

# GREAT-WEST LIFECO INC.

## INVESTOR PRESENTATION SEPTEMBER 2018



## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This document may contain forward-looking statements. 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", "intends", "plans", "believes", "estimates" and other similar expressions or negative versions thereof. These statements may include, without limitation, statements about the Company's operations, business, financial condition, expected financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by the Company, including statements made with respect to the expected benefits of acquisitions and divestitures. Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance and mutual fund industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Material factors and assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting the Company's operations will continue substantially in their current state, including, without limitation, with respect to customer behaviour, the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets, business competition and other general economic, political and market factors in North America and internationally. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. Other important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking statements include customer responses to new products, impairments of goodwill and other intangible assets, the Company's ability to execute strategic plans and changes to strategic plans, technological changes, breaches or failure of information systems and security (including cyber-attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions and unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements. The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in the Company's filings with securities regulators, including factors set out in the Company's 2017 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates", which, along with other filings, is available for review at [www.sedar.com](http://www.sedar.com). The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

## **CAUTIONARY NOTE REGARDING NON-IFRS FINANCIAL MEASURES**

This document contains some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "operating earnings", "adjusted net earnings", "core net earnings", "adjusted return on equity", "constant currency basis", "premiums and deposits", "sales", "assets under management", "assets under administration" and other similar expressions. Non-IFRS financial measures are used to provide management and investors with additional measures of performance to help assess results where no comparable IFRS measure exists. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS in the Company's Q2 2018 Management's Discussion and Analysis.

**1. Leading insurance franchise with substantial geographic and product diversity**

**2. Proven ability to sustain strong long-term earnings and shareholder returns**

**3. Strong balance sheet, capitalization, and liquidity**

# Company snapshot



- Global financial services holding company with interests in life and health insurance, retirement and investment services, asset management and reinsurance
- Operations in Canada, Europe and the U.S. through Great-West Life, London Life, Canada Life, Irish Life, Great-West Financial and Putnam Investments
- \$1.4 trillion in assets under administration and market capitalization of \$32 billion
- Financial strength ratings of AA by S&P and Aa3 by Moody's<sup>1</sup>
- Member of the Power Financial Corporation group of companies

## Canada

- Leading market share in major segments; diversified mix of products and services
- #1 in individual life insurance; #1 in segregated funds
- Top 3 market share in group life & health and pensions
- Extensive distribution platform based on three distinct brands



## Europe & Reinsurance

- Market leader in U.K group risk and strong position in U.K payout annuities
- Leading market positions across Irish Life business
- Fast growing position in German unit-linked broker market
- Profitable and diversified reinsurance business



## U.S.

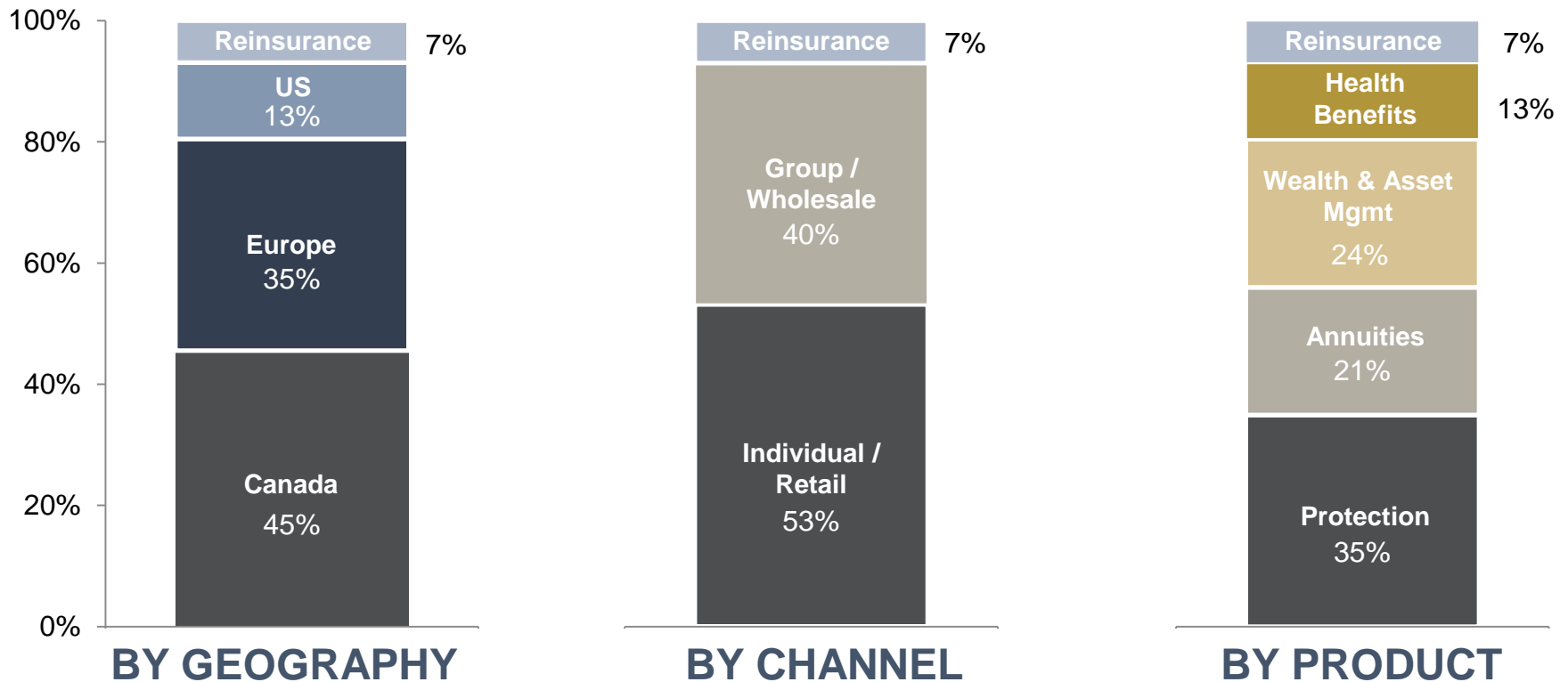
- #2 U.S. record keeper for DC retirement plans; AUA of U\$545B and 8.5M participants
- Globally diversified asset management platform
- 30% market share of individual life insurance sold through the retail bank channel



Note: All references to dollars throughout this presentation are Canadian dollars unless otherwise noted; AUA and market capitalization as of June 30, 2018  
1. Financial strength ratings for The Great-West Life Assurance Company

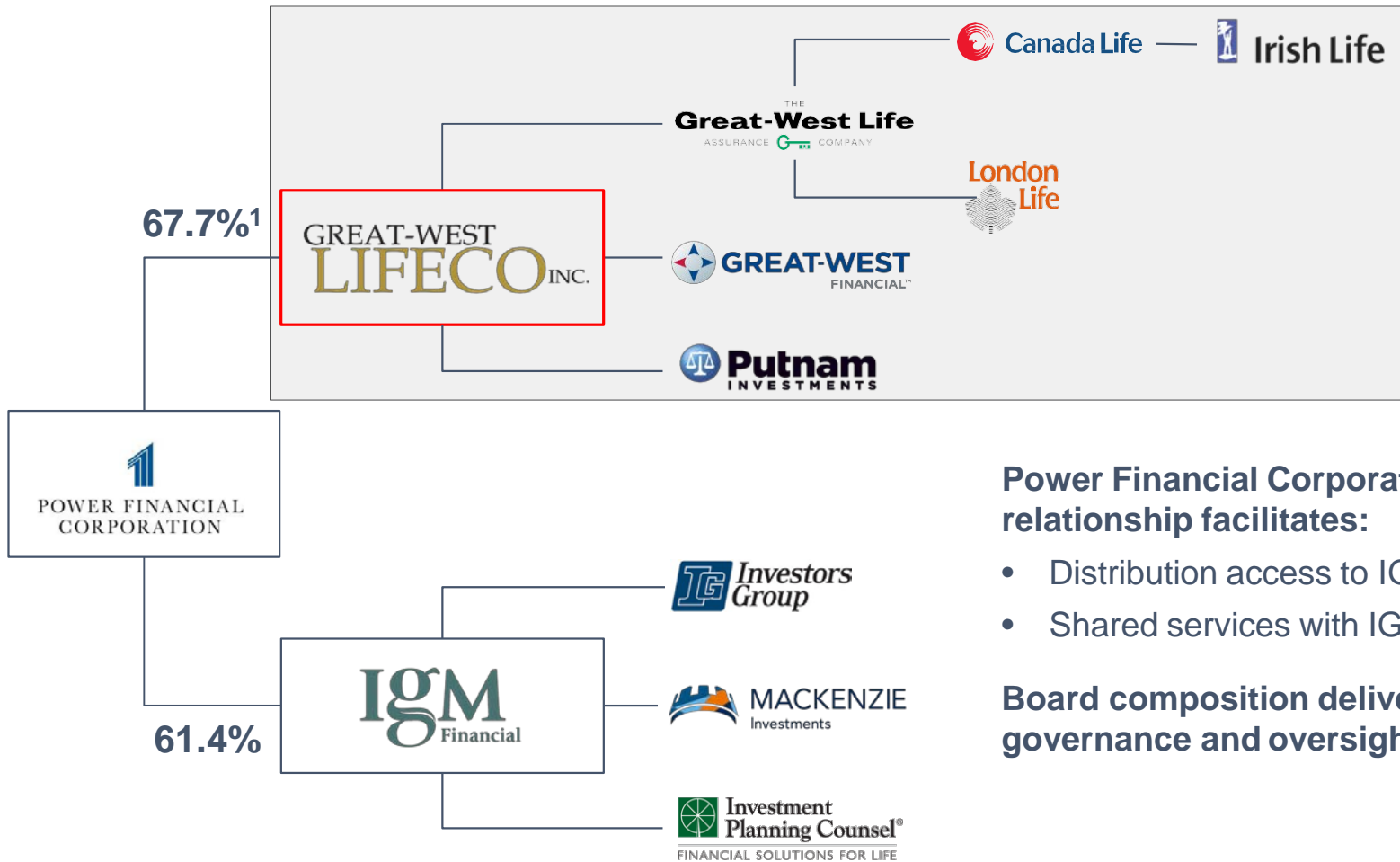
# Diversified across geographies, channels and products

## 2017 Adjusted Net Earnings \$2.6B



Note: Based on 2017 adjusted net earnings of \$2.6B, which exclude restructuring costs and one-time items. Adjusted net earnings is a non-IFRS measure. Refer to the reconciliation of adjusted net earnings to net earnings, the measure prescribed by IFRS, in the Company's 2017 Management's Discussion and Analysis.

# Significant benefits from corporate structure



## Power Financial Corporation relationship facilitates:

- Distribution access to IGM platforms
- Shared services with IGM

## Board composition delivers strong governance and oversight

Note: As of June 30, 2018

1. IGM also owns 4% of Great-West Lifeco Inc.

## Key company metrics

<b>Adjusted Net Earnings<sup>*(1)</sup></b>	<b>\$2.6</b>	<b>Holding Company Cash</b>	<b>\$0.9</b>
<b>Adjusted ROE</b>	<b>14.2%</b>	<b>Financial Leverage</b>	<b>27.1%</b>
<b>Sales*</b>	<b>\$117</b>	<b>Financial Strength Ratings<sup>(2)</sup></b>	
<b>Assets Under Management</b>	<b>\$726</b>	<b>S&amp;P</b>	<b>AA</b>
<b>Assets Under Administration</b>	<b>\$1,423</b>	<b>Moody's</b>	<b>Aa3</b>
<b>Book Value per Share</b>	<b>\$21.22</b>	<b>Regulatory Capital Ratios</b>	
<b>Market Capitalization</b>	<b>\$32</b>	<b>LICAT<sup>(2)</sup></b>	<b>133%</b>
		<b>RBC<sup>*(3)</sup></b>	<b>502%</b>

As of June 30, 2018, in C\$billions unless otherwise indicated (\*Indicates as of and for the year ended Dec. 31, 2017)

1. Adjusted net earnings exclude restructuring charges and one-time items. Adjusted net earnings is a non-IFRS measure. Refer to the reconciliation of adjusted net earnings to net earnings, the measure prescribed by IFRS, in the Company's 2017 Management's Discussion and Analysis.

2. Financial strength ratings and LICAT ratios for The Great-West Life Assurance Company

3. RBC ratio for GWL&A

# Canada overview

Adjusted Earnings	Sales	AUA
\$1,219	\$13,608	\$185,243

Individual Customer
<ul style="list-style-type: none"> <li>• Individual Life Insurance, Living Benefits (Critical Illness and Disability Insurance) and Individual Wealth products</li> <li>• #1 share in Individual Life Insurance sales premium</li> <li>• #2 share in Disability Insurance sales premium</li> <li>• #1 share in Individual segregated fund sales and #2 in assets</li> <li>• Distribution via exclusive agents, independent brokers, Managing General Agents (MGAs) and national accounts</li> </ul>

Group Customer
<ul style="list-style-type: none"> <li>• Group Life and Health, Group Wealth and Group Creditor products</li> <li>• #3 share in Group Insurance sales premium</li> <li>• #1 share in Group Creditor products</li> <li>• #2 in Group Retirement Services cash flow sales and #1 in Group IO sales</li> <li>• Group branded Great-West Life; distributed via exclusive agents, independent brokers and group benefit consultants</li> <li>• Creditor branded Canada Life; distributed via retail banks</li> </ul>



# Europe & Reinsurance overview

Adjusted Earnings	Sales	AUA
\$1,121	\$21,938	\$267,037

## U.K.

- #1 Group Risk provider
- Strong position in payout annuities
- Leading life insurance single premium investment provider
- Growing presence in broader retirement income market

## Ireland

- Pension, investment savings, protection products and health insurance
- #1 in Retail and Corporate
- Irish Life Investment Managers (ILIM) is one of the largest institutional fund managers in Ireland
- Irish Life Health is Ireland's 3<sup>rd</sup> largest health insurer

## Germany

- Pension (including lifetime GMWB) and individual protection products
- Competitive position in the unit-linked broker market

## Reinsurance

- Traditional and structured life, payout annuity and property catastrophe
- A diversified portfolio written to 3<sup>rd</sup> party insurance companies, predominantly in the U.S. and Europe

# U.S. – Great-West Financial overview



	<b>Empower</b>	<b>Individual Markets</b>	<b>Great-West Investments</b>
<b>Business</b>	<b>Retirement</b>	<b>Life &amp; annuity</b>	<b>Asset management</b>
<b>Scale</b>	<ul style="list-style-type: none"> <li>• #2 DC record-keeper with 8.5M participants</li> <li>• AUA of \$545B</li> </ul>	<ul style="list-style-type: none"> <li>• A leading provider of executive benefits and single premium life insurance</li> </ul>	<ul style="list-style-type: none"> <li>• \$104B in Great-West Financial AUM or Managed Accounts</li> </ul>
<b>Offering</b>	<ul style="list-style-type: none"> <li>• Defined Contribution (DC) record-keeping and administration</li> <li>• Individual retirement accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Life insurance, annuities, and executive benefits (BOLI/COLI)</li> </ul>	<ul style="list-style-type: none"> <li>• Internally managed and sub-advised Mutual Funds, General Account, Trusts, and Managed Accounts</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>• Brokers/advisors and RIAs</li> <li>• 3rd party administrators</li> <li>• Consultants</li> <li>• Direct</li> </ul>	<ul style="list-style-type: none"> <li>• Banks, independent broker dealers and RIAs</li> <li>• Affinity groups (ADA)</li> <li>• Direct</li> </ul>	<ul style="list-style-type: none"> <li>• Distributed through Empower and Individual Markets</li> </ul>

Note: AUA and AUM as of June 30, 2018; figures in USD

# U.S. – Putnam Investments overview











	Putnam	Putnam	PanAgora
<b>Business</b>	Mutual Funds	Institutional	Institutional
<b>Scale</b>	<ul style="list-style-type: none"> <li>\$79B AUM</li> <li>168K advisors</li> </ul>	<ul style="list-style-type: none"> <li>\$42B AUM</li> <li>70+ clients worldwide</li> </ul>	<ul style="list-style-type: none"> <li>\$51B AUM</li> <li>150+ clients worldwide</li> </ul>
<b>Offering</b>	<ul style="list-style-type: none"> <li>100+ mutual funds</li> <li>Fundamental approach on research and proactive view on risk</li> </ul>	<ul style="list-style-type: none"> <li>50+ institutional strategies</li> <li>Traditional and alternative investments</li> </ul>	<ul style="list-style-type: none"> <li>Quantitative investment capabilities across global regions, risk levels and asset classes</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>Brokerage firms and registered investment advisors (RIAs)</li> <li>Constant innovation to adapt – technology and client segmentation</li> </ul>	<ul style="list-style-type: none"> <li>Consultants</li> <li>Corporations, government, sovereign wealth</li> <li>DC investment only</li> </ul>	<ul style="list-style-type: none"> <li>Many of the Top 500 plans; largest Institutional AUM pools globally</li> <li>Consultants</li> <li>Corporations, sovereign wealth, government</li> </ul>

# Asset management: diverse platforms managing \$726B



# M&A score card: strong track record of value creation

	1997	2003	2007	2013	2014	2016	2017	
								
Strategic acquisition	✓	✓	✓	✓	✓	✓	✓	
New products / services	✓	✓	✓	✓	✓	✓	✓	
New customer segments	✓	✓	✓	✓	✓	✓	✓	
New distribution channels	✓	✓	✓	✓	✓	✓	✓	
Synergy target achieved	✓	✓	✓	✓	✓	✓	NA	
EPS accretive	✓	✓	✗	✓	✓	✓	NA	Integration ongoing
ROE target achieved	✓	✓	✗	✓	✓	✓	NA	

# Growth strategy

## Manage and extend the core

- Strengthen positions in targeted regions: Canada, U.S. and Europe, each with market specific strategies
- Maintain balanced portfolio: Insurance, Asset Management and Retirement
- Leverage strong brands, diverse products and substantial customer base to cross-sell and grow businesses

## Innovate to accelerate growth

- Build innovative technology solutions to enable advisors and anticipate our customers' needs
- Leverage data analytics to penetrate and expand customer base
- Elevate customer experience with omni-channel marketing and digital differentiation

## Maintain disciplined capital deployment

- Deploy strong M&A capabilities to complement organic growth strategy
- Grow our dividend commensurate with earnings growth and capital needs
- Manage leverage metrics and credit ratings consistently over the long-term

# Company highlights

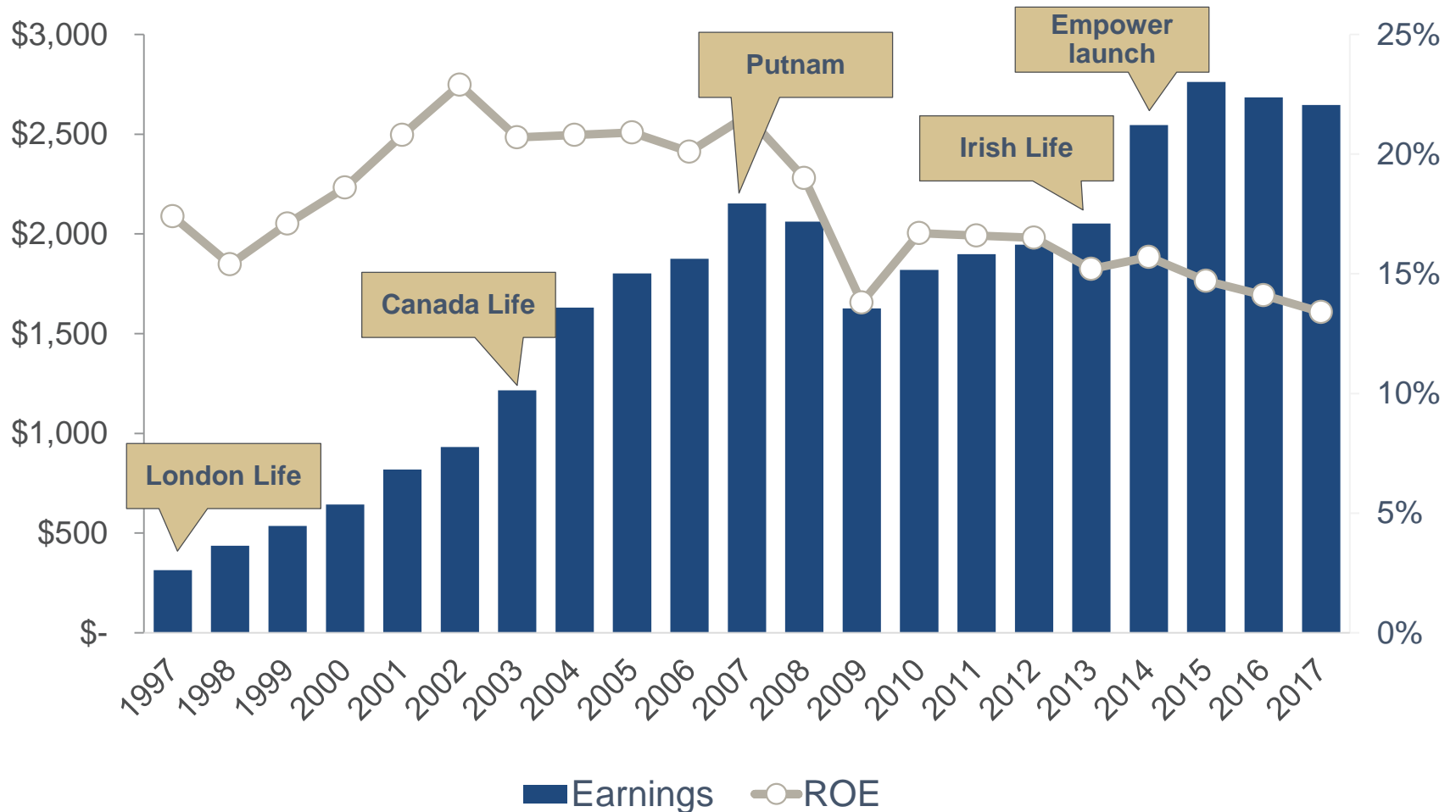
**1. Leading insurance franchise with substantial geographic and product diversity**

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# Long track record of consistent execution

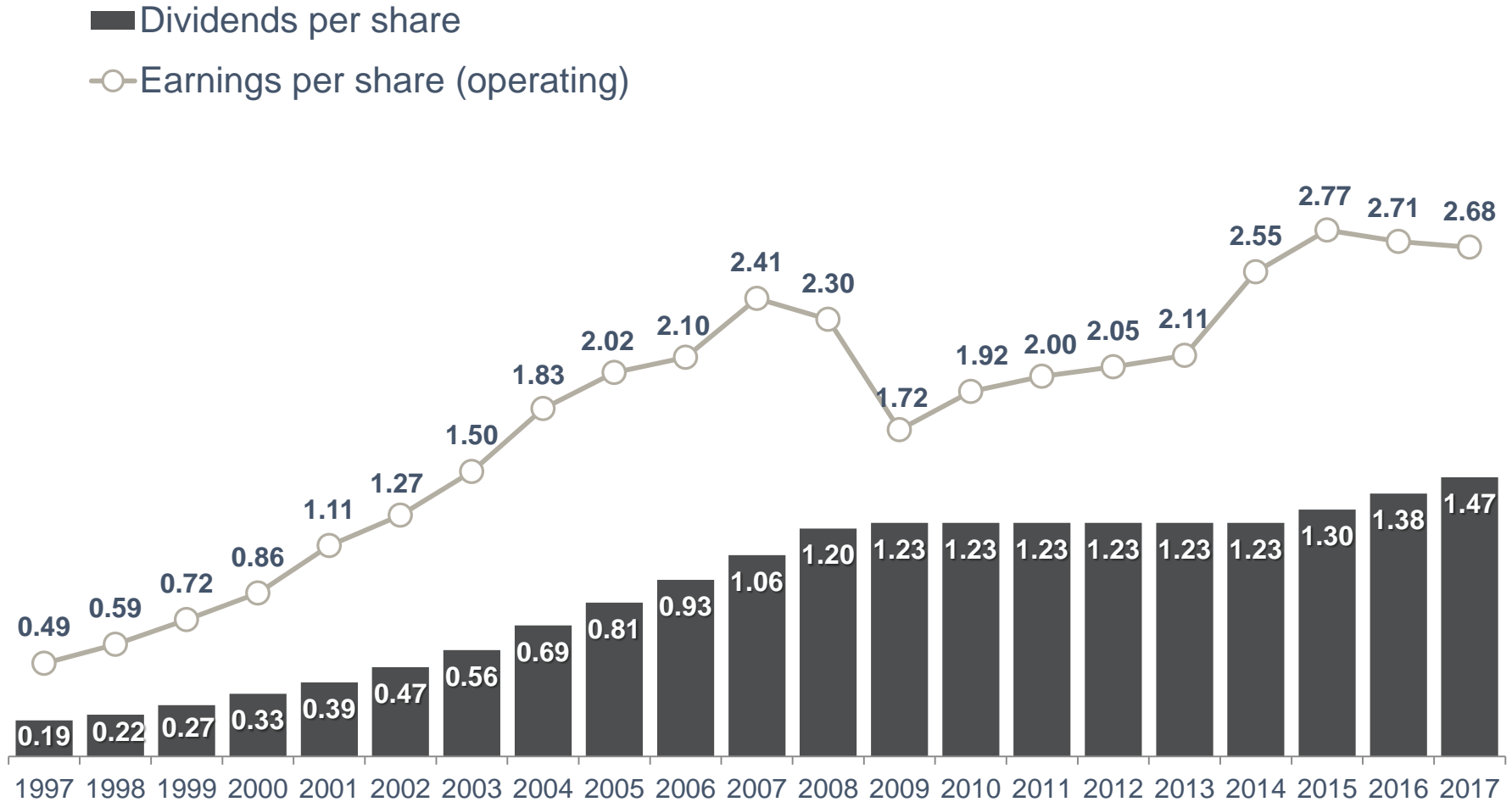
Adjusted Net Earnings C\$M



Note: Adjusted net earnings is a non-IFRS measure of earnings performance. Adjusted net earnings includes certain adjustments made to net earnings which include restructuring charges, U.S. tax reform impacts, litigation charges and other one-time items. Please refer to the Company's Annual Reports and Management's Discussion and Analysis filings for details on these adjustments.



# Consistent earnings and dividend growth



Note: Figures in C\$; earnings per share (operating) in 2016 and 2017 exclude restructuring charges as well as one-time items in Q4 2017.

# Returning value to shareholders<sup>(1)</sup>

	1997	2017	CAGR
Earnings per share <sup>(2)</sup>	\$0.49	\$2.68	9%
Dividends per share	\$0.19	\$1.47	11%
Share price	\$9.63	\$35.10	7%
\$100 Invested <sup>(3)</sup>	\$100	\$556	9%

**Consistent shareholder returns over many years**

1. Data adjusted for historical share split
2. Adjusted earnings per share in 2017 excluding restructuring charges and one-time items
3. Return calculation includes share price appreciation and cash dividends paid for the period Dec. 31, 1997 - Dec. 31, 2017

# Company highlights

**1. Leading insurance franchise with substantial geographic and product diversity**

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# Strong regulatory capital position

Regulatory Capital Ratios	
OSFI Minimum	90%
OSFI Supervisory Target	100%
<b>GWL Ratio</b>	<b>133%</b>
<b>GWL Target Range</b>	<b>110% – 120%</b>



GWL LICAT Ratio
$\frac{\text{Total Regulatory Capital Available}}{\text{Regulatory Required Capital}}$
$\frac{\$25.8 \text{ Billion}}{\$19.4 \text{ Billion}}$
133%

- The Great-West Life Assurance Company's (GWL) consolidated LICAT ratio is 133%
- GWL LICAT ratio is above the high end of the internal target range of 110% – 120%
- The Company intends to operate toward the high end of the internal target range
- Lifeco cash of \$0.9 billion is not included in the LICAT ratio

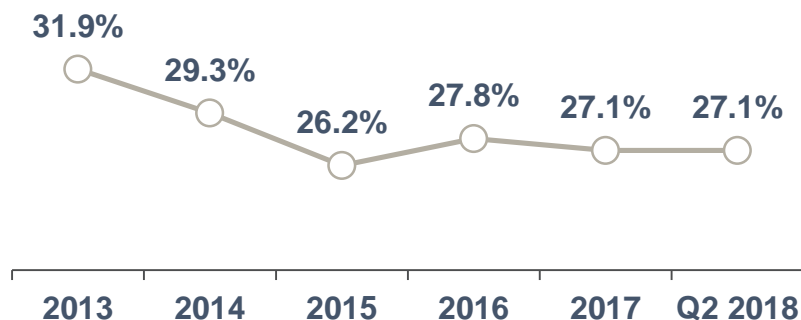
# Strong liquidity and credit profile

## Strong Liquidity & Credit Ratings Profile

Financial Strength Ratings	GWL (Opco)	Lifeco (Holdco)*
A.M. Best	A+	
DBRS	AA	A (high)
Fitch	AA	A
Moody's	Aa3	
S&P	AA	A+

\*Lifeco (Holdco) are senior debt ratings

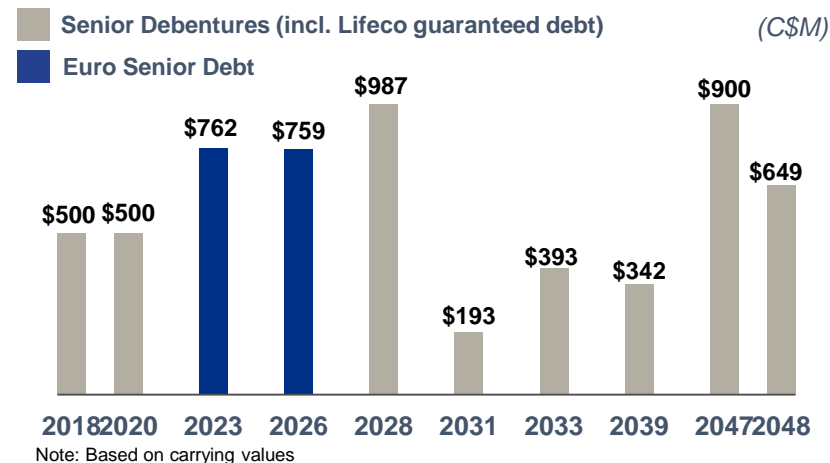
## Declining Leverage Ratio



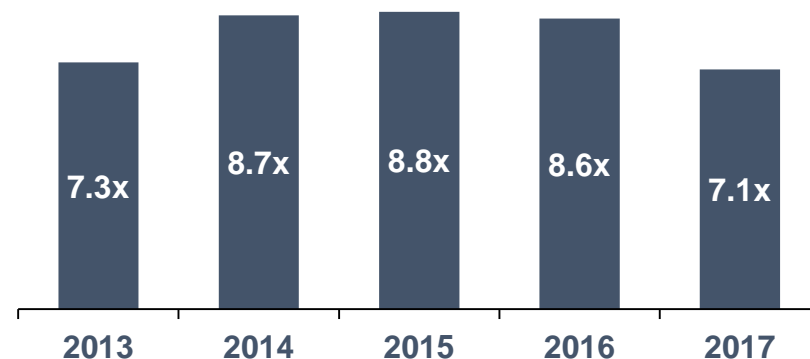
Note: All metrics represent metrics for Great-West Lifeco Inc.

1. Coverage Multiple calculated as earnings before interest & taxes divided by interest & preferred dividends requirements.

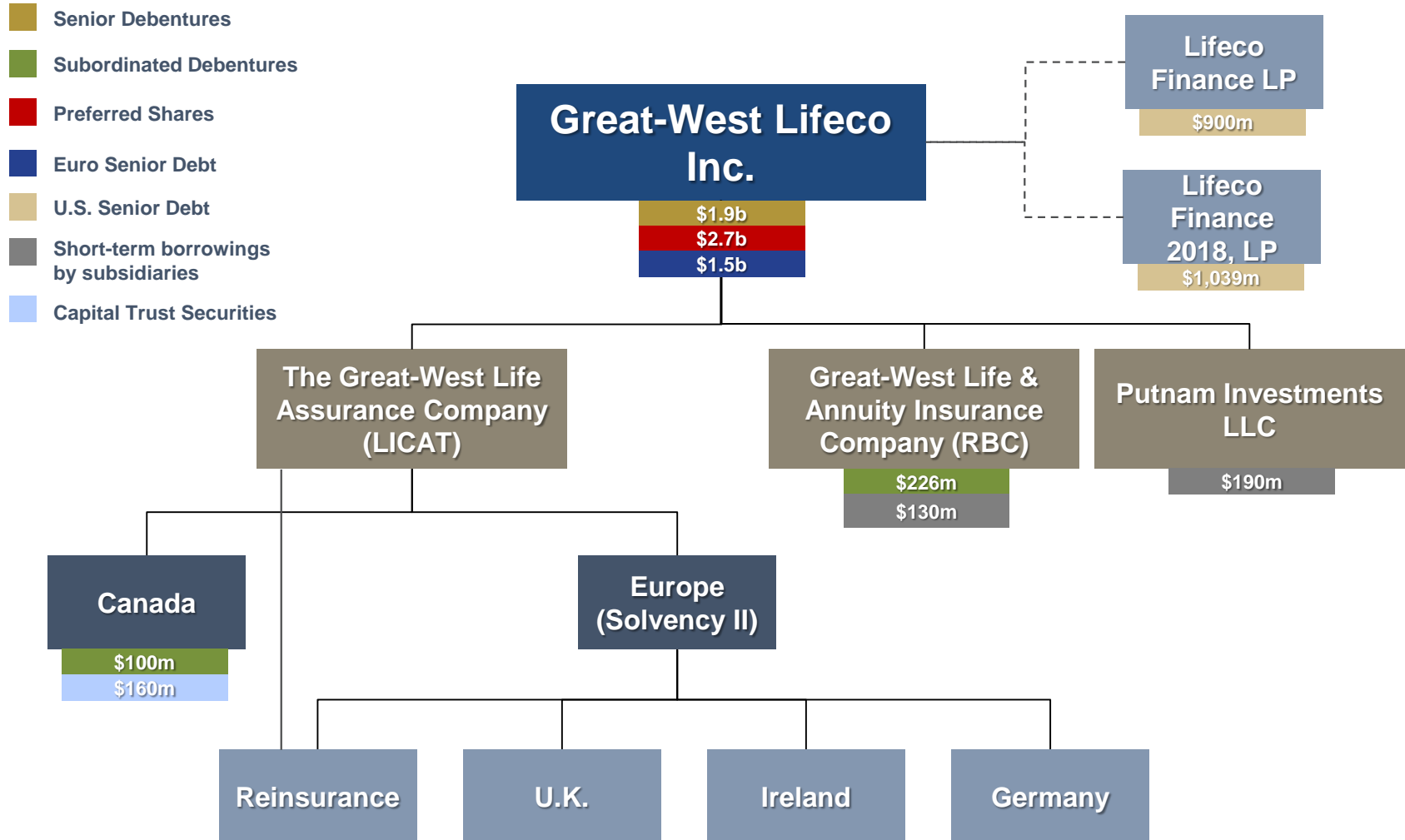
## Well Laddered Senior Debt Maturity Profile



## Strong & Stable Coverage Multiple (1)



# Efficient capital structure

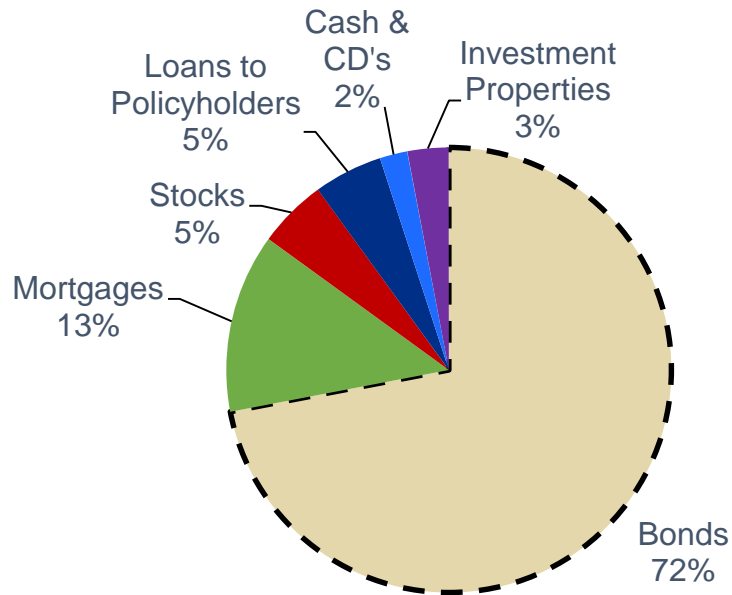


Note: As of June 30, 2018 in Canadian dollars

# Conservative investment policy

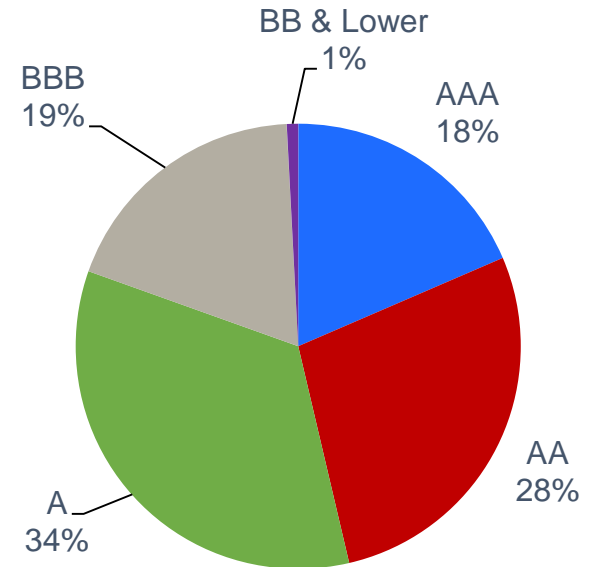
**Lifeco Invested Assets<sup>(1)</sup>**

\$180.7 billion



**Bond Portfolio by Credit Rating<sup>(1)</sup>**

\$129.8 billion



- Asset portfolio predominantly fixed income products: bonds (72%) and mortgages (13%)
- 99% of bond portfolio is investment grade

Note: Figures in CAD

1. As at June 30, 2018 and includes certain funds held by ceding insurers

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