

Press Release

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

Toronto, Ontario, February 19, 2020

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

For the twelve months ended December 31 <i>(\$ in thousands, except per share amounts)</i>	2019	2018
Net revenue	\$ 186,102	\$ 171,513
Operating earnings	48,901	46,387
Net gains (losses)	96,706	(55,652)
Net earnings (losses) attributable to shareholders	123,120	(16,952)
EBITDA ⁽¹⁾	\$ 63,214	\$ 56,187
Adjusted cash flow from operations ⁽¹⁾	51,634	43,680
Per share:		
Net earnings (losses) attributable to shareholders	\$ 4.50	\$ (0.63)
EBITDA ⁽¹⁾	2.32	1.99
Adjusted cash flow from operations ⁽¹⁾	1.90	1.55
As at <i>(\$ in millions, except per share amounts)</i>	2019	2018
Assets under management	\$ 31,147	\$ 26,962
Assets under administration	20,248	17,385
Shareholders' equity	683	599
Securities	682	627
Per share:		
Shareholders' equity ⁽¹⁾	\$ 25.01	\$ 21.57
Securities ⁽¹⁾	24.99	22.58

Guardian's consolidated Operating earnings for the year ended December 31, 2019 were \$48.9 million, as compared to \$46.4 million for the year ended December 31, 2018, a 5% increase.

The Company's total assets under management ("AUM") were \$31.1 billion as at December 31, 2019, an increase of 16% from \$27.0 billion at December 31, 2018. The growth was due to a combination of significant net inflow of assets into the Fundamental Global Equity strategy, the positive financial market performance, offset partially by the net redemption of assets out of largely the Canadian Equity Strategies. The Company's assets under administration were \$20.2 billion as at December 31, 2019, compared to \$17.4 billion at the end of 2018.

In 2019, the Net revenue increased to \$186.1 million, \$14.6 million or 9% higher than the \$171.5 million in the prior year. The Net management fees earned in the current year increased \$6.7 million to \$95.1 million, an 8% increase compared to the prior year. The largest contribution to the revenue growth came from the UK operations, which experienced a significant inflow of new client assets into the Fundamental Global Equity strategy. The total AUM managed by the UK subsidiary increased three-folds to \$4.0 billion during the current year. Partially offsetting this growth was the decrease in contributions from the Domestic investment management business. Net commission revenue increased by \$5.8 million to \$51.4 million, a 13% increase compared to the prior year. The increase was largely due to another successful year of growth in our life insurance Managing General Agency ("MGA") business which hit historic highs in many measures, including its Net revenue. Administrative services income increased by \$2.0 million to \$16.1 million, compared to the prior year. The increase was largely in the Dealer business.

Partially offsetting the increase in Net revenue was the increase in expenses to \$137.2 million in 2019, \$12.1 million higher than the prior year expenses of \$125.1 million. The increased expenses were incurred largely in the UK investment management business

and the MGA business to support the growth of these businesses and in the Dealers to further improve the new technology platform to enhance advisor experience and operational efficiencies.

The volatility in the global financial markets significantly influenced the Net gains (losses) associated with our Securities. Net gains in 2019 were \$96.7 million, compared to a Net loss of \$55.7 million in 2018. The large swing in Net gains (losses) between 2019 and 2018 were largely due to the recovery of the financial markets in 2019 following a significant downturn at the end of 2018.

As a result of the Net gains and improved Operating earnings described above, the Company's Net earnings attributable to shareholders in 2019 grew to \$123.1 million, compared to \$17.0 million Net loss in 2018.

As a result of the continued growth in the Company's Operating earnings and Adjusted cash flow, the Board of Directors have declared a quarterly eligible dividend of \$0.16 per share, a 7% increase payable on April 17, 2020, to shareholders of record on April 10, 2020.

EBITDA⁽¹⁾ in 2019 was \$63.2 million, or \$2.32 per share, compared to \$56.2 million, or \$1.99 per share in 2018. Adjusted cash flow from operations⁽¹⁾ in 2019 was \$51.6 million, or \$1.90 per share, compared to \$43.7 million, or \$1.55 per share in 2018. The initial adoption of a new accounting standard, IFRS 16 – Leases resulted in both EBITDA and Adjusted cash flow from operations being higher than what they would have been under the previous standard by \$2.6 million and \$2.1 million, respectively.

The Company's Shareholders' equity as at December 31, 2019 was \$683 million, or \$25.01 per share⁽¹⁾, compared to \$599 million, or \$21.57 per share⁽¹⁾ as at December 31, 2018. The fair value of the Company's Securities as at December 31, 2019 was \$682 million, or \$24.99 per share⁽¹⁾, compared to \$627 million, or \$22.58 per share⁽¹⁾, as at December 31, 2018

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)	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
Net revenue	\$ 49,865	\$ 45,983	\$ 45,963	\$ 44,291	\$ 44,300	\$ 42,773	\$ 42,924	\$ 41,516
Operating earnings	13,030	12,105	12,590	11,176	12,137	12,444	11,302	10,504
Net gains (losses)	24,140	(1,274)	7,957	65,883	(89,001)	28,481	20,800	(15,932)
Net earnings (loss)	31,808	8,952	17,601	68,099	(69,652)	35,079	26,245	(5,279)
Net earnings (loss) attributable to shareholders	30,787	8,275	16,838	67,220	(70,449)	34,320	25,385	(6,208)
Shareholders' equity	682,777	653,983	647,983	656,167	599,311	670,382	644,956	623,511
Per Class A and Common share (in \$)								
Net earnings (loss) attributable to shareholders	\$ 1.13	\$ 0.31	\$ 0.62	\$ 2.43	\$ (2.63)	\$ 1.21	\$ 0.90	\$ (0.23)
Shareholders' equity ⁽¹⁾	\$ 25.01	\$ 23.93	\$ 23.73	\$ 23.66	\$ 21.57	\$ 23.57	\$ 22.74	\$ 21.98
Dividends paid	\$ 0.150	\$ 0.150	\$ 0.150	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.100

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 \$126.5 million for the year ended December 31, 2019 (2018 - \$13.6 million Net loss), and Net cash from operating activities, which was \$49.1 million for the year ended December 31, 2019 (2018 - \$47.1 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.