



**CANACCORD GENUITY GROUP INC.  
REPORTS THIRD QUARTER FISCAL 2019 RESULTS**

***Excluding significant items, third quarter earnings per common share of \$0.28<sup>(1)</sup>***

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

**TORONTO, February 13, 2019** – During the third quarter of fiscal 2019, the quarter ended December 31, 2018, Canaccord Genuity Group Inc. (Canaccord Genuity, the Company, TSX: CF) generated \$331.6 million in revenue. Excluding significant items <sup>(1)</sup>, the Company recorded net income <sup>(3)</sup> of \$36.8 million or net income of \$34.5 million attributable to common shareholders <sup>(2)</sup> (earnings per common share of \$0.28). Including all significant items, on an IFRS basis, the Company recorded net income <sup>(3)</sup> of \$32.5 million or net income attributable to common shareholders <sup>(2)</sup> of \$30.1 million (earnings per common share of \$0.25).

“We delivered another solid quarter of revenue growth in global capital markets and consistent results from our global wealth management operations, placing us firmly on track for another strong fiscal year performance,” said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. “We have taken important steps to continue adding scale to our global wealth management businesses and strengthening our capital markets business, with confidence that our efforts will continue to translate into stronger and more sustainable returns for our shareholders.”

**Third quarter of Fiscal 2019 vs. Third quarter of Fiscal 2018**

- Revenue of \$331.6 million, an increase of 7.2% or \$22.2 million from \$309.4 million
- Excluding significant items, expenses of \$285.7 million, an increase of 10.2% or \$26.5 million from \$259.2 million <sup>(1)</sup>
- Expenses of \$291.0 million, an increase of 10.8% or \$28.4 million from \$262.6 million
- Excluding significant items, diluted earnings per common share (EPS) of \$0.28 compared to earnings per common share of \$0.31 <sup>(1)</sup>
- Excluding significant items, net income <sup>(3)</sup> of \$36.8 million compared to net income <sup>(3)</sup> of \$39.2 million <sup>(1)</sup>
- Net income <sup>(3)</sup> of \$32.5 million compared to net income <sup>(3)</sup> of \$36.6 million
- Diluted EPS of \$0.25 compared to diluted EPS of \$0.29

**Third quarter of Fiscal 2019 vs Second Quarter of Fiscal 2019**

- Revenue of \$331.6 million, an increase of 10.5% or \$31.6 million from \$300.0 million
- Excluding significant items, expenses of \$285.7 million, an increase of 9.1% or \$23.8 million from \$261.9 million <sup>(1)</sup>
- Expenses of \$291.0 million, an increase of 3.8% or \$10.7 million from \$280.3 million

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<sup>1</sup> Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 5.

<sup>2</sup> Net income attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends.

<sup>3</sup> Before non-controlling interests and preferred share dividends.

- Excluding significant items, diluted EPS of \$0.28 compared to diluted EPS of \$0.23 <sup>(1)</sup>
- Excluding significant items, net income <sup>(3)</sup> of \$36.8 million compared to net income <sup>(3)</sup> of \$28.9 million <sup>(1)</sup>
- Net income <sup>(3)</sup> of \$32.5 million compared to net income <sup>(3)</sup> of \$13.1 million
- Diluted EPS of \$0.25 compared to earnings per common share of \$0.09

**Year-to-Date Fiscal 2019 vs. Year-to-Date Fiscal 2018  
(Nine months ended December 31, 2018 vs. Nine months ended December 31, 2017)**

- Revenue of \$905.8 million, an increase of 29.2% or \$205.0 million from \$700.8 million
- Excluding significant items, expenses of \$792.4 million, an increase of 23.4% or \$150.0 million from \$642.4 million <sup>(1)</sup>
- Expenses of \$823.5 million, an increase of 24.3% or \$160.8 million from \$662.8 million
- Excluding significant items, diluted EPS of \$0.69 compared to diluted EPS of \$0.33 <sup>(1)</sup>
- Excluding significant items, net income <sup>(3)</sup> of \$90.7 million compared to net income <sup>(3)</sup> of \$44.3 million <sup>(1)</sup>
- Net income <sup>(3)</sup> of \$64.2 million compared to net income <sup>(3)</sup> of \$26.8 million
- Diluted EPS of \$0.48 compared to an earnings per common share of \$0.17

**Financial Condition at end of Third quarter Fiscal 2019 vs. Fourth Quarter Fiscal 2018**

- Cash and cash equivalents balance of \$930.9 million, an increase of \$68.1 million from \$862.8 million
- Working capital of \$644.4 million, an increase of \$68.8 million from \$575.6 million
- Total shareholders' equity of \$839.2 million, a decrease of \$2.2 million from Q4/18
- Book value per diluted common share of \$6.04, an increase of \$0.33 from \$5.71 <sup>(4)</sup>
- On February 13, 2019, the Board of Directors approved a dividend of \$0.01 per common share, payable on March 15, 2019, with a record date of March 1, 2019
- On February 13, 2019, the Board of Directors approved the following cash dividends: \$0.24281 per Series A Preferred Share payable on April 1, 2019 with a record date of March 15, 2019; and \$0.31206 per Series C Preferred Share payable on April 1, 2019 with a record date of March 15, 2019

**SUMMARY OF OPERATIONS**

*Corporate*

- On August 10, 2018, the Company announced the filing of a normal course issuer bid (NCIB) to purchase common shares of the Company through the facilities of the TSX and on the alternative Canadian trading systems during the period from August 15, 2018 to August 14, 2019. The purpose of any purchases under this program is to enable the Company to acquire shares for cancellation. The maximum number of shares that may be repurchased are 5,677,589, which represented 5.0% of the Company's outstanding common shares at the time of filing the NCIB. During the nine months ended December 31, 2018, there were 152,200 shares purchased and cancelled under the NCIB which commenced August 15, 2017 and ended on August 14, 2018. There were also 876,500 shares that were purchased and cancelled under the current NCIB during the nine months ended December 31, 2018, and 29,500 shares purchased but not yet cancelled as of December 31, 2018.
- On December 3, 2018, the Company launched a new brand identity, which has become an integral part of all firmwide communications, products and experiences. This development honours the transformative changes made across the organization, as the Company significantly advances its strategy to improve alignment across

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<sup>4</sup> See Non-IFRS Measures on page 5.

operations and transform its business mix with the objective of delivering more predictable and sustainable results.

- On January 29, 2019, the Company announced the addition of McCarthy Taylor Ltd. to its wealth management operations in the UK & Europe. This development advances Canaccord Genuity Wealth Management (UK & Europe)'s objective of expanding its national footprint and broadening its offering of fully integrated investment and wealth planning services.
- On February 13, 2019, the Company announced that it has acquired 100% of the business of a preeminent New York-based boutique M&A Advisory firm, Petsky Prunier LLC. ("Petsky Prunier"), in an asset purchase for initial consideration of \$40 million (US\$30 million) in cash and \$20 million (US\$15 million) in common shares of the Company to be issued over a three-year period. Additional contingent consideration of up to \$53.2 million (US\$40 million) will be paid in cash over a four-year period subject to meeting certain revenue targets over that period. For the year ended December 31, 2018, Petsky Prunier generated revenue of US\$43.0 million. All key Petsky Prunier partners have entered into employment agreements with the Company.

This development supports the Company's objective of adding scale to its fixed cost base in the region and diversifying its revenue streams, while enhancing its client offering to capture greater market share in its core areas of strength, primarily in the mid-market Technology and Healthcare sectors.

- Dvai Ghose will be retiring from his role as Global Head of Research and Head of Strategic Development, effective March 31, 2019. Derek Dley will assume the role of Director of Canadian Research, effective April 1, 2019.
- Andrew (Andy) Viles has been appointed an Executive Vice-President and Chief Legal Officer for Canaccord Genuity Group Inc. In this capacity, he becomes responsible for ensuring unified oversight and coordination of legal, regulatory and compliance functions across all business and regions where Canaccord Genuity Group operates. Mr. Viles joined Canaccord Genuity in 2003 and most recently served as Head of North American Capital Markets Compliance. He continues to serve as General Counsel for the U.S. entity, where he manages all U.S. legal matters, particularly within investment banking activities. Prior to joining Canaccord Genuity, Mr. Viles was a partner in the national law firm of Goodwin Procter LLP, working in the firm's Corporate Department. As an experienced securities lawyer, he has extensive experience advising on mergers & acquisitions, corporate restructurings, corporate finance, and capital markets transactions. Mr. Viles holds a Bachelor of Arts from Bates College, Lewiston, Maine, and a Juris Doctor from Boston University School of Law. He is a member of the Massachusetts Bar and the American Bar Association.

### ***Capital Markets***

- Canaccord Genuity Capital Markets generated revenue of \$209.4 million, and after intersegment allocations and excluding significant items, recorded net income before taxes of \$31.7 million <sup>(1)</sup>
- Canaccord Genuity Capital Markets led or co-led 61 transactions globally, raising proceeds of C\$2.3 billion <sup>(5)</sup> during fiscal Q3/19
- During fiscal Q3/19 including the 61 transactions led globally, Canaccord Genuity Capital Markets participated in 104 investment banking transactions globally, raising total proceeds of C\$6.3 billion <sup>(5)</sup>
- Significant investment banking transactions for Canaccord Genuity Capital Markets during fiscal Q3/19 include:
  - C\$520.1 million for Curaleaf Holdings, Inc on CSE
  - US\$314.2 million for Acreage Holdings, Inc on CSE
  - US\$305.0 million for BioPharma Credit plc on LSE
  - US\$218.1 million for Harvest Health & Recreation on CSE
  - C\$120.2 million for Tilt Holdings Inc. on CSE

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<sup>5</sup> Transactions over \$1.5 million. Internally sourced information.

- £108.5 million for Triple Point Social Housing REIT plc on LSE
  - C\$107.3 million for Cresco Labs, LLC on CSE
  - US\$85.1 million for Canaccord Genuity Growth Corp. on CSE
  - £79.0 million for The Renewables Infrastructure Group Limited on LSE
  - C\$76.0 million for The Green Organic Dutchman on TSX
  - C\$75.0 million for MedMen Enterprises on CSE
  - AUD\$60.6 million for Redbubble Limited on ASX
  - C\$57.6 million for Wayland Group (MariCann) on CSE
  - C\$51.8 million for Namaste Technologies Inc on TSXV
  - US\$42.9 million for VBI Vaccines Inc on NASDAQ
  - US\$42.2 million for The Lovesac Company on Nasdaq
  - C\$46.0 million for Patriot One Technologies Inc on TSXV
  - C\$35.0 million for DionyMed Holdings on CSE
  - AUD\$33.1 million Placement for Fluence Corporation Limited on ASX
  - AUD\$23.4 million for Westgold Resources Limited on ASX
  - C\$23.0 million for Sunniva Inc. on CSE
  - C\$21.2 million for MJAR Holdings Corp. on CSE
  - C\$20.8 million for Sproutly Canada, Inc on CSE
  - C\$20.1 million for Westleaf Cannabis Inc. on TSXV
  - £20.0 million for Litigation Capital Management Limited on AIM
  - US\$17.3 million for CPI Aerostructures, Inc on NYSE American
  - US\$17.0 million for Histogenics Corporation on NASDAQ
  - AUD\$15.5 million capital raise for Bellevue Gold Limited on ASX
  - £11.7 million Placing for Gresham House plc on AIM
- In Canada, Canaccord Genuity Capital Markets participated in raising \$358.7 million for government and corporate bond issuances during fiscal Q3/19.
  - Canaccord Genuity Capital Markets generated advisory revenues of \$40.0 million during fiscal Q3/19, an increase of \$8.0 million or 24.8% compared to the same quarter last year
  - During Q3/19, significant M&A and advisory transactions included:
    - Michelin on its US\$1.7 billion acquisition of Camso Inc.
    - Small World on its sale to Equistone Partners Europe
    - Dedalus on its acquisition of DL Sante
    - Tawana Resources NL on its merger with Alliance Mineral Assets Ltd.
    - ICC Labs Inc. on its C\$290 million sale to Aurora Cannabis Inc.
    - Reis, Inc. on its acquisition by Moody's Corporation
    - Dentressangle on its acquisition of Acteon Group
    - Alston Gayler and Co Limited on its sale to Miller Insurance Services Limited, part of Willis Towers Watson group
    - Amplio Energy's Italian solar portfolio to a consortium of Plenium Partners, Equitix and Access Capital Partners
    - Eurazeo PME on the disposal of Vignal Lighting Group to EMZ Partners
    - MJardin Group, Inc. on its C\$293.2 million Acquisition of GrowForce Holdings Inc.
    - Tendril Networks, Inc. on securing a majority investment from Rubicon Technology Partners
    - Jenkins Shipping on its sale to Alcuin Capital Partners
    - Tessi on the €100 million disposal of CPoR
    - Mason Resources Corp. on its C\$35.0 million sale to Hudbay Minerals Inc
    - Sherrill Inc. on its acquisition by Platte River Equity

### ***Canaccord Genuity Wealth Management (Global)***

- Globally, Canaccord Genuity Wealth Management generated \$116.0 million in revenue in Q3/19
- Assets under administration in Canada and assets under management in the UK & Europe and Australia were \$60.2 billion at the end of Q3/19<sup>(4)</sup>, a decrease of 8.5% from \$65.8 billion at the end of Q2/19 and an increase of 1.7% from \$59.2 billion at the end of Q3/18 due to negative market fluctuations at the end of December 2018

### ***Canaccord Genuity Wealth Management (North America)***

- Canaccord Genuity Wealth Management (North America) generated \$54.2 million in revenue and, after intersegment allocations and before taxes, recorded net income of \$8.9 million in Q3/19
- Assets under administration in Canada were \$18.3 billion as at December 31, 2018 a decrease of 7.5% from \$19.7 billion at the end of the previous quarter and an increase of 26.4% from \$14.5 billion at the end of Q3/18<sup>(4)</sup>
- Assets under management in Canada (discretionary) were \$4.0 billion as at December 31, 2018, a decrease of 4.9% from \$4.2 billion at the end of the previous quarter and an increase of 39.3% from \$2.8 billion at the end of Q3/18<sup>(4)</sup>. These assets are included in total assets under administration. The decrease in assets under management and administration from Q2/19 to Q3/19 was due to a decrease in market value at the end of the quarter
- Canaccord Genuity Wealth Management had 150 Advisory Teams <sup>(6)</sup> at the end of fiscal Q3/19, unchanged from September 30, 2018 and an increase of 16 from December 31, 2017

### ***Canaccord Genuity Wealth Management (UK & Europe)***

- Wealth management operations in the UK & Europe generated \$61.8 million in revenue and, after intersegment allocations, and excluding significant items, recorded net income of \$10.6 million before taxes in Q3/19<sup>(1)</sup>
- Assets under management (discretionary and non-discretionary) were \$41.2 billion (£23.8 billion) as at December 31, 2018, a decrease of 9.0% from \$45.2 billion (£26.9 billion) at the end of the previous quarter and a decrease of 6.0% from \$43.8 billion (£25.8 billion) at December 31, 2017. <sup>(4)</sup> In local currency (GBP), assets under management at December 31, 2018 decreased by 11.5% compared to September 30, 2018 and by 7.9% compared to December 31, 2017<sup>(4)</sup>. The decrease in assets under management from Q2/19 to Q3/19 was due to a decrease in market value towards the end of December 2018

### ***Non-IFRS Measures***

The non-International Financial Reporting Standards (IFRS) measures presented include assets under administration, assets under management, book value per diluted common share and figures that exclude significant items. Significant items include restructuring costs, amortization of intangible assets acquired in connection with a business combination, impairment of goodwill and other assets and acquisition-related expense items, which include costs recognized in relation to both prospective and completed acquisitions, gains or losses related to business disposals including recognition of realized translation gains on the disposal of foreign operations, certain accounting charges related to the change in the Company's long-term incentive plan as recorded with effect on March 31, 2018, certain incentive-based costs related to the acquisition of Hargreave Hale recorded under development costs, loss related to the extinguishment of convertible debentures as recorded for accounting purposes, as well as certain expense items, typically included in development costs, which are considered by management to reflect a singular charge of a non-operating nature. Book value per diluted common

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<sup>6</sup> Advisory Teams are normally comprised of one or more Investment Advisors (IAs) and their assistants and associates, who together manage a shared set of client accounts. Advisory Teams that are led by, or only include, an IA who has been licensed for less than three years are not included in our Advisory Team count, as it typically takes a new IA approximately three years to build an average-sized book of business.

share is calculated as total common shareholders' equity adjusted for assumed proceeds from the exercise of options and warrants, settlement of a promissory note issued as purchase consideration in shares at the Company's option and conversion of convertible debentures divided by the number of diluted common shares that would then be outstanding including estimated amounts in respect of share issuance commitments including options, warrants, convertible debentures and a promissory note, as applicable, and adjusted for shares purchased or committed to be purchased under the Company's normal course issuer bid (NCIB) and not yet cancelled and estimated forfeitures in respect of unvested share awards under share-based payment plans.

Management believes that these non-IFRS measures will allow for a better evaluation of the operating performance of the Company's business and facilitate meaningful comparison of results in the current period to those in prior periods and future periods. Figures that exclude significant items provide useful information by excluding certain items that may not be indicative of the Company's core operating results. A limitation of utilizing these figures that exclude significant items is that the IFRS accounting effects of these items do in fact reflect the underlying financial results of the Company's business; thus, these effects should not be ignored in evaluating and analyzing the Company's financial results. Therefore, management believes that the Company's IFRS measures of financial performance and the respective non-IFRS measures should be considered together.

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

(C\$ thousands, except per share and % amounts)	Three months ended December 31		Quarter- over- quarter change	Nine months ended December 31		YTD – over – YTD change
	2018	2017		2018	2017	
Total revenue per IFRS	\$331,600	\$309,442	7.2%	\$905,759	\$700,797	29.2%
Total expenses per IFRS	\$290,991	\$262,559	10.8%	\$823,538	\$662,752	24.3%
<i>Revenue</i>						
Total revenue excluding significant items	\$331,600	\$309,442	7.2%	\$905,759	\$700,797	29.2%
<i>Expenses</i>						
<i>Significant items recorded in Canaccord Genuity</i>						
<i>Capital Markets</i>						
Amortization of intangible assets	639	579	10.4%	1,857	1,738	6.7%
Restructuring costs <sup>(2)</sup>	---	--	---	1,316	4,704	(72.0) %
Acquisition related costs	---	---	---	1,173	---	n.m.
<i>Significant items recorded in Canaccord Genuity</i>						
<i>Wealth Management</i>						
Amortization of intangible assets	2,745	2,820	(2.7) %	8,353	5,406	54.5%
Restructuring costs <sup>(2)</sup>	---	---	---	---	2,000	(100.0) %
Acquisition-related costs	170	---	n.m.	170	6,548	(96.0) %
Incentive based costs related to acquisition <sup>(3)</sup>	1,490	---	n.m.	4,530	---	n.m.
Development costs <sup>(4)</sup>	245	---	n.m.	245	---	n.m.
<i>Significant items recorded in Corporate and Other</i>						
Loss on extinguishment of convertible debentures	---	---	n.m.	13,500	---	n.m.
Total significant items	5,289	3,399	55.6%	31,144	20,396	52.7%
Total expenses excluding significant items	285,702	259,160	10.2%	792,394	642,356	23.4%
Net income before taxes – adjusted	\$45,898	\$50,282	(8.7) %	\$113,365	\$58,441	94.0%
Income taxes – adjusted	9,055	11,100	(18.4) %	22,620	14,096	60.5%
Net income – adjusted	\$36,843	39,182	(6.0) %	\$90,745	44,345	104.6%
Net income attributable to common shareholders, adjusted	\$34,491	\$34,665	(0.5)%	\$82,433	\$35,008	135.5%
Earnings per common share – basic, adjusted	\$0.35	\$0.38	(7.9) %	\$0.86	\$0.38	126.3%
Earnings per common share – diluted, adjusted	\$0.28	\$0.31	(9.7) %	\$0.69	\$0.33	109.1%

(1) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5.

(2) Restructuring costs for the nine months ended December 31, 2018 were incurred in connection with our UK capital markets operations. Restructuring costs for the nine months ended December 31, 2017 related to termination benefits incurred as a result of the closing of certain trading operations in the UK & Europe capital markets operations, staff reductions in our Canadian and US capital markets operations, as well as real estate and other integration costs related to the acquisition of Hargreave Hale.

(3) Incentive-based costs related to the acquisition of Hargreave Hale determined with reference to financial targets and other performance criteria recorded under development costs.

(4) Related to costs directly attributable to internal development of software used in our UK wealth management operations  
n.m.: not meaningful

## Business segment results for the three months ended December 31, 2018

				<i>Excluding significant items (A)</i>	<i>IFRS</i>
(C\$ thousands, except per share amounts)	<b>Canaccord Genuity Capital Markets</b>	<b>Canaccord Genuity Wealth Management</b>	<b>Corporate and Other</b>	<b>Total</b>	<b>Total</b>
Revenue	\$209,373	\$115,979	\$6,248	\$331,600	\$331,600
Expenses	(173,649)	(98,136)	(19,206)	(290,991)	(290,991)
Inter-segment allocations	(4,628)	(3,030)	7,658	---	---
Income (loss) before income taxes and significant items	\$31,096	\$14,813	\$(5,300)	\$40,609	\$40,609
<i>Significant items (A)</i>					
Amortization of intangible assets	639	2,745	---	3,384	---
Incentive-based costs related to acquisition	---	1,490	---	1,490	---
Development costs	---	245	---	245	---
Acquisition related costs	---	170	---	170	---
Total significant items	639	4,650	---	5,289	---
Income (loss) before income taxes	31,735	19,463	(5,300)	45,898	40,609
Income (taxes) recovery (B)	(9,142)	(4,035)	4,122	(9,055)	(8,151)
Non-controlling interests	(1)	---	---	(1)	(1)
Preferred share dividends (C)	(1,513)	(838)	---	(2,351)	(2,351)
Corporate and other (C)	(758)	(420)	1,178	---	---
Net income attributable to common shareholders	20,321	14,170	---	34,491	30,106
Dilutive EPS factors					
Interest on convertible debentures, net of tax (C)	1,095	606	---	1,701	1,701
	21,416	14,776	---	36,192	31,807
Average diluted number of shares (D)	129,169	129,169		129,169	129,169
Diluted earnings per share, excluding significant items (A)	<b>\$0.17</b>	<b>\$0.11</b>		<b>\$0.28</b>	
Diluted earnings per share on an IFRS basis					<b>\$0.25</b>

(A) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5.

(B) Allocation of consolidated tax provision based on management estimates by region and by business unit

(C) Allocation to capital markets and wealth management segments based on revenue

(D) This is the diluted share number used to calculate diluted EPS.

## Business segment results for the nine months ended December 31, 2018

				Excluding significant items (A)	IFRS
(C\$ thousands, except per share amounts)	Canaccord Genuity Capital Markets	Canaccord Genuity Wealth Management	Corporate and Other	Total	Total
Revenue	\$544,279	\$344,681	\$16,799	\$905,759	\$905,759
Expenses	(465,830)	(289,129)	(68,579)	(823,538)	(823,538)
Inter-segment allocations	(13,043)	(10,048)	23,091	---	---
Income (loss) before income taxes and significant items	\$65,406	\$45,504	\$(28,689)	82,221	82,221
<i>Significant items (A)</i>					
Amortization of intangible assets	\$1,857	\$8,353	---	\$10,210	---
Restructuring costs	1,316	---	---	1,316	---
Acquisition-related costs	1,173	170	---	1,343	---
Loss on extinguishment of convertible debentures	---	---	13,500	13,500	---
Development costs	---	245	---	245	---
Incentive-based costs related to acquisition	---	4,530	---	4,530	---
Total significant items	4,346	13,298	13,500	31,144	---
Income (loss) before income taxes	69,752	58,802	(15,189)	113,365	82,221
Income (taxes) recovery (B)	(18,771)	(10,449)	6,600	(22,620)	(17,987)
Non-controlling interests	(1,259)	--	--	(1,259)	(1,259)
Preferred share dividends (C)	(4,318)	(2,735)	--	(7,053)	(7,053)
Corporate and other (C)	(5,259)	(3,330)	8,589	---	---
Net income attributable to common shareholders	40,145	42,288	---	82,433	55,922
Dilutive EPS factors					
Interest on convertible debentures, net of tax (C)	3,353	2,123	---	5,476	5,476
	43,498	44,411	---	87,909	61,398
Average diluted number of shares (D)	127,633	127,633		127,633	127,633
Diluted earnings per share, excluding significant items (A)	<b>\$0.34</b>	<b>\$0.35</b>		<b>\$0.69</b>	
Diluted earnings per share on an IFRS basis					<b>\$0.48</b>

(A) Figures excluding significant items are non-IFRS measures. See Non-IFRS Measures on page 5.

(B) Allocation of consolidated tax provision based on management estimates by region and by business unit

(C) Allocation to capital markets and wealth management segments based on revenue

(D) This is the diluted share number used to calculate diluted EPS.



## **Fellow Shareholders:**

In the final months of 2018, global equities suffered steep declines amidst persistent worries over trade and economic growth. In fact, the three-month period ended December 31, 2018 was one of the worst quarters for global equities in many years, as uncertainties over the outlook for the world economy came to a head against a backdrop of tightening global monetary conditions, US-China trade tensions and political uncertainty in the UK and Europe.

Against this backdrop, we achieved our highest firmwide quarterly revenue of \$331.6 million, an increase of 7.2% over the same period a year ago. On an adjusted<sup>1</sup> basis, Canaccord Genuity Group Inc. earned pre-tax income of \$45.9 million and diluted earnings per share of \$0.28, which brings our adjusted pre-tax income and diluted earnings per share for the first nine months of this fiscal year to \$113.4 million and \$0.69 respectively - well ahead of the 12-month results that we achieved in our previous full fiscal year.

With our continued focus on revenue growth and cost discipline, we have achieved meaningful margin improvement, even as we have invested for growth. On an adjusted basis, our pre-tax profit margin for the first nine months of fiscal 2019 increased by 4.2 percentage points when compared to the same period a year ago.

We have also allocated more capital to share buybacks. For the nine months ended December 31, 2018, a total of 1,028,700 shares were purchased and cancelled and we expect to continue our share repurchase program into our fourth fiscal quarter.

### **Our results for the third quarter and first nine months of fiscal 2019 reflect our priority of focusing our efforts on increasing contributions from stable and higher margin businesses, as we pursue opportunities in areas where we have strong domain expertise**

Continuing on this theme, today we announced our acquisition of Petsky Prunier, a premier boutique M&A advisory firm based in New York, with a focus in the mid-market Technology and Healthcare sectors. For some time now, we have been evaluating opportunities to add scale to our U.S. capital markets business with a particular emphasis on growing contributions from higher-margin advisory services. The CG Capital Markets and Petsky Prunier combination creates a powerful offering for clients of both firms, who will benefit from significantly enhanced advisory capability and reach, in addition to the globally integrated sales, trading, and equity research capabilities that our broader capital markets platform provides. Furthermore, this combination is an excellent fit for us culturally and we look forward to significantly advancing our market position for mid-market advisory services in the region.

We have structured a transaction that encourages the partnership and collaboration that we know are integral to driving growth and stability across our platform. The transaction will be accretive to our earnings and we feel confident that it will deliver incremental value for our shareholders, as we diversify our U.S. revenue streams to provide more resiliency in our financial results.

### **Advancing our market leadership through unparalleled mid-market execution and advisory capability**

Our global capital markets business was the strongest contributor to our third fiscal quarter results, having contributed 62.0% of the adjusted pre-tax net income attributable to our combined operating businesses. Total revenue from these operations amounted to \$209.4 million for the quarter, with the most notable contributions coming from our Canadian and U.S. businesses.

Performance in our Canadian operations was driven by higher commissions and fees revenue, reflecting increased contributions by our Jitneytrade operation. While investment banking and advisory revenue decreased modestly compared to the same period a year ago, we maintained our position as the top underwriter for Canadian equities during the three-month period. Most importantly, I would like to highlight that Canaccord Genuity was the leading

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<sup>1</sup> Adjusted earnings is a non-GAAP, non-IFRS measure generally referred to by the company as net income excluding significant items. Refer to non-IFRS measures in the Company's MD&A.

equities underwriter in Canada for calendar 2018 based on league table data provided by FP Infomart. Our U.S. capital markets business delivered its fifth consecutive quarter of profitability, driven by revenue increases across all segments, with notable increases in commissions & fees, investment banking and advisory activities.

As anticipated, our UK & Europe capital markets operation returned to profitability, primarily due to the completion of some significant advisory mandates during the third fiscal quarter, which led to a 19.6% increase year over year in revenue earned by this segment. This business also achieved a notable increase in investment banking revenue during the quarter, in part due to the contributions from our corporate broking team, which has won seven new mandates during the third fiscal quarter, contributing to a total of 23 new engagements for the last twelve months. We have continued to focus on managing this operation to provide more consistent and stable results. Finally, results in our Australian business were impacted by mark-to-market losses on its fee-based inventory positions. That said, this business improved its position in the regional league tables and is advancing nicely into its position as a leading independent mid-market investment bank by deepening domain expertise and relationships in the region to capture additional market share in our core focus sectors.

All said, the market events during our third fiscal quarter created opportunities for us to showcase the agility that our independent platform provides, as we continued to establish our strong track record of delivering successful outcomes for growing companies in varying economic climates.

### **Continuing to grow our wealth management operations in the UK & Europe and Canada**

Total client assets in our global wealth management businesses at the end of our third fiscal quarter amounted to \$60.2 billion, a modest increase compared to the same period a year ago, but a sequential decrease of 8.5%. This decrease was entirely driven by market depreciation during the period and we note that this drop is less severe than those observed in global equities. A more stable market backdrop at the start of our fourth fiscal quarter has supported a return to more normalized valuations, and we continue to add growth across our operations.

Our combined global wealth management operations earned revenue of \$116.0 million for our third quarter, a year-over-year increase of 6.0%, which was primarily driven by higher commission-based and interest revenue in our Canadian business. Adjusted pre-tax net income was unchanged compared to the same quarter of last year, reflecting higher compensation expenses and increased hiring incentives in connection with our growth strategy.

Our Canadian wealth management business has delivered its eighth consecutive quarter of profitability. Assets in this business increased by 26.4% year-over-year, reflecting our recruitment initiatives, in addition to higher market values over the year. At current asset levels, we have greater confidence that this business will continue to be profitable and we are focused on initiatives that will drive longer-term margin improvement.

Subsequent to the end of the quarter, we announced that our UK & Europe wealth management business acquired McCarthy Taylor, an independent financial advisory firm headquartered in Worcester, serving clients across the UK Midlands. The firm provides bespoke financial planning and discretionary investment management and manages client assets of approximately £171 million<sup>2</sup>. In addition to contributing to growth in our client assets, this development advances our objective of expanding our national footprint and broadening our offering of fully integrated investment and wealth planning services in this important region. We remain committed to this business and we have a number of opportunities to expand our offering in the region.

Although we can expect that the impact of market events that began in December 2018 will be moderately evident in our fourth fiscal quarter results, we continue to add to our client assets and build our professional base in Canada and explore acquisition opportunities in the UK & Europe. Looking forward, we are focused on achieving sustainable growth and longevity of client assets, and we are investing in the development of products and strategies to increase our relevance to the clients we serve and capture a greater share of the wealth wallet.

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<sup>2</sup> As of January 4, 2019

The global macroeconomic environment continues to have solid near-term fundamentals and we remain constructive in our outlook for activity levels across our operations over the near- and medium-terms. We see opportunities for productive growth across our businesses and we are allocating our resources accordingly.

In our global wealth management businesses, we continue to hire strategically while looking for opportunities to add scale. We are also investing to expand our product offering and provide the resources our investment professionals need to continue doing great work for our clients. As with any period of change in the market backdrop, we can expect that investor appetite for active portfolio management and other advice-driven services will increase and we are positioning our business accordingly.

The work we do is essential to supporting a vibrant market for small- and mid-sized companies and the investors who follow them and we expect to see a continued need for companies and financial sponsors in all our key markets to transact, as they strive to stay competitive in a rapidly evolving global economy.

We remain focused on serving all our clients well while we manage the firm for profitable growth. We expect that our efforts will continue to translate into stronger and more sustainable returns for our shareholders.

Dan Daviau  
President & CEO  
Canaccord Genuity Group Inc.

## **ACCESS TO QUARTERLY RESULTS INFORMATION**

Interested investors, the media and others may review this quarterly earnings release and supplementary financial information at <https://www.canaccordgenuity.com/investor-relations/investor-resources/financial-reports/>

## **QUARTERLY CONFERENCE CALL AND WEBCAST:**

Interested parties are invited to listen to Canaccord Genuity's third quarter results conference call via live webcast or a toll-free number. The conference call is scheduled for Thursday, February 14, 2019 at 5:00 a.m. Pacific time, 8:00 a.m. Eastern time, 1:00 p.m. UK time, 9:00 p.m. China Standard Time, and midnight Australia EST. 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:

<https://www.canaccordgenuity.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. Q3/19 results call. If a passcode is requested, please use 2376626.

A replay of the conference call will be made available from approximately two hours after the live call on February 14, 2019 until April 14, 2019 at 416-849-0833 or 1-855-859-2056 by entering passcode 2376626 followed by the (#) key.

## **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, the UK, Guernsey, Jersey, the Isle of Man and Australia. Canaccord Genuity Capital Markets, the international capital markets division, operates in North America, the 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.

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**[www.cgf.com](http://www.cgf.com)**

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