



POWER CORPORATION
OF CANADA

Annual Meeting of Shareholders

Remarks by the Chairman of the Board
Paul Desmarais, Jr., O.C., O.Q.

May 15, 2020

www.PowerCorporation.com



Forward-Looking Statements

In the course of today's meeting, representatives of the Corporation may make, in their remarks or in response to questions, and the accompanying materials may include, statements containing forward-looking information.

Certain statements, 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 listener/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 listener/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, the expected impact of the COVID-19 pandemic on the Corporation and its subsidiaries' operations, results and dividends, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, the intended effects of the Reorganization, the Normal Course Issuer Bid (NCIB) and the proposed redemption by the Corporation and Power Financial of certain classes of their First Preferred Shares. 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, man-made disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises (such as COVID-19), 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 listener/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 the availability of cash to complete purchases under the NCIB and to redeem First Preferred Shares of the Corporation and Power Financial and 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.

Non-IFRS Financial Measures and Presentation

Certain financial terms which may be included in statements today or in the accompanying materials, such as adjusted net earnings, other items/adjustments, adjusted net earnings per share, net asset value, net asset value per share and assets under administration, 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 its interests in its subsidiaries are accounted for using the equity method. Presentation on a non-consolidated basis is a non-IFRS presentation. Please refer to the Corporation's annual and most recent interim Management's Discussion and Analysis for more information, including how such measures are defined, an explanation of their purpose and a reconciliation of these non-IFRS measures to results reported in accordance with IFRS, where comparable IFRS measures exist.



Remarks by the Chairman of the Board
Paul Desmarais, Jr., O.C., O.Q.

Annual Meeting of Shareholders

May 15, 2020

I want to speak with you today about the importance of being resilient, of maintaining our solidarity, and having confidence in our capacity to rebound and build back.

I also want to speak about the historic steps we took this past year, and the journey that brought us here. It may seem incongruous to be talking about the achievements of our company, with all of us so preoccupied by the current crisis.

But we are duty-bound to maintain a close eye on our enterprises and prepare for when the economy can build back. We owe this to you, our employees, customers and shareholders.

First, regarding COVID-19: the toll is high. So many are sick. Many loved ones have died. Particularly among our elderly. The strain on governments and health providers is immense. Lots of businesses are struggling, with some facing bankruptcy. Many workers have been laid off.

I feel for the entrepreneurs who started businesses, have worked so hard to build them, and are now watching their life's work collapse.

As the economy comes back, I hope we can all have an eye out for them and buy their services again. We need that entrepreneurial spirit in Canada to rebound.

Let me share with you my own experience of COVID-19. Indeed, following a business trip to Europe, *I came down with the virus*. I spent 13 days in the Jewish General Hospital here in Montréal.

It was frightening. My own vulnerability was laid bare. I feel so grateful to be alive. And I am incredibly grateful to the nurses and doctors who provided such amazing care.

Many of them are new Canadians. They came here for a better life. And they chose to become nurses and doctors. To serve their fellow man. It's lucky for me that they did.

They are giving back so generously and selflessly, alongside their incredible professionalism and skill. They gave me a lesson in humanity. I know it contributed to my recovery.

My experience has underscored for me how important caring for each other is, being attentive to other's needs. I am reflecting on how in normal times perhaps we allow the frenetic pace of things to take over too much.



I am also appreciating even more our strengths as a society in Canada. The cooperative, sharing spirit of Canadians and our institutions seem to be allowing us to cope better than some.

I salute the quality of leadership being shown. So many are stepping up with real courage and determination. Running our health systems. Taking innovative steps to provide services and help people through economic difficulties.

As a resident of the province of Québec, I would be remiss if I did not mention Premier François Legault. I commend him for his collaborative approach, his decisive action, and for speaking to us from the heart.

I express my heartfelt thanks to our own employees at Power Corporation. For doing their utmost to help us weather this storm. Your dedication has been amazing.

My sincere thanks as well to the employees at our group companies who are facing up to these challenges. They are the going the extra mile to ease the burden of the crisis for their customers.

Canada Life and IGM have provided mortgage payment deferrals, for example, to clients who have lost income. Canada Life has reduced group health insurance premiums for employer-sponsored plans.

I have always viewed these businesses of ours, providing financial advice, wealth management and insuring people, as *caring* businesses, where you get close to your clients and where their financial well-being genuinely matters to you.

This is a time when we need to be looking out for the most vulnerable. I am pleased that our group companies have pledged millions across Canada to support such causes as United Ways of Canada, Centraide du Grand Montréal, and food banks.

At Power, we are focusing our charitable giving right now on urgent health and social needs. We are supporting the medical teams at the Montréal hospitals, for instance, funding their work on treatments and cures.

For Power Corporation, as you know, this has been a historic year with our decision to reorganize Power Financial.

We have also made a transition in our leadership, with André and I retiring from the Co-CEO roles and passing the role of CEO to Jeffrey Orr, our long-time, highly capable colleague.

I want to congratulate Jeff and thank him for accepting the role. His exceptional acumen and outstanding qualities as a leader of integrity come through every day. As CEO of Investors Group and then of Power Financial, and even before that as an investment banker, Jeff has helped us to build incredibly strong franchises that have delivered tremendous value. I can't imagine a better leader to steer us through these challenging waters.

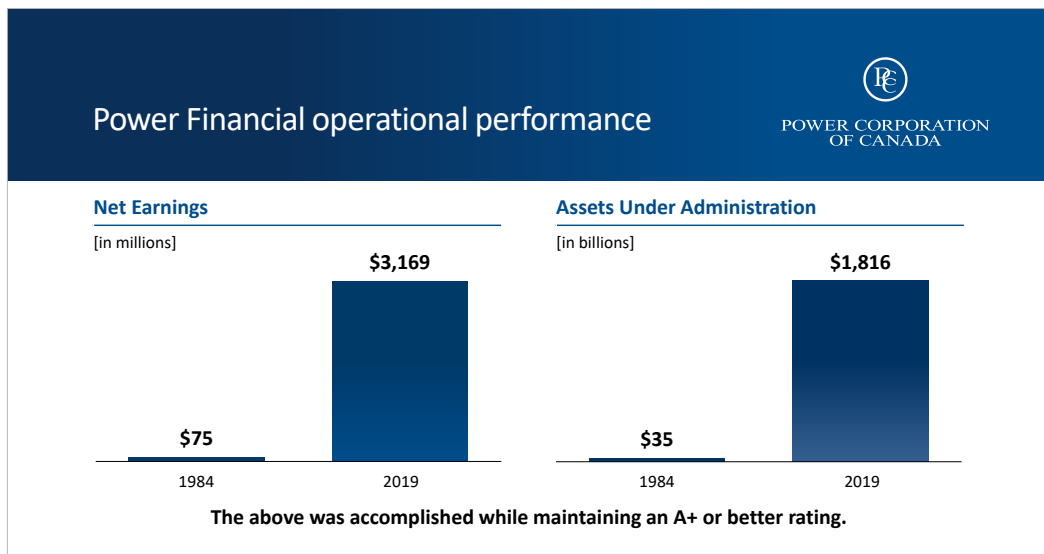


I would be remiss if I didn't say a few words on this occasion about Power Financial.

Power Financial was formed in 1984 with a view to combining the three pillars of financial services, for life insurance, investment management and banking.

With our significant industrial holdings, we were highly diversified at that time. Power Financial made up about 53 per cent of Power Corporation holdings. But with the consolidation of the financial services market, our timing for creating Power Financial could not have been better.

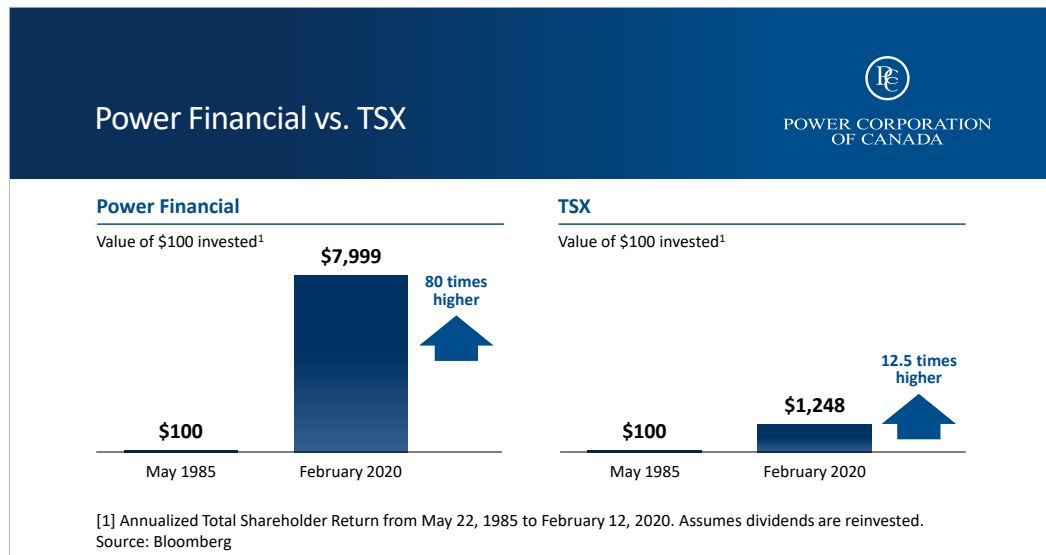
Over those years, we acquired great assets, iconic brands like London Life, Mackenzie, Canada Life, Putnam, Irish life, and JP Morgan's Retirement Plan Services. We competed and won against highly capable and often significantly larger competitors. We maximized the synergies among these companies, enhanced them and created significant value.



The first time Power Financial issued an annual report, net income was \$75.4 million. Last year, our net earnings were close to \$3.2 billion. So net earnings were more than 40 times greater than when we started.

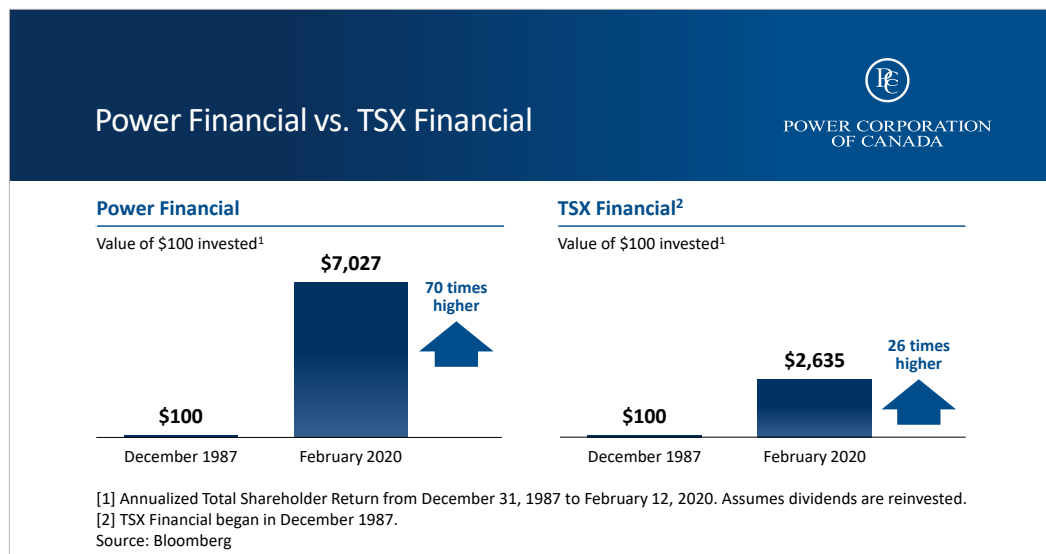
The assets we had under administration (AUA) at inception were \$35.4 billion. Last year, they reached \$1.8 trillion. The gross asset value of Power Financial itself grew from \$1.3 billion in 1984 to \$30.2 billion in 2019.

When Power Financial's stock was first listed in May 1985, it opened at \$1.71 per share, after adjusting for subsequent stock splits. On the day before the reorganization was completed, February 12 of this year, the stock closed at \$36.38 per share. We have also been able to provide an 11.5 per cent annualized increase in quarterly dividend.



From 1985 up until the end of last year, the total shareholder return of the TSX was 7.4 per cent. By comparison, the return at Power Financial was 13.4 per cent.

In other words, \$100 invested in the TSX in 1985, with dividends reinvested, would have been worth \$1,248 by February 12, 2020. By contrast, \$100 invested in Power Financial in 1985 was worth \$7,999 at the same date.



Power Financial also outperformed the TSX Financial over this period. From December 1987 until the close of 2019, total shareholder return was 10.6 per cent; PFC's was 14.1 per cent.

\$100 invested in the TSX Financial in 1987, with dividends reinvested, would have made you \$2,635 by February 12, 2020, the day before the reorganization was completed. Over that same period, \$100 invested with PFC would have been worth \$7,027.

We are grateful to our shareholders for their confidence over the years.



I want to take this occasion to salute a few of the people who were instrumental to the achievements of Power Financial.

Jim Burns, who passed away last year, was the first President of Power Financial and a great mentor to me. He helped author a bold vision and convinced other investors of its soundness.

I salute the exceptional Robert Gratton as well. Robert has the rare gift of combining financial brilliance with operating skills. These attributes don't often come together in a business leader.

He brought a determination and willpower that was extraordinary and critical to seeing us through our major deals. Robert, you were an amazing colleague and a visionary, and I thank you for all you did to engender this success.

I also acknowledge my most important partnership, which is with my brother André. André had an important hand in the success of Power Financial, bringing his unique perspective and decisiveness at critical junctures. I can never thank him enough for being there wholeheartedly at all those key moments.

Michel Plessis-Bélair was our CFO through this entire exciting growth period. His prudence, common sense and judicious conservatism helped keep us on a winning track. I have already spoken of Jeff Orr. He too contributed so much at every stage of this journey and will continue to play a critical role at Power Corporation going forward.

We have much to be proud of and thankful for with this outstanding legacy at Power Financial.

By 2019, Power Financial grew so strongly that it constituted over 80 per cent of the value of Power Corporation. That is why it made sense to reorganize it and to eliminate one layer in the dual-holding-company structure.

I thank the shareholders of Power Financial for supporting us in this transformation.

We are completing a similar reorganization in Europe with Pargesa and GBL, taking Pargesa private and eliminating the dual-holding-company structure. That too is proceeding well and will be to the ultimate benefit of Power Corporation shareholders.

We all can see what has happened in the markets, and the economy more broadly, with the COVID-19 crisis upon us. But we remain very strongly positioned, given the kinds of businesses we are in and our prudent approach to risk. I am very confident that our new structure will allow us to scale even greater heights, as things come back.



Our new structure will no longer require a Board of the same size at Power Financial, so I would like to thank our departing Directors for their excellent service these past number of years. Our sincere thanks to Marc Bibeau, Gérald Frère, Tony Graham, David Jackson, Susan McArthur, and Dr. Emőke Szathmáry.

I need to note here that David Jackson was our lead counsel on all the transactions I mentioned above. David, thank you so much for your exceptional contributions.

Emőke has also been a Director on the Board at Power Corporation since 1999 and she will be stepping down from that role as well this year. Thank you, Emőke, for these years of outstanding support.

Joining the Power Corporation Board this year are Ms. Paula Madoff and Mr. Siim Vanaselja. Both have worked with us ably for several years at our other companies, and we will benefit greatly from their insights. Welcome.

So, in conclusion, let us stay strong and united, stand by our values, help the most vulnerable. And be prepared to build back, wiser in our practices and stronger I hope than ever before. We owe this to each other, to our children, and our grandchildren.

Stay healthy and stay safe.