

A photograph of a field of purple tulips under a bright sky. The tulips are in various stages of bloom, with some in sharp focus and others blurred in the background. The overall tone is soft and natural.

# LEADING THE WORLD IN **SOCIAL** **CAPITALISM**

*Q3 2020 investor conference call  
November 6, 2020*

 **TELUS**

# 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, our targets, including our ability to achieve flat EBITDA growth for 2020 as well as annual free cash flow at the lower end of our original target range, outlook, updates, our plans and expectations regarding the impact of the COVID-19 pandemic and responses to it, our multi-year dividend growth plan, 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. Readers and listeners of this presentation are cautioned not to place undue reliance on forward-looking statements as a number of factors (such as regulatory developments and government decisions, competition, technological substitution, economic performance in Canada, our cost reduction and margin enhancing initiatives, our earnings and free cash flow, our capital expenditures, decisions regarding our dividend, and the still developing impact of the COVID-19 pandemic on our network, technology, infrastructure, team members, operations, and supply chain) 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 cautionary note and qualified by the qualifications and risk factors as set out in our third quarter 2020 Management's discussion and analysis and in 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)) and based on our current assumption that the reopening of the Canadian economy will continue as it has begun in the second quarter of 2020 and that there will not be a material worsening of the pandemic in the United States or internationally that would have a significant impact on our business or customers. 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. The forward-looking statements in this presentation are presented for the purpose of assisting our investors and others in understanding certain key elements of our objectives, strategic priorities and business outlook. Such information may not be appropriate for other purposes.

# Delivering strong operational and financial results

- Leading performance culture underpinned by our highly engaged team
- Leveraging our strong digital capabilities to drive leading customer growth
- Delivering premium customer experiences over our world-leading networks
- Returning capital to our shareholders through our leading dividend growth program
- Maintaining opportunistically our strong balance sheet and liquidity position
- Unwavering commitment to improving outcomes for our fellow citizens



# Operating results

# Q3 2020 Wireless results



**+198,000**

Total wireless  
net adds  
+5,000 y/y

**\$58.54**

Mobile phone  
ARPU  
(5.0%) y/y

**0.99%**

Mobile phone  
churn  
10 bps y/y

Leveraged our strong digital capabilities and our characteristic resiliency to achieve strong results despite the uncertain environment

# Q3 2020 Wireline results



**+50,000**

Internet  
net adds

+18,000 y/y

**+19,000**

TV  
net adds

unchanged y/y

**+18,000**

Security  
net adds

+4,000 y/y

**+79,000**

Total wireline  
net adds

+26,000 y/y

Our premium, diversified, and evolving product portfolio continues to drive industry-leading customer growth

# Investing in our leading broadband network

- Approx. 2.41 million premises now have immediate access to our PureFibre network, up 270,000 over Q3-19
- 78% PureFibre coverage of our high-speed broadband footprint
- LTE covering 99% of Canadians, LTE-A covering 97% of Canadians

**\$741  
million**

consolidated capex  
(0.9%) y/y



# Returning capital to shareholders



**\$13.6  
billion**

Dividends paid

**\$18.8  
billion**

Total capital returned

**\$1.245  
+6.8% y/y**

Annualized dividend

\$19 billion returned to shareholders since 2004,  
representing nearly \$15 per share





# Financial results

## COVID-19 Financial Impacts

*The COVID-19 pandemic continued to have a pervasive global impact in the third quarter of 2020. We identified various cost savings and margin-enhancing initiatives to mitigate the impacts, including realizing nearly 90% of our \$250 million target.*

*The following table outlines the estimated net impact on our financial results:*

<i>Three months ended September 30, 2020</i>	
	<b>Estimated EBITDA impacts \$ millions</b>
Roaming revenue margin	(62)
Wireline B2B	(20)
TELUS International and TELUS Health	(11)
Customer-friendly initiatives	(22)
Savings and margin opportunities, net of other impacts	34
<b>Total estimated COVID-19 impact</b>	<b>(81)</b>



# Q3 2020 Wireless results



**0.0%**

Revenue  
(external)

\$2,085 million

**(2.9%)**

Network  
revenue

\$1,532 million

**(1.6%)**

Adjusted  
EBITDA

\$961 million

Our consistent focus on profitable loading, alongside our cost efficiency initiatives, helped mitigate the persisting impacts of the pandemic

# Q3 2020 Wireline results



**+17.7%**

Revenue  
(external)

\$1,896 million

**+23.0%**

Data services  
revenue

\$1,557 million

**+1.6%**

Adjusted  
EBITDA

\$495 million

Delivered robust wireline financial results driven by our consistent customer growth and diversified asset mix

# Q3 2020 Consolidated results



**+7.7%**

Revenue  
(external)

\$3,981 million

**(0.6%)**

Adjusted  
EBITDA

\$1,456 million

**(49.7%)**

Free  
cash flow

\$161 million

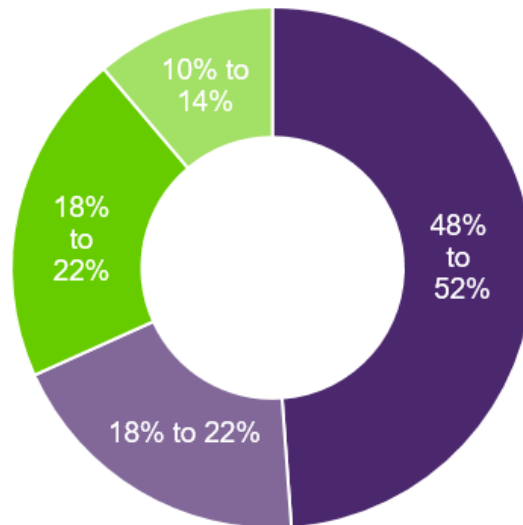
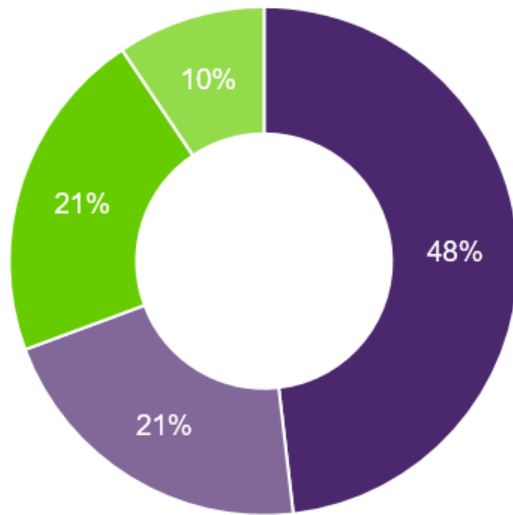
Consolidated results are reflective of our team's resiliency and adaptability in a challenging and rapidly changing environment

# Capital spend driving strong success



Q3 2020 YTD Actuals - \$2.16B

2021 Outlook - Approx. \$2.75B



- Broadband Network Build and Reliability
- Success Based Capital (e.g. RGU growth)
- Product Development and System Enhancements
- Strategic Growth Areas, incl. TI, Health, Agriculture

# Strong liquidity position during times of uncertainty

*Successful \$500 million debt offering issued in October enhances our strong balance sheet and liquidity*

**\$2.84 billion total available liquidity**

- \$621M in cash and temporary investments, net
- \$2.25B committed credit facility (expires May 2023)
- \$500M securitization trust (expires Dec 2021)
- No TELUS Corporation Notes maturing until 2022
- Ready access to capital markets
- Weighted average cost of long-term debt of 3.85%
- Average long-term debt term to maturity of 12.7 years





# Questions?

Investor relations

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## Appendix – Q3 2020 EPS summary

<b>Basic EPS (Q3 2019)</b>	<b>\$0.36</b>
Restructuring and other costs	\$0.02
Favourable income tax adjustments	(\$0.01)
Long-term debt prepayment premium	\$0.02
<b>Adjusted basic EPS (Q3 2019)</b>	<b>\$0.39</b>
Higher depreciation and amortization	(\$0.08)
Other	(\$0.03)
<b>Adjusted basic EPS (Q3 2020)</b>	<b>\$0.28</b>
Restructuring and other costs	(\$0.03)
Lease-up period and other equity losses related to real estate joint ventures	(\$0.01)
<b>Basic EPS (Q3 2020)</b>	<b>\$0.24</b>

Adjusted EPS of \$0.33 when excluding COVID-19 related impacts

## Appendix – free cash flow continuity (\$M)

C\$ millions	2019 Q3	2020 Q3	2019 Q3 YTD	2020 Q3 YTD
EBITDA	1,434	1,390	4,186	4,158
Restructuring and other costs, net of disbursements	(3)	(5)	(35)	21
Effect of contract asset, acquisition and fulfilment (IFRS 15 impact) and TELUS Easy Payment device financing	(31)	(59)	22	155
Effects of lease principal (IFRS 16 impact)	(62)	(90)	(214)	(255)
Leases formerly accounted for as finance leases (IFRS 16 impact)	13	16	39	70
Non-cash gains from the sale of property, plant, and equipment	(3)	(1)	(13)	(3)
Items from the condensed interim consolidated statements of cash flows:				
Share-based compensation, net	14	25	53	89
Net employee defined benefit plans expense	20	25	59	77
Employer contributions to employee defined benefit plans	(11)	(10)	(39)	(37)
Interest paid, net	(206)	(191)	(527)	(561)
Capital expenditures (excluding spectrum licenses)	(748)	(741)	(2,164)	(2,162)
Free cash flow before income taxes	417	359	1,367	1,552
Income taxes paid, net of refunds	(97)	(198)	(570)	(335)
<b>Free Cash Flow</b>	<b>320</b>	<b>161</b>	<b>797</b>	<b>1,217</b>
Spectrum	(11)	-	(942)	-
Issue of shares by subsidiary to non controlling Interest	-	-	-	209
Common shares Issued	-	-	-	1,495
Dividends paid to holders of common shares	(316)	(232)	(926)	(694)
Cash payments for acquisitions and related investments	(160)	(549)	(348)	(1,760)
Real estate joint ventures	(9)	(7)	(24)	(92)
Working capital and other	131	121	147	145
<b>Funds available for debt redemption</b>	<b>(45)</b>	<b>(506)</b>	<b>(1,296)</b>	<b>520</b>
Net issuance of debt	198	156	1,252	(434)
<b>Increase (decrease) in cash</b>	<b>153</b>	<b>(350)</b>	<b>(44)</b>	<b>86</b>

## 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 is a non-GAAP measure and does not have any standardized meaning prescribed by IFRS-IASB. We issue guidance on and report EBITDA because it is a key measure used to evaluate performance. For further definition and explanation of this measure, see 'Non-GAAP and other financial measures' in our third quarter 2020 news release.
- Adjusted EBITDA for all periods excludes restructuring and other costs. Adjusted EBITDA for the third quarter of 2020 and first nine months of 2020 excludes a retirement of a provision arising from business acquisition-related written put options within TELUS International (TI) as well as lease-up period and other equity losses related to real estate joint ventures.
- Adjusted basic EPS is a non-GAAP measure and does not have any standardized meaning prescribed by IFRS-IASB. This term is defined in this presentation as excluding the effects of restructuring and other costs, income tax-related adjustments, lease-up period and other equity losses related to real estate joint ventures, long-term debt prepayment premium and a gain on a retirement of a provision arising from business acquisition-related written put options within TI. For further analysis of adjusted basic EPS, see 'Non-GAAP and other financial measures' in our third quarter 2020 news release.
- Free cash flow is a non-GAAP measure and does not have any standardized meaning prescribed by IFRS-IASB, and there is no generally accepted industry definition of free cash flow. For further definition and explanation of this measure, see 'Non-GAAP and other financial measures' in our third quarter 2020 news release.