

# Fairfax India Holdings Corporation

TSX Stock Symbol: *FIH.U*

*News Release*

TORONTO, February 16, 2017

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## FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2016

*(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 2016 net earnings of \$107.8 million (\$1.01 net earnings per basic and diluted share) compared to fiscal year 2015 net earnings of \$40.9 million (\$0.42 net earnings per basic and diluted share), reflecting increased net unrealized gains on investments. Book value per share of \$10.25 at December 31, 2016 increased from \$9.50 at December 31, 2015.

Highlights in and subsequent to the fourth quarter of 2016 included the following:

- On January 13, 2017 the company completed a \$500 million subordinate voting share offering, at a price of \$11.75 per share, comprised of a \$150 million underwritten public offering and a \$350 million private placement, raising net proceeds of \$493.5 million after commissions and expenses.
- On February 8, 2017 the company acquired a 4.99% common share equity interest in IIFL Holdings Limited ("IIFL") for total consideration of \$75.2 million (5.1 billion Indian rupees). After giving effect to the additional shares acquired, the company held approximately 26.7% of the outstanding common shares of IIFL.
- On February 14, 2017 the company completed the purchase of a 51.0% common share equity interest in Saurashtra Freight Private Limited ("Saurashtra") for \$30.0 million (2.0 billion Indian rupees). Saurashtra runs the largest container freight station at Mundra Port (Gujarat), the second largest and fastest growing port in India.
- At December 31, 2016 common shareholders' equity was \$1,075.4 million or \$10.25 per share.

There were 106.0 million and 106.7 million weighted average shares outstanding during the fourth quarters of 2016 and 2015 respectively. At December 31, 2016 there were 74,881,031 subordinate voting shares and 30,000,000 multiple voting shares outstanding.

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

Fairfax India 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 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 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 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 Indian securities markets; political, economic, social and other factors; governance issues risk; Indian tax law; changes in law; exposure to permanent establishment; enforcement of rights; smaller company risk; due diligence and conduct of potential investment entities; Asian 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 29, 2016 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.*

**CONSOLIDATED BALANCE SHEETS***as at December 31, 2016 and December 31, 2015**(unaudited - US\$ thousands)*

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<b>Assets</b>		
Cash and cash equivalents	146,960	12,464
Restricted cash	18,810	6,457
Short term investments	27,428	50,143
Bonds	528,857	512,789
Common stocks	539,284	415,637
Total cash and investments	<u>1,261,339</u>	<u>997,490</u>
Interest receivable	7,493	27,680
Income taxes refundable	7,326	—
Other assets	27,339	281
Total assets	<u>1,303,497</u>	<u>1,025,451</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	606	743
Payable to related parties	3,673	1,993
Income taxes payable	—	9,386
Term loan	223,772	—
Total liabilities	<u>228,051</u>	<u>12,122</u>
<b>Equity</b>		
Total common shareholders' equity	<u>1,075,446</u>	<u>1,013,329</u>
	<u>1,303,497</u>	<u>1,025,451</u>

**CONSOLIDATED STATEMENTS OF EARNINGS**

for the three and twelve months ended December 31, 2016 and 2015  
(unaudited - US\$ thousands except per share amounts)

	Fourth quarter		Year ended December 31,	
	2016	2015	2016	2015
<b>Income</b>				
Interest	4,555	11,983	21,343	44,699
Dividends	535	—	5,611	—
Net realized gains (losses) on investments	1,341	703	3,392	(209)
Net unrealized gains on investments	4,765	15,776	104,995	14,190
Net foreign exchange gains (losses)	370	1,206	(6,737)	6,571
	<b>11,566</b>	<b>29,668</b>	<b>128,604</b>	<b>65,251</b>
<b>Expenses</b>				
Investment and advisory fees	3,447	1,887	12,552	5,393
General and administration expenses	817	672	4,937	5,515
Interest expense	3,772	—	4,171	—
	<b>8,036</b>	<b>2,559</b>	<b>21,660</b>	<b>10,908</b>
<b>Earnings before income taxes</b>	<b>3,530</b>	<b>27,109</b>	<b>106,944</b>	<b>54,343</b>
Provision for (recovery of) income taxes	1,106	6,318	(881)	13,404
<b>Net earnings</b>	<b>2,424</b>	<b>20,791</b>	<b>107,825</b>	<b>40,939</b>
<b>Net earnings per share</b> (basic and diluted)	<b>\$ 0.02</b>	<b>\$ 0.19</b>	<b>\$ 1.01</b>	<b>\$ 0.42</b>
<b>Shares outstanding</b> (weighted average - basic and diluted)	<b>106,035,730</b>	<b>106,678,879</b>	<b>106,517,213</b>	<b>98,019,189</b>

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

for the three and twelve months ended December 31, 2016 and 2015  
(unaudited - US\$ thousands)

	Fourth quarter		Year ended December 31,	
	2016	2015	2016	2015
<b>Net earnings</b>	<b>2,424</b>	<b>20,791</b>	<b>107,825</b>	<b>40,939</b>
<b>Other comprehensive loss, net of income taxes</b>				
<b>Items that may be subsequently reclassified to net earnings</b>				
Unrealized foreign currency translation losses, net of income taxes of nil (2015 - nil)	(21,144)	(8,145)	(26,736)	(55,263)
<b>Other comprehensive loss, net of income taxes</b>	<b>(21,144)</b>	<b>(8,145)</b>	<b>(26,736)</b>	<b>(55,263)</b>
<b>Comprehensive income (loss)</b>	<b>(18,720)</b>	<b>12,646</b>	<b>81,089</b>	<b>(14,324)</b>