TELUS


# **stronger**together

Q1 2018 investor conference call
May 10, 2018

# Caution regarding forward looking statements

This presentation and answers to questions contain forward-looking statements about our objectives and our strategies to achieve those objectives, including relating to our 2018 targets, outlook and assumptions, multi-year dividend growth, fibre network and other capital investments, leverage ratios, and the performance of TELUS. By their nature, forward-looking statements do not refer to historical facts and require the Company to make assumptions and predictions, and are subject to inherent risks. There is significant risk that the forward-looking statements will not prove to be accurate. There can be no assurances that TELUS will meet its 2018 targets and outlook, or that TELUS will maintain its multi-year dividend growth program. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors (such as competition, technological substitution, regulatory developments, government decisions, economic performance in Canada, our cost reduction initiatives, our earnings and free cash flow, our capital expenditures and decisions regarding our dividend) could cause actual future performance and events to differ materially from those expressed in the forward-looking statements. Accordingly, all forward-looking statements made today are subject to the disclaimer and qualified by the assumptions (including assumptions for the 2018 annual targets and guidance, and semi-annual dividend increases through 2019), qualifications and risk factors as set out in the first quarter of 2018 Management's discussion and analysis and in the 2017 annual MD&A, especially Sections 9 and 10, 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 robust shareholder returns

- Continuing our wireless momentum
- Enhancing our operational effectiveness
- Driving continued profitable revenue and customer growth
- Investing for future growth

# Generating solid wireless results

| +48,000 | 0.95% | $66.51 |
|---|---|---|
| Postpaid net adds | Postpaid churn | Blended ABPU* |
| +9.1% y/y | +2bps y/y | +1.5% y/y |

* Average billing per user per month (ABPU)

Strong wireless results in expanding wireless market

# Leading wireline customer performance

| | | |
|---|---|---|
| 22,000 | 6,000 | 12,000 |
| high-speed Internet net adds (2,000) y/y | new TV customers (1,000) y/y | new wireline RGUs +4,000 y/y |

Delivering positive wireline net additions reflecting expanding Pure Fibre footprint

# Continuing our impressive dividend growth

- Our 15th dividend increase since May 2011 to $2.10 annualized
- Dividend up 100% since multi-year dividend growth program announced in May 2011
- Returning $598 million in dividends in first four months of 2018

| +7% | $2.10 |
|---|---|
| Dividend growth | Annualized dividend |

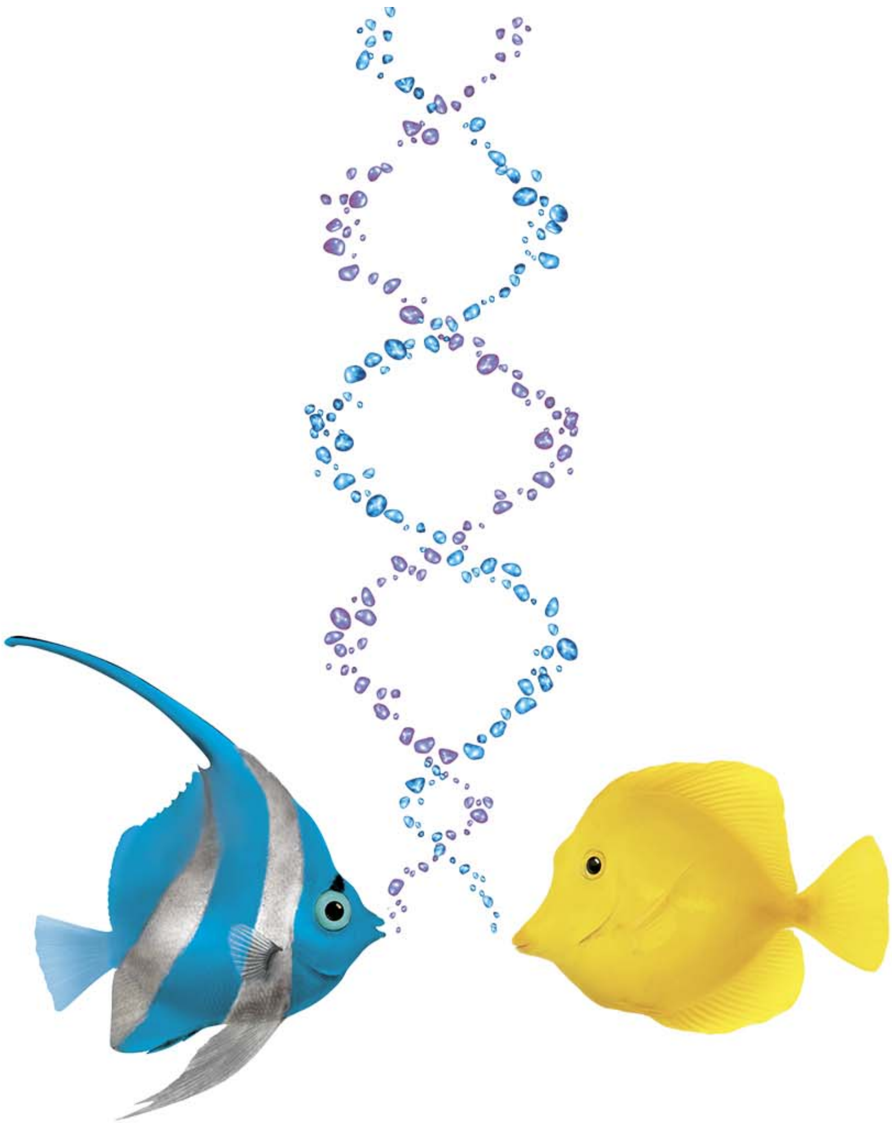
**Consistent track record of delivering on our multi-year dividend growth program**

# Returning capital to shareholders

| | |
|---|---|
| $10.2 billion | $15.4 billion |
| Dividends paid | Total capital returned |

$15.4 billion returned to shareholders since 2004, representing $26 per share

# First quarter 2018 financial results



# First quarter 2018 wireless results

| +4.0% | +15.8% | +6.0% |
|---|---|---|
| Network revenue | Equipment revenue | Adjusted EBITDA |
| $1,472 million | $411 million | $846 million |

Delivering strong results in a dynamic competitive environment

# First quarter 2018 wireline results

| +5.4% | +9.8% | +3.7% |
|---|---|---|
| Revenue (external) | Data services revenue | Adjusted EBITDA |
| $1,487 million | $1,089 million | $457 million |

Leading wireline growth reflecting diversified asset base focused on growth services

# First quarter 2018 consolidated results

| +6.0% | +5.2% | 104% |
|---|---|---|
| Revenue | Adjusted EBITDA | Free cash flow |
| $3,377 million | $1,303 million | $443 million |

Expanding free cash flow reflecting strong profitable growth and lower capital investments

# First quarter 2018 consolidated results

| $0.69 | $0.73 |
|---|---|
| basic EPS | adjusted EPS |
| (1.4%) y/y | +2.8% y/y |

Higher operating income partly offset
by higher financing and depreciation costs

# Investing for future growth

$650 million

consolidated capex
(10.2%) y/y

- 1.54 million TELUS PureFibre premises
- Surpassed 50% fibre-optic coverage milestone
- 4G LTE to 99%, LTE-A to 88% of Canadians

Balanced investments to deliver sustainable future growth

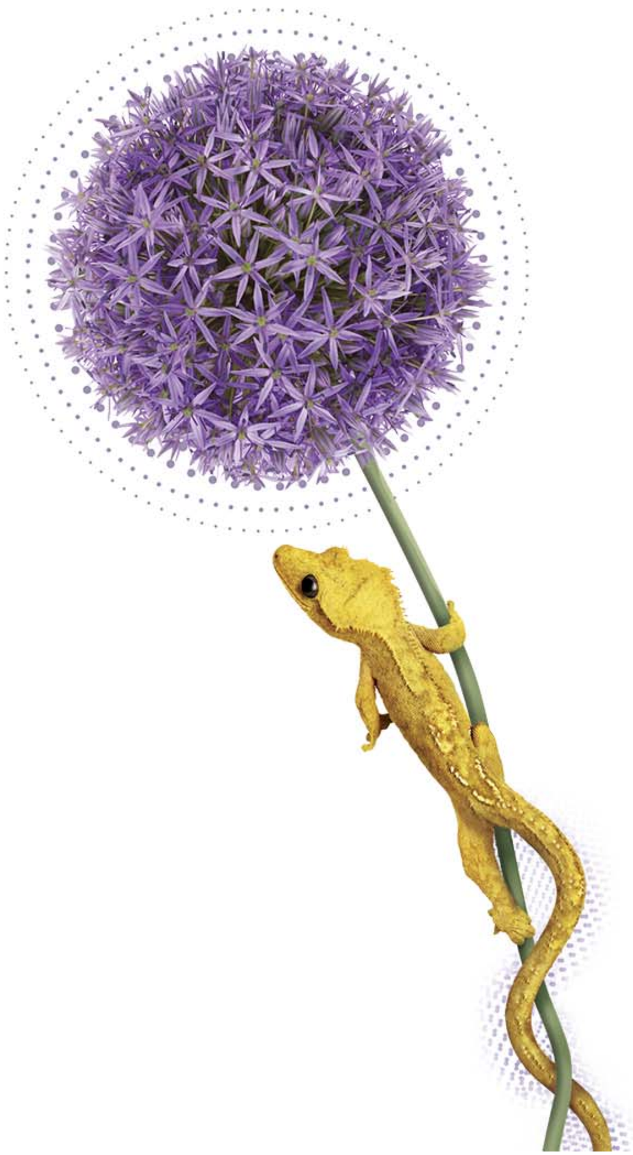
# Targeting strong growth in 2018

| | 2018 Targets (Confirmed Pre-IFRS 15) | = | 2018 Targets (Post IFRS 15) |
|---|---|---|---|
| Revenue | 4 to 6% | | 4 to 6% |
| Adjusted EBITDA[1] | 4 to 7% | | 3 to 6% |
| Basic EPS | 3 to 9% | | Up to 6% |
| Capital expenditures[2] | Approx. $2.85 billion | | Approx. $2.85 billion (no change) |

1) Adjusted EBITDA for all periods excludes the following: restructuring and other costs, and net gains and equity income or net losses and equity losses related to real estate joint venture developments. Adjusted EBITDA for 2017 excludes the MTS net recovery. 2018 total restructuring and others costs are expected to be approximately $135 million, as compared to $139 million in 2017.
2) Capital expenditure targets and results exclude expenditures for spectrum licences.

Free cash flow not impacted under IFRS 15
FCF outlook of $1.3 to $1.4 billion in 2018; up more than 37%

# Questions?



Investor relations
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# 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 2018 first quarter Management's discussion and analysis.
- Adjusted EBITDA for the first quarter excludes restructuring and other costs
- Adjusted basic EPS does not have any standardized meaning prescribed by IFRS-IASB. This term is defined in this presentation as excluding from basic EPS (after income taxes) restructuring and other costs. For further analysis of adjusted net income and adjusted basic EPS, see Section 1.3 in the 2018 first quarter Management's discussion and analysis and the EPS analysis in the appendix of this presentation.

# Appendix – Q1 2018 EPS analysis

| | |
|---|---|
| **Basic EPS as reported (Q1 2017)** | **$0.70** |
| Restructuring and other costs | 0.01 |
| **Adjusted basic EPS (Q1 2017)** | **$0.71** |
| Higher EBITDA excluding restructuring and other costs | 0.08 |
| Higher depreciation and amortization and other | (0.02) |
| Income tax-related adjustments | (0.02) |
| Higher financing costs | (0.02) |
| **Adjusted basic EPS (Q1 2018)** | **$0.73** |
| Restructuring and other costs | (0.04) |
| **Basic EPS as reported (Q1 2018)** | **$0.69** |

# Appendix – free cash flow

| C$ millions | 2017 Q1 | 2018 Q1 |
|---|---|---|
| EBITDA | 1,235 | 1,269 |
| Capital expenditures (excluding spectrum licenses) | (724) | (650) |
| Net employee defined benefit plans expense | 21 | 25 |
| Employer contributions to employee defined benefit plans | (22) | (21) |
| Interest paid, net | (142) | (148) |
| Income taxes paid, net of refunds | (146) | (56) |
| Share-based compensation | 16 | 18 |
| Restructuring and other costs, net of disbursements | (46) | (4) |
| Effect of contract asset, acquisition and fulfilment | 26 | 18 |
| Other | (1) | (8) |
| **Free Cash Flow** | **217** | **443** |
| Issue of shares by subsidiary to non-controlling interest | - | 24 |
| Dividends paid to holders of Common Shares | (284) | (279) |
| Cash payments for acquisitions and related investments | (12) | (204) |
| Real estate joint ventures | (2) | (5) |
| Working Capital and Other | (326) | (333) |
| **Funds available for debt redemption** | **(407)** | **(354)** |
| Net issuance of debt | 769 | 260 |
| **Increase (decrease) in cash** | **362** | **(94)** |

# Appendix – reconciliation of IFRS 15 impacts

**EBITDA – Reconciliation of consolidated IFRS 15 impacts**

| Three-month periods ended March 31 ($ millions) | **2018** | 2017 | Change |
|---|---|---|---|
| EBITDA | **1,269** | 1,235 | 2.7 % |
| Effects of contract asset, acquisition and fulfilment | **18** | 26 | |
| EBITDA – excluding IFRS 15 impacts | **1,287** | 1,261 | 2.1 % |
| Add back restructuring and other costs – excluding IFRS 15 impacts | **38** | 4 | |
| Adjusted EBITDA – excluding IFRS 15 impacts | **1,325** | 1,265 | 4.7 % |

**EBITDA – Wireless segment - Reconciliation of IFRS 15 impacts**

| Three-month periods ended March 31 ($ millions) | **2018** | 2017 | Change |
|---|---|---|---|
| EBITDA | **836** | 797 | 4.9 % |
| Effects of contract asset, acquisition and fulfilment | **15** | 23 | |
| EBITDA – excluding IFRS 15 impacts | **851** | 820 | 3.8 % |
| Add back restructuring and other costs – excluding IFRS 15 impacts | **14** | 1 | |
| Adjusted EBITDA – excluding IFRS 15 impacts | **865** | 821 | 5.2 % |

**EBITDA – Wireline segment - Reconciliation of IFRS 15 impacts**

| Three-month periods ended March 31 ($ millions) | **2018** | 2017 | Change |
|---|---|---|---|
| EBITDA | **433** | 438 | (1.2)% |
| Effects of contract asset, acquisition and fulfilment | **3** | 3 | |
| EBITDA – excluding IFRS 15 impacts | **436** | 441 | (1.1)% |
| Add back restructuring and other costs – excluding IFRS 15 impacts | **24** | 3 | |
| Adjusted EBITDA – excluding IFRS 15 impacts | **460** | 444 | 3.7 % |