



Power Corporation Reports Third 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.

Montreal, Québec, November 7, 2019 – Power Corporation of Canada (TSX: POW) today reported earnings results for the three and nine months ended September 30, 2019.

Power Corporation

Consolidated results for the period ended September 30

Highlights

- Sales at Great-West Lifeco Inc. (Lifeco) for the third quarter of 2019 were \$41.9 billion, up 22% from the third quarter of 2018, primarily driven by a 29% increase in the U.S., reflecting higher Empower Retirement sales and a 22% increase in Canada, driven by higher Group Customer sales in both Insurance and Wealth.
- Consolidated assets under administration at Lifeco at September 30, 2019 were approximately \$1.6 trillion, a 14% increase from December 31, 2018.
- IGM Financial Inc. (IGM) reported record high quarter-end assets under management at September 30, 2019 of \$162.5 billion, an increase of 1.8% from the prior year driven by favourable investment returns.
- Pargesa Holding SA's (Pargesa) net asset value has risen by 15% since the beginning of the year, to reach SF10.3 billion at September 30, 2019.

Third Quarter

Net earnings attributable to participating shareholders were \$0.84 per share or \$359 million, compared with \$0.40 per share or \$186 million in 2018.

Adjusted net earnings attributable to participating shareholders (a non-IFRS financial measure) were \$0.78 per share or \$332 million, compared with \$0.61 per share or \$283 million in 2018.

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

(in dollars per Power Corporation share)	2019		2018	
	Net Earnings ^[1]	Adjusted Net Earnings ^[1]	Net Earnings	Adjusted Net Earnings
• Power Financial Corporation (Power Financial) ^[2]	0.87	0.88	0.74	0.82
• Sagard Investment Funds, China AMC and Other investments	0.04	0.04	(0.07)	(0.07)
• Corporate and Other Subsidiaries	(0.07)	(0.14)	(0.27)	(0.14)
	0.84	0.78	0.40	0.61

[1] The Corporation completed a substantial issuer bid in the second quarter of 2019 and repurchased 9.8% of its subordinated voting shares.

[2] As a result of the Corporation's participation in Power Financial's substantial issuer bid, in the second quarter of 2019, the number of shares held by the Corporation decreased by 9.1%.



Other items, not included in adjusted net earnings, were income of \$0.06 per share or \$27 million consisting mainly of a favourable change to the Corporation's income tax provision estimates of \$31 million, partially offset by a charge of \$4 million related to the Corporation's share of other charges at Pargesa related to Parques Reunidos Servicios Centrales, S.A. (Parques), an equity investment. Other items in 2018 were a charge of \$0.21 per share or \$97 million.

Nine Months

Net earnings attributable to participating shareholders were \$2.11 per share or \$929 million, compared with \$2.28 per share or \$1,058 million in 2018.

Adjusted net earnings attributable to participating shareholders were \$2.26 per share or \$996 million, compared with \$2.49 per share or \$1,155 million in 2018.

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

(in dollars per Power Corporation share)	2019		2018	
	Net Earnings ^[1]	Adjusted Net Earnings ^[1]	Net Earnings	Adjusted Net Earnings
• Power Financial ^[2]	2.28	2.50	2.49	2.57
• Sagard Investment Funds, China AMC and Other investments	0.22	0.22	0.39	0.39
• Corporate and Other Subsidiaries	(0.39)	(0.46)	(0.60)	(0.47)
	2.11	2.26	2.28	2.49

[1] See note 1 above.

[2] See note 2 above.

Other items, not included in adjusted net earnings, were a charge of \$0.15 per share or \$67 million, compared with a charge of \$0.21 per share or \$97 million in 2018.

Power Financial Corporation

Results for the period ended September 30

Third Quarter

Net earnings attributable to common shareholders were \$0.88 per share or \$584 million, compared with \$0.74 per share or \$523 million in 2018.

Adjusted net earnings attributable to common shareholders were \$0.89 per share or \$590 million, compared with \$0.81 per share or \$578 million in 2018.

Contributions to Power Financial's net earnings per share and adjusted net earnings per share were:

(in dollars per Power Financial share)	2019		2018	
	Net Earnings ^[1]	Adjusted Net Earnings ^[1]	Net Earnings	Adjusted Net Earnings
• Lifeco ^[2]	0.74	0.74	0.66	0.71
• IGM	0.19	0.19	0.16	0.18
• Pargesa	0.04	0.05	0.02	0.02
• Power Financial Corporate and Other	(0.09)	(0.09)	(0.10)	(0.10)
	0.88	0.89	0.74	0.81

[1] Power Financial completed a substantial issuer bid in the second quarter of 2019 and repurchased 7.0% of its common shares.

[2] As a result of its participation in Lifeco's substantial issuer bid, in the second quarter of 2019, the number of shares held by Power Financial decreased by 7.4%.



Other items, not included in adjusted net earnings, were a charge of \$0.01 per share or \$6 million consisting of Power Financial's share of other charges at Parques. Other items in 2018 were a charge of \$0.07 per share or \$55 million.

Nine Months

Net earnings attributable to common shareholders were \$2.29 per share or \$1,563 million, compared with \$2.48 per share or \$1,767 million in 2018.

Adjusted net earnings attributable to common shareholders were \$2.51 per share or \$1,715 million, compared with \$2.55 per share or \$1,822 million in 2018.

Contributions to Power Financial's net earnings per share and adjusted net earnings per share were:

(in dollars per Power Financial share)	2019		2018	
	Net Earnings ^[1]	Adjusted Net Earnings ^[1]	Net Earnings	Adjusted Net Earnings
• Lifeco ^[2]	1.82	2.01	2.14	2.19
• IGM	0.50	0.51	0.48	0.50
• Pargesa	0.23	0.25	0.13	0.13
• Power Financial Corporate and Other	(0.26)	(0.26)	(0.27)	(0.27)
	2.29	2.51	2.48	2.55

[1] See note 1 above.

[2] See note 2 above.

Other items, not included in adjusted net earnings, were a charge of \$0.22 per share or \$152 million consisting of Power Financial's share of Lifeco's net charge on the sale of the U.S. individual life insurance and annuity business, its share of Imerys' restructuring and other charges, and its share of charges at Parques discussed above. Other items in 2018 were a charge of \$0.07 per share or \$55 million.

Sagard Investment Funds, China AMC and Other Investments

For the period ended September 30

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

Third Quarter

Income from investments was \$16 million, compared with a loss of \$28 million in 2018.

Nine Months

Income from investments was \$96 million, compared with \$184 million in 2018. Income from investments in the period mainly comprised realized gains in Sagard China and a gain related to a private investment fund.



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 December 31, 2019 to shareholders of record December 10, 2019.

Dividends on Power Corporation Non-Participating Preferred Shares

The Board of Directors also declared quarterly dividends on the Corporation's preferred shares, payable January 15, 2020 to shareholders of record December 24, 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 September 1 to November 30, 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 September 30, 2019, Power Corporation held the following economic interests:

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

[1] IGM Financial Inc. (IGM) and the Corporation each hold a 13.9% interest in China AMC.



Earnings Summary

Earnings per Share

(unaudited) (in dollars per share)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Adjusted net earnings per share - basic				
Power Financial ^[1]	0.88	0.82	2.50	2.57
Other subsidiaries ^[2]	(0.03)	(0.03)	(0.12)	(0.15)
	0.85	0.79	2.38	2.42
Income (loss) - Sagard Investment Funds, China AMC and Other investments	0.04	(0.07)	0.22	0.39
Operating and other expenses, and dividends on non-participating shares	(0.11)	(0.11)	(0.34)	(0.32)
Adjusted net earnings per share ^[3]	0.78	0.61	2.26	2.49
Other items - see below	0.06	(0.21)	(0.15)	(0.21)
Net earnings per share ^[3]	0.84	0.40	2.11	2.28

Earnings

(unaudited) (in millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Adjusted net earnings				
Power Financial ^[1]	377	377	1,104	1,193
Other subsidiaries ^[2]	(13)	(17)	(54)	(72)
	364	360	1,050	1,121
Corporate operations				
Income (loss) - Sagard Investment Funds, China AMC and Other investments	16	(28)	96	184
Operating and other expenses	(35)	(36)	(111)	(111)
Dividends on non-participating shares	(13)	(13)	(39)	(39)
Adjusted net earnings ^[3]	332	283	996	1,155
Other items - see below	27	(97)	(67)	(97)
Net earnings ^[3]	359	186	929	1,058

[1] The contributions from IGM and 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 (Loss) – Sagard Investment Funds, China AMC and Other Investments

(unaudited) (in millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Sagard Investment Funds ^[1]				
Sagard Europe	(2)	(3)	(15)	163
Sagard Holdings ^{[2][3]}	(10)	7	(18)	(27)
Sagard China	17	(35)	85	13
China AMC	8	6	23	22
Other Investments				
Investment and hedge funds, and other ^[4]	3	(3)	21	13
	16	(28)	96	184

[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 third quarter of 2019 includes a charge for an impairment of an equity-accounted investment and the second quarter of 2018 includes 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)	September 30, 2019				December 31, 2018			
	Sagard Europe	Sagard Holdings	Sagard China	Total	Sagard Europe	Sagard Holdings	Sagard China	Total
Cost	318	373	522	1,213	280	342	515	1,137
Unrealized gain (loss)	95	2	65	162	111	14	(5)	120
Fair value of non-controlled portfolio investments	413	375	587	1,375	391	356	510	1,257
Cash	-	132	63	195	-	185	162	347
Fair value adjustments and other ^[1]	-	33	51	84	-	38	(3)	35
Total fair value	413	540	701	1,654	391	579	669	1,639

[1] Fair value adjustments of investments not carried at fair value in the Corporation's financial statements and receivables from pending trades of \$53 million in Sagard China.



Other Items

(unaudited) (in millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Share of Lifeco's Other items:				
Net charge on the sale, via reinsurance, of U.S. individual life insurance and annuity business	-	-	(86)	-
Restructuring charges	-	(25)	-	(25)
	-	(25)	(86)	(25)
<i>Per share</i>	-	(0.06)	(0.19)	(0.06)
Share of IGM's Other items:				
Restructuring and other charges	-	(7)	-	(7)
Premium paid on early redemption of debentures	-	(3)	-	(3)
Share of Lifeco's Other items	-	(1)	(3)	(1)
	-	(11)	(3)	(11)
<i>Per share</i>	-	(0.02)	(0.01)	(0.02)
Share of Pargesa's Other items:				
Imerys - Restructuring charges and other	-	-	(5)	-
Other	(4)	-	(4)	-
	(4)	-	(9)	-
<i>Per share</i>	(0.01)	-	(0.02)	-
Corporate operations				
Reduction of income tax estimates	31	-	31	-
Divestiture of La Presse operations	-	(54)	-	(54)
Premium paid on early redemption of debentures	-	(7)	-	(7)
	31	(61)	31	(61)
<i>Per share</i>	0.07	(0.13)	0.07	(0.13)
	27	(97)	(67)	(97)
<i>Per share</i>	0.06	(0.21)	(0.15)	(0.21)



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 periods. 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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