Q3 2016 investor conference call
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TELUS®

Forward looking statement

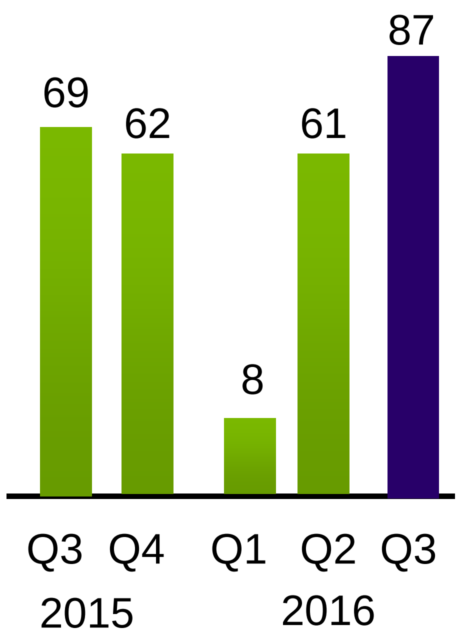
Today's presentation and answers to questions contain statements about financial and operating performance of TELUS (the Company) and future events, including with respect to future dividend increases and normal course issuer bids through 2019, the 2016 annual targets and guidance that are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and predictions and are subject to inherent risks and uncertainties. There 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, second and third 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.

Strong wireless and wireline results supported by customer service excellence

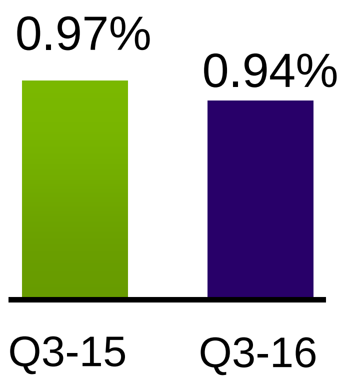
- Executing strategy to deliver strong quarterly results
- Investing for sustainable long-term future growth
- Delivering on shareholder friendly initiatives
- Progressing our customer service commitment

Wireless postpaid subscriber trends

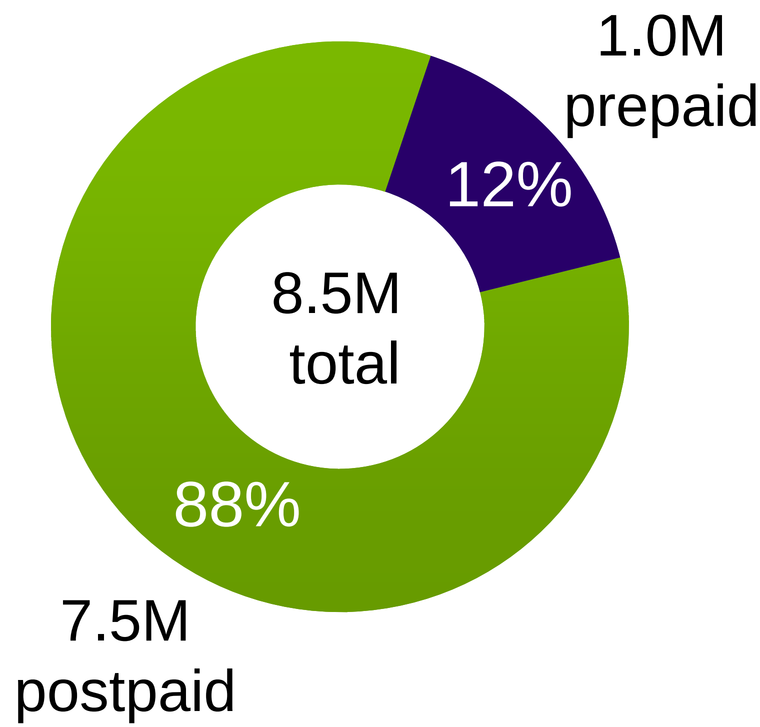
Postpaid
net adds
(000s)



Postpaid
churn rate

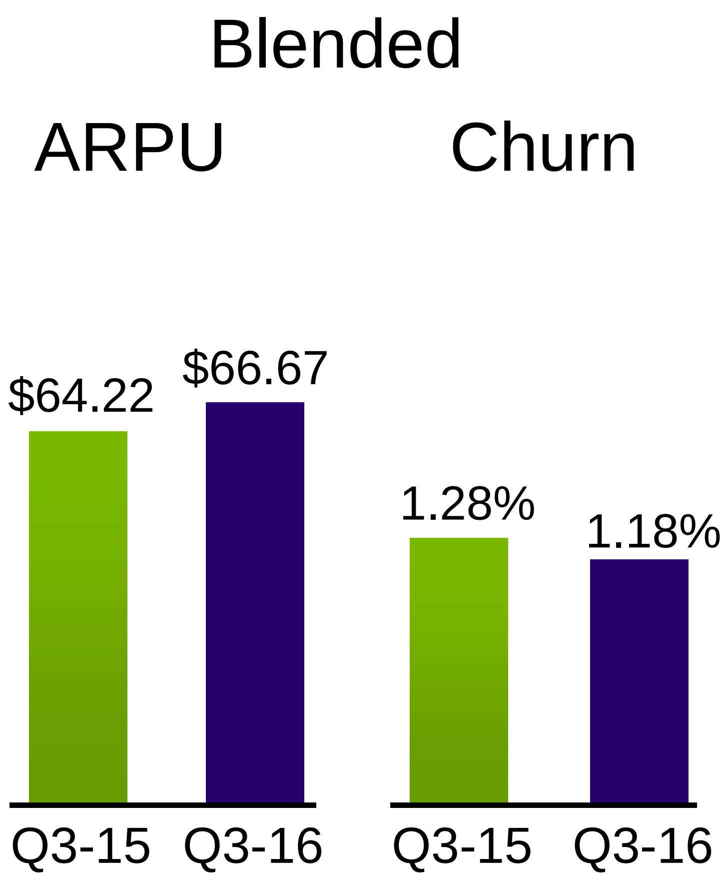


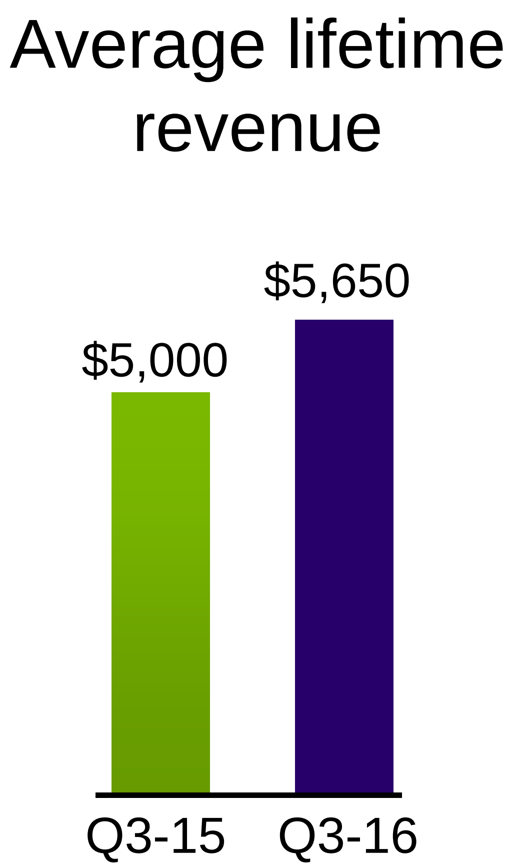
Wireless
subscribers



Operating momentum continues with strong postpaid adds
Industry-leading postpaid churn of 0.94%

Industry-leading wireless lifetime revenue per sub

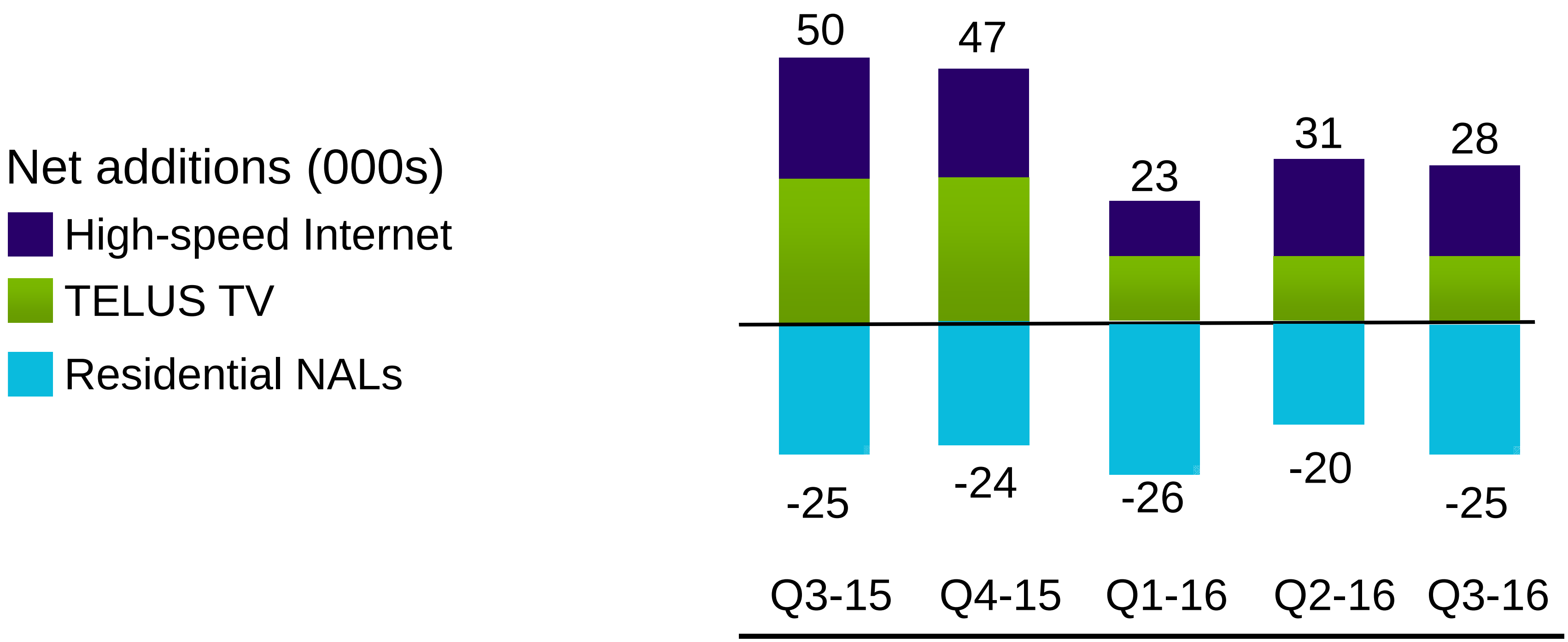




[1] Lifetime revenue derived by dividing ARPU by blended churn rate.

Continued focus on high-quality postpaid subscriber growth delivering leading lifetime revenue per subscriber

Wireline subscriber trends



	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16
Net wireline additions	25	23	(3)	11	3

Positive wireline net adds despite heightened competitive intensity in Western Canada and weak AB economy

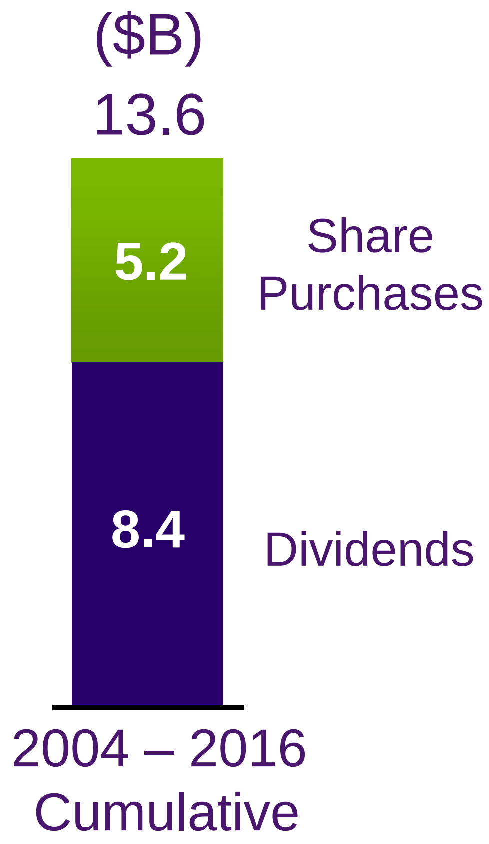
Returning significant cash to shareholders

2011 through 2016

- 12 dividend increases to $1.92 annualized, up 83% since 2011
- Purchased 66 million shares for $2.4 billion

Since 2004

- 19 dividend increases from 2004 through 2016
- Purchased 185 million shares for $5.2 billion
- Returned $13.6 billion or $23 per share



Consistent track record of growth
while returning capital to shareholders

Third quarter 2016 wireless financial results

($ millions, except margin)	Q3 2016	y/y change
Revenue (external)	1,818	+2.9%
Network revenue	1,679	+4.9%
EBITDA[1]	759	+6.2%
Adjusted EBITDA[1]	773	+6.1%
EBITDA margin[2]	41.4%	+1.3 pts
Adjusted EBITDA margin[2]	42.3%	+1.4 pts
Capital expenditures	295	+41%

[1] EBITDA and Adjusted EBITDA are non-GAAP measures and do not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definitions.
[2] As a percentage of total revenue.

EBITDA driven by strong network revenue gains from higher ARPU and customer growth while cost savings offset higher acquisition & retention spending

Third quarter 2016 wireline financial results

($ millions, except margin)	Q3 2016	y/y change
Revenue (external)[1]	1,420	+2.3%
EBITDA[1]	372	+5.1%
Adjusted EBITDA[1]	408	+4.2%
EBITDA margin[2]	25.3%	+0.6 pts
Adjusted EBITDA margin[2]	27.8%	+0.5 pts
Capital expenditures	492	+19%

[1] EBITDA and Adjusted EBITDA are non-GAAP measures and do not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definitions.
[2] As a percentage of total revenue.

EBITDA growth reflects improving margins in growing data services as well as operational efficiency & effectiveness programs

Third quarter 2016 consolidated financial results

($ millions, except EPS)	Q3 2016	y/y change
Revenue	3,238	+2.6%
EBITDA[1]	1,131	+5.8%
EBITDA (adjusted) [1]	1,181	+5.5%
EPS (basic)	0.59	(3.3)%
Adjusted basic EPS[1]	0.65	(1.5)%
Capital expenditures	787	26%
Free cash flow	98	(68)%

[1] EBITDA, adjusted EBITDA and adjusted basic EPS are non-GAAP measures and do not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definitions.

Profitable consolidated growth driven by revenue gains and continued cost efficiency

2016 outlook

($ millions, except EPS)	2016 guidance[1]	y/y change
Revenue	12,775 to 12,875	+2.2 to 3.0%
EBITDA[2, 3]	4,650 to 4,755	+3.6 to 6.0%
EPS (basic)[3]	2.40 to 2.56	+ 5 to 12%
Capital expenditures	Approx. 2,850	+10%

[1] As updated on August 5, 2016
[2] EBITDA excluding restructuring and other costs. EBITDA is a non-GAAP measure and does not have any standardized meaning prescribed by IFRS-IASB. Please see the appendix for the definitions.
3 EBITDA and EPS (basic) exclude lump sum compensation expense expected in Q4-16.

Strong momentum positions us to achieve 2016 guidance

Questions?

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Appendix – Q3 2016 EPS analysis

Basic EPS as reported (Q3 2015)	**$0.61**
Restructuring and other costs	0.06
Favourable income-tax adjustments	(0.01)
Adjusted basic EPS (Q3 2015)	**$0.66**
Higher EBITDA excluding restructuring and other costs	0.08
Lower shares outstanding from NCIB	0.01
Higher depreciation and amortization and other	(0.05)
Higher financing costs	(0.04)
Non-controlling interest	(0.01)
Adjusted basic EPS (Q3 2016)	**$0.65**
Restructuring and other costs	(0.08)
Net gains and equity income from real estate joint ventures	0.01
Favourable income-tax adjustments	0.01
Basic EPS as reported (Q3 2016)	**$0.59**

Appendix - free cash flow comparison

	Q3-2015	Q3-2016	YTD-2015	YTD-2016
EBITDA	1,068	1,131	3,284	3,460
Capital expenditures (excluding spectrum licenses)	(623)	(787)	(1,922)	(2,174)
Net employee defined benefit plans expense	27	23	81	67
Employer contributions to employee defined benefit plans	(20)	(14)	(68)	(53)
Interest paid, net	(115)	(132)	(326)	(386)
Income taxes paid, net of refunds	(71)	(148)	(249)	(571)
Share-based compensation	38	27	40	65
Restructuring (disbursements) net of restructuring costs	6	12	41	(27)
Gain on the exchange of wireless spectrum licences	-	-	-	(15)
Net gains and equity income from real estate joint ventures	-	(10)	-	(19)
Gains from the sale of property, plant and equipment	-	(4)	-	(15)
Free Cash Flow	**310**	**98**	**881**	**332**
Spectrum	(12)	-	(2,002)	(145)
Issue of shares by subsidiary to non-controlling interest	-	(1)	-	291
Purchase of Common Shares for cancellation	(140)	(19)	(402)	(140)
Dividends paid to holders of Common Shares	(253)	(274)	(740)	(798)
Cash payments for acquisitions and related investments	(5)	(14)	(10)	(16)
Real estate joint ventures	81	45	59	63
Working Capital and Other	102	217	(103)	163
Funds available for debt redemption	**83**	**52**	**(2,317)**	**(250)**
Net issuance of debt	(19)	(70)	2,398	437
Increase (decrease) in cash	**64**	**(18)**	**81**	**187**

Appendix - definitions

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

- 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 third quarter Management's discussion and analysis.
- Adjusted EBITDA for the third quarter of 2016 excludes:1) net gains and equity income of $10 million related to real estate joint venture developments; and 2) restructuring and other costs of $60 million.
- 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), 1) net gains and equity income from real estate joint venture developments in the third quarter of 2016; 2) restructuring and other costs in the third quarter of 2016 and 2015; and 3) favourable income tax-related adjustments in the third quarter of 2016 and 2015. For further analysis see Section 1.3 in the 2016 third quarter Management's discussion and analysis.