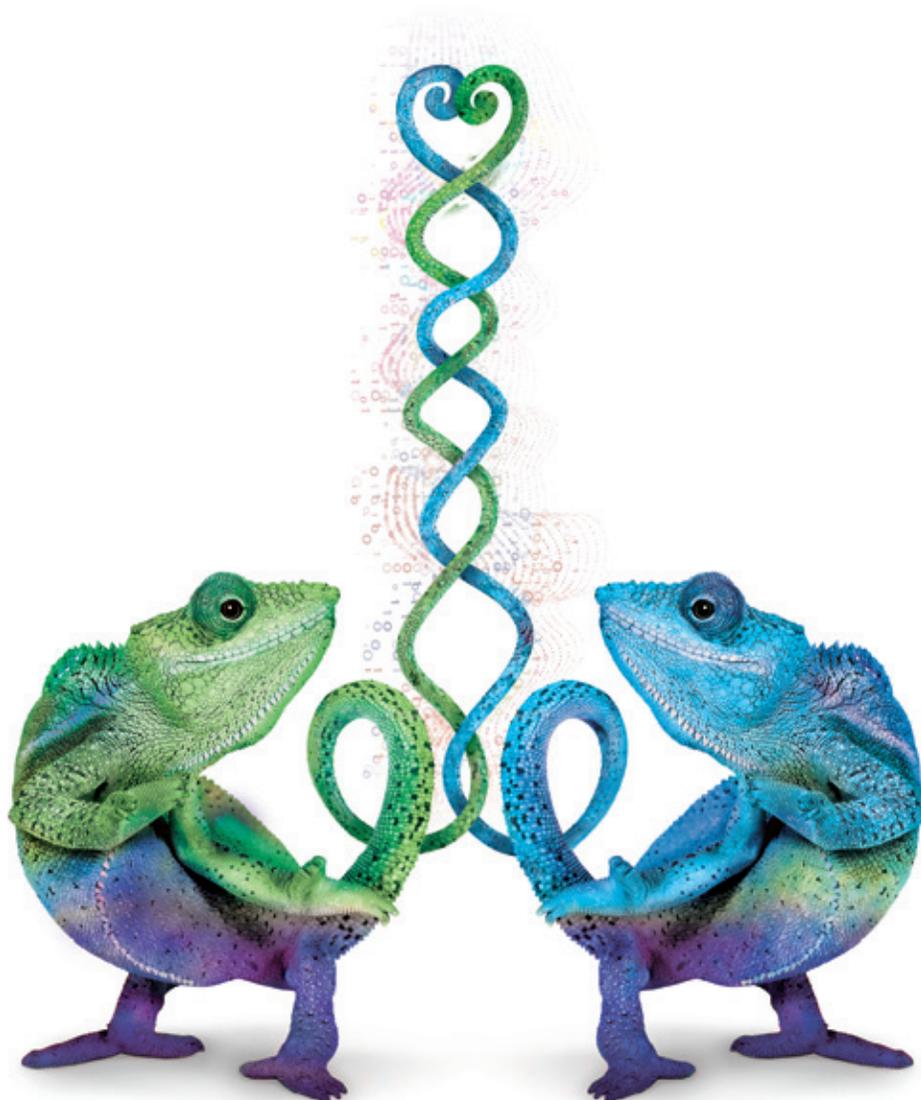


# stronger together



## Stronger together

For the TELUS team, 2017 was characterized by both opportunities and challenges, which we seized and surmounted, demonstrating that we are indeed stronger together. By providing outstanding customer experiences and responding effectively to the competitive landscape, we once again delivered strong financial and operational results. Importantly, we moved forward with our disciplined and targeted capital investment program, while simultaneously creating significant value for investors.



## Enabling the success of Canadians in a dynamic, digital society

TELUS' success is built on our shared commitment to listening, learning and embracing new ideas to delight our clients, every day. Consistent with our strong quarter-in quarter-out performance, this passion for improving the lives of our customers is reflected in our global leadership with respect to client loyalty. Indeed, the TELUS team's unwavering focus on customer service excellence has become the industry model. In 2017, we achieved our fourth consecutive year of postpaid churn below one per cent, a performance that was once again unmatched by our North American peers.

Our team's ability to put customers first was further reflected in the reliability, coverage and speed of our national networks. Last year, we received considerable praise for our network excellence, highlighting the value of our investments and the positive outcomes we are generating for our customers. Notably, your Company was ranked as having the fastest wireless network, nationally, by PCMag and the crowd-sourced Ookla Speedtest. In addition, in the J.D. Power 2017 Canadian Wireless Network Quality Study, TELUS was ranked Highest Wireless Network Quality Performance in Ontario for three years in a row; and in British Columbia, Alberta, Saskatchewan and Manitoba for two years in a row. Moreover, TELUS was awarded Fastest Overall Download Speed and Best Availability among three national providers by OpenSignal in both its 2017 and 2018 studies. These best-in-class network rankings serve as an important differentiator for TELUS, confirming that our long-term strategy, based on smart investments in broadband technology and infrastructure, is delivering significant benefits for our customers and investors alike.

In 2017, our leadership in customer service excellence was once again detailed in the annual report from the Commission for Complaints for Telecom-television Services (CCTS). For the past six years, we have garnered the fewest customer complaints of any national wireless service provider, with TELUS receiving less than seven per cent of all CCTS complaints in 2017, while our two national peers accounted for nearly half of all complaints.

Putting customers first also involves keeping our clients and their families safe in an increasingly digital world. We have achieved 3.6 million touchpoints with TELUS WISE® since it was launched five years ago. Through this program, we are empowering youth with the tools and knowledge to stay safe online and rise above cyberbullying.



Darren Entwistle participated with his daughter in the JDRF TELUS Walk to Cure Diabetes in Vancouver, B.C. In 2017, more than 40,000 people across the country walked in support of the 300,000 Canadians living with type 1 diabetes.

## Delivering on our winning strategy

In a highly competitive environment, we realized strong customer growth, data revenue expansion and financial performance across both our wireless and wireline operations in 2017. Notably, our consolidated operating revenue and EBITDA were up 3.9 per cent and 4.4 per cent, respectively. This growth was underpinned by quality client loading as we added 379,000 postpaid wireless customers, 81,000 high-speed Internet subscribers and an industry-leading 35,000 new TV clients. These results reflect the continued success of our dual-tenet growth strategy across wireless and wireline services, the quality and diversity of our asset base and consistent execution by our highly engaged team.

Our leadership in customer loyalty and quality smartphone loading highlighted the differentiated customer experience we strive to provide our customers at TELUS. Indeed, our extensive product portfolio, pervasive distribution channels and superior network, supported by our commitment to client service excellence, resulted in our wireless customers spending more with us in 2017. Thanks to the combination of leading churn and strong revenue per customer, we significantly outpaced our peers and drove industry-leading and record lifetime revenue of more than \$6,000 per subscriber.

Against a backdrop of aggressive competition, our team realized strong wireline financial and operational performance throughout the year. Our results reflected industry-leading growth in high-speed Internet and TV additions, buttressed by positive revenue and EBITDA growth. Wireline revenues increased by 1.5 per cent, while EBITDA was up an



## We are investing for a friendly future

TELUS became the first carrier in Canada to successfully deploy licensed assisted access technology and achieve record-breaking wireless speeds of nearly 1 Gbps, creating the foundation for our 5G network. Through the infinite potential of our technology innovation, we are helping Canadians succeed in our digital economy.



industry-leading four per cent. Importantly, this represents our fourth year of EBITDA growth – a rare achievement relative to our industry peers. These results are indicative of our team’s continued focus on delivering positive wireline loading in concert with strong financial results.

For TELUS International, 2017 was another year of growth and expansion. We acquired Voxpro, allowing us to expand our operations in the United States, Ireland, Romania and the Philippines. Furthermore, in early 2018, we acquired Xavient, a global IT consulting and next-generation software services company with operations in India and the United States. These transactions add client diversity and expansion across key capabilities, industry verticals and delivery geographies to TELUS International’s global customer base.

TELUS Health also enjoyed a successful year of double-digit growth. We completed important acquisitions, including Kroll Computer Systems and Practimax, which will further strengthen our leadership position in the primary healthcare ecosystem. In addition to advancing our position as the partner of choice for Canadian physicians, pharmacists, extended healthcare providers, insurers and consumers, we were selected by Canada Health Infoway to develop and operate PrescriberIT, Canada’s national e-prescribing service.

## Continuing our legacy of unparalleled shareholder value creation

Reflecting the consistency of TELUS’ performance in a dynamic world, we have met three of our four consolidated financial targets in each of the past eight years, which has supported the return of capital to shareholders. Notably, our share price



## We are enabling remarkable health outcomes through better health information

TELUS Health continues to help lead the transformation of healthcare in this country. Our team's leadership in the primary care ecosystem now includes supporting more than 20,000 physicians, 40,000 extended healthcare providers and thousands of Canada's pharmacies.

reached an all-time high in 2017, contributing to an annual total shareholder return of 16 per cent, the seventh year out of the past eight years we have delivered double-digit returns. Indeed, since the beginning of 2000 through the end of 2017, we have generated a total shareholder return of 432 per cent, once again demonstrating leadership among our telecom incumbent peers. Moreover, this is more than double the return for the Toronto Stock Exchange's S&P/TSX Composite Index of 199 per cent and a stark contrast to the MSCI World Telecom Services Index of two per cent over the same period. During the 14 multi-year time periods since 2000, for the years ending from 2004 until today, TELUS' total shareholder return was number one in the world versus our incumbent peers 12 times and has surpassed the second place finisher by an average of 43 percentage points over those 12 periods.

Similarly, your Company continues to return capital to shareholders. During the year, we announced two increases in our quarterly dividend, representing the 13th and 14th increases since 2011. Over the course of this period, shareholders have received a total dividend increase of 92 per cent. Importantly, these increases in 2017 also reflect the continuation of our successful three-year annual dividend growth program, which continues to target annual growth of between seven and 10 per cent through 2019.

Our track record of delivering on our shareholder-friendly initiatives is unmatched and continues to generate significant value for our shareholders. Furthermore, while simultaneously building broadband networks that are among the most advanced in the world, TELUS has returned \$15.1 billion to shareholders, including \$9.9 billion in dividends, representing more than \$25 per share since 2004.

## Leveraging generational investments for a friendlier future for all

In our ever-changing digital society, we understand that the success of our organization and our customers is contingent on our continued investment in state-of-the-art technologies. We are leveraging our technology innovation to bridge digital and socio-economic divides, keeping Canadians connected to the people and information that matter most, while answering the productivity, sustainability and health challenges that are among the most significant facing our world today. In this regard, our disciplined investments in our broadband networks accelerated in 2017, resulting in exceptional innovation to help Canadians succeed in our digital society and economy.

In wireless, we expanded our LTE service, now reaching 99 per cent of Canada's population and dramatically improving the quality and reliability of the service our customers enjoy. At our 5G Living Lab, our team focused on deploying the latest 5G mobile technology, which will support the advent of smart homes, businesses and cities, as well as applications, devices and services that enhance business productivity, improve educational outcomes, support environmental sustainability and promote wellness across the country.

Leveraging our broadband momentum, innovation abounded across our wireline network and product lines, with TELUS PureFibre network coverage available to 48 per cent of our Optik footprint at year-end. Notably, the majority of our broadband network build program will be increasingly behind us as we surpass the halfway



## We are creating critical connections

Through TELUS Mobility for Good, we are helping vulnerable citizens realize their potential. This program helps youth aging out of foster care gain their independence by providing them with a smartphone and 3 GB rate plan at no charge, keeping them connected to the people and opportunities that matter most.

build threshold in the first half of 2018. Reflecting the infinite potential of our TELUS PureFibre network, we continue to provide our customers with world-leading broadband networks that keep them secure and connected through solutions such as home security, home health and home automation.

### Our values elevate our culture and brand

Your Company's globally admired, client-centric culture remains a key indicator of the cohesion and capabilities of the TELUS team. In this regard, in 2017 we once again achieved a team engagement level that placed us in the top 10 per cent of all employers surveyed worldwide.

This incredible culture is the foundation for our team's belief that a friendly future is created by having the courage to innovate, by inspiring a passion for growth, by embracing change and seizing opportunities and by demonstrating spirited collaboration across our diverse and inclusive team, each and every day. I want to extend my sincere appreciation to the 53,000 TELUS team members globally for ensuring our customers remain at the heart of everything we do. Indeed, it is thanks to our team's passion for putting our customers first, and their compassionate support of our communities, that we are winning the hearts and minds of our clients and positioning our Company and our team for success in 2018 and well beyond.

### Our inspiring social purpose begins with giving where we live

In 2017, our team once again came together to fulfil our heartfelt community promise to give where we live, with our hearts, our hands and our philanthropy. Through our passion for innovation, we offered our support to those who need our help the most, making the future a little more friendly for our fellow citizens, championing social change to build a more compassionate world and helping youth rise above and realize their full potential. Indeed, this culture of caring informs our future friendly story, which is articulated through initiatives like Stories, presented by TELUS – a series of videos that showcase the many ways TELUS is leveraging our technology and partnerships to improve the lives of our fellow citizens.

This year, in celebration of Canada 150+, the TELUS team and our extended TELUS family raised the bar, by volunteering more than one million hours in our local communities. This journey began with our TELUS Days of Giving, during which more than 32,000 team members, retirees, friends, partners and customers volunteered to make a positive difference across the country and around the globe.

Our goal of volunteering one million hours was strengthened through the incredible work of our TELUS Community Boards. Our 18 community boards in Canada and globally – including two new boards in Manitoba and Barrie, Ontario – are helping young people pursue their passions and realize their dreams. Since 2005, our boards have contributed more than \$67 million to 6,280 grassroots community programs, improving the lives of more than two million young people and their families.

Clearly, one of the hallmarks of our award-winning culture remains our team's extraordinary commitment to enabling improved social, educational and economic outcomes for our fellow citizens. This dedication has resulted in more than half a billion dollars and the equivalent of more than one million days of volunteering and caring invested in improving the health and strength of our communities since 2000.

Our team is equally passionate about honouring our TELUS brand, which exemplifies nature, by preserving and caring for the planet our children will inherit. In 2017, our sustainability practices once again earned us national and global recognition. Notably, TELUS was listed on the Dow Jones Sustainability North America Index for the 17th year, a feat unequalled by any North American telecom or cable company. We were also included on its World Index for the second year in a row – one of only nine telecommunications companies globally included in the World Index last year.

## Stronger together in 2018 and beyond

Impressively, TELUS concluded 2017 with the industry's leading customer loyalty, the best network performance in the country, the most transparent and rewarding shareholder-friendly capital allocation programs in our industry and a leadership position in respect of the implementation of our

next-generation broadband networks. Backstopped by these successes, we are approaching this year with confidence and momentum, as reflected in the targets we have set for 2018, including growth in revenue of up to six per cent, EBITDA of up to seven per cent and earnings per share of up to nine per cent.

In 2018, the entire TELUS team remains dedicated to putting customers first through our commitment to customer service excellence and our investments in creating the fastest, most pervasive and reliable broadband networks. Indeed, the positive outcomes we continue to generate for our customers are fuelling our financial and operational success and supporting our demonstrated ability to provide shareholder value that is unmatched by our national peers. I would like to thank the TELUS team for your collective strength in continually positioning your Company for success and delivering on our commitments to our investors, our customers and the communities we serve.

Thank you for your continued support.



Darren Entwistle  
Member of the TELUS team since 2000  
February 16, 2018

## 2018 corporate priorities

Our corporate priorities help guide our actions as we execute on our national growth strategy.

- Honouring our team, customers and social purpose by delivering on our brand promise
- Leveraging our broadband networks to drive TELUS' growth
- Fuelling our future through recurring efficiency gains
- Driving emerging opportunities in TELUS Health and TELUS International.

