



Power Corporation Reports Fourth Quarter and 2018 Financial Results

Readers are referred to the sections "Non-IFRS Financial Measures and Presentation" and "Forward-Looking Statements" at the end of this release.

Montréal, Québec, March 20, 2019 – Power Corporation of Canada (Power Corporation or the Corporation) (TSX: POW) today reported earnings results for the fourth quarter and twelve months ended December 31, 2018.

Consolidated Results of Power Corporation

For the period ended December 31

Highlights

- Power Corporation announced on March 8, 2019 terms of a substantial issuer bid to repurchase up to \$1.35 billion of its subordinated voting shares. Power Corporation also announced its intention to participate in Power Financial Corporation's (Power Financial) substantial issuer bid to repurchase up to \$1.65 billion of its common shares which was announced on March 4, 2019.
- Power Financial declared a 5.2% increase in its quarterly dividend to 45.55 cents per common share.
- Third-party committed capital in credit and other investment funds managed by Sagard Holdings increased to \$735 million.
- Power Energy Corporation (Power Energy) disposed of Eagle Creek Renewable Energy, LLC, realizing a pre-tax gain of \$62 million.

Fourth Quarter

Net earnings attributable to participating shareholders were \$229 million or \$0.49 per share, compared with \$208 million or \$0.44 per share in 2017.

Adjusted net earnings attributable to participating shareholders (a non-IFRS financial measure) were \$283 million or \$0.60 per share, compared with \$419 million or \$0.90 per share in 2017.

Other items in the fourth quarter of 2018, not included in adjusted net earnings, were a net charge of \$54 million, comprised of the Corporation's share of: Power Financial's other items which were a net gain of \$12 million and IntegraMed America, Inc.'s (IntegraMed) goodwill impairment charge of \$66 million.

Contributions to Power Corporation's net earnings and adjusted net earnings were:

(in millions of dollars)

| | 2018 | | 2017 | |
|------------------------------------------------------------|--------------|-----------------------|--------------|-----------------------|
| | Net Earnings | Adjusted Net Earnings | Net Earnings | Adjusted Net Earnings |
| • Power Financial | 317 | 305 | 148 | 359 |
| • Sagard Investment Funds, China AMC and Other investments | (20) | (20) | 139 | 139 |
| • Corporate and Other subsidiaries | (68) | (2) | (79) | (79) |
| | 229 | 283 | 208 | 419 |



Twelve Months

Net earnings attributable to participating shareholders were \$1,287 million or \$2.77 per share, compared with \$1,286 million or \$2.77 per share in 2017.

Adjusted net earnings attributable to participating shareholders were \$1,438 million or \$3.09 per share, compared with \$1,560 million or \$3.36 per share in 2017. Other items, not included in adjusted net earnings, were net charges of \$151 million in the period.

Contributions to Power Corporation's net earnings and adjusted net earnings were:

(in millions of dollars)

| | 2018 | | 2017 | |
|------------------------------------------------------------|--------------|-----------------------|--------------|-----------------------|
| | Net Earnings | Adjusted Net Earnings | Net Earnings | Adjusted Net Earnings |
| • Power Financial | 1,474 | 1,498 | 1,126 | 1,400 |
| • Sagard Investment Funds, China AMC and Other investments | 164 | 164 | 445 | 445 |
| • Corporate and Other subsidiaries | (351) | (224) | (285) | (285) |
| | 1,287 | 1,438 | 1,286 | 1,560 |

Results of Power Financial Corporation

For the period ended December 31

Fourth Quarter

Net earnings attributable to common shareholders were \$478 million or \$0.67 per share, compared with \$225 million or \$0.32 per share in 2017.

Adjusted net earnings attributable to common shareholders were \$460 million or \$0.65 per share, compared with \$547 million or \$0.77 per share in 2017.

Other items in 2018, not included in adjusted net earnings, were a net gain of \$18 million consisting of Power Financial's share of Imerys's net gain on the sale of its roofing division, partially offset by restructuring and other charges. Other items, not included in adjusted net earnings, were a charge of \$322 million in 2017.

Twelve Months

Net earnings attributable to common shareholders were \$2,245 million or \$3.15 per share, compared with \$1,717 million or \$2.41 per share in 2017.

Adjusted net earnings attributable to common shareholders were \$2,282 million or \$3.20 per share, compared with \$2,135 million or \$2.99 per share in 2017. Other items, not included in adjusted net earnings, were a net charge of \$37 million which is comprised of Power Financial's share of: Great-West Lifeco's (Lifeco) other items of \$39 million, IGM Financial Inc.'s (IGM) other items of \$16 million, offset by a positive impact of \$18 million at Pargesa related to Imerys.



Sagard Investment Funds, China AMC and Other Investments

For the period ended December 31

(For additional information, refer to the table further in this news release)

Fourth Quarter

Sagard Investment Funds, China Asset Management Co., Ltd. (China AMC) and Other Investments were a net loss of \$20 million, compared with income of \$139 million in 2017. The decrease in investment income in the fourth quarter was mainly due to impairments and losses realized on equity investments in the Sagard Holdings and Sagard China portfolios reflecting the decline of equity values during the fourth quarter of 2018.

Twelve Months

Income from investments was \$164 million, compared with \$445 million in 2017. Income from investments in the twelve-month period ended December 31, 2018 included investment income of Sagard Europe mainly comprised of gains in the first and fourth quarters which were offset by losses in the Sagard Holdings and Sagard China investment funds as discussed above.

Other Subsidiaries

Fourth Quarter

The contribution from other subsidiaries to net earnings was a loss of \$41 million, compared with a loss of \$24 million in 2017. Net earnings in 2018 included the Corporation's share of the gain recognized on the sale of Eagle Creek of \$62 million, an investment held by Power Energy.

The contribution to adjusted net earnings in 2018 was \$25 million. Other items of \$66 million, the Corporation's share of IntegraMed's goodwill impairment charge, were excluded from adjusted net earnings. There were no other items in 2017.

Twelve Months

The contribution from other subsidiaries to net earnings was a loss of \$113 million for the twelve-month period, compared with a loss of \$89 million in 2017.

The contribution to adjusted net earnings was a loss of \$47 million. Other items of \$66 million were excluded from adjusted net earnings as described above.

Dividend - Power Corporation Participating Shares

On February 12, 2019, the Board of Directors announced the declaration of a quarterly dividend of 38.20 cents per share on the Participating Preferred Shares and the Subordinate Voting Shares of the Corporation, payable March 29, 2019 to shareholders of record March 8, 2019.

Dividend - Power Corporation Non-Participating Preferred Shares

On February 12, 2019, the Board of Directors also announced the declaration of quarterly dividends on the Corporation's preferred shares, payable April 15, 2019 to shareholders of record March 25, 2019:

| Series | Stock Symbol | Amount | Series | Stock Symbol | Amount |
|-------------|--------------|------------------------------|----------|--------------|--------|
| 1986 Series | POW.PR.F | Floating rate ^[1] | Series C | POW.PR.C | 36.25¢ |
| Series A | POW.PR.A | 35¢ | Series D | POW.PR.D | 31.25¢ |
| Series B | POW.PR.B | 33.4375¢ | Series G | POW.PR.G | 35¢ |

[1] Equal to one quarter of 70% of the average prime rate of two major Canadian chartered banks for the period December 1, 2018 to February 28, 2019.



About Power Corporation

Power Corporation of Canada is a diversified international management and holding company with interests in companies in the financial services, asset management, sustainable and renewable energy, and other business sectors in North America, Europe and Asia. To learn more, visit www.PowerCorporation.com.

At December 31, 2018, Power Corporation held the following economic interests:

- 65.5% – Power Financial (TSX: PWF) www.powerfinancial.com
- 100% – Sagard SAS (Europe) ^[1] www.sagard.com
- 100% – Sagard Holdings www.sagardholdings.com
- 100% – Sagard China www.sagardchina.com
- 100% – Power Energy
- 27.8% – China AMC ^[2] www.chinaamc.com

[1] Refer to the Corporation's most recent MD&A for interest in the Sagard Europe Funds.

[2] IGM and the Corporation each hold a 13.9% interest in China AMC.



Earnings Summary

| (unaudited) (in millions of Canadian dollars, except per share amounts) | Three months ended December 31, | | Twelve months ended December 31, | |
|-------------------------------------------------------------------------------------|------------------------------------|--------|-------------------------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| Adjusted net earnings | | | | |
| Power Financial ^[1] | 305 | 359 | 1,498 | 1,400 |
| Other subsidiaries ^[2] | 25 | (24) | (47) | (89) |
| | 330 | 335 | 1,451 | 1,311 |
| Corporate operations | | | | |
| Income – Sagard Investment Funds, China AMC and Other Investments ^[3] | (20) | 139 | 164 | 445 |
| Operating and other expenses | (14) | (42) | (125) | (144) |
| Dividends on non-participating shares | (13) | (13) | (52) | (52) |
| Adjusted net earnings ^[4] | 283 | 419 | 1,438 | 1,560 |
| Other items – see below | (54) | (211) | (151) | (274) |
| Net earnings ^[4] | 229 | 208 | 1,287 | 1,286 |
| Earnings per share – Basic ^[4] | | | | |
| Adjusted net earnings | 0.60 | 0.90 | 3.09 | 3.36 |
| Other items | (0.11) | (0.46) | (0.32) | (0.59) |
| Net earnings | 0.49 | 0.44 | 2.77 | 2.77 |

[1] Contributions from IGM and Pargesa reflect adjustments in accordance with IAS 39.

[2] Comprised of operating results of: Power Energy, Square Victoria Communications Group Inc., and controlled portfolio investments IntegraMed and Vein Clinics of America, Inc. (Vein Clinics). Vein Clinics was disposed of on December 29, 2017 and the Corporation divested of the operations of La Presse on July 14, 2018.

[3] Excludes earnings (losses) from controlled portfolio investments.

[4] Attributable to participating shareholders.

Income – Sagard Investment Funds, China AMC and Other Investments

| (unaudited) (in millions of Canadian dollars) | Three months ended December 31, | | Twelve months ended December 31, | |
|--------------------------------------------------|------------------------------------|------|-------------------------------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| Sagard Investment Funds ^[1] | | | | |
| Sagard Europe ^[2] | 37 | 4 | 200 | 5 |
| Sagard Holdings ^[3,4] | (36) | 87 | (63) | 92 |
| Sagard China ^[5] | (42) | 30 | (29) | 69 |
| China AMC ^[6] | 7 | 7 | 29 | 184 |
| Other Investments | | | | |
| Investment and hedge funds, and other | 14 | 11 | 27 | 95 |
| | (20) | 139 | 164 | 445 |

[1] Income from investments for the Sagard Investment Funds is presented net of expenses of their separate dedicated teams.

[2] Mainly comprised gains distributed by the funds in the first and fourth quarters of 2018 on the sale of investments.

[3] Excludes the Corporation's share of the operating results of IntegraMed and Vein Clinics, presented in the section "Other subsidiaries". The fourth quarter of 2017 includes the gain on disposal of Vein Clinics of \$67 million.

[4] Includes share of earnings (loss) from investments in a jointly controlled corporation and associates. The 2018 results include impairment charges on an equity-accounted investment and available-for-sale investments due to the decline in equity values at the end of December 2018.

[5] Sagard China realized losses of \$34 million and \$12 million on the disposal of investments in the third and fourth quarters of 2018, respectively.

[6] The 2017 results include a gain of \$174 million on the fair value remeasurement of the Corporation's previously held interest of 10% in China AMC as a result of attaining significant influence, recognized in the third quarter.



Other Items

| (unaudited) (in millions of Canadian dollars) | Three months ended December 31, | | Twelve months ended December 31, | |
|----------------------------------------------------------|------------------------------------|-------|-------------------------------------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| Power Financial's share of Other items: | | | | |
| Lifeco | | | | |
| Restructuring charges | — | (2) | (25) | (71) |
| Impact of U.S. tax reform | — | (96) | — | (96) |
| Net charge on sale of an equity investment | — | (54) | — | (54) |
| Share of IGM's other items | — | (2) | — | (2) |
| | — | (154) | (25) | (223) |
| IGM | | | | |
| Restructuring and other charges | — | (52) | (7) | (58) |
| Premium paid on early redemption of debentures | — | — | (3) | — |
| Pension plan | — | — | — | 15 |
| Share of Lifeco's Other items | — | (5) | (1) | (8) |
| | — | (57) | (11) | (51) |
| Pargesa | | | | |
| Imerys – Disposal of roofing activity | 56 | — | 56 | — |
| Imerys – Impairments, restructuring charges and other | (44) | — | (44) | — |
| | 12 | — | 12 | — |
| Other Subsidiaries | | | | |
| IntegraMed – Goodwill impairment charge | (66) | — | (66) | — |
| Corporate operations | | | | |
| Divestiture of La Presse operations ^[1] | — | — | (54) | — |
| Premium paid on early redemption of debentures | — | — | (7) | — |
| | — | — | (61) | — |
| | (54) | (211) | (151) | (274) |

[1] Includes the Corporation's financial contribution of \$50 million.

Sagard Investment Funds

| (unaudited) (in millions of Canadian dollars) | December 31, 2018 | | | | December 31, 2017 | | | |
|-------------------------------------------------------------|-------------------|--------------------|-----------------|-------|-------------------|--------------------|-----------------|-------|
| | Sagard Europe | Sagard Holdings | Sagard China | Total | Sagard Europe | Sagard Holdings | Sagard China | Total |
| Cost | 280 | 342 | 515 | 1,137 | 250 | 402 | 570 | 1,222 |
| Unrealized gain (loss) | 111 | 14 | (5) | 120 | 249 | (5) | 88 | 332 |
| Fair value of non-controlled portfolio investments | 391 | 356 | 510 | 1,257 | 499 | 397 | 658 | 1,554 |
| Cash | — | 185 | 162 | 347 | — | 219 | 126 | 345 |
| Fair value of controlled portfolio investments and other | — | 38 | (3) | 35 | — | 208 | — | 208 |
| Total fair value | 391 | 579 | 669 | 1,639 | 499 | 824 | 784 | 2,107 |



Non-IFRS Financial Measures and Presentation

Net earnings attributable to participating shareholders are comprised of:

- Adjusted net earnings attributable to participating shareholders; and
- Other items, which include the after-tax impact of any item that in management's judgment would make the period-over-period comparison of results from operations less meaningful. Other items include the Corporation's share of items presented as Other items by a subsidiary or a jointly controlled corporation.

Management uses these financial measures in its presentation and analysis of the financial performance of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation. Adjusted net earnings, as defined by the Corporation, assist the reader in comparing the current period's results to those of previous periods as items that are not considered to be part of ongoing activities are excluded from this non-IFRS measure.

Adjusted net earnings attributable to participating shareholders and adjusted net earnings per share are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities. Refer to the "Non-IFRS Financial Measures and Presentation" section of the Corporation's most recent Management's Discussion and Analysis for the definition of non-IFRS financial measures and their reconciliation with IFRS financial measures.

The Corporation also uses a non-consolidated basis of presentation to present and analyze its results whereby the Corporation's interests in Power Financial and other subsidiaries are accounted for using the equity method. Presentation on a non-consolidated basis is a non-IFRS presentation. However, it is useful to the reader as it presents the holding company's (parent) results separately from the results of its operating subsidiaries.

Eligible Dividends

For purposes of the *Income Tax Act* (Canada) and any similar provincial legislation, all of the above dividends on the Corporation's preferred shares (including the Participating Preferred Shares) and Subordinate Voting Shares are eligible dividends.

Forward-Looking Statements

Certain statements in this news release, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, the outlook for North American and international economies for the current fiscal year and subsequent periods as well as statements or information related to the substantial issuer bids of the Corporation, Power Financial and Lifeco whose terms were announced on March 8, 2019. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, fluctuations in interest rates, inflation and foreign exchange rates, monetary policies, business investment and the health of local and global equity and capital markets, management of market liquidity and funding risks, risks related to investments in private companies and illiquid securities, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), the effect of applying future accounting changes, business competition, operational and reputational risks, technological changes, cybersecurity risks, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors.



The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including its most recent Management's Discussion and Analysis and Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

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