



## CANACCORD GENUITY GROUP INC. REPORTS SECOND QUARTER FISCAL 2020 RESULTS

**Excluding significant items, second quarter earnings per common share of \$0.18<sup>(1)</sup>**

La version française du présent communiqué sera déposée sur SEDAR. / A French-language version of this communication will be made available on SEDAR

**TORONTO, November 6, 2019** –Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the second fiscal quarter ended September 30, 2019.

“The diversification of our business mix and the benefit of increased scale in our wealth management business was evident in our second quarter, as we delivered a solid financial result despite a more challenging operating environment for capital markets activities,” said Dan Daviau, President & CEO, Canaccord Genuity Group Inc. “Looking forward, we continue to be optimistic about the opportunities for our business and our ability to drive long-term earnings power for our shareholders.”

### **Second quarter and six months fiscal year-to-date highlights:**

*(All dollar amounts are stated in thousands of Canadian dollars unless otherwise indicated)*

- Excluding significant items<sup>(1)</sup>, diluted earnings per common share for the second quarter were \$0.18 per share (\$0.10 per share on an IFRS basis)
- Excluding significant items<sup>(1)</sup>, diluted earnings per common share for the first six months of fiscal 2020 were \$0.41 per share (\$0.28 per share on an IFRS basis), flat when compared to the first six months of fiscal 2019 (and an increase of 21.7% from \$0.23 per share on an IFRS basis)
- Excluding significant items, 72.2% of second quarter diluted earnings per share contributed by global wealth management operations
- Returned \$40.0 million to shareholders year to date through a substantial issuer bid and reduced common shares outstanding by 6.3% per share
- Second quarter common share dividend of \$0.05
- Subsequent to the end of the fiscal quarter, completed acquisition of Patersons Securities Limited, substantially increasing the scale of our wealth management business in Australia

	Three months ended September 30		Quarter-over- quarter change	Three months ended June 30	
	Q2/20	Q2/19 <sup>(4)</sup>		Q1/20	Quarter-over- quarter change
Revenue	<b>\$270,697</b>	\$300,036	(9.8)%	\$325,508	(16.8)%
<b>Second fiscal quarter highlights- adjusted<sup>1</sup></b>					
Expenses - excluding significant items <sup>1</sup>	<b>\$242,125</b>	\$261,918	(7.6)%	\$286,978	(15.6)%
Earnings per common share – diluted, excluding significant items <sup>1</sup>	<b>\$0.18</b>	\$0.23	(21.7)%	\$0.23	(21.7)%
Net Income - excluding significant items <sup>1,2</sup>	<b>\$23,760</b>	\$28,867	(17.7)%	\$30,654	(22.5)%
Net Income attributable to common shareholders – excluding significant items <sup>1,3</sup>	<b>\$21,512</b>	\$26,291	(18.2)%	\$28,218	(23.8)%
<b>Second fiscal quarter highlights- IFRS</b>					
Expenses	<b>\$254,527</b>	\$275,414	(7.6)%	\$294,156	(13.5)%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 6 of the MD&A

Earnings per common share – diluted	<b>\$0.10</b>	\$0.09	11.1%	\$0.18	(44.4) %
Net Income <sup>2</sup>	<b>\$13,178</b>	\$18,019	(26.9) %	\$24,290	(45.7) %
Net Income attributable to common shareholders <sup>3</sup>	<b>\$11,137</b>	\$15,443	(27.9) %	\$21,854	(49.0) %

1. Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 6 of the MD&A

2. Before non-controlling interests and preferred share dividends

3. Net income attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends

4. During the six months ended September 30, 2018, there was an accounting loss of \$13.5 million related to the extinguishment of the \$60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity \$4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or six month ended September 30, 2018. The comparatives for the prior period have been restated accordingly.

### **Core business performance highlights:**

#### **Canaccord Genuity Wealth Management**

The Company's combined global wealth management operations earned revenue of \$115.4 million for the second fiscal quarter, a year-over-year decrease of 0.6%. Excluding significant items <sup>(1)</sup>, the pre-tax net income contribution from this segment improved by 5.3% year-over-year to \$21.7 million, which represents 71.2% of the adjusted pre-tax net income attributable to the Company's combined operating businesses for the three-month period.

- Canaccord Genuity Wealth Management (North America) generated \$49.0 million in revenue and, after intersegment allocations and before taxes, recorded net income of \$6.6 million in Q2/20
- Wealth management operations in the UK & Europe generated \$66.4 million in revenue and, after intersegment allocations, and excluding significant items <sup>(1)</sup>, recorded net income of \$15.1 million before taxes in Q2/20

Revenue in the Company's North American wealth management business decreased by 6.1% year-over-year, primarily due to decreased investment banking revenue from lower new issue activity compared to the same period in the prior year and lower interest revenue. The pre-tax profit margin in this business decreased to 13.5% for the three-month period and increased by 1.9 p.p. to 14.9% for the first six months of the fiscal year. In the UK & Europe, second quarter revenue increased by 3.8% compared to the same period one year ago, primarily due to higher commissions and fees revenue and contributions from the Thomas Miller and McCarthy Taylor acquisitions. Excluding significant items <sup>(1)</sup>, the pre-tax profit margin in this business was 22.8% for the three-month period.

Total client assets in the Company's global wealth management businesses at the end of second fiscal quarter amounted to \$65.4 billion.

- Client assets in North America were \$20.4 billion as at September 30, 2019, a decrease of 3.8% from \$21.2 billion at the end of the previous quarter and an increase of 3.4% from \$19.7 billion at September 30, 2018.
- Client assets in the UK & Europe were \$44.2 billion (£27.1 billion) as at September 30, 2019, a decrease of 3.1% from \$45.6 billion (£27.4 billion) at the end of the previous quarter and a decrease of 2.3% from \$45.2 billion (£26.9 billion) at September 30, 2018.

#### **Canaccord Genuity Capital Markets**

Excluding significant items <sup>(1)</sup>, this segment contributed pre-tax net income of \$8.8 million for the second quarter, a decrease of 64.6% compared to the same period in the previous fiscal year. Globally, Canaccord Genuity Capital Markets earned revenue of \$338.7 million for the first six months of the fiscal year, a modest improvement of 1.1%, compared to the same period a year ago. Revenue for the second quarter was \$148.7 million, a decrease of 16.8% from \$178.7 million for the second quarter of fiscal 2019.

- Canaccord Genuity Capital Markets led or co-led 35 investment banking transactions globally, raising total proceeds of C\$2.5 billion during fiscal Q2/20.

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 6 of the MD&A

- Canaccord Genuity Capital Markets participated in 67 investment banking transactions globally, raising total proceeds of C\$8.2 billion during fiscal Q2/20.

During the three-month period, revenue earned from investment banking and advisory fees decreased by 22.2% and 4.3% respectively when compared with the same period last year, primarily attributable to the impact of the market environment and the timing of closings for financing and advisory transactions. The US capital markets business earned quarterly revenue of \$68.5 million which included a 39.1% increase in advisory revenue against Q2/19, reflecting an increase in activity and contributions from the Petsky Prunier acquisition in Q4/19. Second quarter revenue from investment banking and advisory activities in the Company's UK & Europe capital markets division, which includes Dubai, increased by 108.6% and 56.4% respectively compared to Q2/19. This business delivered a small profit, but reported results were negatively impacted by increased expenses in the Company's Dubai operation. Revenue in the Canadian capital markets operations decreased by 31.1% year-over-year as a result of lower investment banking and advisory activities, but this business continues to be a top-ranked domestic underwriter in the region. Revenue in the Australian capital markets business was 24.4% lower when compared to the three months ended September 30, 2018.

#### **Summary of Corporate Developments:**

On August 7, 2019 at the fiscal 2019 Annual General Meeting of Shareholders, Sally Tennant, OBE, was elected to the Company's Board of Directors as an Independent Director. The Company has eight directors, six of whom are independent.

On August 12, 2019, the Company filed a notice to renew the normal course issuer bid (NCIB) to provide the Company with the choice to purchase up to a maximum of 5,423,872 of its common shares during the period from August 15, 2019 to August 14, 2020 through the facilities of the TSX and on alternative trading systems in accordance with the requirements of the TSX. The purpose of the purchase of common shares under the NCIB is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be purchased under the current NCIB represents 5.0% of the Company's outstanding common shares at the time of the notice. During the six months ended September 30, 2019, there were no shares purchased and cancelled under the current NCIB or the NCIB that expired on August 14, 2019.

In a substantial issuer bid which commenced on July 3, 2019, and expired on August 9, 2019, the Company made an offer to repurchase for cancellation up to \$40.0 million of its common shares. The offer was made by way of a "modified Dutch auction", which allowed shareholders who chose to participate in the offer to individually select the price, within a price range of not less than \$5.50 per common share and not more than \$6.30 per common share (in increments of \$0.10 per common share), at which they are willing to sell their common shares. Upon expiry of the offer, the Company determined that \$5.50 was the lowest purchase price that allowed it to purchase the maximum number of common shares properly tendered to the offer, and not properly withdrawn, having an aggregate purchase price of \$40 million. The Company therefore purchased for cancellation 7,272,727 of its common shares at a purchase price of \$5.50 per share, representing approximately 6.28% of the issued and outstanding common shares on a non-diluted basis at July 3, 2019. These shares were cancelled effective August 19, 2019.

On October 21, 2019, through its Australian business, the Company completed its acquisition of Patersons Securities Limited, increasing the scale of the Company's wealth management business in Australia and establishing a significant platform for expansion.

#### **Results for the second quarter and year-to-date fiscal 2020 were impacted by the following significant items:**

- Amortization of intangible assets acquired in connection with business combinations as well as acquisition-related costs for Thomas Miller and Patersons Securities Limited
- Costs related to the ongoing integration efforts in the Company's UK & Europe wealth management business
- Certain incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business

**Selected financial information excluding significant items <sup>(1)</sup>:**

(C\$ thousands, except per share and % amounts)	Three months ended Sept 30		Quarter- over- quarter change	Six months ended Sept 30		YTD over YTD change
	2019	2018 restated <sup>(3)</sup>		2019	2018 restated <sup>(3)</sup>	
Total revenue per IFRS	\$270,697	\$300,036	(9.8)%	\$596,205	\$574,159	3.8%
Total expenses per IFRS	\$254,527	\$275,414	(7.6)%	\$548,683	\$527,655	4.0%
<b>Revenue</b>						
Total revenue excluding significant items	\$270,697	\$300,036	(9.8)%	\$596,205	\$574,159	3.8%
Total expenses per IFRS	\$254,527	\$275,414	(7.6)%	\$548,683	\$527,655	4.0%
<b>Expenses</b>						
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>						
Amortization of intangible assets	\$2,465	\$639	285.6%	\$4,936	\$1,218	305.3%
Restructuring costs	-	-	n.m.	-	\$1,316	(100.0)%
Acquisition- related costs	\$1,629	-	n.m.	\$1,806	\$1,173	54.0%
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>						
Amortization of intangible assets	\$3,528	\$2,751	28.2%	\$6,571	\$5,607	17.2%
Restructuring costs	\$1,098	-	n.m.	\$1,098	-	n.m.
Acquisition-related costs	\$1,973	-	n.m.	\$2,308	-	n.m.
Incentive-based costs related to acquisitions <sup>(2)</sup>	\$1,709	\$1,498	14.1%	\$2,861	\$3,041	(5.9)%
<i>Significant items recorded in Corporate and Other</i>						
Loss on extinguishment of convertible debentures	-	\$8,608	(100.0)%	-	\$8,608	(100.0)%
Total significant items	\$12,402	\$13,496	(8.1)%	\$19,580	\$20,963	(6.6)%
Total expenses excluding significant items	\$242,125	\$261,918	(7.6)%	\$529,103	\$506,692	4.4%
Net income before taxes – adjusted	\$28,572	\$38,118	(25.0)%	\$67,102	\$67,467	(0.5)%
Income taxes – adjusted	\$4,812	\$9,251	(48.0)%	\$12,688	\$13,565	(6.5)%
Net income - adjusted	\$23,760	\$28,867	(17.7)%	\$54,414	\$53,902	0.9%
Net income attributable to common shareholders, adjusted	\$21,512	\$26,291	(18.2)%	\$49,730	\$47,942	3.7%
Earnings per common share – basic, adjusted	\$0.21	\$0.27	(22.2)%	\$0.49	\$0.50	(2.0)%
Earnings per common share – diluted, adjusted	\$0.18	\$0.23	(21.7)%	\$0.41	\$0.41	-
(1) Figures excluding significant items are non-IFRS measures.						
(2) Incentive-based costs related to the acquisitions and growth initiatives in the UK & Europe wealth business						
(3) During the six months ended September 30, 2018, there was an accounting loss of \$13.5 million related to the extinguishment of the \$60.0 million convertible unsecured subordinated debentures issued in October 2016. This loss was adjusted to reflect directly in shareholders' equity \$4.9 million of the loss that was related to the conversion feature of the extinguished debentures. The adjustment had no impact on the calculation of the basic or diluted earnings per share for the three or six month ended September 30, 2018. The comparatives for the prior period have been restated accordingly.						

**Financial condition at the end of second quarter fiscal 2020 vs. first quarter of fiscal 2020**

- Cash and cash equivalents balance of \$459.2 million, a decrease of \$126.3 million from \$585.5 million
- Working capital of \$546.5 million, a decrease of \$0.7 million from \$547.2 million
- Total shareholders' equity of \$836.2 million, a decrease of \$3.5 million from \$839.7 million

**Common and Preferred Share Dividends:**

On November 6, 2019, the Board of Directors approved a dividend of \$0.05 per common share, payable on December 10, 2019, with a record date of November 29, 2019.

On November 6, 2019, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on December 31, 2019 to Series A Preferred shareholders of record as at December 20, 2019.

On November 6, 2019, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on December 31, 2019 to Series C Preferred shareholders of record as at December 20, 2019.

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## ACCESS TO QUARTERLY RESULTS INFORMATION

Interested investors, the media and others may review this quarterly earnings release and supplementary financial information at [www.cgf.com/investor-relations/investor-resources/financial-reports/](http://www.cgf.com/investor-relations/investor-resources/financial-reports/)

## CONFERENCE CALL AND WEBCAST PRESENTATION

Interested parties are invited to listen to Canaccord Genuity's second quarter fiscal 2020 results conference call via live webcast or a toll-free number. The conference call is scheduled for Thursday November 7, 2019 at 8:00 a.m. Eastern time. During the call, senior executives will comment on the results and respond to questions from analysts and institutional investors.

The conference call may be accessed live and archived on a listen-only basis at: [www.cgf.com/investor-relations/news-and-events/conference-calls-and-webcasts/](http://www.cgf.com/investor-relations/news-and-events/conference-calls-and-webcasts/)

Analysts and institutional investors can call in via telephone at 647-427-7450 (within Toronto), 1-888-231-8191 (toll free outside Toronto), 0-800-051-7107 (toll free from the United Kingdom), 0-800-91-7449 (toll free from France), 10-800-714-1191 (toll free from Northern China), 10-800-140-1195 (toll free from Southern China), 1-800-287-011 (toll free from Australia), 800-017-8071 (toll free from United Arab Emirates).

Please ask to participate in the Canaccord Genuity Group Inc. Q2/20 results call. If a passcode is requested, please use 1595444.

A replay of the conference call will be made available from approximately two hours after the live call on November 7, 2019, until January 7, 2020 at 416-849-0833 or 1-855-859-2056 by entering passcode 1595444.

## ABOUT CANACCORD GENUITY GROUP INC.:

Through its principal subsidiaries, Canaccord Genuity Group Inc. (the Company) is a leading independent, full-service financial services firm, with operations in two principal segments of the securities industry: wealth management and capital markets. Since its establishment in 1950, the Company has been driven by an unwavering commitment to building lasting client relationships. We achieve this by generating value for our individual, institutional and corporate clients through comprehensive investment solutions, brokerage services and investment banking services. The Company has wealth management offices located in Canada, Australia, the UK, Guernsey, Jersey, and the Isle of Man. Canaccord Genuity Capital Markets, the international capital markets division, operates in North America, UK & Europe, Asia, Australia and the Middle East.

Canaccord Genuity Group Inc. is publicly traded under the symbol CF on the TSX. Canaccord Genuity Series A Preferred Shares are listed on the TSX under the symbol CF.PR.A. Canaccord Genuity Series C Preferred Shares are listed on the TSX under the symbol CF.PR.C. The Company's 6.25% Convertible Unsecured Senior Subordinated Debentures are listed on the TSX under the symbol CF.DA.A.

## FOR FURTHER INFORMATION:

### Investor and media relations inquiries:

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None of the information on the Company's websites at [www.cgf.com](http://www.cgf.com) should be considered incorporated herein by reference.