



POWER CORPORATION  
OF CANADA

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## Annual Meeting of Shareholders

Address to the Shareholders by  
**André Desmarais**, O.C., O.Q.  
Deputy Chairman

May 14, 2021

[www.PowerCorporation.com](http://www.PowerCorporation.com)

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### Forward-Looking Statements

In the course of today's meeting, representatives of the Corporation may make, in their remarks or in response to questions, and the accompanying materials may include, statements containing forward-looking information.

Certain statements, 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 listener/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 listener/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 Corporation's value-creation strategy and further expectations to drive and surface value, improvement in the Corporation's trading price discount to net asset value, the fintech strategy and impact of the latest financing round of Wealthsimple, goals for diversity in the composition of the Corporation's Board of Directors, continued enhancement of environmental, social and governance practices, the goals and intent of the Corporation's alternative asset management businesses, the Corporation's intention to surface and realize value from its ownership of standalone businesses, targeted expenses reductions, the expected impact of the COVID-19 pandemic on the Corporation and its subsidiaries' operations, results and dividends, 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", "aims" 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, man-made disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises (such as COVID-19), 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 and with respect to forward-looking statements disclosed by the Corporation's subsidiaries, the factors identified by such subsidiaries in their respective MD&A.

The listener/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, and that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries and, with respect to forward-looking statements disclosed by the Corporation's subsidiaries, the risks identified by such subsidiaries in their respective annual MD&A and Annual Information Form most recently filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com). 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 annual, and subsequently filed interim, MD&A and Annual Information Form, filed with the securities regulatory authorities in Canada and available at [www.sedar.com](http://www.sedar.com).

### Non-IFRS Financial Measures and Presentation

Certain financial terms which may be included in statements today or in the accompanying materials, such as adjusted net earnings, adjustments, adjusted net earnings per share, net asset value, net asset value per share and assets under administration, are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities. 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 listeners/readers in their analysis of the results of the Corporation.

The Corporation also uses a non-consolidated basis of presentation to present and analyze its results whereby the Corporation's controlling interests held through Power Financial in Lifeco, IGM, Portage I, Portage II, and Wealthsimple, as well as other subsidiaries consolidated by Power Corporation, are accounted for using the equity method. Presentation on a non-consolidated basis is a non-IFRS presentation.

Please refer to the Corporation's annual and most recent interim Management's Discussion and Analysis for more information, including how such measures are defined, any recent changes to their method of calculation, an explanation of their purpose and a reconciliation of these non-IFRS measures to results reported in accordance with IFRS, where comparable IFRS measures exist.



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Address to the Shareholders by  
**André Desmarais**, O.C., O.Q.  
Deputy Chairman

## Annual Meeting of Shareholders May 14, 2021

Thank you, Jeff. And thank you all for joining us at our second, virtual Annual General Meeting of Power Corporation. I hope that you and your families are staying healthy and safe.

Like the rest of you, I look forward to the day when we all are vaccinated and can meet in person again and do all the things we miss so much.

COVID has claimed lives and caused deep hardship. Let me express our sincere condolences to those who have lost loved ones.

Today, I would like to speak about Power Corporation's heightened focus on driving value. A focus that is delivering a new level of performance.

But before that, I would like to first express our profound thanks to the employees at Power Corporation and our group companies.

A thanks to each and every one of you for what you have done as we shifted from working at the office. I recognize it has not been an easy year.

You have shown incredible adaptability and commitment. You did not just "hold things together" this past year. You actually took us to new levels of performance. Thank you.

We are grateful to have some of the very best people in our businesses. Including at the very top, our CEO, Mr. Jeffrey Orr.

Jeff has impressed us all greatly through his many years of highly effective service with the Power group of companies in different leadership roles, and even before then as an investment banker.

So, when Paul and I decided to retire as Co-CEOs following the reorganization last year, we recommended to the Power Corporation Board of Directors that Jeff should become the new CEO. The Board subsequently appointed him as the new President and CEO in February of 2020.

Since then, he has continued to demonstrate his outstanding management qualities while providing humane and caring leadership to our employees in this difficult year.

Jeff has been *delivering* on our new value-creation strategy, following the reorganization of Power Financial. He has had a remarkable first year at the helm of Power Corporation.

Revenues and earnings were both up strongly in 2020. Notwithstanding the extraordinary times. These are amongst the highest net earnings per share ever.

As you have heard Jeff describe, our strategy is to double down on financial services, our core strength, rather than pursuing diversification.



Power Corporation has, over its history, developed very solid publicly traded companies, namely Great-West Lifeco, IGM Financial and GBL. Over time, these companies have demonstrated strong profitability and continue to provide a stable stream of earnings.

This has enabled us to pay substantial, and consistent dividends to our shareholders.

For many years, Power's stock has had an attractive dividend yield of over 5%: a very good stock for institutional investors and individuals alike to hold in their portfolios.

But we felt that we could do even better by reorganizing and taking a more active role with the assets we understood best.

We also believed that by eliminating the dual holding company structure at the Power Financial and Power Corporation levels, we could simplify our structure and improve the discount to net asset value (NAV).

This strategy has positioned the company to reward its shareholders with some of the capital appreciation they have been waiting for.

We now have total assets under administration of over \$2.2 trillion, with 31 million client relationships. This bodes well for the future.

Let me give you some examples of how our strategy is producing results.

Jeff has spoken about the positive momentum and M&A activity at Great-West Lifeco.

In terms of transactions related to our refocused strategy, 2020 was one of our busiest and most financially significant years.

Jeff and the leadership teams at Great-West Lifeco and IGM have not been thrown off stride this past year by COVID; on the contrary.

Four major deals were successfully concluded in our financial services businesses, with acquisitions totalling over \$6 billion.

Jeff has described, for example, the transactions by Empower Retirement to acquire the retirement business of MassMutual as well as Personal Capital.

Empower is now strongly positioned as the number two company within the U.S. defined contribution retirement market. It is a truly strategic asset for us, providing both product diversity and a potential larger stream of U.S. earnings.

Last week, IGM reported record high assets under management and advisement of \$249 billion at March 31, and record high first quarter earnings of \$202 million, a 25% increase in earnings per share year over year. They are witnessing strong momentum across all their businesses.

This series of acquisitions, along with strong performance in our other businesses, are positively impacting Power Corporation's discount to NAV, which has been steadily narrowing. The discount now stands at 27%, after averaging around 34% for several years.

Our NAV per share stood at \$41.27 at the end of 2020, and has risen sharply since then, reaching \$45.94 at March 31, 2021.

Let me mention some other factors which are expected to continue to drive and surface value.



As Jeff has described, our current model includes alternative asset management platforms. We provide seed capital to select investments and growth is fueled by raising third-party capital.

These investments comprise “industries of the future”, including Fintech, headed by Paul Desmarais III, and the sustainable platforms, such as renewable energy, headed by Olivier Desmarais.

In the past year, these platforms have realized significant gains, contributing meaningfully to Power’s results.

Wealthsimple is one of Canada’s largest and fastest growing digital investing services. They are transforming the financial services industry.

You heard Jeff mention the recent \$750 million financing round, which included a secondary offering of \$500 million by the Power group.

For Power Corporation specifically, our investment in Wealthsimple currently represents a value of \$983 million, a gain of \$867 million over our original \$116 million investment.

Following the close of the financing round, Power Corporation will receive proceeds of \$187 million and retain an interest valued at \$796 million.

While Fintech is transforming the financial services industry, renewables are transforming the energy and transportation sectors around the world. Power Sustainable was created with this in mind.

Countries are moving to electric vehicles, including Canada, the US, China and the EU. This is clearly a big part of President Biden’s energy policy in the US.

We invested \$53 million a few years ago in Lion Electric, a Québec-based company and an emerging leader in electric transportation.

In November of 2020, Lion announced it would merge with Northern Genesis. Our shares in Lion Electric are currently worth \$1.2 billion.

Once again, our seed investment and active management have truly paid off.

Let me also say a few words about our assets in China, where we have been investing for over 40 years. My father was a pioneer in investing in China. He was a remarkable visionary, and he took a long-term view about the prospects in a country that was just emerging from the turmoil of the Cultural Revolution.

Since then, despite all its ups and downs, China has brought over 800 million people out of poverty. A new and dynamic private sector drives economic growth.

There is now a thriving middle class equal to the entire population of the United States. That middle class is expected to double in the next few years from 300 million to 600 million people. China has become the second largest economy in the world and by 2030 will be the largest.

2020 was an exceptional year for our investments in China.

Power owns close to 14% of China Asset Management Company (China AMC), one of the largest asset management companies in China. Mackenzie owns the same percentage.

China AMC’s assets under management were up 42% in 2020 – as of December 31, 2020, they stood at CAD \$285 billion (RMB 1.5 trillion) – with first quarter 2021 profits up 35% from 2020.



This is certainly impressive, and we consider China AMC to be a growth engine in a separate geography, but in an industry that we know well.

Our Power Pacific platform, managed by Power Sustainable, has also demonstrated remarkable returns. The 2020 return on Power Pacific is over 60%. The value of our holdings increased by \$445 million last year and stood at \$1.134 billion at the end of the year.

When I started travelling to China and learning about this complicated place, I never would have imagined that we would be able to make \$445 million in one year!

Let me also emphasize that sustainability is integral to these investments in China. As an example, our firm was one of the first China A shares managers to sign up for the UN Principles for Responsible Investment.

Our alternative asset businesses, which are being led by our family's third generation, have been very successful and are an important value creation engine for shareholders.

Two years ago, I remarked that stock prices almost always manage to catch up with quality earnings. This process is well under way at Power.

Our share price is up 26% in 2021, outpacing both the TSX Composite as well as the Financial Services Index. Confidence is indeed building. The share price reached \$37 this week.

Our shareholders have been enjoying a very attractive yield over these last number of years, but it has been a long time since the share price reached this level. January 2008, to be precise. Some 13 years ago.

So, this is really a story at Power Corporation of a well-conceived strategy being executed by a top tier, professional management team. At the end of the day, it is about driving value through businesses we understand and believe in.

I would like to close with a few observations about our larger societal context.

At Power, we are continuing to reinforce our commitment to responsible management. Well-regarded external organizations have recognized our ESG initiatives.

In addition to being included in the Carbon Disclosure Project A-List in 2020, as mentioned by Mr. Orr, Power Corporation was also selected for Corporate Knights' 2020 Best 50 Corporate Citizens ranking.

We are also proud to have been chosen, as part of a select group of companies, for a number of other ESG indexes.

During 2020, we also continued to reinforce our governance framework including through changes to our Diversity Policy.

Power Corporation aims to have at least 30 per cent of its Board composed of women by 2025. This year, the number of women nominated for election to the Board has increased to three, or 21 per cent of the Board.

Our operating companies, Lifeco, IGM and GBL, have respectively nominated women representing 32, 33 and 31 per cent of their Boards this year.



We and our group companies have also stepped up our leadership on philanthropic initiatives, responding to urgent social needs, with a particular focus on the most vulnerable. In 2020, the combined charitable giving from Power Corporation, Great-West Lifeco and IGM was \$48.3 million.

At Power Corporation specifically, we provided \$2.5 million in direct commitments to COVID-specific causes.

We decided this year to spell out our approach to philanthropy in a clear Statement. In it, we affirm some of our core beliefs and values.

I encourage you to have a look at the Statement on our website.

Let me say that I have never felt more positive and optimistic about our group of companies. Each and every one of them is doing amazingly well.

We continue to attract some of the finest people available to run them and help execute on our strategy. I am indeed very excited. I hope you are as well.

Let me express our appreciation to you, our shareholders, who have put your trust in us, in our companies and our people.

I convey again our thanks to all of our employees at Power and our group companies, and stress how proud we are to work with you.

I wish you all good health, resilience, and brighter days ahead. We will get through this and come back even stronger.

Thank you.