

Unlocking Long Term Local Currency Infrastructure Finance in Nigeria



OUR MANDATE

To provide local currency guarantees and mobilise long term domestic debt financing for infrastructure in Nigeria

RATINGS

Agusto&Co. / **AAA** (NG) June 2021
Research, Credit Ratings, Credit Risk Management

GCR / **AAA** (NG) June 2021

CAPITAL PROVIDERS



CAPITAL

TOTAL CAPITAL

146 m USD

CORE CAPITAL

50 m USD
(NGN EQUIVALENT)

SUBORDINATED CAPITAL

71 m USD

CALLABLE CAPITAL

25 m USD

GUARANTEE CAPACITY

UP TO NGN 282 billion \$731m USD EQUIVALENT

IMPACT



N43.5bn

\$ 113m (USD EQUIVALENT)
TOTAL SIZE OF GUARANTEED BONDS



16 NUMBER OF PENSION FUND INVESTORS



UP TO 15 yrs



5 INFRASTRUCTURE PROJECTS THAT REACHED FINANCIAL CLOSE

WE PROMOTE

Financial inclusion

By bringing first-time issuers to the domestic bond market

Financial deepening

By extending bond tenors for corporates, and by broadening pension fund investor bases

Financial innovation

By introducing new fixed income instruments such as green bonds

ELIGIBILITY CRITERIA

- Naira denominated
- Debt Instrument (including Sukuk)
- Must be an eligible Infrastructure Activity
- Acceptable Credit Profile based on InfraCredit's internal credit assessment
- Asset value is not directly linked to oil
- Minimum 'Bbb-' investment grade rating
- Adequate Security Package
- Debt Tenor of up to 20 years
- Satisfies InfraCredit's Environmental and Social Safeguards Standards
- Is not on IFC's Project Exclusion List
- Issuer is PENCOM Compliant

ELIGIBLE SECTORS

- Renewable Energy
- Electricity Generation, Transmission and Distribution
- Gas transportation, distribution and storage
- Agricultural Infrastructure
- ICT/Telecoms
- Inputs to Infrastructure
- Transportation
- Urban infrastructure, housing, healthcare and education
- Water Distribution and Treatment
- Waste Management Services

DEVELOPMENT PARTNERS



ELIGIBLE SECTORS

InfraCredit will support eligible projects in any of the following infrastructure related activities:



POWER:

The generation, transmission and/or distribution of electricity, including off-grid embedded power electrification



ICT/TELECOMS:

Local telephone services and IT network, internet solutions, voice, data center and cloud services to providers



RENEWABLE ENERGY:

Alternative energy and renewable energy technologies ranging from solar power, wind power, and hydroelectricity



GAS DISTRIBUTION:

Gas pipelines and bulk storage/logistical facilities and downstream gas processing and development



WATER DISTRIBUTION:

Urban/rural fresh water production and treatment, bulk water supply and distribution (water reservoirs, transfer schemes)



SOCIAL INFRASTRUCTURE:

The provision of economic and social infrastructure (e.g. housing, healthcare, education) including industrial parks, within towns and cities



WASTE MANAGEMENT:

Solid waste disposal/collection, transportation and waste treatment, including waste recycling facilities



INPUTS TO INFRASTRUCTURE:

Manufacture, construction of goods, equipment, or other basic materials or services used in provision of infrastructure



TRANSPORTATION:

Fixed transportation infrastructure e.g. toll roads, bridges, rail, airports, ports and bulk storage/handling facilities



AGRICULTURE:

Infrastructure component of agro-industrial projects e.g. investments in agro-food processing/storage for agribusiness

ELIGIBLE TRANSACTIONS



NAIRA DENOMINATED DEBT INSTRUMENT (INCLUDING SUKUK)



DEBT TENOR OF UP TO 20 YEARS



ISSUER IS PENCOM COMPLIANT



SATISFIES INFACREDIT'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS STANDARDS



ACCEPTABLE CREDIT PROFILE BASED ON INFACREDIT'S INTERNAL CREDIT ASSESSMENT



IS NOT ON IFC'S PROJECT EXCLUSION LIST



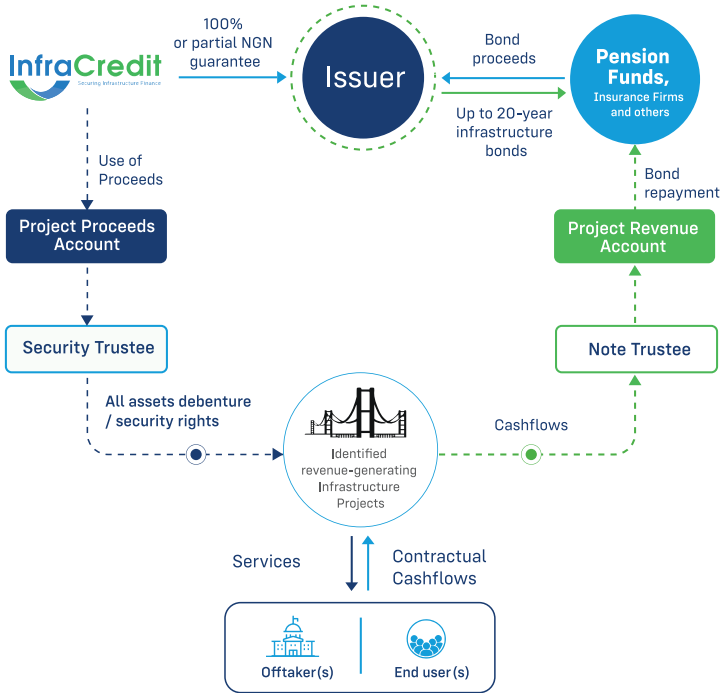
MINIMUM INVESTMENT GRADE RATING WITH ADEQUATE SECURITY PACKAGE



MUST BE AN ELIGIBLE SECTOR

HOW WE WORK

Basic Transaction Schematic



Key Features

Guarantee Features

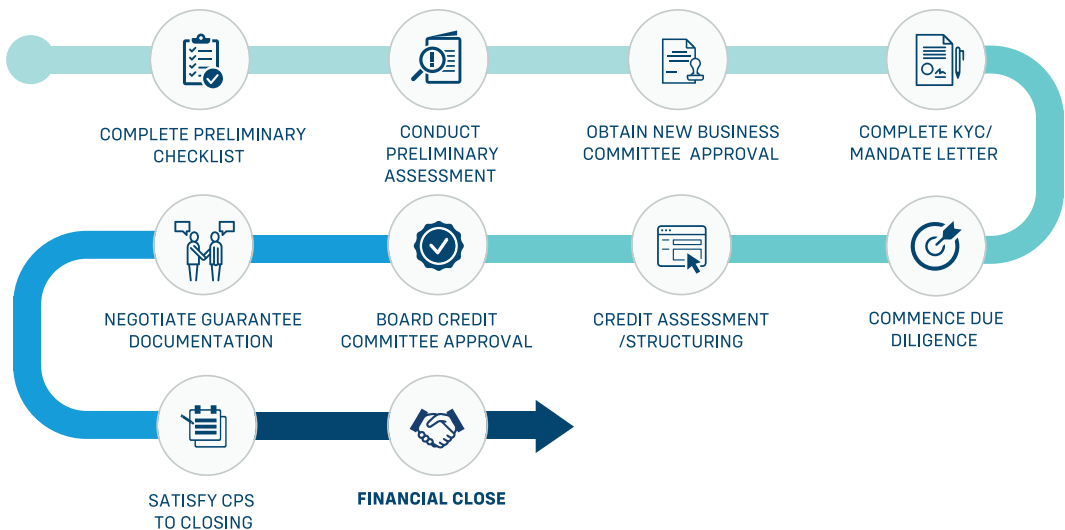
- Irrevocable & Unconditional
- Naira Obligations
- Up to 100%
- Senior Ranking Obligations
- Non Acceleration
- Up to 20 year Maturity
- Pari Passu Rights
- Voting Rights

Legal Documentation

- Deed of Guarantee
- Recourse Agreement
- Security Deed
- Other Documents

Guarantee Transaction Process









Deal Execution will be conducted in three phases: **Origination (Preliminary Assessment), Due Diligence & Structuring and Final Approval/Closing**



THE OPPORTUNITY



With the advent of InfraCredit, over the past three years, its guarantees have facilitated first-time access to long term local currency finance of up to 15-year tenor from the domestic bond market in aggregate of N43.5 billion (USD113m) in guaranteed corporate infrastructure bonds for four infrastructure companies

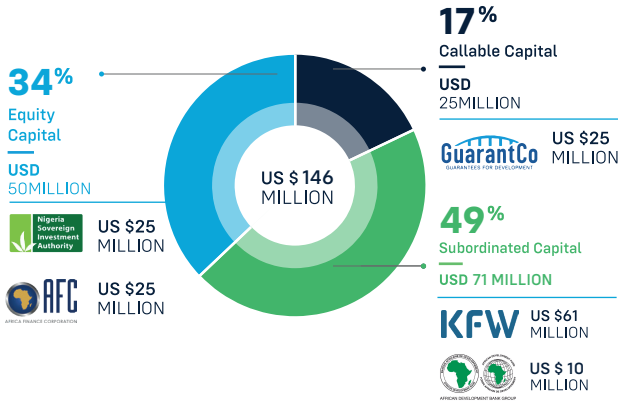
	Sector	Bond Size	Tenor	Year of Issue	No. of PFAs
 	Off-grid power	NGN10.0 billion \$25.9million (USD Equivalent)	10 years	2017	12
 	On-grid power	NGN8.5 billion \$22million (USD Equivalent)	15 years	2019	9
 	Off-grid power	NGN13.0billion \$33.7million (USD Equivalent)	15 years	2019	10
 	Transport & Logistics	NGN12.0 billion \$31.1million (USD Equivalent)	10 years	2020	11

These corporate debt instruments were oversubscribed by up to 60% from local pension fund investors, with participation by 16 pension fund investors (managing 75% of the industry assets under management) subscribing to InfraCredit-guaranteed infrastructure bonds; signifying strong investor appetite and confidence in its credit standing

*USD/NGN Exchange rate of \$/N386

Q3 2020 FINANCIAL FACTSHEET

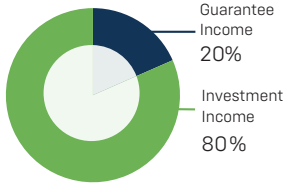
CAPITAL STRUCTURE



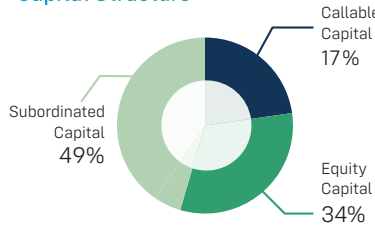
Q3 2020 FINANCIALS		N'000
GROSS REVENUE		3,043,890
PROFIT BEFORE TAX*		1,623,087
TOTAL QUALIFYING CAPITAL		58,416,520
LEVERAGE RATIO		0.57X
TARGET LEVERAGE RATIO		1.40X
*FX Gains		N868,916

RATIOS

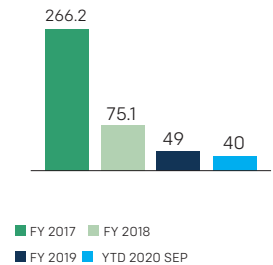
Revenue Contribution



Capital Structure

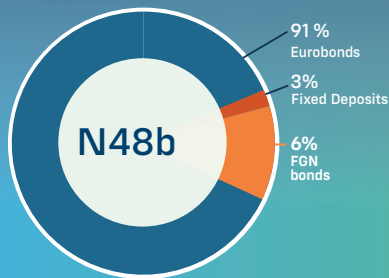


Cost to income ratio (%)

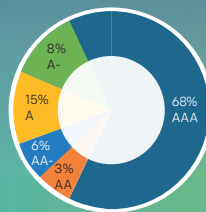


INVESTMENT PORTFOLIO

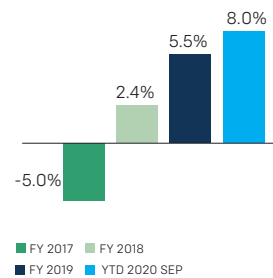
Portfolio Mix



Classification by Rating

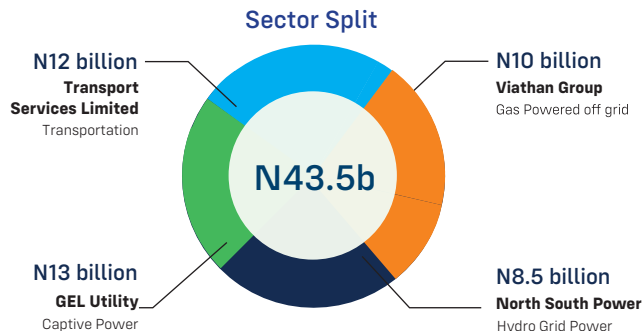


Return on equity (%)



GUARANTEE PORTFOLIO

Portfolio Size (NGN' Billion)



// Domestic pension funds have demonstrated increased appetite to invest in bankable corporate infrastructure bonds in Nigeria, it has never been more timely and important for infrastructure companies to access long term local currency finance of up to 20-year tenor from the domestic bond market at affordable fixed interest rates to finance long-term infrastructure projects and refinance short term high interest loans. //







Aerial view of Shiroro Hydroelectric Power Plant, Niger State

Contact



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