

# 2004 highlights



## financial and operating highlights

- Achieved all consolidated 2004 revenue, profitability and cash flow targets, largely driven by TELUS Mobility significantly exceeding expectations
- TELUS Communications finished 2004 reporting its third consecutive quarter of improved results
- Strong growth in wireless and Internet subscribers
- Increased net income by 75% and earnings per share by 72%, due to strong wireless operating earnings and lower financing costs
- Improved free cash flow by 54% due to strong EBITDA growth and reduced restructuring payments
- Significantly improved 2004 year-end leverage as measured by our net debt to EBITDA ratio, ending the year at 2.1 times

(\$ in millions except per share amounts)	2004	2003	% change
<b>Operations</b>			
Operating revenues	\$ 7,581	\$ 7,146	6.1
EBITDA <sup>1</sup>	3,091	2,816	9.8
Operating income	1,448	1,163	24.5
Net income	566	324	74.7
Basic earnings per share	1.58	0.92	71.7
Dividends declared per share	0.65	0.60	8.3
Dividend payout ratio (%)	41	65	–
Return on common equity (%)	8.4	5.1	–
Cash from operations <sup>2</sup>	2,538	2,134	18.9
Capital expenditures	1,319	1,253	5.3
<b>Financial position</b>			
Total assets	\$17,838	\$17,478	2.1
Net debt <sup>3</sup>	6,478	7,571	(14.4)
Net debt to EBITDA ratio <sup>4</sup>	2.1	2.7	(22.2)
Free cash flow <sup>5</sup>	1,297	845	53.5
Shareholders' equity	7,026	6,521	7.7
Market capitalization of equity <sup>6</sup>	12,751	8,845	44.2
<b>Other information (as at December 31)</b>			
Wireless subscribers (000s)	3,936	3,424	15.0
Network access lines (000s)	4,808	4,870	(1.3)
Total Internet subscribers (000s)	971	881	10.2
High-speed Internet subscribers (000s)	690	562	22.8

1 Earnings before interest, taxes, depreciation and amortization.

2 Cash provided by operating activities.

3 Long-term debt plus current maturities of Long-term debt and cheques outstanding less Cash and temporary investments plus cross currency foreign exchange liability (less cross currency foreign exchange hedge asset) related to U.S. dollar notes.

4 Net debt to EBITDA, where EBITDA excludes Restructuring and workforce reduction costs.

5 EBITDA, adding Restructuring and workforce reduction costs, cash interest received and excess of share compensation expense over share compensation payments, subtracting cash interest paid, cash taxes, capital expenditures, and cash restructuring payments.

6 Market capitalization based on year-end closing share prices and shares outstanding.

net income  
↑ \$242 million

free cash flow  
↑ \$452 million

quarterly dividend  
↑ 33%