

NEWS RELEASE

FOR IMMEDIATE RELEASE



Power Financial Reports Third Quarter Financial Results

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

Montréal, Québec, November 8, 2018 – Power Financial Corporation (TSX: PWF) today reported earnings results for the three and nine months ended September 30, 2018.

Consolidated Results of Power Financial

For the period ended September 30

Highlights

- Sales at Great-West Lifeco Inc. (Lifeco) for the third quarter of 2018 were \$34.4 billion, up 17% from the third quarter of 2017, driven by a 15% increase in the U.S. segment, reflecting strong mutual fund sales at Putnam, and a 35% increase in the Europe segment, reflecting higher bulk annuity sales.
- Lifeco's consolidated assets under administration at September 30, 2018 were over \$1.4 trillion, a 7% increase from December 31, 2017.
- IGM Financial Inc. (IGM) reported net earnings of \$198.2 million in the third quarter of 2018. Adjusted net earnings, excluding other items, (a non-IFRS financial measure) were \$222.7 million, the highest quarterly adjusted net earnings in the company's history.
- IGM has rebranded Investors Group as IG Wealth Management.
- Record high quarter end assets under management at IGM were \$159.7 billion, driven by favourable investment returns. Both IG Wealth Management's assets under management and Mackenzie's investment fund assets under management at an all-time quarter end high.

Third Quarter

Net earnings attributable to common shareholders were \$523 million or \$0.74 per share, compared with \$463 million or \$0.65 per share in 2017.

Adjusted net earnings attributable to common shareholders were \$578 million or \$0.81 per share, compared with \$465 million or \$0.65 per share in 2017.

Other items, not included in adjusted net earnings, were a charge of \$55 million and consisted of the Corporation's share of Lifeco's restructuring charges related to the integration of U.K. financial services provider Retirement Advantage as well as the pending sale of a heritage block of policies. IGM's other items were restructuring and other charges resulting from the re-engineering of North American equity offerings as well as a premium on the early redemption of debentures.



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

(in millions of dollars)

	2018		2017	
	Net Earnings	Adjusted Net Earnings	Net Earnings	Adjusted Net Earnings
• Lifeco	464	503	392	392
• IGM	113	129	102	102
• Pargesa Holding SA (Pargesa)	12	12	34	36
• Power Financial Corporate and Other	(66)	(66)	(65)	(65)
	523	578	463	465

Nine Months

Net earnings attributable to common shareholders were \$1,767 million or \$2.48 per share, compared with \$1,492 million or \$2.09 per share in 2017.

Adjusted net earnings attributable to common shareholders were \$1,822 million or \$2.55 per share, compared with \$1,588 million or \$2.22 per share in 2017.

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

(in millions of dollars)

	2018		2017	
	Net Earnings	Adjusted Net Earnings	Net Earnings	Adjusted Net Earnings
• Lifeco	1,521	1,560	1,188	1,292
• IGM	341	357	330	322
• Pargesa	92	92	128	128
• Power Financial Corporate and Other	(187)	(187)	(154)	(154)
	1,767	1,822	1,492	1,588

Results of Great-West Lifeco, IGM Financial and Pargesa Holding

For the period ended September 30

GREAT-WEST LIFECO INC.

Third Quarter

Net earnings attributable to common shareholders were \$689 million or \$0.697 per share, compared with \$581 million or \$0.587 per share in 2017. Lifeco's net earnings for the third quarter of 2017 included a provision of \$175 million after tax related to the impact of 2017 Atlantic hurricane activity, which reduced net earnings per share by \$0.177.

Adjusted net earnings attributable to common shareholders were \$745 million or \$0.754 per share, compared with \$582 million or \$0.589 per share in 2017. In the third quarter of 2018, Other items, not included in adjusted net earnings, were a charge of \$56 million.

Nine Months

Net earnings attributable to common shareholders were \$2,251 million or \$2.277 per share, compared with \$1,757 million or \$1.776 per share in 2017.

Adjusted net earnings attributable to common shareholders were \$2,307 million or \$2.333 per share, compared with \$1,913 million or \$1.934 per share in 2017.



IGM FINANCIAL INC.

Third Quarter

Net earnings available to common shareholders were \$198 million or \$0.82 per share, compared with \$173 million or \$0.72 per share in 2017.

Adjusted net earnings available to common shareholders were \$223 million or \$0.92 per share, compared with \$173 million or \$0.72 per share in 2017. Other items, not included in adjusted net earnings, were a charge of \$25 million in the third quarter of 2018.

Nine Months

Net earnings available to common shareholders were \$587 million or \$2.44 per share, compared with \$551 million or \$2.29 per share in 2017.

Adjusted net earnings available to common shareholders were \$612 million or \$2.54 per share, compared with \$536 million or \$2.23 per share in 2017.

PARGESA HOLDING SA

Third Quarter

Pargesa reported net earnings of SF38 million, compared with SF96 million in 2017.

Adjusted net earnings were SF42 million, compared with SF98 million in 2017.

The decrease is mainly due to a decrease in gains from private equity activities and other investment funds.

Pargesa adopted IFRS 9 in 2018. Accordingly, the results exclude an impairment charge on its investment in Ontex N.V. (Ontex) and include unrealized fair value gains on its private equity portfolio in accordance with IFRS 9. Power Financial continues to apply IAS 39 and has adjusted its share of the contribution from Pargesa by \$4 million in the third quarter as shown below.

Nine Months

Net earnings were SF251 million, compared with SF349 million in 2017.

Adjusted net earnings were SF260 million, compared with SF348 million in 2017.

The decrease in earnings in the nine-month period was also due to decreases in gains from private equity activities and other investment funds.

The results of Pargesa exclude an impairment charge on its investment in Ontex and its share of a gain realized on the sale of Burberry Group plc (Burberry) in the second quarter of 2018. In the first quarter of 2018, results of Pargesa excluded gains realized on private equity investments. Power Financial's adjustment for IAS 39 was \$3 million in the nine-month period.



The following table presents adjustments to Pargesa's contribution to Power Financial in accordance with IAS 39:

(in millions of dollars)	2018			Total
	Q3	Q2	Q1	
Disposal of Burberry ^[1]	-	18	-	18
Impairment charges of Ontex ^[1]	(2)	(34)	-	(36)
Disposal of private equity funds ^[2]	-	-	21	21
Unrealized gains (losses) on private equity funds	(2)	(5)	1	(6)
Total	(4)	(21)	22	(3)

[1] On January 1, 2018, Pargesa adopted IFRS 9 which resulted in the reclassification of the majority of its investments (excluding private equity funds) from available for sale (AFS) to fair value through other comprehensive income (FVOCI). All changes in fair value of equity investments designated as FVOCI are recognized permanently in other comprehensive income. Power Financial continues to apply IAS 39 and has adjusted its share of these items.

[2] Investments in private equity funds were reclassified from AFS to fair value through profit and loss (FVPL) and unrealized gains accumulated to December 31, 2017 were transferred to retained earnings. Power Financial continues to apply IAS 39 and has adjusted its share of these gains.

Dividends on Power Financial Common Shares

The Board of Directors today declared a quarterly dividend of 43.30 cents per share on the Corporation's common shares, payable February 1, 2019 to shareholders of record December 31, 2018.

Dividends on Power Financial Preferred Shares

The Board of Directors also declared quarterly dividends on the Corporation's preferred shares.

Dividends payable February 15, 2019 to shareholders of record January 25, 2019:

Series - Stock Symbol	Amount
Series A - PWF.PR.A	Floating rate ^[1]

[1] Equal to one quarter of 70% of the average prime rate of two major Canadian chartered banks for the period October 1 to December 31, 2018.

Dividends payable January 31, 2019 to shareholders of record January 10, 2019:

Series	Stock Symbol	Amount	Series	Stock Symbol	Amount
Series D	PWF.PR.E	34.375¢	Series O	PWF.PR.O	36.25¢
Series E	PWF.PR.F	32.8125¢	Series P	PWF.PR.P	14.4125¢
Series F	PWF.PR.G	36.875¢	Series Q	PWF.PR.Q	19.8493¢
Series H	PWF.PR.H	35.9375¢	Series R	PWF.PR.R	34.375¢
Series I	PWF.PR.I	37.50¢	Series S	PWF.PR.S	30¢
Series K	PWF.PR.K	30.9375¢	Series T	PWF.PR.T	26.25¢
Series L	PWF.PR.L	31.875¢	Series V	PWF.PR.Z	32.1875¢



About Power Financial

Power Financial Corporation is a diversified international management and holding company with interests substantially in the financial services sector in Canada, the United States and Europe. It also has significant holdings in global industrial and services companies based in Europe. Power Financial Corporation is a member of the Power Corporation Group of Companies. To learn more, visit www.PowerFinancial.com.

At September 30, 2018, Power Financial held the following economic interests:

- 67.7% – Great-West Lifeco (TSX: GWO) www.greatwestlifeco.com
- 61.4% – IGM Financial (TSX: IGM) www.igmfincial.com
- 27.8% – Pargesa Holding (SIX: PARG) www.pargesa.ch
- 81.6% – Wealthsimple Financial Corp. ^[1] www.wealthsimple.com

[1] Interest held by Lifeco, IGM and the Corporation.

Earnings Summary

(unaudited) (in millions of Canadian dollars, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Adjusted net earnings				
Lifeco ^[1]	503	392	1,560	1,292
IGM ^[1]	129	102	357	322
Pargesa ^[1]	12	36	92	128
	644	530	2,009	1,742
Corporate operations ^[2]	(31)	(28)	(83)	(55)
Dividends on perpetual preferred shares	(35)	(37)	(104)	(99)
Adjusted net earnings ^[3]	578	465	1,822	1,588
Other items – see below	(55)	(2)	(55)	(96)
Net earnings ^[3]	523	463	1,767	1,492
Earnings per share – basic ^[3]				
Adjusted net earnings	0.81	0.65	2.55	2.22
Other items	(0.07)	–	(0.07)	(0.13)
Net earnings	0.74	0.65	2.48	2.09

[1] The contributions from Lifeco and IGM include an allocation of the results of Wealthsimple Financial Corp. and Portag3 Ventures Limited Partnership, based on their respective interests. Contributions from IGM and Pargesa reflect adjustments in accordance with IAS 39.

[2] Includes operating expenses, financing charges, depreciation, income taxes, interest on cash and cash equivalents, foreign exchange gains (losses) and income (losses) from investments.

[3] Attributable to common shareholders.



Other Items

(unaudited) (in millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Share of Lifeco's Other items:				
Restructuring charges	(38)	—	(38)	(104)
Share of IGM's Other items	(1)	—	(1)	—
	(39)	—	(39)	(104)
Share of IGM's Other items:				
Restructuring and other charges	(10)	—	(10)	(10)
Premium paid on early redemption of debentures	(5)	—	(5)	—
Pension plan	—	—	—	22
Share of Lifeco's Other items	(1)	—	(1)	(4)
	(16)	—	(16)	8
Share of Pargesa's Other items:				
Other income (charge)	—	(2)	—	—
	(55)	(2)	(55)	(96)

Contribution to Power Financial's Adjusted Net Earnings

Three months ended September 30, 2018			
(unaudited) (in millions of Canadian dollars)	Contribution to adjusted net earnings as reported	Consolidation entries ^[1]	Contribution to Power Financial's adjusted net earnings
Lifeco	505	(2)	503
IGM	137	(8)	129
Pargesa	16	(4)	12

Nine months ended September 30, 2018			
(unaudited) (in millions of Canadian dollars)	Contribution to adjusted net earnings as reported	Consolidation entries ^[1]	Contribution to Power Financial's adjusted net earnings
Lifeco	1,563	(3)	1,560
IGM	376	(19)	357
Pargesa	95	(3)	92

[1] The contributions from Lifeco and IGM include an allocation of the results of Wealthsimple Financial Corp. and Portag3 Ventures Limited Partnership, based on their respective interest. Contributions from IGM and Pargesa reflect adjustments in accordance with IAS 39.



Non-IFRS Financial Measures and Presentation

Net earnings attributable to common shareholders are comprised of:

- Adjusted net earnings attributable to common 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 Financial, 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 common 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 Lifeco, IGM, Portag3 Ventures Limited Partnership and Wealthsimple Financial Corp. 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.

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 and common 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, 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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