

Press Release

Guardian Capital Group Limited (TSX: GCG; GCG.A) Announces 2019 Third Quarter Operating Results

Toronto, Ontario, November 7, 2019

All per share figures disclosed below are stated on a diluted basis.

For the periods ended September 30 (\$ in thousands, except per share amounts)	Three months		Nine months	
	2019	2018	2019	2018
Net revenue	\$ 45,983	\$ 42,773	\$ 136,237	\$ 127,213
Operating earnings	12,105	12,444	35,871	34,250
Net gains (losses)	(1,274)	28,481	72,566	33,349
Net earnings attributable to shareholders	8,275	34,320	92,333	53,497
EBITDA ⁽¹⁾	\$ 16,036	\$ 15,562	\$ 46,783	\$ 41,346
Adjusted cash flow from operations ⁽¹⁾	13,053	11,083	36,081	30,157
Per share:				
Net earnings attributable to shareholders	\$ 0.31	\$ 1.21	\$ 3.37	\$ 1.89
EBITDA ⁽¹⁾	0.59	0.55	1.72	1.46
Adjusted cash flow from operations ⁽¹⁾	0.48	0.39	1.33	1.07
As at				
(\$ in millions, except per share amounts)	2019		2018	
	September 30	December 31	September 30	
Assets under management	\$ 30,243	\$ 26,962	\$ 29,185	
Assets under administration	19,040	17,385	18,096	
Shareholders' equity	654	599	670	
Securities	664	627	688	
Per share:				
Shareholders' equity ⁽¹⁾	\$ 23.93	\$ 21.57	\$ 23.57	
Securities ⁽¹⁾	24.30	22.58	24.20	

The Company's Operating earnings for the quarter ended September 30, 2019 were \$12.1 million, a 3% decrease compared to \$12.4 million during the same quarter in the prior year.

The Net revenue increased to \$46.0 million in the current quarter, \$3.2 million or 8% higher than the \$42.8 million in the same quarter in the prior year. The Net management fees earned in the current quarter increased \$2.3 million to \$24.3 million, a 10% increase from the same period in the prior year. This revenue growth outpaced the growth in assets under management ("AUM") of 4% during the same period, indicative of our improving average fee rate. The largest contribution to the revenue growth came from the UK operations, which continued to experience a significant inflow of new client assets into the Fundamental Global Equity strategy. The total AUM managed by this UK subsidiary is now \$3.5 billion. Partially offsetting the revenue growth from the Fundamental Global Equity strategy was the decrease in contributions from the Domestic investment management business. Net commission revenue increased slightly by \$0.3 million to \$11.8 million in the current quarter, compared to the same period in the prior year. Administrative services income increased by \$0.6 million to \$4.1 million, when compared to the prior year. The increase was largely in the Financial Advisory Segment.

Offsetting the increase in Net revenue was the increase in expenses to \$33.9 million in the current quarter, \$3.6 million higher than the prior year expenses of \$30.3 million. The increased expenses were incurred largely in the UK investment management business and the Dealers to support the growth of these businesses, including increased incentive compensation costs in the UK.

The volatility in the global financial markets continues to drive significant fluctuations in the quarterly Net gains (losses) associated with changes in fair value of our Securities and the effects of changes in foreign currency exchange rates on the foreign currency denominated loan. Net losses in the current quarter were \$1.3 million, compared to Net gains of \$28.5 million in the prior year.

The Company's Net earnings attributable to shareholders in the current quarter were \$8.3 million, compared to \$34.3 million in the prior year. The lower Net earnings attributable to shareholders in the current quarter were largely due to the Net losses recorded in the current

quarter compared to the large Net gains recorded in the prior year and lower Operating earnings in the current quarter, as described above.

The Company's AUM were \$30.2 billion as at September 30, 2019, compared to \$27.0 billion at the end of 2018 and \$29.2 billion as at September 30, 2018. The increase in AUM is due to the combination of positive financial market performance and successes in attracting net new assets into the Fundamental Global Equity strategy, partially offset by net outflows from the domestic strategies. The Company's assets under administration were \$19.0 billion as at September 30, 2019, compared to \$17.4 billion at the end of 2018 and \$18.1 billion as at September 30, 2018.

EBITDA⁽¹⁾ for the current quarter was \$16.0 million, or \$0.59 per share, compared to \$15.6 million, or \$0.55 per share for 2018, a 3% increase, 7% on a per share basis. Adjusted cash flow from operations⁽¹⁾ for the current quarter was \$13.1 million, or \$0.48 per share, compared to \$11.1 million, or \$0.39 per share for 2018, a 18% increase, 23% on a per share basis. The initial adoption of a new accounting standard, IFRS 16 - Leases, impacted the growth in these measures as the Company elected to apply the new standard on a modified retrospective basis and not restate the prior periods. As a result, the prior period figures are not entirely comparable with current period figures. The new accounting standard had the effect of increasing the EBITDA⁽¹⁾ \$0.7 million and the Adjusted cash flow from operations⁽¹⁾ by \$0.5 million in the current quarter, compared to what they would have been under the previous standard.

The Company's Shareholders' equity as at September 30, 2019 was \$654 million, or \$23.93 per share⁽¹⁾, compared to \$599 million, or \$21.57 per share⁽¹⁾ as at December 31, 2018, and \$670 million, or \$23.57 per share⁽¹⁾, as at September 30, 2018. The fair value of the Company's Securities as at September 30, 2019 was \$664 million, or \$24.30 per share⁽¹⁾, compared to \$627 million, or \$22.58 per share⁽¹⁾, as at December 31, 2018, and \$688 million or \$24.20 per share⁽¹⁾, as at September 30, 2018.

The Board of Directors has declared a quarterly eligible dividend of \$0.15 per share, payable on January 17, 2020, to shareholders of record on January 10, 2020.

The following table summarizes the Company's financial results for the past eight quarters.

For the three months ended (\$ in thousand, except per share amounts)	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	Dec 31, 2017
Net revenue	\$ 45,983	\$ 45,963	\$ 44,291	\$ 44,300	\$ 42,773	\$ 42,924	\$ 41,516	\$ 39,097
Operating earnings	12,105	12,590	11,176	12,137	12,444	11,302	10,504	13,046
Net gains (losses)	(1,274)	7,957	65,883	(89,001)	28,481	20,800	(15,932)	38,186
Net earnings (loss)	8,952	17,601	68,099	(69,652)	35,079	26,245	(5,279)	44,466
Net earnings (loss) attributable to shareholders	8,275	16,838	67,220	(70,449)	34,320	25,385	(6,208)	43,982
Shareholders' equity	653,983	647,983	656,167	599,311	670,382	644,956	623,511	634,416
Per Class A and Common share (in \$)								
Net earnings (loss) attributable to shareholders	\$ 0.31	\$ 0.62	\$ 2.43	\$ (2.63)	\$ 1.21	\$ 0.90	\$ (0.23)	\$ 1.51
Shareholders' equity ⁽¹⁾	\$ 23.93	\$ 23.73	\$ 23.66	\$ 21.57	\$ 23.57	\$ 22.74	\$ 21.98	\$ 21.88
Dividends paid	\$ 0.150	\$ 0.150	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.100	\$ 0.100

Guardian Capital Group Limited is a diversified financial services company founded in 1962. Its Common and Class A shares are listed on The Toronto Stock Exchange and the Company is celebrating its 50th anniversary as a listed company. The Company provides institutional and high net worth investment management services to clients; financial services to international investors; and services to financial advisors in its national mutual fund dealer, securities dealer, and insurance distribution network.

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⁽¹⁾ The Company's management uses EBITDA, EBITDA per share, Adjusted cash flow from operations, Adjusted cash flow from operations per share, Shareholders' equity per share and Securities per share to evaluate and assess the performance of its business. These measures do not have standardized measures under International Financial Reporting Standards ("IFRS"), and are therefore unlikely to be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing the Company's results. The Company defines EBITDA as net earnings before interest, income taxes, amortization, stock-based compensation, net gains or losses, less amounts attributable to non-controlling interests, and the most comparable IFRS measures is Net earnings attributable to shareholders, which were \$8.3 million for the three months ended September 30, 2019 (2018 - \$34.3) million. The Company defines Adjusted cash flow from operations as net cash from operating activities, net of changes in non-cash working capital items and non-controlling interests and the most comparable IFRS measures is Net cash from (used in) operating activities, which was \$22.7 million for the three months ended September 30, 2019 (2018 - \$18.1 million). The per share amounts for these non-IFRS measures are calculated by dividing the amounts by diluted shares, which is calculated in a similar manner as net earnings available to shareholders per share. More detailed descriptions of these non-IFRS measures are provided in the Company's Management's Discussions and Analysis, including a reconciliation of these measures to their most comparable IFRS measures.