



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

*Q1 2020 investor conference call
May 7, 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, including statements relating to 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 assumptions, qualifications and risk factors as set out in our first quarter 2020 Management's discussion and analysis (MD&A) and in our 2019 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. 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 on our long-standing strategy

- Ensuring safety of our team members and customers
- Connecting Canadians on our world-leading network
- Supporting our customers and communities
- Leveraging TELUS Health to support better health outcomes
- Recognizing future opportunities arising from challenges
- Establishing strong liquidity and cash positions
- Delivering strong financial and operational results
- Returning capital to shareholders

Future opportunities arising from current challenges



Driving digital adoption

Leveraging our **digital capabilities** in light of digital transformation

Providing **efficient and intuitive self-serve** functionality and support

Improving the **efficiency and effectiveness** of our operational model



Keeping Canadians connected

Canada ranks **#1 as fastest & most consistent network globally** across 45 countries

The strength and speed of our networks have bolstered **Canada's productivity by 25%**

TELUS ranked **Top Wireless Quality** by J.D. Power and **Highest Excellent Consistent Quality** by Tutela in Canada



Leveraging world-leading technology

Highlighting **criticality** of our **longstanding investments** in broadband technology

Earning **recognition** for our world-leading network infrastructure

Maintaining **world-leading network performance** across all our critical services



Leading the world in social capitalism

Showcasing our **world-leading philanthropy** as #MostGivingCompany

Setting an example for other companies to follow in respect of **social purpose**

Connecting those who need us most

Strong liquidity position during times of uncertainty

Successful and timely \$1.5 billion equity offering in February supports our strong balance sheet and liquidity

\$3.25B total available liquidity

- \$1.1B in cash and temporary investments, net
- \$2.25B committed credit facility (expires May 2023)
- \$500M securitization trust (expires Dec 2021)
- No long-term debt maturities until 2021
- Ready access to capital markets



COVID-19

Financial Impacts

While we implemented measures to limit and mitigate the financial impacts of the pandemic, our first quarter 2020 results were still impacted by:

- Border closures and reduced travel;
- Support for customers by waiving roaming and home internet overage charges;
- Temporary closures of certain retail stores, health clinics, TI centres; and
- Disruptions in customers' usual shopping habits

First quarter 2020		
	Estimated revenue impacts	Estimated EBITDA impacts
Network	(14)	(13)
Equipment	(63)	-
Other	-	1
Wireless	(77)	(12)
TELUS International	(15)	(10)
TELUS Health	(4)	(2)
Other	(5)	(3)
Wireline	(24)	(15)
Consolidated	(101)	(27)
	Estimated Cash Flow impacts	
EBITDA	(27)	
Restructuring	(2)	
Effects of contract asset, net of device financing	48	
Capex	5	
Cash taxes deferral	31	
Free cash flow	56	



COVID-19

Withdrawing our annual guidance and deferring our dividend increase

Continued uncertainty on the duration, magnitude, and impacts of COVID-19 on our business

- Pandemic's impact on our future operations cannot be accurately forecasted at this time
- Taking prudent decision to withdraw our existing annual financial guidance for 2020; intend to provide an update with release of Q2 2020 results
- Deferring regular scheduled dividend increase as part of our ongoing multi-year dividend growth program
- Remain confident in long-term outlook and hopeful conditions will permit us to meet or exceed our targeted dividend increase with release of Q3 2020 results



Strength and resiliency of our core business

Wireless

- Driving strong results through Peace of Mind endless data plans and Easy Payment device financing
- Executing our transition to Peace of Mind plans with ~60% of migrations through step-ups or flat
- Adapting quickly to our new mode of operations and enhancing digital simplicity
- Reinforcing our Customer First culture with our client assistance programs

Wireline

- Delivering strong customer loyalty as PureFibre investments continue to enable diverse solutions
- Launching Whole Home bundle drives quality loading and favourable product intensity dynamics
- Offering full integration of premium OTT content into our TV packaging, positioning well for the future
- Pivoting quickly to virtual installations and repairs to keep our team members and customers safe



Operating results

Q1 2020 Wireless results



+70,000

Total wireless
net adds
+10,000 y/y

\$72.30

Mobile phone
ABPU
+0.2% y/y

0.94%

Mobile phone
churn
(8) bps y/y

Delivering solid results in a challenging environment
through our dedication to customer service excellence

Q1 2020 Wireline results



+26,000

Internet
net adds

+4,000 y/y

+8,000

TV
net adds

(9,000) y/y

+15,000

Security
net adds

+9,000 y/y

+36,000

Total wireline
net adds

+2,000 y/y

Our diversified and dynamic product portfolio continues to drive industry-leading customer growth



Returning capital to shareholders

**\$13
billion**

Dividends paid

**\$18
billion**

Total capital returned

**\$1.165
+6.9% y/y**

Annualized dividend¹

¹ Adjusted for a two-for-one share split effective March 17, 2020

\$18 billion returned to shareholders since 2004, representing more than \$14 per share, on a post-share split basis



Financial results

Q1 2020 Wireless results



(2.1%)

Revenue
(external)

\$1,884 million

+1.3%

Network
revenue

\$1,511 million

+2.6%

Adjusted
EBITDA

\$940 million

Solid wireless growth reflects resiliency amidst challenging headwinds

Q1 2020 Wireline results



+14.4%

Revenue
(external)

\$1,810 million

+18.5%

Data services
revenue

\$1,444 million

+7.2%

Adjusted
EBITDA

\$535 million

Delivering industry-leading wireline financial results reflecting consistent customer growth and diversified asset mix



Q1 2020 Consolidated results

+5.4%	+4.2%	(15.8%)
Revenue (external)	Adjusted EBITDA	Adjusted Basic EPS ¹
\$3,694 million	\$1,475 million	\$0.32 per share

¹ Adjusted for a two-for-one share split effective March 17, 2020

Delivering strong consolidated results under challenging circumstances;
EPS impacted by higher D&A and higher shares outstanding

Investing in our leading broadband network

- Nearly 2.3 million premises now have immediate access to our PureFibre network, up 340,000 over Q1-19
- 71% PureFibre coverage of our more than 3.2 million high-speed broadband footprint
- LTE covering 99% of Canadians, LTE-A covering 93% of Canadians

**\$665
million**

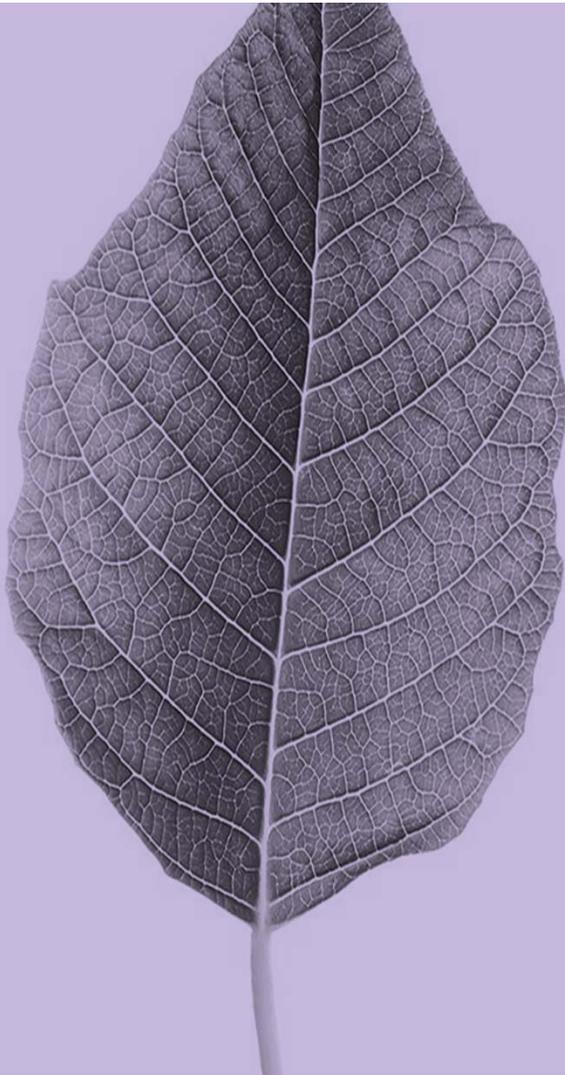
consolidated capex
+2.9% y/y





Questions?

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Appendix – Q1 2020 EPS summary¹

Basic EPS (Q1 2019)	\$0.36
Restructuring and other costs	\$0.02
Adjusted basic EPS (Q1 2019)	\$0.38
Higher Adjusted EBITDA	\$0.04
Higher depreciation and amortization	(\$0.07)
Higher net financing costs	(\$0.01)
Other (Non-controlling interest, outstanding shares, and tax-related adjustments)	(\$0.02)
Adjusted basic EPS (Q1 2020)	\$0.32
Restructuring and other costs	(\$0.04)
Basic EPS (Q1 2020)	\$0.28

¹ Adjusted for two-for-one stock split effective March 17, 2020

Appendix – free cash flow continuity (\$M)

	2019 Q1	2020 Q1
EBITDA	1,379	1,409
Restructuring and other costs, net of disbursements	(33)	12
Effect of contract asset, acquisition and fulfilment (IFRS 15 impact) and Easy Payment device financing	38	112
Effects of lease principal (IFRS 16 impact)	(88)	(84)
Leases formerly accounted for as finance leases (IFRS 16 impact)	13	27
Non-cash gains from the sale of property, plant, and equipment	(5)	(3)
Items from the condensed interim consolidated statements of cash flows:		
Share-based compensation	19	23
Net employee defined benefit plans expense	20	27
Employer contributions to employee defined benefit plans	(16)	(15)
Interest paid, net	(177)	(174)
Capital expenditures (excluding spectrum licenses)	(646)	(665)
Free Cash Flow before income taxes	504	669
Income taxes paid, net of refunds	(351)	(124)
Free Cash Flow	153	545
Issue of shares by subsidiary to non-controlling interest		209
Common Shares issued		1,495
Dividends paid to holders of Common Shares	(303)	(222)
Cash payments for acquisitions and related investments	(162)	(1,104)
Real estate joint ventures	(7)	(78)
Working Capital and Other	(156)	(212)
Funds available for debt redemption	(475)	633
Net issuance of debt	649	(110)
Increase (decrease) in cash	174	523

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 first quarter 2020 news release.
- Adjusted EBITDA for the first quarters of 2020 and 2019 excludes restructuring and other costs of \$60 million and \$36 million, respectively.
- 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 from net income attributable to common shares and basic EPS (after income taxes), restructuring and other costs and non-recurring losses and equity losses related to real estate joint ventures. For further analysis of adjusted basic EPS, see 'Non-GAAP and other financial measures' in our first 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 first quarter 2020 news release.