



Results Briefing for 3Q FY14

10 February 2014

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1 **Overview**

2 **Group Financial Results**

3 **Subsidiaries' Financial Results**

- **Cash Earnings**

- 9M FY14

- Total cash earnings⁽¹⁾ of S\$44.7 million, compared to S\$79.3 million in 9M FY13

- 3Q FY14

- Total cash earnings⁽¹⁾ of S\$14.7 million, compared to S\$23.7 million in 3Q FY13

- **Distribution Per Unit (“DPU”)**

- CitySpring will pay a DPU of 0.82 Singapore cents for 3Q FY14. This is in line with the target annual DPU of 3.28⁽²⁾ Singapore cents for FY14

(1) *Cash earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees, maintenance capital expenditure, non-controlling interest and before principal repayment of debt*

(2) *Baring unforeseen circumstances and assuming no material changes to the group in FY14*

City Gas

- City Gas achieved total cash earnings⁽³⁾ of S\$11.9 million for the quarter compared to S\$16.6 million in 3Q FY13
- Its customer base grew by about 2.7% from 665,500 as at the end of 3Q FY13 to about 683,500 as at the end of 3Q FY14
- The average monthly town gas sales volume has increased by 1.8% to 139,558,000 kWh compared to a year ago

⁽³⁾ *Attributable to CitySpring Infrastructure Trust*

SingSpring

- Achieved total cash earnings⁽³⁾ of S\$3.5 million for 3Q FY14 and 3Q FY13
- Achieved 97% availability for the quarter and met all the terms under the Water Purchase Agreement with PUB

⁽³⁾ *Attributable to CitySpring Infrastructure Trust*

Basslink

- Achieved cash earnings of A\$1.5 million for the quarter compared to A\$5.0 million in 3Q FY13
- CRSM⁽⁴⁾ was negative A\$3.6 million for the quarter compared to negative A\$1.7 million in 3Q FY13
- Achieved cumulative availability of 97.53% for the 12 months ended 31 December 2013 (12 months ended 31 December 2012: 99.89%)
- The outcome of the arbitration and legal costs awards were announced on 15 January 2014 and 5 February 2014 respectively.

⁽⁴⁾ The Commercial Risk Sharing Mechanism ("CRSM") is a mechanism provided under the Basslink Services Agreement ("BSA") between Basslink and Hydro Tasmania ("HT") for the sharing of the market risk associated with participating in the National Electricity Market of Australia. The CRSM payments are based on the differences between the high and low Victorian electricity pool prices, and are subject to a maximum +25% increase (i.e., a payment to Basslink) and -20% decrease (i.e., a payment from Basslink) of the unadjusted facility fee under the BSA.

CityNet

- CityNet is the trustee-manager of NetLink Trust
- SingTel is the sole unitholder of NetLink Trust and retains a 100% economic interest in the business and assets of NetLink Trust
- NetLink Trust carries on the business of owning, installing, operating and maintaining certain telecommunications infrastructure assets
- On 28 November 2013, NetLink Trust completed the acquisition of OpenNet Pte. Ltd (“OpenNet”). The principal activities of OpenNet are to design, build and operate the fibre network for Singapore’s Next Generation Nationwide Broadband Network
- Following the completion of the acquisition, CityNet will receive an additional S\$2 million to its existing annual management fee of approximately S\$2.1 million i.e. a total management fee of S\$4.1 million p.a. SingTel’s appointment of CityNet as trustee-manager of NetLink Trust will also be extended for a three-year period starting from the completion of the acquisition

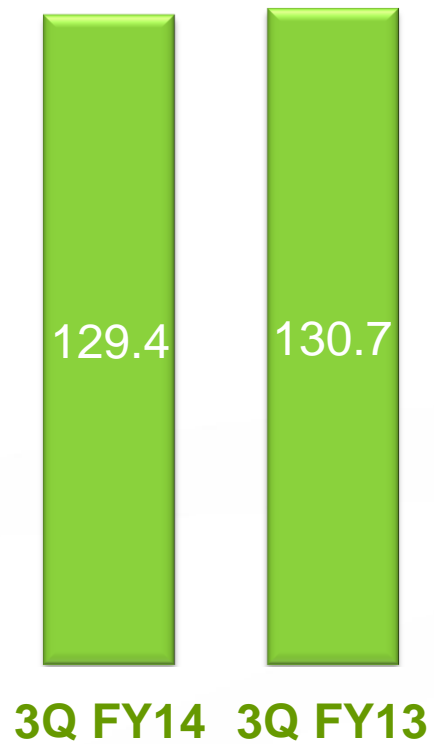
- The existing City Gas loan of S\$128 million and the CitySpring corporate loan of S\$142.3 million mature in February 2014 and August 2014 respectively. The Group has agreed with the banks on the new City Gas loan of S\$178 million, of which S\$128 million will be used to refinance the existing City Gas loan. The additional loan amount of S\$50 million will be used at the Group level. The Group is in the documentation stage for the refinancing of the CitySpring corporate loan of S\$142.3 million.
- Basslink had appointed a financial adviser for the refinancing of the Basslink bonds of A\$486 million due in August 2015. In order to provide for capital management flexibility at Basslink, no cash distribution had been or will be received from Basslink for FY14.
- The above refinancing plans have no impact on the target annual distribution of 3.28 Singapore cents per unit for FY14.

1 Overview

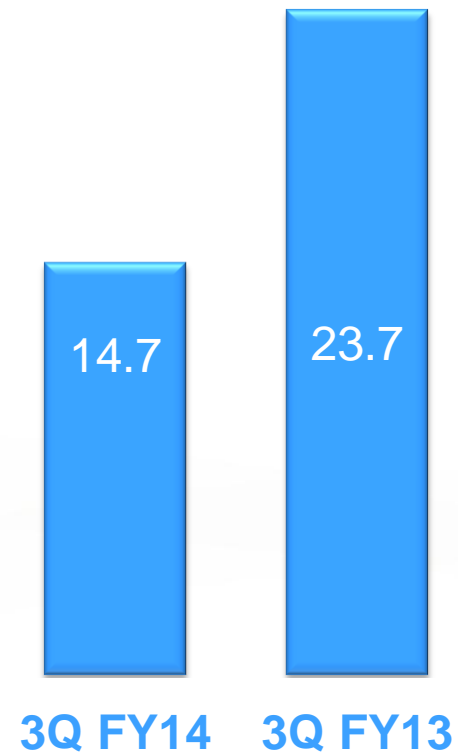
2 **Group Financial Results**

3 Subsidiaries' Financial Results

Revenue (\$ million)



Cash Earnings (\$ million)



Main factors contributing to lower cash earnings are:

- The time lag in the adjustment of gas tariffs to reflect actual fuel cost for City Gas
- Lower contributions from Basslink

	3Q FY14	3Q FY13
	S\$'000	S\$'000
Cash Earnings	14,729	23,692
Applied as follows:		
Principal Repayment of Subsidiary Entity Loan	(2,611)	(2,370)
Distribution to Unitholders	(12,455)	(12,455)
Net Balance	(337)	8,867

Group cash and bank balances as at 31 December 2013 was S\$243 million.

We measure our performance using cash earnings, instead of accounting profits or losses. Accounting profits are affected by non-cash items such as depreciation and amortisation, accounting taxes and etc. Cash earnings, on the other hand, serves as a better indicator of our performance to our Unitholders.

1 Overview

2 Group Financial Results

3 Subsidiaries' Financial Results

	3Q FY14	3Q FY13		9M FY14	9M FY13	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	99,549	96,089	3.6	295,082	292,895	0.7
Other income	296	269	10.0	813	770	5.6
Other (losses)/gain - net	(134)	(87)	(54.0)	46	(22)	N/M
Expenses						
Fuel and electricity costs	(49,579)	(44,533)	(11.3)	(148,737)	(136,932)	(8.6)
Gas transportation costs	(21,374)	(20,487)	(4.3)	(63,758)	(61,372)	(3.9)
Depreciation and amortisation	(3,687)	(3,615)	(2.0)	(11,038)	(10,803)	(2.2)
Staff costs	(5,248)	(4,688)	(11.9)	(15,633)	(14,537)	(7.5)
Finance costs ⁽¹⁾	(6,951)	(7,030)	1.1	(20,843)	(20,976)	0.6
Other operating expenses	(9,865)	(9,443)	(4.5)	(28,263)	(24,992)	(13.1)
Total expenses	(96,704)	(89,796)	(7.7)	(288,272)	(269,612)	(6.9)
Profit before tax	3,007	6,475	(53.6)	7,669	24,031	(68.1)
Income tax expense	(480)	(1,051)	54.3	(1,213)	(3,610)	66.4
Net profit after tax	2,527	5,424	(53.4)	6,456	20,421	(68.4)
EBITDA	13,591	17,093	(20.5)	39,432	55,736	(29.3)
Cash earnings attributable to CitySpring Infrastructure Trust	11,887	16,584	(28.3)	36,565	53,430	(31.6)

⁽¹⁾ Includes QPDS interest payable to CitySpring

City Gas recorded cash earnings of S\$11.9 million in 3Q FY14 compared to S\$16.6 million in 3Q FY13. This was due mainly to the time-lag in the adjustment of gas tariffs to reflect actual fuel cost.

	3Q FY14	3Q FY13		9M FY14	9M FY13	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	9,397	10,604	(11.4)	29,470	33,559	(12.2)
Other income	2	2	-	7	93	(92.5)
Expenses						
Fuel and electricity costs	(3,067)	(3,972)	22.8	(9,897)	(12,895)	23.2
Depreciation and amortisation	(912)	(912)	-	(2,736)	(2,736)	-
Operation and maintenance costs	(1,794)	(1,892)	5.2	(5,780)	(6,226)	7.2
Finance costs ⁽¹⁾	(2,049)	(2,159)	5.1	(6,219)	(6,549)	5.0
Other operating expenses	(386)	(340)	(13.5)	(1,147)	(1,027)	(11.7)
Total expenses	(8,208)	(9,275)	11.5	(25,779)	(29,433)	12.4
Profit before tax	1,191	1,331	(10.5)	3,698	4,219	(12.3)
Income tax expense	(204)	(228)	10.5	(633)	(723)	12.4
Net profit after tax	987	1,103	(10.5)	3,065	3,496	(12.3)
EBITDA	4,149	4,400	(5.7)	12,646	13,498	(6.3)
Cash earnings attributable to CitySpring Infrastructure Trust	3,503	3,548	(1.3)	10,603	10,765	(1.5)

⁽¹⁾ Includes QPDS interest payable to CitySpring and NCI

SingSpring desalination plant achieved 97% availability and recorded cash earnings of S\$3.5 million in both 3Q FY14 and 3Q FY13.

	3Q FY14	3Q FY13		9M FY14	9M FY13	
	Actual A\$'000	Actual A\$'000	Change %	Actual A\$'000	Actual A\$'000	Change %
Revenue	16,987	18,454	(7.9)	50,349	53,023	(5.0)
Other income	256	317	(19.2)	789	1,017	(22.4)
Other gains/(losses) - net	373	255	46.3	121	(7,397)	N/M
Expenses						
Fuel and electricity costs	(90)	(92)	2.2	(281)	(246)	(14.2)
Depreciation and amortisation	(7,242)	(7,168)	(1.0)	(21,707)	(21,503)	(0.9)
Staff costs	(771)	(646)	(19.3)	(2,239)	(1,826)	(22.6)
Operation and maintenance costs	(1,351)	(977)	(38.3)	(3,872)	(3,020)	(28.2)
Finance costs	(11,388)	(11,422)	0.3	(33,424)	(31,598)	(5.8)
Other operating expenses	(2,925)	(1,872)	(56.3)	(9,446)	(6,901)	(36.9)
Total expenses	(23,767)	(22,177)	(7.2)	(70,969)	(65,094)	(9.0)
Loss before tax	(6,151)	(3,151)	(95.2)	(19,710)	(18,451)	(6.8)
Income tax credit/(expense)	4,175	-	N/M	4,689	(1,270)	N/M
Net loss after tax	(1,976)	(3,151)	37.3	(15,021)	(19,721)	23.8
EBITDA	12,228	15,126	(19.2)	34,648	33,644	3.0
Cash earnings	1,451	4,990	(70.9)	4,152	17,630	(76.4)

Basslink's cash earnings for 3Q FY14 was A\$1.5 million compared to A\$5.0 million in 3Q FY13. The lower cash earnings was due mainly to higher negative CRSM in 3Q FY14 and higher legal fees incurred.

Appendix

Group Financial Results

Group Consolidated Income Statement

	3Q FY14	3Q FY13		9M FY14	9M FY13	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	129,375	130,670	(1.0)	386,071	395,958	(2.5)
Other income	726	831	(12.6)	2,104	2,613	(19.5)
Other (losses)/gains - net	(59)	167	N/M	(1,185)	(9,763)	87.9
Total expenses	(128,483)	(123,469)	(4.1)	(386,394)	(370,487)	(4.3)
Profit before tax	1,559	8,199	(81.0)	596	18,321	(96.7)
Income tax credit/(expense)	4,132	(1,383)	N/M	3,450	(6,247)	N/M
Net profit after tax	5,691	6,816	(16.5)	4,046	12,074	(66.5)
EBITDA	30,276	38,980	(22.3)	87,512	107,692	(18.7)
Cash earnings	14,729	23,692	(37.8)	44,729	79,339	(43.6)

Group Financial Results

Group Consolidated Balance Sheet

	As at 31 Dec 13 S\$'000	As at 31 Mar 13 S\$'000
ASSETS		
Cash and bank deposits	242,849	202,364
Derivative financial instruments	17,629	-
Trade and other receivables	64,212	64,924
Inventories	19,839	18,096
Intangibles	390,063	404,463
Finance lease receivables	150,064	156,107
Property, plant and equipment	990,326	1,160,928
Other assets	7,461	5,924
Total assets	1,882,443	2,012,806
LIABILITIES		
Trade and other payables	108,632	99,433
Derivative financial instruments	22,268	50,090
Borrowings	1,221,509	1,344,323
Notes payable to non-controlling interest	15,000	15,000
Provisions	25,593	28,541
Other payables	100,197	110,266
Total liabilities	1,493,199	1,647,653
Net Assets	389,244	365,153
Units in issue	886,731	886,731
Hedging reserve	(111,856)	(143,465)
Translation reserve	(27,563)	(14,394)
Capital reserve ⁽¹⁾	38,710	-
Accumulated losses	(407,940)	(372,837)
	378,082	356,035
Non-controlling interest	11,162	9,118
Total Unitholders' funds	389,244	365,153

⁽¹⁾ The gain on the disposal of the 49% shares in City-OG Gas, is accounted for as Capital Reserve at CitySpring Group consolidated level in accordance with FRS 110

Group Financial Results

Group Consolidated Cash Flow Statement

	3Q FY14 Actual S\$'000	3Q FY13 Actual S\$'000	9M FY14 Actual S\$'000	9M FY13 Actual S\$'000
Operating activities				
Profit before income tax	1,559	8,199	596	18,321
Non-cash adjustments	27,333	29,819	84,622	97,517
Operating cash flow before working capital changes	28,892	38,018	85,218	115,838
Changes in working capital	(12,078)	(9,921)	(30,545)	(32,410)
Net cash generated from operating activities	16,814	28,097	54,673	83,428
Investing activities				
Proceeds from change in ownership interest in subsidiary	-	-	39,200	-
Purchase of property, plant and equipment	(132)	(1,043)	(598)	(2,107)
Proceeds from sale of property, plant and equipment	10	-	28	9
Net cash (used in)/from investing activities	(122)	(1,043)	38,630	(2,098)
Financing activities				
Decrease/(increase) in restricted cash	187	230	(5,871)	3,121
Repayment of borrowings	(2,611)	(2,370)	(7,832)	(7,109)
Distributions paid to unitholders of the Trust	(12,455)	(12,455)	(37,365)	(37,365)
Distributions paid by subsidiary to non-controlling interest	(495)	(600)	(1,200)	(1,440)
Net cash used in financing activities	(15,374)	(15,195)	(52,268)	(42,793)
Net increase in cash and cash equivalents	1,318	11,859	41,035	38,537
Cash and cash equivalents at beginning of the period	201,943	146,205	164,637	120,068
Effect of currency translation on cash and cash equivalents	(811)	-	(3,222)	(541)
Cash and cash equivalents at end of the period ⁽²⁾	202,450	158,064	202,450	158,064

⁽²⁾ Excludes restricted cash of S\$40,399 and S\$36,578 respectively

	3Q FY14	3Q FY13	9M FY14	9M FY13
	Actual	Actual	Actual	Actual
	S\$'000	S\$'000	S\$'000	S\$'000
EBITDA	30,276	38,980	87,512	107,692
Add/(less):				
Other cash receipts	1,531	1,413	4,780	10,879
Net finance costs	(13,233)	(14,615)	(40,042)	(42,999)
Fair value (gain)/loss on DFI	(1,236)	(995)	(2,282)	8,066
Other non-cash flow expenses	145	328	416	756
Maintenance capital expenditure incurred	(892)	(248)	(1,108)	(1,490)
Total	16,591	24,863	49,276	82,904
Less: Cash earnings attributable to NCI	(1,862)	(1,171)	(4,547)	(3,565)
Cash earnings	14,729	23,692	44,729	79,339