

# Fairfax India Holdings Corporation

News Release

TSX Stock Symbol: *FIH.U*

TORONTO, February 11, 2021

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## FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

*(Note: All dollar amounts in this news release are expressed in U.S. dollars except as otherwise noted. The financial results are prepared using the recognition and measurement requirements of International Financial Reporting Standards, except as otherwise noted, and are unaudited.)*

Fairfax India Holdings Corporation (TSX: FIH.U) announces fiscal year 2020 net loss of \$41.5 million (\$0.27 net loss per diluted share), compared to fiscal year 2019 net earnings of \$516.3 million (\$3.30 net earnings per diluted share), reflecting decreased net unrealized and realized gains on investments, partially offset by a performance fee recovery, decreased provision for income taxes and decreased interest expense. The company's book value per share decreased by 3.1% from \$16.89 at December 31, 2019 to \$16.37 at December 31, 2020, representing a compound annual growth rate of 8.7% (8.7% prior to the performance fee described below) from the initial public offering price of \$10.00 per share.

Highlights for 2020 (with comparisons to 2019 except as otherwise noted) included the following:

- Net change in unrealized losses on investments of \$26.6 million, principally from a decrease in the fair value of the company's investments in the private companies Sanmar (\$63.8 million) and NCML (\$31.3 million) and a decrease in market prices of the company's investments in the public companies IIFL Finance (\$30.3 million), IIFL Wealth (\$20.1 million), and CSB Bank (\$9.5 million), partially offset by an increase in market prices of the company's investments in the public companies Privi Speciality (formerly Fairchem Speciality) (\$48.7 million), Fairchem Organics (\$18.8 million), 5paisa (\$9.9 million), and IIFL Securities (\$7.8 million), and an increase in the fair value of the company's investments in the private companies Seven Islands (\$16.6 million) and NSE (\$16.5 million).
- In accordance with the Investment Advisory Agreement, which provides for the payment of a performance fee of 20% of the increase in book value per share in excess of a hurdle rate of 5% per annum, a performance fee of \$5.2 million was earned by Fairfax Financial Holdings for the period from January 1, 2018 to December 31, 2020. The performance fee will be paid during the first quarter of 2021 by the issuance of subordinate voting shares valued at \$9.55 per share (the weighted average share trading price over the last 10 trading days of 2020).
- At December 31, 2020 common shareholders' equity was \$2,446.9 million, or book value per share of \$16.37, compared to \$2,577.9 million, or book value per share of \$16.89, at December 31, 2019, a decrease of 3.1% (a decrease of 2.9% prior to accounting for the performance fee recorded in 2020), primarily related to a net loss during the year ended of 2020 and unrealized foreign currency translation losses as a result of the weakening of the Indian rupee relative to the U.S. dollar.

Fairfax India remains in strong financial health, with undeployed cash and marketable securities of approximately \$191 million.

The company is continuing to buy back shares under its normal course issuer bid and during 2020 purchased for cancellation 3,160,910 subordinate voting shares at a net cost of \$28.9 million (\$9.14 per subordinate voting share).

There were 149.9 million and 152.6 million weighted average common shares outstanding during the fourth quarters of 2020 and 2019 respectively. At December 31, 2020 there were 119,470,571 subordinate voting shares and 30,000,000 multiple voting shares outstanding.

Unaudited consolidated balance sheets, earnings (loss) and comprehensive income (loss) information follow and form part of this news release.

**FAIRFAX INDIA HOLDINGS CORPORATION**

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In presenting the company's results in this news release, management has included book value per basic share. Book value per basic share is calculated by the company as common shareholders' equity divided by the number of common shares outstanding.

Fairfax India Holdings Corporation is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India.

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*This press release may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an Indian Investment's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the company, an Indian Investment, or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".*

*Forward-looking statements are based on our opinions and estimates as of the date of this press release, and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors: taxation of the company, its shareholders and subsidiaries; risk of substantial loss of capital; geographic concentration of investments; risks associated with the global pandemic caused by COVID-19, and the related global reduction in commerce and substantial downturns in stock markets worldwide; financial market fluctuations; control or significant influence position risk; minority investments; risks upon dispositions of investments; bridge financings; reliance on key personnel and risks associated with the Investment Advisory Agreement; effect of fees; operating and financial risks of investments; valuation methodologies involve subjective judgments; lawsuits; foreign currency fluctuation; unknown merits and risks of future investments; illiquidity of investments; competitive market for investment opportunities; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; trading price of subordinate voting shares relative to book value per share; emerging markets; volatility of the Indian securities markets; political, economic, social and other factors; natural disaster risks; sovereign debt risk; economic risk; weather risk, oil price risk and adverse consequences to the company's business, investments and personnel resulting from or related to the COVID-19 pandemic. Additional risks and uncertainties are described in the company's annual information form dated March 6, 2020 which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the company's website at [www.fairfaxindia.ca](http://www.fairfaxindia.ca). These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the company. These factors and assumptions, however, should be considered carefully.*

*Although the company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.*

Information on  
**CONSOLIDATED BALANCE SHEETS**  
*as at December 31, 2020 and December 31, 2019*  
*(unaudited - US\$ thousands)*

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<b>Assets</b>		
Cash and cash equivalents	22,057	48,713
Restricted cash	16,315	16,915
Bonds	35,873	138,425
Common stocks	<u>2,991,775</u>	<u>3,032,907</u>
Total cash and investments	<u>3,066,020</u>	<u>3,236,960</u>
Interest and dividends receivable	1,911	3,453
Income taxes refundable	2,803	2,866
Other assets	<u>2,264</u>	<u>1,658</u>
Total assets	<u>3,072,998</u>	<u>3,244,937</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	931	1,174
Payable to related parties	14,428	50,519
Deferred income taxes	63,477	64,477
Income taxes payable	—	3,688
Borrowings	<u>547,228</u>	<u>547,228</u>
Total liabilities	<u>626,064</u>	<u>667,086</u>
<b>Equity</b>		
Common shareholders' equity	<u>2,446,934</u>	<u>2,577,851</u>
	<u>3,072,998</u>	<u>3,244,937</u>
<b>Book value per basic share</b>	<u>\$ 16.37</u>	<u>\$ 16.89</u>

Information on  
**CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)**  
for the three and twelve months ended December 31, 2020 and 2019  
(unaudited - US\$ thousands except per share amounts)

	Fourth quarter		Year ended December 31,	
	2020	2019	2020	2019
<b>Income</b>				
Interest	865	706	6,013	4,859
Dividends	1,022	2,453	16,449	10,141
Net realized gains on investments	666	139,216	5,372	181,123
Net change in unrealized gains (losses) on investments	102,670	495,582	(26,618)	530,372
Net foreign exchange gains (losses)	4,998	(4,089)	(14,188)	(13,806)
	<u>110,221</u>	<u>633,868</u>	<u>(12,972)</u>	<u>712,689</u>
<b>Expenses</b>				
Investment and advisory fees	9,010	2,593	33,922	27,473
Performance fee (recovery)	5,143	48,514	(41,991)	48,514
General and administration expenses	1,127	1,603	4,233	5,300
Interest expense	7,272	9,489	29,844	38,781
	<u>22,552</u>	<u>62,199</u>	<u>26,008</u>	<u>120,068</u>
<b>Earnings (loss) before income taxes</b>	<b>87,669</b>	<b>571,669</b>	<b>(38,980)</b>	<b>592,621</b>
Provision for income taxes	5,372	36,445	2,496	76,283
<b>Net earnings (loss)</b>	<b>82,297</b>	<b>535,224</b>	<b>(41,476)</b>	<b>516,338</b>
<b>Net earnings (loss) per share</b>	<b>\$ 0.55</b>	<b>\$ 3.51</b>	<b>\$ (0.27)</b>	<b>\$ 3.38</b>
<b>Net earnings (loss) per diluted share</b>	<b>\$ 0.55</b>	<b>\$ 3.42</b>	<b>\$ (0.27)</b>	<b>\$ 3.30</b>
<b>Shares outstanding</b> (weighted average)	<b>149,904,457</b>	<b>152,631,481</b>	<b>151,001,909</b>	<b>152,654,875</b>

Information on  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
for the three and twelve months ended December 31, 2020 and 2019  
(unaudited - US\$ thousands)

	Fourth quarter		Year ended December 31,	
	2020	2019	2020	2019
<b>Net earnings (loss)</b>	<b>82,297</b>	<b>535,224</b>	<b>(41,476)</b>	<b>516,338</b>
<b>Other comprehensive income (loss), net of income taxes</b>				
<b>Item that may be subsequently reclassified to net earnings (loss)</b>				
Unrealized foreign currency translation gains (losses), net of income taxes of nil (2019 - nil)	24,185	(22,138)	(60,606)	(53,445)
<b>Other comprehensive income (loss), net of income taxes</b>	<b>24,185</b>	<b>(22,138)</b>	<b>(60,606)</b>	<b>(53,445)</b>
<b>Comprehensive income (loss)</b>	<b>106,482</b>	<b>513,086</b>	<b>(102,082)</b>	<b>462,893</b>