

# Fairfax Africa Holdings Corporation

TSX Stock Symbol: FAH.U

News Release

TORONTO, February 13, 2020

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## FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019

*(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 Africa Holdings Corporation (TSX: FAH.U) announces fiscal year 2019 net loss of \$61.2 million (\$1.01 net loss per diluted share), compared to fiscal year 2018 net loss of \$60.6 million (\$1.06 net loss per diluted share), reflecting net unrealized losses on investments in fiscal year 2019.

Highlights for 2019 (with comparisons to 2018 except as otherwise noted) included the following:

- Net loss of \$61.2 million in fiscal year 2019 included a net change in unrealized losses on investments of \$73.2 million, principally from a decrease in the market prices of the company's investments in Atlas Mara (\$41.0 million) and Consolidated Infrastructure Group (\$29.4 million), partially offset by interest income of \$22.6 million and foreign exchange gains of \$6.8 million.
- On December 13, 2019 Joseph Holdings paid the company net cash of \$10.3 million to redeem 7,936,284 of its Class A shares. As a result the company recorded a return of capital of \$7.9 million as a reduction in the book value of its indirect equity interest in AGH and dividend income of \$2.4 million. The Class A share redemption principally reflected a distribution from AGH of the proceeds received on the contribution of its grain storage assets to a strategic infrastructure platform during the first quarter of 2019.
- During the fourth quarter of 2019 the company purchased for cancellation 52,785 subordinate voting shares under the terms of the normal course issuer bid at a cost of \$0.3 million (approximately \$6.23 per subordinate voting share).
- At December 31, 2019 common shareholders' equity was \$518.8 million, or book value per share of \$8.72, compared to \$603.1 million, or book value per share of \$9.60, at December 31, 2018, a decrease of 9.2% primarily related to a net loss in 2019.

There were 59.5 million and 62.9 million weighted average shares outstanding during the fourth quarters of 2019 and 2018 respectively. At December 31, 2019 there were 29,496,481 subordinate voting shares and 30,000,000 multiple voting shares outstanding.

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

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

For further information, contact: Keir Hunt, Corporate Secretary  
(416) 646-4180

*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 African 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 African Investment, or the African 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: geographic concentration of investments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; operating and financial risks of African investments; valuation methodologies involve subjective judgments; lawsuits; use of leverage; foreign currency fluctuation; investments may be made in foreign private businesses where information is unreliable or unavailable; significant ownership by Fairfax may adversely affect the market price of the subordinate voting shares; emerging markets; South African black economic empowerment; economic risk; weather risk; taxation risks; and trading price of common shares relative to book value per share. Additional risks and uncertainties are described in the company's annual information form dated March 8, 2019 which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the company's website at [www.fairfaxafrica.ca](http://www.fairfaxafrica.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, 2019 and December 31, 2018*  
*(unaudited - US\$ thousands)*

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<b>Assets</b>		
Cash and cash equivalents	44,334	230,858
Restricted cash	7,500	—
Short term investments	104,008	38,723
Loans	41,984	38,595
Bonds	78,820	59,856
Common stocks	232,212	270,284
Derivatives	1,541	2,017
Total cash and investments	<u>510,399</u>	<u>640,333</u>
Interest receivable	5,835	2,472
Deferred income taxes	1,665	—
Income tax refundable	380	—
Other assets	2,388	1,025
Total assets	<u>520,667</u>	<u>643,830</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	297	531
Derivative obligation	—	5,724
Payable to related parties	1,555	1,658
Income taxes payable	—	3,263
Borrowings	—	29,527
Total liabilities	<u>1,852</u>	<u>40,703</u>
<b>Equity</b>		
Common shareholders' equity	<u>518,815</u>	<u>603,127</u>
	<u>520,667</u>	<u>643,830</u>
<b>Book value per basic share</b>	<u>\$ 8.72</u>	<u>\$ 9.60</u>

Information on  
**CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME**  
for the three and twelve months ended December 31, 2019 and 2018  
(unaudited - US\$ thousands except per share amounts)

	Fourth quarter		Year ended December 31,	
	2019	2018	2019	2018
<b>Income</b>				
Interest	5,765	6,606	22,606	20,848
Dividends	2,381	—	2,381	—
Net realized gains (losses) on investments	—	1,878	(4,838)	3,661
Net change in unrealized losses on investments	(16,920)	(45,524)	(73,223)	(40,690)
Net foreign exchange gains (losses)	20,105	(3,996)	6,832	(25,927)
	<u>11,331</u>	<u>(41,036)</u>	<u>(46,242)</u>	<u>(42,108)</u>
<b>Expenses</b>				
Investment and advisory fees	1,524	1,559	6,572	6,440
Performance fee recovery	—	—	—	(319)
General and administration expenses	1,197	995	3,677	4,281
Interest expense	26	248	977	3,200
	<u>2,747</u>	<u>2,802</u>	<u>11,226</u>	<u>13,602</u>
<b>Earnings (loss) before income taxes</b>	<u>8,584</u>	<u>(43,838)</u>	<u>(57,468)</u>	<u>(55,710)</u>
Provision for (recovery of) income taxes	(182)	3,732	3,731	4,870
<b>Net earnings (loss) and comprehensive income (loss)</b>	<u>8,766</u>	<u>(47,570)</u>	<u>(61,199)</u>	<u>(60,580)</u>
<b>Net earnings (loss) per share</b> (basic and diluted)	\$ 0.15	\$ (0.76)	\$ (1.01)	\$ (1.06)
<b>Shares outstanding</b> (weighted average)	59,511,481	62,884,806	60,688,854	57,249,901