

Press Release

Guardian Capital Group Limited (TSX: GCG; GCG.A) Announces 2020 Second Quarter Operating Results

Toronto, Ontario, August 13, 2020

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

For the periods ended June 30 (\$ in thousands, except per share amounts)	Three months		Six months	
	2020	2019	2020	2019
Net revenue	\$ 50,124	\$ 45,963	\$ 100,025	\$ 90,254
Operating earnings	13,427	12,590	24,240	23,766
Net gains (losses)	43,254	7,957	(118,035)	73,840
Net earnings (loss) attributable to shareholders	50,486	16,838	(85,882)	84,058
EBITDA ⁽¹⁾	\$ 17,302	\$ 16,238	\$ 31,672	\$ 30,747
Adjusted cash flow from operations ⁽¹⁾	15,403	12,524	28,723	23,028
Per share:				
Net earnings (loss) attributable to shareholders	\$ 1.87	\$ 0.62	\$ (3.38)	\$ 3.06
EBITDA ⁽¹⁾	0.64	0.60	1.18	1.12
Adjusted cash flow from operations ⁽¹⁾	0.57	0.46	1.07	0.84

As at (\$ in millions, except per share amounts)	2020		2019	
	June 30	December 31	June 30	December 31
Assets under management	\$ 31,196	\$ 31,147	\$ 30,090	\$ 28,784
Assets under administration	20,010	20,248	18,784	18,784
Shareholders' equity	596	683	648	648
Securities	511	682	663	663
Per share:				
Shareholders' equity ⁽¹⁾	\$ 22.07	\$ 25.01	\$ 23.73	\$ 23.73
Securities ⁽¹⁾	18.92	24.99	24.29	24.29

The Company's second quarter 2020 Operating earnings benefited from the sharp rebound in the global financial markets, as they recovered from the significant declines in the first quarter of 2020, at the onset of the COVID-19 pandemic. The Company is reporting Operating earnings of \$13.4 million for the quarter ended June 30, 2020, a 24% increase from \$10.8 million reported in the pandemic-affected first quarter of 2020, and a 7% increase from the \$12.6 million reported in the second quarter of 2019.

The Net revenue for the current quarter grew to \$50.1 million, \$4.1 million or 9% higher than the \$46.0 million reported in the same quarter in the prior year. Excluding the revenue contributions from Aurrea Signature Inc. ("Aurrea"), the Quebec-based MGA acquired on December 31, 2019, the growth in Net revenue was \$2.3 million. This organic growth was largely in the Investment Management Segment, which grew its assets under management ("AUM") to \$31.2 billion from \$30.1 billion a year earlier with an increased proportion of non-Canadian equity AUM, which earn fees at higher rates. The Global and US equity AUM now represents approximately 50% of the Company's institutional AUM, compared to 39% a year ago.

Expenses in the current quarter were \$36.7 million, a \$3.3 million increase from \$33.4 million in the same quarter in the prior year. Included in the current quarter's expenses are the expenses in Aurrea, plus those in Modern Advisor, the digital-advisory business acquired in the previous quarter, and the expenses involved with the expansion of a Canadian Retail Asset Management team, which is focused on providing investment solutions to the retail market in Canada. The total expenses associated with these businesses were \$2.8 million in the current quarter. Without these strategically important investments, the increase in expenses would have been only \$0.5 million.

The Company's AUM reached \$31.2 billion as at June 30, recovering from the March 31 low point to exceed the December 31, 2019 levels, providing a 4% growth from June 30, 2019. The sharp recovery in the global financial markets and significant inflow of assets, largely into the Fundamental Global Equity strategy managed by our UK subsidiary, drove the growth in AUM during the current quarter. The AUM managed by the UK subsidiary has grown to \$6.5 billion at the end of the current quarter, a 44% growth from \$4.5 billion at March 31, 2020 and almost three times the \$2.3 billion at the end of the second quarter of 2019.

The Company's assets under administration ("AUA") were \$20.0 billion as at June 30, 2020, compared to \$20.2 billion at the end of 2019 and \$18.8 billion as at June 30, 2019. Included at June 30 were \$0.5 billion of AUA provided by Aurrea.

As discussed above, the global financial markets experienced significant recoveries during the second quarter, causing the fair value of the Company's Securities to increase, resulting in Net gains of \$43.3 million being recorded in the current quarter, compared to Net gains of \$8.0 million in the same quarter in the prior year.

As a result of the Net gains and higher Operating earnings described above, the Company's Net earnings attributable to shareholders in the current quarter were \$50.5 million, compared to \$16.8 million in the same quarter in 2019.

EBITDA⁽¹⁾ for the current quarter was \$17.3 million, compared to \$16.2 million in the same period in the prior year. Adjusted cash flow from operations⁽¹⁾ for the current quarter was \$15.4 million, compared to \$12.5 million in the same quarter in the prior year.

The Company's Shareholders' equity as at June 30, 2020 was \$596 million, or \$22.07 per share⁽¹⁾, compared to \$683 million, or \$25.01 per share⁽¹⁾ as at December 31, 2019, and \$648 million or \$23.73 per share⁽¹⁾ as at June 30, 2019.

As the equity markets rebounded in the second quarter, the fair value of the Company's Securities also experienced a significant rebound, which was largely offset by the disposal of certain Securities during the quarter, \$71 million of the proceeds from which were used to repay debt. The repayment of debt has increased the Company's borrowing capacity to approximately \$100 million. The resulting fair value of the Company's Securities as at June 30, 2020 was \$511 million, or \$18.92 per share⁽¹⁾, compared to \$682 million, or \$24.99 per share⁽¹⁾ as at December 31, 2019 and \$663 million or \$24.29 per share⁽¹⁾ as at June 30, 2019.

The Board of Directors has declared a quarterly eligible dividend of \$0.16 per share, payable on October 19, 2020, to shareholders of record on October 12, 2020.

The Company's financial results for the past eight quarters are summarized in the following table. All per share figures are stated on a diluted basis.

	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018
<i>As at (\$ in millions)</i>								
Assets under management	\$ 31,196	\$ 27,527	\$ 31,147	\$ 30,243	\$ 30,088	\$ 29,631	\$ 26,962	\$ 29,185
Assets under administration	20,010	18,152	20,248	19,040	18,784	18,745	17,385	18,096
<i>For the three months ended (\$ in thousands)</i>								
Net revenue	\$ 50,124	\$ 49,901	\$ 49,865	\$ 45,983	\$ 45,963	\$ 44,291	\$ 44,300	\$ 42,773
Operating earnings	13,427	10,813	13,030	12,105	12,590	11,176	12,137	12,444
Net gains (losses)	43,254	(161,289)	24,140	(1,274)	7,957	65,883	(89,001)	28,481
Net earnings (loss)	51,244	(134,911)	31,808	8,952	17,601	68,099	(69,652)	35,079
Net earnings (loss) attributable to shareholders	50,486	(136,368)	30,787	8,275	16,838	67,220	(70,449)	34,320
Net earnings (loss) attributable to shareholders:								
Per Class A and Common share (in \$)								
Basic	\$ 1.99	\$ (5.35)	\$ 1.20	\$ 0.32	\$ 0.65	\$ 2.57	\$ (2.63)	\$ 1.28
Diluted	1.87	(5.35)	1.13	0.31	0.62	2.43	(2.63)	1.21
Dividends paid (in \$)	\$ 0.160	\$ 0.150	\$ 0.150	\$ 0.150	\$ 0.150	\$ 0.125	\$ 0.125	\$ 0.125
<i>As at</i>								
Shareholders' equity (\$ in thousands)	\$ 596,265	\$ 562,821	\$ 682,777	\$ 653,983	\$ 647,983	\$ 656,167	\$ 599,311	\$ 670,382
Per Class A and Common share ⁽¹⁾ (in \$)								
Basic	\$ 23.50	\$ 22.18	\$ 26.73	\$ 25.49	\$ 25.26	\$ 25.14	\$ 22.85	\$ 24.98
Diluted	22.07	20.94	25.01	23.93	23.73	23.66	21.57	23.57
Total Class A and Common shares outstanding (shares in thousands)	27,758	27,758	27,839	27,956	27,956	28,405	28,405	29,012

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 life insurance managing general agency. 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, which were \$51.2 million for the quarter ended June 30, 2020 (2019 - \$17.6 million), and Net cash from operating activities, which was \$24.8million for the quarter ended June 30, 2020 (2019 - \$19.3 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 manner similar to net earnings attributable 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.