GUARDIAN CAPITAL

# Press Release

## Guardian Capital Group Limited (TSX: GCG; GCG.A) Announces 2018 Operating Results

Toronto, Ontario, February 21, 2019

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

| **For the twelve months ended December 31** *($ in thousands, except per share amounts)* | **2018** | Restated (2) 2017 |
|---|---|---|
| Net revenue | **$ 171,513** | $ 151,238 |
| Operating earnings | **46,387** | 48,169 |
| Net gains (losses) | **(55,652)** | 65,231 |
| Net earnings (loss) attributable to shareholders | **(16,952)** | 96,819 |
| EBITDA (1) | **$ 56,187** | $ 52,754 |
| Adjusted cash flow from operations (1) | **43,680** | 41,313 |
| Per share: | | |
| Net earnings (loss) attributable to shareholders | **$ (0.63)** | $ 3.30 |
| EBITDA (1) | **1.99** | 1.80 |
| Adjusted cash flow from operations (1) | **1.55** | 1.41 |

| **As at December 31** *($ in millions, except per share amounts)* | **2018** | 2017 |
|---|---|---|
| Assets under management | **$ 26,962** | $ 27,250 |
| Assets under administration | **17,385** | 17,795 |
| Shareholders' equity | **599** | 634 |
| Securities | **627** | 652 |
| Per share: | | |
| Shareholders' equity (1) | **$ 21.57** | $ 21.88 |
| Securities (1) | **22.58** | 22.49 |

The Company's operating earnings for the year ended December 31, 2018 were $46.4 million, compared to $48.2 million during the prior year. EBITDA(1) for the current year was $56.2 million, or $1.99 per share, compared to $52.8 million, or $1.80 per share for 2017. Adjusted cash flow from operations(1) for the current year was $43.7 million, or $1.55 per share, compared to $41.3 million, or $1.41 per share for 2017.

With the strong increase in adjusted cash flow from operations(1) in 2018, the Board of Directors is pleased to announce a quarterly eligible dividend of $0.15 per share, an increase of 20%, payable on April 18, 2019, to shareholders of record on April 11, 2019.

The total revenue increased to $171.5 million in the year, $20.3 million higher than $151.2 million in the prior year. All of the main components of revenue increased compared to the prior year. Included in the management fee income this year is $18.3 million from the recently acquired US-based investment management business ("Alta"), accounting for substantially all of the increased management fee income compared to the prior year. Substantially all of the increase in commission revenue in the Financial Advisory Segment was contributed by the life insurance Managing General Agency ("MGA") business, through its organic growth and successful recruitment of new advisors.

The expenses for the year 2018 were higher than the prior year by $22.1 million. Included in the current year's expenses were $12.4 million of operating expenses of Alta, increased costs in the MGA business reflective of its growth including higher amortization and interest expenses arising from significant recruitments of advisors, costs of implementing a new technology platform for our Dealers, and increased interest expenses resulting from increased borrowing used to acquire Alta.

The adoption of IFRS 9 by the Company on January 1, 2018 introduced significant volatility in net gains (losses) resulting from the financial markets. As a result, we saw significant fluctuations in net gains (losses) during the year. The fair value of securities decreased significantly late in the year, including the shares of Bank of Montreal, resulting in net losses of $55.7 million in the current year, compared to net gains of $65.2 million in the prior year.

As a result of the significant net losses, and the slightly lower operating earnings as described above, the Company is reporting net loss attributable to shareholders in the current year of $17.0 million, compared to net earnings attributable to shareholders of $96.8 million in the prior year.

The Company's assets under management ("AUM") were $27.0 billion as at December 31, 2018, compared to $27.3 billion at the end of 2017. The decrease in AUM is due to the declines in the financial markets, particularly in the 4th quarter, and outflow of assets over the year, partially offset by the addition of the assets managed by Alta. The Company's assets under administration were $17.4 billion as at December 31, 2018, compared to $17.8 billion at the end of 2017.

The Company's shareholders' equity as at December 31, 2018 was $599 million, or $21.57 per share(1), compared to $634 million, or $21.88 per share(1) as at December 31, 2017. The fair value of the Company's Securities as at December 31, 2018 was $627 million, or $22.58 per share(1), compared to $652 million, or $22.49 per share(1), as at December 31, 2017.

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

| For the three months ended<br>*($ in thousand, except per share amounts)* | **Dec 31, 2018** | Sep 30, 2018 | Jun 30, 2018 | Mar 31, 2018 | Dec 31, 2017 | Sep 30, 2017 | Jun 30, 2017 | Mar 31, 2017 |
|---|---|---|---|---|---|---|---|---|
| Net revenue | **$ 44,300** | $ 42,773 | $ 42,924 | $ 41,516 | $ 39,097 | $ 36,315 | $ 37,208 | $ 38,618 |
| Operating earnings | **12,137** | 12,444 | 11,302 | 10,504 | 13,046 | 10,505 | 12,160 | 12,458 |
| Net gains (losses)(2) | **(89,001)** | 28,481 | 20,800 | (15,932) | 38,186 | 4,068 | (3,603) | 25,871 |
| Net earnings (loss)(2) | **(69,652)** | 35,079 | 26,245 | (5,279) | 44,466 | 12,555 | 7,493 | 33,800 |
| Net earnings (loss) attributable to shareholders(2) | **(70,449)** | 34,320 | 25,385 | (6,208) | 43,982 | 12,310 | 7,242 | 33,285 |
| Shareholders' equity | **599,311** | 670,382 | 644,956 | 623,511 | 634,416 | 608,013 | 603,428 | 605,039 |
| Per Class A and Common share (in $) | | | | | | | | |
| Net earnings (loss) attributable to shareholders(2) | **$ (2.63)** | $ 1.21 | $ 0.90 | $ (0.23) | $ 1.51 | $ 0.42 | $ 0.25 | $ 1.14 |
| Shareholders' equity (1) | **$ 21.57** | $ 23.57 | $ 22.74 | $ 21.98 | $ 21.88 | $ 20.67 | $ 20.54 | $ 20.58 |
| Dividends paid | **$ 0.125** | $ 0.125 | $ 0.125 | $ 0.100 | $ 0.100 | $ 0.100 | $ 0.100 | $ 0.085 |

Guardian Capital Group Limited is a diversified financial services company founded in 1962. 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. Its Common and Class A shares are listed on The Toronto Stock Exchange.

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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. 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. The most comparable IFRS measures are Net earnings (loss), which were ($13.6) million for the year end December 31, 2018 (2017 - $98.3 million), and Net cash from operating activities, which was $47.1 million for the year end December 31, 2018 (2017 - $44.6 million). The per share amounts for EBITDA, Adjusted cash flow from operations, Shareholders' equity and Securities 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.

(2) 2017 figures have been restated to reflect the retrospective application of IFRS 9, which was adopted by the Company on January 1, 2018.