear about that, that is really a four-point game because not only do we get economically accretive loading, but we improve the product intensity, which lowers the churn rate, which gives us a better overall lifetime value. So, that is at the backbone of everything that we are doing right now.

But, when you think about the question you are asking on third-party access, I guess the best way I could answer it is we are going to make the bold assumption that regulatory decisions pronounced by the CRTC after a comprehensive and rigorous and exhaustive process, where the diversity of voices was consulted in terms of all stakeholder constituency groups, where the documentation of the decision was highly exacting, where the decision was confirmed twice over from interim to final, where the decision was twice vetted and approved by the Competition Bureau, and also a decision that is, I think, consistent on a contemporary basis with Canada wanting to remove, not increase international trade barriers given some of the challenges that may confront us prospectively at the international level, we will expect that particular decision to stand.

We will adjudicate accordingly in terms of our go-to-market activities. I think that decision and our response from a go-to-market perspective is in the best interest conclusively of Canadian consumers and Canadian businesses, particularly small businesses in that regard. And, I would expect that the government at this particular point in time, would want to be making moves that are accretive to the welfare of consumers or the productivity of businesses.

Operator

Next question is from Sebastiano Petti from JP Morgan.

Sebastiano Petti - JP Morgan

Thank you for taking the question. Just, maybe following up on Jerome's question and just about the leverage target, Darren, you did mention surfacing value in your infrastructure assets and a comment reiterated or echoed by your telco peer there. Any examples of perhaps of what you are exploring? Obviously, Rogers is going down a path that is unclear

on how that will result. But, you have obviously telecom infrastructure assets related to your towers or the fibre. I mean, what is or is not on the table?

And then just any other help as we kind of think about getting to that three turns of leverage over time? You did say EBITDA and free cash flow growth, but I think just commentary we are hearing folks perhaps struggling a little bit trying to see how the glide path gets there without perhaps meaningful asset monetization. So just maybe double-clicking on that would be lovely. Thank you.

Darren Entwistle - President & CEO

Okay. Given you ask for examples, I will give you the recipe that we are pursuing with a requisite degree of specificity with some degree of insights needing to be assumed along the way. First and foremost, we are going to keep pushing on EBITDA growth. We think we have got attractive opportunities for cash expansion through EBITDA growth. And I think 7% EBITDA growth to exit Q4 is an excellent example in that regard.

We have been very proactive and aggressive in terms of our cost efficiency programs. And that has been a key underpinning to our go-to-market activities to deliver the nominal results that we are on the EBITDA side of the business.

On the capital investment side, I have been quite explicit saying that the goal of this organization is to get down to 10% capital intensity. And it is not a fanciful goal. It is a goal that recognizes that the heavy CapEx lifts that have really characterized the decade between 2013 and 2023 are more behind us now than ahead of us because of the pervasive fibre build that we have affected and the spectrum gauntlet that we have survived through along the way. And I think those are positive things.

The other aspects that are buttressing our ability to get down to that 10% capital intensity level is the digital transformation of the TELUS organization aided and embedded by TELUS Digital, the cloudification of our support infrastructure, and the fact that increasingly, Zainul and Navin's portfolio is characterized by SaaS solutions. So I think all of those things cumulatively are quite supportive in that regard.

And we are not a one-trick pony in terms of where our sources of growth are coming from. We are getting it from consumer. We are getting it from business, and we are getting it from our emerging growth areas, including TELUS Health and TELUS Agriculture & Consumer Goods.

As it relates to monetization programs, we have a very attractive opportunity for us on the real estate front because of the supplanting of copper with fibre and what it does in terms of yielding real estate development opportunities from our former central offices that are very attractively located. And we exited 2024, releasing about 24 central offices for real estate development. And I would expect by the end of 2025, we will have a total of 35 to 40 central offices released for real estate development, and that is extremely attractive. And we see a real estate opportunity from a monetization perspective in the \$3 billion zone, which is why

we are progressing our REIT strategy with the future CEO of that business being Doug, and he certainly has a passion to bring that to fruition.

The other synergistic byproduct of fibre and the supplanting of copper is the recycling of copper, our ability to mine copper within our access infrastructure at a time when the spot price on copper is extremely attractive. And we think that there's a progressive opportunity that we are going to have, like real estate, on a multi-, multi-, multi-year basis that is economically attractive. And the opportunity there is circa \$1 billion at a gross level and post or net of recycling, maybe doing it with some interesting partners within the Canadian resource industry is probably netting out at \$0.5 billion.

As it relates to our emerging growth businesses, both TELUS Health and TELUS Agriculture & Consumer Goods, where TELUS Health has the pole position on this front, given the scale characteristics that we are now achieving and the growth and profitability characteristics that we are now achieving. We have the opportunity to look at bringing in key partners to help accelerate the growth and the value of that asset and looking at monetization opportunities within the medium term as it relates to IPO undertakings that are very, very real for the TELUS organization.

We also have some assets within the portfolio that need to be groomed because they no longer represent a productive or elegant strategic or commercial fit. There are other organizations out there externally that would covet those assets where it would be a better strategic fit for them than us. And so we will look to undertake certain divestitures in that regard.

And then specifically, as it relates to telecommunications infrastructure and monetization strategies as it relates to fibre, the answer to your question is no. And as it relates to towers, the answer to your question is maybe. If we like the economics, if we like the deal, if we like what could be done with that particular asset post monetization, it is something that we would consider along the way, and we think it is our responsibility to do exactly that.

And so, the laundry list goes further. But I think from a recipe point of view, that should give you significant insight as to just how real and concrete these activities are to assure our ability to hit the net debt to EBITDA goal that we've now gone public with and the synergistic complement on that front in terms of removing our discount dividend reinvestment plan.

Sebastiano Petti - JP Morgan

If I could quickly follow-up -- that's a very thorough answer. I appreciate that, Darren. But as you think about the real estate monetization opportunity, you have earmarked another \$100 million this year towards that program. Can you achieve your \$3 billion monetization goal in real estate at that kind of run rate level on an annual basis as we kind of think about maybe the medium term?

Doug French - EVP & CFO

Yeah. There's going to be more of a run rate similar to 2024 for the next year or so. And then there will be a lump sum monetization when you have a pool of assets that carry a magnitude of substance. So that could be two years out, give or take, or it could be sooner if we continue down the path on development we're on. But I would assume for 2025 as similar to 2024, but there could be a lump sum within the three-year planning period.

Operator

Next question is from Benjamin Swinburne from Morgan Stanley.

Benjamin Swinburne - Morgan Stanley

Thank you. Good morning to you guys. I wanted to ask about the wireless marketplace and particularly around pricing environment and ARPU. I think mobile ARPU was down about 3.5% year-over-year in Q4. I think you've put in a price increase on public mobile in the first quarter. Just wondering what you're thinking around ARPU trends in 2025 and what is sort of underpinning the guidance, if you want to talk about it? And just generally, the environment you think you're operating in today versus what we saw over the course of the past year. Thank you so much.

Darren Entwistle - President & CEO

Okay. I will ask Zainul and Navin to kick it off, and then Doug and I can close as it relates to the guidance round-up.

Zainul Mawji - EVP & President of TELUS Consumer Solutions

Thank you. So I think I would say that you've seen similar ARPU performance from us from a stabilization perspective. And it is no doubt a competitive and aggressive market out there, and it's a disrupted market. So, I think that we are continuing to assume that we see some of the same challenging competitive dynamics. I do not think that there's going to be a material swing if there is to the upside, then that will be accretive.

Our guidance is based on much of the same. And I think that as we spoke earlier, we see good opportunity to continue increasing product intensity into our base. I would tell you that I am not satisfied or happy with the ARPU performance or quite frankly, with our churn performance. And I think both of those levers could be improved with respect to how we attract different demographics of the right market. I also think there is some mix evolution.

So, as you highlighted with areas like Public, we do have offerings that are attractive to different segments of the market that impact the mix. But I think the key thing here is that our guidance assumes that we are aligned to the same sort of performance dynamic that we have seen on the lower side and on the upper side, there might be the accretion opportunity from that point. Over to you, Navin.

Navin Arora - EVP & President of TELUS Business Solutions

Yeah. Thanks, Zainul. Just a few top-ups. So as both Zainul and I have said, we still see opportunity to grow share in B2B. We still see the opportunity to drive product intensity, and that has a positive impact on churn as well, of course.

I think on the B2B side; we have some really strong growth assets. So, the IoT business is growing nicely double digit. You may have seen the press release that we just signed a private wireless network agreement with the Calgary Airport, and that's the first of its kind with potentially more to come. And so those are examples of great growth assets that are helping to offset some of the competitive intensity we're seeing.

The other thing I would say is -- and Darren alluded to this on our cost focus -- but there's a lot of digital and digitization opportunities that we are working with TELUS Digital and our internal CIO team around how we improve our AMPU -- so even with ARPU pressures, how we are maintaining and expanding our margin profile.

And I think the fact that in the B2B space for a good part of the decade, the last decade, we have had the best loyalty results in the space, and that continues to always be an important contributor to our ARPU as well as to our churn. So we expect a lot of that and all of that to continue in 2025. Back to you, Darren.

Darren Entwistle - President & CEO

Doug, do you want to top-up at all?

Doug French - EVP & CFO

Yeah. Maybe just on some of our thoughts as well that when you think through the uncertainty in the macroeconomic backdrop on interest rates, inflation, and cost of borrowing. We have also made some assumptions on rationality to pricing to help support some of those higher costs. And so it's not unreasonable, but it is definitely more reflective of the situation we're in. Some of the debt that's currently being issued is at higher rates. I think the alignment of the market to price accordingly on that is probably aligned.

Darren Entwistle - President & CEO

Finally, our guidance is not predicated on a miraculous ARPU recovery. So I think it is important to be understood. We would hope to see some elements of moderation. It would be great to see a miraculous ARPU recovery, but our guidance is not predicated on that. We think that would be an erroneous planning assumption. And the only point that was not added is we have a lot of diversity of growth taking place at TELUS that is outside the dominion of wireless ARPU.

Robert Mitchell - Head of IR

Thank you, everyone, for joining us today. Please feel free to reach out to the IR team with any follow-ups you may have. And with that, Operator, over to you.

Operator

Everyone, this concludes the TELUS 2024 Q4 earnings conference call. Thank you for your participation and have a nice day.