Q1 2016 investor conference call

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Darren Entwistle, President & CEO
John Gossling, EVP & CFO
Josh Blair, EVP, TELUS Health and TELUS International and President, Business Solutions West

Forward looking statement

Today's presentation and answers to questions contain statements about financial and operating performance of TELUS (the Company) and future events, including with respect to future dividend increases and normal course issuer bids through 2019, the 2016 annual targets and guidance, the proposed purchase of MTS by BCE and the transfer of a certain portion of MTS' postpaid wireless subscribers and retail locations to TELUS (the "Transaction") and the agreement between TELUS International and Baring Private Equity Asia (the "TI-Baring Transaction") that are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and predictions and are subject to inherent risks and uncertainties. There can be no assurance that the conditions to closing of the MTS-BCE transaction will be satisfied, including, without limitation, the relevant regulatory approvals or that the conditions to closing of the Transaction will be satisfied or that the associated benefits for TELUS shareholders and customers of the Transaction will be realized or that the Transaction will occur on the terms contemplated in this presentation. Furthermore, there can be no assurance that the conditions to closing of the TI-Baring Transaction will be satisfied, that the associated benefits of the transaction for TELUS shareholders and customers will be realized or that growth plans for TELUS International will be realized. There is significant risk that the forward-looking statements will not prove to be accurate. The forward-looking statements contained in this presentation describe our expectations at the date of this presentation and, accordingly, are subject to change after such date. Readers and listeners are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future performance and events to differ materially from those expressed in the forward-looking statements. Accordingly, this presentation is subject to the disclaimer and qualified by the assumptions (including assumptions for the 2016 annual targets and guidance, semi-annual dividend increases through 2019 and our ability to sustain and complete our multi-year share purchase program through 2019), qualifications and risk factors referred to in the first quarter Management's discussion and analysis and in the 2015 annual report, and in other TELUS public disclosure documents and filings with securities commissions in Canada (on SEDAR at sedar.com) and in the United States (on EDGAR at sec.gov). Except as required by law, TELUS disclaims any intention or obligation to update or revise forward-looking statements, and reserves the right to change, at any time at its sole discretion, its current practice of updating annual targets and guidance.

Delivering solid results by maintaining focus on consistent and winning strategy

- Returning significant capital to our shareholders
- Extending shareholder friendly initiatives through 2019
- Fueling TELUS International's future success
- Investing for sustainable long-term future growth

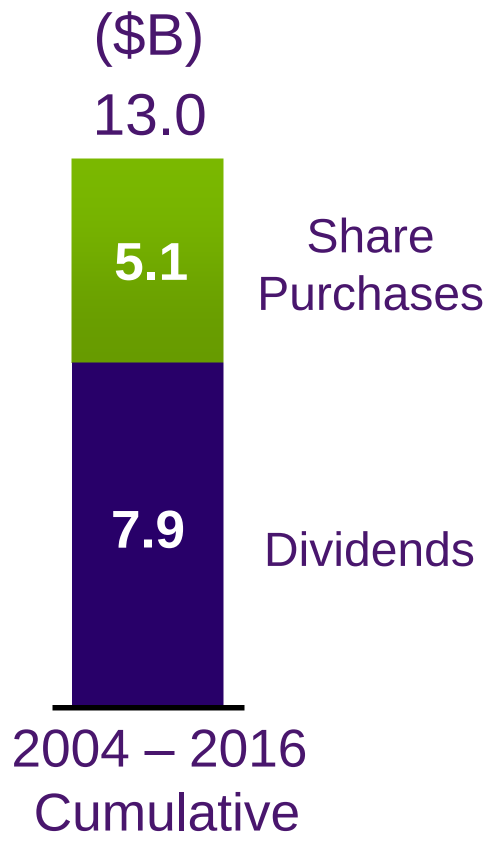
Returning significant cash to shareholders

2011 through Q1-2016

- 11 dividend increases to $1.84 annualized, up 75% since 2011
- Purchased 64 million shares for $2.3 billion
- $200 million remaining under 2016 NCIB at end of April 2016

Since 2004

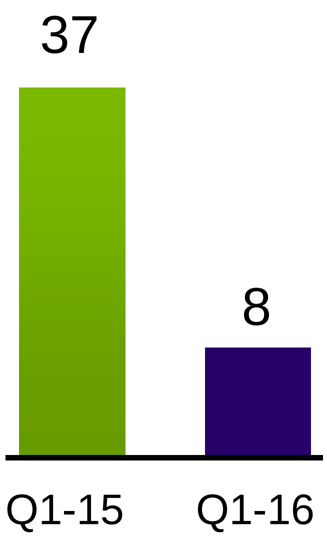
- 18 dividend increases from 2004 through Q1-2016
- Purchased 183 million shares for $5.1 billion
- Returned $13 billion or nearly $22 per share



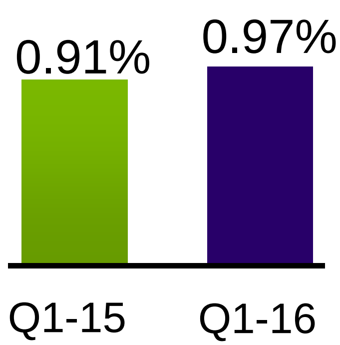
Consistent track record of growth
while returning capital to shareholders

Wireless postpaid net additions

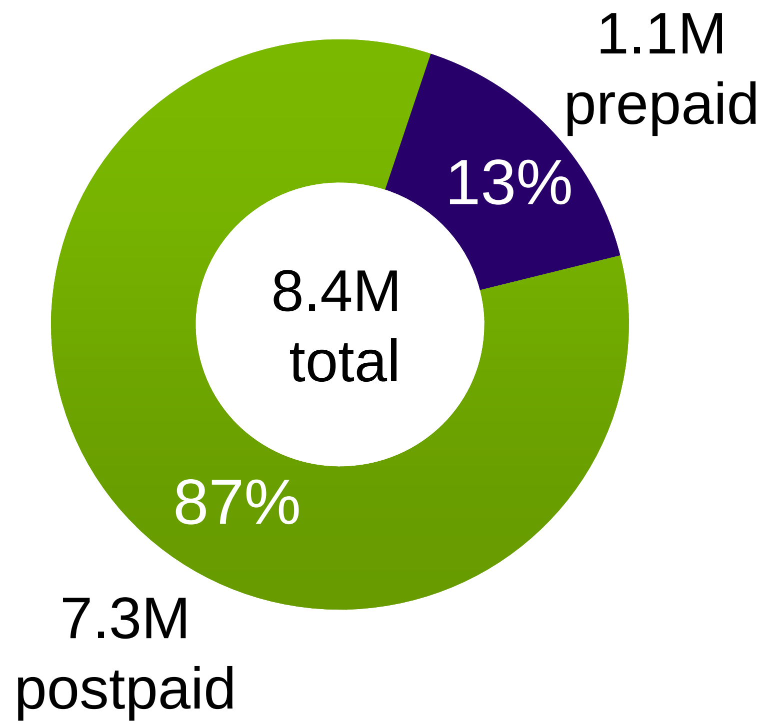
Postpaid net adds
(000s)



Postpaid churn rate

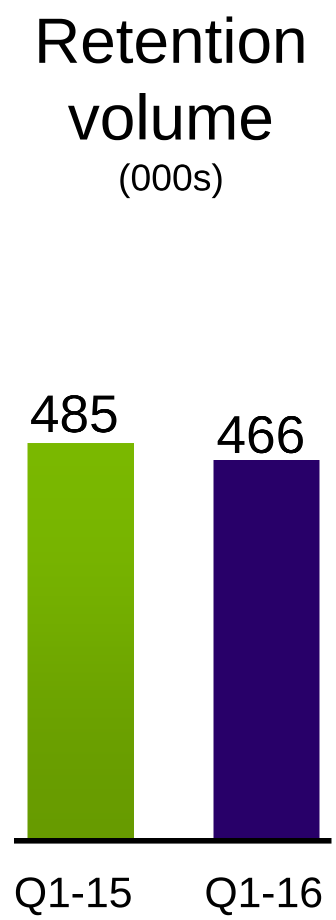


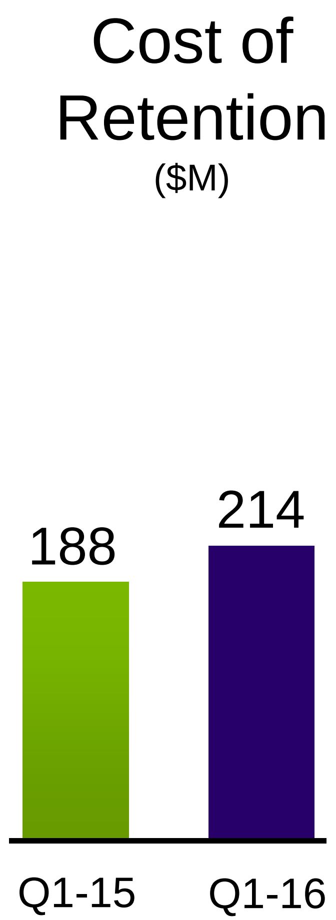
Wireless subscribers



Net adds affected by Alberta weakness and competition
Industry-leading postpaid churn of 0.97%

Investing in retention



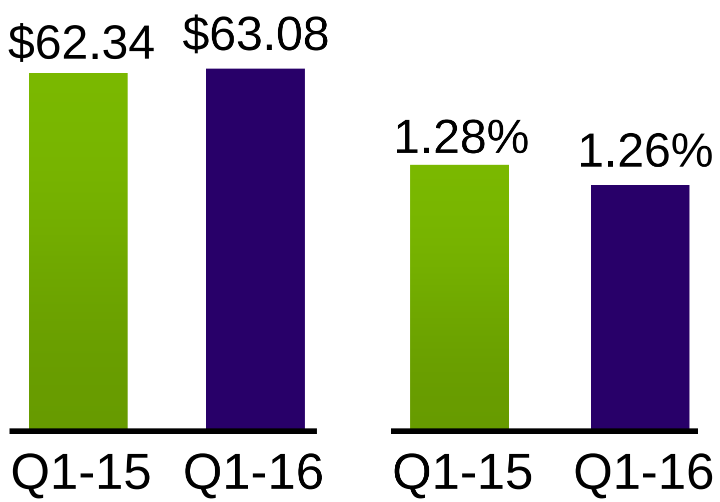


Retention volumes down 4%, while COR up 14% reflecting continued heightened competitive activity and mix of higher-value smartphones

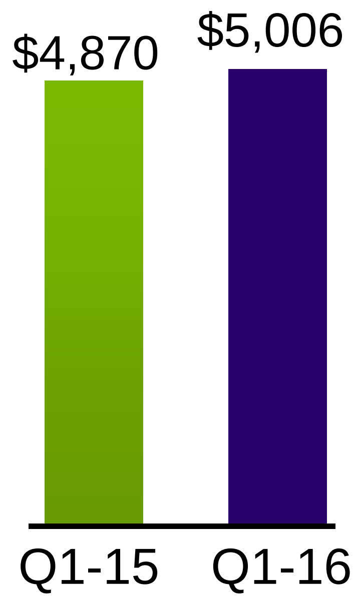
Industry-leading ARPU & lifetime revenue per sub

Blended

ARPU Churn



Average lifetime revenue



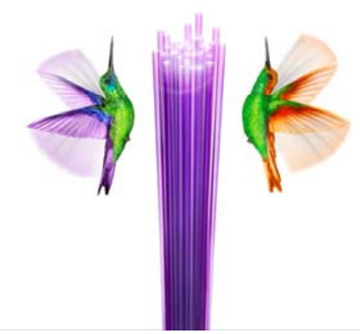
[1] Lifetime revenue derived by dividing ARPU by blended churn rate.

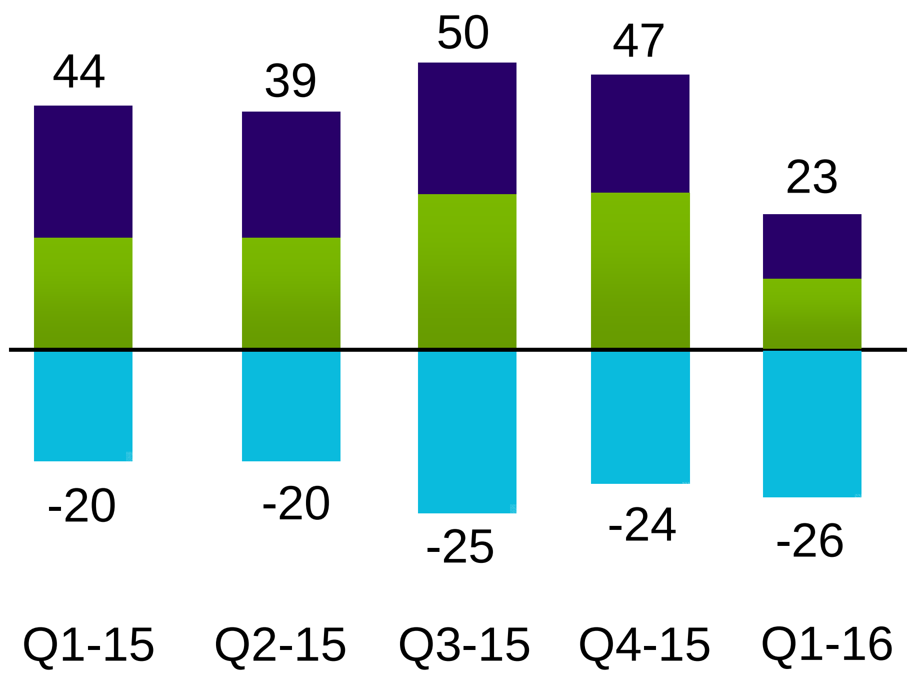
ARPU and lifetime revenue growth reflective of focus on high-value postpaid subscriber growth

Wireline subscriber trends

Net additions (000s)

High-speed Internet
TELUS TV
Residential NALs





Total Internet, TV, Residential NALs	24	19	25	23	(3)

Net adds impacted by economic and competitive pressures

Fueling TELUS International’s future growth

- Baring Private Equity Asia to acquire a 35% stake in TELUS International (TI)
- Agreement values TI at an enterprise value of $1.2 billion
- TELUS to receive proceeds of approximately $600 million through debt and equity that will support domestic investments in advanced broadband technologies
- TELUS to retain 65% interest in TI

Agreement positions TI for continued growth through Baring Private Equity Asia global network of clients

First quarter 2016 wireless financial results

($ millions, except margin)	Q1 2016	y/y change
Revenue (external)	1,702	+1.8%
Network revenue	1,573	+2.5%
EBITDA[1]	756	+1.5%
EBITDA (excluding restructuring costs)	765	+2.0%
EBITDA margin[2]	44.1%	no change
EBITDA margin (excluding restructuring costs)	44.6%	+0.1 pts
Capital expenditures	180	(27)%

[1] EBITDA does not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definition.
[2] EBITDA as a percentage of total revenue.

Revenue and EBITDA driven by subscriber and ARPU growth combined with cost savings from operating efficiency offset by higher retention costs

First quarter 2016 wireline financial results

($ millions, except margin)	Q1 2016	y/y change
Revenue (external)[1]	1,406	+3.7%
EBITDA	384	(1.9)%
EBITDA (excluding restructuring costs)	423	+5.1%
EBITDA margin	26.4%	(1.6) pts
EBITDA margin (excluding restructuring costs)	29.1%	+0.3 pts
Capital expenditures	438	+13%

[1] Revenues arising from contracts with customers was $1,399 million, up $58 million or 4.3% in Q1-16.

Strong revenue and underlying EBITDA growth
driven by data service growth and operational efficiency

First quarter 2016 consolidated financial results

($ millions, except EPS)	Q1 2016	y/y change
Revenue	3,108	+2.6%
EBITDA	1,140	+0.4%
EBITDA (excluding restructuring costs)	1,188	+3.1%
EPS (basic)	0.64	(6.8)%
Adjusted basic EPS[1]	0.70	no change
Capital expenditures	618	(2.7)%
Free cash flow	108	(60)%

[1] Adjusted basic EPS does not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definition.

Healthy consolidated growth driven by both wireless and wireline combined with efficiency gains

Questions?

Investor relations
1-800-667-4871
telus.com/investors
ir@telus.com

Appendix – Q1 2016 EPS analysis

	Q1-2016
Basic EPS as reported (Q1 2015)	**$0.68**
Restructuring and other costs	0.02
Adjusted basic EPS (Q1 2015)	**$0.70**
Higher EBITDA excluding restructuring and other costs	0.04
Lower shares outstanding from NCIB	0.02
Higher depreciation and amortization and other	(0.06)
Adjusted basic EPS (Q1 2016)	**$0.70**
Restructuring and other costs	(0.06)
Basic EPS as reported (Q1 2016)	**$0.64**

Appendix - free cash flow comparison

	Q1-2015	Q1-2016
EBITDA	1,135	1,140
Capex (excluding spectrum licenses)	(635)	(618)
Net employee defined benefit plans expense	28	22
Employer contributions to employee defined benefit plans	(27)	(25)
Interest expense paid, net	(85)	(123)
Income taxes paid, net of refunds	(115)	(273)
Share-based compensation	(23)	16
Restructuring (disbursements) net of restructuring costs	(7)	(28)
Other	-	(3)
Free Cash Flow	**271**	**108**
Spectrum	(302)	-
Purchase of Common Shares for cancellation	(156)	(60)
Dividends paid to holders of equity shares	(244)	(263)
Real estate joint ventures	(7)	(12)
Working Capital and Other	(179)	(193)
Funds available for debt redemption	**(617)**	**(420)**
Net issuance of debt	2,136	675
Increase in cash	**1,519**	**255**

Appendix - definitions

- EBITDA does not have any standardized meaning prescribed by IFRS-IASB. We have issued guidance on and report EBITDA because it is a key measure used to evaluate performance at a consolidated level and the contribution of our two segments. For definition and explanation, see Section 11.1 in the 2016 first quarter Management's discussion and analysis.
- Adjusted basic EPS does not have any standardized meaning prescribed by IFRS-IASB. This term is defined in this presentation as excluding (after income taxes), restructuring and other costs. For further analysis of Adjusted basic EPS see Section 1.3 in the 2016 first quarter Management's discussion and analysis.