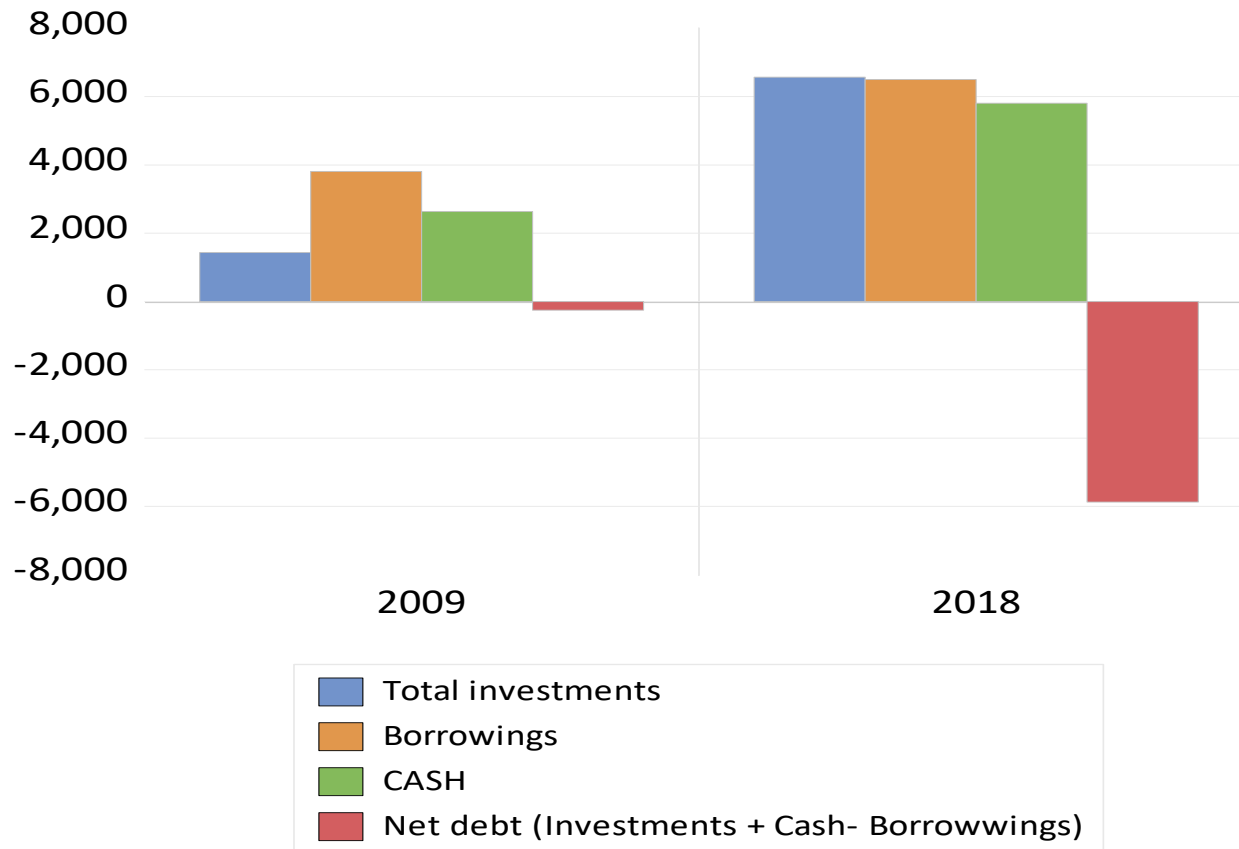




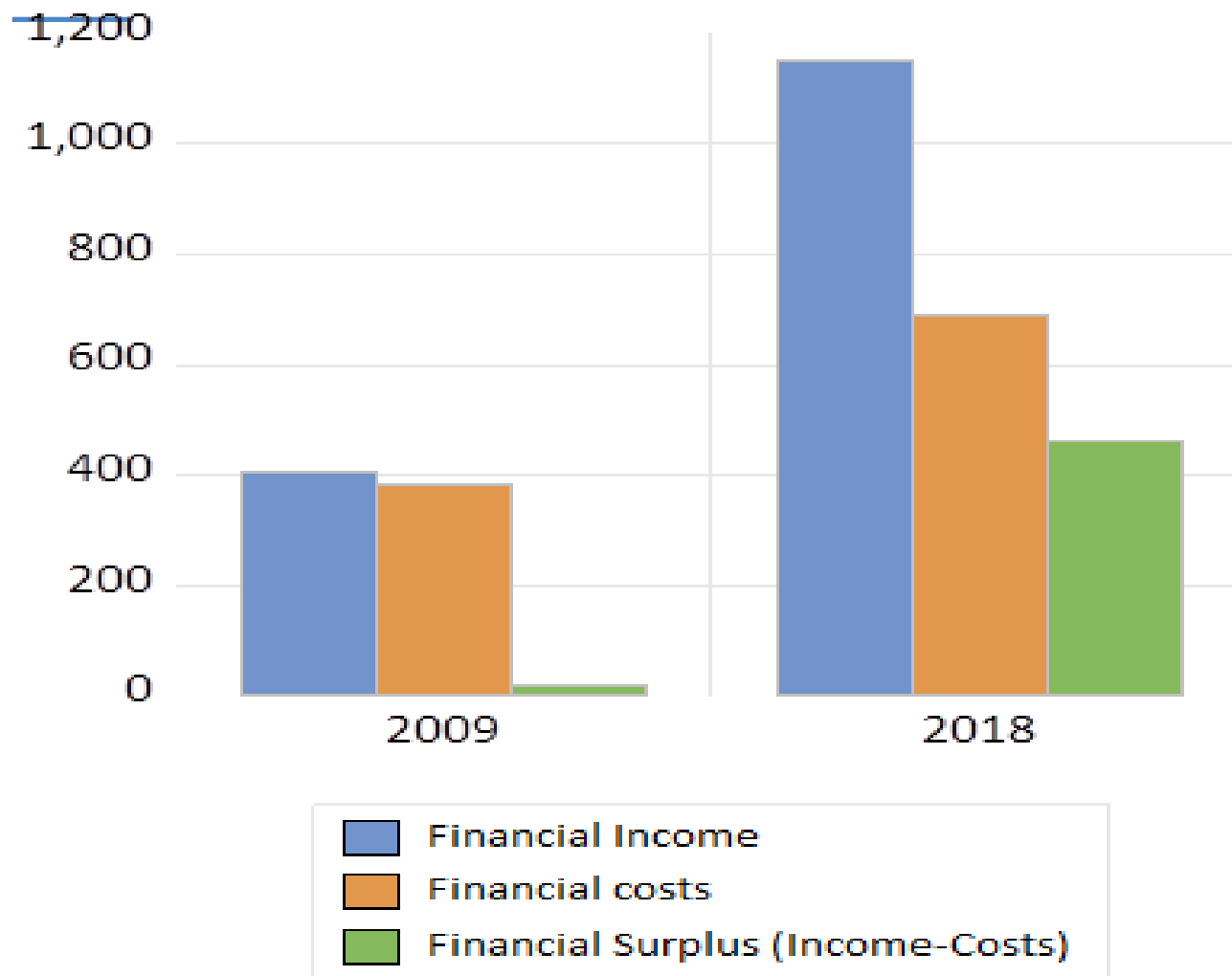
Presentation to WCPDF
Brian Kantor

17th May 2019

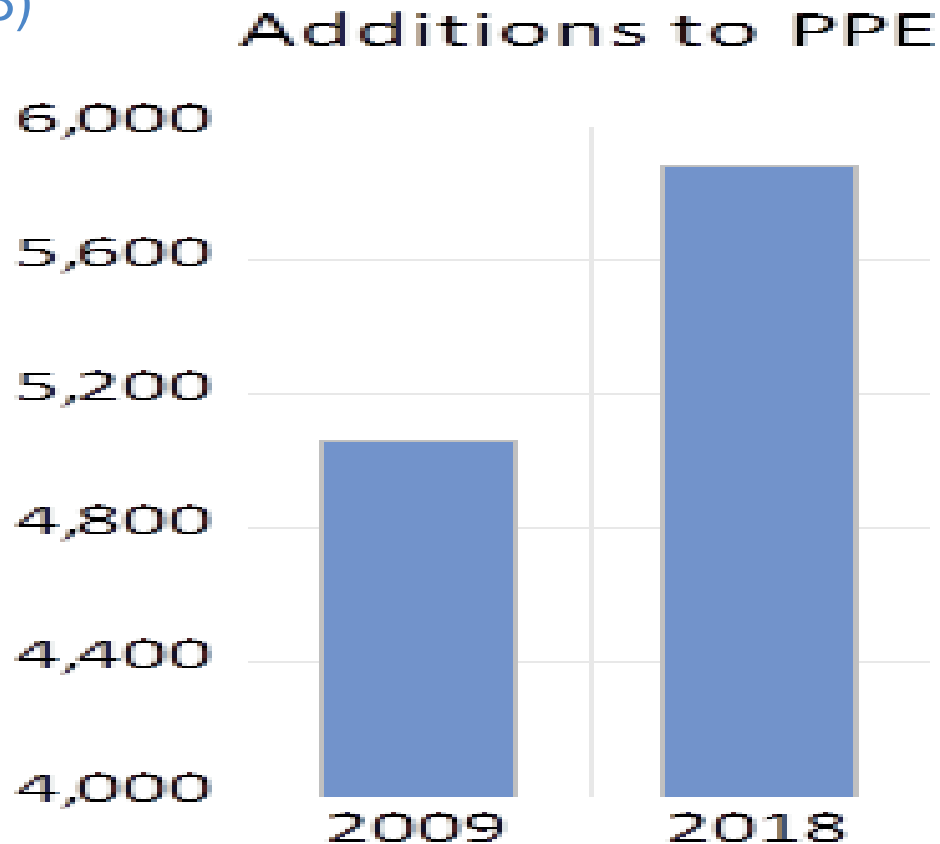
The City of Cape Town has become a very large supplier of capital - Net Debt (-R6000 million)



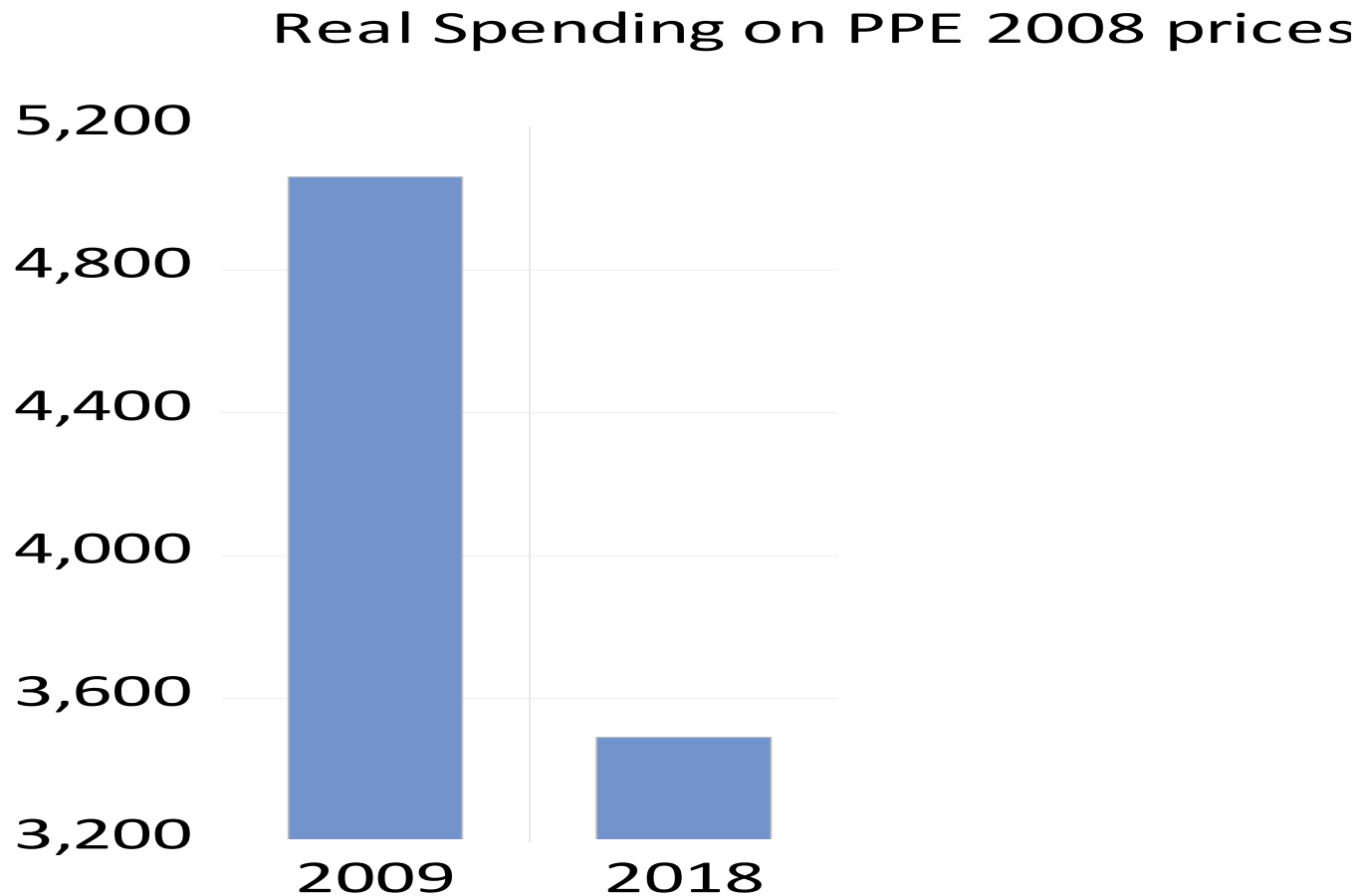
Net Financial Income of > R400m



Capital expenditure highly constrained- how is this to be explained? (CAGAR 1.5% 2009-2018)

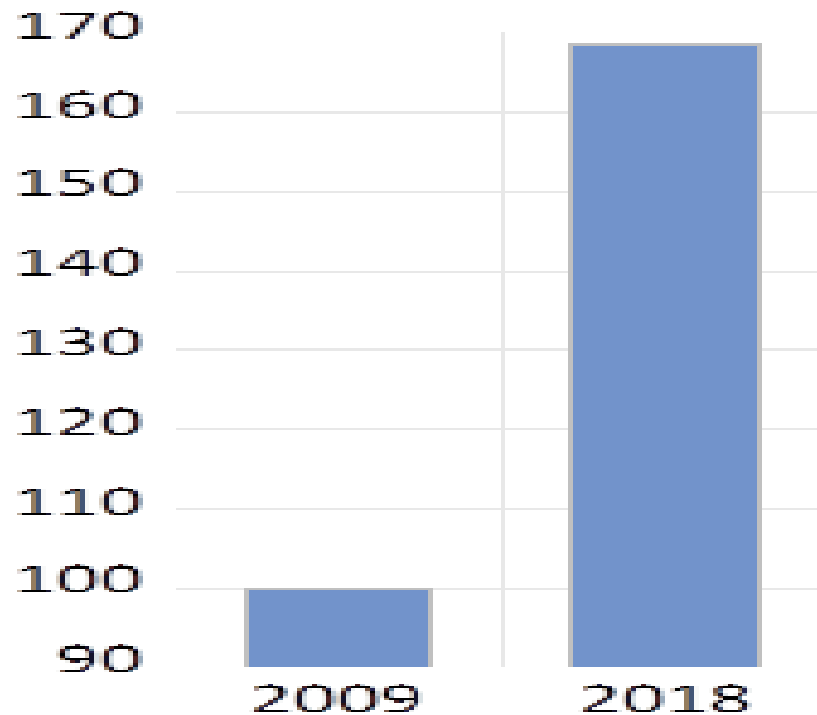


Significant Decline in real spending on PPE

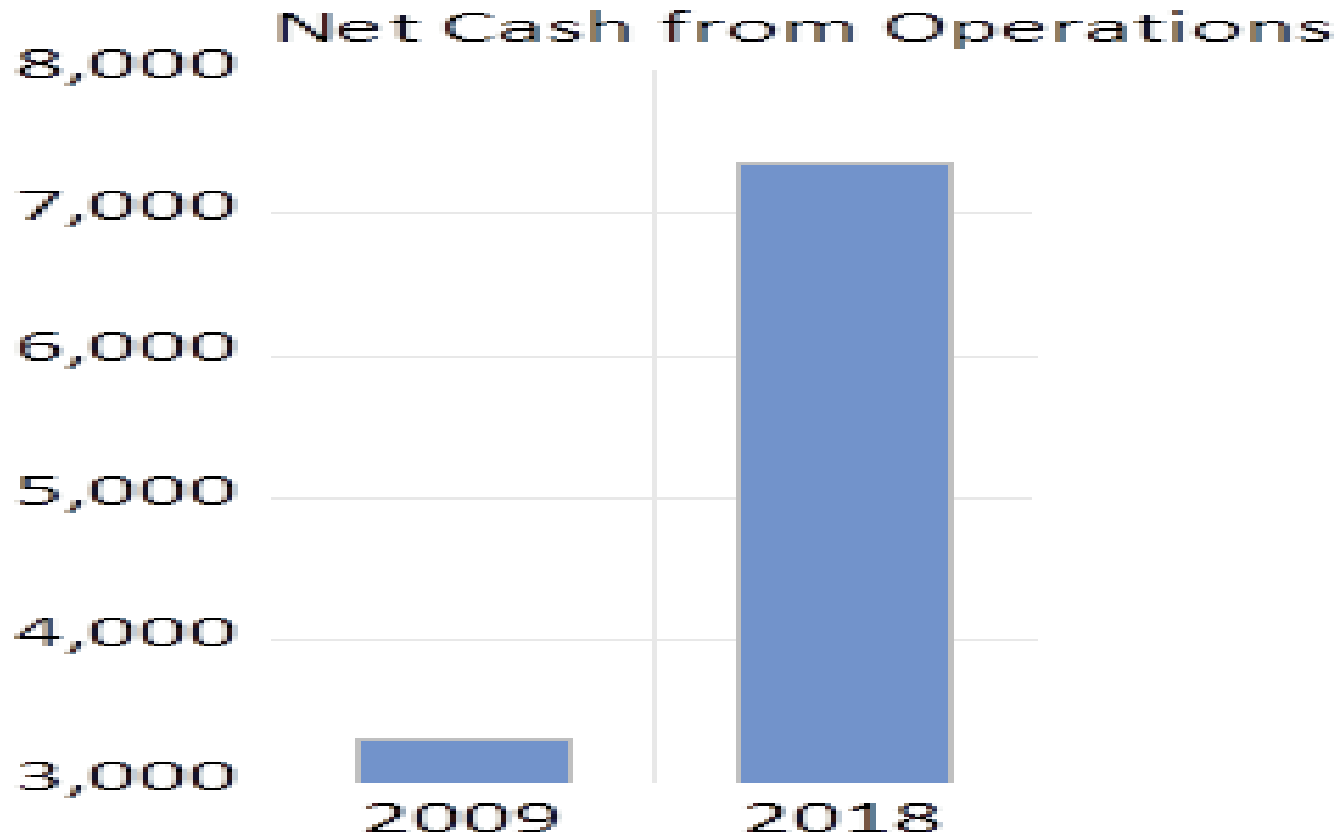


CPI 2008 =100 (CAGAR 5.3% 2008-2018)

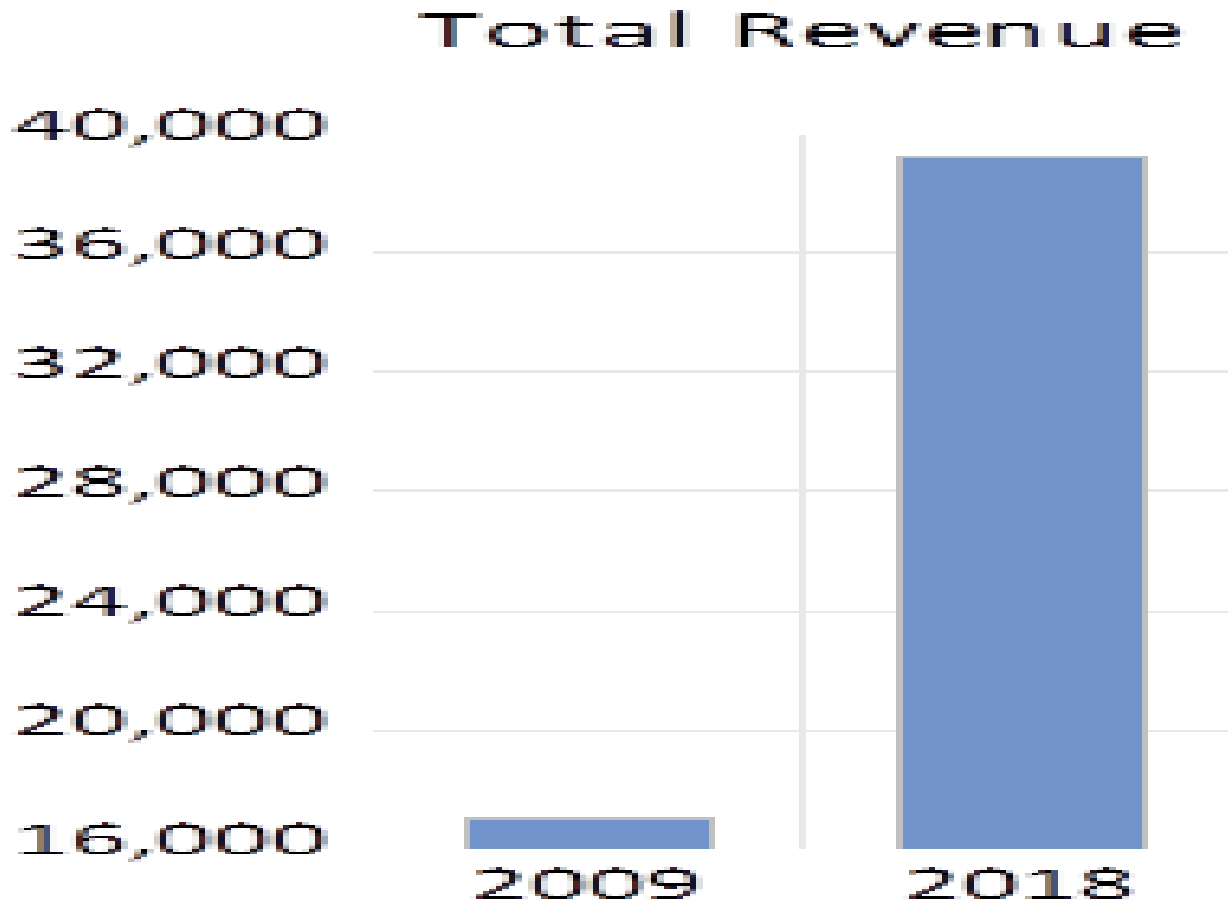
CPI June 2008- June2018



Cash from operations (CAGR 7.5% 2009-~~2018~~)

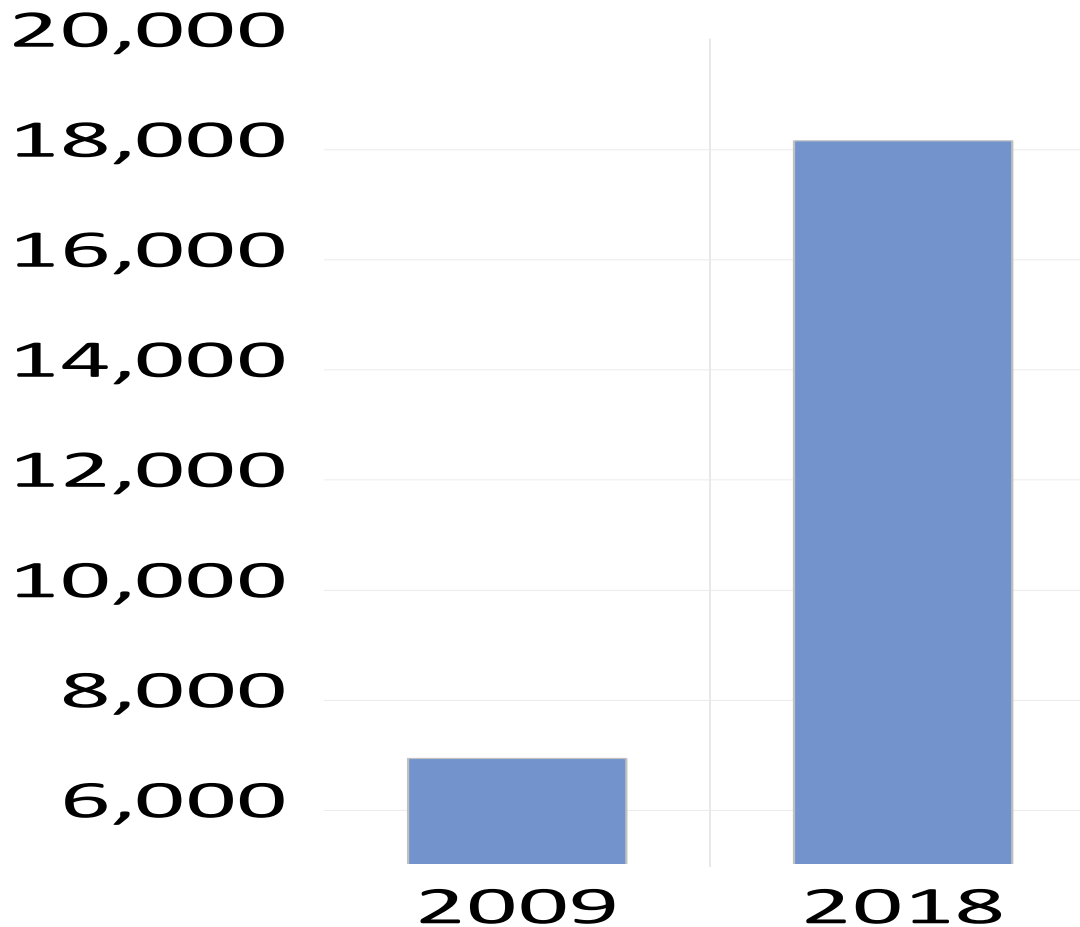


Total revenue (CAGAR 8.33% 2009 2018)



Service revenue (CAGR 9.6% 2009-2018)

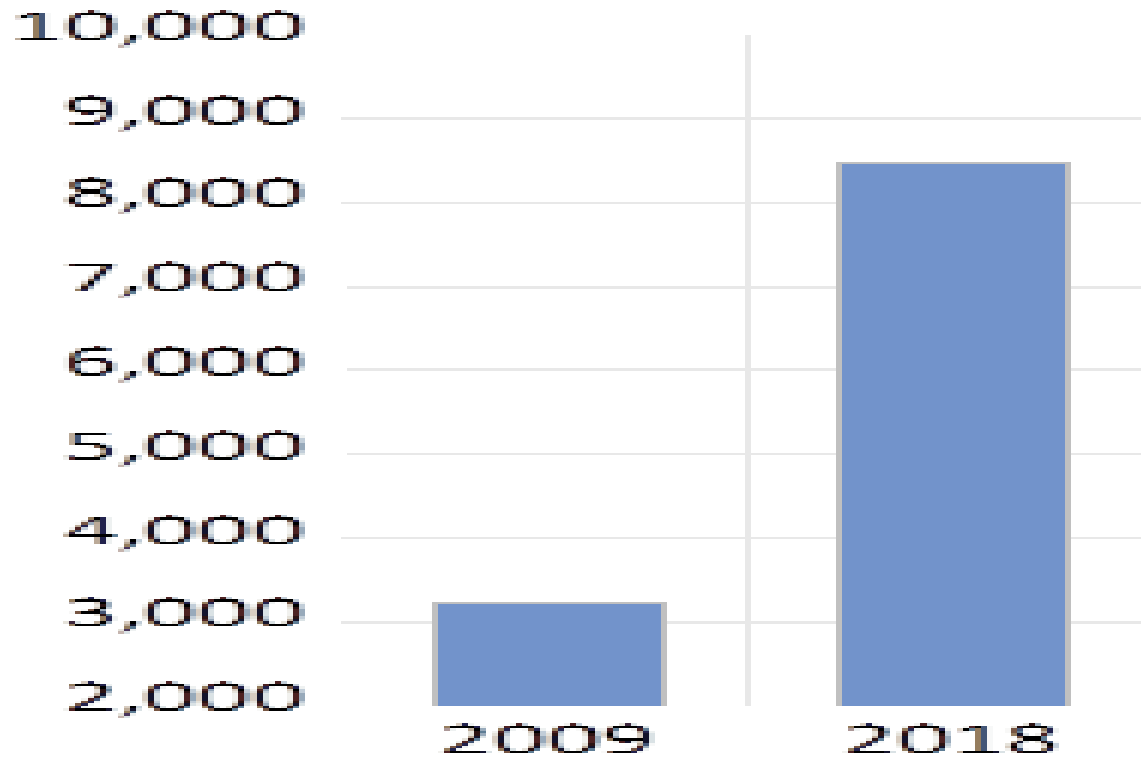
Service Revenue



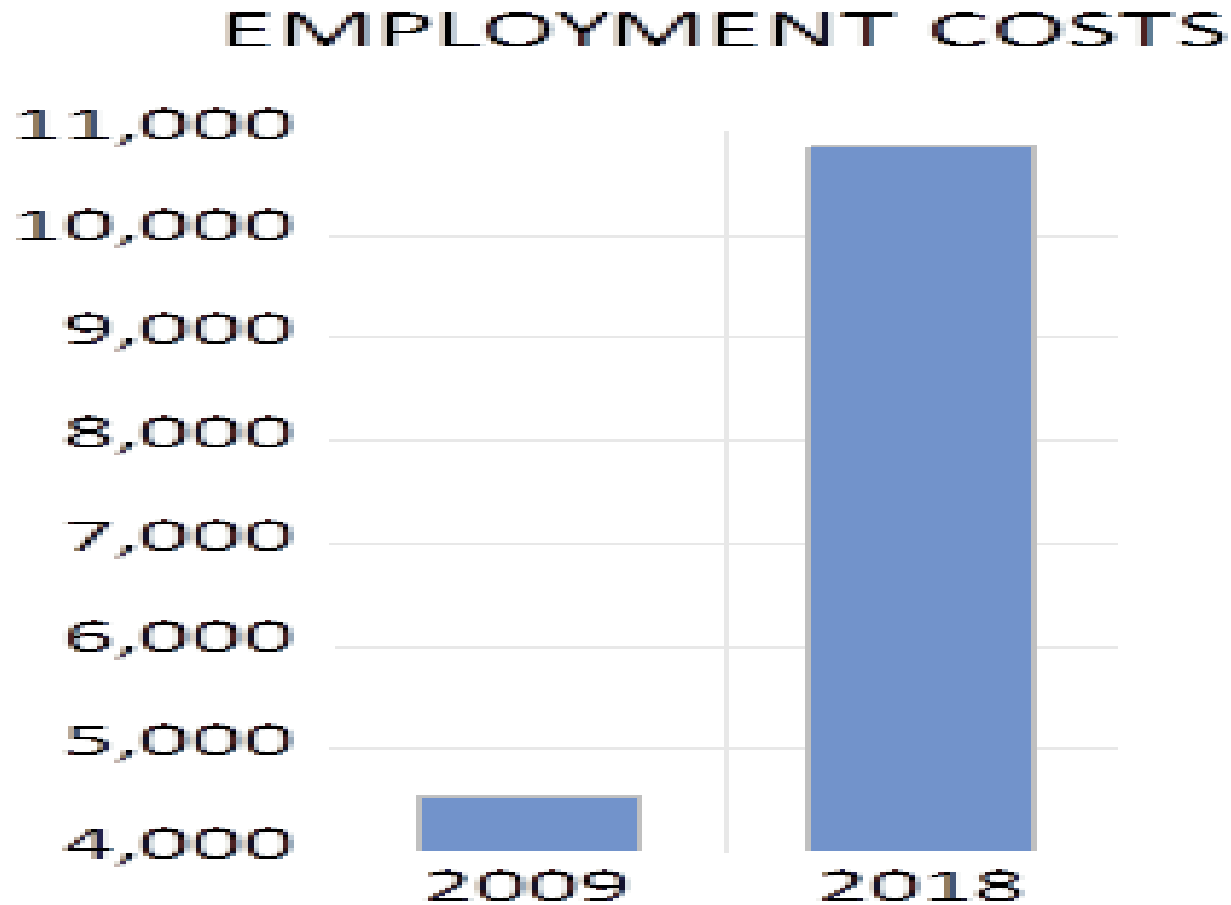
Income from Rates (CAGAR 9.1% p.a)

$P = D / (r - g) = R800b$. If $g = 9$ and $r = 10$

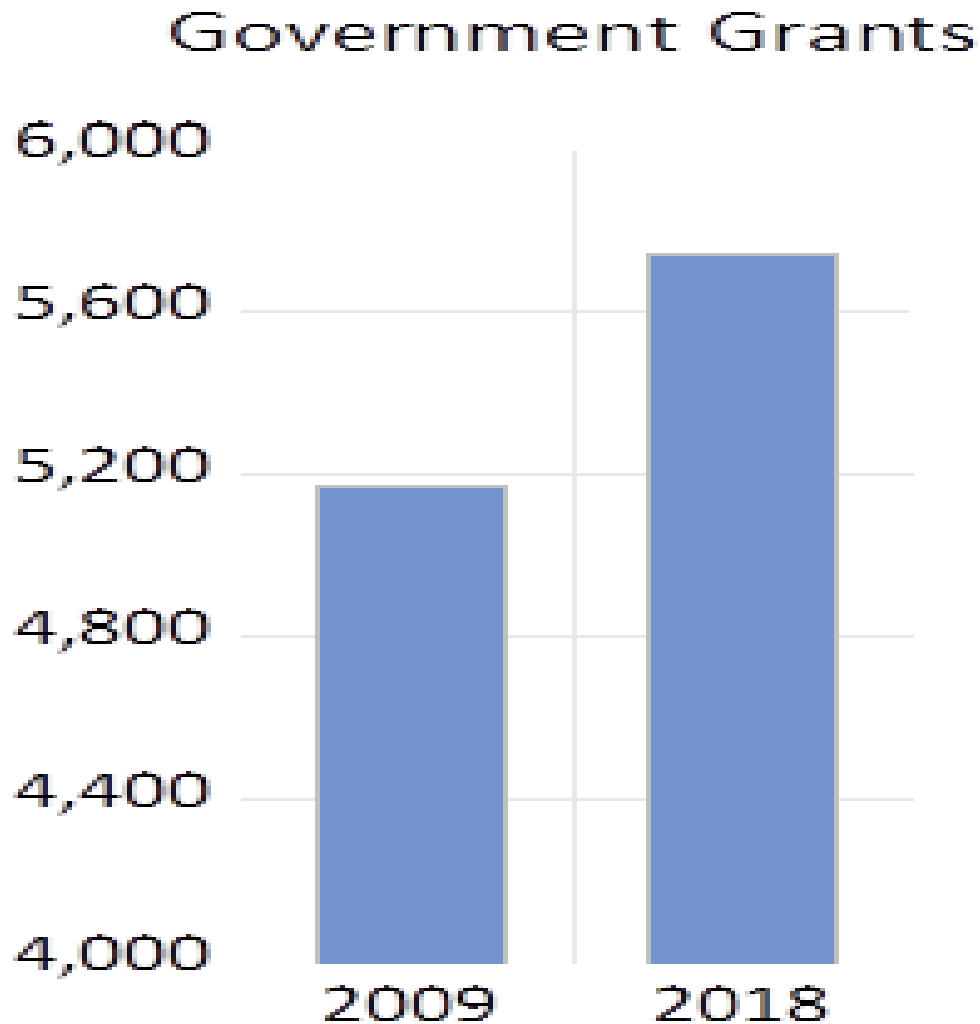
RATES



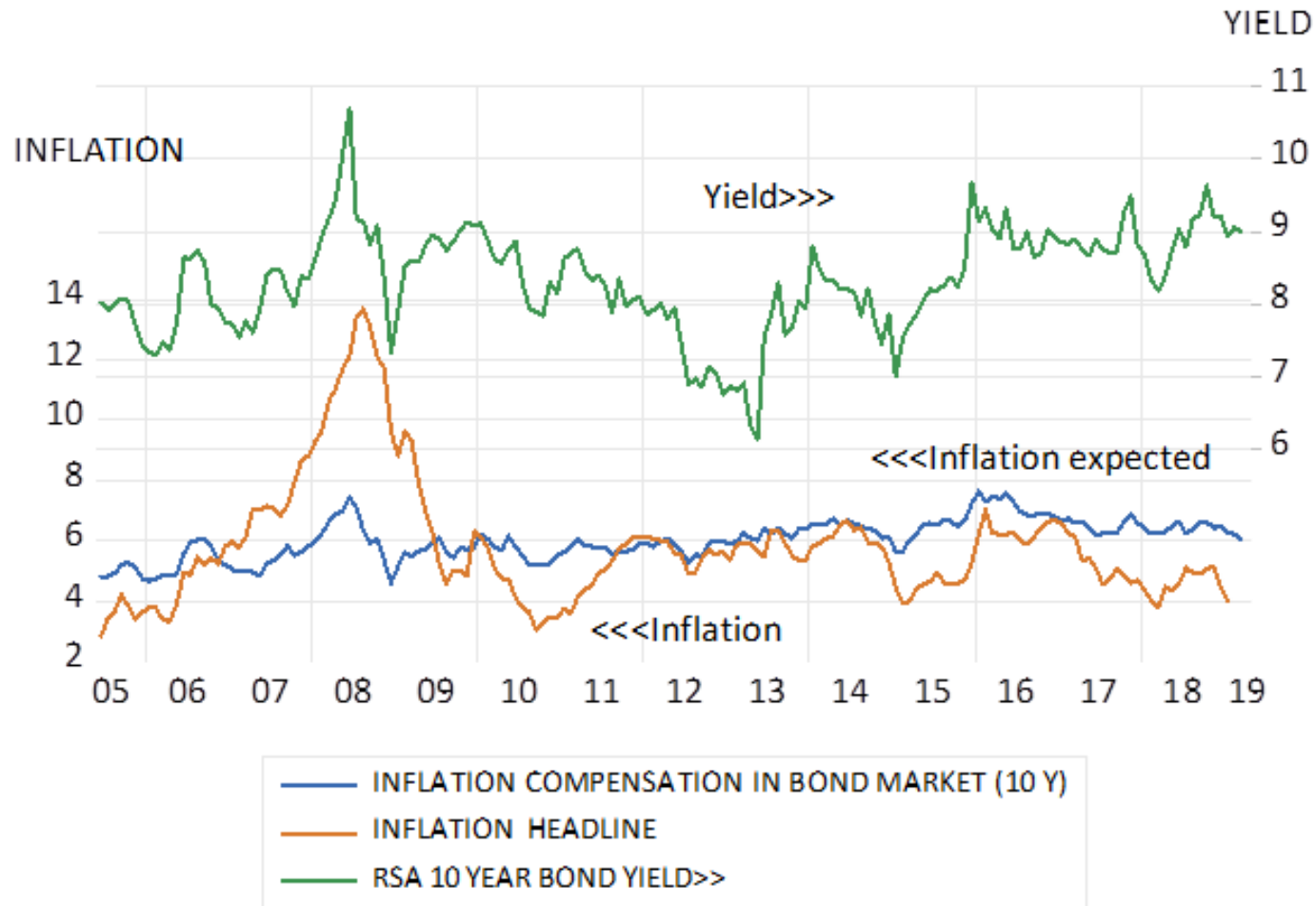
Employment costs (CAGAR 8.7% 2009 2018)



Grants from Government (little nominal growth)



RSA long rates (LHS)– inflation and inflation expected

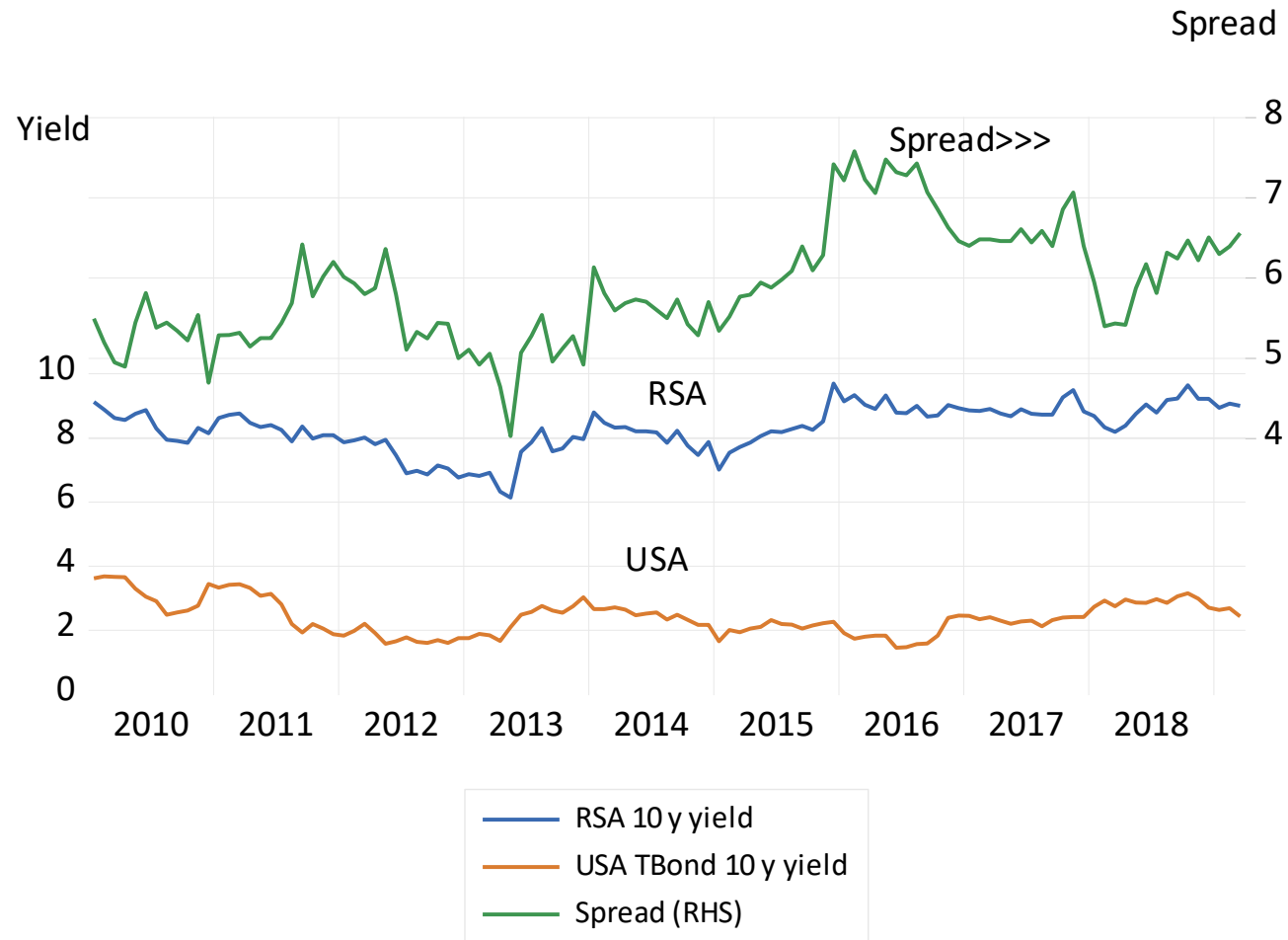


RSA Yankee bond spread over US Treasuries (5 year)

RSA RISK PREMIUM



RSA and USA long bond yields – and the carry



RSA Debt ratios and the primary balance

Figure 3.1 Revenue and non-interest spending*

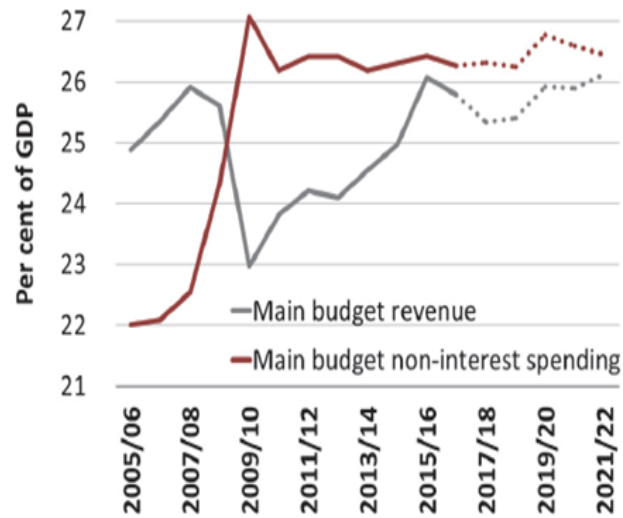
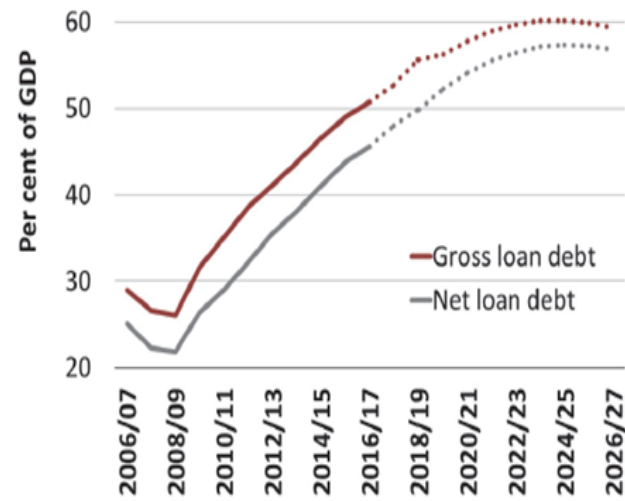


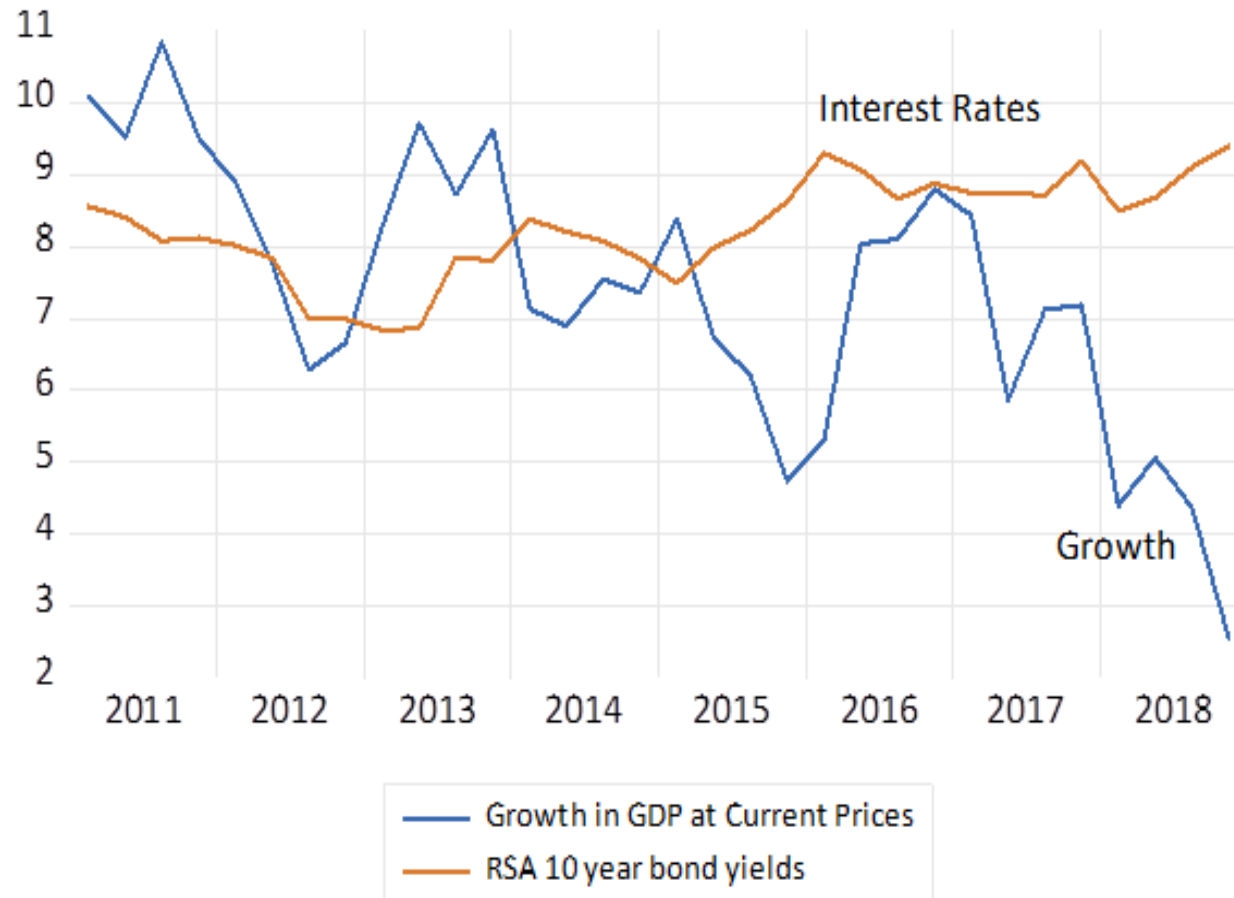
Figure 3.2 Gross and net debt outlook



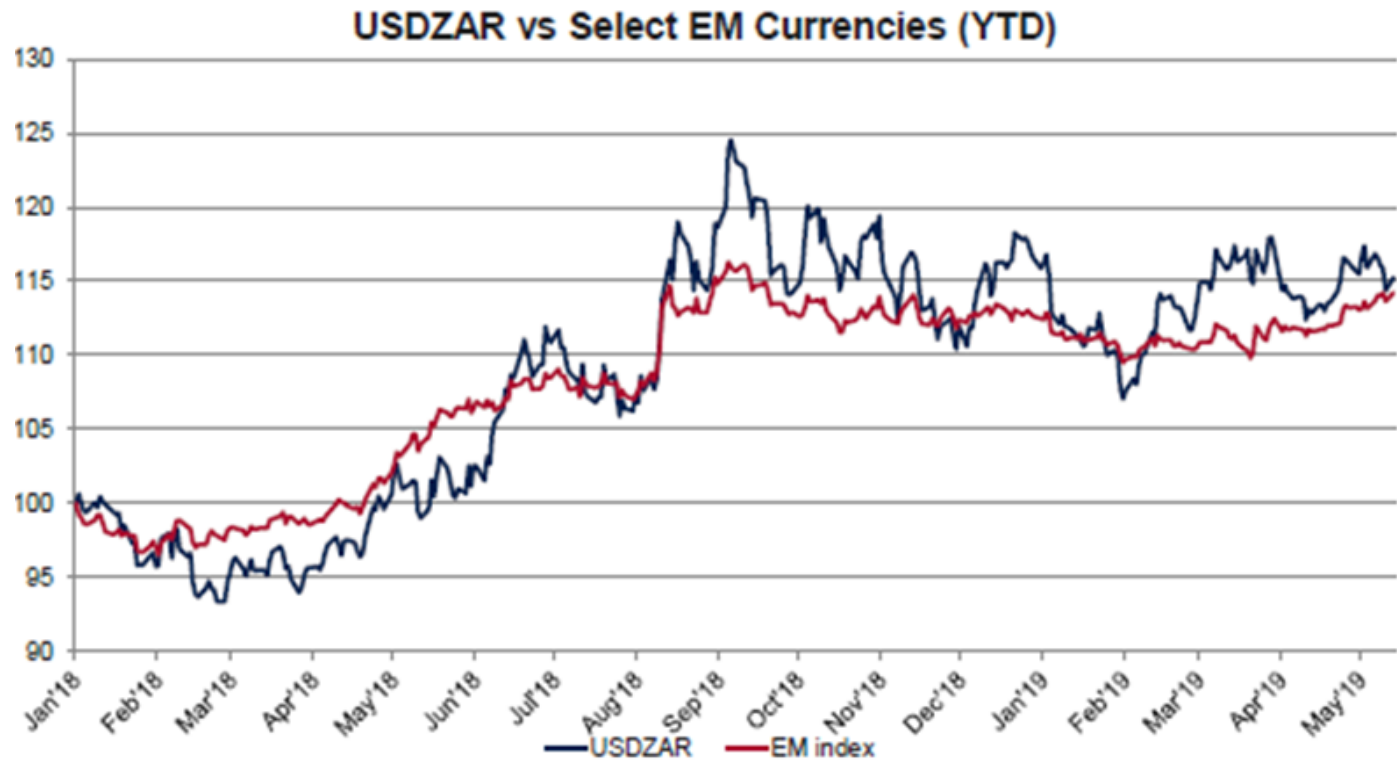
*Excludes financial transactions

Source: National Treasury

The debt trap arithmetic



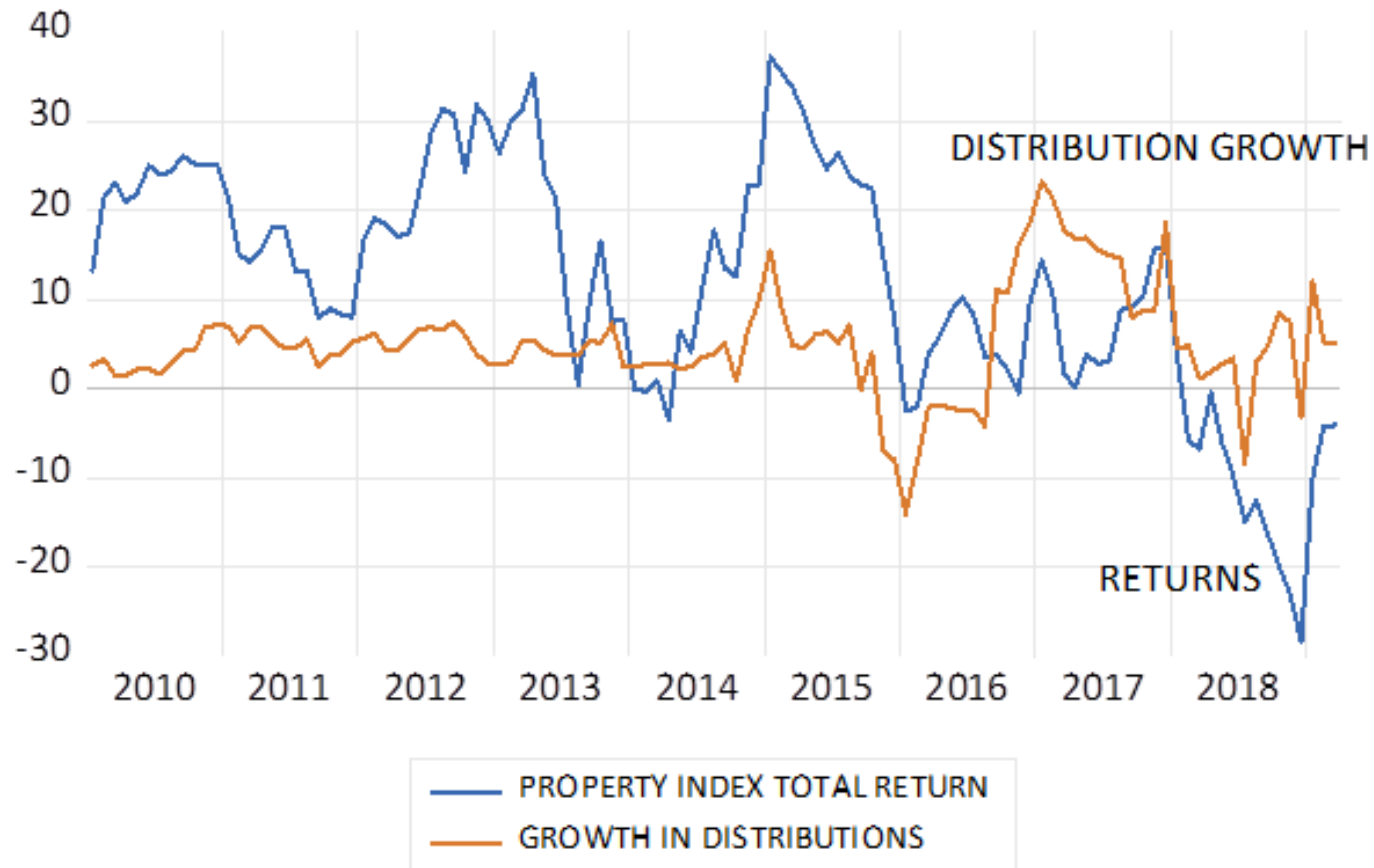
The ZAR as an EM currency



*Select EM currencies: Turkey, Russia, Hungary, Brazil, Mexico, Chile, Poland, India, Malaysia.

Source: Bloomberg

The JSE listed property



The property dividend yield – the cap rate risith

J253DY

