TELUS

strongertogether

Q4 2018 investor conference call
February 14, 2019

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 our 2019 targets, 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. There can be no assurances that TELUS will meet its 2019 targets and outlook, or that TELUS will maintain its multi-year dividend growth program. 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 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 cautionary note and qualified by the assumptions (including assumptions for the 2019 annual targets, and semi-annual dividend increases through 2019), qualifications and risk factors as set out in the annual 2018 Management's discussion and analysis, 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 expected 2019 financial results as well as our objectives, strategic priorities and business outlook. Such information may not be appropriate for other purposes.

Executing on our growth strategy

- Leading customer loyalty
- Delivering robust customer growth
- Investing in world-class broadband technologies
- Guiding strong 2019 consolidated targets

Generating solid wireless results

+106,000	$66.80	0.91%	$5,900
Total wireless net additions	Blended ABPU*	Postpaid Churn	Lifetime revenue per subscriber
+8,000	(0.7)%	(8) bps y/y	+7.1% y/y

* Average billing per user per month (ABPU)

Customer service and network excellence driving robust subscriber growth and industry-leading customer loyalty

Leading wireline customer performance

+28,000	+24,000	(13,000)	+39,000
High-speed Internet net adds	TELUS TV customers	Residential NAL losses	New wireline customer additions
+7,000 y/y	+10,000 y/y	+1,000 y/y	+18,000 y/y

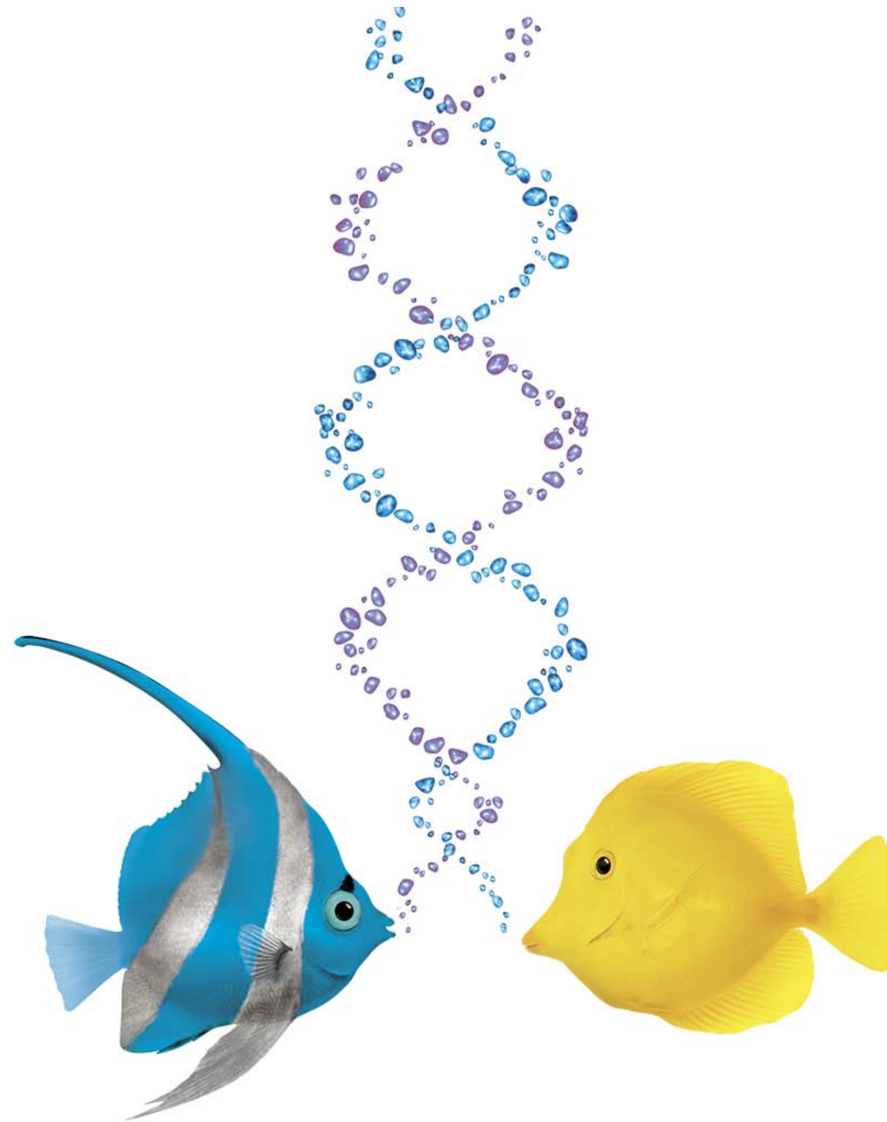
Leading TELUS PureFibre network driving strong customer growth

Returning capital to shareholders

$11.1 billion	$16.4 billion	$2.18 +7.9% y/y
Dividends paid	Total capital returned	Annualized dividend

$16.4 billion returned to shareholders since 2004, representing more than $27 per share

Q4 2018
financial results



Q4 2018 wireless results

+5.4%	+18.8%	+5.0%
Revenue (external)	Equipment revenue	Adjusted EBITDA
$2,167 million	$645 million	$852 million

Balancing subscriber growth with solid financial results

Q4 2018 wireline results

+7.5%	+12.8%	+3.1%
Revenue (external)	Data services revenue	Adjusted EBITDA
$1,597 million	$1,200 million	$458 million

Continuously driving unmatched wireline results

Q4 2018 consolidated results

+6.3%	+4.3%	$0.60	$0.69
Revenue (external)	Adjusted EBITDA	basic EPS	adjusted EPS
$3,764 million	$1,310 million	+1 cent y/y	+3 cents y/y

Delivering robust financial growth driven by wireless and wireline

Investing in our leading broadband network

$711 million

consolidated capex
(3.8%) y/y

- 1.89 million premises now have immediate access to our PureFibre network, up 450,000 over Q4-17
- 61% PureFibre coverage of our more than 3.1 million high-speed broadband footprint
- 4G LTE covering 99% of Canadians, LTE Advanced to 93% of Canadians

Expanding our world-class broadband network with stable capex

2019 consolidated targets

Effects of IFRS 16, *Leases*

- Present value of unavoidable lease payments now recognized on the balance sheet as right-of-use asset and as a lease liability (lease obligation)
  - Most non-executory lease expenses now recognized as depreciation from right-of-use assets and financing costs arising from lease liabilities
  - Change in accounting will result in higher EBITDA while impact to EPS is not material
- While cash flows will not be impacted, presentation of cash flows will be affected:
  - Principal portion of non-executory lease payments moves from operating activities under old accounting to financing activities under IFRS 16
  - Non-executory lease payments remain part of costs and included in our free cash flow calculation

Adoption of IFRS 16 is an accounting change only; does not affect economic results, financial position or cash flows of the business; no impact to our free cash flow

2019 consolidated targets[1, 2]

	2019 Targets As Reported	2019 Targets Applying IFRS 16 to both periods
Revenues	3 to 5%	3 to 5%
Adjusted EBITDA	8 to 10%	4 to 6%
Basic earnings per share	2 to 10%	2 to 10%
Capital expenditures	Approx. $2.85 billion	Approx. $2.85 billion

1) See slide 2 – Caution regarding forward looking statements.
2) See slide 19 in the appendix for further information.

Strong 2019 targets reflect continued growth in data services and ongoing focus on operational effectiveness

Questions?

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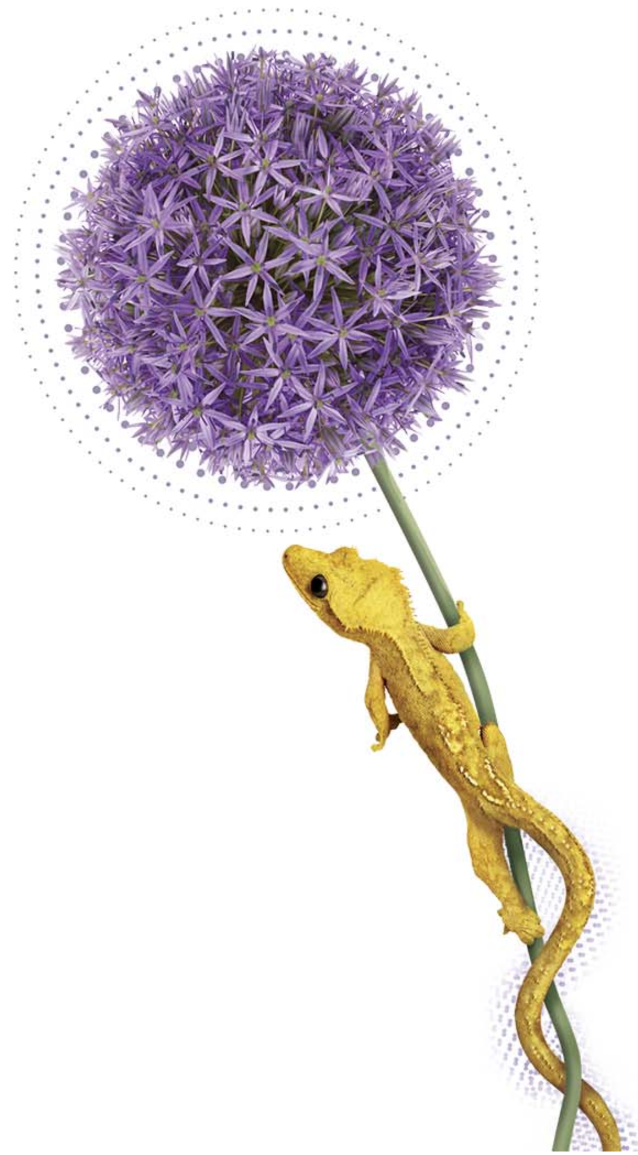

Appendix – definitions

Our presentation and answers include the following non-GAAP measures, which may not be comparable to similar measures used by other issuers:

- EBITDA 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 fourth quarter 2018 news release.
- Adjusted EBITDA for the fourth quarters of 2018 and 2017 excludes restructuring and other costs of $75 million and $54 million respectively, as well as the following items in the fourth quarter of 2017: the MTS net recovery of $21 million as well as non-recurring losses and equity losses of $2 million related to real estate joint ventures.
- Adjusted net income and adjusted basic EPS are non-GAAP measures and do not have any standardized meaning prescribed by IFRS-IASB. These terms are defined in this news release as excluding from net income attributable to common shares and basic EPS (after income taxes), restructuring and other costs, income tax-related adjustments, the MTS net recovery and non-recurring losses and equity losses related to real estate joint ventures. For further analysis of adjusted net income and adjusted basic EPS, see 'Non-GAAP and other financial measures' in our fourth quarter 2018 news release.

Appendix – Q4 2018 EPS analysis

Basic EPS as reported (Q4 2017)	**$0.59**
Restructuring and other costs	0.07
Unfavourable income-tax related adjustments	0.04
MTS net recovery	(0.04)
Adjusted basic EPS (Q4 2017)	**$0.66**
Higher Adjusted EBITDA	0.07
Higher depreciation and amortization	(0.03)
Higher net financing costs	(0.01)
Adjusted basic EPS (Q4 2018)	**$0.69**
Restructuring and other costs	(0.09)
Basic EPS as reported (Q4 2018)	**$0.60**

Appendix – free cash flow ($M)

	2017 Q4	2018 Q4	2017 YTD	2018 YTD
EBITDA	1,223	1,235	4,910	5,104
Capital expenditures (excluding spectrum licenses)	(739)	(711)	(3,094)	(2,914)
Net employee defined benefit plans expense	21	22	82	95
Employer contributions to employee defined benefit plans	(15)	(9)	(67)	(53)
Interest paid, net	(121)	(128)	(532)	(599)
Income taxes paid, net of refunds	8	(40)	(191)	(197)
Share-based compensation	(44)	(81)	17	6
Restructuring and other costs, net of disbursements	43	33	(22)	78
Net gains and equity income from real estate joint venture developments	2	-	(1)	(171)
Non-cash gains from the sale of property, plant and equipment	(4)	(30)	(7)	(49)
Effect of contract asset, acquisition and fulfilment (IFRS 15)	(100)	(169)	(135)	(203)
Donation to TELUS Future Foundation in TELUS Common Shares	-	-	-	100
Other	-	-	6	-
Free Cash Flow	**274**	**122**	**966**	**1,197**
Spectrum	-	-	-	(1)
Issue of shares by subsidiary to non-controlling interest	(1)	-	(1)	24
Dividends paid to holders of Common Shares	(269)	(291)	(1,082)	(1,141)
Cash payments for acquisitions and related investments	(4)	5	(564)	(280)
Real estate joint ventures	(7)	(2)	(8)	162
Working Capital and Other	(18)	193	(99)	(112)
Funds available for debt redemption	**(25)**	**27**	**(788)**	**(151)**
Net issuance of debt	46	(46)	865	56
Increase (decrease) in cash	**21**	**(19)**	**77**	**(95)**

Appendix – 2019 targets additional information

- 2019 targets reflect the non-cash impacting January 1, 2019 implementation of IFRS 16, *Leases*. While financial results for 2018 will not be restated for the new non-cash accounting standard, our 2018 adjusted EBITDA of $5.250 billion would have been higher by approximately $230 million to $5.480 billion when applying the non-cash application of IFRS 16. When applying the non-cash IFRS 16 impact to 2018, our 2019 adjusted EBITDA target represents growth of 4 to 6 per cent. See Note 2, accounting policy developments, in our annual Financial Statements for more information.
- The 2019 revenue growth target of 3 to 5 per cent is calculated over an Operating revenues of $14.197 billion for 2018, which excludes non-recurring equity income related to real estate joint ventures of $171 million arising from the sale of TELUS Garden from our reported 2018 Operating revenues of $14.386 billion. On a reported basis, our 2019 revenue target represents growth of 2 to 4 per cent.
- 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. In 2019, total restructuring and others costs are expected to be approximately $100 million, as compared to $317 million in 2018, which also included our donation commitment of $118 million to the TELUS Friendly Future Foundation.
- Capital expenditure targets and results exclude expenditures for spectrum licences.

Appendix - free cash flow walk down ($M)

	2018 actuals (as reported, pre-IFRS 16)	2019E[1] (as reported, post IFRS 16)
EBITDA	5,104	5,570 to 5,675
CAPEX	(2,914)	~(2,850)
Simple Cash Flow	**2,190**	**2,720 to 2,825**
Net cash interest payment	(599)	~(600)
IFRS 16 leases - interest and principal paid		~(230)
Other[2]	(197)	(150) to (250)
Free Cash Flow (before income taxes, dividends, spectrum)	**1,394**	**1,700 to 1,800**
Net cash tax payment[3]	(197)	(600) to (680)
Free Cash Flow (before dividends)[4]	**1,197**	**1,050 to 1,150**

1) See slide 2 - Caution regarding forward looking statements.
2) "Other" includes share based compensation, restructuring and other costs net of disbursements, employee defined benefit plans expense and cash pension contribution, effect of contract asset, acquisition and fulfilment (IFRS 15), and other items. Midpoint used to calculate free cash flow range.
3) Midpoint used to calculate free cash flow range.
4) Free cash flow excludes cash outlays for spectrum and acquisitions. This range is based on the 2019 targets subject to the same assumptions.