



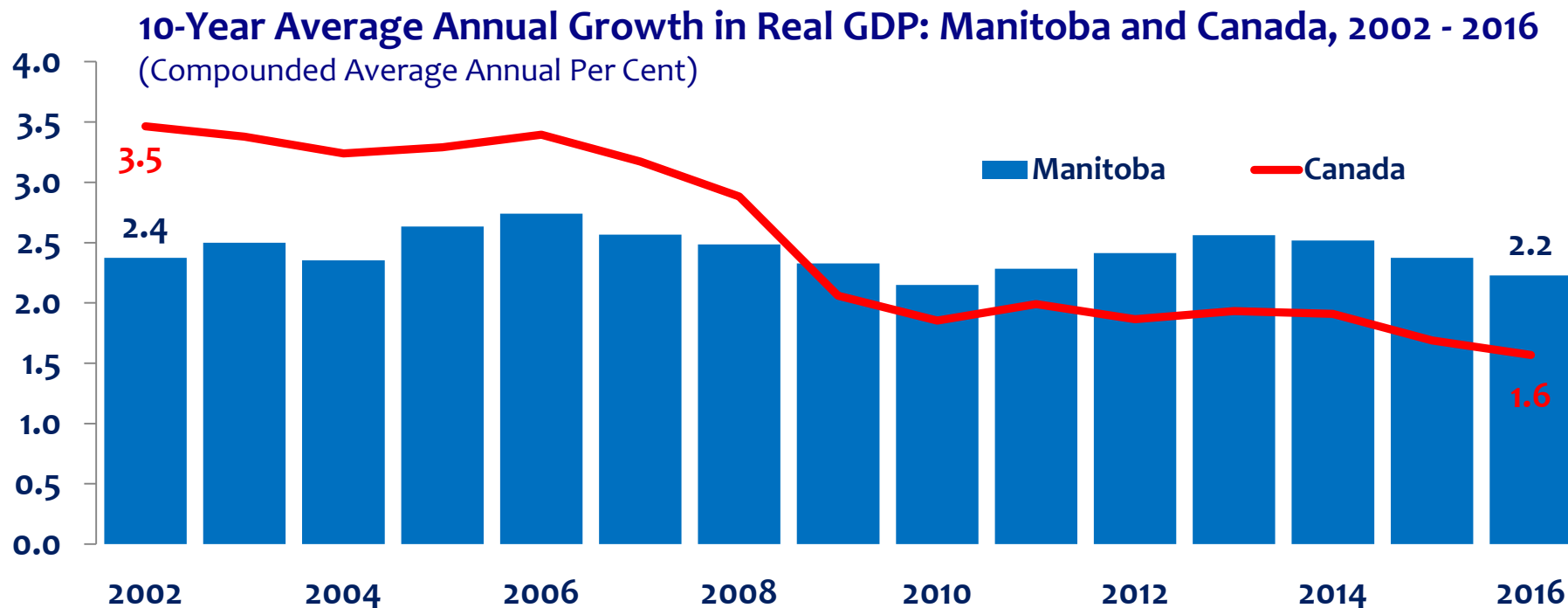
Economic, Fiscal and Borrowing Update



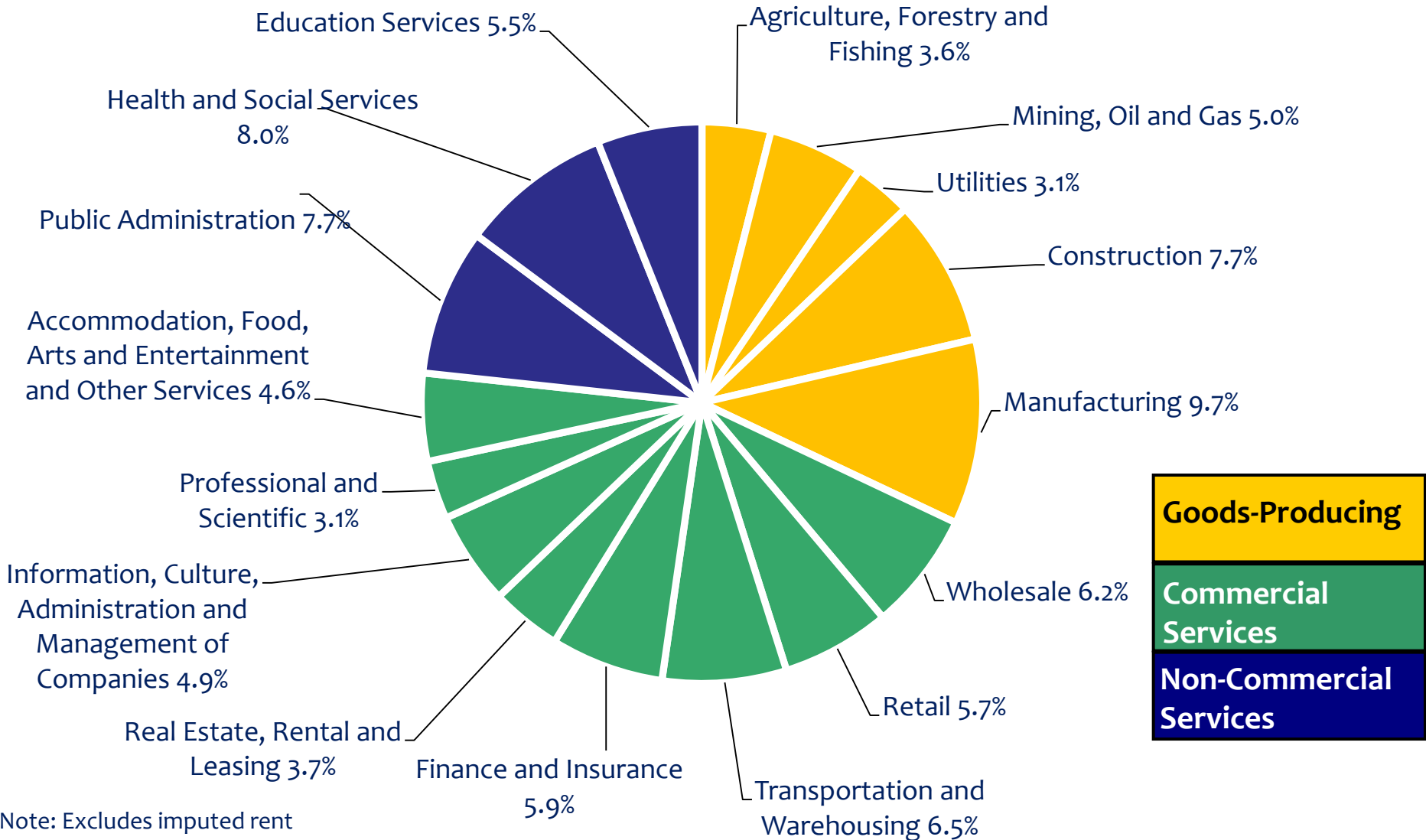
- One of ten Canadian provinces (fifth-largest in population)
- Centrally located in North America with a comprehensive transportation and communication network
- Total area 650,000 km²
- Population: 1.34 million, the fastest growing province in the last three years
- Capital: Winnipeg, Pop. 849,500
- Extensive natural resources (minerals, forests, fertile soil, freshwater lakes)
- Sound credit rating: Moody's: Aa2 (stable) and S&P: A+ (stable)



- Diversified economy, with a majority of medium-sized industries.
- Economic activity and jobs are not focused on one particular sector or area, as a result, long-term progress is balanced by growth across different sectors.
- Manitoba's 10-year average annual real GDP growth has been relatively stable over the last 15 years, while the national average has declined.



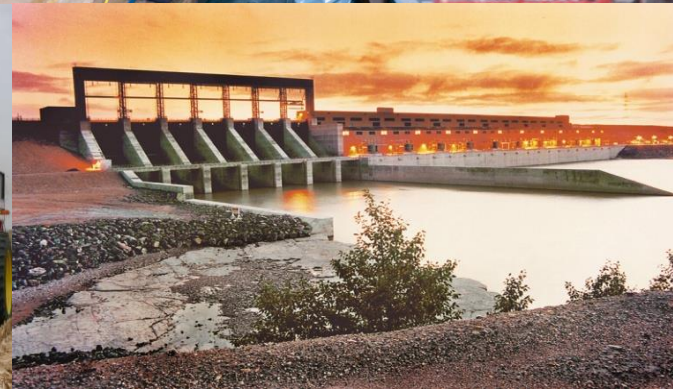
GDP By Industry Shares, 2016



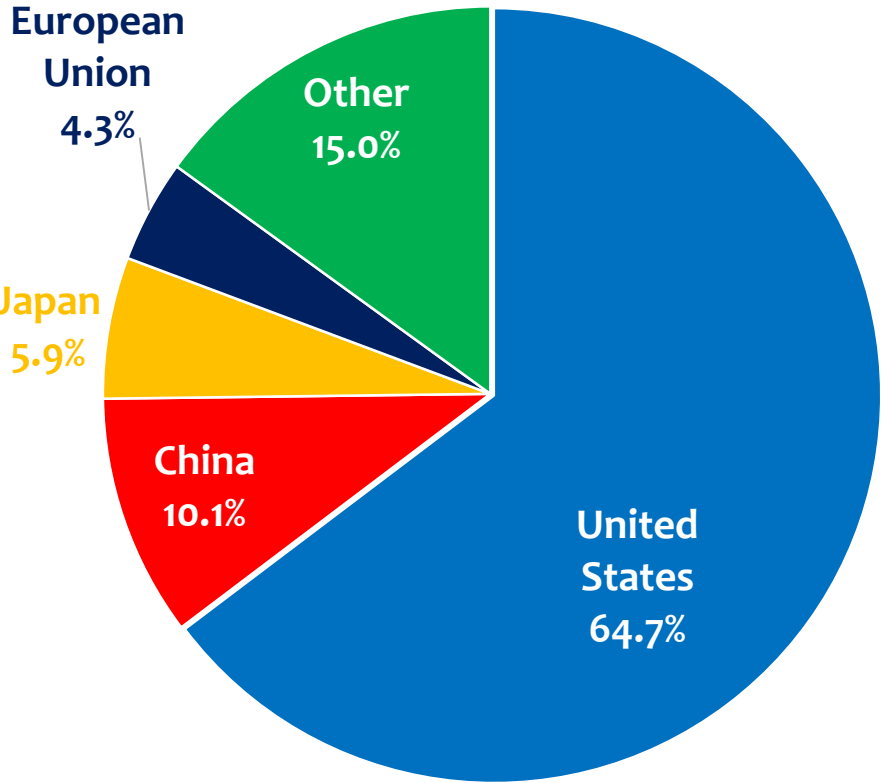
Note: Excludes imputed rent

Manitoba's Broad Export Base

- Grains, Oilseeds and Livestock
- Aerospace Components and Service
- Transit and Inter-City Buses
- Processed Food Products
- Machinery and Equipment
- Mining and Oil Extraction
- Electricity (Mostly Hydro)
- Industrial Chemicals
- Pharmaceuticals

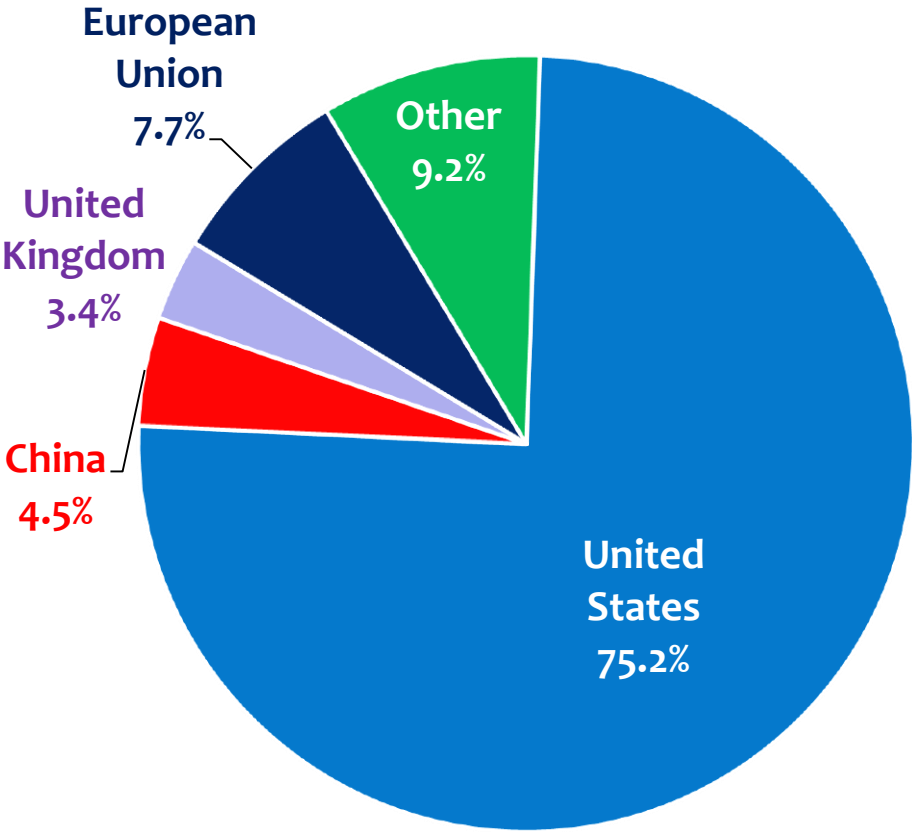


Manitoba International Exports, 2017



Manitoba: 35% Non-U.S Exports

Canada International Exports, 2017



Canada: 25% Non-U.S Exports



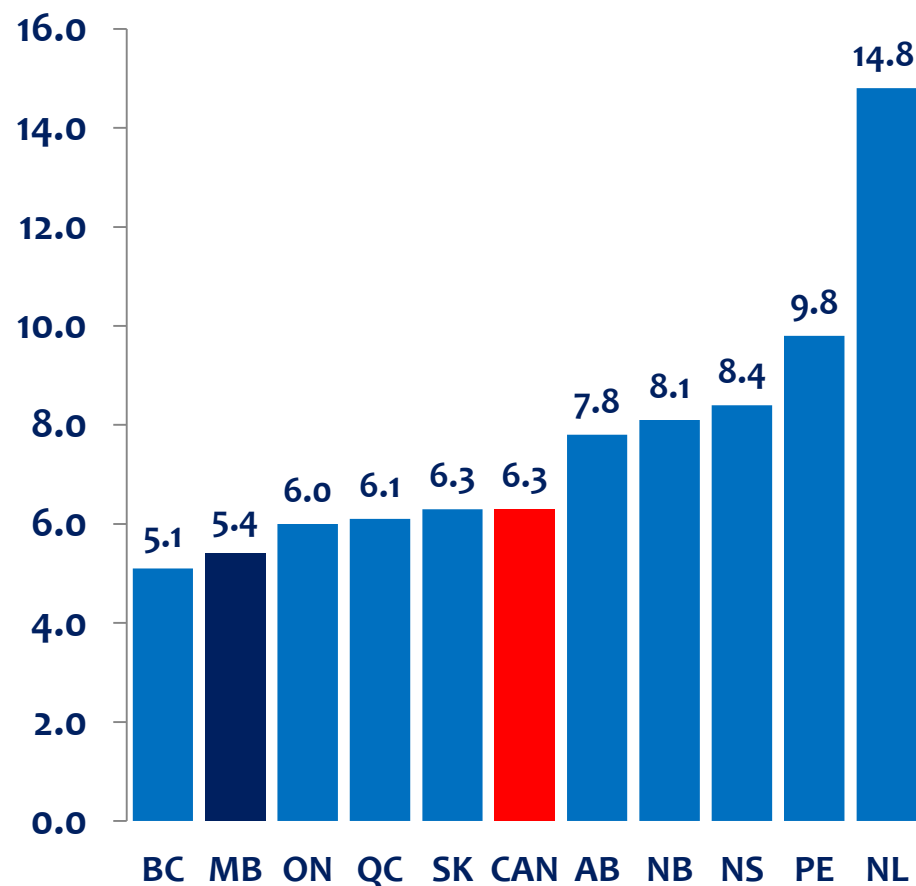
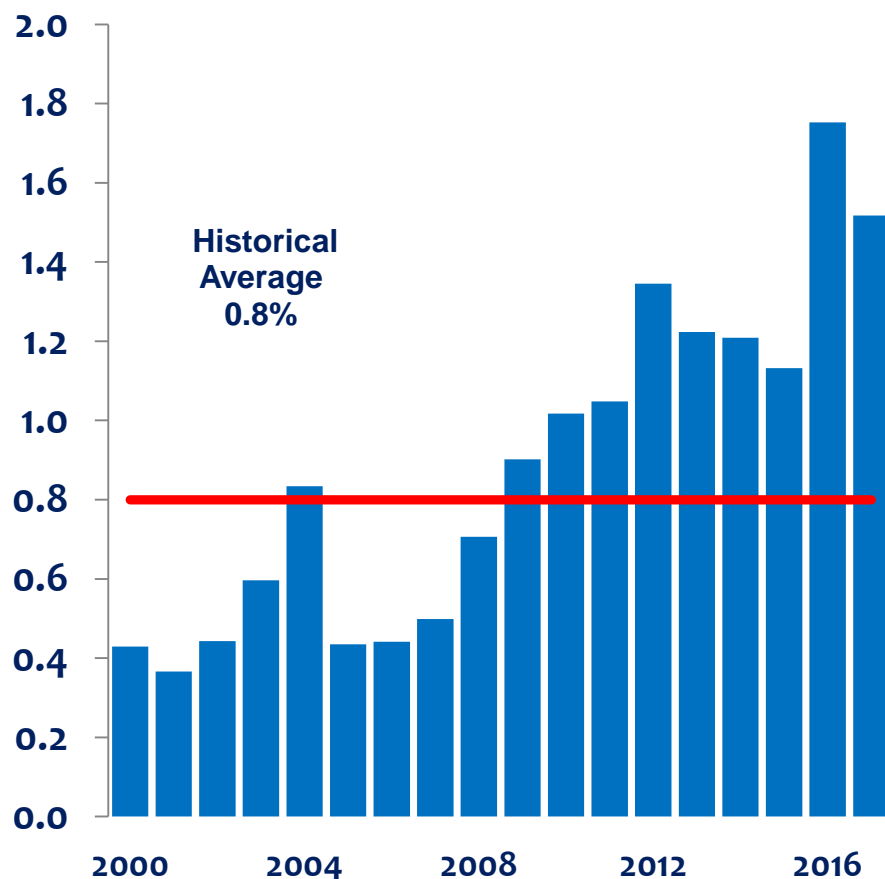
Annual Population Growth, 2000 – 2017

(Per Cent)

Unemployment Rate, 2017

(Per Cent)

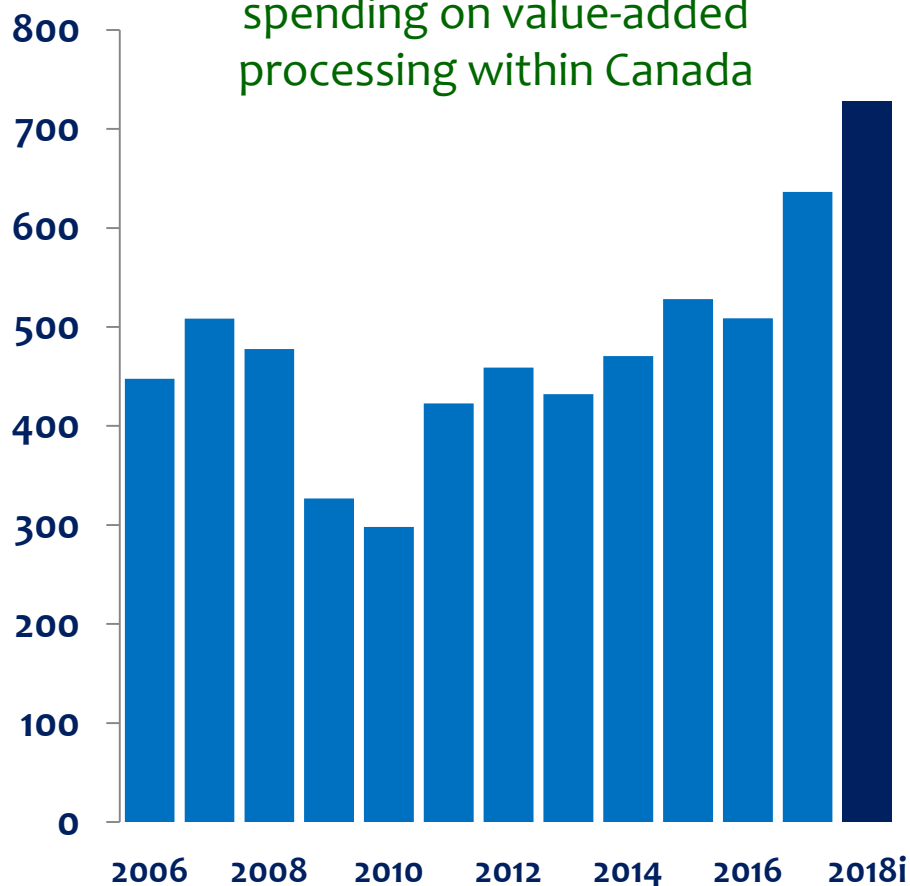
Fastest population growth among provinces over the past three years, while maintaining the second lowest unemployment rate.



Capital Investment In Manufacturing, 2006-2018i

(In Millions of Dollars)

Acceleration of capital spending on value-added processing within Canada



Increasing farm diversification and employment, especially in rural areas.

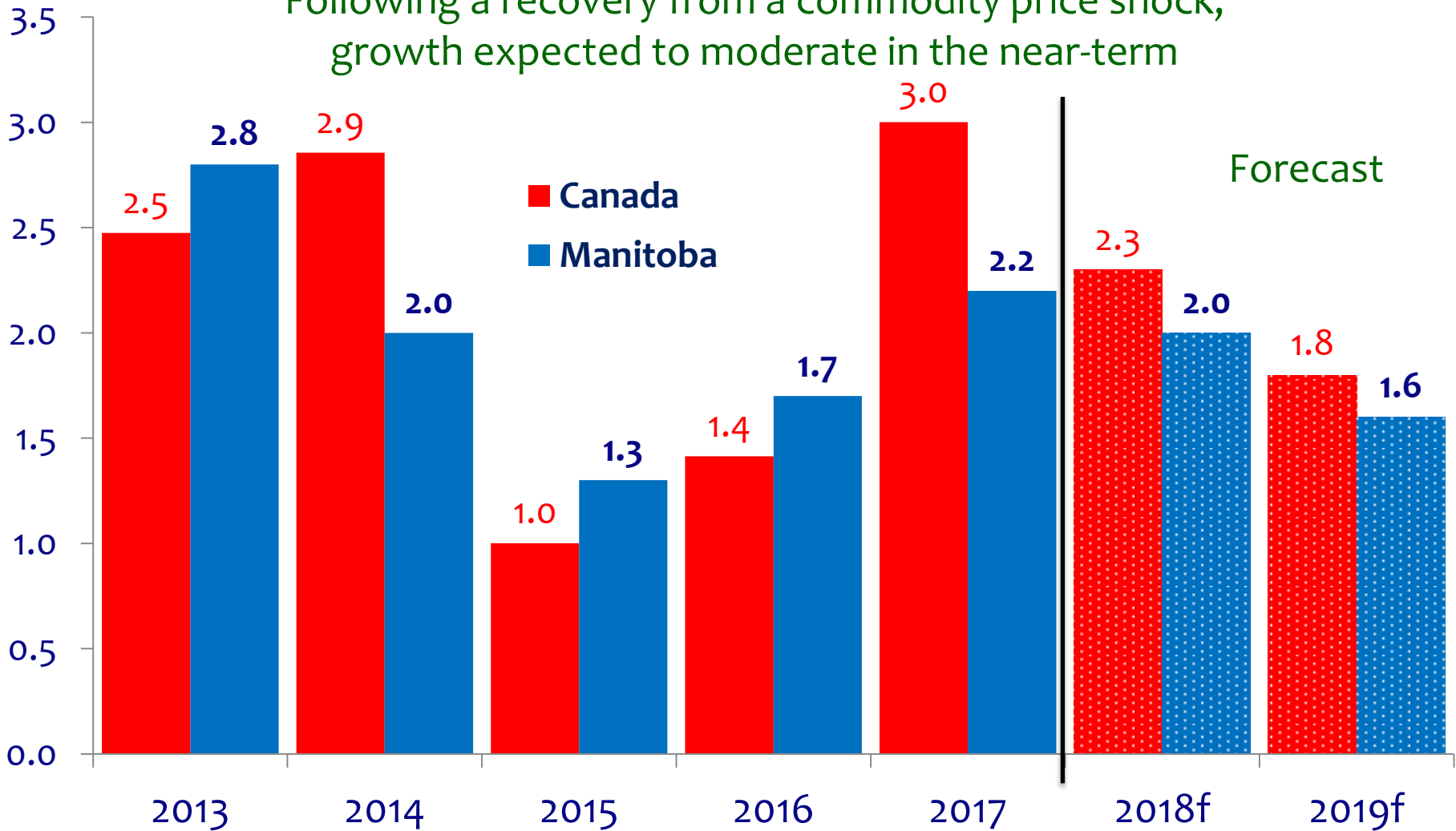
Broadening Manitoba's export base and improving agriculture competitiveness and profitability.

- HyLife is expanding its Integrated Pork Production and Processing System. Adding more processing capacity and up to four finisher sites.
- Roquette is building the world's largest pea-protein processing facility in Manitoba.
- Simplot plans to more than double its food processing capacity for frozen french fries and formed potatoes.

Real GDP Growth, 2013 – 2019f

(Per Cent)

Following a recovery from a commodity price shock, growth expected to moderate in the near-term



Forecast



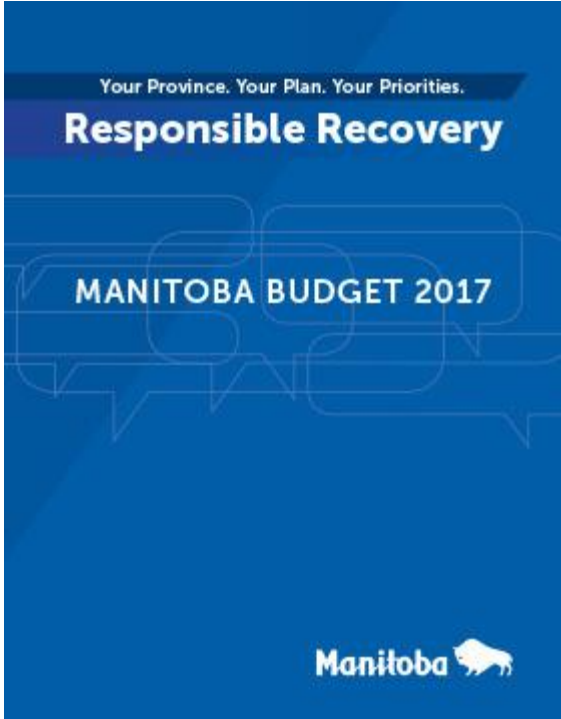
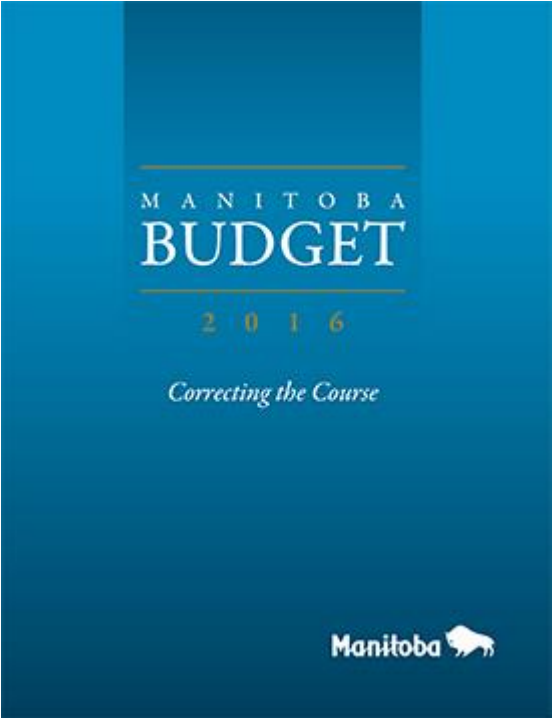
f – Forecast based on Manitoba Finance Survey of Economic Forecasts

Sources: Statistics Canada, Manitoba Bureau of Statistics and Manitoba Finance Survey of Economic Forecasts

Manitoba Finance Survey of Economic Forecasts

(As at April 2018)

	2018f		2019f	
	Manitoba	Canada	Manitoba	Canada
Percent Growth Unless Noted				
Real GDP	2.0	2.3	1.6	1.8
Nominal GDP	3.8	4.1	3.5	3.8
Employment	0.8	1.4	0.5	0.9
Unemployment Rate (%)	5.3	5.9	5.3	5.8
Consumer Prices	2.1	2.0	2.1	2.0



Bending the Cost Curve

- Streamlining collective bargaining agreement and establishing sustainable salary expectations.
- Reducing core government management by 15%.
- Return on investment test for capital spending.
- Transformation Management Office to oversee health care spending.
- Spending below budget levels for the past two years – the first time this has been done in almost 15 years.

Manitoba's Competitive Tax Disadvantage

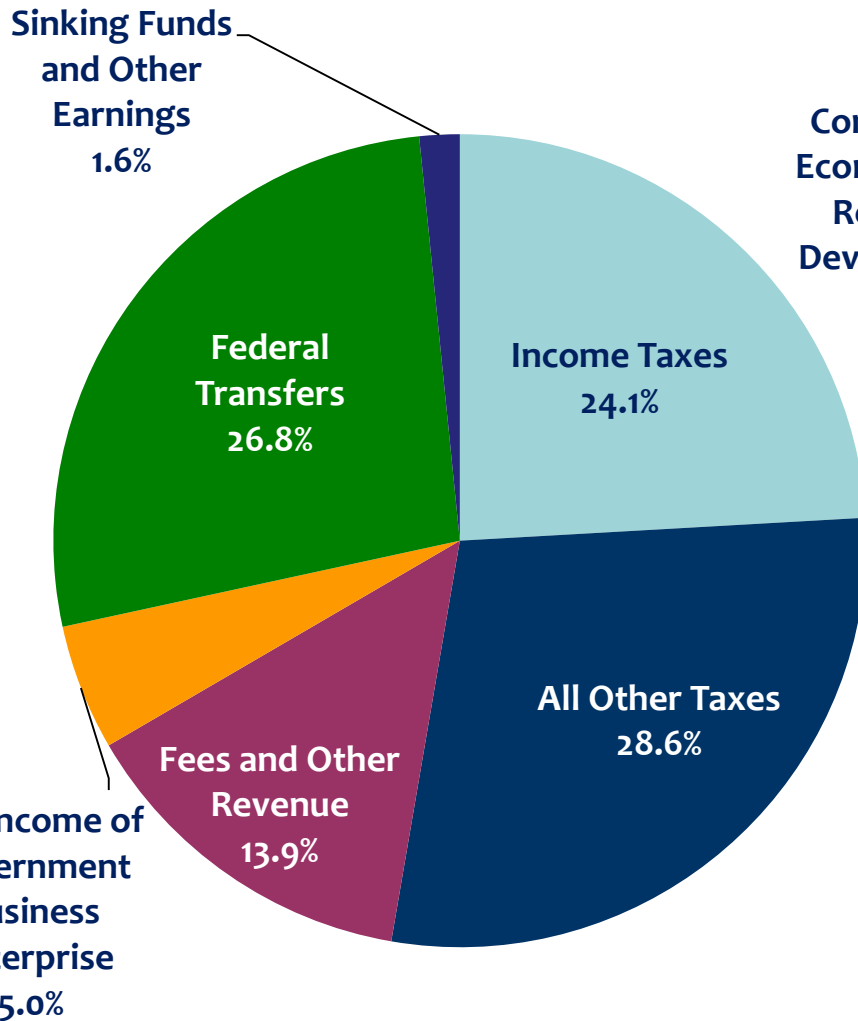
- Bringing Manitoba's tax regime in line with other provinces.

Supporting the Economy

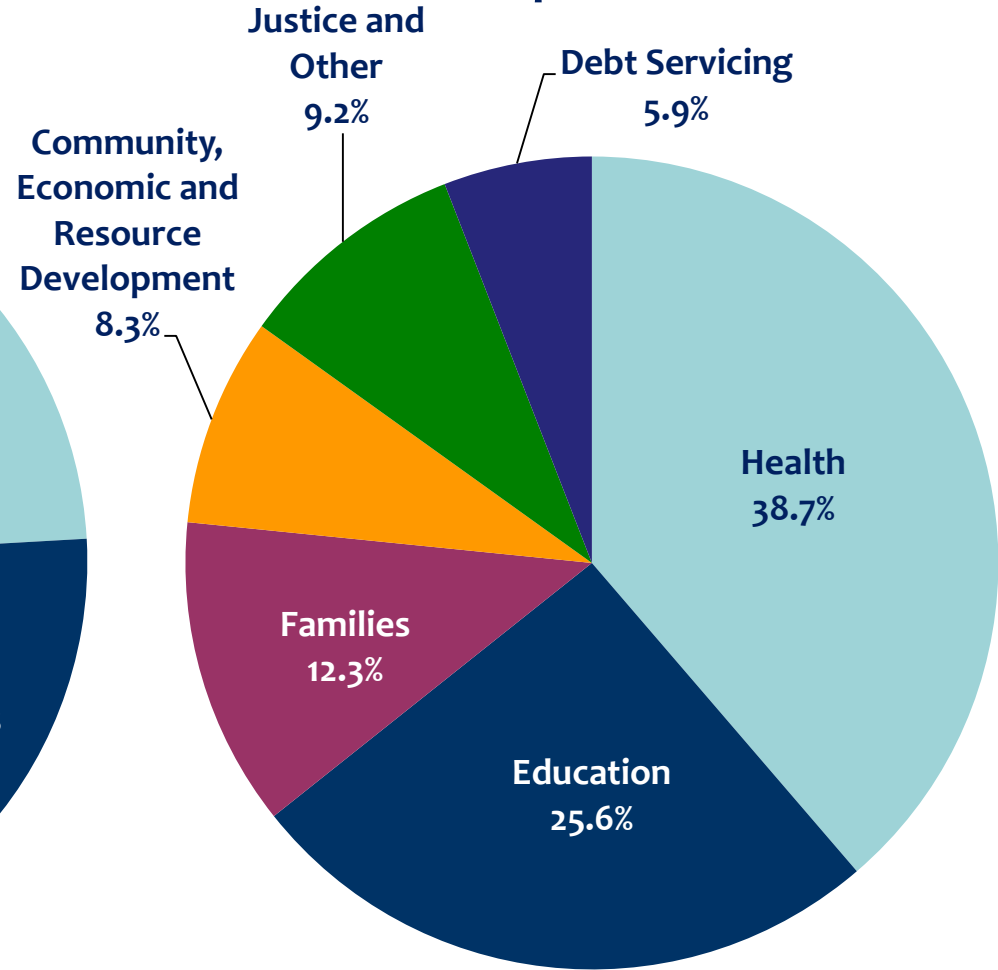
- Commitment to annually spend at least \$1 billion on strategic infrastructure.
- The level of investment in 2018/19 is over \$1.6 billion, exceeding the commitment.



Revenues

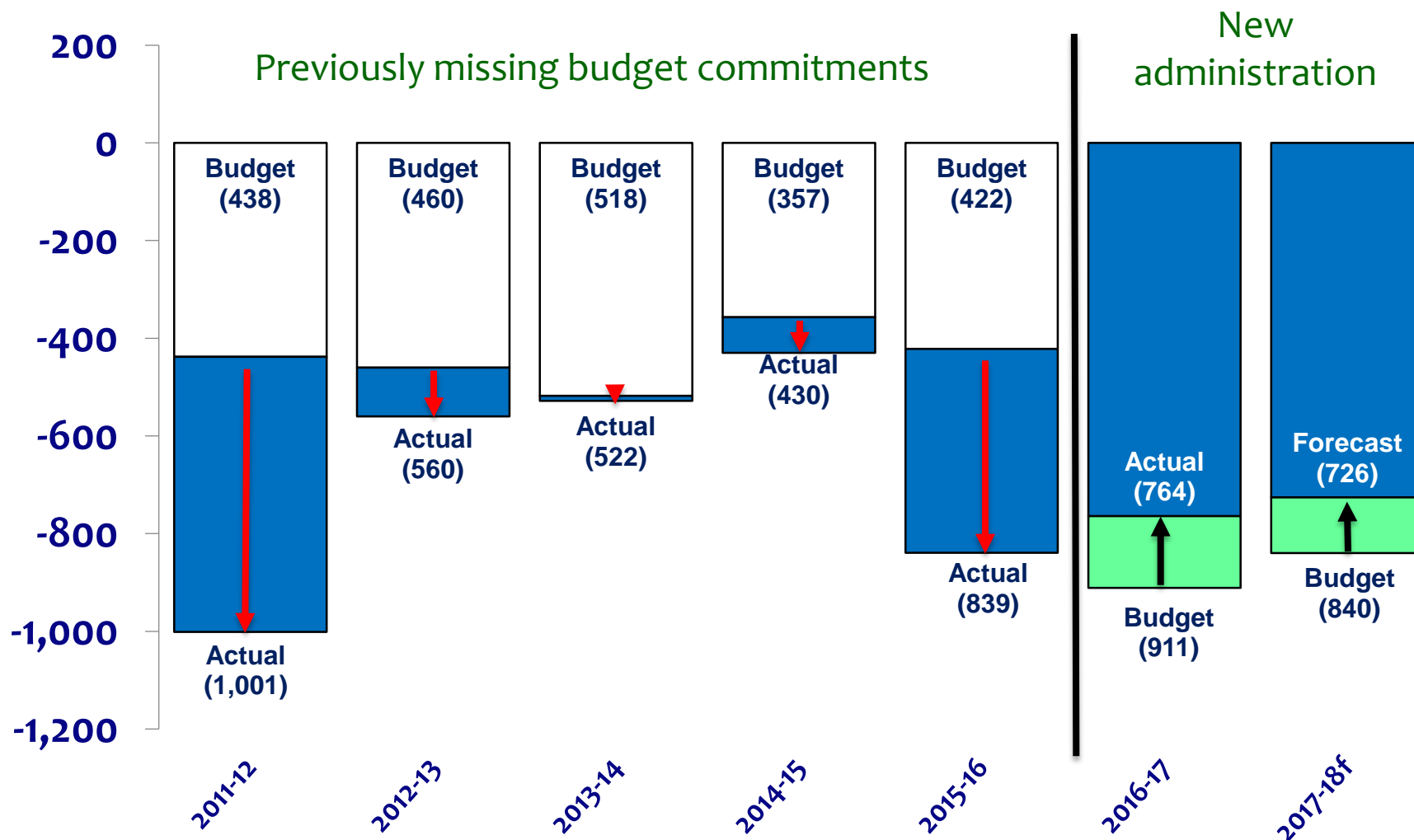


Expenses



Budget vs. Actual/Forecast Annual Surplus (Deficit), 2011-12 to 2017-18f

(In Millions of Dollars)

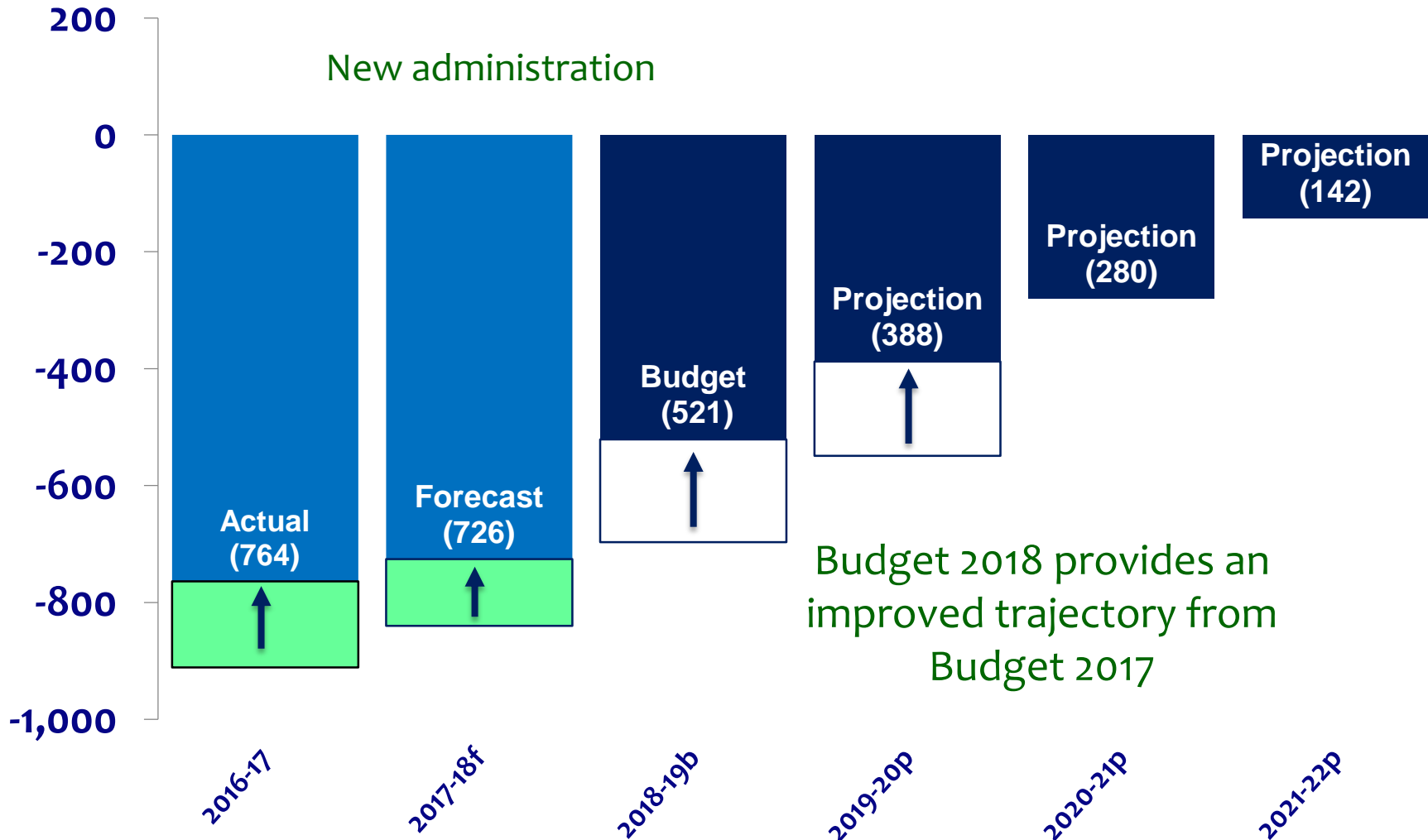


f – forecast

Source: Manitoba Finance

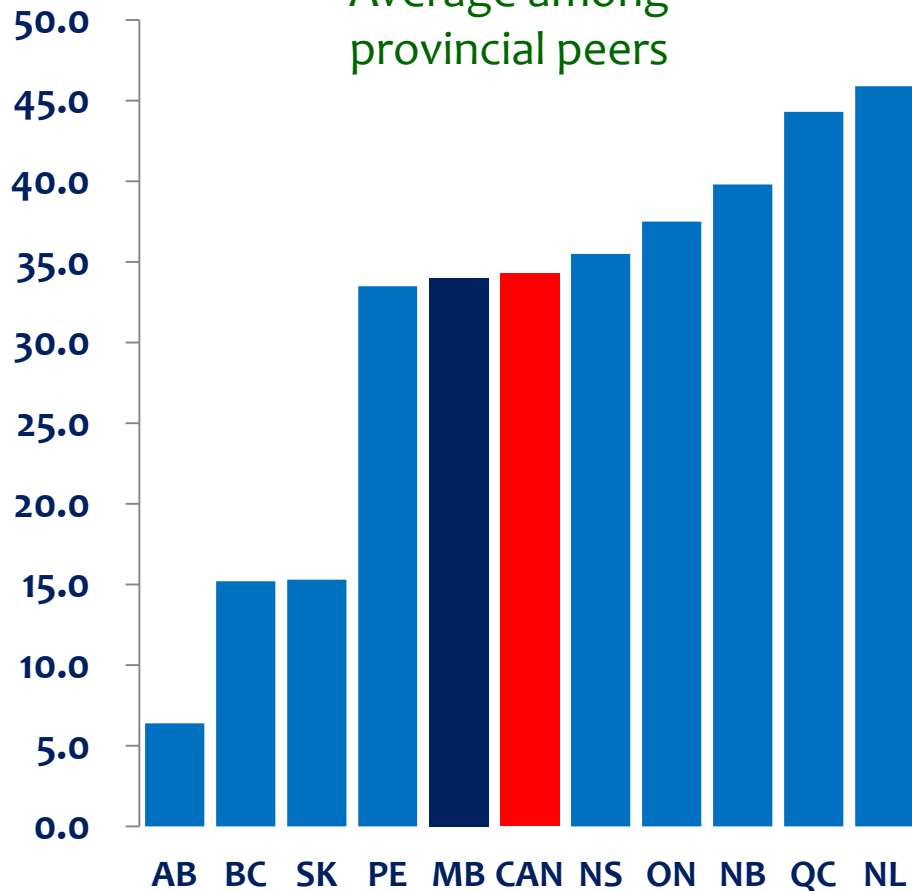
Annual Surplus (Deficit), 2016-17 to 2021-22p (In Millions of Dollars)

New administration



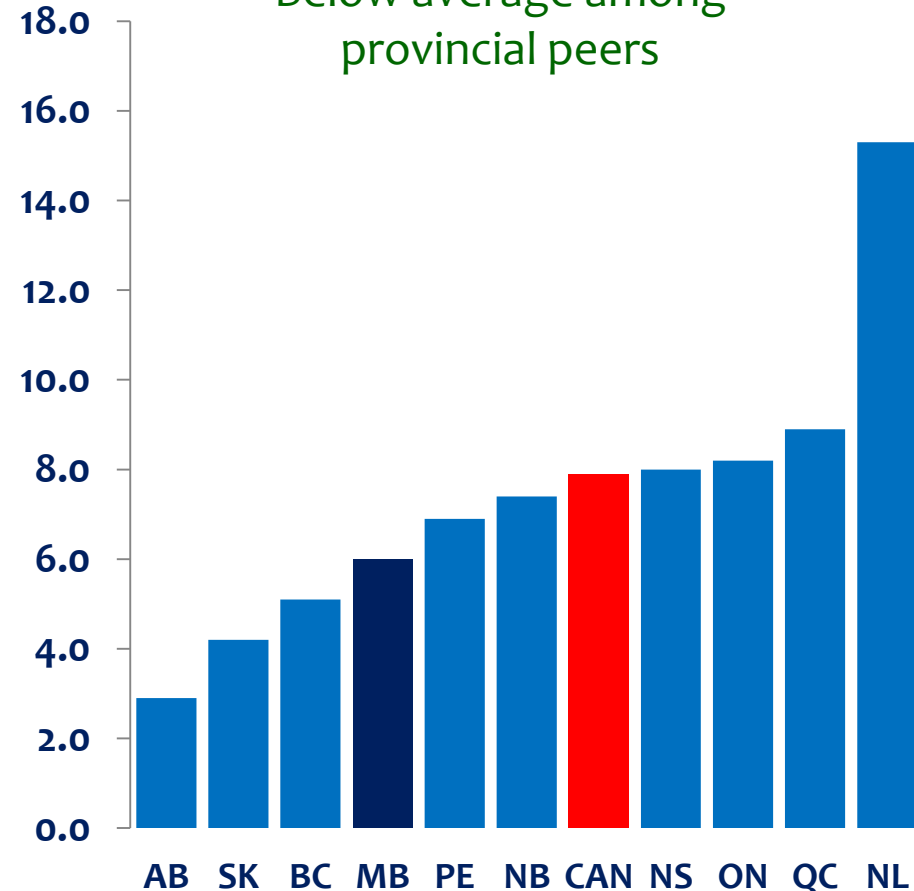
Net Debt to GDP Ratio, 2017 – 2018f (Per Cent)

Average among provincial peers



Interest on Debt to Revenue, 2017 – 2018f (Cents/Revenue)

Below average among provincial peers



f – forecast

Sources: Provincial and federal budgetary documents and Manitoba Finance calculations

Manitoba's small business tax rate is currently at 0% on income up to \$450,000, increasing to \$500,000 in 2019.

Manitoba's general corporate income tax rate of 12% remains below the Canadian provincial average.

The combined Manitoba and federal general corporate income tax rate of 27% is comparable to the median of our ten largest U.S. state trading partners.

Manitoba has a number of targeted corporate and community development tax credits to support economic growth in the province.

- **Manufacturing Investment Tax Credit** for plant and equipment investment for first-time use in manufacturing or processing.
- **Manitoba Research & Development Tax Credit** for scientific research and experimental development.
- **Manitoba Film and Video Production Tax Credit** for eligible production expenditures including eligible labour expenses.
- **Co-operative Development Tax Credit** for cooperatives and credit unions that make financial contributions towards cooperative development.
- **Community Enterprise Development Tax Credit** assists community-based enterprise development projects to raise local equity capital.



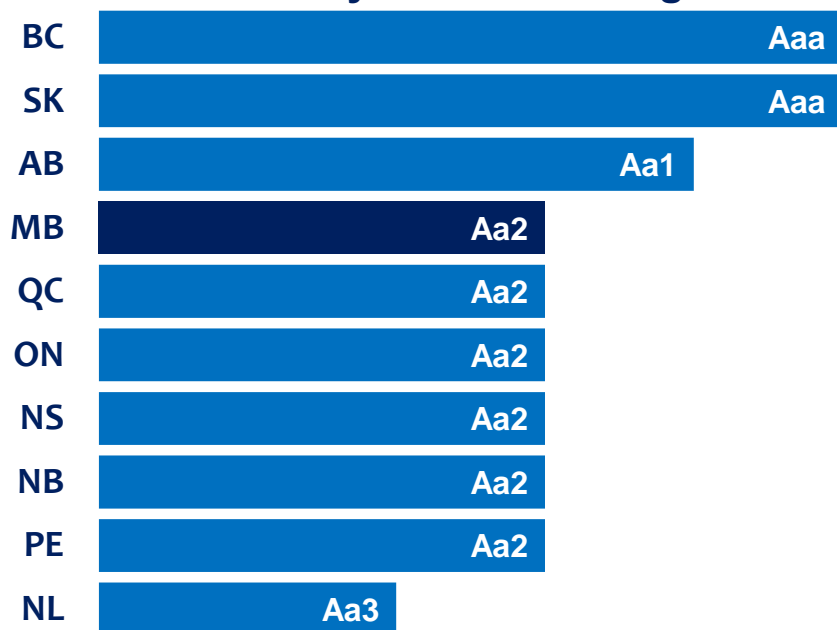
“The government’s commitment to deficit reduction now appears increasingly credible with two years of budget outperformance and an ongoing focus on spending discipline.”

Commentary – March 13, 2018, DBRS

“At the same time, the province extended its fiscal outlook to four years (from three), a change that provides improved visibility into its fiscal planning.”

Issuer Comment – March 13, 2018, Moody’s Investor Services

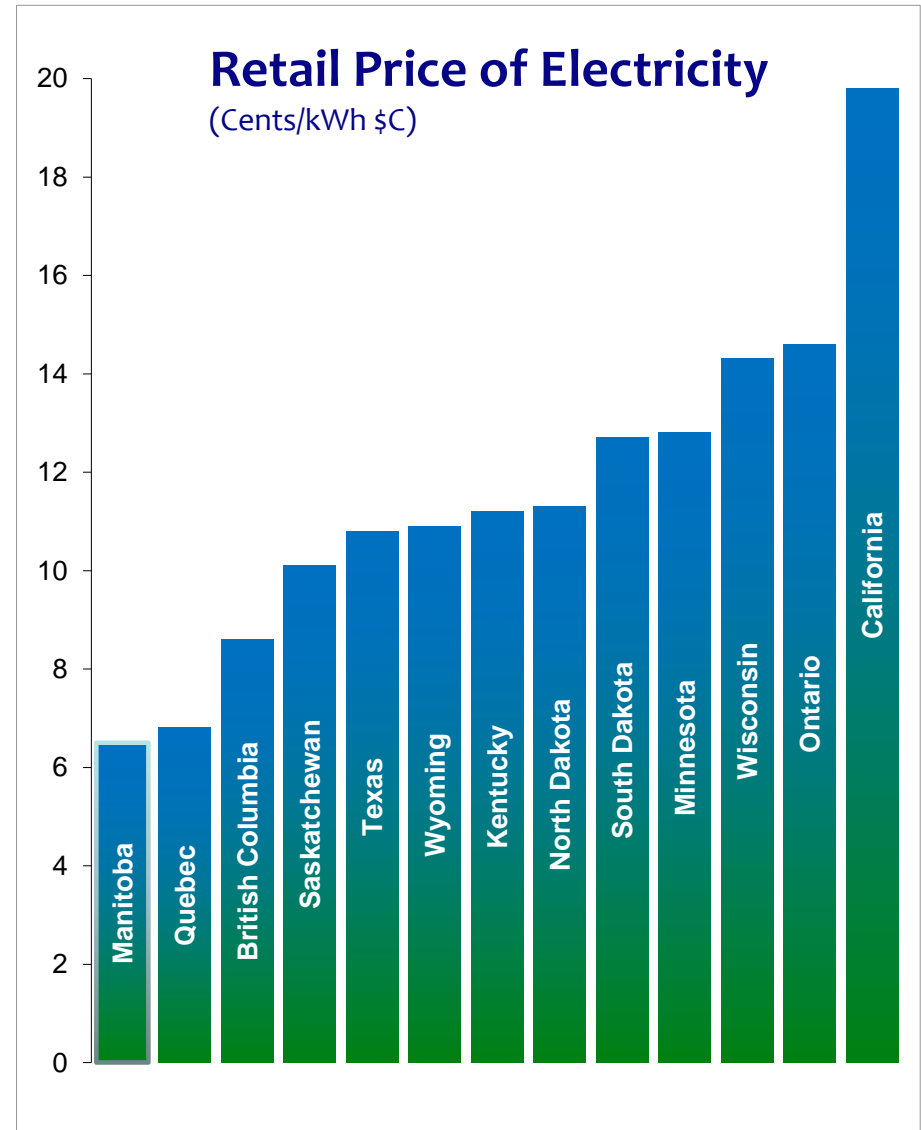
Moody’s Credit Ratings



S&P Credit Ratings



- 97.5% of electricity generation is hydro, 2.3% is wind and 0.2% is thermal.
- Roughly 1/4 of the electricity generated is exported outside of Manitoba (U.S., Canada).
- Manitoba Hydro's current generation capacity is 5,680 MW, with an additional 4,400 MW more of potential generation identified.



- Manitoba Hydro is currently investing in both a major generation project and transmission project.



Keeyask

Hydro Generating Station Project

Design Capacity:

695 MW

Anticipated Completion:

2021-22

Anticipated Cost: \$8.7B



Bipole III

Transmission Line Project

Design Capacity:

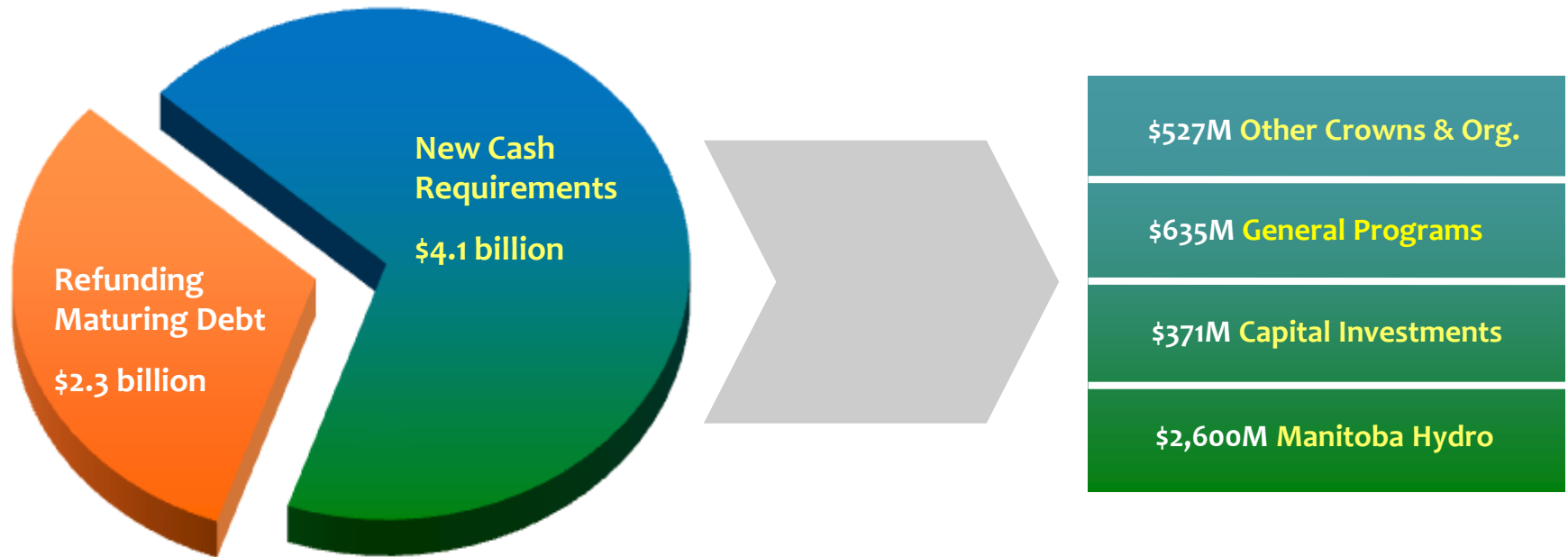
1,364 km

Anticipated Completion:

2018-19

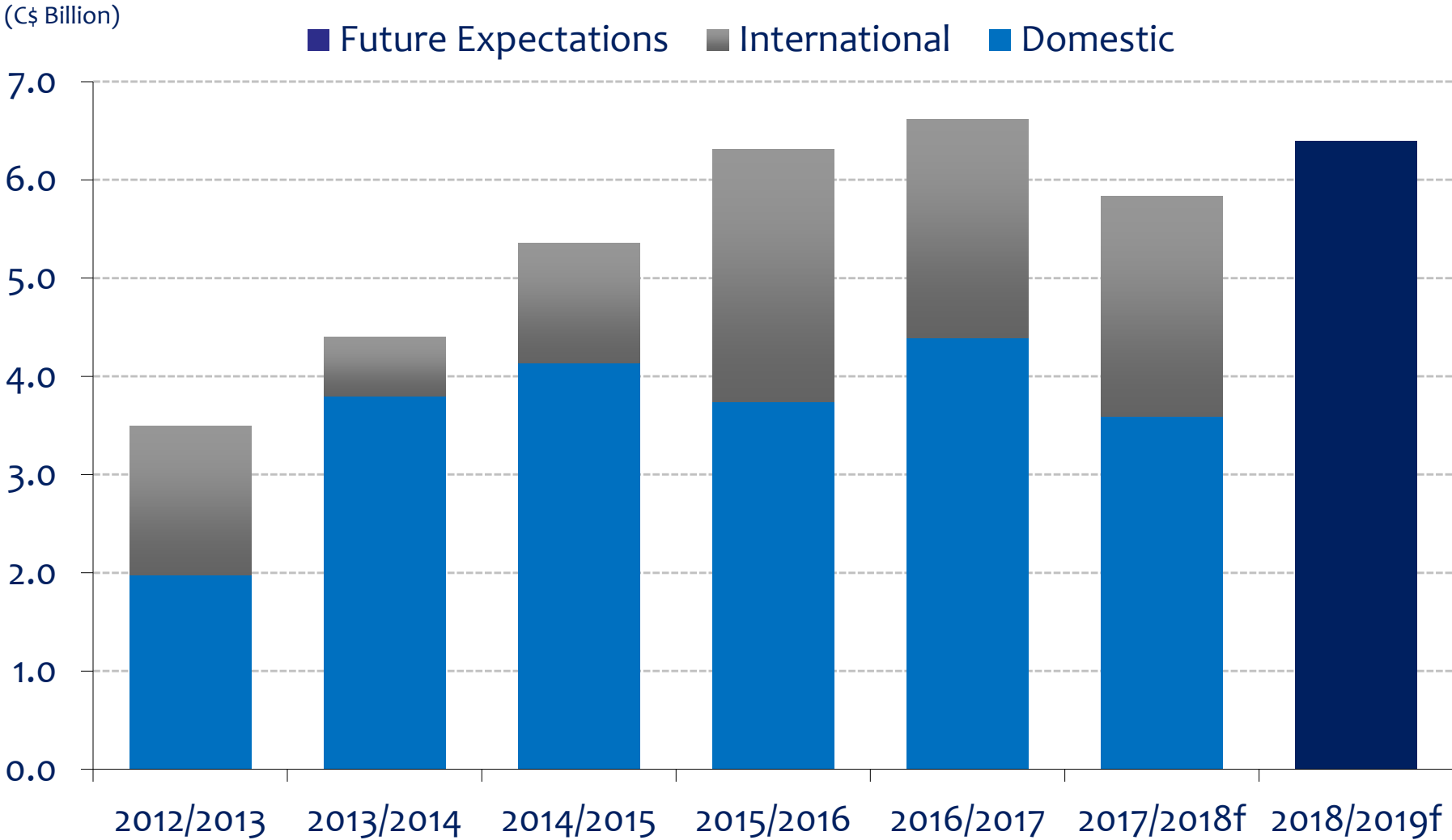
Anticipated Cost: \$5.0B

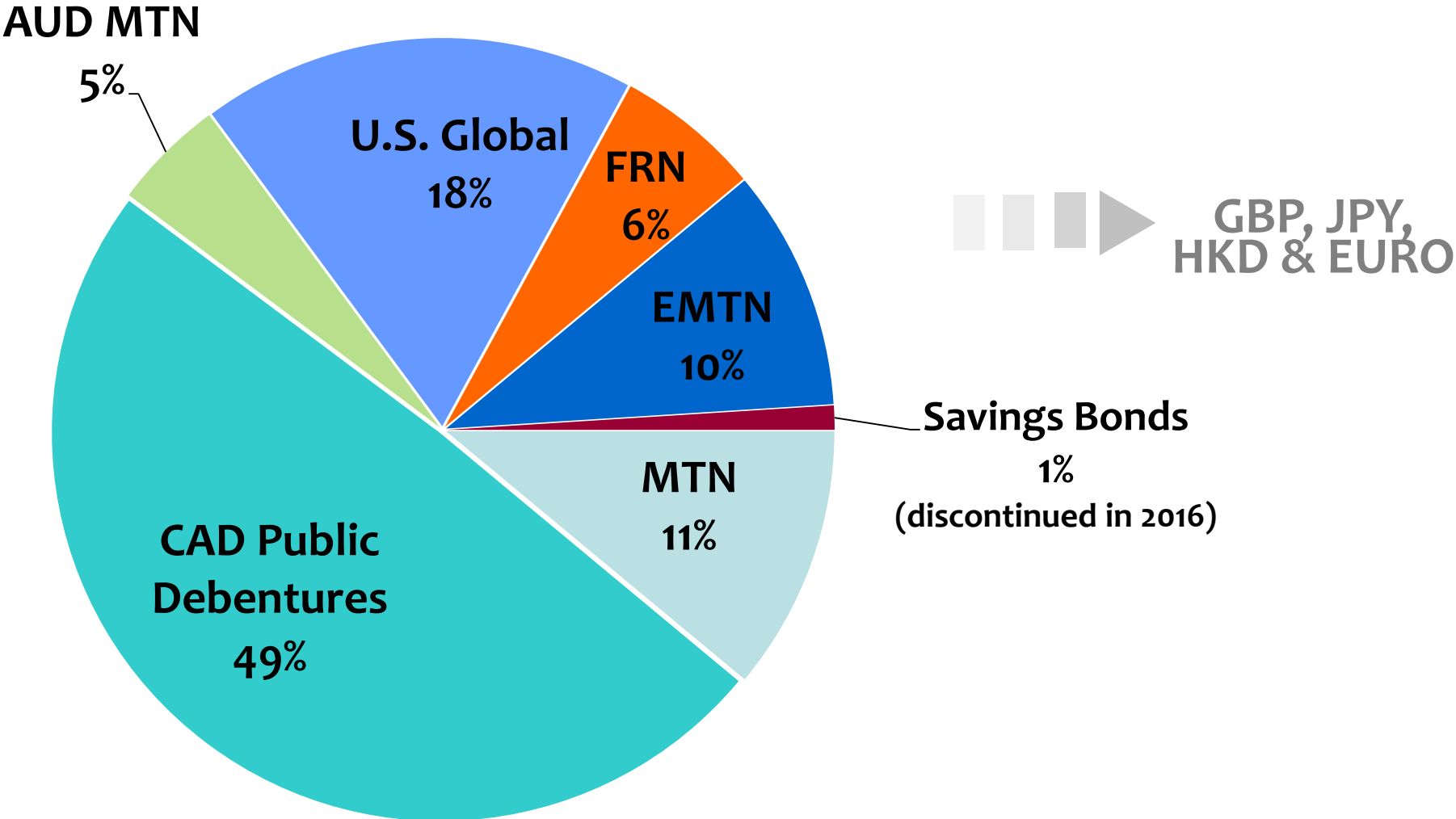
C\$6.4 billion

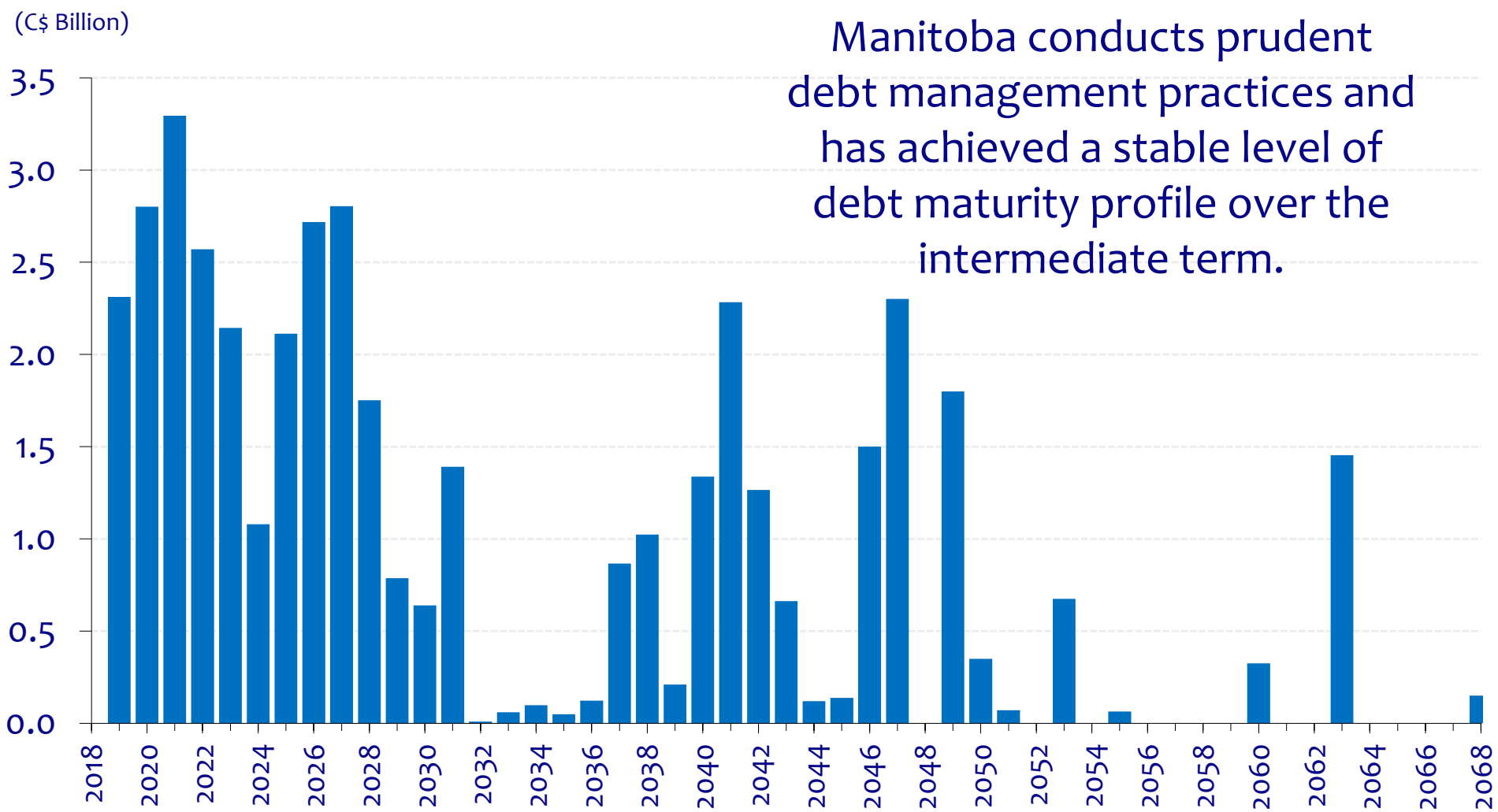


- Budget 2018 was tabled on March 12, 2018.
- Expected borrowing requirements for fiscal year 2018-19 are C\$6.4 billion.
- Planned funding through both domestic and international capital markets.
- To date, we have funded \$0.6 billion, 21% of our needs for fiscal 2018-2019.







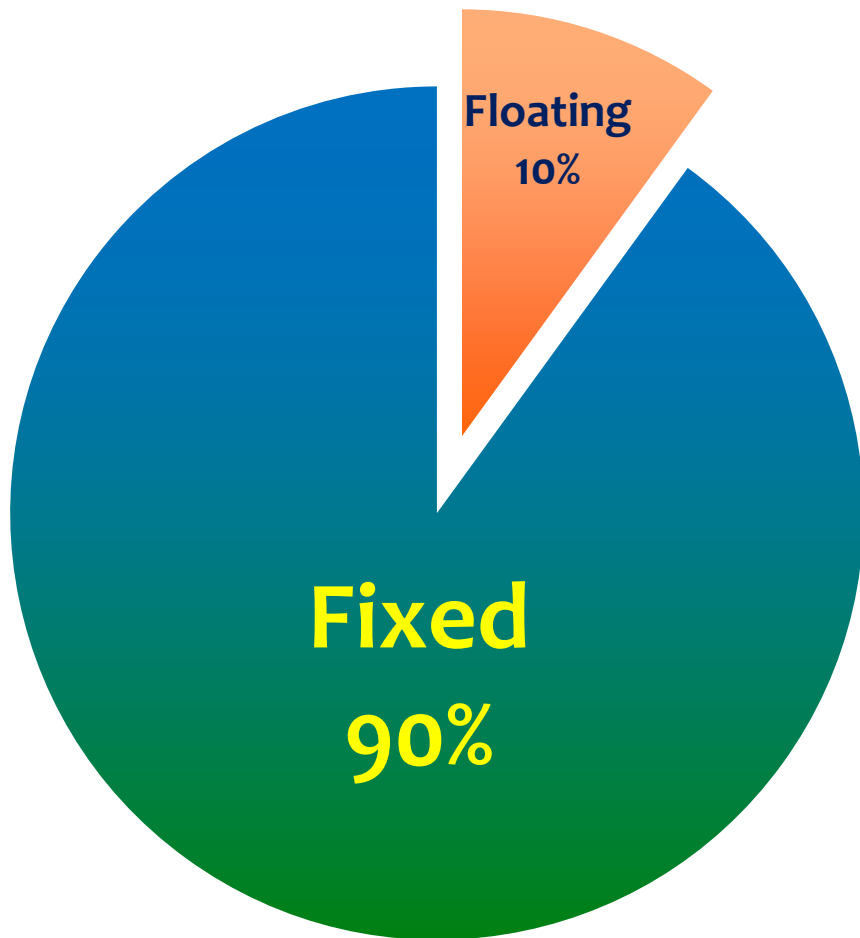


Manitoba conducts prudent debt management practices and has achieved a stable level of debt maturity profile over the intermediate term.

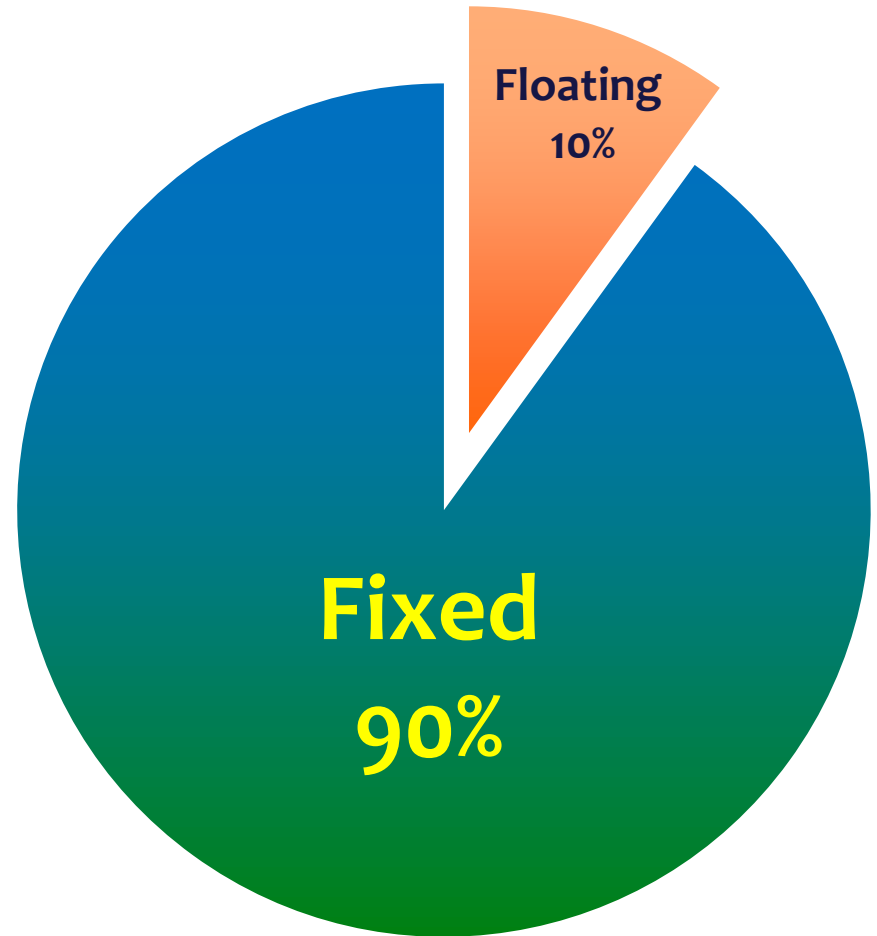


As of April 27, 2018. Excludes short-term debt and other liabilities, and the incremental impact of future financing. Net of sinking fund maturities.

March 31, 2017



March 31, 2018f



Latest Economic and Financial Reports are available online:

Manitoba Finance: <http://www.gov.mb.ca/finance/>

Economic Highlights: <http://www.gov.mb.ca/finance/pubs/highlights.pdf>

Economic Statistics: <http://www.gov.mb.ca/finance/pubs/statistics.pdf>

Manitoba Provincial Budget: <https://www.gov.mb.ca/budget2017/index.html>



Thank you!