

Auckland Council Investor Update

Matthew Walker, Group Chief Financial Officer
John Bishop, Group Treasurer

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Overview and Current Issues



Auckland – Overview



38%

of New Zealand's GDP

1.64m

Auckland population



200+

Ethnicities in Auckland
and 44% of the
workforce born overseas

33%

of New Zealand's
population



3rd=

Most liveable city
globally*

4

Out of every 10 New
Zealanders will live in
Auckland by 2048



Auckland

Current Issues

- Capital delivery \$1.3 billion at half-year (full year budget \$2.7b) – up 35% on previous year.
- Reduced transport capital subsidies from Central Government as we work with them on accessing agreed funding levels.
- Reduced development contributions revenue – down 31% on previous year due to policy change (likely to be \$100m less than budget for full year).
- Debt to revenue ratio within budget projection – 253%.
- Central Government infrastructure spend.
- Central Government election.
- America's Cup and APEC.
- CRL.
- Management changes.

Group Financial Highlights

Group Financial Highlights (31 December 2019*)

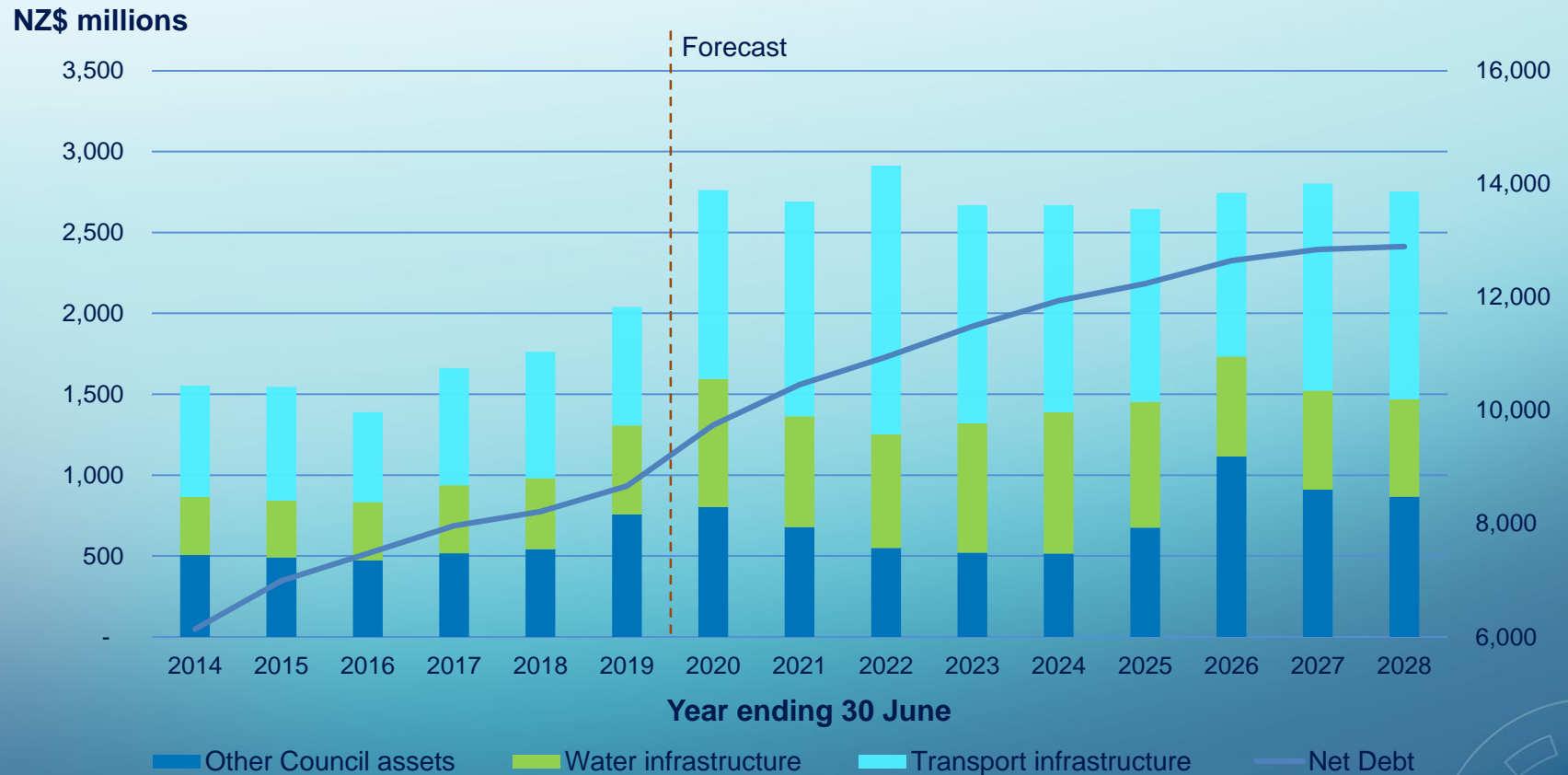


Revenue and Expenditure

NZ\$ millions

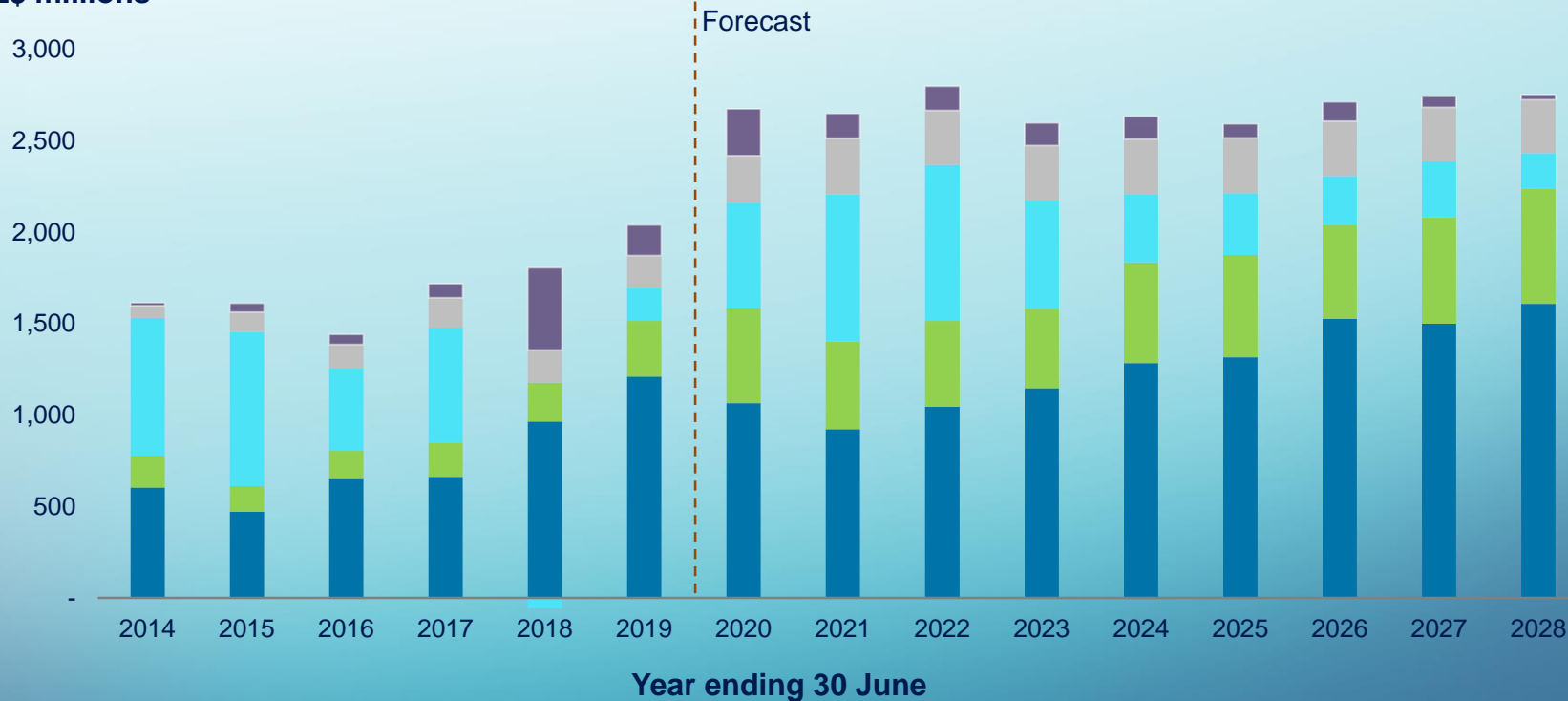


Capital Investment



Capital Funding Source

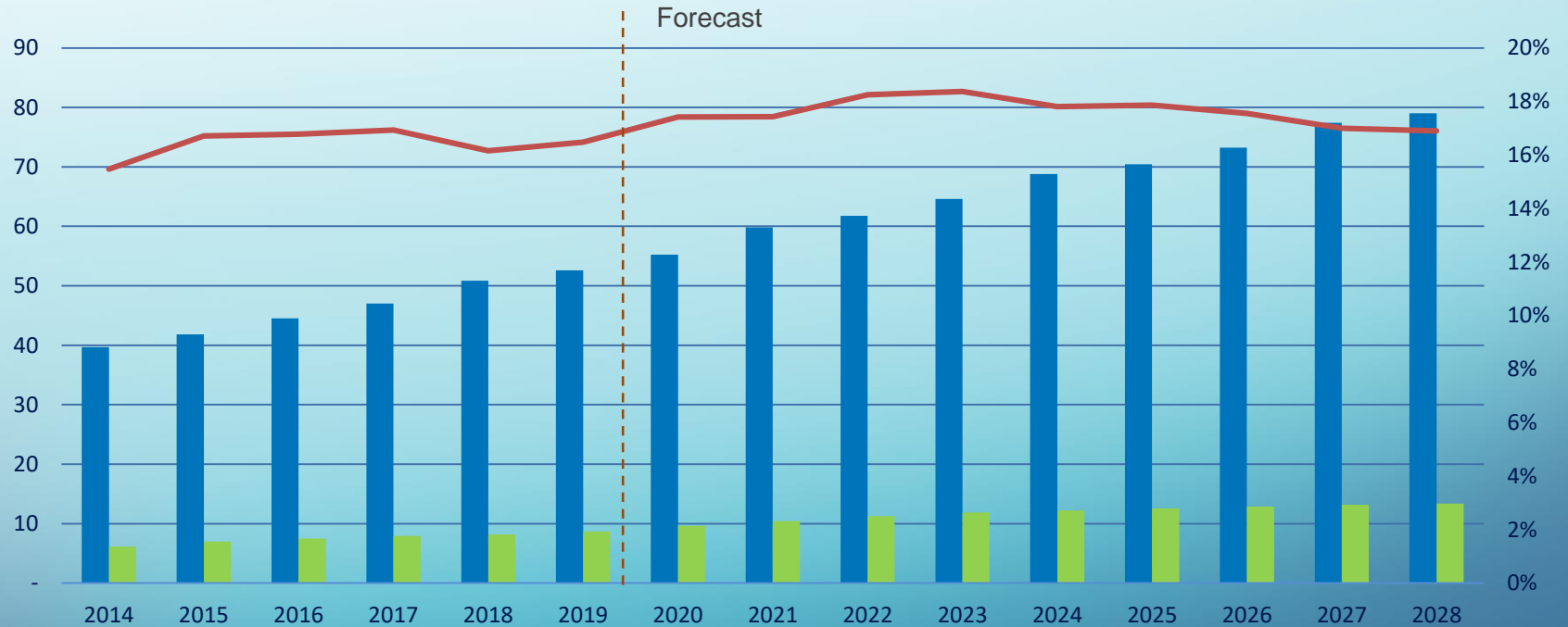
NZ\$ millions



■ Operating surplus
 ■ Capital grants and subsidies
 ■ Change in net debt
 ■ Development contribution revenue
 ■ Asset sales

Net Debt to Assets

NZ\$ billions



Year ending 30 June

■ Total assets - net of cash (LHS)

■ Net debt (LHS)

— Net debt/total assets - net of cash % (RHS)

Gross Debt to Revenue Ratio



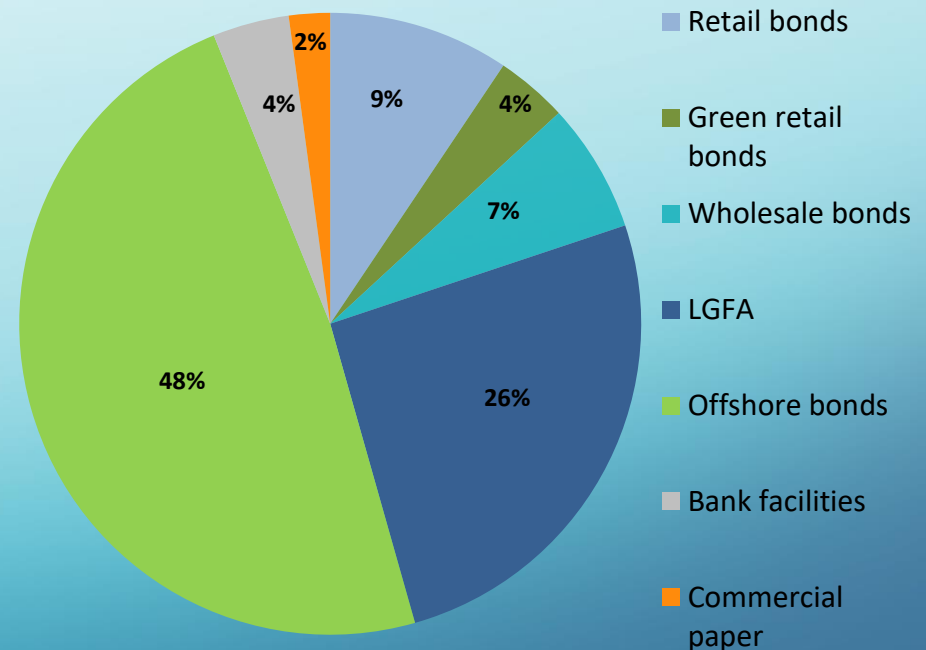
Funding Approach and Debt Market Activity



Funding Diversity (as at 31 Dec 2019)

- Gross debt of NZ\$9.4 billion
- Multiple offshore issues (EUR, AUD, CHF and NOK)
- Weighted average term of 5.4 years
- Funding via LGFA* = 25% of their lending (capped at 40%)
- Backed by NZ\$1.3 billion standby facility
- Green bond issuance

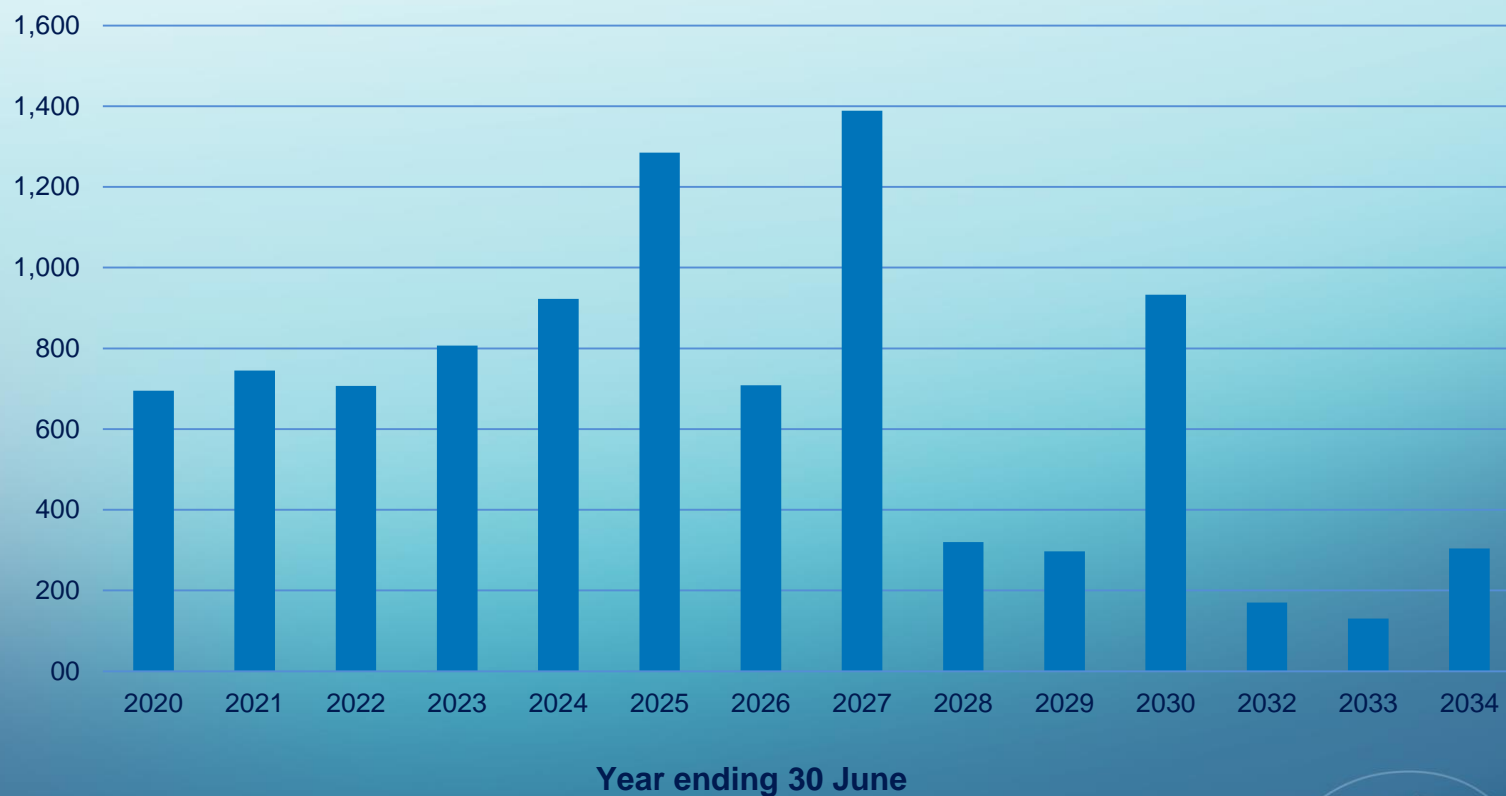
Auckland Council Group funding mix



* Local Government Funding Agency

Long-term Debt Maturity Profile (as at 31 Dec 2019)

NZ\$ millions



Credit Ratings

- Rating target AA/Aa2 is a core treasury policy
- S&P Global Ratings: Local government rating methodology review

**S&P Global Ratings
AA (Stable Outlook)
reaffirmed September 2019**

“Supporting our ratings on Auckland are New Zealand’s institutional settings and the council’s experienced management team that has delivered the city’s large infrastructure program to support Auckland’s strong population growth.”

**Moody’s
Aa2 (Stable Outlook)
reaffirmed April 2019**

“The stable outlook reflects the Crown’s well-established institutional framework for local governments, as well as the Council’s healthy gross operating balance and robust local economy.”

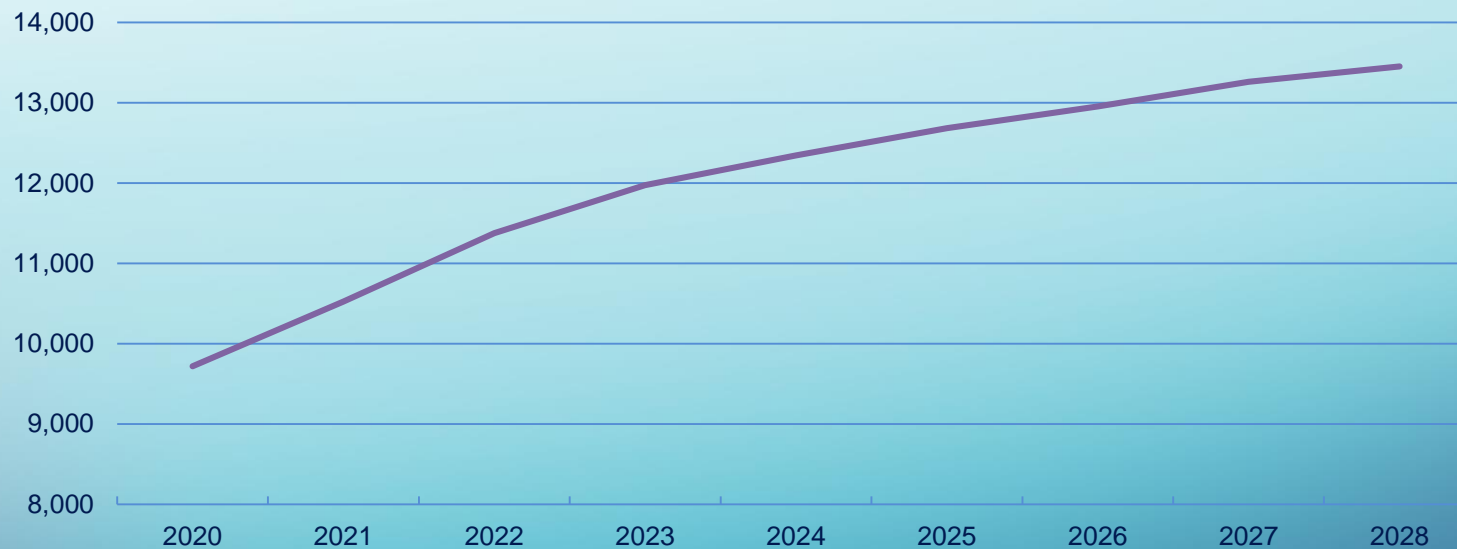
Annual Debt Requirement Forecast (as at Dec 2019)

NZ\$ millions



Projected Debt Forecast

NZ\$ millions



Year ending 30 June

— Gross debt

Appendix



Comprehensive Revenue and Expenditure

31 December 2019

For the period (NZ\$m)	Six months to 31 Dec 2019*	Six months to 31 Dec 2018	Year to 30 Jun 2019	Year to 30 Jun 2018
Rates revenue	1,871**	1,778*	1,790	1,707
Services and other revenues	1,623	1,483	3,089	2,836
Total revenue	3,494	3,261	4,879	4,543
Operating expenses	1,928	1,809	3,610	3,412
Finance costs	217	238	478	472
Total expenses	2,145	2,047	4,088	3,884
Operating surplus before gains and losses	1,349	1,214	791	659
Surplus after adjustments	1,316	1,039	175	660

* Unaudited results

** Note full year rates revenue recognised in interim results

Financial Position – 31 December 2019

As at (NZ\$m)	31 Dec 2019*	31 Dec 2018	30 Jun 2019	30 Jun 2018
Cash	173	280	294	618
Total assets	54,692	52,405	52,873	51,462
Borrowings	9,378	8,564	8,958	8,832
Total liabilities	14,321	12,564	13,831	12,660
Net assets	40,371	39,841	39,042	38,802
Net debt to total assets	16.8%	15.8%	16.4%	16.0%

* Unaudited results

Cash Flow – 31 December 2019

For the period (NZ\$m)	Six months to 31 Dec 2019*	Six months to 31 Dec 2018	Year to 30 Jun 2019	Year to 30 Jun 2018
Operating cash flow	746	707	1,248	1,101
Investing cash flow	(1,370)	(803)	(1,713)	(1,134)
Funding cash flow	497	(235)	146	312

* Unaudited results

Contact Details

Group Chief Financial Officer

Matthew Walker

Tel: + 64 9 977 6761

email: matthew.walker@aucklandcouncil.govt.nz

Treasurer

John Bishop

Tel: + 64 9 977 6598

email: john.bishop@aucklandcouncil.govt.nz

Funding Manager

Andrew John

Tel: + 64 9 977 6592

email: andrew.john@aucklandcouncil.govt.nz

