

# Fairfax India Holdings Corporation

News Release

TSX Stock Symbol: *FIH.U*

TORONTO, July 29, 2021

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## SECOND QUARTER FINANCIAL RESULTS

*(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 net earnings of \$224.9 million in the second quarter of 2021 (\$1.43 net earnings per diluted share), compared to net earnings of \$52.4 million in the second quarter of 2020 (\$0.35 net earnings per diluted share), reflecting increased net realized and unrealized gains on investments, partially offset by increased performance fees, provision for income taxes, and net foreign exchange losses.

Highlights for the second quarter of 2021 included the following:

- Net change in unrealized gains on investments of \$184.2 million, principally from an increase in market prices of the company's investments in the public companies CSB Bank (\$111.4 million), Fairchem Organics (\$85.3 million), IIFL Securities (\$32.5 million), 5paisa (\$16.1 million), and Other Public Indian Investments (\$14.1 million), and an increase in the fair values of the company's investments in the private companies Sanmar (\$107.2 million) and NSE (\$28.1 million), partially offset by a decrease in market prices of the company's investments in the public companies IIFL Finance (\$34.0 million) and IIFL Wealth (\$11.2 million). As the gain on Privi Speciality (formerly Fairchem Speciality) has now been realized, the net change in unrealized gains on investments also included a reversal of unrealized gains on Privi Speciality of \$191.0 million and a reversal of unrealized losses on the Privi Speciality written call option of \$26.8 million recorded in prior periods.
- Net realized gains on investments of \$134.6 million primarily related to the sale of the company's 48.8% equity interest in Privi Speciality on April 29, 2021 for 12.2 billion Indian rupees (\$164.8 million) resulting in a realized gain since inception of \$132.3 million.
- On April 29, 2021 the company purchased an additional 2,330,757 common shares in Fairchem Organics for 1.3 billion Indian rupees (\$18.1 million), increasing its ownership from 48.8% to 66.7%.
- On May 11, 2021 the company used proceeds from the sale of Privi Speciality to repay the remaining \$50.0 million of indebtedness that was outstanding under the company's secured \$550.0 million term loan facility.
- 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 \$98.2 million was accrued to the benefit of Fairfax Financial Holdings for the period from January 1, 2021 to June 30, 2021. The performance fee, if any, will only be finally determined on December 31, 2023 at the end of the three year measurement period.
- At June 30, 2021 common shareholders' equity was \$2,876.3 million, or book value per share of \$19.26, compared to \$2,446.9 million, or book value per share of \$16.37, at December 31, 2020, an increase of 17.7% (an increase of 21.7% prior to accounting for the performance fee recorded during the first six months of 2021), primarily related to net earnings during the first six months of 2021, partially offset by 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 \$300 million.

The company continued to buy back shares under its normal course issuer bid and in the first six months of 2021 purchased for cancellation 693,078 subordinate voting shares at a net cost of \$8.1 million (\$11.71 per subordinate

FAIRFAX INDIA HOLDINGS CORPORATION

95 Wellington Street West, Suite 800, Toronto, Ontario, M5J 2N7 Telephone: 416-367-4755

voting share). On June 15, 2021 the company commenced a substantial issuer bid, pursuant to which the company has offered to purchase for cancellation up to \$105 million of its subordinate voting shares from shareholders for cash, at a price between \$12.50 to \$15.00 per share. The substantial issuer bid offer is expected to expire on August 6, 2021, unless the offer is extended or withdrawn by Fairfax India. Fairfax Financial Holdings does not intend to tender any shares to the substantial issuer bid.

There were 149.4 million and 151.3 million weighted average common shares outstanding during the second quarters of 2021 and 2020 respectively. At June 30, 2021 there were 119,323,756 subordinate voting shares and 30,000,000 multiple voting shares outstanding.

Fairfax India's detailed second quarter report can be accessed at its website [www.fairfaxindia.ca](http://www.fairfaxindia.ca).

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.

For further information, contact: John Varnell, Vice President, Corporate Affairs  
(416) 367-4755

*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: the COVID-19 pandemic; oil price risk; geographic concentration of investments; foreign currency fluctuation; volatility of the Indian securities markets; investments may be made in foreign private businesses where information is unreliable or unavailable; valuation methodologies involve subjective judgments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; lawsuits; use of leverage; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; weather risk; taxation risks; emerging markets; multilateral instrument; economic risk; and trading price of subordinate voting shares relative to book value per share risk. Additional risks and uncertainties are described in the company's annual information form dated March 5, 2021 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.*