



TELUS

Financial Statement Model

Model Checks

Unused Tax Losses Remaining?	No
Balance Sheet Balanced?	Yes

Model Circularity

Model Circularity ▼

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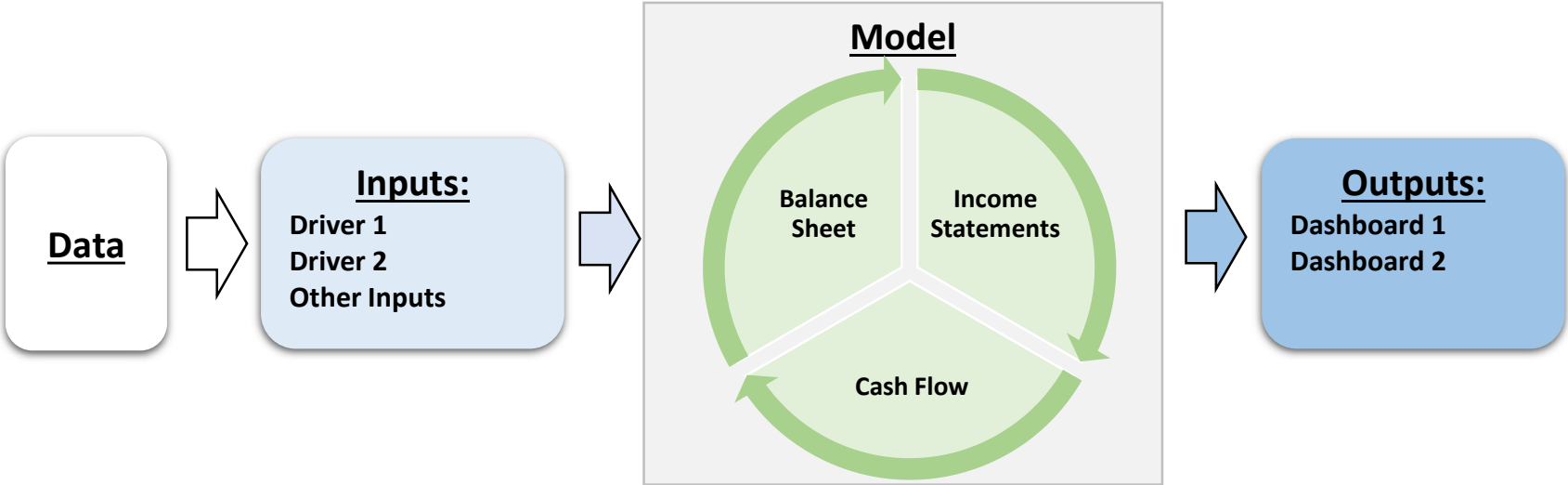
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Model Scheme





Drivers

All figures in CAD millions unless stated

Driver 1 Switch

Best Case ▼

Sales Volume Growth

Best Case

Base Case

Worst Case

See: [Revenue Schedule](#)

Capital Expenditure

Best Case

Base Case

Worst Case

See: [Capital Expenditure Schedule](#)

Disposition, retirements and others

Taken as % of PP&E additions:

50%

Intangible Assets

Best Case

Base Case

Worst Case

See: [Intangible Assets Schedule](#)

	2018F	2019F	2020F	2021F	2022F
	1Y	2Y	3Y	4Y	5Y

6.0%	5.0%	5.0%	4.2%	4.2%
------	------	------	------	------

6.0%	5.0%	5.0%	4.2%	4.2%
4.0%	4.2%	4.2%	3.8%	3.8%
2.4%	2.4%	2.4%	2.0%	2.0%

2,200	2,200	2,200	2,200	2,200
-------	-------	-------	-------	-------

2,200	2,200	2,200	2,200	2,200
2,850	2,800	2,800	2,800	2,800
3,500	3,500	3,500	3,500	3,500

400	400	400	400	400
-----	-----	-----	-----	-----

400	400	400	400	400
600	600	600	600	600
800	800	800	800	800

Disposition, retirements and others

Taken as % of Intangible Assets additions:

Business Acquisitions

Driver 2 Switch

Level A (high) ▼

Level A (high)

Level B (Base +)

Level C (Base)

Level D (Base -)

Level E (Low)

See: [Business Acquisitions Schedule](#)

1,000	1,000	1,000	1,000	1,000
-------	-------	-------	-------	-------

1,000	1,000	1,000	1,000	1,000
750	750	750	750	750
400	400	400	400	400
150	150	150	150	150
50	50	50	50	50

Business acquisitions

PP&E	10%
Intangible assets	40%
Goodwill	50%
	100%

Other Inputs

All figures in CAD millions unless stated

Dates

First Year of Forecast	(YYYY)	2018
Days in Period		365

Data

Data:	Financial statements :	2014A	2015A	2016A	2017A
Source:	https://www.telus.com/en/about/investor-relations/reports/annual-reports				
Data type:	External				

Working Capital

Accounts Receivable

(Days)

2018F	2019F	2020F	2021F	2022F
-------	-------	-------	-------	-------

45	44	44	42	42
----	----	----	----	----

Other Annual Inputs

Expected Inflation Rate

Term Debt

Increase / (Decrease)

2018F	2019F	2020F	2021F	2022F
-------	-------	-------	-------	-------

2.5%	3.0%	3.0%	3.5%	3.5%
------	------	------	------	------

700	700	700	700	700
-----	-----	-----	-----	-----

Interest Rates**Cash Balances****1.0%****Short Term Debt****4.5%****Long Term Debt****5.0%****Taxes****Tax Rate**

26.7%

First Year Tax Depreciation

50%

Blended Tax Depreciation Rate

10.0%

Tax Basis for Assets

(End of 2017)

16,800

Tax Basis for Intangible Assets

(End of 2017)

8,615

Tax Losses⁽¹⁾*(End of 2017)*

–

¹ Model assumes no tax losses at the end of 2017**Depreciation****First Year Accounting Depreciation**

50%

First Year Accounting Amortization

50%

PP&E:**Useful Life: Existing Assets***(Years)*

25.00

Useful Life: New Assets*(Years)*

25.00

Intangible assets:**Useful Life: Existing Assets***(Years)*

20.00

Useful Life: New Assets*(Years)*

20.00

Other Single Inputs

Dividend Payout Ratio

Common Equity: Increase / (Decrease)

	2018F	2019F	2020F	2021F	2022F
	1Y	2Y	3Y	4Y	5Y
Dividend Payout Ratio	70%	70%	70%	70%	70%
Common Equity: Increase / (Decrease)	-	-	-	-	-



All figures in CAD millions unless stated

Model Running: Best Case Driver 1

Model Running: Level A (high) Driver 2

Driver 1 Switch

Best Case ▼

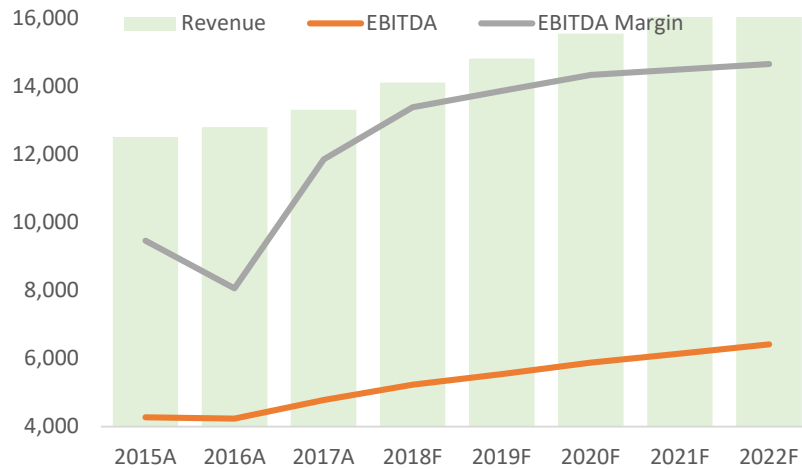
Driver 2 Switch

Level A (high) ▼

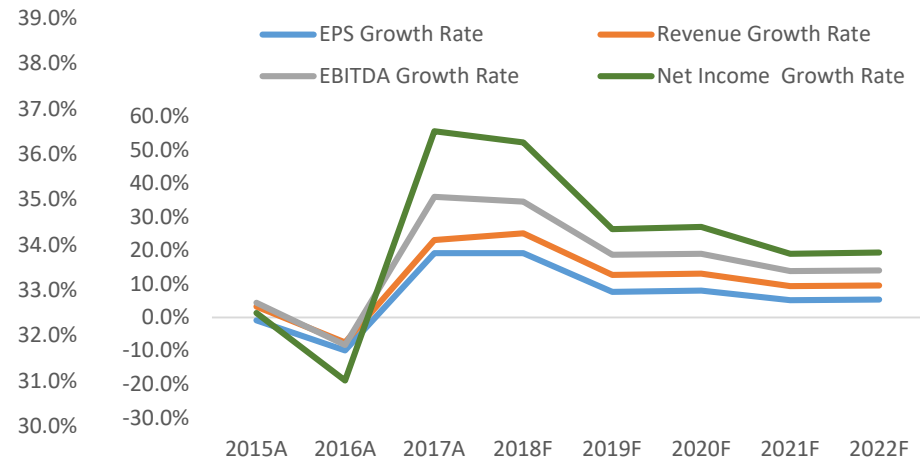
INCOME STATEMENT

	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
				1Y	2Y	3Y	4Y	5Y
Revenue	12,502	12,799	13,304	14,102	14,807	15,548	16,201	16,881
EBITDA	4,262	4,229	4,774	5,223	5,537	5,869	6,135	6,413
<i>EBITDA Margin</i>	<i>34.1%</i>	<i>33.0%</i>	<i>35.9%</i>	<i>37.0%</i>	<i>37.4%</i>	<i>37.7%</i>	<i>37.9%</i>	<i>38.0%</i>
Net Income	1,382	1,236	1,479	1,740	1,873	2,023	2,127	2,240
<i>Net Income Margin</i>	<i>11.1%</i>	<i>9.7%</i>	<i>11.1%</i>	<i>12.3%</i>	<i>12.7%</i>	<i>13.0%</i>	<i>13.1%</i>	<i>13.3%</i>

INCOME STATEMENT



GROWTH RATE

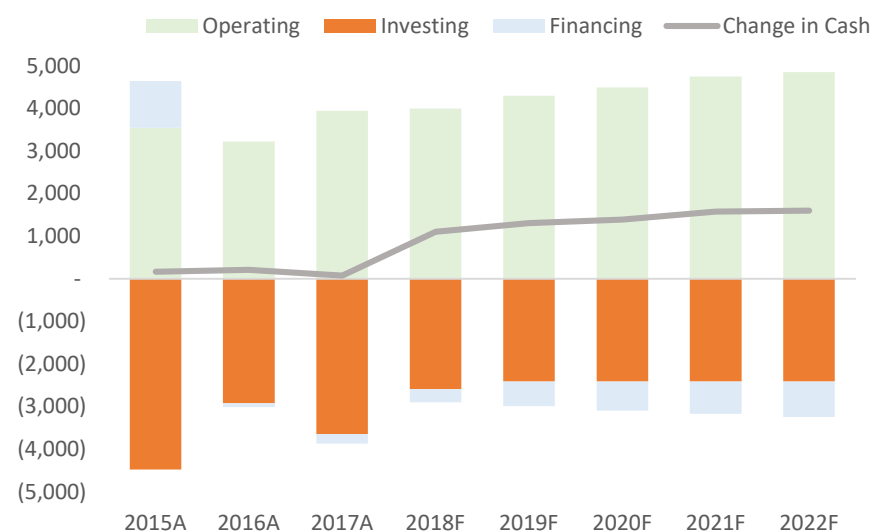


GROWTH RATE	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
				1Y	2Y	3Y	4Y	5Y
EPS Growth Rate	-0.9%	-9.9%	19.2%	19.2%	7.7%	8.0%	5.1%	5.3%
Revenue Growth Rate	4.2%	2.4%	3.9%	6.0%	5.0%	5.0%	4.2%	4.2%
EBITDA Growth Rate	1.1%	-0.8%	12.9%	9.4%	6.0%	6.0%	4.5%	4.5%
Net Income Growth Rate	-3.0%	-10.6%	19.7%	17.7%	7.7%	8.0%	5.1%	5.3%

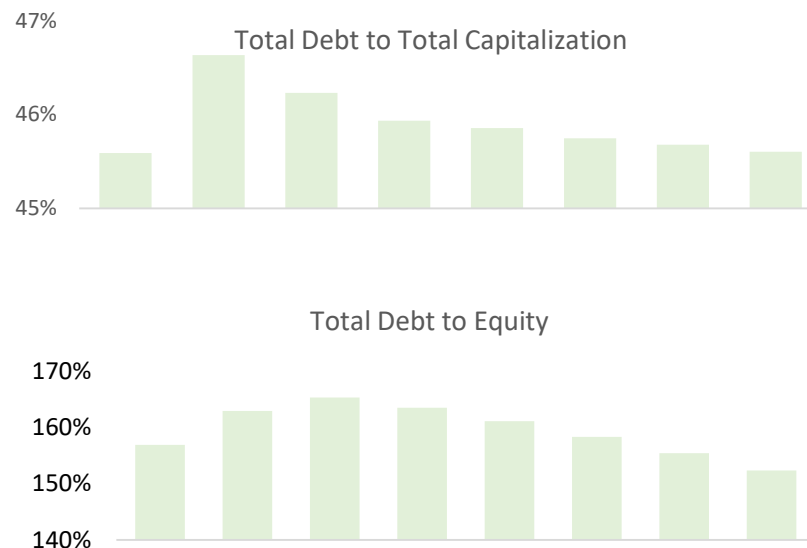
CASH FLOW STATEMENT

Operating	3,542	3,219	3,947	3,999	4,300	4,488	4,749	4,853
Investing	(4,477)	(2,923)	(3,643)	(2,594)	(2,412)	(2,413)	(2,409)	(2,411)
Financing	1,098	(87)	(227)	(304)	(580)	(683)	(759)	(837)
Change in Cash	163	209	77	1,101	1,308	1,392	1,580	1,606

CASH FLOW STATEMENT



LEVERAGE RATIOS



	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
				1Y	2Y	3Y	4Y	5Y
LEVERAGE RATIOS								
Total Debt to Total Capitalization	46%	47%	46%	46%	46%	46%	46%	46%
Long-Term Debt to Total Capitalization	42%	42%	41%	41%	41%	41%	41%	41%
Total Debt to Equity	157%	163%	165%	163%	161%	158%	155%	152%
PROFITABILITY RATIOS								
Return on Equity	27.0%	24.5%	28.9%	33.4%	36.0%	38.9%	40.9%	43.0%
Return on Sales (EBIT / Sales)	18.8%	17.0%	19.6%	22.0%	22.4%	22.8%	22.9%	23.0%
VALUATION RATIOS								
EPS (basis)	2.29	2.07	2.46	2.93	3.16	3.41	3.59	3.78
Dividend per Share	1.65	1.81	1.82	2.05	2.21	2.39	2.51	2.64
Dividend Payout Ratio	72%	87%	73%	70%	70%	70%	70%	70%
LIQUIDITIES RATIOS								
Current Ratio	0.55	0.50	0.56	0.76	0.98	1.19	1.41	1.63
Quick Ratio (cash +AR)/CL	0.39	0.38	0.41	0.62	0.84	1.05	1.27	1.49
COVERAGE RATIOS								
Time Interest Earned (TIN)	5.0	4.2	4.5	4.2	4.2	4.3	4.3	4.3
Cash Coverage Ratios	9.0	8.1	8.2	7.0	7.0	7.1	7.1	7.2



All figures in CAD millions unless stated

Model Running: Best Case Driver 1

Model Running: Level A (high) Driver 2

Income Statement

Operating revenue	12,502	12,799	13,304	14,102	14,807	15,548	16,201	16,881
Goods and services purchased	(5,532)	(5,631)	(5,935)	(6,220)	(6,531)	(6,857)	(7,145)	(7,445)
Employee benefits expense	(2,708)	(2,939)	(2,595)	(2,660)	(2,740)	(2,822)	(2,921)	(3,023)
EBITDA	4,262	4,229	4,774	5,223	5,537	5,869	6,135	6,413
Depreciation	(1,475)	(1,564)	(1,617)	(1,388)	(1,476)	(1,564)	(1,652)	(1,740)
Amortization of intangible assets	(434)	(483)	(552)	(726)	(742)	(758)	(774)	(790)
Income from operations (EBIT)	2,353	2,182	2,605	3,109	3,319	3,547	3,709	3,883
Interest Expense	(472)	(523)	(580)	(745)	(786)	(823)	(859)	(895)
Interest Income	25	3	7	11	23	36	51	67
EBT	1,906	1,662	2,032	2,374	2,556	2,760	2,901	3,055
Current Tax	(456)	(468)	(123)	(485)	(563)	(647)	(714)	(785)
Deferred Tax	(68)	42	(430)	(149)	(119)	(90)	(60)	(31)
Total Tax	(524)	(426)	(553)	(634)	(682)	(737)	(775)	(816)
Net Income	1,382	1,236	1,479	1,740	1,873	2,023	2,127	2,240
Number of shares outstanding (millions shares)	616	603	592	593	593	593	593	593
EPS (basis)	2.31	2.29	2.07	2.46	2.93	3.16	3.41	3.78
Dividend	913	992	1,070	1,082	1,218	1,311	1,416	1,568
Dividend per Share	1.48	1.65	1.81	1.82	2.05	2.21	2.39	2.64

Revenue Schedule

Revenue: Driver 1 / Scenario Forecast

Costs Schedule



All figures in CAD millions unless stated

Model Running: Best Case Driver 1

Model Running: Level A (high) Driver 2

Balance Sheet

	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
				1Y	2Y	3Y	4Y	5Y
ASSETS								
Current assets								
Cash and temporary investment, net	223	432	509	1,610	2,918	4,310	5,890	7,496
Accounts Receivable	1,428	1,471	1,623	1,739	1,785	1,874	1,864	1,942
Income and other tax receivable	1	9	96	96	96	96	96	96
Inventories	360	318	378	398	418	439	457	476
Prepaid expenses	213	233	260	258	270	284	296	308
Real estate joint venture advances	66	–	–	–	–	–	–	–
Current derivative assets	40	11	18	18	18	18	18	18
Total current assets	2,331	2,474	2,884	4,118	5,506	7,021	8,622	10,337
None - current assets								
Net property plant and equipment	9,736	10,464	11,368	11,180	10,904	10,540	10,088	9,548
Intangible Assets, net	9,985	10,364	10,658	10,612	10,550	10,472	10,378	10,268
Goodwill, net	3,761	3,787	4,217	4,717	5,217	5,717	6,217	6,717
Other long-term assets	593	640	421	635	666	700	729	760
Total non-current assets	24,075	25,255	26,664	27,144	27,338	27,429	27,412	27,293
Total Assets	26,406	27,729	29,548	31,262	32,843	34,450	36,034	37,630

LIABILITIES**Current liabilities**

Short-term borrowing	100	100	100	100	100	100	100	100
Accounts payable and accrues liabilities	1,990	2,330	2,460	2,538	2,665	2,799	2,916	3,039
Income and other taxes payable	108	37	34	34	34	34	34	34
Dividends payable	263	284	299	299	299	299	299	299
Advance billing and customer deposits	760	737	782	833	874	918	957	997
Provisions	197	124	78	78	78	78	78	78
Current maturities of long-term debts	856	1,327	1,404	1,476	1,548	1,620	1,692	1,764
Current derivatives liabilities	2	12	33	33	33	33	33	33
Total current liabilities	4,276	4,951	5,190	5,391	5,632	5,881	6,109	6,343

Non-current liabilities

<i>Provisions</i>	433	395	492	492	492	492	492	492
<i>Long-term debt</i>	11,182	11,604	12,256	12,884	13,512	14,140	14,768	15,396
<i>Other long-term liabilities</i>	688	736	847	1,061	1,092	1,126	1,155	1,186
<i>Deferred income taxes</i>	2,155	2,107	2,500	2,649	2,768	2,858	2,918	2,949
Total non- current liabilities	14,458	14,842	16,095	17,085	17,864	18,615	19,333	20,023

Total liabilities

18,734	19,793	21,285	22,476	23,496	24,496	25,442	26,366
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Shareholders' equity

<i>Share capital</i>	5,050	5,029	5,205	5,205	5,205	5,205	5,205	5,205
<i>Contributed surplus</i>	135	372	370	370	370	370	370	370
<i>Retained Earning</i>	2,428	2,474	2,595	3,117	3,679	4,286	4,924	5,596
<i>Accumulated comprehensive income</i>	59	42	51	51	51	51	51	51
<i>Non contributed interest</i>	–	19	42	42	42	42	42	42
Total shareholders' equity	7,672	7,936	8,263	8,785	9,347	9,954	10,592	11,264

Total liabilities shareholders' equity

26,406	27,729	29,548	31,261	32,843	34,450	36,034	37,630
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Check

OK	OK	OK	OK	OK	OK	OK	OK	OK
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Working Capital Schedule

Provisions

PP&E Schedule (Driver 1) / Scenario Forecast

Intangible Assets Schedule (Driver 1) / Scenario Forecast

Tax Schedule

Goodwill Assets Schedule

Business acquisitions: (Driver 2) / Scenario Forecast

Other Long-Term Assets Schedule

Equity Schedule

Debt Schedule

Interest Expense/ Income Schedule

Cash Flow Statement

Cash increase (decrease)

	2015A	2016A	2017A	2018F	2019F	2020F	2021F	2022F
				1Y	2Y	3Y	4Y	5Y
CASH FROM OPERATING								
<i>Operating activities</i>								
Net income	1,382	1,236	1,479	1,740	1,873	2,023	2,127	2,240
<i>Adjustments to reconcile net income to cash provided by operating activities</i>								
<i>Depreciation and amortization</i>	1,909	2,047	2,169	2,114	2,218	2,322	2,426	2,530
<i>Deferred income taxes</i>	68	(42)	430	149	119	90	60	31
<i>Additional adjustments ¹</i>	(31)	49	11	-	-	-	-	-
<i>Net change in non-cash operating working capital</i>	214	(71)	(142)	(4)	89	53	136	53
Cash provided by operating activities	3,542	3,219	3,947	3,999	4,300	4,488	4,749	4,853
				<i>Assumes no change in the model ¹</i>				
<i>Investing activities</i>								
<i>Cash payments for capital assets, excluding spectrum licences</i>	(2,522)	(2,752)	(3,081)	(1,380)	(1,380)	(1,380)	(1,380)	(1,380)
Cash payments for spectrum licences	(2,048)	(145)	-					
Cash payments for acquisitions, net	(10)	(90)	(564)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)

<i>Additional investing activities</i>	100	73	20	(214)	(32)	(33)	(29)	(31)
<i>Others</i> ²	3	(9)	(18)	-	-	-	-	-
Cash provided by investing activities	(4,477)	(2,923)	(3,643)	(2,594)	(2,412)	(2,413)	(2,409)	(2,411)

*Assumes no change in the model*²

Financing activities

Dividends paid to holders of Common Shares	(992)	(1,070)	(1,082)	(1,218)	(1,311)	(1,416)	(1,489)	(1,568)
Purchases of Common Shares for cancellation	(628)	(179)	-	-	-	-	-	-
Long-term debts issued (redemption)	9,219	883	865	914	732	733	729	731
Issue of shares by subsidiary to non-controlling interests	(6,486)	294	(1)	-	-	-	-	-
<i>Others</i> ³	(15)	(15)	(9)	-	-	-	-	-
Cash provided by financing activities	1,098	(87)	(227)	(304)	(580)	(683)	(759)	(837)

*Assumes no change in the model*³

Cash Positions

Increase in cash and temporary investment, net	163	209	77	1,101	1,308	1,392	1,580	1,606
Cash and temporary investment, net, beginning of period	60	223	432	509	1,610	2,918	4,310	5,890
Cash and temporary investment, net, ending of period	223	432	509	1,610	2,918	4,310	5,890	7,496

Net Change in Non-Cash Operating Working Capital

Investment Others Schedule



TELUS

Consolidated Statement of Financial Positions

Years ended December 31 (millions)

	2017	2016	2015
Assets			
Current assets			
Cash and temporary investment, net	\$ 509	\$ 432	\$ 223
Accounts Receivable	1,623	1,471	1,428
Income and other tax receivable	96	9	1
Inventories	378	318	360
Prepaid expenses	260	233	213
Real estate joint venture advances	-	-	66
Current derivative assets	18	11	40
Total current assets	2,884	2,474	2,331
None - current assets			
Property, plant and equipment, net	11,368	10,464	9,736
Intangible Assets, net	10,658	10,364	9,985
Goodwill, net	4,217	3,787	3,761
Real estate joint venture	-	-	-
Other long-term assets	421	640	593
Total non-current assets	26,664	25,255	24,075
Total assets	\$ 29,548	\$ 27,729	\$ 26,406