



## Power Corporation 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 Corporation of Canada (TSX: POW) today reported earnings results for the three and nine months ended September 30, 2018.

### Consolidated Results of Power Corporation

For the period ended September 30

#### Highlights

- The Corporation completed the disposal of assets of La Presse, Itée (La Presse) to a not-for-profit organization.
- Early redemption of 7.57% debentures due April 22, 2019, refinanced with 4.455% debentures due in 2048, reducing annual financing expense by \$8 million.

#### Third Quarter

Net earnings attributable to participating shareholders were \$186 million or \$0.40 per share, compared with \$470 million or \$1.02 per share in 2017. Power Financial Corporation's (Power Financial) contribution to earnings was \$72 million higher than the corresponding period, however, net earnings were adversely impacted by lower income from investments and the loss resulting from the La Presse transaction. The prior year included a gain of \$174 million on the Corporation's investment in China Asset Management Co., Ltd. (China AMC).

Adjusted net earnings attributable to participating shareholders (a non-IFRS financial measure) were \$283 million or \$0.61 per share, compared with \$471 million or \$1.02 per share in 2017.

Other items, not included in adjusted net earnings, resulted in a charge of \$97 million in the third quarter of 2018 consisting of:

- the Corporation's share of Great-West Lifeco's (Lifeco) 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;
- the Corporation's share of IGM Financial Inc.'s (IGM) restructuring and other charges resulting from the re-engineering of North American equity offerings as well as a premium on the early redemption of IGM's debentures; and
- the loss realized by Power Corporation as a result of the disposal of assets of La Presse and the premium paid on the early redemption of its debentures.

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

(in millions of dollars)

	2018		2017	
	Net Earnings	Adjusted Net Earnings	Net Earnings	Adjusted Net Earnings
• Power Financial	341	377	304	305
• Sagard Investment Funds, China AMC and Other investments	(28)	(28)	219	219
• Corporate and Other subsidiaries	(127)	(66)	(53)	(53)
	186	283	470	471



### Nine Months

Net earnings attributable to participating shareholders were \$1,058 million or \$2.28 per share, compared with \$1,078 million or \$2.33 per share in 2017.

Adjusted net earnings attributable to participating shareholders were \$1,155 million or \$2.49 per share, compared with \$1,141 million or \$2.46 per share in 2017.

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

(in millions of dollars)

	2018		2017	
	Net Earnings	Adjusted Net Earnings	Net Earnings	Adjusted Net Earnings
• Power Financial	1,157	1,193	978	1,041
• Sagard Investment Funds, China AMC and Other investments	184	184	306	306
• Corporate and Other subsidiaries	(283)	(222)	(206)	(206)
	1,058	1,155	1,078	1,141

## Power Financial Corporation

For the period ended September 30

### 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, resulted in a charge of \$55 million and consisted of Power Financial's share of Lifeco and IGM's other items as indicated above.

### 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.

## Sagard Investment Funds, China AMC and Other Investments

For the period ended September 30

(For additional information, refer to the table further in this release)

### Third Quarter

Loss from investments was \$28 million, compared with income of \$219 million in 2017. Third quarter income from investments in 2018 includes a loss from Sagard China related to Chinese equity market declines. Income from investments in the third quarter of 2017 included a gain of \$174 million on China AMC.

### Nine Months

Income from investments was \$184 million, compared with \$306 million in 2017. Income from investments in the nine-month period ended September 30, 2018 also included gains on the disposal by Sagard Europe of two investments in the first quarter of 2018. Income from investments in 2017 also included a gain on the disposal of the Corporation's interest in an investment fund in the second quarter of 2017.



## Dividends on Power Corporation Participating Shares

The Board of Directors today declared a quarterly dividend of 38.20 cents per share on the Participating Preferred Shares and the Subordinate Voting Shares of the Corporation, payable December 31, 2018 to shareholders of record December 10, 2018.

## Dividends on Power Corporation Non-Participating Preferred Shares

The Board of Directors also declared quarterly dividends on the Corporation's preferred shares, payable January 15, 2019 to shareholders of record December 24, 2018:

Series	Stock Symbol	Amount	Series	Stock Symbol	Amount
1986 Series	POW.PR.F	Floating rate <sup>[1]</sup>	Series C	POW.PR.C	36.25¢
Series A	POW.PR.A	35¢	Series D	POW.PR.D	31.25¢
Series B	POW.PR.B	33.4375¢	Series G	POW.PR.G	35¢

[1] Equal to one quarter of 70% of the average prime rate of two major Canadian chartered banks for the period September 1 to November 30, 2018.

## About Power Corporation

Power Corporation of Canada is a diversified international management and holding company with interests in companies in the financial services, asset management, sustainable and renewable energy, and other business sectors in North America, Europe and Asia. To learn more, visit [www.PowerCorporation.com](http://www.PowerCorporation.com).

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

- 65.5% – Power Financial (TSX: PWF) [www.powerfinancial.com](http://www.powerfinancial.com)
- 100% – Sagard SAS (Europe) <sup>[1]</sup> [www.sagard.com](http://www.sagard.com)
- 100% – Sagard Holdings [www.sagardholdings.com](http://www.sagardholdings.com)
- 100% – Sagard China [www.sagardchina.com](http://www.sagardchina.com)
- 100% – Power Energy Corporation
- 27.8% – China Asset Management Co., Ltd. <sup>[2]</sup> [www.chinaamc.com](http://www.chinaamc.com)

[1] Refer to the Corporation's most recent MD&A for interest in the Sagard Europe Funds.

[2] IGM and the Corporation each hold a 13.9% interest in China AMC.



## 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
<b>Adjusted net earnings</b>				
Power Financial <sup>[1]</sup>	377	305	1,193	1,041
Other subsidiaries <sup>[2]</sup>	(17)	(10)	(72)	(65)
	360	295	1,121	976
Corporate operations				
Income – Sagard Investment Funds, China AMC and Other Investments <sup>[3]</sup>	(28)	219	184	306
Operating and other expenses	(36)	(30)	(111)	(102)
Dividends on non-participating shares	(13)	(13)	(39)	(39)
<b>Adjusted net earnings <sup>[4]</sup></b>	<b>283</b>	471	<b>1,155</b>	1,141
Other items – see below	(97)	(1)	(97)	(63)
<b>Net earnings <sup>[4]</sup></b>	<b>186</b>	470	<b>1,058</b>	1,078
<b>Earnings per share – Basic <sup>[4]</sup></b>				
<b>Adjusted net earnings</b>	<b>0.61</b>	1.02	<b>2.49</b>	2.46
Other items	(0.21)	–	(0.21)	(0.13)
<b>Net earnings</b>	<b>0.40</b>	1.02	<b>2.28</b>	2.33

[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.

[2] Comprised of: Power Energy Corporation, Square Victoria Communications Group Inc., and controlled portfolio investments IntegraMed America, Inc. (IntegraMed) and Vein Clinics of America, Inc. (Vein Clinics). Vein Clinics was disposed of on December 29, 2017 and the Corporation divested of the operations of La Presse on July 14, 2018.

[3] Excludes earnings (losses) from controlled portfolio investments.

[4] Attributable to participating shareholders.

## Income – Sagard Investment Funds, China AMC and Other Investments

(unaudited) (in millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
<b>Sagard Investment Funds <sup>[1]</sup></b>				
Sagard Europe	(3)	6	163	1
Sagard Holdings <sup>[2, 3]</sup>	7	7	(27)	5
Sagard China <sup>[4]</sup>	(35)	21	13	39
China AMC <sup>[5]</sup>	6	177	22	177
Other Investments				
Investment and hedge funds, and other <sup>[6]</sup>	(3)	8	13	84
	(28)	219	184	306

[1] Income from investments for the Sagard Investment Funds is presented net of expenses of their separate dedicated teams.

[2] Excludes the Corporation's share of the results of IntegraMed and Vein Clinics, presented in adjusted net earnings as Other subsidiaries.

[3] Includes share of earnings (loss) from investments in a jointly controlled corporation and associates.

[4] Sagard China realized losses of \$34 million on the disposal of investments in the third quarter of 2018.

[5] Includes a gain of \$174 million on the fair value remeasurement of the Corporation's previously held interest of 10% in China AMC as a result of attaining significant influence in the third quarter of 2017.

[6] Consists mainly of foreign exchange gains or losses and interest on cash and cash equivalents.



## Other Items (Share of Power Financial's)

(unaudited) (in millions of Canadian dollars)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Power Financial's share of Other items:				
Lifeco				
Restructuring charges	(25)	—	(25)	(69)
IGM				
Restructuring and other charges	(7)	—	(7)	(6)
Premium paid on early redemption of debentures	(3)	—	(3)	—
Pension plan	—	—	—	15
Share of Lifeco's Other items	(1)	—	(1)	(3)
	(11)	—	(11)	6
Pargesa Holding SA				
Other income (charge)	—	(1)	—	—
Corporate operations				
Divestiture of La Presse operations <sup>[1]</sup>	(54)	—	(54)	—
Premium paid on early redemption of debentures	(7)	—	(7)	—
	(61)	—	(61)	—
	(97)	(1)	(97)	(63)

[1] Includes the Corporation's financial contribution of \$50 million.

## Sagard Investment Funds

(unaudited) (in millions of Canadian dollars)	September 30, 2018				December 31, 2017			
	Sagard Europe	Sagard Holdings	Sagard China	Total	Sagard Europe	Sagard Holdings	Sagard China	Total
Cost	293	363	498	1,154	250	402	570	1,222
Unrealized gain (loss)	110	—	(3)	107	249	(5)	88	332
Fair value of non-controlled portfolio investments	403	363	495	1,261	499	397	658	1,554
Cash	—	200	211	411	—	219	126	345
Fair value of controlled portfolio investments and other	—	218	(3)	215	—	208	—	208
Total fair value	403	781	703	1,887	499	824	784	2,107



### Non-IFRS Financial Measures and Presentation

Net earnings attributable to participating shareholders are comprised of:

- 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.

The Corporation also uses a non-consolidated basis of presentation to present and analyze its results whereby the Corporation's interests in Power Financial and other subsidiaries 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 shares (including the Participating Preferred Shares) and Subordinate Voting 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](http://www.sedar.com).

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