

Press Release

Guardian Capital Group Limited (TSX: GCG; GCG.A) Announces 2016 Operating Results

Toronto, Ontario, February 22, 2017

All per share figures disclosed below are stated on a diluted basis.

For the years ended December 31		
<i>(\$ in thousands, except per share amounts)</i>	2016	2015
Net revenue	\$ 142,686	\$ 132,911
Operating earnings	44,667	42,998
Net gains	38,617	11,040
Net earnings available to shareholders	69,475	44,105
EBITDA ⁽¹⁾	\$ 49,549	\$ 47,826
Adjusted cash flow from operations ⁽¹⁾	38,659	38,347
Per Share:		
Net earnings available to shareholders	\$ 2.32	\$ 1.44
EBITDA ⁽¹⁾	1.66	1.56
Adjusted cash flow from operations ⁽¹⁾	1.30	1.25
As at December 31		
<i>(\$ in millions, except per share amounts)</i>	2016	2015
Assets under management	\$ 27,280	\$ 24,278
Assets under administration	16,489	14,943
Shareholders' equity	580	504
Value of corporate holdings of securities	620	540
Per Share:		
Shareholders' equity	\$ 19.62	\$ 16.55
Value of corporate holdings of securities	20.97	17.72

The Company completed another successful year in 2016, reaching historic highs again in many of its key financial measures. Based on the strong 2016 fiscal performance, the Board of Directors are pleased to announce a quarterly eligible dividend of \$0.10 per share, an increase of 17.6%, payable on April 18, 2017, to shareholders of record on April 11, 2017.

Assets under management ("AUM") were \$27.3 billion as at December 31, 2016, an increase of 12% from \$24.3 billion as at December 31, 2015. The increase in AUM was due largely to the positive returns in the Canadian equity market, to which the Company's institutional AUM is over 50% exposed. The positive market performance was partially offset by net redemptions in Canadian equities from retail intermediary mandates and by institutional investors rebalancing their portfolios, after strong returns, especially in the fourth quarter of 2016. This trend is expected to continue into early 2017. Assets under administration were \$16.5 billion as at December 31, 2016, an increase of 10% from \$14.9 billion as at December 31, 2015.

The Company's operating earnings for the year were \$44.7 million, a 4% growth from \$43.0 million in 2015. The growth in operating earnings was aided by the significant growth in Q4 operating earnings, especially from the MGA business that delivered record sales in premiums on life insurance policies sold, as clients accelerated their decisions to buy policies before changes to income tax legislation came into effect in the new year. The sales in life insurance policies are expected to revert to more normal levels in early 2017. The growth in 2016 operating earnings was achieved while continuing to make strategic investments in the business. Included in 2016 operating earnings were \$4.8 million operating losses associated with developing less mature businesses to support our future growth, including our new initiative to expand marketing and distribution capabilities in the US market. In 2015, these investments amounted to \$3.5 million in operating losses.

Net earnings available to shareholders for the year were \$69.5 million (\$2.32 per share), a 58% growth compared to \$44.1 million (\$1.44 per share), for 2015. The increase in net earnings available to shareholders was due to the combination of growth in operating earnings and the significant increase in net gains in 2016, that included gains on the sale of just over 0.5 million in Bank of Montreal shares.

EBITDA⁽¹⁾ for the year was \$49.5 million, or \$1.66 per share, compared to \$47.8 million, or \$1.56 per share for 2015. Adjusted cash flow from operations⁽¹⁾ for the year was \$38.7 million, or \$1.30 per share, compared to \$38.3 million, or \$1.25 per share for 2015. The increases in each of these measures reflect the growth in operating earnings for the

year. These two non-IFRS financial measures used by the Company are defined in its quarterly and annual Management's Discussion and Analysis.

The Company's shareholders' equity as at December 31, 2016 was \$580 million, or \$19.62 per share, compared to \$504 million, or \$16.55 per share, at December 31, 2015. The fair value of the Company's holdings of securities as at December 31, 2016 was \$620 million, or \$20.97 per share, compared to \$540 million, or \$17.72 per share, as at December 31, 2015.

The following table summarizes Guardian's financial results for the past eight quarters.

Three months ended	Dec 31,	Sep 30,	Jun 30,	Mar 31,	Dec 31,	Sep 30,	Jun 30,	Mar 31,
<i>(\$ in thousand, except per share amounts)</i>	2016	2016	2016	2016	2015	2015	2015	2015
Net revenue	\$ 38,240	\$ 35,185	\$ 34,191	\$ 35,070	\$ 34,353	\$ 33,188	\$ 33,066	\$ 32,304
Operating earnings	12,371	10,646	10,300	11,350	10,256	10,876	11,390	10,476
Net gains (losses)	10,754	10,057	1,028	16,778	9,658	(2,407)	602	3,187
Net earnings	19,859	17,475	9,169	24,072	17,362	6,278	9,786	11,551
Net earnings available to shareholders	19,417	17,353	8,887	23,818	17,138	6,053	9,604	11,310
Shareholders' equity	580,177	545,339	513,939	497,656	504,255	470,533	473,944	477,901
Net earnings available to shareholders per Class A and Common share								
Basic	\$ 0.69	\$ 0.61	\$ 0.31	\$ 0.83	\$ 0.59	\$ 0.21	\$ 0.33	\$ 0.38
Diluted	0.65	0.58	0.30	0.79	0.56	0.20	0.31	0.37
Shareholders' equity per Class A and Common share								
Basic	\$ 20.75	\$ 19.11	\$ 18.08	\$ 17.51	\$ 17.37	\$ 15.96	\$ 16.08	\$ 16.15
Diluted	19.62	18.07	17.10	16.63	16.55	15.23	15.32	15.42
Dividends paid	\$ 0.085	\$ 0.085	\$ 0.085	\$ 0.075	\$ 0.075	\$ 0.075	\$ 0.075	\$ 0.065

Guardian Capital Group Limited is a diversified financial services company founded in 1962. Guardian provides institutional and high net worth investment management services to clients; financial services to international investors; and services to financial advisors in its national mutual fund dealer, securities dealer, and insurance distribution network. Its Common and Class A shares are listed on The Toronto Stock Exchange.

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⁽¹⁾ The Company's management uses EBITDA and Adjusted cash flow from operations to evaluate and assess the performance of its business. These two measures do not have standardized meaning under International Financial Reporting Standards ("IFRS"), and are therefore unlikely to be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these measures in analyzing the Company's results. The Company defines EBITDA as net earnings before interest, income taxes, amortization, stock-based compensation, net gains or losses and net gains or losses on securities held for sale, less amounts attributable to non-controlling interest. The Company defines Adjusted cash flow from operations as Net cash from operating activities, net of changes in non-cash working capital items and net of non-controlling interests. The most comparable IFRS measures are Net earnings, which was \$70,575 for the year ended December 31, 2016 (2015 - \$44,977), and Net cash from operating activities, which was \$42,515 for the year ended December 31, 2016 (2015 - \$33,777). More detailed descriptions of these two non-IFRS measures are provided in the Company's annual Management's Discussions and Analysis, including a reconciliation of these measures to their most comparable IFRS measures.