



Empower Retirement's Acquisition of Personal Capital

June 29 2020

Note: All figures in U.S. Dollars



Irish Life



Cautionary notes

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “will”, “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “objective”, “target” and other similar expressions or negative versions thereof. These statements include, without limitation, statements about the timing, cost (including deferred consideration) and expected benefits (including IRR) of the acquisition of Personal Capital and sources of funding therefor, statements made on the slide entitled “Great-West Lifeco to Acquire Personal Capital through Empower”, statements made on the slide entitled “Acquisition to Accelerate Empower’s Long-Term Growth”, the Company’s, Empower’s and Personal Capital’s operations, business, financial condition, expected financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions, including statements made with respect to further acquisition opportunities, future “run rate” gross revenue for Personal Capital, expected lifetime value of a Personal Capital customer, value drivers identified in the slide entitled “Immediately Scalable”, expected revenue synergies, the quantum thereof and the sources therefor, targeted positive earnings per share (“EPS”) impact timing, future investments in Personal Capital customer acquisition, the expected quantum of one-time integration expenses and the timing thereof, the expected benefits describes in the slide entitled “Integration and Combination Benefits”, expected timing for profitability of Personal Capital’s standalone Retail business, statements made on the slide entitled “Transparency Across Metrics and Targets”, and intended reporting on Empower and Personal Capital. 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. This information has been provided to the reader to give an indication of the Company’s current expectations concerning the impact of the Personal Capital acquisition and such statements may not be suitable for other purposes. 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. Whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, achievement or waiver of conditions to closing of the acquisition of Personal Capital, the ability to integrate the Personal Capital acquisition, leverage Empower’s and Personal Capital’s businesses and achieve anticipated synergies, customer behaviour (including customer adoption levels), Lifeco’s, Empower’s and Personal Capital’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 (including continued access to equity and debt markets), industry sector and individual debt issuers’ financial conditions (including developments and volatility arising from the COVID-19 pandemic, particularly in certain industries that may comprise part of the Company’s investment portfolio), 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, unplanned material changes to the Company’s facilities, customer and employee relations or credit arrangements, levels of administrative and operational efficiencies, and the severity, magnitude and impact of the COVID-19 pandemic (including the effects of the COVID-19 pandemic, and the effects of the governments’ and other businesses’ responses to the COVID-19 pandemic, on the economy and the Company’s financial results, financial condition and operations). The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in filings with securities regulators, including factors set out in the Company’s Q1 2020 MD&A under “Risk Management and Control Practices” and in the Company’s annual information form dated February 12, 2020 under “Risk Factors”, which, along with other filings, is available for review at 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 information. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information 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, “assets under administration (AUA)”, “assets under management (AUM)”, “EBITDA” and “EBITDA pre-customer acquisition costs (“CAC”)”. 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 “Non-IFRS Financial Measures” section in the Company’s Q1 2020 MD&A for the appropriate reconciliations of the Company’s non-IFRS financial measures to measures prescribed by IFRS as well as additional details on each measure.

GREAT-WEST LIFECO TO ACQUIRE PERSONAL CAPITAL THROUGH EMPOWER

- Great-West Lifeco (“Lifeco”), through its subsidiary Empower Retirement (“Empower”), has entered into an agreement to acquire Personal Capital, a hybrid wealth manager that combines a leading-edge digital experience with personalized advice delivered by human advisors
- The transaction supports Lifeco’s objective of significantly growing its stake in the U.S. retirement and retail wealth management markets through Empower, the second largest Defined Contribution record keeper in the U.S.¹
- The transaction will provide Lifeco and Empower with a best-in-class direct-to-consumer hybrid wealth management platform, accelerate the growth of Empower’s DC-focused retail wealth management business and enhance the offering and success of Empower’s core Defined Contribution retirement business
- Empower will acquire Personal Capital for up front consideration of \$825 million, and deferred consideration of up to \$175 million (subject to achievement of target net new asset growth objectives)
- Personal Capital will operate as part of Empower; key members of Personal Capital’s management have entered into employment agreements and will join the Empower leadership team
- Personal Capital is privately held; IGM Financial, a member of the Power Corporation group of companies and a current investor in Personal Capital, will receive the same consideration as other non-management shareholders of the same class
- The transaction is expected to close in the second half of 2020, subject to regulatory approvals
- Lifeco will maintain ample financial capability and intends to continue to pursue value accretive M&A opportunities

1. Empower is the second largest U.S. Defined Contribution record keeper based on participant count

ACQUISITION TO ACCELERATE EMPOWER'S LONG-TERM GROWTH

*Accelerate
Empower's
Strategy by
Creating an
Integrated
Retirement and
Wealth
Platform*



Add best-in-class hybrid digital wealth management platform to Empower

- High growth direct-to-consumer wealth management business focused on large mass affluent market
- Profitable core business model with attractive new customer Lifetime Value / Customer Acquisition Cost (LTV / CAC)
- Strategic focus and investment in driving strong asset growth



Significantly accelerate the growth of Empower's existing DC-focused retail wealth management platform by integrating Personal Capital's technology and capabilities

- Increase rollovers, roll-ins, and share of wallet
- Strong synergies mean Empower does not have to build direct-to-consumer offering



Enhance Empower's successful Defined Contribution business with the addition of leading financial planning and financial wellness capabilities

- Increase DC plan sales
- Drive usage of managed accounts
- Grow participants' out-of-plan asset capture

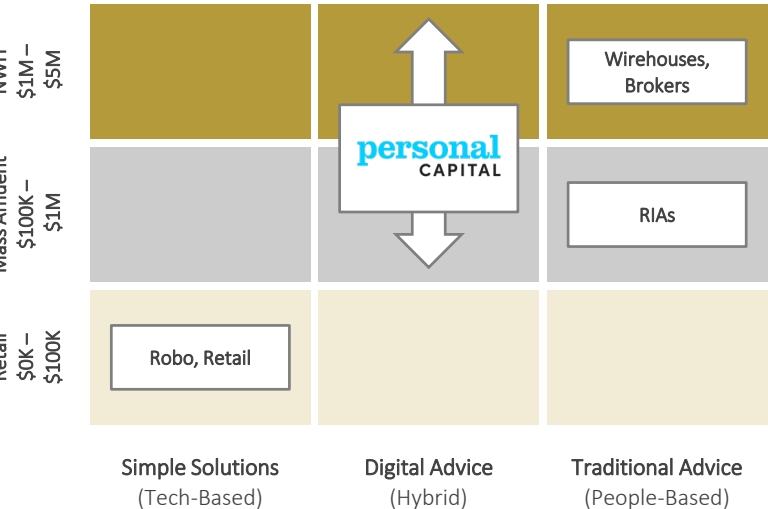


PERSONAL CAPITAL TODAY

Personal Capital delivers a hybrid technology driven by a digital experience paired with human advice

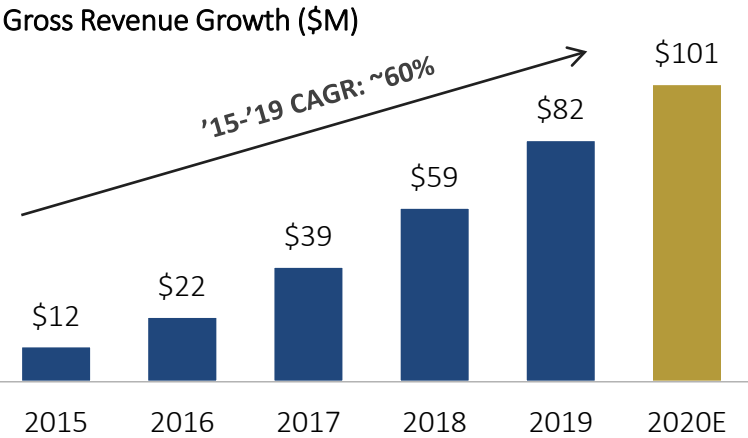
Best-in-Class Hybrid Digital Wealth Platform

- A differentiated digital wealth management platform that offers mass affluent investors a hybrid experience through robust financial planning tools and dedicated financial advisors
- Transforming financial lives through technology and people



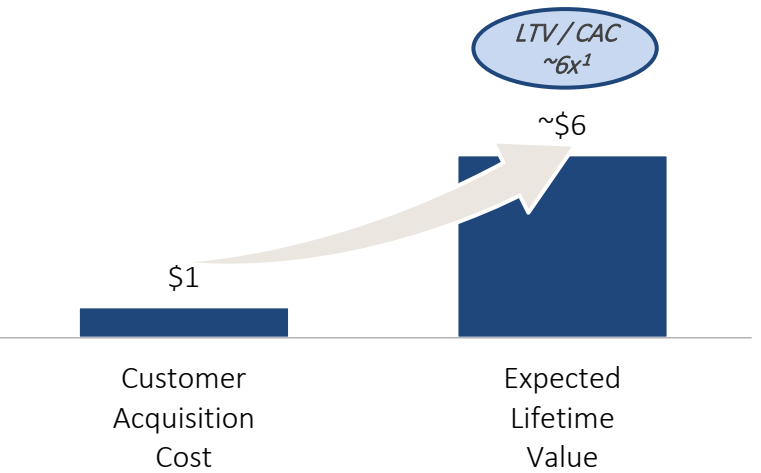
High-Growth Business

- Gross Revenue CAGR of ~60% from 2015 to 2019
- Personal Capital realized AUM CAGR of ~60% since 2015
- Strong organic asset growth with annual net flows of ~30%+ through 2019
- Significant opportunity for growth in untapped customer funnel of \$771b of aggregated assets on platform
- Resilient organic growth through recent market dislocation reflecting the value of Personal Capital in volatile markets



Highly Attractive Business Model

- Profitable business today prior to new customer acquisition costs
 - Currently unprofitable given investment in customer acquisition spend
- Financially attractive customer acquisition spend
 - Each dollar of spend expected to generate ~6x lifetime value¹
 - Strong gross profit margin and net asset retention of ~95% creates compelling unit economics
- Operating leverage to enhance future business profitability, prior to additional synergies

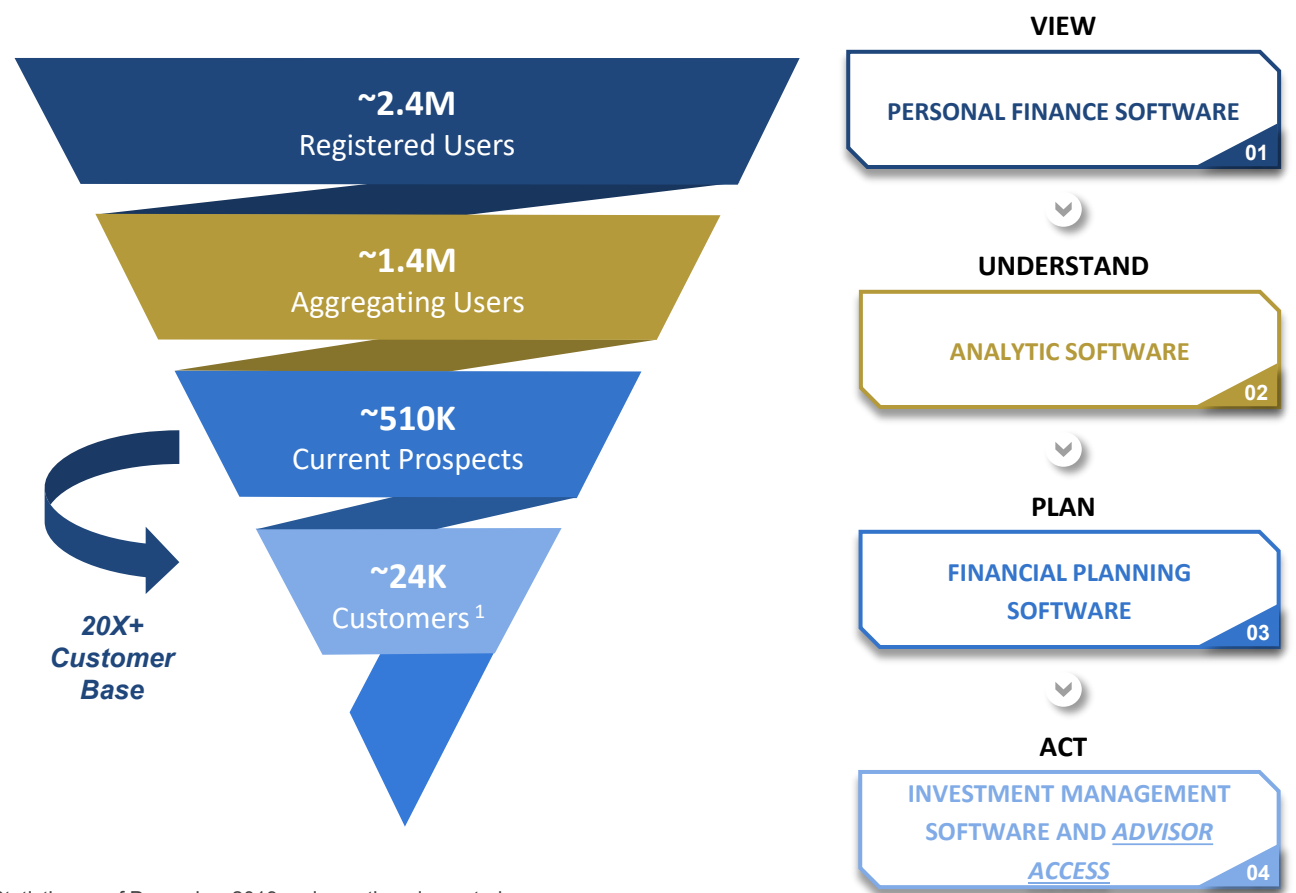


1. Illustrative Lifetime Value based on gross profit / (1 – Net Asset Retention Rate)

THE POWER OF THE PERSONAL CAPITAL PLATFORM

Personal Capital provides a differentiated 360° view of financial lives and utilizes a hybrid engagement model to create a digital, personalized service and experience for mass affluent investors

Platform “At-a-Glance”



Personal Capital by the Numbers

\$771b+
Total Assets
Aggregated

\$175b
2019 New
Aggregated Assets

~\$13b
Assets Under
Management¹

~\$500k
Average
AUM / Customer

~\$2.7b
LTM Net New
Assets Added
Through Q1 2020

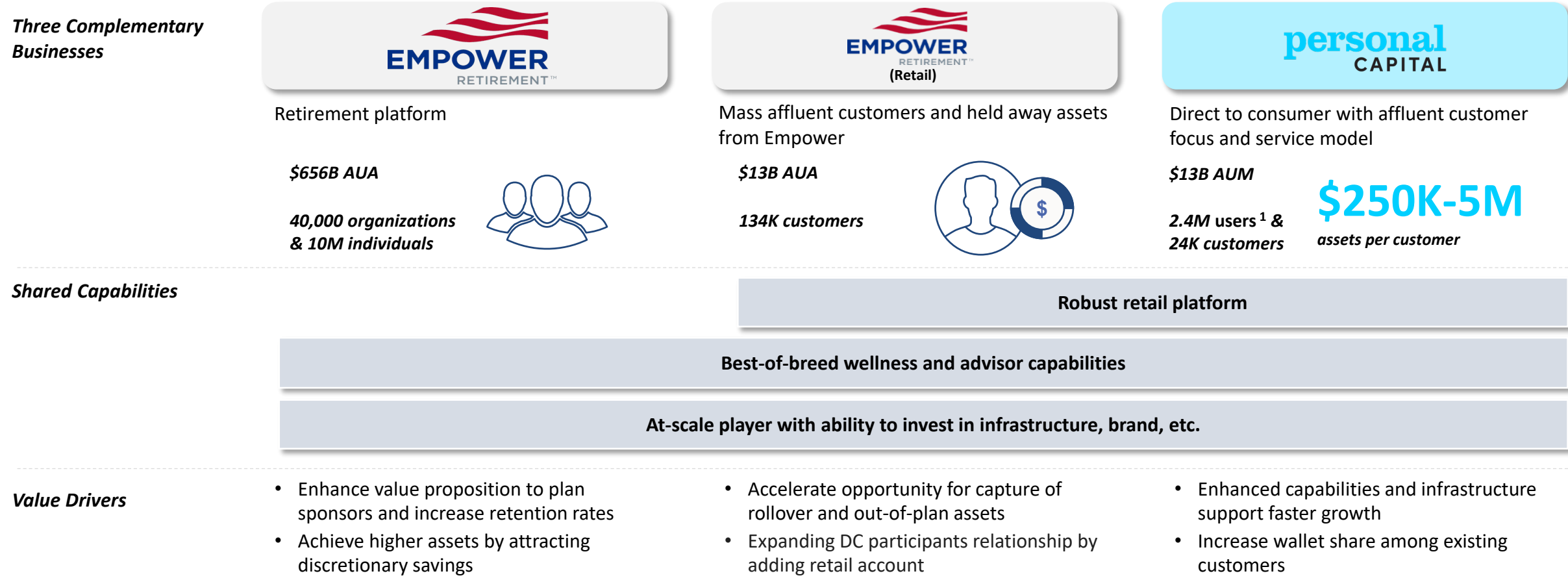
**~60% AUM
CAGR**
Realized
Since 2015

Statistics as of December 2019, unless otherwise noted

1. As of June 2020

IMMEDIATELY SCALABLE

An Empower-Personal Capital combination is immediately scalable and accelerates Empower’s growth in the individual retail market across the platform



TRANSACTION DETAILS

Key Transaction Terms	<ul style="list-style-type: none">• Empower will acquire Personal Capital for \$825M up front consideration• Up to \$175M in deferred consideration<ul style="list-style-type: none">— Earnout to be paid over 2 years subject to achieving target net new asset growth objectives• Up front consideration to be funded with cash on hand and \$500M in debt financing
Organizational	<ul style="list-style-type: none">• Personal Capital will operate as part of Empower Retirement• Key Personal Capital executives have entered into employment agreements through 2023 to align incentives with long-term commitment
Revenue Synergies	<ul style="list-style-type: none">• Empower revenue synergies expected to result from growing plan participants' out-of-plan asset capture, increasing DC plan sales and managed accounts usage rates, and adding a deposit product offering
Financial Impact	<ul style="list-style-type: none">• Highly attractive anticipated financial returns<ul style="list-style-type: none">— Expected IRR well in excess of cost of capital— Highly attractive anticipated returns on incremental growth at Personal Capital• Targeting positive EPS impact beginning in 2023<ul style="list-style-type: none">— Ongoing investment in Personal Capital customer acquisition will constrain profitability in years 2021 and 2022 in order to accelerate future growth— New customers are being acquired at attractive IRRs with significant LTVs• Expected to enhance long-term growth• One-time integration expenses of \$57M and deal expenses of \$28M; integration is expected to be completed in 18 months
Transaction Metrics	<ul style="list-style-type: none">• Up front consideration represents 8.2x 2020E gross revenue of \$101M• Acquired at an attractive revenue multiple in line with high growth financial technology companies
Timing / Regulatory Approvals	<ul style="list-style-type: none">• Transaction is expected to close in the second half of 2020• Subject to regulatory approvals including CFIUS clearance

INTEGRATION AND COMBINATION BENEFITS

Personal Capital's operating model will enhance retail service offering and drive value for all stakeholders

Integrate Personal Capital's Tools, Technology and Capabilities to Accelerate Empower Retail

- Enhance Empower's retail wealth management platform by integrating Personal Capital's technology and capabilities
- Deliver a fully integrated suite of state-of-the-art financial wellness tools along with leading digital and human advice to current and future Empower retail clients

- Enhance and accelerate the capture of rollover and out of plan assets

Deliver Personal Capital's Personal Financial Management Tools to Empower Customers and Participants

- Provide financial wellness and planning solutions to Empower's 9.7 million participants
- Deliver an integrated end-to-end financial picture to participants creating new opportunities to improve financial wellness

- Increase DC plan sales, managed accounts usage rates and participant engagement
- Drive adoption of additional services

Leverage Empower's and Lifeco's Scale and Infrastructure to Enhance Personal Capital's Direct-To-Consumer Business

- Evolve advice offering to a "best-of-both" approach
- Fully support and enhance Personal Capital's strategy with backing of a well-capitalized, growing, innovative and experienced financial services firm

- Enhance value proposition for Personal Capital customers driving increased growth and adoption

TRANSPARENCY ACROSS METRICS AND TARGETS

Lifeco expects to achieve attractive growth and profitability levels for Personal Capital and will track and report metrics for the different segments on a separate basis in the future

Expectations for Future Growth Metrics

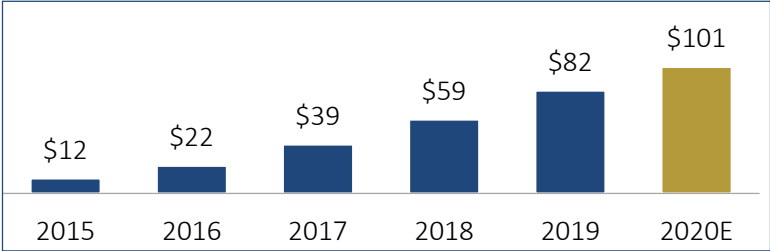
- Personal Capital’s AUM and revenue have each grown at a 60% CAGR between 2015 and 2019
- Personal Capital is profitable based upon serving its existing clients, but has been investing heavily on new client acquisition
- We expect Personal Capital’s stand-alone Retail business to achieve profitability after new client acquisition costs on a quarterly run rate basis during 2023, depending upon market and other assumptions

Ability to Track the Progress of Empower Separately from Personal Capital

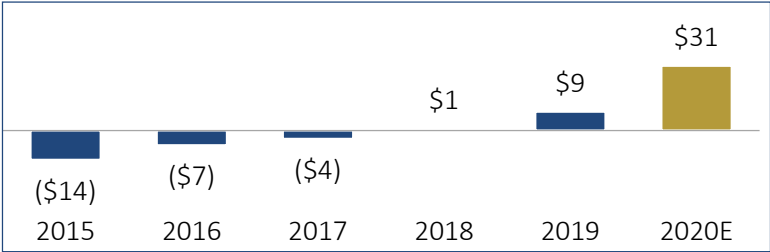
- Recognizing that Empower’s and Personal Capital’s respective businesses are at different stages of development and maturity, Lifeco intends to report on the progress of Empower and Personal Capital in a manner that will allow investors to track separately the progress of:
 - Empower’s existing DC and Retail businesses
 - Personal Capital’s direct-to-consumer Retail business
- The intention is to report separate financial measures, as well as other key performance metrics as appropriate for each business
 - Lifeco will introduce into its reporting following the closing of the transaction

Personal Capital’s Historical Financial Performance

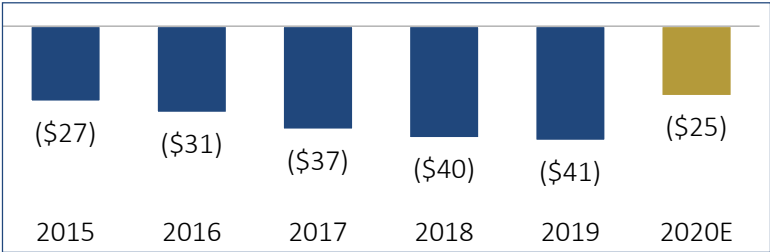
Gross Revenue (\$M)



EBITDA – pre-CAC (\$M)



EBITDA (\$M)



EBITDA and EBITDA (Pre-CAC) are non-IFRS measures which do not have standard meanings prescribed by IFRS. EBITDA refers to earnings before interest, taxes, depreciation and amortization. CAC refers to customer acquisition costs.

KEY TAKEAWAYS

