



Let's make the future friendly

Q3 2021 investor conference call
Friday, November 5, 2021



Caution regarding forward-looking statements

Today's discussion may contain forward-looking statements, including statements relating to our objectives and strategies, our targets, outlook, updates, our plans and expectations regarding the impact of the COVID-19 pandemic and responses to it, and our multi-year dividend growth program. Forward-looking statements use words such as assumption, goal, guidance, objective, outlook, strategy, target and other similar expressions, or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, predict, seek, should, strive and will.

Forward-looking statements are subject to inherent risks and uncertainties (such as the impact of the COVID-19 pandemic and responses to it, regulatory decisions and developments, the performance of the Canadian and provincial economies, the competitive environment, the impact of technological substitution, challenges in deploying technology, our earnings and free cash flow, and our capital expenditures), and are based on assumptions, including about future economic conditions and courses of action. These assumptions may ultimately prove inaccurate and, as a result, our actual results or events may differ materially from expectations expressed today.

These assumptions and risks and uncertainties are described in detail in our 2020 annual management's discussion and analysis (MD&A) and updated in our third quarter 2021 MD&A, other TELUS public disclosure documents and filings with securities commissions in Canada (on SEDAR at [sedar.com](https://www.sedar.com)) and in the United States (on EDGAR at [sec.gov](https://www.sec.gov)).

Except as required by law, TELUS disclaims any intention or obligation to update or revise forward-looking statements, whether written or oral.

Executing

On our long-standing growth strategy

- Achieving strong operational and financial results across our business
- Industry-leading profitable customer growth and customer loyalty
- Delivering outstanding connected experiences on our world-leading networks
- Diversified growth portfolio and leading asset mix
- Growing dividend supported by strong operational and financial outlook
- Delivering on our promise of a friendly future for all



Industry-leading

Third quarter results

- Record mobile and fixed net additions of 320,000
- Consolidated revenue and EBITDA growth of 6.8% and 7.1%, respectively
- Leading mobile phone churn of 0.90%
- Strong fixed product customer loyalty results

Mobile

Operating results

\$58.13

Mobile phone
ARPU

Flat y/y

0.90%

Mobile phone
churn

9 bps
improvement y/y

+135,000

Mobile phone
net adds

+24,000 y/y

+110,000

Connected
device net adds

+23,000 y/y

Leveraging our strong digital capabilities and best-in-class customer service to sustain high-quality and profitable customer growth

Fixed

Operating results

+46,000

Internet
net adds

(4,000) y/y

+10,000

TV
net adds

(9,000) y/y

+30,000

Security
net adds

+12,000 y/y

+75,000

Total fixed
net adds

(4,000) y/y

Our premium and diversified product portfolio combined with driving higher product intensity continues to sustain high quality customer growth

Accelerated Broadband Investment Program

- Investing from a position of strength and leadership
- Approx. 2.6 million premises covered by PureFibre network
- 5G network covering 24.1 million Canadians (64% of population)
- Declining capex beginning in 2023 to \$2.5 billion, or less



Leading the world in social capitalism

- TELUS Friendly Future Foundation distributed \$4.2 million in Community Board grants to 307 local charitable projects and \$2.2 million to 26 national, territorial or provincial charitable initiatives this year.
- Health for Good clinics have provided 26,000 COVID-19 assessments and 7,500 vaccinations for marginalised populations, since the start of the pandemic
- More than 50,000 TELUS employees, retirees, family and friends participated in Future Friendly Days, supporting widespread volunteering by dedicating over 800,000 hours this year.
- Launched our Reconciliation Commitment, developed in partnership with and in support of Indigenous Peoples across the country.

Health services

Q3 2021 results

**\$130
million**

Services
revenue
+12% y/y

**19.3
million**

Lives
covered
+3.3 million y/y

**2.3
million**

Virtual care
members
+0.9 million y/y

**137.9
million**

Digital
transactions
+1.9 million y/y

Continuously innovating and transforming how Canadians
experience healthcare to drive better health outcomes

Financial Results



TELUS Technology Solutions (TTech)

Q3 2021 results

**\$1,588
million**

Mobile network
revenue

+3.7%

**\$1,109
million**

Fixed data
services revenue

+12.8%

**\$3,664
million**

External
revenue

+4.1%

**\$1,410
million**

Adjusted
EBITDA

+7.4%

Our consistent focus on profitable loading and our diversified asset mix continues delivering strong financial results

Digitally-led customer experiences (DLCX)

Q3 2021 results

**\$587
million**

External
revenue
+27.3%

**\$149
million**

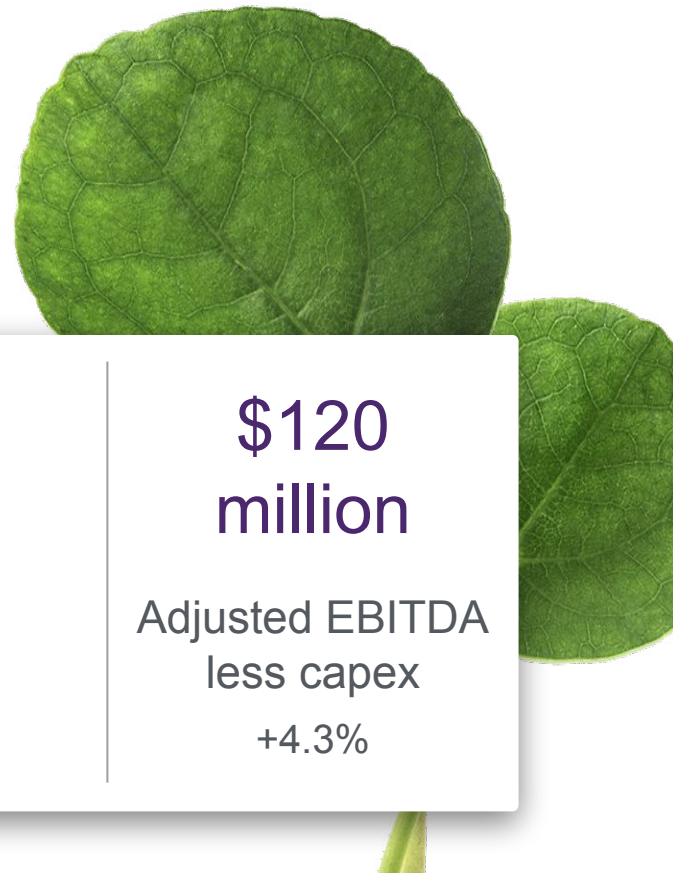
Adjusted
EBITDA
+4.7%

4%

Capital
intensity
(1) pt

**\$120
million**

Adjusted EBITDA
less capex
+4.3%

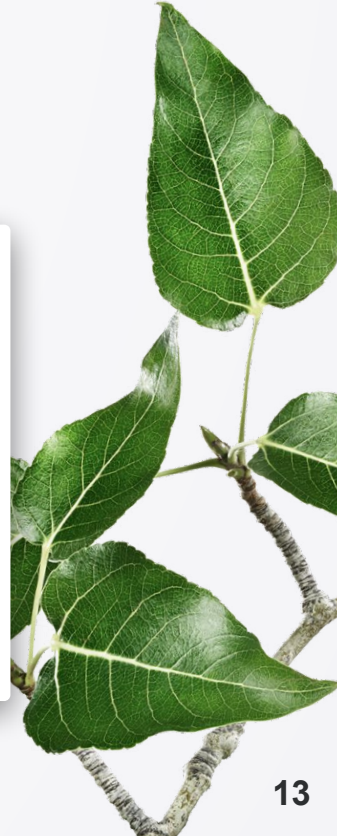


Driving digital transformation journeys and enabling clients globally to embrace digital technologies to deliver better business and customer outcomes

Strong liquidity position

Continued execution excellence resulting in our strong balance sheet and liquidity position

- Weighted average cost of long-term debt of 3.72%
- Average long-term debt term to maturity of 12.7 years
- Over \$3.6 billion total available liquidity
- \$2.75 billion syndicated credit facility expiring April 2026
- \$600 million securitization trust expiring December 2024



Questions?

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Appendix 1:

Q3 2021 EPS summary

Basic EPS (Q3 2020)	\$0.24
Restructuring and other costs	\$0.03
Other equity losses related to real estate joint ventures	\$0.01
Adjusted basic EPS (Q3 2020)	\$0.28
Higher adjusted EBITDA	\$0.06
Higher depreciation and amortization	(\$0.02)
Higher outstanding shares	(\$0.02)
Higher net financing cost	(\$0.01)
Adjusted basic EPS (Q3 2021)	\$0.29
Restructuring and other costs	(\$0.03)
Long-term debt prepayment premium	(\$0.01)
Basic EPS (Q3 2021)	\$0.25

Appendix 2:

Free cash flow continuity (\$M)

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
EBITDA	1,496	1,390	4,408	4,158
Non-cash gains from the sale of property, plant, and equipment	-	(1)	-	(3)
Restructuring and other costs, net of disbursements	21	(5)	7	21
Effect of contract asset, acquisition and fulfilment (IFRS 15 impact) and TELUS Easy Payment device financing	(13)	(59)	72	155
Effects of lease principal (IFRS 16 impact)	(124)	(90)	(371)	(255)
Leases formerly accounted for as finance leases (IFRS 16 impact)	-	16	-	70
Items from the condensed interim consolidated statements of cash flows:				
Share-based compensation, net	36	25	123	89
Net employee defined benefit plans expense	30	25	86	77
Employer contributions to employee defined benefit plans	(10)	(10)	(38)	(37)
Interest paid, net	(180)	(191)	(549)	(561)
Capital expenditures (excluding spectrum licenses)	(991)	(741)	(2,589)	(2,162)
Free cash flow before income taxes	265	359	1,149	1,552
Income taxes paid, net of refunds	(62)	(198)	(415)	(335)
Free Cash Flow	203	161	734	1,217
Spectrum	(389)	-	(661)	-
Shares of subsidiary issued and sold to non-controlling interest	-	-	827	209
Common shares Issued	-	-	1,300	1,495
Dividends paid to holders of common shares	(271)	(232)	(773)	(694)
Cash payments for acquisitions and related investments	(311)	(549)	(461)	(1,760)
Real estate joint ventures	(11)	(7)	(26)	(92)
Working capital and other	366	121	389	145
Funds available for debt redemption	(413)	(506)	1,329	520
Net issuance of debt	94	156	(313)	(434)
Increase (decrease) in cash	(319)	(350)	1,016	86

Appendix 3:

DLCX to TELUS International (TI) reconciliation - Revenue

Millions (except foreign exchange (FX) rate)

	Q3 2021	Q3 2020	Y/Y growth (%)
TI revenue (USD\$)	556	427	30.2%
CAD\$ equivalent, in constant currency (Q3 2020 rate)	741	568	
Subtract: FX impact (stronger CAD to USD)	(41)	-	
Revenue per TELUS DLCX segment (CAD\$)	700	568	23.2%
Average FX rate (USD-CAD)	1.2590	1.3325	

Appendix 4:

DLCX to TELUS International (TI) reconciliation - Adjusted EBITDA

Millions (except foreign exchange (FX) rate)

	Q3 2021	Q3 2020	Y/Y growth (%)
TI Adjusted EBITDA (USD\$)	137	111	23.4%
Subtract: Share-based compensation	(21)	(5)	
Subtotal (USD\$)	116	106	9.4%
CAD\$ equivalent, in constant currency (Q3 2020 rate)	155	142	
Subtract: FX impact (stronger CAD to USD)	(6)	-	
Adjusted EBITDA per TELUS DLCX segment (CAD\$)	149	142	4.9%
Average FX rate (USD-CAD)	1.2590	1.3325	

Appendix 5:

Ad hoc disclosure items

- Blended mobile phone, PureFibre internet, Optik TV, Security, and voice churn are all below 1%, on a year-to-date basis; postpaid churn of 0.75% in Q3/21, down 10bps year-over-year
- Q3/21 represents the strongest quarter on record for mobile and home loading
- Fibre customers averaging three wireline products per home in Q3/21
- Double digit internet residential ARPU growth in Q3/21 over Q3/20
- Over 75% of mobile rate plan changes were either step-ups or flat in Q3/21
- Roaming revenue up \$9 million year-over-year in Q3/21 and is approximately 50% of 2019 pre-pandemic levels
- Data overage revenue now represents a low single digit percentage of ARPU
- At the end of Q3/21, 12% of our TV and internet customers within our PureFibre footprint are serviced by copper, down 300bps over Q2/21
- \$442 million of the up to \$750 million targeted for 2021 under our accelerated broadband build has been invested year-to-date, to advance our fibre build and 5G coverage
- Excluding our accelerated broadband capital investments, our dividend payout ratio at the end of Q3 was 75%
- On track to deliver approximately \$400 million of revenue from agriculture in 2021, reflecting double-digit growth

Appendix 6:

Key definitions

Our presentation and answers include the following non-GAAP measures, which may not be comparable to similar measures used by other issuers:

- EBITDA, Adjusted EBITDA, Adjusted Net income, Adjusted basic EPS and Free cash flow are non-GAAP measures and do not have any standardized meaning prescribed by IFRS-IASB. For further definitions and explanations of these measures, see ‘Non-GAAP and other financial measures’ in our third quarter 2021 news release dated November 5, 2021.
- Adjusted EBITDA for the third quarters of 2021 and 2020 excludes restructuring and other costs of \$63 million and \$58 million, respectively, and other equity losses related to real estate joint ventures of \$0 million and \$8 million, respectively.



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