



Remarks by Darren Entwistle | President and CEO, TELUS

TELUS 2013 Annual General Meeting

Thursday, May 9, 2013

Palais des congrès de Montréal, Quebec

Thank you Brian, and good morning.

It is a pleasure to be here in Quebec, where last year your company celebrated our 85th anniversary of proudly serving customers in the province.

2012 was yet another exceptional year for your company.

Our team's unwavering commitment to put our customers first, coupled with our strategic investments in broadband technology and services are clearly differentiating us from the competition.

The resulting strong operational execution and financial performance is creating exceptional value.

Notably, your company continues to advance our top priority to provide the best client experience in our industry as measured by our customers' likelihood to recommend our products, services and people.

Impressively, at year-end, 72 per cent of our consumer, small and medium business, and TELUS Health customers said they were likely to recommend TELUS, up significantly from 2011.

This determined focus on our valued customers also helped us achieve numerous leadership milestones throughout 2012, and into the first quarter of 2013.

This includes, achieving a 202 per cent total shareholder return over the past four years, significantly outpacing the TSX by 151 percentage points and our global peers by a margin of 123 points.

Since 2000, your company's total returns have consistently and massively outperformed our global peers, generating an outstanding 237 per cent return for our investors over the past 13 years.

Our team's unwavering commitment to put our customers first, coupled with our strategic investments in broadband technology and services are clearly differentiating us from the competition.



Incredibly, TELUS has outpaced our second place peers by an average of 40 points per annum over the past decade.

Our extraordinary momentum in 2012 - thanks to the dedication of our team - was demonstrated by:

- Five per cent total revenue growth, driven by double-digit wireless and wireline data revenue growth;
- Eight per cent earnings per share growth; and
- 34 per cent increase in our free cash flow to \$1.3 billion.

Since 2000, your company's total returns have consistently and massively outperformed our global peers, generating an outstanding 237 per cent return for our investors over the past 13 years.

Our earnings growth and strong free cash flow support the realisation of our multi-year dividend growth programme, first announced in May 2011.

At that time we provided clarity on our intention to target two dividend increases per year to the end of 2013 of circa 10 per cent annually.

Today, we are announcing the fifth of our six targeted increases.

Our new quarterly dividend is now 34 cents, up 11.5 per cent from one year ago.

I am also pleased to provide ongoing clarity in respect of our target for semi-annual dividend increases for 2014 through 2016.

For this three-year period, we are again targeting an increase of circa 10 per cent annually.

This announcement builds on the 12 increases in your dividend over the last nine years, paying out \$5.5 billion.

Moreover, when including share purchases from 2004 to 2008, TELUS has returned \$8.3 billion to shareholders, representing more than \$25 per share.

I am also pleased to announce today a plan to resume our share purchase programme.

TELUS will be applying to purchase circa 15 million of our shares for up to \$500 million by the end of 2013.

This is intended to be an ongoing initiative in 2014, 2015 and 2016.

In total, we are targeting the purchase of up to \$2 billion worth of shares over this timeframe.



Notably, the combination of our dividend growth model, alongside our share exchange programme, targets to return approximately \$10 per share to our investors from 2013 through 2016.

Obviously, these initiatives are subject to financial conditions and the determination of our Board.

Today's dividend and share purchase announcements build on our recent record of shareholder friendly initiatives that include:

- Exchanging in February, TELUS' non-voting shares into common shares on a one-for-one basis;
- Implementing in April, a two-for-one stock split to further enhance our share trading liquidity and improve the affordability of our shares for retail investors; and
- Issuing in April, \$1.7 billion of low cost debt at an average coupon rate of 3.7 per cent.

The success of these 11 and 30 year debt financings once again demonstrate your company's advantageous access to capital markets in Canada, and the U.S.

Notably, these debt financings also reduce risk to our investors by almost doubling our average debt maturity to nine years.

Your company's longstanding and industry leading track record now includes meeting or exceeding 43 of 56 consolidated financial targets set publicly with investors since 2000.

In 2012, we successfully met another three of four public targets.

TELUS' unwavering focus on putting customers first produced impressive subscriber growth in 2012 across both segments of our business totaling 385,000 new customer connections.

Your company is a Canadian industry leader in this regard.

Our new connections included:

- 331,000 wireless customers;
- 84,000 high-speed Internet connections; and
- 169,000 TV customers.

Notably, in 2012, your company was the industry leader in high-speed Internet growth amongst all Canadian cablecos and telcos at 6.8 per cent.

Indeed, we are one of the few established telcos globally that realised positive wireline revenue growth.



Your company achieved three per cent revenue growth in both 2012 and the first quarter of 2013.

We are also an industry leader in wireline operating earnings growth.

Remarkably, in an industry characterised by phone line attrition, your company has off-set this trend, becoming the North American leader in wireline net additions.

This performance is being driven by the success of our Optik TV, high-speed Internet and managed data services for business clients, which are generating industry leading wireline data revenue growth.

Notably, TELUS Optik TV is now available to 2.5 million homes in Alberta, British Columbia and Quebec, and our market share continues to grow.

Your company is North America's fastest-growing TV service provider and amongst the fastest growing in the world.

Your company is also the global leader in providing the most innovative applications, enabling a richer TV experience.

By way of example, our Optik Smart Remote represents the next step in the evolution of home entertainment, transforming our customers' tablets and smartphones into the ultimate TV remote.

Turning to our 2012 wireless results, clearly, our team members are consistently delivering future friendly customer experiences that are setting us apart from the competition.

Whilst the overall industry trend reflected a 35 per cent increase in customer complaints last year, your company stood apart, achieving a notable 13 per cent reduction.

To that end, your company led the Canadian wireless industry in 2012 with:

- Wireless revenue growth of seven per cent;
- Customer loyalty as measured by churn of only 1.47 per cent; and
- Lifetime revenue per customer of more than \$4,100.

We continued in Q1 2013 to deliver strong wireless revenue growth that is up over six per cent and operating earnings that are up more than seven per cent.

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Additionally, in the first quarter of 2013, your company once again realized:

- The highest net additions;
- The lowest industry churn rate; and
- The highest average lifetime revenue per customer.

Incredibly, since 2000, your company has expanded its wireless and data revenues from 28 per cent to more than 80 per cent of our total revenue base.

Clearly, this is a strong testament to the effectiveness of our long-term, growth strategy initiated in 2000.

Importantly, TELUS is strategically investing for both today and tomorrow, to ensure your company's ongoing success and global leadership.

In this regard, our team continues to expand the coverage of our 4G LTE network.

TELUS' 4G LTE services are now available to more than 200 communities from coast-to-coast, providing our customers with the fastest wireless service in the world on the most coveted devices.

Notably, our national wireless operations, including our 4G LTE Canadian build programme, is led out of Quebec by Jacques Garceau, reflecting our growing and significant presence in the province.

Indeed, we have made capital investments of nearly \$2 billion nationally on our HSPA+ and LTE technology deployments, including \$400 million right here in Quebec.

Your company also invested in two new intelligent Internet data centres to support growth opportunities in cloud computing for our wireline and wireless clients.

In 2012, we celebrated the opening of our global award-winning data centre in Rimouski, and later this summer, we will open our facility in Kamloops.

With best-in-class energy efficiency ratings that are more than 80 per cent better than conventional data centres, these TELUS facilities also provide industry leading reliability, functionality and security.

The TELUS team continues our passionate efforts toward answering Canada's greatest social challenge – the transformation of healthcare.

Led from Quebec by TELUS Health President, Paul Lepage, your company continues to dominate in this critical industry.

Indeed, we have made capital investments of nearly \$2 billion nationally on our HSPA+ and LTE technology deployments, including \$400 million right here in Quebec.



By leveraging our world-class innovation, we are bringing patient-centered applications to market in order to:

- Improve the flow of information across the continuum of care;
- Better connect patients in rural communities with the best informed medical experts; and
- Empower people to better manage their health through enhanced access to their information.

We further advanced our healthcare strategy in 2012 by acquiring Wolf Medical Systems in Western Canada and KinLogix here in Quebec.

Earlier this year, we also acquired PS Suite EMR in Ontario, a subsidiary of the Canadian Medical Association.

TELUS is now Canada's largest provider of electronic medical records, providing leading edge solutions to all major stakeholders in the health system.

Indeed, your company is providing unprecedented connectivity across the healthcare continuum.

Your company's continued successful execution of our national growth strategy, and focus on putting customers first in our culture, investment priorities and operational decision-making, is also reflected in our first quarter consolidated results, released today.

Total revenue increased by an industry leading 4.8 per cent to \$2.8 billion.

Your company also achieved a record in quarterly operating earnings, increasing over five per cent to exceed one billion dollars for the first time in our company's history.

This was driven by growth in both our wireline and wireless segments.

Earnings per share are up an industry leading 14 per cent to 56 cents and also represent a record for your company.

Our free cash flow remains strong, increasing by 25 per cent before income tax.

Our impressive Q1 results are also being driven by our intense focus on company-wide efficiency initiatives, which are a way of life at TELUS.

Indeed, in February this year we announced the implementation of an earnings enhancement programme.

This will drive incremental improvements in annual operating earnings of \$250 million by 2015.

This is partly reflected in our Q1 wireline operating earnings that increased by two per cent.



Based on these strong results, we are reconfirming your company's annual financial targets for 2013.

The outlook is positive, with growth expected:

- In the mid-single digits for revenue;
- Up to eight per cent for operating earnings; and
- Up to 14 per cent for earnings per share.

Let me now conclude.

I am confident that your company is well positioned to take advantage of future opportunities as we continue to build momentum in a rapidly evolving and highly competitive environment.

Our strong balance sheet positions us well for the upcoming Industry Canada spectrum auctions later this year and in 2014.

Importantly, our ability to purchase 700MHz spectrum is critical to:

- Meeting our customers' growing usage of data services; and
- Providing high-speed 4G LTE service to citizens in rural communities across Canada, helping bridge our nation's digital divide.

Indeed, your company is putting citizens first by improving their access to critical education programmes, economic development opportunities and invaluable healthcare information.

Our 5,500 team members, who call Quebec home, are contributing significantly to our growing momentum in this regard.

Alongside our 1,800 retirees in the province, these dedicated and passionate individuals are also contributing to healthy and vibrant communities.

Since 2000, they have donated more than \$40 million and volunteered, with their hearts and hands, 320,000 hours to help those in need.

I would like to recognise these individuals for their remarkable efforts.

Would our Quebec team members and retirees, here with us today, please stand.

Thank you all for building such a remarkable legacy in your communities.

Indeed, in 2012, your inspiring efforts were recognised with the inaugural Philanthropic Company of the Year award from the Quebec Chapter of the Association of Fundraising Professionals.

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I would like to extend my deep appreciation to François Gratton, president, TELUS Quebec and Atlantic Canada, for his remarkable leadership in this regard.

Indeed, this historic award reflects your company's long-standing relationships with charitable organisations here in Quebec such as:

- Opération Enfant Soleil, to whom we have donated \$2.5 million over the past 15 years;
- Les Œuvres Jean Lafrance in support of youth facing social challenges; and
- L'itinéraire, to support youth facing social isolation and homelessness.

These are only a few of the TELUS team's inspiring contributions in the province.

I invite you to have a seat, and watch the following video that encapsulates the true breadth and scope of their passionate dedication in our communities.

I have never been more inspired by a group of such caring and dedicated individuals, led here in Quebec, by François Côté.

Your compassionate support in our communities has touched the lives of so many in need.

You have my utmost respect, admiration and gratitude for your heartfelt contributions that are making our communities a better place to live.

Thank you.

Closing remarks

I have great optimism for the year ahead as we move forward with the best team in our industry.

Your company will continue to place our clients at the forefront of our business as we progress our journey to become the most recommended company in the markets we serve.

Your company will also continue to build healthy, strong and sustainable communities.

Since 2000, TELUS, our team members and retirees have donated more than \$300 million and volunteered nearly five million hours in communities across Canada.

And Canadians are taking notice.

Notably, we were recently honoured by Prime Minister Stephen Harper with an inaugural Prime Minister's Volunteer Award for leadership in volunteerism in 2012.



This complements our 2010 recognition as the first ever Canadian recipient of the Most Outstanding Philanthropic Corporation in the world.

My unwavering confidence in our future success is further underpinned by the TELUS team's second consecutive, significant annual increase in our overall team engagement score.

In 2012, we achieved an impressive score of 80 per cent – up a remarkable 10 points.

Impressively, TELUS now ranks number one in Canada and in the top one per cent globally in respect of employee engagement.

Complementing this ranking was the announcement of TELUS being named one of Canada's 10 Most Admired Corporate Cultures by Waterstone Human Capital for the second time.

This achievement earned your company a position in Canada's Most Admired Corporate Cultures Hall of Fame.

I believe passionately that we have the most talented team in the global telecoms industry.

Together, we will continue our journey to make TELUS better every day, and win the hearts and minds of Canadians.

Thank you for your continued support.

