

# Fairfax Africa Holdings Corporation

TSX Stock Symbol: FAH.U

News Release

TORONTO, November 1, 2018

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## THIRD 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 Africa Holdings Corporation (TSX: FAH.U) announces a net loss of \$12.0 million in the third quarter of 2018 (\$0.19 net loss per diluted share), compared to net earnings of \$33.0 million in the third quarter of 2017 (\$0.65 net earnings per diluted share), reflecting net unrealized losses on investments.

Highlights in the third quarter of 2018 included the following:

- The third quarter of 2018 included a net change in unrealized losses on investments of \$11.1 million, principally from a decrease in the market price of the company's investment in the public company Atlas Mara that depreciated by \$9.4 million and an unrealized loss from a derivative obligation in relation to the CIG rights offer of \$6.4 million, partially offset by an increase in the fair value in the company's private investment in the Atlas Mara bonds of \$5.3 million.
- On August 30, 2018 the company completed an additional \$4 million investment in Nova Pioneer under the same terms as the initial investment.
- At September 30, 2018 common shareholders' equity was \$651.7 million, or \$10.36 per share, compared to \$516.7 million, or \$10.21 per share, at December 31, 2017, an increase of 1.5% primarily related to issuance of subordinate voting shares at \$12.25 per share, partially offset by a net loss in the first nine months of 2018.

Subsequent to September 30, 2018:

- On October 4, 2018 the company acquired a 35.0% indirect equity interest, through its investment in GroCapital Holdings, in the South African Bank of Athens ("SABA") for \$9.8 million (approximately 139 million South African rand). On October 26, 2018 the company committed an additional \$2.2 million (approximately 32 million South African rand) in GroCapital Holdings that is required to be funded by November 9, 2018, maintaining Fairfax Africa's 35.0% indirect equity interest in SABA. SABA was established in 1947 in South Africa and is focused on delivering world-class banking services to the medium-sized business market in the country. SABA offers comprehensive traditional business banking such as lending, transaction banking, treasury and foreign exchange as well as alliance banking services, which provide niche transactional banking offerings in partnership with non-banking entities. AFGRI and the Public Investment Corporation of South Africa ("PIC") hold the remaining 65.0% equity interest in GroCapital Holdings.

- On October 25, 2018 the company entered into a subscription agreement with Philafrica Foods Proprietary Ltd. ("Philafrica") to participate in a rights offering of Philafrica ordinary shares of \$33,861 in aggregate at current exchange rates (500 million South African rand). The company will convert \$22,010 at current exchange rates (325 million South African rand) of its Tranche 1 Facility into 26,000 ordinary shares of Philafrica for a 26.0% equity interest. The remaining capital of the Philafrica Facility in the amount of \$11,851 at current exchange rates (175 million South African rand) will be repaid in cash (in addition to accrued interest at time of repayment). The transaction is expected to close in the fourth quarter of 2018, subject to customary closing conditions. Philafrica is headquartered in South Africa, where it owns and operates maize mills, wheat mills, animal feed factories, snacking facilities, soya crushing and extraction plants, which process oil and other raw materials into edible oils, fats and proteins for human consumption. AFGRI and the PIC hold the remaining 74.0% equity interest in Philafrica.

There were 62.9 million and 50.6 million weighted average shares outstanding during the third quarters of 2018 and 2017, respectively. At September 30, 2018 there were 32,920,189 subordinate voting shares and 30,000,000 multiple voting shares outstanding.

Fairfax Africa's detailed third quarter report can be accessed at its website [www.fairfaxafrica.ca](http://www.fairfaxafrica.ca).

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.

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*This press release may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking statements may relate to the company'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 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 the opinions and estimates of the company 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 and its subsidiaries; substantial loss of capital; long-term nature of investment; limited number of investments; geographic concentration of investments; potential lack of diversification; financial market fluctuations; pace of completing investments; control or significant influence position risk; minority investments; ranking of company investments and structural subordination; follow-on investments; prepayments of debt investments; risks upon dispositions of investments; bridge financings; reliance on key personnel; effect of fees; performance fee could induce Fairfax to make speculative investments; operating and financial risks of investments; allocation of personnel; potential conflicts of interest; employee misconduct at the portfolio advisor could harm the company; valuation methodologies involve subjective judgments; lawsuits; foreign currency fluctuation; derivative risks; unknown merits and risks of future investments; resources could be wasted in researching investment opportunities that are not ultimately completed; investments may be made in foreign private businesses where information is unreliable or unavailable; illiquidity of investments; competitive market for investment opportunities; use of leverage; investing in leveraged businesses; regulation; investment and repatriation restrictions; aggregation restrictions; restrictions relating to debt securities; pricing guidelines;*

*emerging markets; corporate disclosure, governance and regulatory requirements; legal and regulatory risks; volatility of the African securities markets; political, economic, social and other factors; governance issues risk; African tax law; changes in law; exposure to permanent establishment; enforcement of rights; smaller company risk; due diligence and conduct of potential investment entities; African economic risk; reliance on trading partners risk; natural disaster risks; government debt risk; and economic risk. Additional risks and uncertainties are described in the company's annual information form dated March 9, 2018 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.*