TELUS

rising above

Q4 2017 and 2018 targets investor conference call
February 8, 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 fourth quarter Management's review of operations 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.

Building outstanding value for our investors

- Continuing strong execution & operating momentum
- Returning significant capital to shareholders
- Investing for future growth
- Setting solid 2018 targets reflecting diversity of assets

Continuing our wireless momentum

121,000
postpaid net adds

0.99%
postpaid churn

$67.27
blended ARPU up 1.6%

Continuing to deliver strong wireless results underpinned by customer service excellence and leading wireless networks

Profitable wireline customer growth

21,000
high-speed Internet net adds

14,000
new TV customers

21,000
new wireline RGUs

Generating profitable customer growth in competitive Western Canada market

Delivering strong 2017 wireless results

Attracting and retaining high-quality customers to support future revenue and profitability

Delivering on our multi-year program

Returned $1.1 billion in 2017 and $15.1 billion since 2004, representing $25 per share

Fourth quarter 2017 financial results

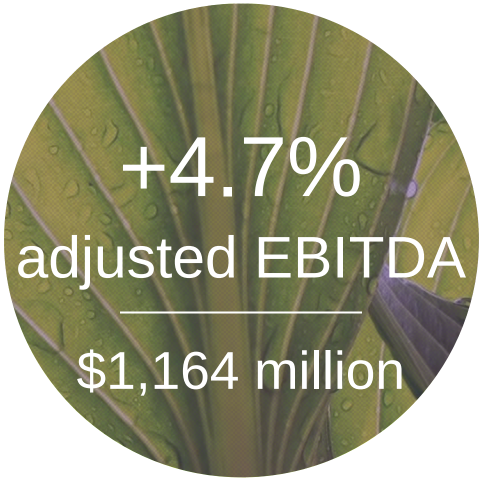
Fourth quarter 2017 wireless results

Results driven by strong postpaid subscriber growth and higher ARPU on growing usage

Fourth quarter 2017 wireline results

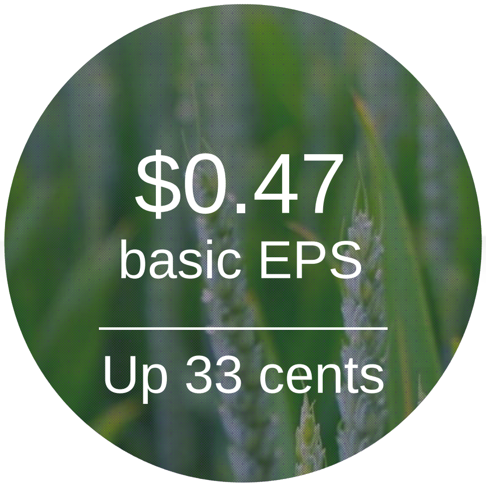
Adjusted EBITDA margins up 60 basis points to 29.1%
Delivering EBITDA growth for 21 consecutive quarters

Fourth quarter 2017 consolidated results



Growth in wireless and wireline data
augmented by continued focus on cost efficiency

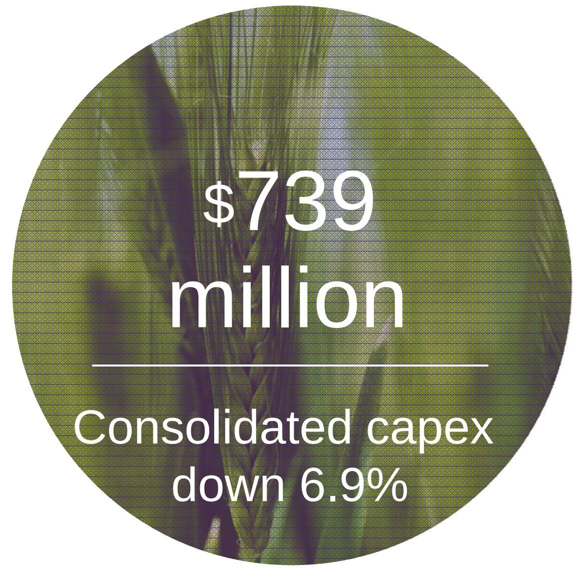
Fourth quarter 2017 consolidated results



Higher EPS reflects growth in EBITDA offset by higher depreciation and financing costs

Investing for future growth

- 1.44 million TELUS PureFibre premises (~48% of current Optik footprint)
- 4G LTE to 99%, LTE-A to 88% of Canadians



Free cash flow of $274 million on higher EBITDA and lower capital expenditures

2018 consolidated targets

2018 consolidated targets

	2018 targets[1]	y/y change
Revenue	$13.835 to 14.100 billion	+ 4.0 to 6.0%
Adjusted EBITDA[2]	$5.105 to 5.230 billion	+ 4.0 to 7.0%
EPS (basic)	$2.53 to 2.68	+ 3.0 to 9.0%
Capital expenditures[3]	Approx. $2.85 billion	-

1) 2018 targets exclude the impact of certain accounting policy developments, including IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers. Targets for 2018 will be updated to reflect the new accounting standards in May 2018 with the release of our Q1 2018 results.
2) Adjusted EBITDA for 2018 excludes restructuring and other costs. Adjusted EBITDA for 2017 excludes net gains and equity income or net losses and equity losses related to real estate joint venture developments and excludes the MTS net recovery. In 2018, total restructuring and others costs are expected to be approximately $135 million, as compared to $139 million in 2017.
3) Capital expenditure targets and results exclude expenditures for spectrum licences.

Strong 2018 targets reflect dual tenet growth strategy and ongoing focus on operational effectiveness

Questions?

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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 3.1 in the 2017 fourth quarter Management's review of operations.
- Adjusted EBITDA for the fourth quarter excludes 1) restructuring and other costs; 2) net losses and equity losses (net gains and equity income) from real estate joint venture developments; and 3) the MTS net recovery.
- 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): 1) restructuring and other costs; 2) net losses and equity losses (net gains and equity income) from real estate joint venture developments; 3) unfavourable (favourable) income tax-related adjustments; and 4) the MTS net recovery. For further analysis of adjusted net income and adjusted basic EPS, see Section 1.2 in the 2017 fourth quarter Management's review of operations and the EPS analysis in the appendix of this presentation.

Appendix – Q4 2017 EPS analysis

Basic EPS as reported (Q4 2016)	**$0.14**
Restructuring and other costs	0.43
Favourable income tax-related adjustments	(0.03)
Net gains from real estate developments	(0.01)
Adjusted basic EPS (Q4 2016)	**$0.53**
Higher Adjusted EBITDA	0.08
Higher depreciation and amortization	(0.05)
Higher financing costs and non-controlling interest	(0.01)
Adjusted basic EPS (Q4 2017)	**$0.55**
Restructuring and other costs	(0.08)
Unfavourable income tax-related adjustments	0.04
MTS net recovery	(0.04)
Basic EPS as reported (Q4 2017)	**$0.47**

Appendix – free cash flow ($M)

	Q4-2016	Q4-2017	2016	2017
EBITDA	769	1,123	4,229	4,774
Capital expenditures (excluding spectrum licenses)	(794)	(739)	(2,968)	(3,094)
Net employee defined benefit plans expense	26	21	93	82
Employer contributions to employee defined benefit plans	(18)	(15)	(71)	(67)
Interest paid, net of interest received	(120)	(121)	(506)	(532)
Income taxes paid, net of refunds	(29)	8	(600)	(191)
Share-based compensation	(67)	(44)	(2)	17
Restructuring and other costs, net of disbursements	51	43	24	(21)
Gain on the exchange of wireless spectrum licences	-	-	(15)	-
Net gains and equity income from real estate joint venture developments	(7)	2	(26)	(1)
Gains from the sale of property, plant and equipment	(2)	(4)	(17)	(1)
Free Cash Flow	**(191)**	**274**	**141**	**966**
Spectrum	-	-	(145)	
Issue of shares by subsidiary to non-controlling interest	-	(1)	294	(1)
Purchase of Common Shares for cancellation	(39)	-	(179)	-
Dividends paid to holders of Common Shares	(272)	(269)	(1,070)	(1,082)
Cash payments for acquisitions and related investments	(74)	(4)	(90)	(564)
Real estate joint ventures	7	(7)	70	(8)
Working Capital and Other	145	(18)	305	(99)
Funds available for debt redemption	**(424)**	**(25)**	**(674)**	**(788)**
Net issuance of debt	446	46	883	865
Increase (decrease) in cash	**22**	**21**	**209**	**77**

Appendix – free cash flow walk down ($M)

	2017	2018E
EBITDA	$4,774	$4,970 to 5,095
Capex (excluding spectrum and acquisitions)	(3,094)	~(2,850)
Simple Cash flow	**1,680**	**2,120 to 2,245**
Net cash interest payment	(532)	~(565)
Other[1]	76	~35
Free Cash Flow (before income taxes, dividends, spectrum and pension contributions)	**1,224**	**1,590 to 1,715**
Net cash tax payment[2]	(191)	(170) to (230)
Cash pension contribution	(67)	~(65)
Free Cash Flow (before dividends)[3]	**966**	**1,325 to 1,450**

[1] Other includes share based compensation, restructuring and other costs, net of disbursements, employee defined benefit plans expense and other items.

[2] Midpoint used to calculate free cash flow range.

[3] Free cash flow excludes cash outlays for spectrum and acquisitions. This range is based on the 2018 targets subject to the same assumptions.