



POWER CORPORATION  
OF CANADA

**Investor  
Presentation**

September 2018

# Forward looking statements

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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](http://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.

# Forward looking statements

All financial information and market data are in Canadian Dollar (C\$) as at June 30, 2018, except otherwise noted, with the following abbreviations: millions (M); billions (B).

## Change in Accounting Policy

Effective January 1, 2013, the Corporation adopted revised IAS 19 (IAS 19R), Employee Benefits. In accordance with the required transitional provisions, the Corporation retrospectively applied the revised standard. The 2012 comparative financial information in this report has been restated accordingly.

## Non-IFRS Financial Measures

In analyzing the financial results of the Corporation and consistent with the presentation in previous years, net earnings are subdivided into the following components:

- 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.

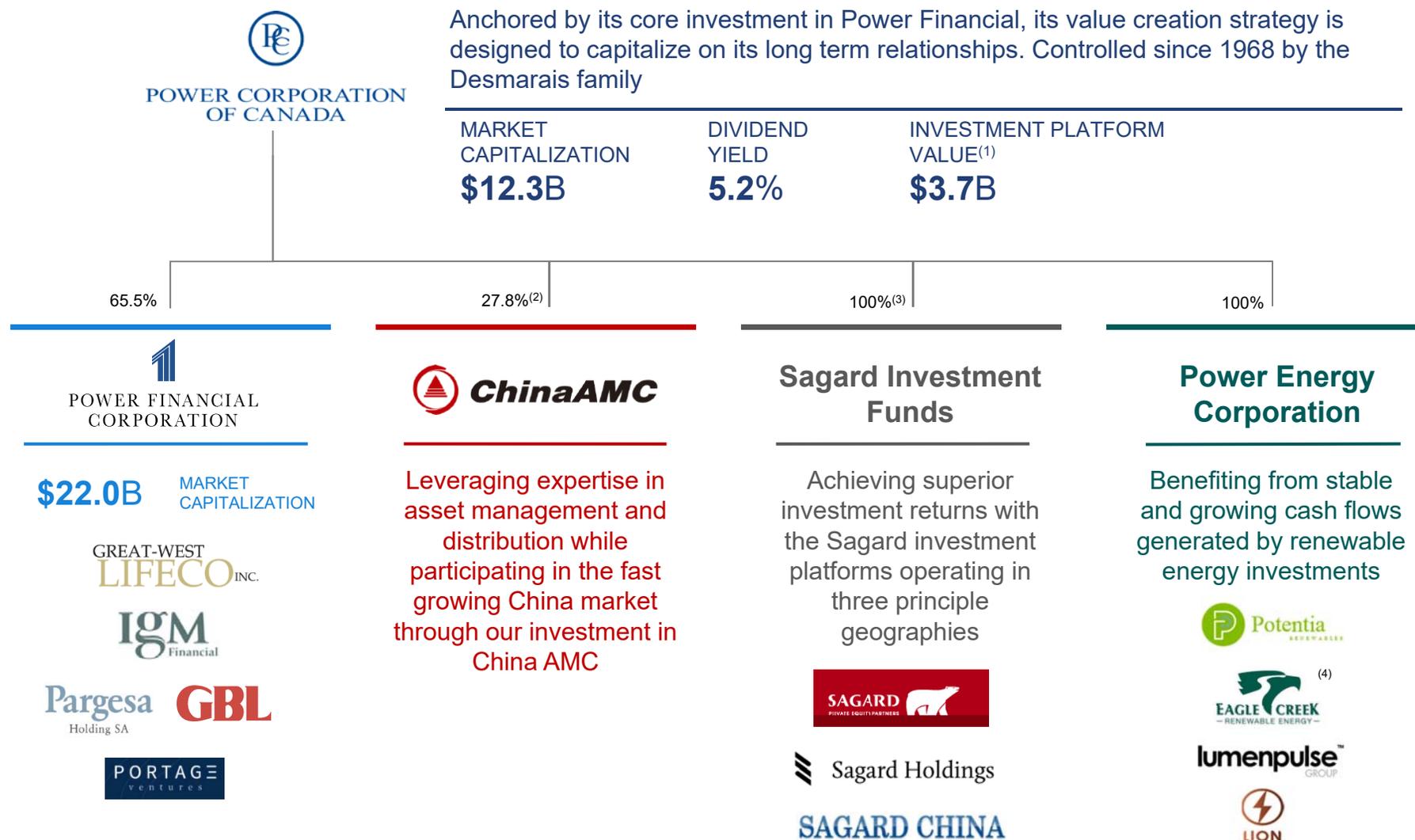
Management uses these financial measures in its presentation and analysis of the financial performance of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation. Adjusted net earnings, as defined by the Corporation, 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.

## Abbreviations

<b>Canada Life</b>	The Canada Life Assurance Company	<b>Pargesa</b>	Pargesa Holding SA
<b>China AMC</b>	China Asset Management Co., Ltd	<b>Parjointco</b>	Parjointco N.V.
<b>Eagle Creek</b>	Eagle Creek Renewable Energy, LLC	<b>Portag3</b>	Portag3 Ventures Limited Partnership
<b>GBL</b>	Groupe Bruxelles Lambert	<b>Potentia or Potentia Renewables</b>	Potentia Renewables Inc.
<b>Great-West Financial or Great-West Life &amp; Annuity</b>	Great-West Life & Annuity Insurance Company	<b>PCC</b>	Power Corporation of Canada
<b>Great-West Life</b>	The Great-West Life Assurance Company	<b>Power Energy</b>	Power Energy Corporation
<b>IFRS</b>	International Financial Reporting Standards	<b>Power Financial</b>	Power Financial Corporation
<b>IGM or IGM Financial</b>	IGM Financial Inc.	<b>Putnam</b>	Putnam Investments, LLC
<b>Investors Group</b>	Investors Group Inc.	<b>Sagard Investment Funds</b>	Sagard Europe, Sagard Holdings and Sagard China
<b>Irish Life</b>	Irish Life Group Limited	<b>Sagard Holdings</b>	Sagard Holdings ULC
<b>Lifeco</b>	Great-West Lifeco Inc.	<b>Square Victoria Communications Group or SVCG</b>	Square Victoria Communications Group Inc.
<b>London Life</b>	London Life Insurance Company	<b>Wealthsimple</b>	Wealthsimple Financial Corp.
<b>La Presse</b>	La Presse, Itée		
<b>Lion</b>	The Lion Electric Co.		
<b>Lumenpulse</b>	Lumenpulse Group Inc.		
<b>Mackenzie or Mackenzie Investments</b>	Mackenzie Financial Corporation		

# Group overview



(1) Includes Sagard Europe, Sagard Holdings, and Sagard China at fair value, China AMC and Power Energy Corporation at book value, and third party investment funds and other.

(2) Including IGM's 13.9% ownership

(3) Interests in Sagard Europe funds II and III are respectively 22.0%, and 37.3%

(4) Ontario Power Generation announced on August 8<sup>th</sup> 2018 an agreement to acquire Eagle Creek, closing subject to standard U.S. regulatory approvals

# Key principles to achieve long-term value creation

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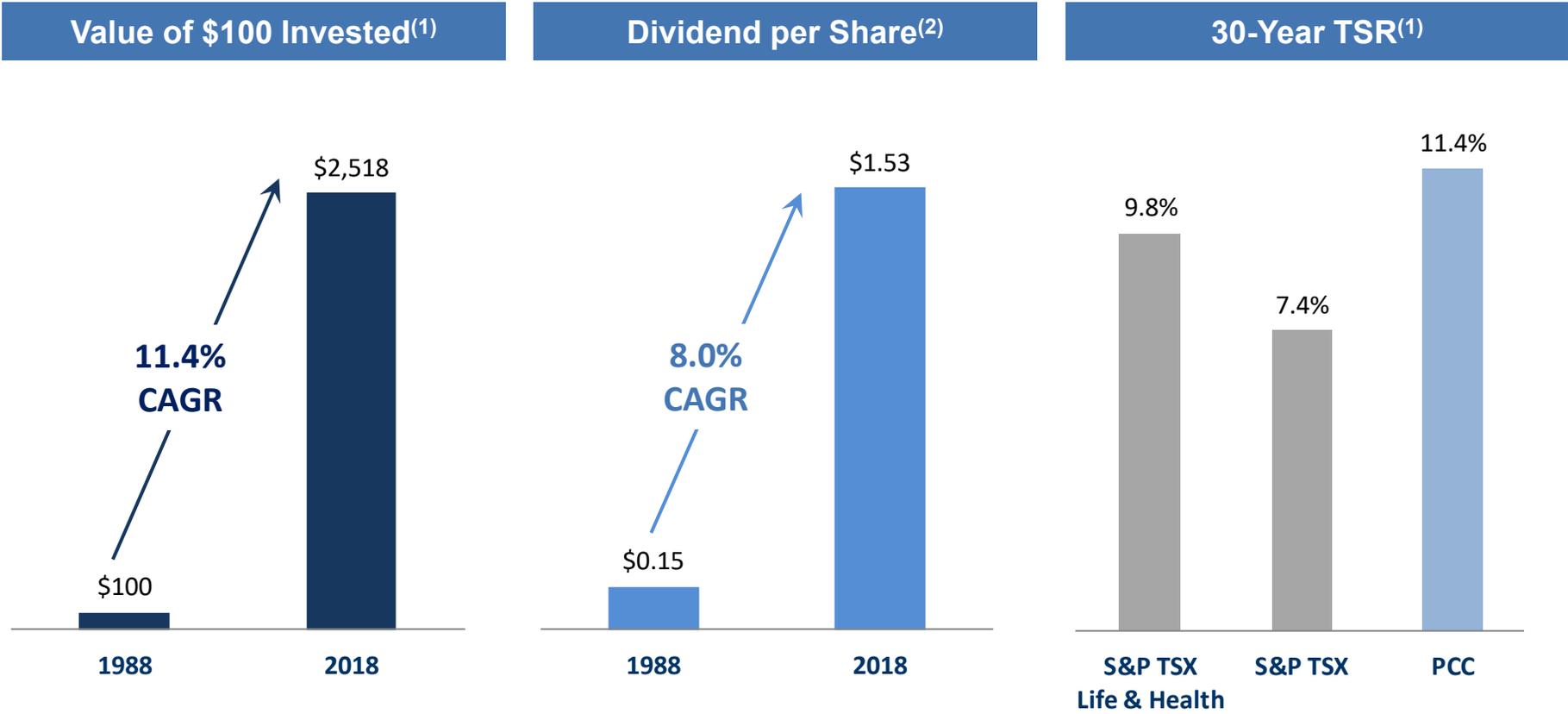
## Key Principles

- Long-term perspective
- Leading franchises with attractive growth profiles
- Strong governance oversight
- Prudent approach to risk management

## To Achieve

- Sound long-term investment diversification
- Sustainable long-term value creation for our shareholders

# Value creation over the long term



(1) Assumes dividend reinvested, pre-tax  
 (2) Annualized  
 Note: Metrics as at June 30; 30-year TSR as at June 30, 2018

## Long-term relationships – a cornerstone of Power’s value creation

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Power has been building investment platforms that leverage our unique long term relationships and partnerships

- Strong local partners cultivated over decades of collaboration



- PCC and CITIC made their first investment together in 1986. The relationship was established by Paul Desmarais Sr. and subsequently developed by André Desmarais
- Multiple investments have been made together, the most recent being the 27.8% interest in China AMC



- A partnership originally formed in 1981, and formalized in 1990, which has focused on investment opportunities in European based companies
- Through GBL, meaningful positions are established which provide opportunities to influence value creation through representation on the boards of the companies in the portfolio



**SAGARD CHINA**

- Sagard investment funds leverage the partnerships and relationships cultivated by PCC and PFC in their respective geographies

## Long-term relationships – a cornerstone of Power’s value creation

In the new economy, the principles of collaboration and building trusted relationships are being applied at initiatives in sustainable and renewable energy and Fintech

### Renewable Energy

Renewable energy initiatives have been guided by our own experience throughout the globe augmented by the recruitment of recognized leaders in the field

#### Power Energy



### Fintech

Our teams are working with our operating companies to build out an “ecosystem” of experienced and best-in-class talent



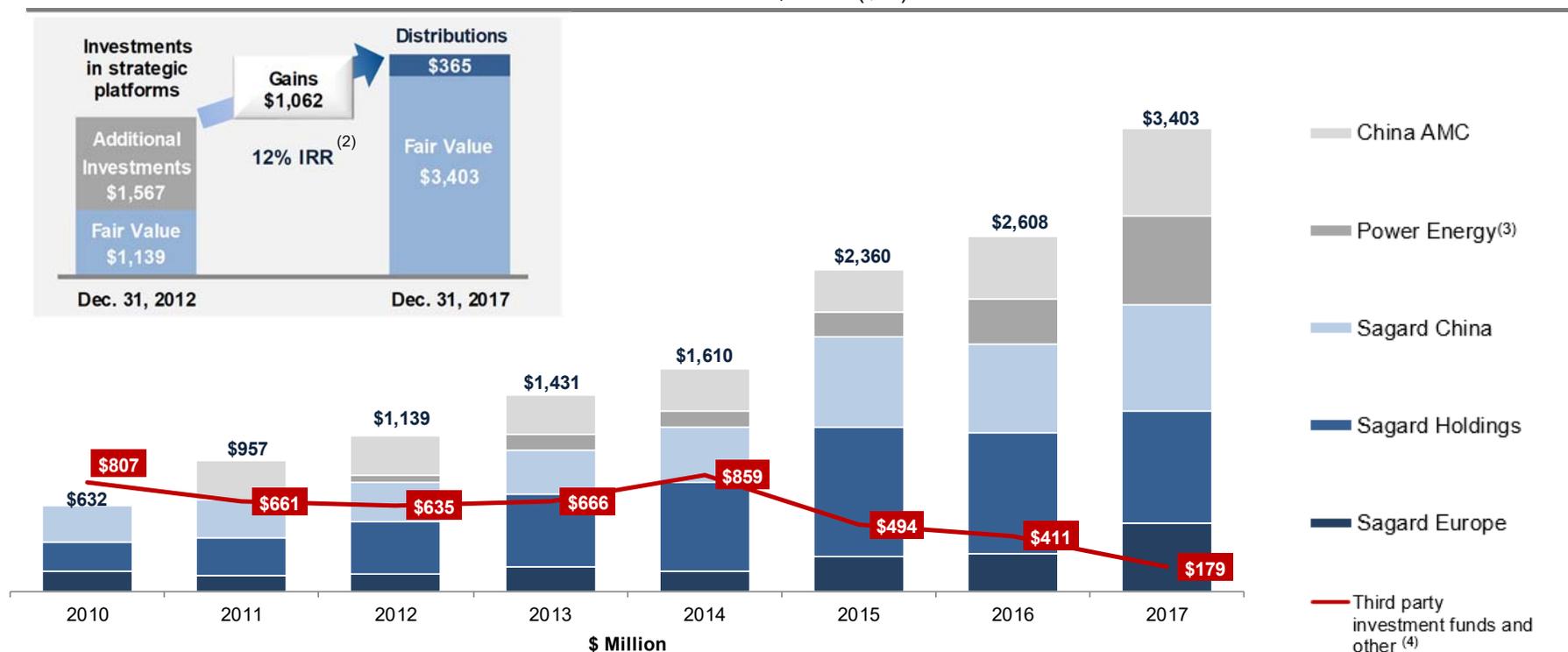
## PCC investment platforms' contributions to value creation

### PCC has shifted from third party investing to building its own strategic investment platforms

- FMV of all investments platforms has grown from \$1.4B at Dec. 31, 2010 to \$3.6B at Dec. 31, 2017 representing 20% of the PCC's total NAV
- Third party investments funds and other have decreased from \$807M to \$179M for the same period

### Evolution of Investment Platforms<sup>(1)</sup>

Dec. 31, 2017 (\$M)



(1) Strategic platforms include: Sagard Europe, Sagard Holdings, Sagard China, Power Energy and China AMC

(2) Internal rate of return ("IRR") is on a pre-tax basis, and in Canadian dollars.

(3) Power Energy reflects book value

(4) Includes investment in CITIC which was sold in April 2015

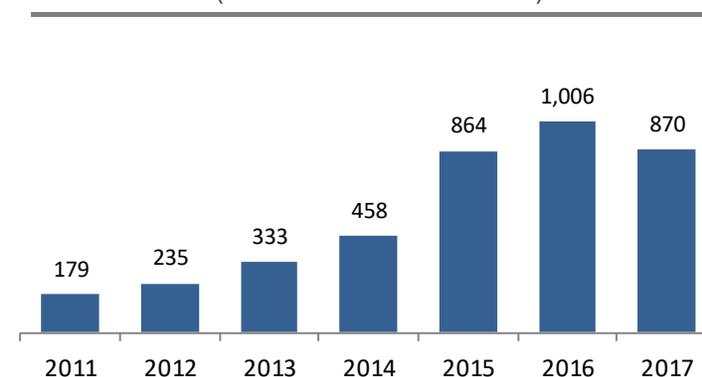
# China AMC, a leading asset manager in China



## Market position

- Formed in 1998, CAMC is an industry pioneer with a diversified product shelf as well as a strong investment management and distribution capabilities
  - #1 brand
  - #1 in exchange traded funds
  - #1 in combined long-term mutual funds and institutional AUM
  - Over 50 million customers
- PCC initially acquired a 10% position in 2011, and in 2017 an additional 3.9% concurrent with IGM's acquisition of a 13.9% stake. In aggregate, the PCC group holds a 27.8% position

**Assets under Management<sup>(2)</sup>**  
(RMB¥ billion as at Dec. 31)



## Strong growth profile

- China's asset management industry has seen net new flows in excess of 30% per annum in recent years<sup>(1)</sup>
- China will account for nearly half of the global industry's net new flows to become the second largest asset management market in the world by 2019. By 2030, China is expected to reach over USD \$17T in addressable AUM compared to 3.2T in 2017<sup>(1)</sup>
- Potential to leverage the group's extensive knowledge in wealth management and distribution will lead to further cooperation with China AMC
- In June 2016, CAMC successfully launched a risk parity fund advised by PanAgora, the first of its kind in China

**Dividends and Fair Value**  
(C\$M)



(1) Casey Quirk Deloitte, 2017

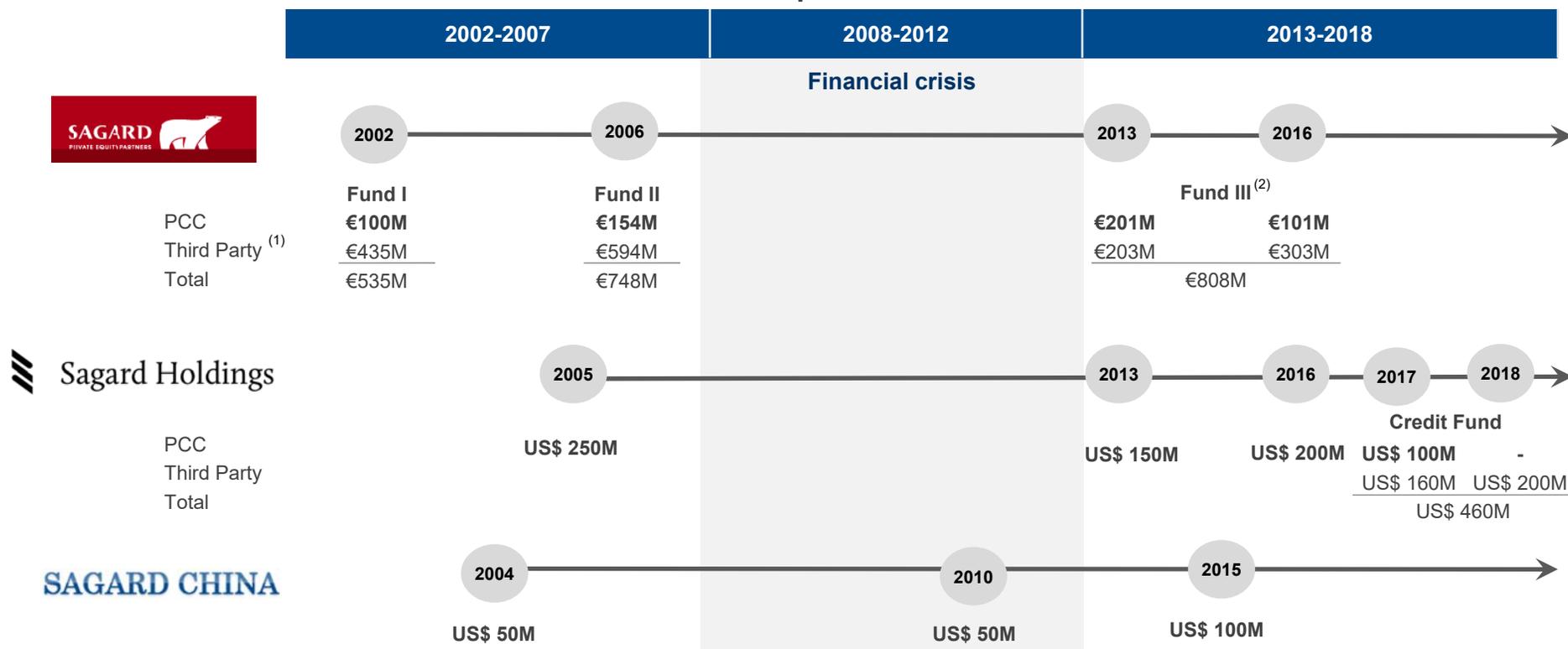
(2) Excludes subsidiary assets under management.

## Building Sagard investment platforms

PCC has been actively building Sagard platforms, investing more than \$1.5B over 15 years

- PCC has received \$725M of distributions since inception and the total fair value of PCC's investment in the three platforms was \$2.1B at Dec. 31, 2017
- Sagard platforms are managed locally with experienced investment professionals having in-depth knowledge of the public and private markets.
- They benefit from the Group's ecosystem of investors, investment managers, and experts

### Capital Committed



(1) Third Party includes commitments of Pargesa and GBL (€50M in Sagard I, €150M in Sagard II, and €218M in Sagard 3)

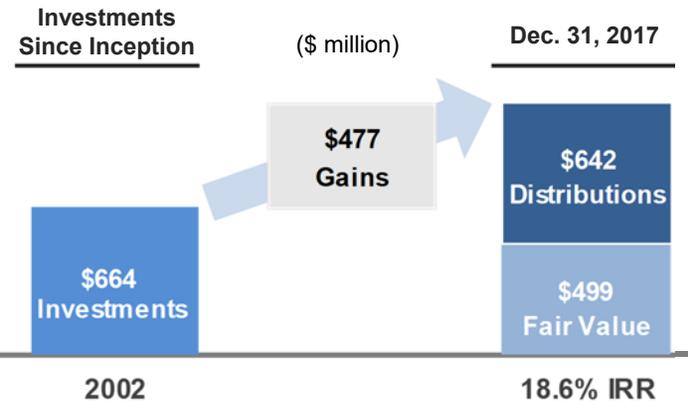
(2) In Dec. 2016, Fund III size increased from €404M to €808M

# Sagard funds have generated substantial returns totaling \$1.2B in gains



## Paris

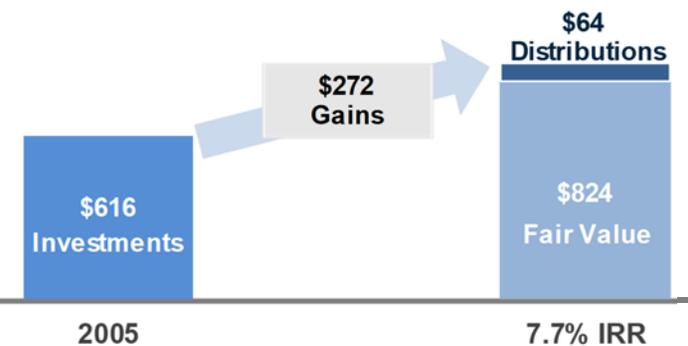
- Mid-sized private companies > €100M
- Companies based in France, Belgium, Luxembourg and Switzerland
- Seek to have control or significant influence
- Superior management talent
- High growth potential



## Sagard Holdings

### New York

- Invests in the equity and debt capital of middle-market companies in the U.S. and Canada
- Migrate successful investments with potential to controlled-investments



## SAGARD CHINA

### Shanghai

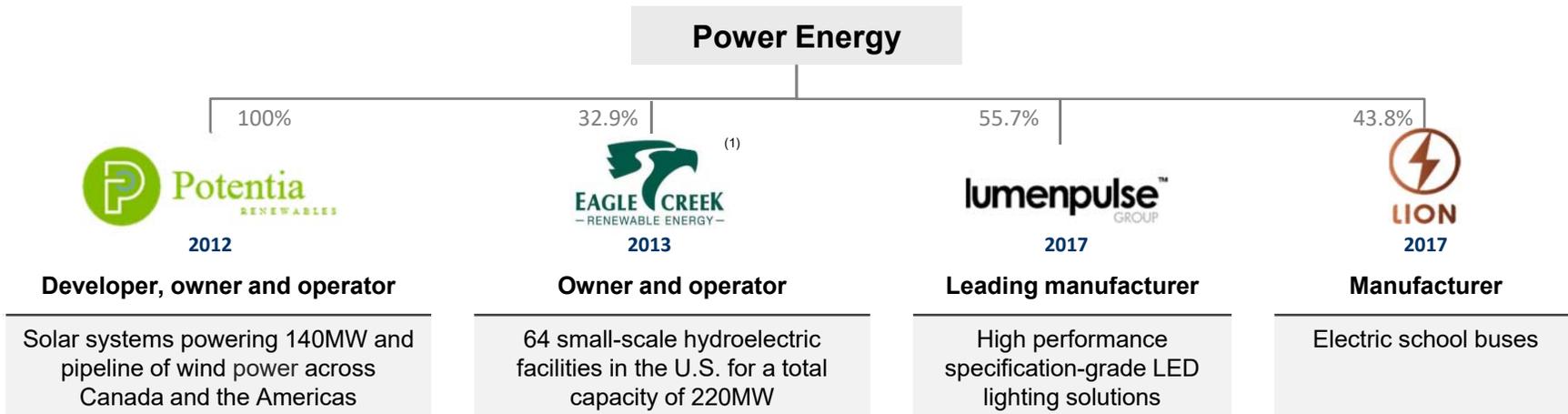
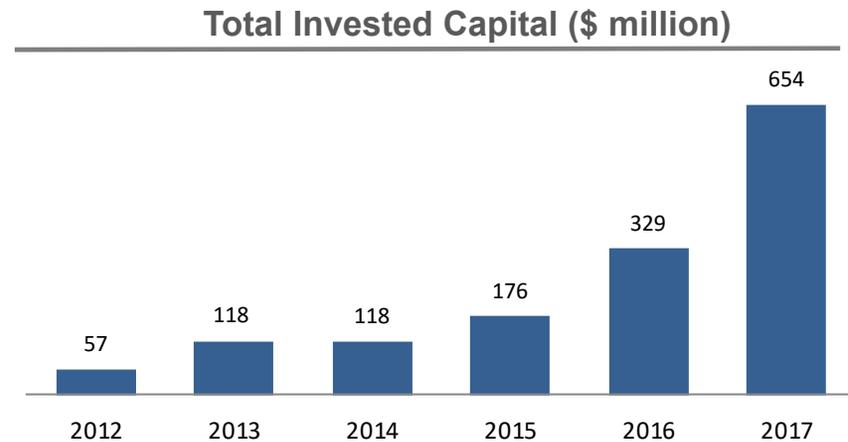
- Minority positions in Chinese and Hong-Kong publicly-listed companies and American Depositary Receipts
- Seeking absolute return with low volatility
- Concentrated portfolio of stocks reflecting deep fundamental analytic methodology



Note: internal rates of returns ("IRR") are on a pre-tax basis, and in Canadian dollars.

# Power Energy

- Power Energy invests in the sustainable and renewable energy sector with the goal of building and owning, over the long-term, companies that can generate growing and stable cash flows
- Power Energy invests in companies that can benefit from the global energy transformation, recent acquisitions include:
  - Lumenpulse - efficient lighting, and
  - Lion - electrification of transportation
- Power Energy has invested \$654M to date, and is seeking an annual return of 12%

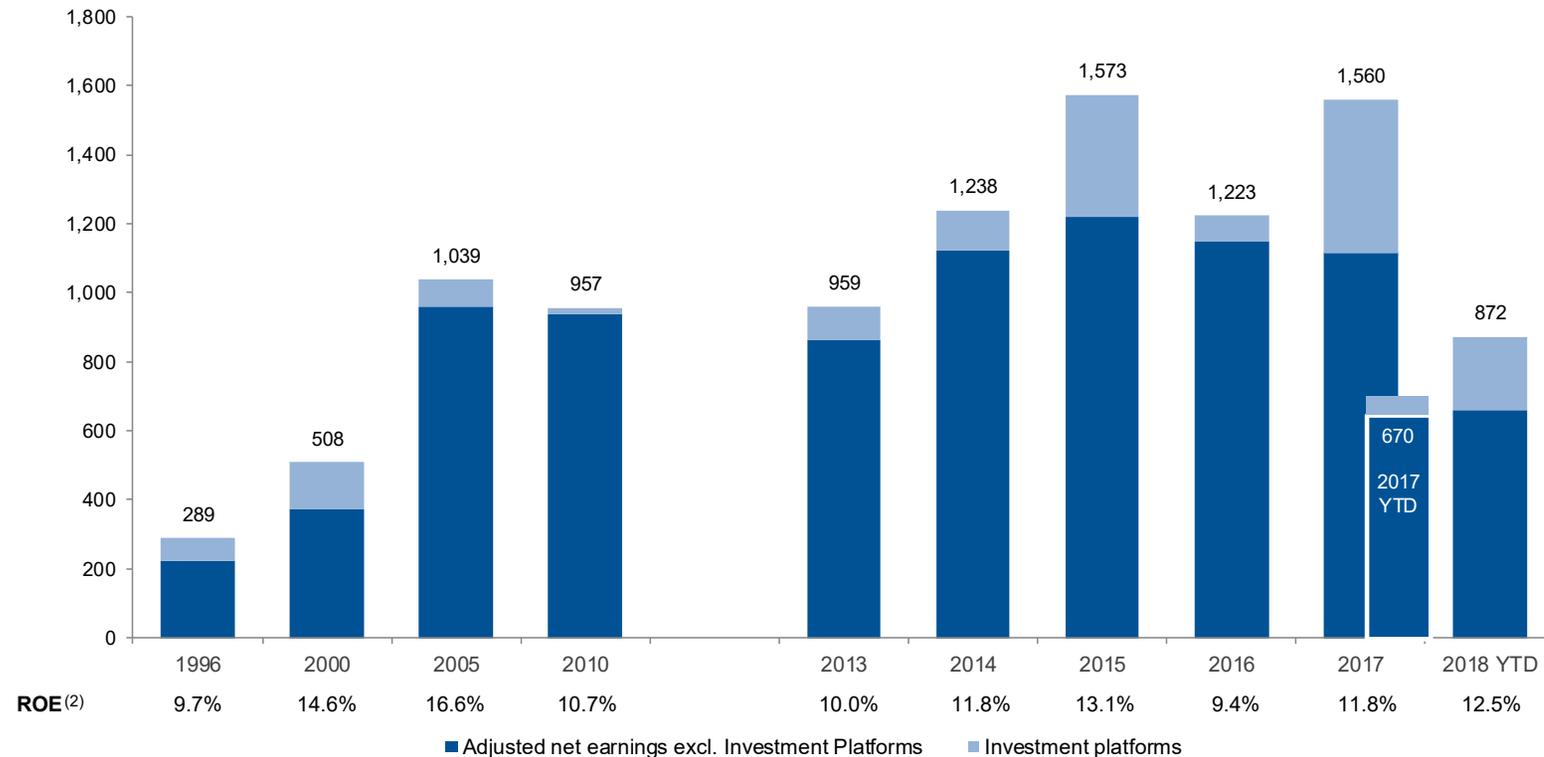


(1) Ontario Power Generation announced on August 8<sup>th</sup> 2018 an agreement to acquire Eagle Creek, closing subject to standard U.S. regulatory approvals

## Prudent investment approach has resulted in resilient earnings

- 11% average annual growth in adjusted net earnings since end of financial crisis
- ROE ranging from 9-13% for the same period, achieved through a changing economic and business environment
- Net earnings contribution from investment platforms has significantly grown in recent years representing an average of 16% from 2013 to 2017

PCC Adjusted Net Earnings<sup>(1)</sup> (C\$M)



(1) Adjusted net earnings attributable to participating shareholders is a non-IFRS financial measure

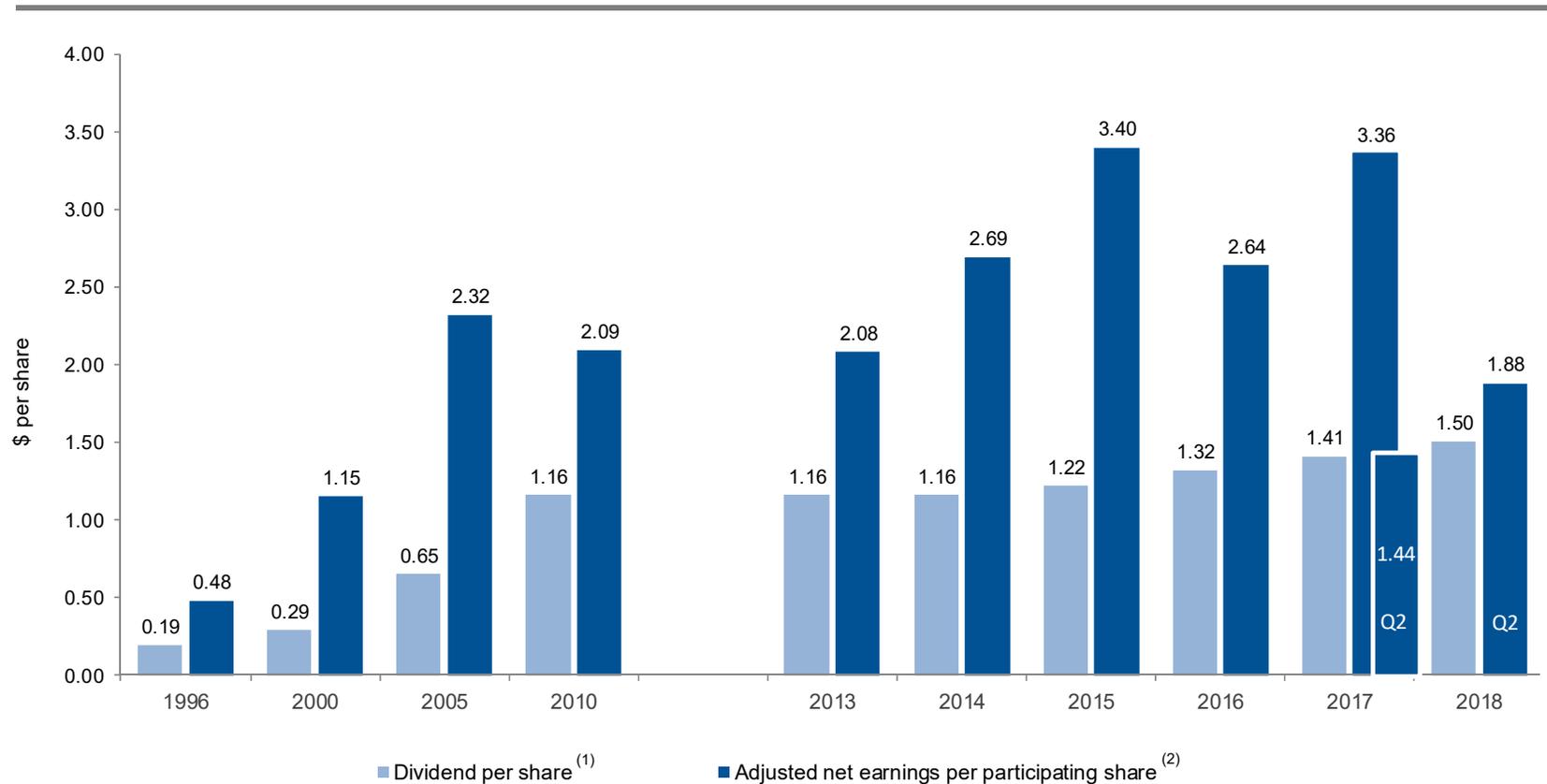
(2) Based on adjusted net earnings attributable to participating shareholders

## Historical dividends and earnings per share

Dividends have grown by an annualized 5.3% during the period 2013 to 2018

- PCC investments are expected to be growing contributors to earnings and dividend capacity as they develop

Earnings and Dividend per Share



(1) Dividends based on both paid and declared basis. 2018 dividend assumes dividend paid in the fourth quarter will be unchanged

(2) Non-IFRS financial measure

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# Appendix

## For further information on the companies in the Group:

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



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[www.chinaamc.com.hk/en/index](http://www.chinaamc.com.hk/en/index)



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[www.sagard.com/en](http://www.sagard.com/en)



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



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[ppcl.com.cn](http://ppcl.com.cn)



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



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



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



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

# 50 years of growth and cycles

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## Early Days

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1968

- Paul G. Desmarais acquired control of PCC and became Chairman and CEO.
- Initial focus is to consolidate control over a small number of companies and concentrate on improving their performance and cash flow.

1968-81

- Core investments constituting the foundation of the Power Group:
  - Investors Group (1970)
  - Great-West Life Assurance (1970)<sup>(1)</sup>
  - Pargesa (1981)

1984

- Creation of Power Financial Corporation (“PFC”) to hold PCC financial services investments – Investors Group, Great-West Life, Montreal Trust and Pargesa (originally its holdings were focused on financial services).

## Consolidation

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1986

- IPO - Investors Group
- Share offering - Great-West Lifeco

1989

- Sale of Consolidated Bathurst
- Sale of Montreal Trust.

1990

- Agreement with the Frere Group of Belgium to acquire majority interest in Pargesa and exercise co-control.

(1) Great-West Life was majority owned by Investors Group at the time of Power Corporation's acquisition of Investors Group

# 50 years of growth and cycles

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## Insurance Demutualization

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- 1996** ▪ Paul Desmarais Jr. and André Desmarais appointed CO-CEOs of PCC.
- 1997** ▪ Great-West acquires London Life
- 2001** ▪ Investors Group acquires Mackenzie Financial
- 2002-2005** ▪ Launch of the Sagard funds (Europe – 2002, China – 2004, Holdings (US) – 2005)
- 2003** ▪ Great-West Lifeco acquires Canada Life
- 2007** ▪ Great-West Lifeco acquires Putnam

## Post-Crisis: Changing Regulatory and Technological Environment

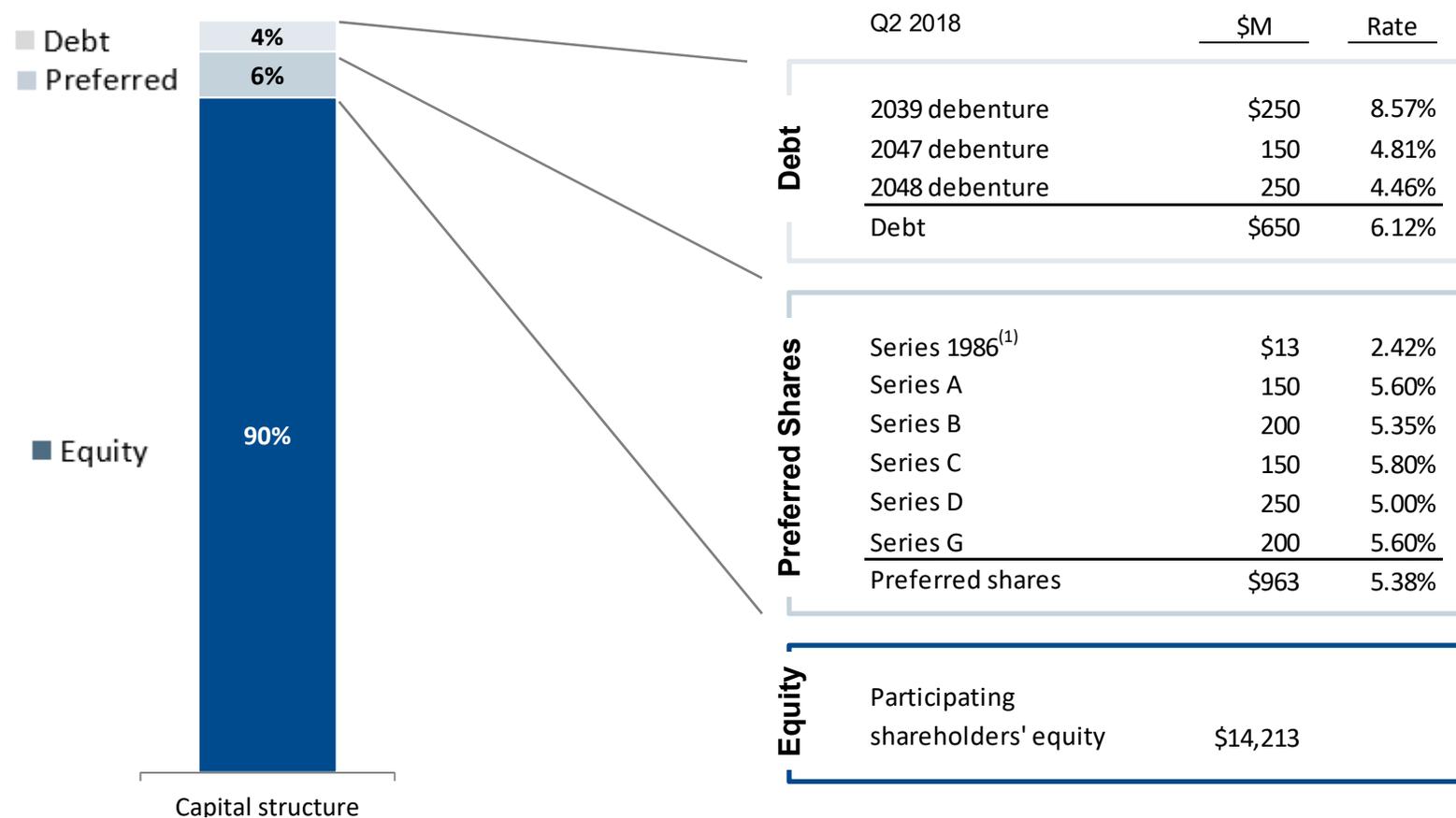
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- 2011-2016** ▪ Acquisition of a 10% stake in China Asset Management Co. in 2011 and an additional 3.9% in 2016
- 2012** ▪ Launch of Power Energy
- 2013** ▪ Great-West Lifeco acquires Irish Life
- 2016** ▪ Launch of the Fintech initiative with the creation of Portag3
- 2018** ▪ La Presse transformed to a non-profit organization

## Conservative capital structure

Power Corporation's prudent approach to managing leverage has contributed to strong and stable credit ratings, throughout economic cycles

- Power Corporation ("A"), Power Financial ("A+"), and Great-West Lifeco ("A+") have had stable S&P credit ratings since the acquisition of Canada Life in 2003



Note: capital structure pro forma for the refinancing of the 2019 debentures.

(1) Floating rate associated with July 15, 2018 payment date.

## Net earnings and adjusted net earnings

(C\$M)	1996	2000	2005	2010	2013	2014	2015	2016	2017
<b>Net earnings</b>	<b>289</b>	<b>646</b>	<b>1,021</b>	<b>727</b>	<b>977</b>	<b>1,275</b>	<b>1,786</b>	<b>1,082</b>	<b>1,286</b>
Other items : <sup>(1)</sup>									
Great-West Lifeco	-	-	29	96	(102)	-	-	20	223
IGM Financial	-	-	-	9	4	29	10	(14)	51
Pargesa	(22)	(41)	(7)	-	(25)	(49)	(61)	135	-
Other subsidiaries and Corporate	(42)	(97)	(4)	125	105	(17)	(162)	-	-
<b>Adjusted net earnings</b>	<b>225</b>	<b>508</b>	<b>1,039</b>	<b>957</b>	<b>959</b>	<b>1,238</b>	<b>1,573</b>	<b>1,223</b>	<b>1,560</b>

(1) Refer to Power Corporation 2017 annual report Management's Discussion and Analysis for a description of other items: Great-West Lifeco page 29, IGM Financial page 31, and Pargesa page 33.