

Power Financial Reports Second 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.

Toronto, Ontario, August 2, 2019 – Power Financial Corporation (TSX: PWF) today reported earnings results for the three and six months ended June 30, 2019.

Power Financial

Consolidated results for the period ended June 30

Highlights

- On April 17, 2019, Power Financial successfully completed its substantial issuer bid to repurchase for cancellation \$1.65 billion of its common shares representing 7% of its issued and outstanding shares.
- Sales at Great-West Lifeco Inc. (Lifeco) for the second quarter of 2019 were \$34.3 billion, up 4% from the second quarter of 2018, primarily driven by higher sales in Europe.
- On June 1, 2019, Great-West Life & Annuity (GWL&A) completed the sale of substantially all of its individual life insurance and annuity business to Protective Life Insurance Company. The transaction, valued at \$1.6 billion, frees up capital and allows Lifeco to focus on the defined contribution retirement and asset management markets in the U.S. segment.
- IGM Financial Inc. (IGM) reported record quarter-end assets under management at June 30, 2019 of \$162.3 billion, an increase of 1.2% in the quarter and 2.0% from the prior year driven by favourable investment returns.
- Groupe Bruxelles Lambert (GBL) finalized in March and April 2019 its exit from the energy sector by selling its remaining interest in Total SA through forward sales maturing in January 2020. In the quarter, GBL also sold a 0.7% interest in adidas AG (adidas).
- On July 9, 2019, GBL announced that it had entered into exclusive negotiations to acquire a majority stake in the Webhelp group, one of the world's leading providers of customer experience and business process outsourcing.

Second Quarter

Net earnings attributable to common shareholders were \$443 million or \$0.66 per share, compared with \$658 million or \$0.92 per share in 2018.

Adjusted net earnings attributable to common shareholders (a non-IFRS financial measure) were \$589 million or \$0.88 per share, compared with \$658 million or \$0.92 per share in 2018.

Other items in 2019, not included in adjusted net earnings, were a net charge of \$146 million consisting of the Corporation's share of Lifeco's net charge on the sale of GWL&A's individual life insurance and annuity business in the U.S. and the Corporation's share of Imerys' restructuring and other charges.



The Corporation participated Lifeco's substantial issuer bid to repurchase for cancellation \$2.0 billion of its common shares. Power Financial's proceeds from its participation in the Lifeco substantial issuer bid were \$1.65 billion. As a result, the Corporation's direct interest in Lifeco decreased to 66.8% (67.8% at March 31, 2019).

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

| (in millions of dollars) | 2019 | | 2018 |
|---------------------------------------|--------------|-----------------------|--|
| | Net Earnings | Adjusted Net Earnings | Net Earnings and Adjusted Net Earnings |
| • Lifeco | 306 | 440 | 562 |
| • IGM | 110 | 115 | 121 |
| • Pargesa Holding SA (Pargesa) | 86 | 93 | 36 |
| • Power Financial Corporate and Other | (59) | (59) | (61) |
| | 443 | 589 | 658 |

Six Months

Net earnings attributable to common shareholders were \$979 million or \$1.41 per share, compared with \$1,244 million or \$1.74 per share in 2018.

Adjusted net earnings attributable to common shareholders were \$1,125 million or \$1.62 per share, compared with \$1,244 million or \$1.74 per share in 2018.

Other items in the six-month period ended June 30, 2019 were as described above.

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

| (in millions of dollars) | 2019 | | 2018 |
|---------------------------------------|--------------|-----------------------|--|
| | Net Earnings | Adjusted Net Earnings | Net Earnings and Adjusted Net Earnings |
| • Lifeco | 750 | 884 | 1,057 |
| • IGM | 220 | 225 | 228 |
| • Pargesa | 132 | 139 | 80 |
| • Power Financial Corporate and Other | (123) | (123) | (121) |
| | 979 | 1,125 | 1,244 |



Great-West Lifeco, IGM Financial and Pargesa

Results for the period ended June 30

GREAT-WEST LIFECO INC.

Second Quarter

Net earnings attributable to common shareholders were \$459 million or \$0.49 per share and adjusted net earnings were \$658 million or \$0.70 per share, compared with net earnings and adjusted net earnings of \$831 million or \$0.84 per share in 2018.

Lifeco's net earnings for the second quarter of 2019 included a net charge of \$199 million relating to the sale, via indemnity reinsurance, of the U.S. individual life insurance and annuity business, which reduced earnings per common share by \$0.21.

Six Months

Net earnings attributable to common shareholders were \$1,116 million or \$1.16 per share and adjusted net earnings were \$1,315 million or \$1.37 per share, compared with net earnings and adjusted net earnings of \$1,562 million or \$1.58 per share in 2018.

IGM FINANCIAL INC.

Second Quarter

Net earnings available to common shareholders were \$185 million or \$0.77 per share and adjusted net earnings were \$193 million or \$0.81 per share, compared with net earnings and adjusted net earnings of \$203 million or \$0.85 per share in 2018. Other items, not included in net earnings, of \$8 million in the second quarter consisted of IGM's share of Lifeco's other items.

Six Months

Net earnings available to common shareholders were \$353 million or \$1.47 per share and adjusted net earnings were \$361 million or \$1.50 per share, compared with net earnings and adjusted net earnings of \$389 million or \$1.61 per share in 2018.

PARGESA HOLDING SA

Second Quarter

Pargesa reported net earnings of SF134 million, compared with SF152 million in 2018. See contribution to Power Financial's earnings in the tables below.

Six Months

Pargesa reported net earnings of SF225 million, compared with SF213 million in 2018.



Dividends on Power Financial Common Shares

The Board of Directors today declared a quarterly dividend of 45.55 cents on the Corporation's common shares, payable November 1, 2019 to shareholders of record September 30, 2019.

Dividends on Power Financial Preferred Shares

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

Dividends payable November 15, 2019 to shareholders of record October 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 July 1 to September 30, 2019.

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

| Series | Stock Symbol | Amount | Series | Stock Symbol | Amount |
|----------|--------------|----------|----------|--------------|----------|
| Series D | PWF.PRE | 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 | 20.5425¢ |
| 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 | 26.3438¢ |
| 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 June 30, 2019, Power Financial held the following economic interests:

- 66.8% – Great-West Lifeco (TSX: GWO) www.greatwestlifeco.com
- 62.1% – IGM Financial (TSX: IGM) www.igmfinancial.com
- 27.8% – Pargesa Holding (SIX: PARG) www.pargesa.ch
- 81.8% – 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 June 30, | | Six months ended June 30, | |
|--|--------------------------------|-------------|------------------------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Adjusted net earnings | | | | |
| Lifeco ^[1] | 440 | 562 | 884 | 1,057 |
| IGM ^[1] | 115 | 121 | 225 | 228 |
| Pargesa ^[1] | 93 | 36 | 139 | 80 |
| | 648 | 719 | 1,248 | 1,365 |
| Corporate operations ^[2] | (25) | (26) | (54) | (52) |
| Dividends on perpetual preferred shares | (34) | (35) | (69) | (69) |
| Adjusted net earnings ^[3] | 589 | 658 | 1,125 | 1,244 |
| Other items - see below | (146) | - | (146) | - |
| Net earnings ^[3] | 443 | 658 | 979 | 1,244 |
| Earnings per share - basic ^[3] | | | | |
| Adjusted net earnings | 0.88 | 0.92 | 1.62 | 1.74 |
| Other items | (0.22) | - | (0.21) | - |
| Net earnings | 0.66 | 0.92 | 1.41 | 1.74 |

[1] The contributions from Lifeco and IGM are adjusted for their share of the results of Wealthsimple Financial Corp., Portag3 Ventures Limited Partnership, and Portag3 Ventures II Limited Partnership based on their respective interests. The 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 June 30, | | Six months ended June 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 | (134) | - | (134) | - |
| Share of IGM's Other items: | | | | |
| Share of Lifeco's Other items | (5) | - | (5) | - |
| Share of Pargesa's Other items: | | | | |
| Imerys - Restructuring charges and other | (7) | - | (7) | - |
| | (146) | - | (146) | - |



Contribution to Power Financial's Adjusted Net Earnings

| Three months ended June 30, 2019 (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 | 441 | (1) | 440 |
| IGM | 119 | (4) | 115 |
| Pargesa | 56 | 37 | 93 |

| Six months ended June 30, 2019 (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 | 886 | (2) | 884 |
| IGM | 222 | 3 | 225 |
| Pargesa | 90 | 49 | 139 |

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

Adjustments to Pargesa's Contribution

Power Financial has deferred the adoption of IFRS 9 and continues to apply IAS 39. The following table presents adjustments to the contribution of Pargesa to Power Financial's earnings in accordance with IAS 39:

| (unaudited) (in millions of Canadian dollars) | 2019 | | Total |
|---|------|-----|-------|
| | Q2 | Q1 | |
| Partial disposal of interest in adidas ^[1] | 53 | 18 | 71 |
| Impairment charges on Ontex N.V. ^[1] | (13) | - | (13) |
| Reversal of unrealized gains on private equity funds | (3) | (6) | (9) |
| Total | 37 | 12 | 49 |

[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.

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, Portag3 Ventures II 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.



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 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, 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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