

NSIA Announces Audited Financial Results for 2019 Financial Year...
...Grows Total Assets to ~~N~~649.84bn in 2019
...Records N36.15bn Profit

Abuja, Nigeria – July 3, 2019: The Nigeria Sovereign Investment Authority (“NSIA” or “The Authority”), manager of Nigeria’s sovereign wealth fund, today announced its results for the 2019 financial year. The results show that the Authority sustained its positive performance trajectory in the period under review.

2019 was a mostly favourable year for the Authority. In the first instance, our diversified asset strategy was buoyed by positive returns from the international markets as almost all the investments made in equities, hedge funds and private equity outperformed. Secondly, domestic developments also favoured the Authority and enabled our infrastructure investment strategy to deliver value to the Nigerian people as more capital was deployed in key projects leading to the attainment of significant milestones.

Highlights of NSIA’s activities and performance during the period are as follows:

- Recorded Total comprehensive income of ~~N~~36.15 billion in 2019 (previous year: ~~N~~44.34 billion)
- Excluding foreign exchange gain of N18bn in 2018 and N1.28bn in 2019, the net income in 2019 was N34.87bn (compared to N26.28bn in 2018).
- Recorded a 5% growth in Total Assets to N649.84bn as of year-end (previous year: ~~N~~617.70 billion)
- Asset allocation strategy remains stable across the various funds: Future generations fund remains 25% public equities, 25% private equity, 25% Absolute Returns and 25% Other diversifiers.
- Areas of Focus for the Nigeria Infrastructure Fund remain, Agriculture, Healthcare, Power, Toll Roads and Gas Industrialization.
- Closed key transactions and increased capital deployment on domestic infrastructure projects specifically in motorways, agriculture, healthcare, and power:
 - Healthcare:
 - Operationalized the Cancer Centre at Lagos University Teaching Hospital (NLCC) in May 2019.
 - Completed the Advanced Diagnostic Centre located in Aminu Kano University Teaching Hospital in 2019. The centre was subsequently commissioned and operationalized in February of 2020.
 - Completed civil and construction works at the Advanced Diagnostic Centre in Federal Medical Centre Umuahia (FMCU) as of year-end 2019. Concluded equipment and staffing of the facility in early 2020. Awaiting the easing of the lockdown on account of the covid-19 pandemic to operationalize the facility.

- Presidential Fertiliser Initiative (PFI):
 - Delivered 6.5million 50kg bags of NPK 20:10:10 in 2019, bringing total deliveries since inception ~20m bags
 - Increased accredited participating blending plants to 31 plants as of year-end 2019 from 18 plants in 2018.
 - Enabled the creation of significant direct and indirect jobs across the agriculture value chain including in logistics, ports, bagging, rail, industrial warehousing, and haulage touchpoints amongst others
 - Aim to deliver between 10 million to 12 million bags in 2020

 - Presidential Infrastructure Development Fund (PIDF):
 - As of year-end 2019, the total sum of ₦181.9 billion had been deployed across all three projects Under the PIDF namely the 2nd Niger Bridge, Lagos – Ibadan Expressway and Abuja-Zaria-Kaduna-Kano Road
 - Significant progress has been made on projects in terms of civil and construction works
 - Projects on course for completion in 2022 as construction milestones are outpacing project calendar despite the impact of covid-19

 - Panda Farms: Pandagric, a fully integrated farm, is a joint venture investment between NSIA and UFF African Agri Investments, a Dutch based agriculture investment firm. In 2019 the farm acquired state of the art farming, irrigation, and feed production equipment. This strengthened the farm's capacity to cultivate the over 2300 hectares of arable land available within the facility and enabled the expansion of farming operation with notable reduction in input costs.

 - Kano Solar – Commenced the development of a 10MW solar power plant in Kumbotso Local Government Area, Kano State. Also undertook an Environmental and Social Impact Assessment (ESIA) study and other site-specific assessments which determined the technical feasibility and approach to implementing and constructing the project. At completion, the project will contribute to the growing trend of investments in renewable energy in Nigeria.

 - Basic Chemical Industry: Commenced development of the Basic Chemicals platform with OCP of Morocco to produce Ammonia and other fertilizer products. At completion, the plant is expected to catalyze the re-introduction of a basic chemicals industry in Nigeria.
- Assets under management:
 - NSIA's core capital was US\$1.5 billion as of year-end 2019
 - Nation Economic Council voted for an additional capital contribution of US\$250 million in 2019 which was received on the 8th of April 2020
 - Other 3rd party managed funds comprised of:
 - Nigeria Stab. Fund – Fund Balance is ₦33.365 billion (₦20.814 billion – 31 Dec 2018).

- Commenced allocation to venture capitals (VC) as a key asset classes.
- Refreshed and significantly changed our managers in the hedge fund asset class to leverage upside risks

Financial Statement Review

The Authority's performance for 2019 reflected the strength of the Authority's strategy across all the funds as the Authority, on the aggregate outperformed its benchmarks on all three funds within the period.

Markets experienced a strong bullish run in 2019 due to the accommodative interest rate environment, sheathing of swords by US and China in the trade war and the signing of the Brexit agreement. On this account, the markets experienced fewer bouts of volatility. The Authority's fund performed favorably by generating aggregate returns of 6.43%

Total comprehensive income generated in the periods was ₦36.15 billion which is an 18% reduction relative to the 2018 income of ₦44.37 billion. However, real performance on core activities of the Authority was better than 2018 by 32% when considered excluding the foreign exchange revaluation income earned in 2018. Considering the volatile global and generally challenging local investment environment, this performance reflects the strength and capability of portfolio and risk management within the institution.

Interest income, a key component of Total Income, earned in 2019 was N27.02 billion, representing a 13% increase over the N23.82 billion recorded in 2018. This underscores NSIA's strategy to generate fixed income returns from securities that generate predictable interest, and steady returns including Eurobonds, Treasury bills and other secured deposits.

Operating expenses rose to N4.2bn in 2019 up from N3.8bn in 2018.

Fund Review

The Mandate Funds

2019 was an active year for the Authority. Notably, we closed several infrastructure projects and recorded significant milestones in project development, implementation and construction works.

Across both the Stabilisation Fund (SF) and Future Generation Fund (FGF), changes were made to our allocation to hedge funds as an asset class as we commenced implementing our Venture Capital (VC) investment strategy. The Authority committed significant capital across all three ring-fenced funds as we continued to operate a diverse and global investment portfolio of traditional and alternative assets under the SF and FGF funds,

Infrastructure Fund

Capital deployment continued throughout the year across key projects. NSIA's infrastructure investments plan enables the Authority to operate under strict cost

management guidelines while supporting ongoing capital projects. Highlights of activities undertaken across the infrastructure sectors are provided below:

Basic Chemical Platform (BCP)

In 2019, NSIA partnered with OCP of Morocco to develop a Basic Chemicals Platform Project (BCP) in Nigeria. The BCP seeks to develop an integrated Ammonia and fertilizer production plant that will benefit both the Kingdom of Morocco and Nigeria by commercializing Nigeria's vast natural gas resources and satisfying Morocco's demand for cost-competitive Ammonia.

The Project will be developed to produce 1.5MTPA of Ammonia in two phases; about 60% - 70% of the Ammonia produced will be allocated for export to Morocco, and the balance will be routed to the production of Di-ammonium Phosphate and NPK fertilizers to feed domestic demand.

Healthcare/ NSIA Healthcare Development and Investment Company (NHDIC),

In 2019, NSIA operationalised the NSIA-LUTH Cancer Centre (NLCC), a full-service out-patient cancer centre, aimed at supporting the eradication of the growing cancer disease burden across Nigeria. The centre was commissioned by His Excellency President Muhammadu Buhari and became operational on May 29th, 2019.

Operationalisation of the centre has increased access to quality oncology care and treatment in Nigeria as over 2000 patients have received treatment. Having increased the radiotherapy equipment-to-people ratio in the country, it is expected that the Nigeria will begin to see a reversal in foreign exchange demand on account of medical tourism.

During the period, the NSIA continued to work on the construction of two ultra-modern medical diagnostic centres, located in Kano and Umuahia, respectively. This aggregate US\$10.5 million investment in both facilities, which have since been operationalized in 2020, is enabling Nigeria to provide fully automated laboratory and radiological diagnostic services to the north-western and south-eastern regions of the country.

PIDF/Motorways

Across the three PIDF projects under construction and government has disbursed the sum of ₦181.9 billion to end of 2019. The milestones recorded on each project are as follows:

- **Second Niger Bridge:** This is a greenfield construction for an 11.9km, 2x3 lane Greenfield highway connecting Asaba (Delta State) and Onitsha (Anambra State) which has reached significant levels in terms of construction and civil works.

Presently, piling works including pile caps on the main bridge have been completed. All 30 piles are visible above water levels. The deck which will span across the piles is current being pushed through using the incremental launch system from the western approach. Geotextile and sand filling protection layers is being done at key points on the construction site while roadworks and earthworks are going on concurrently.

- **Lagos - Ibadan Expressway:** The project involves the rehabilitation, reconstruction, and expansion of the Lagos-Ibadan Expressway. It is a 127km highway which will connect the city of Lagos and Ibadan and proceeding onwards to connect to the northern region of the country.

Over 65km of road works has been completed. Presently, site clearance, earthworks, culverts and drains construction, pavement and surfacing works are ongoing according to schedule at various points on the roughly remaining 62km of road to be completed.

- **Abuja – Kano Expressway:** The project entails the modernization of 370 km of road. It is a critical part of the A2, which is a main artery within Nigeria's transportation grid, enabling the movement of people and products from the North to the South and vice versa.

Significant progress has been made with over 111km of road fully completed. Nonetheless, construction work including site clearance, earthworks, culverts and drains construction, pavement and surfacing works are ongoing on the remaining sections with a view to ensure completion in accordance with the project plan.

Recently, negotiations were concluded on a Trilateral Agreement amongst the governments of Nigeria, Bailiwick of Jersey and the United States on the US\$311 million recovered assets that is to be invested across the three PIDF projects under construction. With these, the PIDF will be able to fund its activities through Q3 2021. Operationally, NSIA continues to oversee the projects ensuring strict cost control measures are in place.

Agriculture

The NSIA's agriculture joint venture; the UFF – NAIC Fund (the "Fund") was established to invest in the development of agriculture in Nigeria, with a focus on primary agriculture and directly related assets, including associated downstream infrastructure. The Fund is also focused on rural development, food security, sustainable investments through the inclusion of smallholder farmers and directing investments towards import substitution cash crops.

With NSIA's intervention through significant investments in state-of-the-art farming, irrigation and feed production equipment required for the first 900 hectares of farming the farm has been repositioned to optimize output. Expansion of the Pandagric project commenced in Q4 of 2019, and upon completion, the project will involve the farming of maize and soybeans under irrigation on 2,300 hectares of arable land a 147KMT per annum capacity feed mill.

Other Investment in Agriculture include the Fund for Agriculture Finance in Nigeria (FAFIN) and Babban Gona; with several other projects in the pipeline.

Presidential Fertiliser Initiative (PFI)

The Authority continues to serve implementing entity and fund manager for the PFI. On many fronts the programme continue to deliver value to Nigeria people in line with its mandate of ensure affordable and adequate quantities of fertiliser are available to Nigerian farmers on time ahead of the farming seasons.

Amongst other notable outcomes, the programme delivered about 6.5 million 50kg bags of NPK 20:10:10 2019 to date and aims to deliver between 10 million to 12 million bags in 2020. As of YE 2019, domestic production capacity for fertiliser production has increased by over 300% from the position at the onset of the project in 2017 where less than 5 plants were barely operational in Nigeria.

Stabilisation Fund (SF)

The period under review saw policy alignments across major economies which provided clear forward guidance to markets and reducing levels of volatility. As such, the Fund's strategy of investing in diversified products across the yield curve provided returns. At year-end 2019, the SF has been fully invested. In terms of return on investment, the Stabilisation Fund returned 5.81%, outperforming its benchmark, the US CPI, by a 381 basis points.

Future Generations Fund (FGF)

The Authority maintained the its strategy of a systematic deployment of the FGF across global equities, private equity, hedge Funds and 'other diversifiers'. In the year under review, the FGF strategically gained more market exposure by investing in global equities and passive funds. In addition, we started making venture capital investments.

As of year-end 2019 we had deployed over 90% of the capital in the Future Generations Fund. The fund returned 6.45% as of year-end, outperforming its benchmark of 6.43% (US CPI + 4).

Outlook for 2020

- The onset of the Covid-19 pandemic has caused an unprecedented human and health crisis with significant impact on global markets. As such, it may be difficult to predict the markets overall reaction to development. It is predictable that the volatility introduce by the onset of the pandemic may linger.
- However, the Authority continues to monitor the market conditions with the view to leverage the upside risks that avail themselves in the market. We expect that our investment strategy will continue to deliver positive returns in the long term in 2020 as the markets normalize and new opportunities emerge.
- We will continue to focus on Agriculture, Healthcare (including Pharmaceuticals), Toll Roads, Gas industrialization and Power in our Infrastructure Funds.
- Operationalizing several subsidiaries of the NSIA will be a key focus especially in the healthcare sector where we have several projects in the pipeline.
- NSIA has invested in several financial companies that help develop the capital markets including NMRC, InfraCredit, NG Clearing, Development Bank of Nigeria, and



Press Release

03/07/2020

Family Homes Funds. We will continue to work on strengthening these entities and making new investments in companies that strengthen financial market infrastructure.

- The Authority will continue to deploy capital into vital sectors of the economy with increased focus on sectors that will engineer real growth.

-END-



Press Release

03/07/2020

About NSIA

The Nigeria Sovereign Investment Authority, a corporate body established by the Nigeria Sovereign Investment Authority (Establishment, etc.) Act 2011, is mandated to manage funds in excess of budgeted hydrocarbon revenues. Its mission is to play a leading role in driving sustained economic development for the benefit of all Nigerians through building a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure and providing stabilisation support in times of economic stress. NSIA operates three mandate funds: the Stabilisation Fund, the Future Generations Fund, and the Nigeria Infrastructure Fund.

For more information please visit www.nsia.com.ng

CONTACTS

Financial Controller, NSIA
E-mail: bmakoju@nsia.com.ng
Tel: 23494610400 Ext: 505

Head, Communications, NSIA
E-mail: tolubiyi@nsia.com.ng
Tel: 23494610400 Ext: 411

NIGERIA SOVEREIGN INVESTMENT AUTHORITY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

	Group 31-Dec-19 N'000	Group 31-Dec-18 N'000	Authority 31-Dec-19 N'000	Authority 31-Dec-18 N'000
Assets				
Cash and cash equivalents	216,047,631	73,844,290	185,736,007	61,777,335
Investment securities	360,087,275	461,391,586	324,361,629	441,635,909
Restricted balances and other assets	51,019,551	46,499,369	75,878,818	36,082,678
Inventories	4,615,646	20,685,075	-	-
Investment in subsidiaries	-	-	1,753,398	5,116,826
Investments accounted for using the equity method	15,226,911	13,647,879	10,614,990	10,614,990
Right of use asset	249,905	-	43,488	-
Property and equipment	2,498,894	1,617,016	370,522	272,950
Intangible assets	100,235	12,893	100,235	12,893
Total assets	649,846,048	617,698,108	598,859,087	555,513,581
Liabilities				
Other liabilities	47,177,240	48,258,049	27,015,570	18,915,515
Borrowings	23,133,382	26,052,673	-	-
Total liabilities	70,310,622	74,310,722	27,015,570	18,915,515
Equity and reserves				
Contribution by Government	280,662,500	280,662,500	280,662,500	280,662,500
Retained earnings	291,026,827	256,550,342	287,750,520	253,690,496
Fair value reserves	3,941,139	1,786,620	3,430,497	2,245,070
Foreign currency translation reserve	3,907,858	4,382,101	-	-
Total equity and amount attributable to equity contributors (Government)	579,538,324	543,381,563	571,843,517	536,598,066
Non-controlling interest	(2,898)	5,823	-	-
Total liabilities and equity	649,846,048	617,698,108	598,859,087	555,513,581

SUMMARY CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Group 31-Dec-19 N'000	Group 31-Dec-18 N'000	Authority 31-Dec-19 N'000	Authority 31-Dec-18 N'000
Interest income	27,024,376	23,818,216	26,163,702	23,512,933
Investment income	479,886	3,208,212	464,505	1,386,859
Interest income on financial assets at FVTPL	7,284,630	796,525	7,284,630	796,525
Net gain on financial assets	2,831,932	245,960	3,595,984	884,039
Net foreign exchange gain	1,289,159	18,052,191	1,288,894	18,901,727
Other income	7,123,910	11,405,258	946,600	1,025,390
Share of profit of investments accounted for using the equity method	1,363,940	209,300	-	-
Total income	47,397,833	57,735,662	39,744,315	46,507,473
Investment management and custodian fees	(1,429,528)	(1,022,393)	(942,293)	(866,720)
Write back/(impairment charge) on financial assets	1,208,237	(943,923)	(965,076)	(321,761)
Operating and administrative expenses	(4,263,302)	(3,762,225)	(3,769,396)	(3,282,523)
Interest expense	(4,546,556)	(2,617,160)	(7,526)	-
Loss from infrastructure subsidiaries investment	(3,696,556)	(3,204,887)	-	-
Profit before taxation	34,670,128	46,185,074	34,060,024	42,036,469
Taxation	(202,364)	(219,461)	-	-
Profit for the year from continuing operations	34,467,764	45,965,613	34,060,024	42,036,469
Profit from discontinued operations	-	538,816	-	-
Profit for the year	34,467,764	46,504,429	34,060,024	42,036,469
Net change in fair value of financial assets at FVOCI	1,939,427	191,298	1,185,427	(208,616)
Share of other comprehensive income of associates and joint ventures	215,092	59,960	-	-
Exchange differences on translating foreign operations	(474,243)	(2,418,579)	-	-
Total comprehensive income for the year	36,148,040	44,337,108	35,245,451	41,827,853
Total comprehensive income for the year is attributable to:				
Owners of NSIA	36,148,040	44,336,015	35,245,451	41,827,853
Non-controlling interest	-	1,093	-	-
Total comprehensive income for the year	36,148,040	44,337,108	35,245,451	41,827,853

The summary consolidated and separate financial statements were approved and authorised for issue by the Directors on 6 June 2020 and signed on its behalf by: