POWER CORPORATION
OF CANADA

Annual Meeting of Shareholders

Address to the Shareholders by
Paul Desmarais, Jr., O.C., O.Q.
Chairman and
Co-Chief Executive Officer

Montréal, May 11, 2018

www.PowerCorporation.com

POWER CORPORATION OF CANADA

Forward-Looking Statements

In the course of today's meeting, officers 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, 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, 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 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, 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 its most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

Certain financial terms which may be included in statements today or in the accompanying materials, such as adjusted net earnings, are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities. 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, 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.

Address to the Shareholders by
Paul Desmarais, Jr., O.C., O.Q.
Chairman and Co-Chief Executive Officer

Annual Meeting of Shareholders

May 11, 2018

This year marks the 50th anniversary of the involvement of our family with Power Corporation. In the spring of 1968, my father became the controlling shareholder of the corporation which we have had the privilege of guiding for a half century now. These years have provided a journey of incomparable experience and instructive learnings. Our family is committed to use the experience of the previous 50 years to help us build the next half century.

Today, I will share with you some of the fundamental learnings of the past 50 years and how we see the Corporation's journey continuing.

Our first learning is that a long-term perspective is the cornerstone of our investment approach.

As a family controlled company, Power Corporation has a vision and decision-making process that are informed by a long-term view.

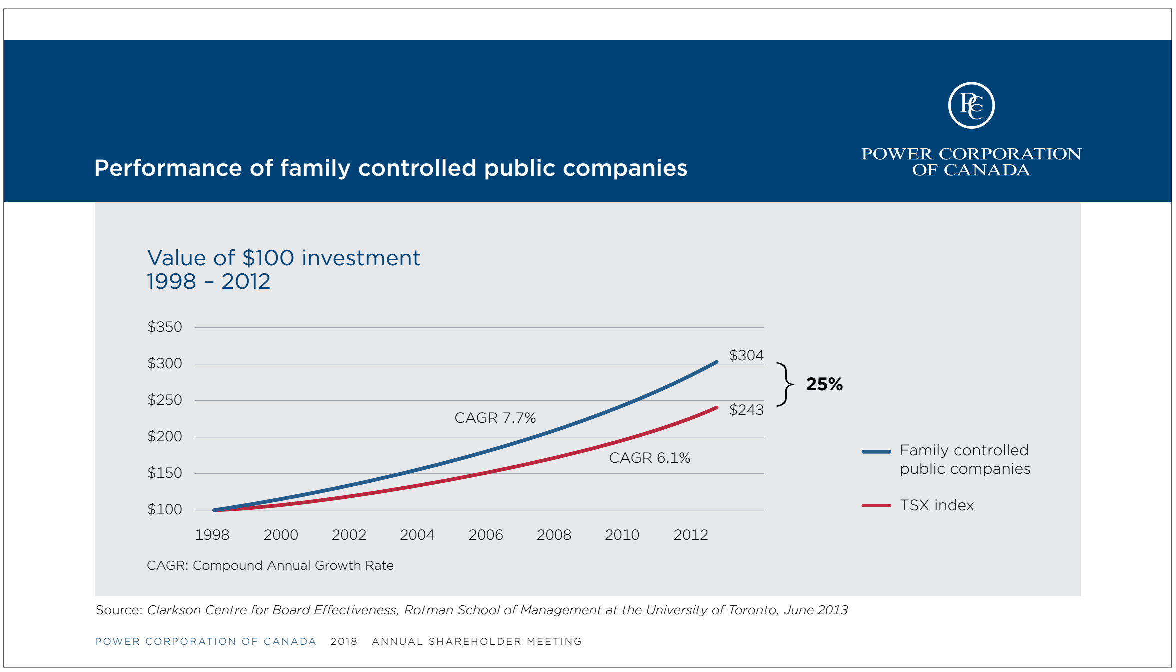
Our family, as controlling shareholders, considers itself a steward of this company and its businesses. Above and beyond this stewardship, we consider it our duty to grow and develop the Corporation for the upcoming generations of the family and for all shareholders. This deeply held conviction has a profound influence on how we manage our businesses. We focus on the sustainability of the firm. We pursue a long-term strategy over chasing short-term gains. We manage with a prudent view of our businesses so that they prosper even in the sometimes volatile environments in which they compete.

We are aware that many other family controlled companies in Canada and around the world share our values and long-term approach to management.

And it has proven to be a successful approach.

A study by the Clarkson Centre for Board Effectiveness – part of Toronto's Rotman School of Management – provides some interesting insights. The study shows that an index of the share-price performance of family controlled corporations grew by 7.7 per cent yearly in the 15-year period from 1998 to 2012. This compares with 6.1 per cent for the TSX as a whole. This yearly premium of 1.6 percentage points translates into a 25 per cent difference over the 15-year period, representing significant incremental value.

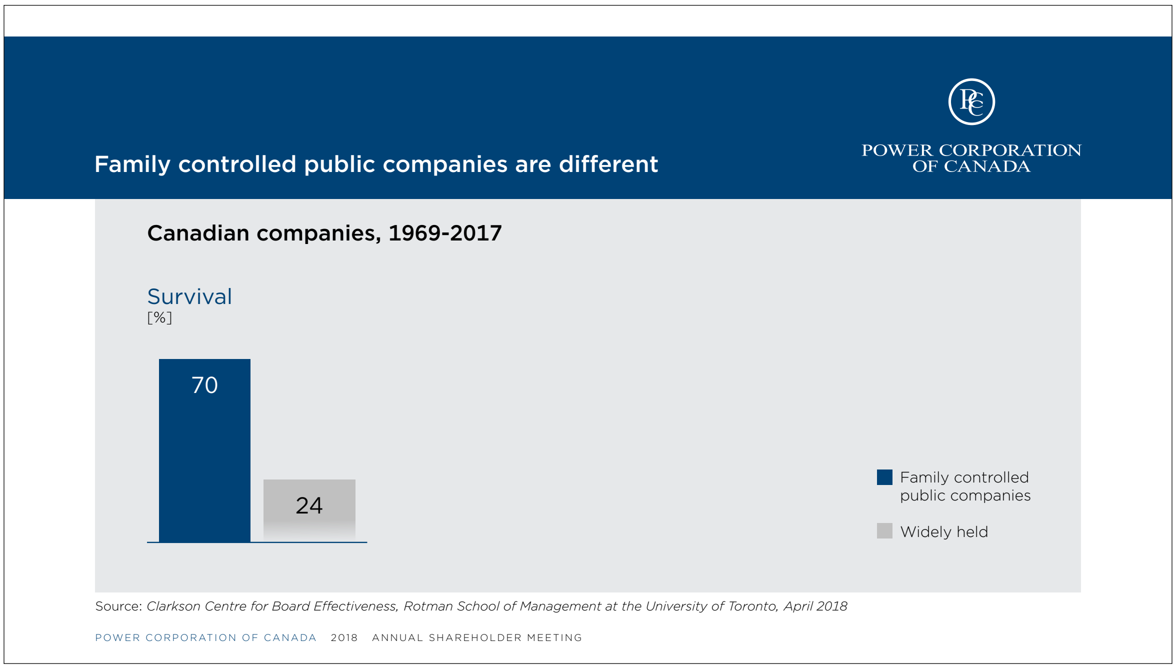
An investment of $100 in Power Corporation stock made on January 1st, 1998, would have yielded $303 by December 31st, 2012. That performance is almost identical to the index of the share price performance of family controlled corporations shown on this graph from the Clarkson study.



A recent study also published by the same Clarkson Centre looks at important characteristics of family controlled corporations. The authors examined listed companies in Canada, both family controlled and widely held, over a period of nearly 50 years. The goal was to quantify elements and factors potentially linked to corporations that adhered to a long-term vision.

The study arrived at three broad conclusions.

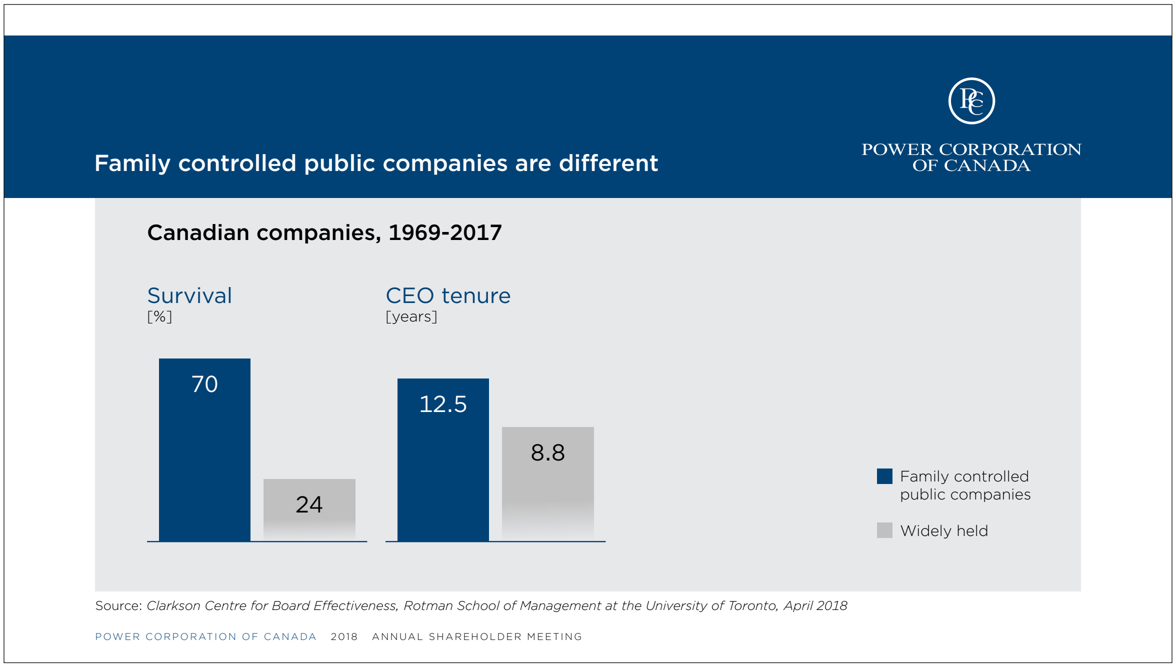
First, family controlled, listed corporations are indeed more likely to survive in the long term than non-family issuers.



Working from a sample of companies that were listed in Canada in 1969, the study found that nearly 70 per cent of family controlled public companies were still in existence 48 years later in 2017. This compares to 24 per cent of non-family issuers during the same period.

Looking at corporate longevity based on average lifespan, the study confirmed the same trend: family controlled corporations tend to live longer than widely held corporations. This is true in most industrial sectors in Canada. It is also true in the United Kingdom.

The study's second conclusion: family controlled, listed corporations experience less frequent turnover in the CEO position than non-family issuers, resulting in longer CEO tenures.

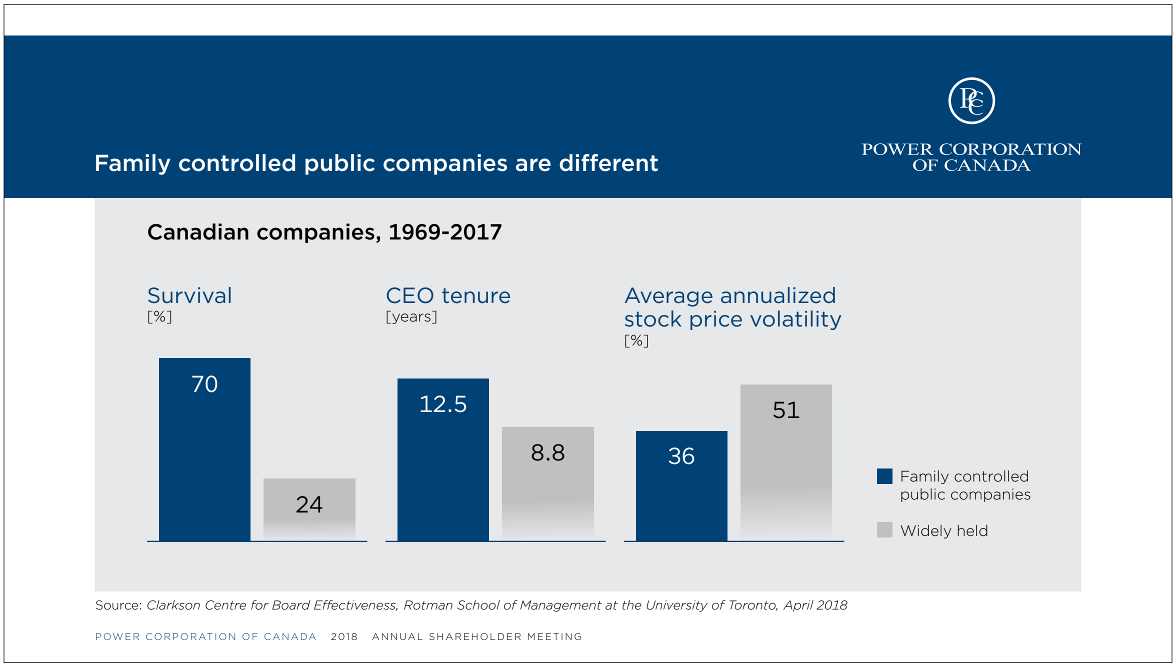


In addition to Canada, this finding was confirmed in both the United Kingdom and the United States.

This trend has been reflected at our main subsidiary – Power Financial. Since its inception in 1984, Power Financial has been led by only three individuals who served an average of 13 years with the company.

The study's third conclusion was that shareholders in family controlled corporations experience significantly less share-price volatility than shareholders in widely held corporations.

Over a period of 33 years, average annual share-price volatility for a sample of family controlled issuers was 36 per cent. This is 15 percentage points less than for widely held issuers over the same period.

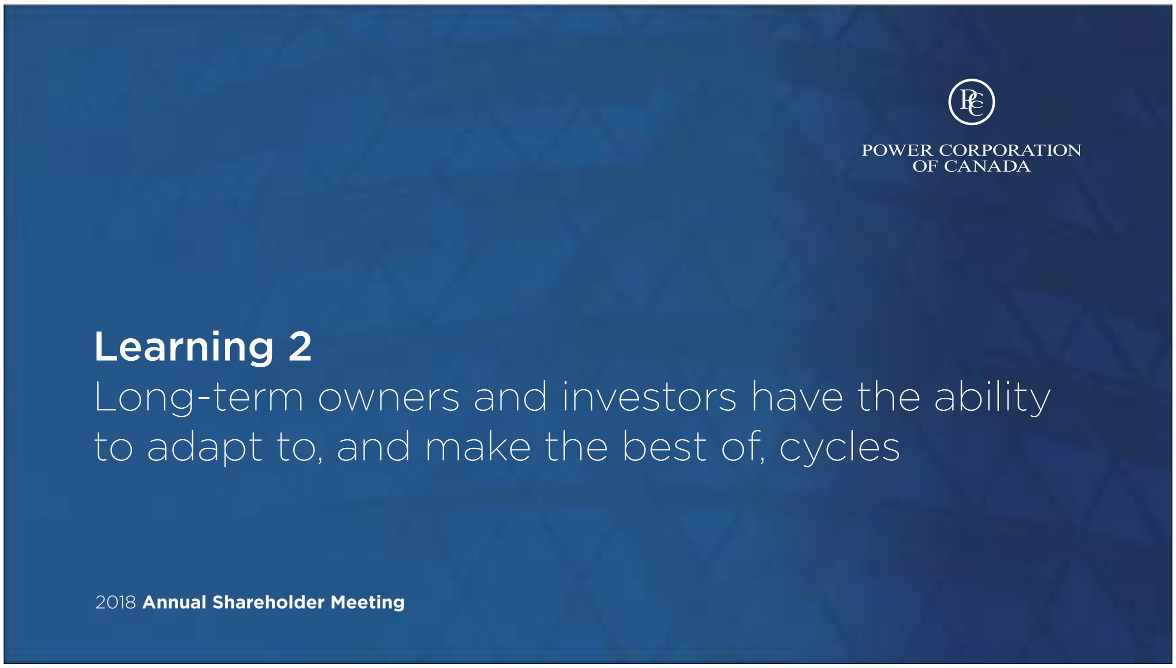


These academic findings are completely consistent with Power Corporation's 50-year experience.

This begs the question of how does a family controlled business achieve both superior performance and low share-price volatility.

We believe the answer lies in the fact that family controlled businesses have the capacity and the leeway to adapt to the ups and downs, the hilltops and valleys, that every business faces. Family controlled businesses are able to not only adapt to changing cycles but to actually make the best of them.

That is our second learning.

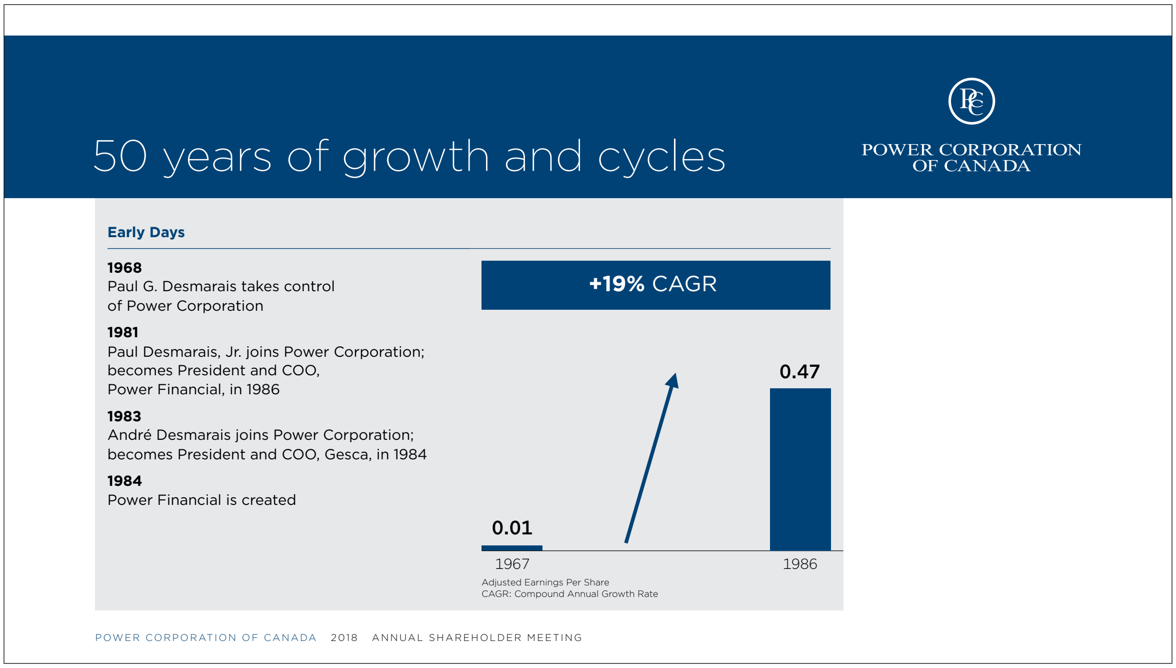


As long-term owners and investors, we know that periods of rapid growth will normally be followed by periods of rationalization and consolidation. We know that these periods will give us an opportunity to build for the next period of rapid growth. The result is that our businesses must not only survive recessions and economic slowdowns. They must also survive and take advantage of financial crises and major technological or regulatory disruptions.

As a consequence, family controlled corporations operate and make decisions over a longer time frame, with a broader perspective and with more regard for prudent risk management. This allows them to reap the benefits of investing and making the changes needed for the future, often in challenging times.

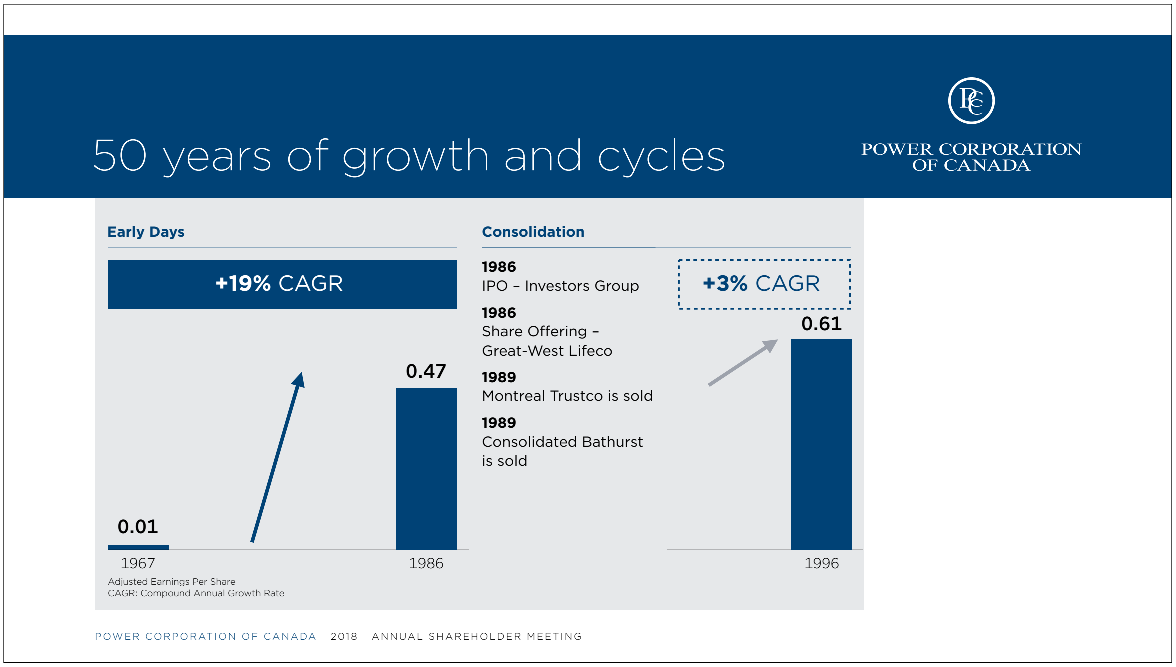
The history of Power Corporation over the last 50 years proves the point.

From 1968 until the middle of the 1980s, Power Corporation experienced rapid growth in earnings per share of 19 per cent a year.



In this period of rapid growth, my brother André and I felt very fortunate to work under my father's leadership and to learn from him. We observed how he developed businesses and how he built an effective network for the Corporation in China and in Europe. We later emulated his example as we assumed our responsibilities as Co-CEOs of the Corporation.

After the initial period came a period of consolidation, which lasted for about 10 years. Earnings growth in that period slowed to 3 per cent a year.



This 10-year period was nonetheless a highly productive time during which Power Corporation changed profoundly.

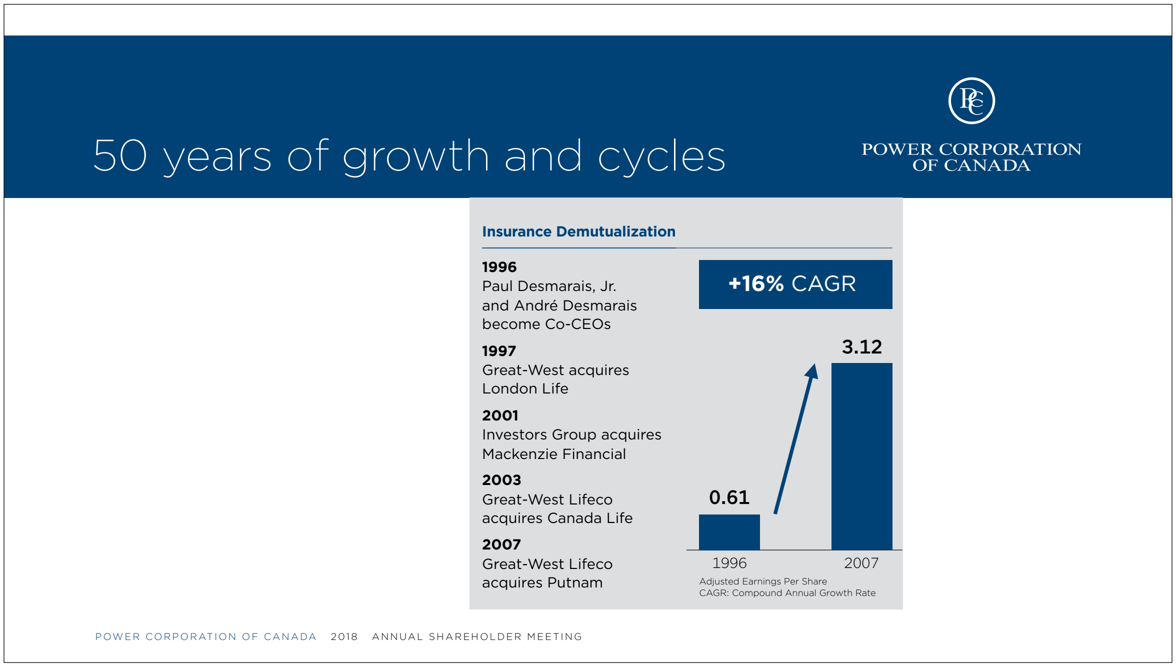
Our corporate culture evolved from what had been almost purely entrepreneurial to what we call a "managerial-entrepreneurial culture", that is, a culture where entrepreneurship and professional management skills co-exist, challenge and nurture each other.

During these 10 years we:

- Completely reorganized our portfolio, bringing our Great-West and Investors Group investments directly under the newly created Power Financial Corporation;
- Launched an IPO for Investors Group and a share offering for Great-West, diluting the equity owned by Power Financial somewhat but eliminating debt at the holding level;
- Sold Montreal Trustco and Consolidated Bathurst, making the judgement call that others would be in a better position to grow and develop these businesses; and,
- Developed our model of "active ownership" which means that we are actively involved in our group companies, through their boards of directors, in order to oversee value creation.

This was a decade during which we resisted the siren calls of leveraged buy-outs. We opted instead to focus on the long term and to keep a solid, conservative financial structure. In other words, we were getting ready for the next phase.

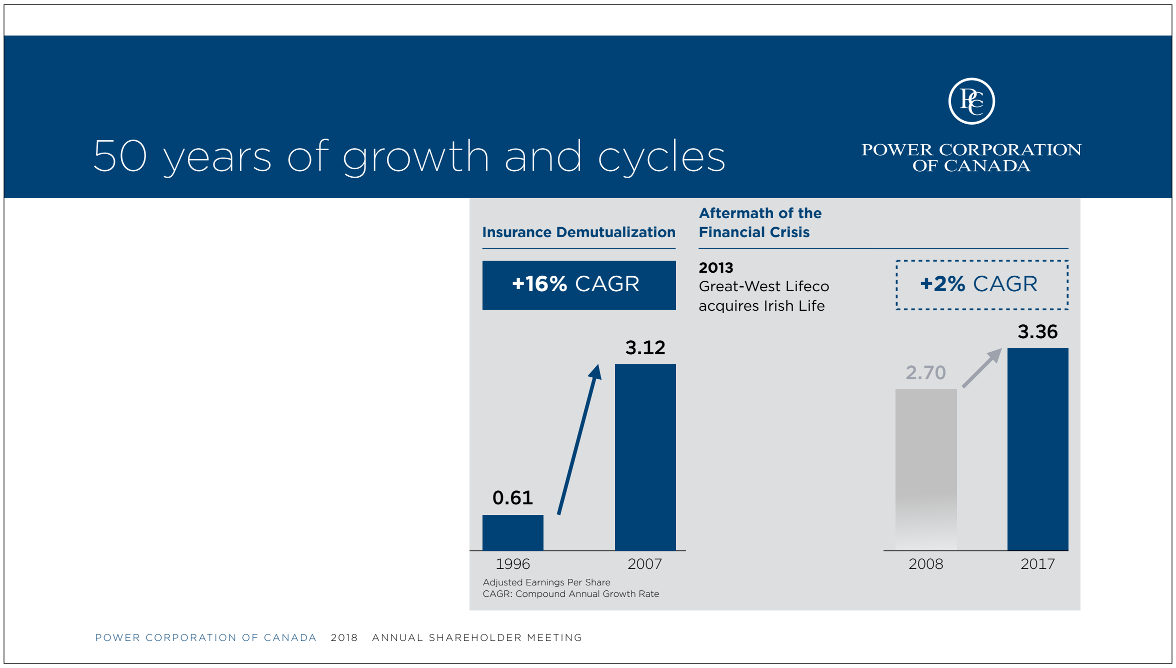
In 1996, André and I became Co-CEOs of the Corporation. The decade that followed proved rich in opportunities. Thanks to our strong financial position, our trimmed corporate structure and our evolved managerial-entrepreneurial culture, we were able to take advantage of the opportunities that presented themselves.



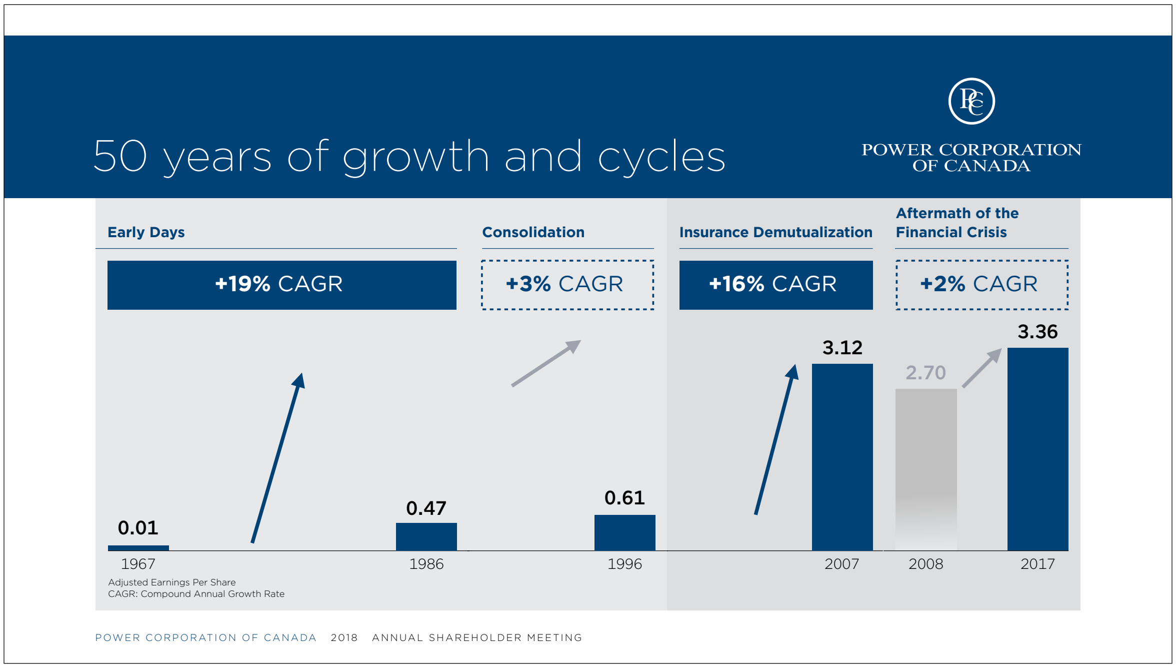
We capitalized on the wave of insurance demutualization in Canada. Mainly through acquisitions, we achieved a compound annual growth rate in earnings of 16 per cent per year.

For those who like to think in terms of total shareholder returns, that metric reached nearly 20 per cent yearly over that period.

Then came the economic event of our lifetimes, the global financial crisis of 2008. Thanks to our strong position, we didn't need to cut our dividend or to make other drastic adjustments to weather the economic storm. Our earnings were reset downward, as they were for many other corporations. Since 2008, we have experienced much slower growth. We have used this 10-year period to rebuild and strengthen our group companies' balance sheets and to make select acquisitions, such as Irish Life in 2013.



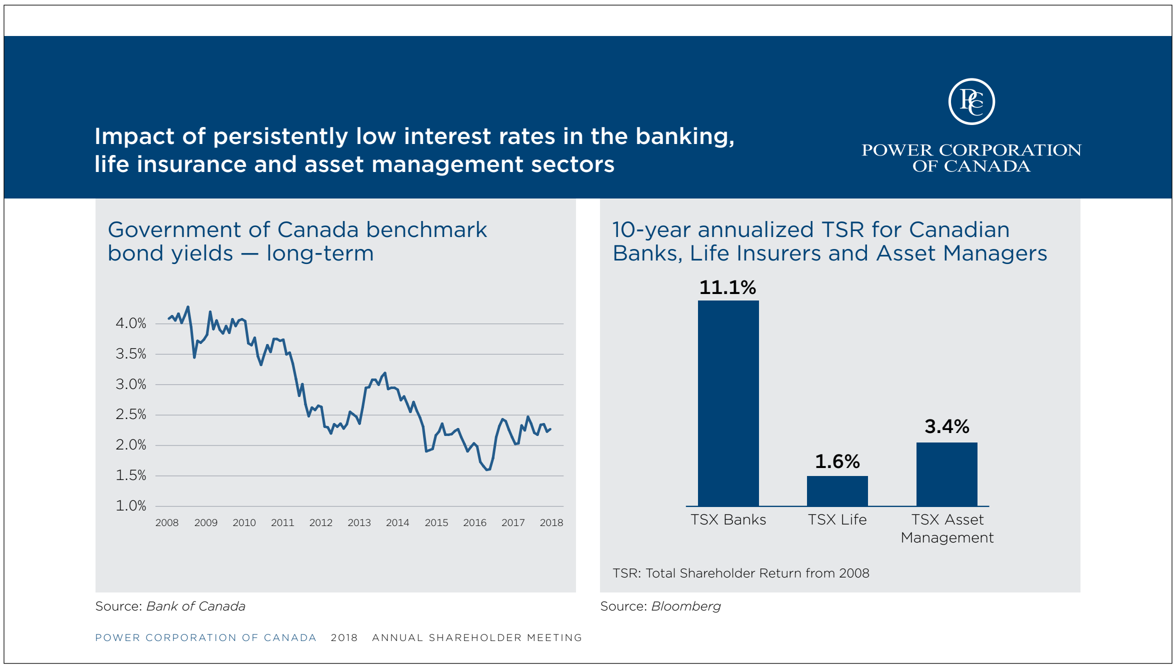
As you can see from this slide, Power Corporation has experienced not one, but two long phases of rapid growth. Each time those phases were followed by slower growth, which we profitably used to consolidate and get ready.



I would now like to focus on our most recent 10-year period of consolidation, which was marked by a unique economic environment.

The decade since the global financial crisis in 2008 has featured, in particular, a precipitous and persistent drop in interest rates which, in turn, has had starkly different impacts on the businesses of banking, life insurance and asset management.

As the right-hand panel shows, this low-interest-rate environment has been particularly good for Canadian banks. Note the total shareholder return comparison between Canadian banks, life insurance corporations and asset management companies listed on the Toronto Stock Exchange.

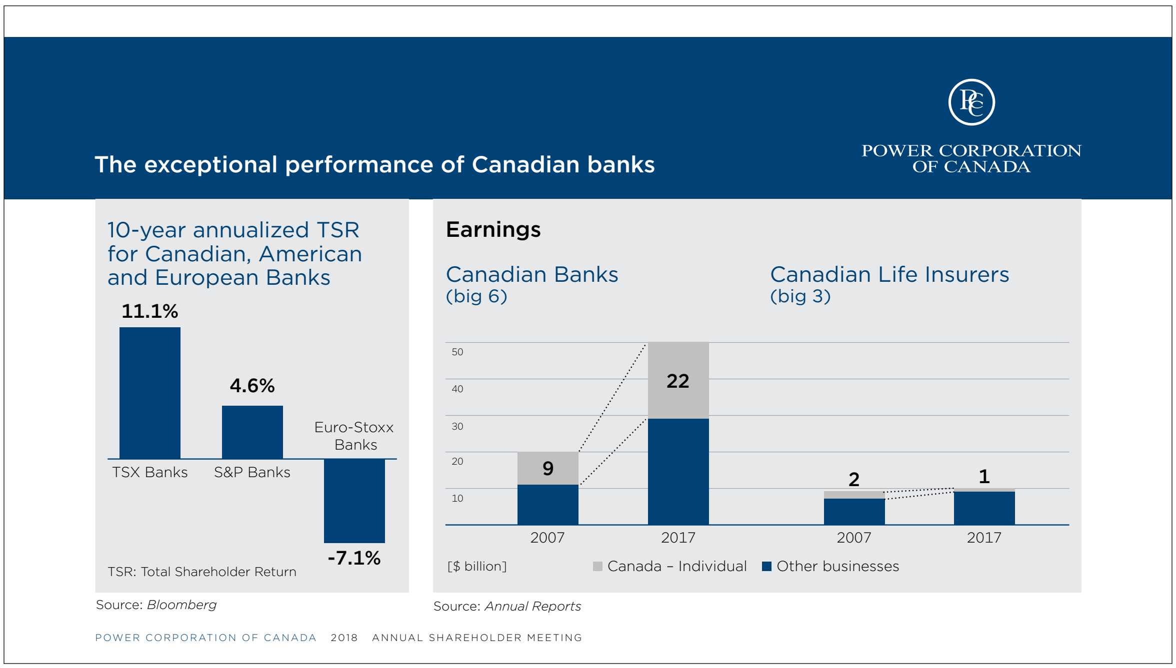


But that is not all.

Looking in greater detail at the performance of Canadian banks, we notice that they have performed exceptionally well in comparison to their international peers.

Canadian banks have been able to take advantage of their booming individual (or retail) businesses in Canada to substantially grow their earnings and balance sheets.

By contrast, during the same 10-year period, the individual businesses of the three major Canadian life insurance companies – including our subsidiary Great-West Lifeco – have more or less stagnated.



Largely, this difference can be attributed to the fact that interest rates have stayed at or near historic lows for this entire 10-year period. This made it possible for the Canadian consumer to accumulate debt and resulted in a very favourable business environment for Canadian banks.

Nonetheless, our subsidiary Great-West Lifeco has performed quite well compared to its peers during this challenging period.

What is noteworthy is that Great-West Lifeco has delivered superior results with less volatility to its shareholders than its peers.

Great-West Lifeco's performance vs competitors

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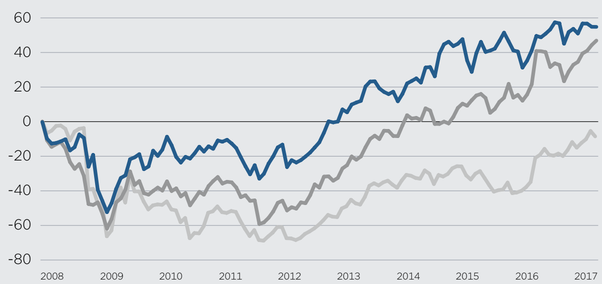
TSR – 2008-2017, cumulative [%]



	10-year annualized TSR	10-year average volatility
Lifeco	**+4.5%**	**22.4%**
Sun Life	+3.9%	27.4%
Manulife	-0.9%	31.5%

TSR: Total Shareholder Return

Source: *Bloomberg*

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Because we have the luxury of a 50-year period of corporate performance, we can conclude our business model and our overall approach to selecting and managing our investments is indeed sound.

Of course now the question becomes: "Where do we go from here?"

As long-term owners and investors, we are working diligently on launching a new cycle of growth.

I am here to reaffirm to you that we are positioned and equipped to achieve just that.

First, let me share with you the value creation strategies that Power Financial is pursuing in our financial businesses. They can be grouped around six major themes, which you can now see on the screen.

Value creation strategies at Power Financial

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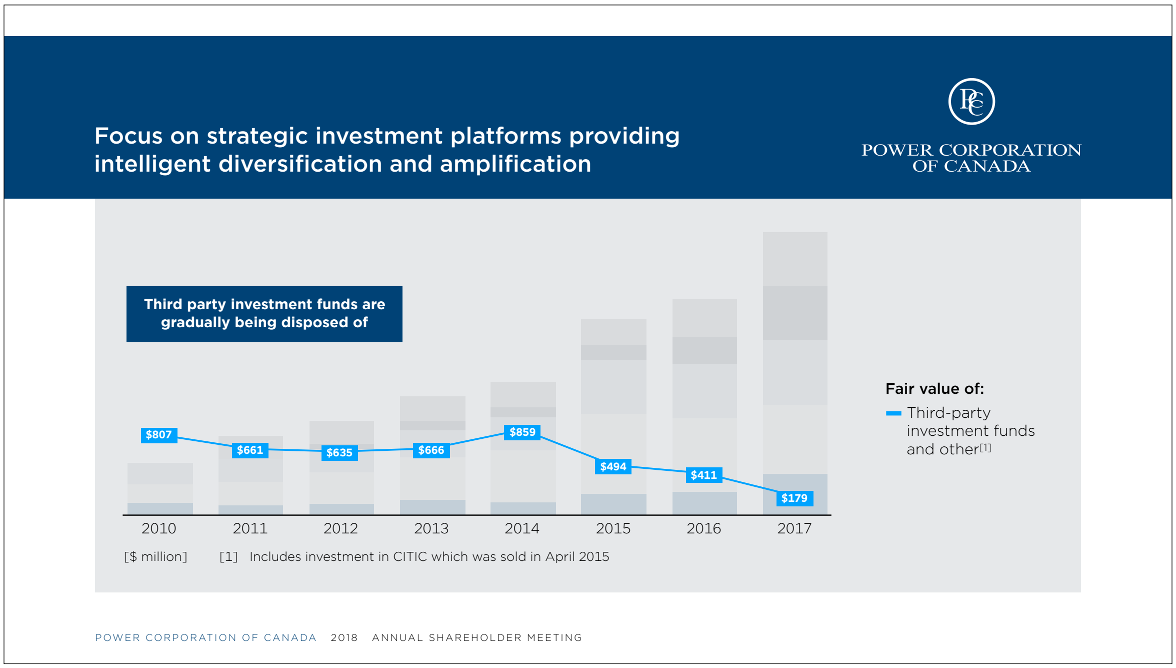
1. Transform our advisor-based distribution businesses
2. Harness the full potential of our group customers
3. Reshape global asset management
4. Increase the competitiveness/profitability of core insurance businesses
5. Deploy and redeploy group capital
6. Develop a portfolio of positions in high-growth fintech

POWER CORPORATION OF CANADA 2018 ANNUAL SHAREHOLDER MEETING

Power Financial and its group companies have a clear game plan and the resources to execute.

In our businesses other than Power Financial, we are also making great strides.

We are streamlining our other investments in order to focus on strategic investment platforms that provide intelligent diversification and amplification of our core businesses. This can be seen on this slide by the gradual wind down of third-party investment funds, which are funds that we do not control or manage ourselves.



This re-focus allows us to invest in our five strategic investment platforms, which are the three Sagard platforms plus Power Energy and China Asset Management Corporation. In seven years, we have multiplied the fair market value of those investment platforms by a factor of more than five.

Focus on strategic investment platforms providing intelligent diversification and amplification

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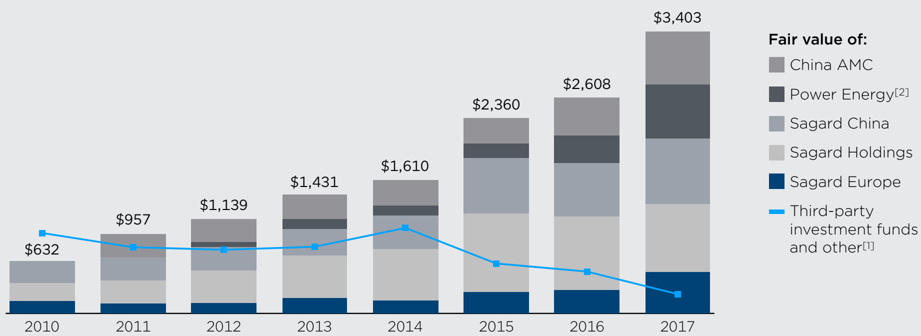
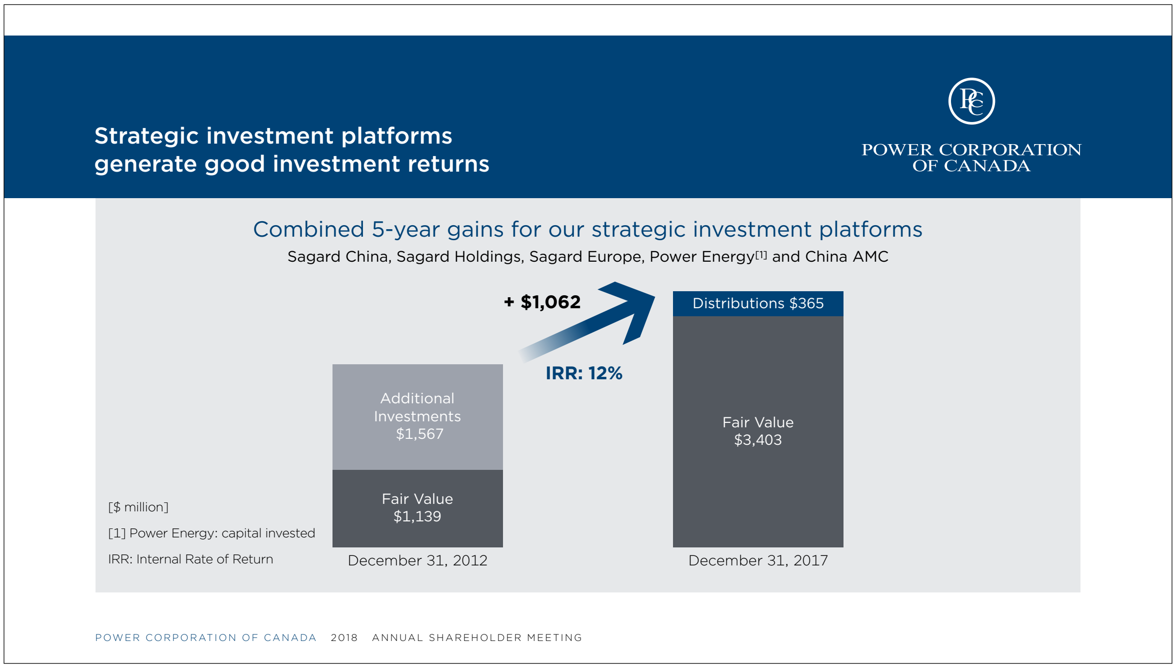


[$ million] [1] Includes investment in CITIC which was sold in April 2015
[2] Power Energy: capital invested

POWER CORPORATION OF CANADA 2018 ANNUAL SHAREHOLDER MEETING

Investment returns are also very encouraging. We are now past the initial investment period. Over the last five years, our strategic investment platforms have brought the Corporation gains in excess of one billion dollars, with an internal rate of return of 12 per cent per annum.



Today, I reaffirm our conviction that we are building on a 50-year history of success at Power Corporation. We have made good use of this most recent period of consolidation in order to embark on a renewed period of growth.

I would like to extend special thanks to those individuals within our group who have been instrumental in our growth story. In many cases, with their responsibilities as CEOs of our group companies, or as senior managers of Power Corporation and Power Financial, they took courageous decisions to adapt and navigate the Corporation through its ups and downs, hilltops and valleys. These men and women were major players in our 50-year success story. Thank you.

I would also like to thank the current employees of Power Corporation who, day in and day out, take the prosperity of the Corporation to heart.

And finally, I would like to thank you, shareholders, guests and employees, for joining us today at our Annual General Meeting, in person or on the Web.