



CANACCORD GENUITY GROUP INC. REPORTS THIRD QUARTER FISCAL 2020 RESULTS

Excluding significant items, third quarter earnings per common share of \$0.23 ⁽¹⁾

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

TORONTO, February 5, 2020 –Canaccord Genuity Group Inc. (Canaccord Genuity Group, the Company, TSX: CF) today announced its financial results for the third fiscal quarter ended December 31, 2019.

“Our fiscal third quarter results underscore our consistent progress against our strategic objectives, as all of our business units contributed to firmwide profitability,” said Dan Daviau, President & CEO of Canaccord Genuity Group Inc. “We continue to see momentum for all our business activities heading into the fourth fiscal quarter. We have also identified strategies which we expect will reduce our annual cost base by approximately \$20.0 million and contribute to improving margins going forward.”

Third quarter and nine months fiscal year-to-date highlights:

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

- All businesses and geographies contributed to firmwide profitability for the third fiscal quarter
- Excluding significant items ⁽¹⁾, diluted earnings per common share for the third fiscal quarter were \$0.23 per share (\$0.17 per share on an IFRS basis)
- Excluding significant items ⁽¹⁾, diluted earnings per common share for the first nine months of fiscal 2020 were \$0.64 per share (\$0.45 per share on an IFRS basis), a decrease of 7.2% when compared to the first nine months of fiscal 2019 (and a decrease of 6.3% from \$0.48 per share on an IFRS basis)
- Excluding significant items, third quarter diluted earnings per share contributed by global wealth management operations was 52.2% of the earnings for the quarter
- Total client assets in our global wealth management operations increased by 21% year-over-year to \$72.8 billion, reflecting market gains and contributions from the Company’s expanded Australian operation
- Global capital markets business delivered near record quarterly advisory revenue of \$60.6 million (second highest quarter recorded)
- Third quarter common share dividend of \$0.05 per share
- Returned \$75.4 million of capital to shareholders during the first nine months of fiscal 2020 through common share dividends and buybacks
- Share repurchases during the nine-month period totalled approximately \$45.9 million through a substantial issuer bid and through purchases under our normal course issuer bid, reducing common shares outstanding by 7.2% from the end of fiscal 2019
- \$20.0 million in cost reduction strategies have been identified which will contribute to improving margins moving forward

	Three months ended December 31		Quarter-over- quarter change	Three months ended September 30	
	Q3/20	Q3/19 ⁽⁴⁾		Q2/20	Quarter-over- quarter change
Revenue	\$308,014	\$331,600	(7.1)%	\$270,697	13.8 %
Third fiscal quarter highlights- adjusted¹					
Expenses - excluding significant items ¹	\$277,004	\$285,702	(3.0) %	\$242,125	14.4 %
Earnings per common share – diluted, excluding significant items ¹	\$0.23	\$0.28	(17.9)%	\$0.18	27.8%
Net Income - excluding significant items ^{1,2}	\$30,458	\$36,843	(17.3) %	\$23,760	28.2 %

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

Net Income attributable to common shareholders – excluding significant items ^{1,3}	\$27,619	\$34,491	(19.9) %	\$21,512	28.4 %
Third fiscal quarter highlights- IFRS					
Expenses	\$285,731	\$290,991	(1.8) %	\$254,527	12.3 %
Earnings per common share – diluted	\$0.17	\$0.25	(32.0) %	\$0.10	70 %
Net Income ²	\$22,840	\$32,458	(29.6) %	\$13,178	73.3 %
Net Income attributable to common shareholders ³	\$20,158	\$30,106	(33.0) %	\$11,137	81.0 %
<p>1. Figures excluding significant items are non-IFRS measures. See Non-IFRS measures on page 6 of the MD&A</p> <p>2. Before non-controlling interests and preferred share dividends</p> <p>3. Net income attributable to common shareholders is calculated as the net income adjusted for non-controlling interests and preferred share dividends</p> <p>4. During the nine months ended December 31, 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 nine month periods ended December 31, 2018. The comparatives for the prior period have been restated accordingly.</p>					

Core business performance highlights:

Canaccord Genuity Wealth Management

The Company's combined global wealth management operations earned revenue of \$128.4 million for the third fiscal quarter, a year-over-year increase of 10.7%. Excluding significant items ⁽¹⁾, the pre-tax net income contribution from this segment was \$18.6 million, which represents 60.0% 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 \$46.0 million in revenue and, after intersegment allocations and before taxes, recorded net income of \$4.1 million in Q3/20
- Wealth management operations in the UK & Europe generated \$71.3 million in revenue and, after intersegment allocations, and excluding significant items ⁽¹⁾, recorded net income of \$14.3 million before taxes in Q3/20
- Wealth management operations in Australia generated \$11.1 million in revenue and, after intersegment allocations, and excluding significant items ⁽¹⁾, recorded net income of \$0.1 million before taxes in Q3/20

Third quarter revenue in the Company's UK & Europe wealth management business increased by 15.4% 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 ⁽¹⁾, the pre-tax profit margin in this business was 20.1% for the three-month period and 20.7% for the year-to-date.

Revenue in the Company's North American wealth management business decreased by 15.1% year-over-year, primarily due to decreased investment banking revenue from lower new issue activity when compared to the same period in the prior year. The pre-tax profit margin in this business decreased to 9.0% for the three-month period and decreased by 1.1 p.p. to 13.1% for the first nine months of the fiscal year.

The Company's Australian wealth management business earned revenue of \$11.1 million, reflecting contributions from the recent acquisition of Patersons Securities Limited, which was completed on October 21, 2019.

Total client assets in the Company's global wealth management businesses at the end of the third fiscal quarter amounted to \$72.8 billion.

- Client assets in North America were \$21.0 billion as at December 31, 2019, an increase of 2.8% from \$20.4 billion at the end of the previous quarter and an increase of 14.9% from \$18.3 billion at December 31, 2018.
- Client assets in the UK & Europe were \$48.1 billion (£28.1 billion) as at December 31, 2019, an increase of 8.9% from \$44.2 billion (£27.1 billion) at the end of the previous quarter and an increase of 16.9% from \$41.2 billion (£23.8 billion) at December 31, 2018.

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

- Client assets in Australia held in our investment management platforms were \$3.7 billion as at December 31, 2019, primarily reflecting contributions from the acquisition of Patersons Securities Limited. In addition, client assets totalling \$11.0 billion are also held in other accounts on our Australian wealth management trading platform.

Canaccord Genuity Capital Markets

Globally, Canaccord Genuity Capital Markets earned revenue of \$174.2 million for the third fiscal quarter and \$512.9 million for the first nine months of the fiscal year, representing decreases of 16.8% and of 5.8% respectively when compared to the same periods a year ago primarily as a result of decreased trading and investment banking activity during the current fiscal year. Excluding significant items ⁽¹⁾, this segment contributed pre-tax net income of \$16.0 million for the third quarter and \$45.2 million for the first nine months of fiscal 2020.

- Canaccord Genuity Capital Markets led or co-led 52 investment banking transactions globally, raising total proceeds of C\$2.0 billion during fiscal Q3/20.
- Canaccord Genuity Capital Markets participated in 108 investment banking transactions globally, raising total proceeds of C\$8.7 billion during fiscal Q3/20.

The Company's US capital markets business was the largest contributor of revenue in this segment for the three-month period with revenue of \$82.2 million, which included a 125.3% year-over-year increase in advisory revenue, reflecting contributions from the Petsky Prunier acquisition which closed in Q4/19.

Revenue in our Canadian capital markets operations decreased by 42.3% year-over-year as a result of lower investment banking and advisory activities and lower commissions and fees revenue. Even with this decrease in revenue this business continues to be a top-ranked domestic underwriter in Canada. For calendar 2019, Canaccord Genuity Capital Markets in Canada was ranked #1 for IPOs and the #2 equities underwriter based on league table data provided by Bloomberg.

Excluding significant items, the UK & Europe capital markets business earned pre-tax net income of \$3.4 million for the third quarter, increasing its pre-tax net income for the year to \$2.8 million. This business was tied for the number 1 ranking on AIM in the UK for the number of ECM deals in calendar 2019 based on league table data provided by Acuris.

Revenue in the quarter for the Australian capital markets business was more than double the revenue earned for the three months ended December 31, 2018.

Summary of Corporate Developments:

During the nine months ended December 31, 2019, the Company purchased a total of 8,485,383 common shares for cancellation. There were 7,272,727 shares purchased and cancelled under a substantial issuer bid that commenced on July 3, 2019 and completed on August 9, 2019. There were an additional 1,202,856 shares purchased and cancelled under the current NCIB and 9,800 shares that were purchased but not yet cancelled as of December 31, 2019.

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

As part of ongoing efforts to control and manage costs the Company has identified strategies which are expected to reduce the Company's annual cost base by approximately \$20.0 million. The Company expects to implement these strategies during the course of fiscal 2021.

Results for the Third 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 and restructuring 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 acquisition and growth initiatives in the UK & Europe wealth business

In addition, results for the quarter were impacted by the recognition of \$6.0 million of deferred tax assets in the Company's US operations which, because of historical losses, had not been recognized previously. This deferred tax asset recognition resulted in an effective tax rate of 1.8% for the quarter on an adjusted basis and a tax recovery rate of 2.5% on an IFRS basis.

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

Selected financial information excluding significant items ⁽¹⁾:

(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
	2019	2018		2019	2018 restated ⁽³⁾	
Total revenue per IFRS	\$308,014	\$331,600	(7.1)%	\$904,219	\$905,759	(0.2)%
Total expenses per IFRS	\$285,731	\$290,991	(1.8)%	\$834,414	\$818,646	1.9%
Revenue						
Total revenue excluding significant items	\$308,014	\$331,600	(7.1)%	\$904,219	\$905,759	(0.2)%
Expenses						
<i>Significant items recorded in Canaccord Genuity Capital Markets</i>						
Amortization of intangible assets	\$2,458	\$639	284.7%	\$7,394	\$1,857	298.2%
Restructuring costs	-	-	-	-	\$1,316	(100.0)%
Acquisition- related costs	-	-	-	\$1,806	\$1,173	54.0%
<i>Significant items recorded in Canaccord Genuity Wealth Management</i>						
Amortization of intangible assets	\$3,445	\$2,745	25.5%	\$10,016	\$8,353	19.9%
Restructuring costs	\$1,250	-	n.m.	\$2,348	-	n.m.
Acquisition-related costs	-	\$170	(100.0)%	\$2,308	\$170	n.m.
Incentive-based costs related to acquisitions ⁽²⁾	\$1,574	\$1,490	5.6%	\$4,435	\$4,530	(2.1)%
Development costs	-	\$245	(100.0)%	-	\$245	(100.0)%
<i>Significant items recorded in Corporate and Other</i>						
Loss on extinguishment of convertible debentures	-	-	-	-	\$8,608	(100.0)%
Total significant items	\$8,727	\$5,289	65.0%	\$28,307	\$26,252	7.8%
Total expenses excluding significant items	\$277,004	\$285,702	(3.0)%	\$806,107	\$792,394	1.7%
Net income before taxes – adjusted	\$31,010	\$45,898	(32.4)%	\$98,112	\$113,365	(13.5)%
Income taxes – adjusted	\$552	\$9,055	(93.9)%	\$13,240	\$22,620	(41.5)%
Net income - adjusted	\$30,458	\$36,843	(17.3)%	\$84,872	\$90,745	(6.5)%
Net income attributable to common shareholders, adjusted	\$27,619	\$34,491	(19.9)%	\$77,349	\$82,433	(6.2)%
Earnings per common share – basic, adjusted	\$0.29	\$0.35	(17.1)%	\$0.77	\$0.86	(10.5)%
Earnings per common share – diluted, adjusted	\$0.23	\$0.28	(17.9)%	\$0.64	\$0.69	(7.2)%
(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 nine months ended December 31, 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 nine month ended December 31, 2018. The comparatives for the prior period have been restated accordingly.						

Financial condition at the end of third quarter fiscal 2020 vs. second quarter of fiscal 2020:

- Cash and cash equivalents balance of \$548.7 million, an increase of \$89.5 million from \$459.2 million
- Working capital of \$533.8 million, a decrease of \$12.7 million from \$546.5 million
- Total shareholders' equity of \$851.2 million, an increase of \$15.0 million from \$836.2 million

Common and Preferred Share Dividends:

On February 5, 2020, the Board of Directors approved a dividend of \$0.05 per common share, payable on March 10, 2020, with a record date of February 28, 2020.

On February 5, 2020, the Board approved a cash dividend of \$0.24281 per Series A Preferred Share payable on March 31, 2020 to Series A Preferred shareholders of record as at March 20, 2020.

On February 5, 2020, the Board approved a cash dividend of \$0.31206 per Series C Preferred Share payable on March 31, 2020 to Series C Preferred shareholders of record as at March 20, 2020.

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/

CONFERENCE CALL AND WEBCAST PRESENTATION

Interested parties are invited to listen to Canaccord Genuity's Third quarter fiscal 2020 results conference call via live webcast or a toll-free number. The conference call is scheduled for Thursday February 6, 2020 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/

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. Q3/20 results call. If a passcode is requested, please use 8444899.

A replay of the conference call will be made available from approximately two hours after the live call on February 6, 2020 until April 7, 2020 at 416-849-0833 or 1-855-859-2056 by entering passcode 8444899

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 capital markets 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:

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www.cgf.com/investor-relations

None of the information on the Company's websites at www.cgf.com should be considered incorporated herein by reference.