

NEWS RELEASE

FOR IMMEDIATE RELEASE



Power Financial Reports Fourth Quarter and 2018 Financial Results and Dividend Increase

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

Montréal, Québec, March 20, 2019 – Power Financial Corporation (Power Financial or the Corporation) (TSX: PWF) today reported earnings results for the fourth quarter and twelve months ended December 31, 2018.

Consolidated Results of Power Financial and Dividend Increase

For the period ended December 31

Highlights

- Today Power Financial declared a 5.2% increase in its quarterly dividend to 45.55 cents per common share.
- Power Financial announced on March 8, 2019 terms of a substantial issuer bid to repurchase up to \$1.65 billion of its common shares. Power Financial also announced its intention to participate in Great-West Lifeco's (Lifeco) substantial issuer bid to repurchase up to \$2.0 billion of its common shares which was announced on March 4, 2019.
- On February 7, 2019, Lifeco declared a 6% increase in its quarterly dividend to \$0.413 per common share.
- Sales at Lifeco for the fourth quarter of 2018 were \$41.5 billion, up 37% from the fourth quarter of 2017, driven by a 67% increase in the U.S. segment, reflecting higher Empower Retirement sales and Putnam Investments, LLC mutual fund sales.
- Lifeco announced on January 24, 2019 that its subsidiary, Great-West Life & Annuity Insurance Company, was selling substantially all of its U.S. individual life insurance and annuity business, via a reinsurance agreement, to Protective Life Insurance Company. Lifeco will continue to focus on the retirement and asset management markets in the U.S.
- IGM Financial Inc. (IGM) reported annual net earnings of \$767.3 million, or \$3.18 per share, compared with \$601.9 million, or \$2.50 per share, in 2017. IGM's 2018 adjusted net earnings (a non-IFRS financial measure), excluding other items, were \$791.8 million or \$3.29 per share, compared with \$727.8 million or \$3.02 per share, in 2017. Adjusted net earnings per share in 2018 represented the highest annual results in IGM's history.
- Pargesa Holding SA (Pargesa) announced that its board of directors will recommend a 2018 dividend of SF2.56 per bearer share, a 2.4% increase.

Fourth Quarter

Net earnings attributable to common shareholders were \$478 million or \$0.67 per share, compared with \$225 million or \$0.32 per share in 2017.

Adjusted net earnings attributable to common shareholders were \$460 million or \$0.65 per share, compared with \$547 million or \$0.77 per share in 2017.

Other items in 2018, not included in adjusted net earnings, were a net gain of \$18 million consisting of the Corporation's share of Imerys's net gain on the sale of its roofing division, partially offset by restructuring and other charges. Other items, not included in adjusted net earnings, were a charge of \$322 million 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	480	480	263	499
• IGM	105	105	20	106
• Pargesa	(35)	(53)	3	3
• Power Financial Corporate and Other	(72)	(72)	(61)	(61)
	478	460	225	547

Twelve months

Net earnings attributable to common shareholders were \$2,245 million or \$3.15 per share, compared with \$1,717 million or \$2.41 per share in 2017.

Adjusted net earnings attributable to common shareholders were \$2,282 million or \$3.20 per share, compared with \$2,135 million or \$2.99 per share in 2017.

Other items, not included in adjusted net earnings, were a net charge of \$37 million, compared with a net charge of \$418 million 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	2,001	2,040	1,451	1,791
• IGM	446	462	350	428
• Pargesa	57	39	131	131
• Power Financial Corporate and Other	(259)	(259)	(215)	(215)
	2,245	2,282	1,717	2,135

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

For the period ended December 31

GREAT-WEST LIFECO INC.

Fourth Quarter

Net earnings and adjusted net earnings attributable to common shareholders were \$710 million, or \$0.72 per share, compared with net earnings of \$392 million or \$0.40 per share, and adjusted net earnings of \$734 million or \$0.74 per share in 2017. Other items in the fourth quarter of 2017 were a charge of \$342 million. The decrease in adjusted net earnings is primarily due to the impact of equity market declines in the fourth quarter of 2018 partially offset by strong underlying business results.

Twelve Months

Net earnings attributable to common shareholders were \$2,961 million or \$3.00 per share, compared with \$2,149 million or \$2.17 per share in 2017.



Adjusted net earnings attributable to common shareholders were \$3,017 million or \$3.05 per share, compared with \$2,647 million or \$2.68 per share in 2017. Other items in 2018, not included in adjusted net earnings, were restructuring charges of \$56 million related to Lifeco's U.K. operations. Other items in 2017 were charges of \$498 million comprised of the impact of U.S. tax reform, the net charge on the sale of an equity investment and restructuring costs. The 2017 adjusted net earnings included a provision of \$175 million related to the impact of Atlantic hurricane activity reflected in the third quarter 2017 results.

IGM FINANCIAL INC.

Fourth Quarter

Net earnings and adjusted net earnings available to common shareholders were \$179.9 million or \$0.75 per share, compared with net earnings of \$50.6 million, or \$0.21 per share, and adjusted net earnings of \$191.4 million or \$0.79 per share in 2017. Other items, not included in adjusted net earnings, in the fourth quarter of 2017 were restructuring and other charges of \$140.8 million.

Assets under management at December 31, 2018 were \$149.1 billion, a decrease of 6.7% in the quarter and 4.8% from the prior year primarily due to negative investment returns consistent with industry results.

Twelve Months

Net earnings available to common shareholders were \$767.3 million or \$3.18 per share, compared with \$601.9 million or \$2.50 per share in 2017.

Adjusted net earnings available to common shareholders were \$791.8 million or \$3.29 per share, compared with \$727.8 million or \$3.02 per share in 2017. Other items, not included in adjusted net earnings, were a charge of \$24.5 million, compared with a charge of \$125.9 million in the comparative period.

PARGESA HOLDING SA

Fourth Quarter

Pargesa reported net earnings of SF110 million, compared with SF33 million in 2017.

Adjusted net earnings were SF57 million, compared with SF36 million in 2017. Other items of SF53 million were excluded from adjusted net earnings in the fourth quarter and were comprised of Imerys's net gain on the sale of its roofing division, partially offset by restructuring and other charges.

The increase in earnings is mainly due to an increase in the contribution from private equity activities and other investment funds.

Pargesa adopted IFRS 9 in 2018. Power Financial continues to apply IAS 39 and has reduced its share of the contribution from Pargesa by \$74 million in the fourth quarter of 2018 as further described in the table below.

Twelve Months

Net earnings were SF361 million, compared with SF382 million in 2017.

Adjusted net earnings were SF317 million, compared with SF384 million in 2017. Adjusted net earnings in 2018 include a positive impact of SF44 million primarily due to other items recognized by Imerys as described above.

Earnings decreased in the twelve-month period due to a decrease in the contribution from private equity activities and other investment funds. Pargesa realized gains of SF58 million in the first and fourth quarters of 2018 which have not been reflected in net earnings, in accordance with IFRS 9.

Power Financial's IAS 39 adjustment to Pargesa's contribution was a reduction of \$77 million in the twelve-month period as further described in the table below.



Pargesa reported a net asset value at December 31, 2018 of SF8,973 million, representing SF105.9 per share, compared with SF10,851 million or SF128.2 per share at December 31, 2017. Subsequent to year end, Pargesa's net asset value increased to SF10,434 million or SF123.19 per share as of March 15, 2019.

Dividend – Power Financial Common Shares

The Board of Directors today declared a quarterly dividend of 45.55 cents per share on the Corporation's common shares, payable May 1, 2019 to shareholders of record March 29, 2019.

Dividend – Power Financial Preferred Shares

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

Dividends payable May 15, 2019 to shareholders of record April 24, 2019:

Series – Stock Symbol	Amount
Series A – PWF.PRA	Floating rate ^[1]

[1] Equal to one quarter of 70% of the average prime rate of two major Canadian chartered banks for the period January 1 to March 31, 2019.

Dividends payable April 30, 2019 to shareholders of record April 9, 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	19.9336¢
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 December 31, 2018, Power Financial held the following economic interests:

- 67.8% – Great-West Lifeco (TSX: GWO) www.greatwestlifeco.com
- 61.4% – IGM Financial (TSX: IGM) www.igmfinancial.com
- 27.8% – Pargesa Holding (SIX: PARG) www.pargesa.ch
- 81.7% – 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 December 31,		Twelve months ended December 31,	
	2018	2017	2018	2017
Adjusted net earnings				
Lifeco ^[1]	480	499	2,040	1,791
IGM ^[1]	105	106	462	428
Pargesa ^[1]	(53)	3	39	131
	532	608	2,541	2,350
Corporate operations ^[2]	(38)	(27)	(121)	(82)
Dividends on perpetual preferred shares	(34)	(34)	(138)	(133)
Adjusted net earnings ^[3]	460	547	2,282	2,135
Other items – see below	18	(322)	(37)	(418)
Net earnings ^[3]	478	225	2,245	1,717
Earnings per share – basic ^[3]				
Adjusted net earnings	0.65	0.77	3.20	2.99
Other items	0.02	(0.45)	(0.05)	(0.58)
Net earnings	0.67	0.32	3.15	2.41

[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 December 31,		Twelve months ended December 31,	
	2018	2017	2018	2017
Share of Lifeco's Other items:				
Restructuring charges	-	(3)	(38)	(107)
Impact of U.S. tax reform	-	(146)	-	(146)
Net charge on sale of equity investment	-	(83)	-	(83)
Share of IGM's Other items	-	(4)	(1)	(4)
	-	(236)	(39)	(340)
Share of IGM's Other items:				
Restructuring and other charges	-	(78)	(10)	(88)
Premium paid on early redemption of debentures	-	-	(5)	-
Pension plan	-	-	-	22
Share of Lifeco's Other items	-	(8)	(1)	(12)
	-	(86)	(16)	(78)
Share of Pargesa's Other items:				
Imerys – Disposal of roofing activity	86	-	86	-
Imerys – Impairments, restructuring charges and other	(68)	-	(68)	-
	18	-	18	-
	18	(322)	(37)	(418)



Adjustments to Pargesa's contribution

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

(unaudited) (in millions of Canadian dollars)	Q4	Q3	Q2	2018 Q1	Total
Impairment charges on: ^[1]					
GEA Group	(43)	-	-	-	(43)
Ontex N.V.	(1)	(2)	(34)	-	(37)
LafargeHolcim Ltd	(22)	-	-	-	(22)
ConvaTec Group PLC	(11)	-	-	-	(11)
Disposal of Burberry Group plc ^[1]	-	-	18	-	18
Disposal of private equity funds ^[2]	4	-	-	21	25
Unrealized gains (losses) on private equity funds	(1)	(2)	(5)	1	(7)
Total	(74)	(4)	(21)	22	(77)

[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 permanently transferred to retained earnings. Power Financial continues to apply IAS 39 and has adjusted its share of these gains.

Contribution to Power Financial's Adjusted Net Earnings

Three months ended December 31, 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	481	(1)	480
IGM	111	(6)	105
Pargesa	21	(74)	(53)

Twelve months ended December 31, 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	2,044	(4)	2,040
IGM	487	(25)	462
Pargesa	116	(77)	39

[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. 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.

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, the outlook for North American and international economies for the current fiscal year and subsequent periods as well as statements or information related to the substantial issuer bids of the Corporation and Lifeco whose terms were announced on March 8, 2019. 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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