



## Power Corporation Reports Second Quarter 2019 Financial Results

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

**Toronto, Ontario, August 2, 2019** – Power Corporation of Canada (TSX: POW) today reported earnings results for the three and six months ended June 30, 2019.

### Power Corporation

Consolidated results for the period ended June 30

#### Highlights

- On April 17, 2019, Power Corporation successfully completed its substantial issuer bid to repurchase for cancellation \$1.35 billion of its subordinate voting shares representing 9.8% of the issued and outstanding subordinate voting shares.
- On June 1, 2019, Great-West Life & Annuity (GWL&A) completed the sale of substantially all of its individual life insurance and annuity business to Protective Life Insurance Company. The transaction, valued at \$1.6 billion, frees up capital and allows Great-West Lifeco Inc. (Lifeco) to focus on the defined contribution retirement and asset management markets in the U.S. segment.
- On July 30, 2019, Power Energy Corporation acquired a 100% equity interest in Nautilus Solar Energy, LLC, a company headquartered in New Jersey, U.S. that acquires, develops, finances and manages distributed solar projects across community, municipal/utility-scale, commercial and industrial markets.

#### Second Quarter

Net earnings attributable to participating shareholders were \$278 million or \$0.64 per share, compared with \$347 million or \$0.75 per share in 2018.

Adjusted net earnings attributable to participating shareholders (a non-IFRS financial measure) were \$372 million or \$0.86 per share, compared with \$347 million or \$0.75 per share in 2018.

Other items in 2019, not included in adjusted net earnings, were a net charge of \$94 million consisting of the Corporation's share of Lifeco's net charge on the sale of GWL&A's individual life insurance and annuity business in the U.S. and the Corporation's share of Imerys' restructuring and other charges.

The Corporation participated in Power Financial Corporation's (Power Financial) substantial issuer bid to repurchase for cancellation \$1.65 billion of its common shares. Power Corporation's proceeds from its participation in the Power Financial substantial issuer bid were \$1.4 billion. As a result, the Corporation's interest in Power Financial decreased to 64.1% (65.5% at March 31, 2019).



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

(in millions of dollars)

	2019		2018
	Net Earnings	Adjusted Net Earnings	Net Earnings and Adjusted Net Earnings
• Power Financial	283	377	433
• Sagard Investment Funds, China AMC and Other investments	69	69	(15)
• Corporate and Other subsidiaries	(74)	(74)	(71)
	278	372	347

### Six Months

Net earnings attributable to participating shareholders were \$570 million or \$1.27 per share, compared with \$872 million or \$1.88 per share in 2018.

Adjusted net earnings attributable to participating shareholders were \$664 million or \$1.48 per share, compared with \$872 million or \$1.88 per share in 2018.

Other items in the six-month period ended June 30, 2019 were as described above.

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

(in millions of dollars)

	2019		2018
	Net Earnings	Adjusted Net Earnings	Net Earnings and Adjusted Net Earnings
• Power Financial	633	727	816
• Sagard Investment Funds, China AMC and Other investments	80	80	212
• Corporate and Other subsidiaries	(143)	(143)	(156)
	570	664	872

## Power Financial Corporation

### Results for the period ended June 30

#### Second Quarter

Net earnings attributable to common shareholders were \$443 million or \$0.66 per share, compared with \$658 million or \$0.92 per share in 2018.

Adjusted net earnings attributable to common shareholders were \$589 million or \$0.88 per share, compared with \$658 million or \$0.92 per share in 2018.

Other items in 2019, not included in adjusted net earnings, were a net charge of \$146 million consisting of Power Financial's share of Lifeco's net charge on the sale of CWL&A's individual life insurance and annuity business in the U.S. and its share of Imerys' restructuring and other charges.



### Six Months

Net earnings attributable to common shareholders were \$979 million or \$1.41 per share, compared with \$1,244 million or \$1.74 per share in 2018.

Adjusted net earnings attributable to common shareholders were \$1,125 million or \$1.62 per share, compared with \$1,244 million or \$1.74 per share in 2018.

Other items in the six-month period ended June 30, 2019 were as described above.

## Sagard Investment Funds, China AMC and Other Investments

For the period ended June 30

### Second Quarter

Income from investments was \$69 million, compared with a loss of \$15 million in 2018. See the table below for details. Income from investments in the quarter mainly comprised realized gains in Sagard China and a gain related to a private investment fund.

### Six Months

Income from investments was \$80 million, compared with \$212 million in 2018. See the table below for details.

## Dividends on Power Corporation Participating Shares

The Board of Directors today declared a quarterly dividend of 40.50 cents per share on the Participating Preferred Shares and the Subordinate Voting Shares of the Corporation, payable September 30, 2019 to shareholders of record September 9, 2019.

## Dividends on Power Corporation Non-Participating Preferred Shares

The Board of Directors also declared quarterly dividends on the Corporation's preferred shares, payable October 15, 2019 to shareholders of record September 24, 2019:

Series	Stock Symbol	Amount	Series	Stock Symbol	Amount
1986 Series	POW.PR.F	Floating rate <sup>[1]</sup>	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 June 1 to August 31, 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](http://www.PowerCorporation.com).

At June 30, 2019, Power Corporation held the following economic interests:

- 64.1% – Power Financial (TSX: PWF) [www.powerfinancial.com](http://www.powerfinancial.com)
- 100% – Sagard SAS (Europe) [www.sagard.com](http://www.sagard.com)
- 100% – Sagard Holdings [www.sagardholdings.com](http://www.sagardholdings.com)
- 100% – Sagard China [www.sagardchina.com](http://www.sagardchina.com)
- 100% – Power Energy Corporation [www.powerenergycorporation.com](http://www.powerenergycorporation.com)
- 27.8% – China Asset Management Co., Ltd. <sup>[1]</sup> [www.chinaamc.com](http://www.chinaamc.com)

[1] IGM Financial Inc. (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 June 30,		Six months ended June 30,	
	2019	2018	2019	2018
<b>Adjusted net earnings</b>				
Power Financial <sup>[1]</sup>	377	433	727	816
Other subsidiaries <sup>[2]</sup>	(21)	(23)	(41)	(55)
	356	410	686	761
Corporate operations				
Income – Sagard Investment Funds, China AMC and Other Investments	69	(15)	80	212
Operating and other expenses	(40)	(35)	(76)	(75)
Dividends on non-participating shares	(13)	(13)	(26)	(26)
<b>Adjusted net earnings <sup>[3]</sup></b>	<b>372</b>	<b>347</b>	<b>664</b>	<b>872</b>
Other items – see below	(94)	-	(94)	-
<b>Net earnings <sup>[3]</sup></b>	<b>278</b>	<b>347</b>	<b>570</b>	<b>872</b>
<b>Earnings per share – Basic <sup>[3]</sup></b>				
Adjusted net earnings	0.86	0.75	1.48	1.88
Other items	(0.22)	-	(0.21)	-
<b>Net earnings</b>	<b>0.64</b>	<b>0.75</b>	<b>1.27</b>	<b>1.88</b>

[1] The contributions from IGM and Pargesa Holding SA (Pargesa) reflect adjustments in accordance with IAS 39.

[2] Comprised of operating results of: Power Energy Corporation, Square Victoria Communications Group Inc. (up to the date of disposal in July 2018), and IntegraMed America, Inc. (IntegraMed).

[3] Attributable to participating shareholders.

## Income – Sagard Investment Funds, China AMC and Other Investments

(unaudited) (in millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
<b>Sagard Investment Funds <sup>[1]</sup></b>				
Sagard Europe	(10)	(2)	(13)	166
Sagard Holdings <sup>[2][3]</sup>	(2)	(41)	(8)	(34)
Sagard China	54	17	68	48
China AMC	8	8	15	16
Other Investments				
Investment and hedge funds, and other <sup>[4]</sup>	19	3	18	16
	69	(15)	80	212

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

[2] Excludes the Corporation's share of the operating results of IntegraMed presented in "Other subsidiaries".

[3] Includes share of earnings (losses) from investments in a jointly controlled corporation and associates. The second quarter of 2018 included a loss attributable to the recognition of non-cash provisions in an investment.

[4] Consists mainly of foreign exchange gains or losses and interest on cash and cash equivalents.



## Sagard Investment Funds

(unaudited) (in millions of Canadian dollars)	June 30, 2019				December 31, 2018			
	Sagard Europe	Sagard Holdings	Sagard China	Total	Sagard Europe	Sagard Holdings	Sagard China	Total
Cost	309	366	536	1,211	280	342	515	1,137
Unrealized gain (loss)	107	(2)	70	175	111	14	(5)	120
Fair value of non-controlled portfolio investments	416	364	606	1,386	391	356	510	1,257
Cash	-	145	94	239	-	185	162	347
Fair value of controlled portfolio investments and other	-	35	-	35	-	38	(3)	35
<b>Total fair value</b>	<b>416</b>	<b>544</b>	<b>700</b>	<b>1,660</b>	<b>391</b>	<b>579</b>	<b>669</b>	<b>1,639</b>

## Other Items

(unaudited) (in millions of Canadian dollars)	Three months ended		Six months ended	
	2019	June 30, 2018	2019	June 30, 2018
Power Financial's share of Other items:				
Lifeco				
Net charge on the sale, via reinsurance, of U.S. individual life insurance and annuity business	(86)	-	(86)	-
IGM				
Share of Lifeco's Other items	(3)	-	(3)	-
Pargesa				
Imerys - Restructuring charges and other	(5)	-	(5)	-
	(94)	-	(94)	-

### 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.

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.

This news release may also contain other non-IFRS financial measures which are publicly disclosed by the Corporation's subsidiaries such as sales, assets under management and assets under administration. 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.



## 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, including the fintech strategy, as well as the outlook for North American and international economies for the current fiscal year and subsequent. 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](http://www.sedar.com).

- 30 -

**For further information, please contact:**

Stéphane Lemay  
Vice-President, General Counsel and Secretary  
514-286-7400