

# 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

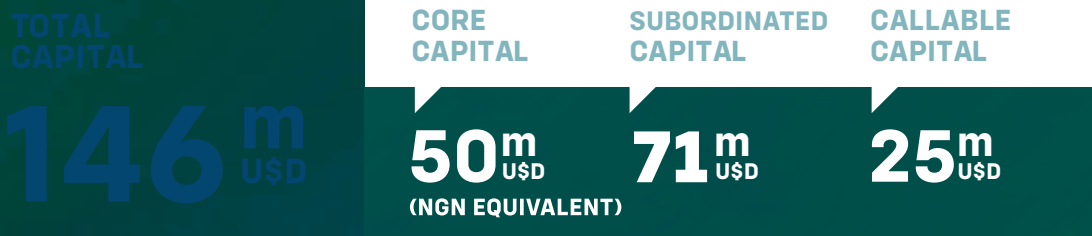
## RATINGS



## CAPITAL PROVIDERS



## CAPITAL



## GUARANTEE CAPACITY

UP TO **NGN 282 billion** (\$731m USD EQUIVALENT)

## IMPACT



## 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 INFRACREDIT'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS STANDARDS**



**ACCEPTABLE CREDIT PROFILE BASED ON INFRACREDIT'S INTERNAL CREDIT ASSESSMENT**



**IS NOT ON IFC'S PROJECT EXCLUSION LIST**



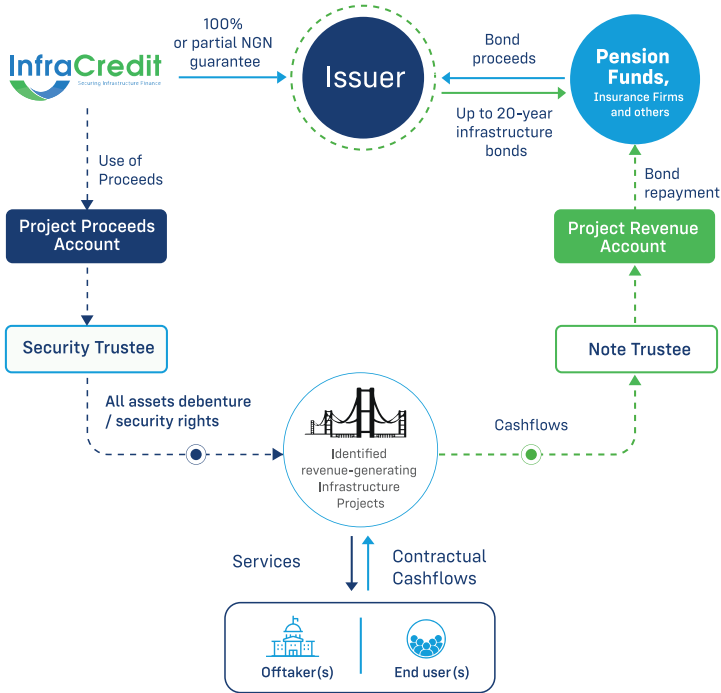
**MINIMUM INVESTMENT GRADE RATING WITH ADEQUATE SECURITY PACKAGE**



**MUST BE AN ELIGIBLE SECTOR**

# HOW WE WORK

## Basic Transaction Schematic



## Key Features

### Guarantee Features

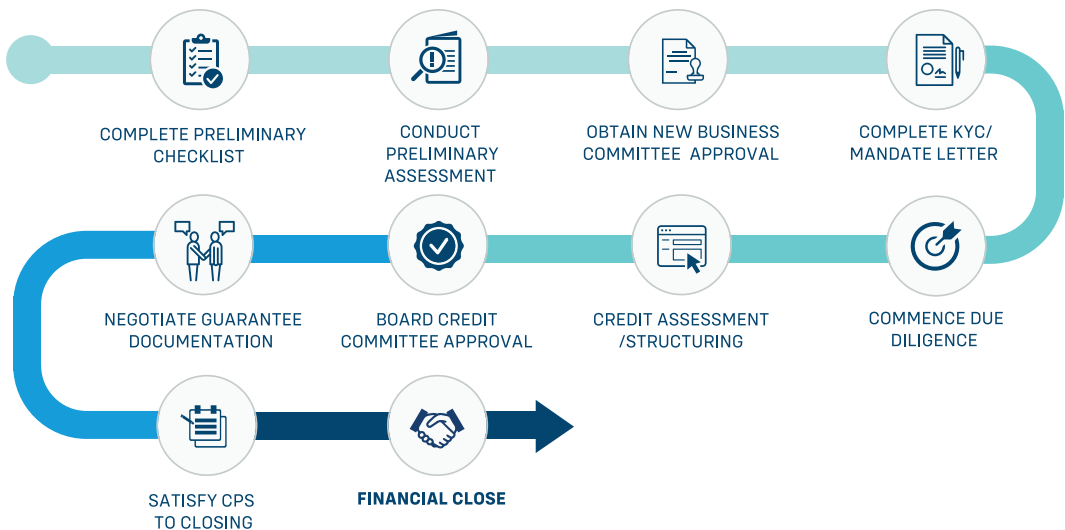
- Irrevocable & Unconditional
- Naira Obligations
- Up to 100%
- Senior Ranking Obligations
- Non Acceleration
- Up to 20 year Maturity
- Pari Passu Rights
- Voting Rights

### 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

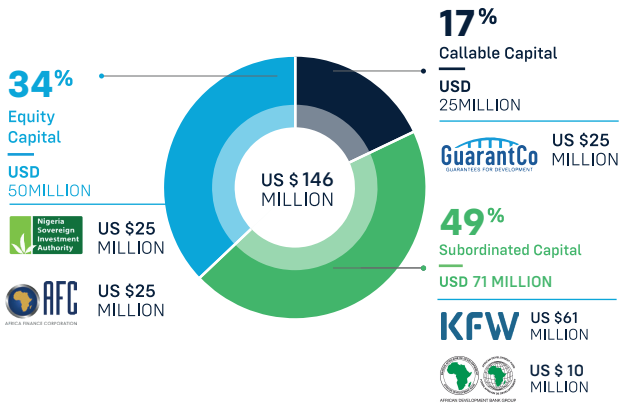
	Sector	Bond Size	Tenor	Year of Issue	No. of PFAs
 	Off-grid power	<b>NGN10.0 billion</b> <b>\$25.9million</b> (USD Equivalent)	10 years	2017	12
 	On-grid power	<b>NGN8.5 billion</b> <b>\$22million</b> (USD Equivalent)	15 years	2019	9
 	Off-grid power	<b>NGN13.0billion</b> <b>\$33.7million</b> (USD Equivalent)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

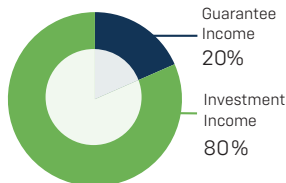
## CAPITAL STRUCTURE



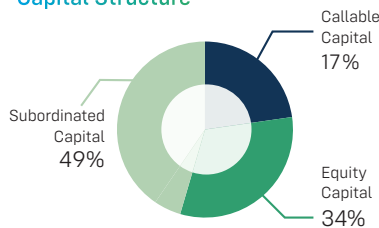
Q3 2020 FINANCIALS		N'000
GROSS REVENUE		3,043,890
PROFIT BEFORE TAX*		1,623,087
TOTAL QUALIFYING CAPITAL		58,416,520
LEVERAGE RATIO		0.57X
TARGET LEVERAGE RATIO		1.40X
*FX Gains N868,916		

## RATIOS

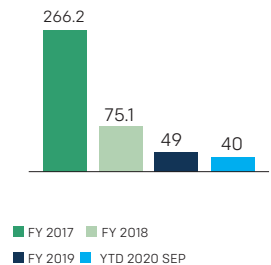
### Revenue Contribution



### Capital Structure

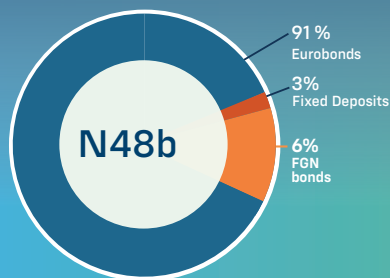


### Cost to income ratio (%)

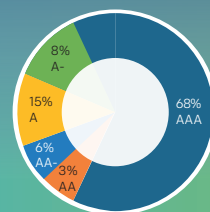


## INVESTMENT PORTFOLIO

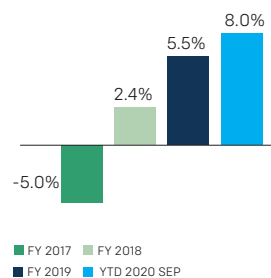
### Portfolio Mix



### Classification by Rating

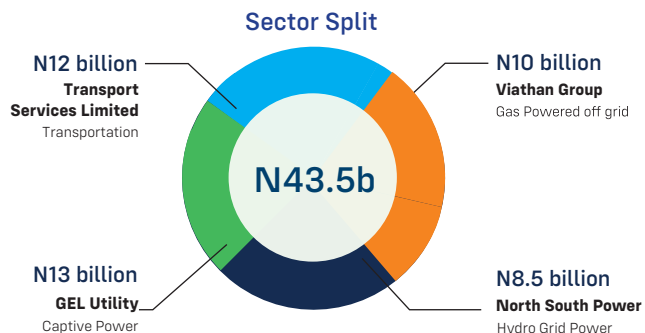


### Return on equity (%)



## 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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