



Annual General Meeting - Presentation

19 July 2013

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1 Overview

2 Businesses

3 Financial Results & Unit Performance

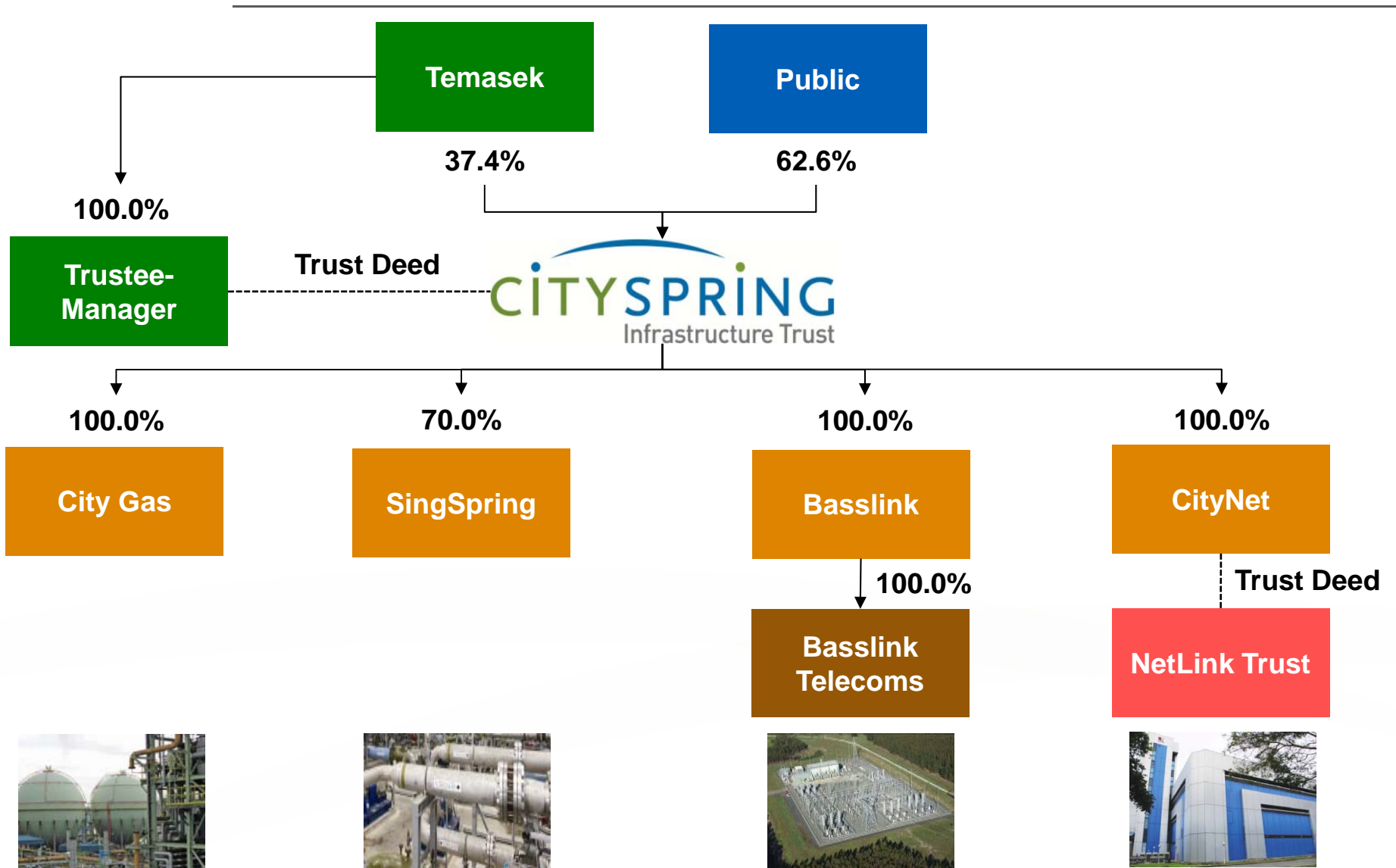
4 Pursuing Growth



- *City Gas – delivering town gas to 670,000 customers all over Singapore*
- *SingSpring – delivering desalinated water daily to the PUB*
- *CityNet – managing 7 SingTel Exchanges and the island-wide pipe network that carries fibres for the Next Gen-National Broadband Network*

- *Basslink – transporting electricity across the Bass Straits between the States of Tasmania and Victoria*
- *Basslink Telecoms – providing broadband capacity to telecoms carriers and service providers between Hobart, Tasmania and Melbourne, Victoria*





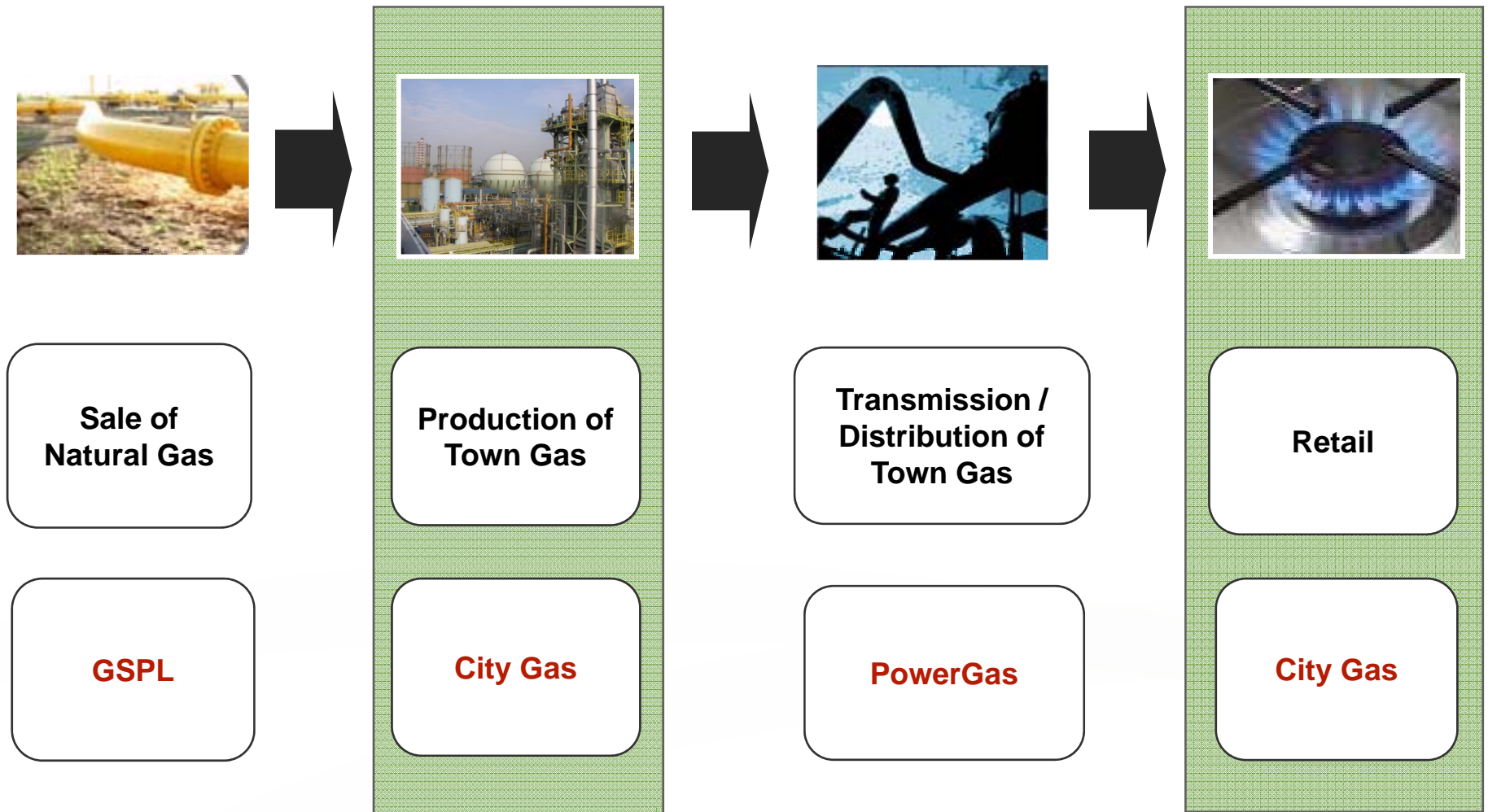
Owns and operates essential utility assets

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Sole producer and retailer of town gas in Singapore
Stable cashflow from a wide customer base of about 670,000 customers

**Singapore's Water Policy –
“Four Taps Approach”**

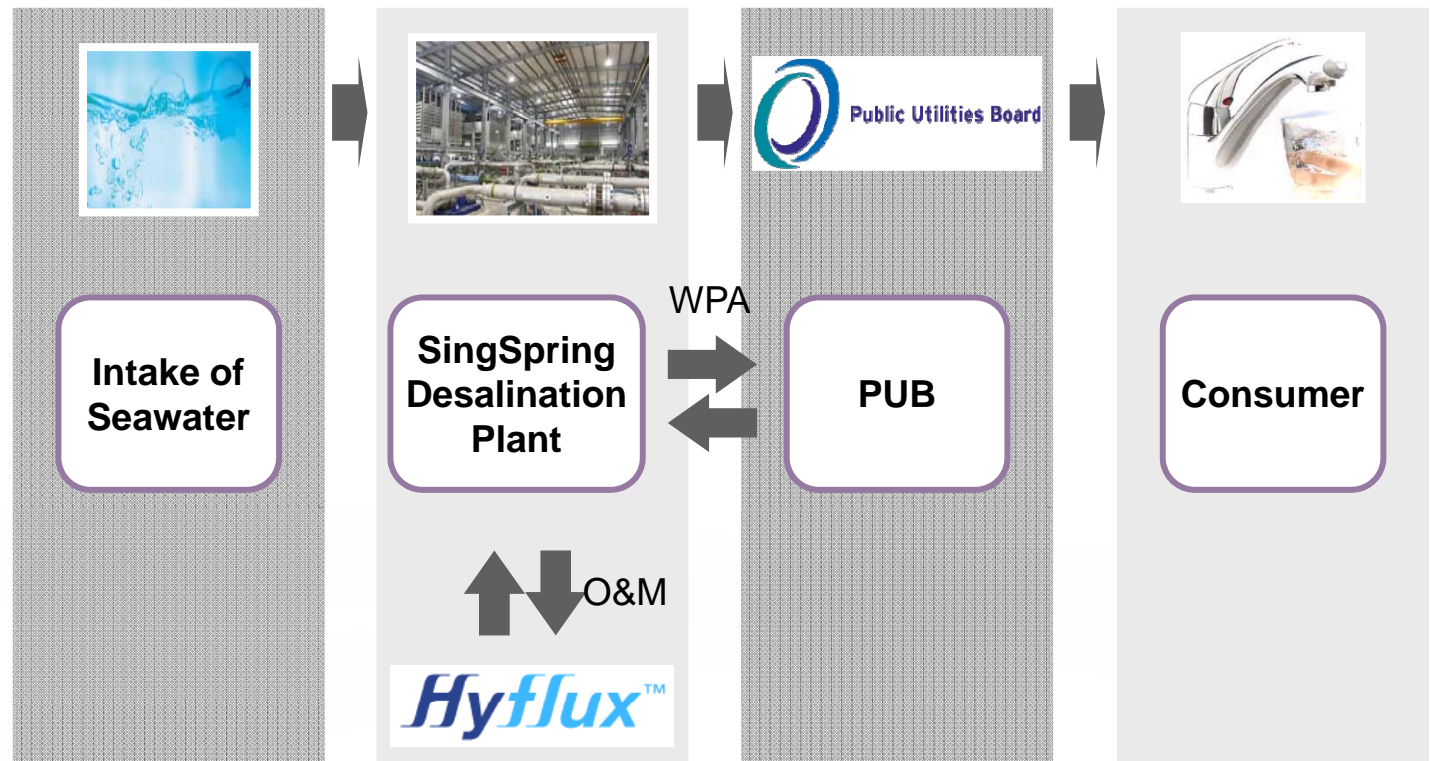
1. Local Catchment Water

2. Imported Johor Water

3. NEWater – Recycled
Water

4. Desalinated Water

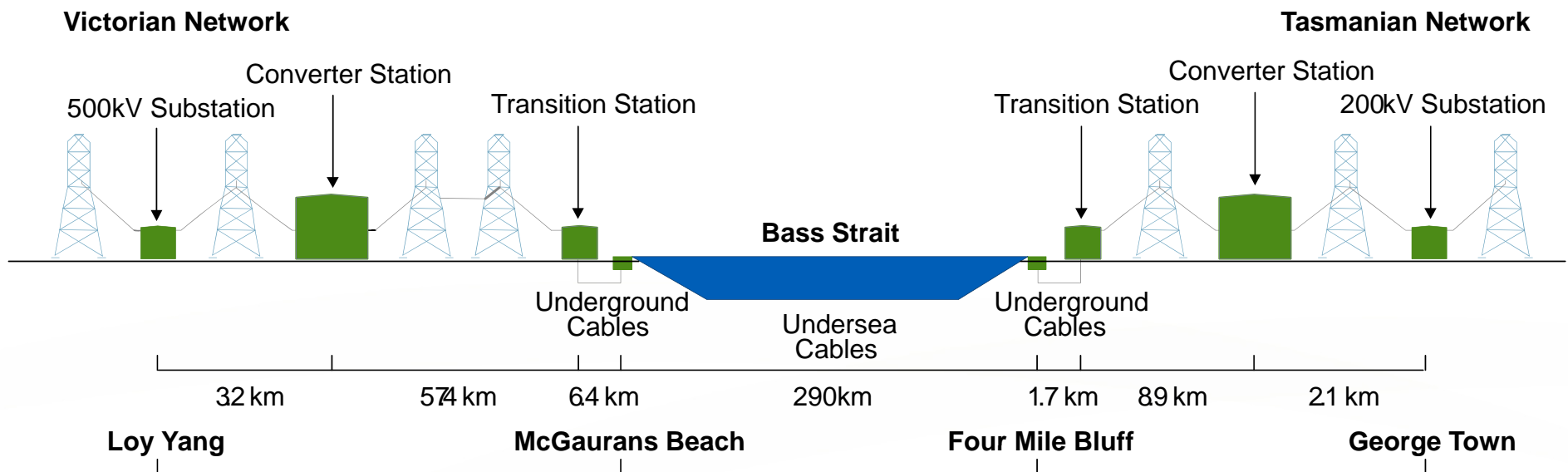
Seawater Desalination Process



**Long-term, regular and predictable cashflow due to
Water Purchase Agreement with PUB**

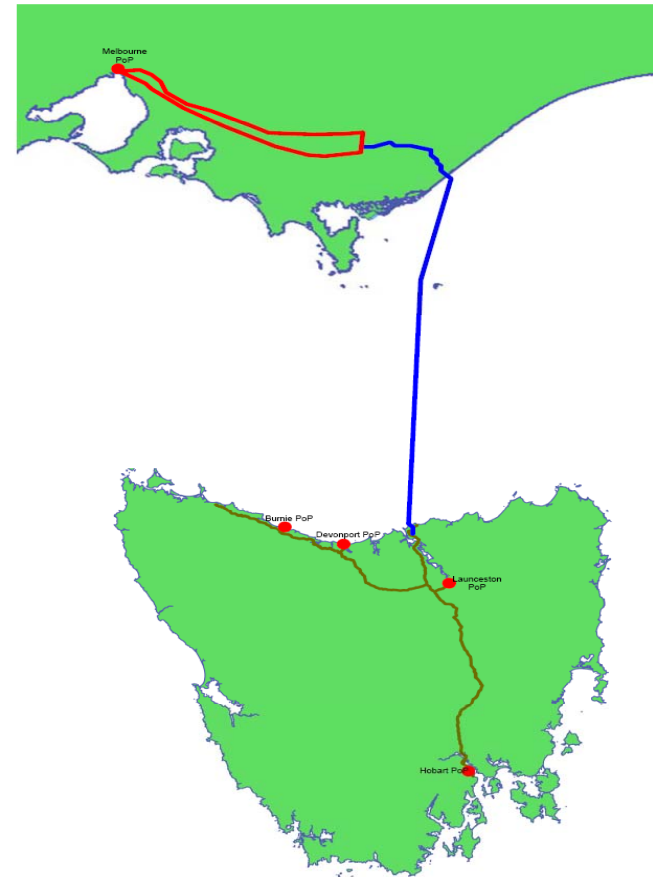
Basslink Interconnector

- Basslink is the only subsea electricity transmission cable, connecting the states of Victoria and Tasmania in Australia
- Basslink was constructed to allow Tasmania to participate in the National Electricity Market (“NEM”) and to provide power stability



Cashflow underpinned by long-term contract with Hydro Tasmania

- Basslink Telecoms provides broadband capacity to telecoms carriers and service providers between Hobart, Tasmania and Melbourne, Victoria



The only alternative provider of telecommunication connectivity between Tasmania and mainland Australia, and is seen as highly strategic



↓
100%



↓
100%



Trust Deed



Management
Fee



- Holds telecoms assets transferred from SingTel:
 - Exchange buildings
 - Ducts and manholes
- Provides access to exchange buildings, ducts and manholes to SingTel, OpenNet and others

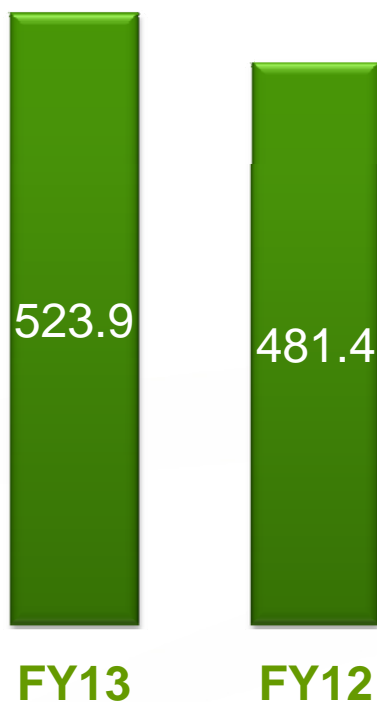
1 Overview

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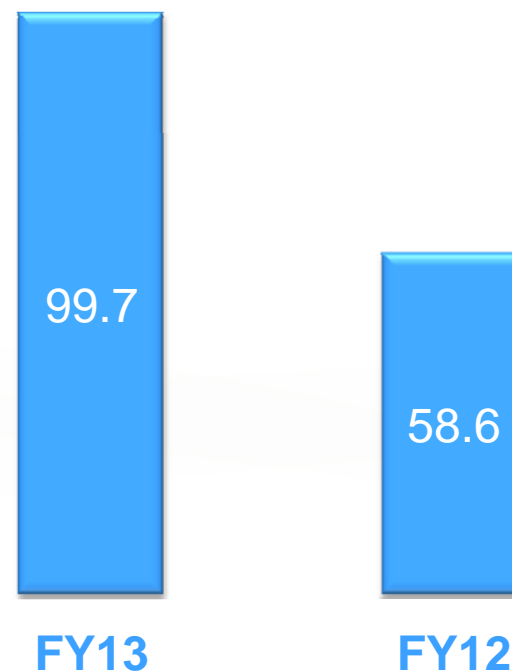
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Revenue (\$\$ millions)



Cash Earnings⁽¹⁾ (\$\$ millions)



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

Factors contributing to the higher cash earnings are:

- The adjustment of town gas tariffs to reflect actual fuel cost. The tariff adjustments mechanism is designed to ensure that we fully recover our fuel costs over a period of time
- Increase in volume of town gas sold
- Lower finance costs arising mainly from interest savings of A\$3.3 million (approximately S\$4.2 million) after the purchase and cancellation of A\$170 million of Basslink bonds in September 2011
- Lower negative CRSM payment of A\$11.0 million (approximately S\$14.0 million) compared to negative A\$15.5 million (approximately S\$20.3 million) in FY12
- No upfront refinancing fees in FY13, whereas S\$3.9 million was incurred in FY12

	FY13	FY12
	S\$'000	S\$'000
Cash Earnings	99,734	58,642
Applied as follows:		
Principal Repayment of Subsidiary Entity Loan	(9,479)	(9,479)
Non-controlling interest	(4,673)	(4,383)
Distribution to Unitholders	(49,820)	(47,654)

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.

City Gas

- City Gas achieved total cash earnings of S\$62.7 million for FY13
- Its customer base grew by about 2.9% from 651,000 as at the end of FY12 to about 670,000 as at the end of FY13
- Town gas volume has improved by about 1.8% compared to a year ago
- Average daily town gas send-out volume continued to be encouraging and reported record daily gas send-out volume of 951,751 cubic metres on the eve of Chinese New Year
- 100% plant availability

SingSpring

- Achieved total cash earnings of S\$18.8 million for FY13
- Achieved 99.94% availability for the financial year and met all the terms under the Water Purchase Agreement with PUB
- Successfully completed HACCP⁽²⁾ recertification audit on 2 April 2013

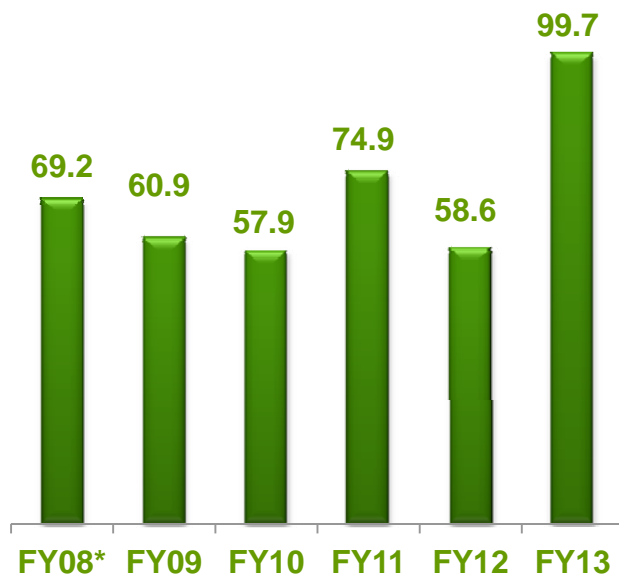
⁽²⁾ HACCP stands for Hazard Analysis Critical Control Point. It is a food safety management system.

Basslink

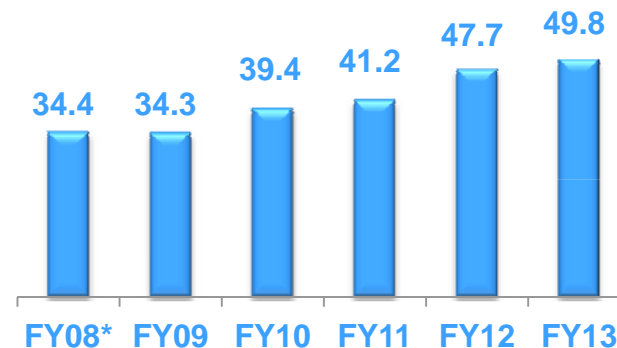
- Achieved cash earnings of A\$21.9 million for FY13
- CRSM⁽³⁾ was negative A\$11.0 million for FY13
- Achieved cumulative availability of 99.89% for the 12 months ended 31 Dec 2012, and 99.99% for the three months ended 31 Mar 2013

⁽³⁾ 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.

Group Cash Earnings (S\$ millions)



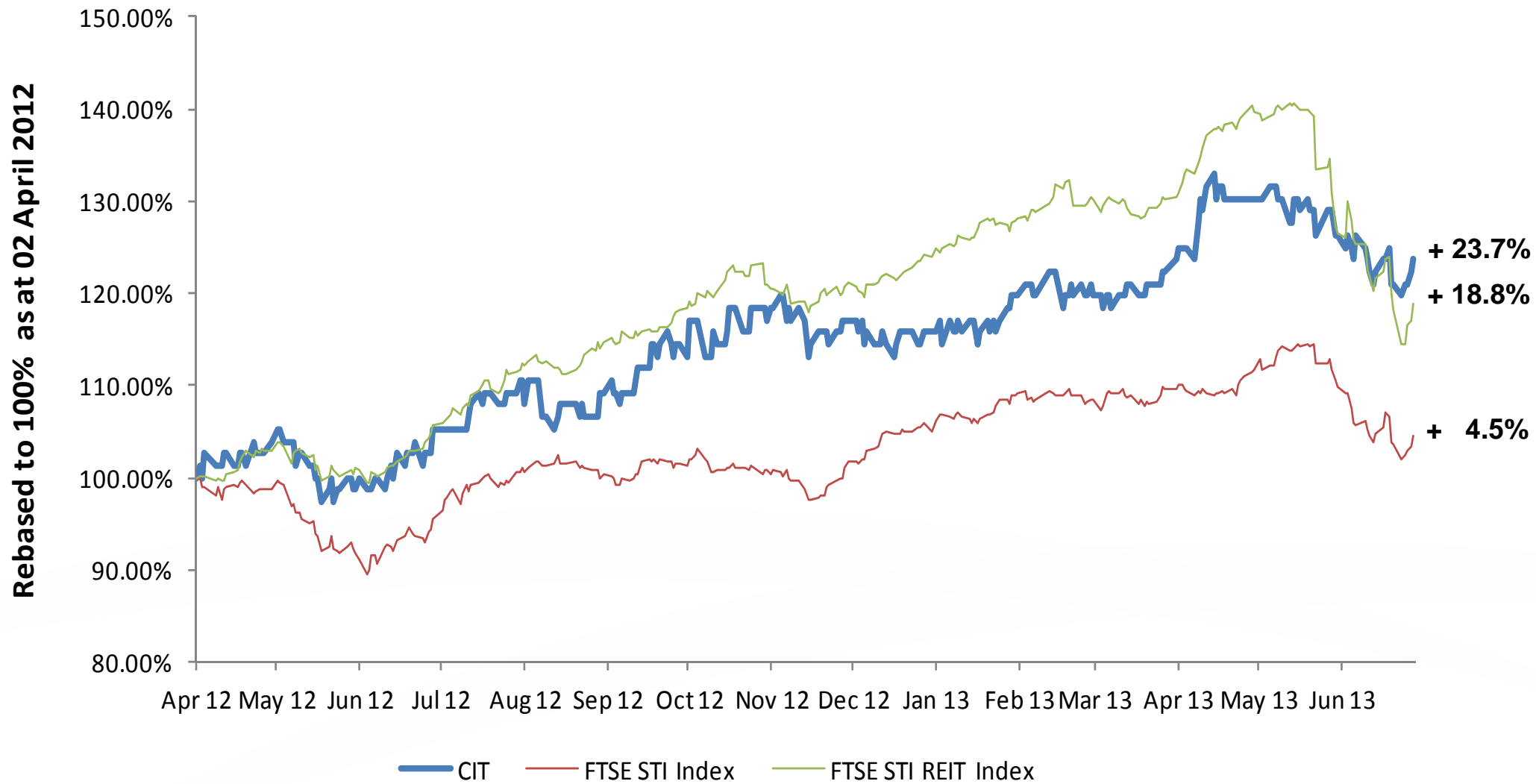
Total Distribution (S\$ millions)



- CitySpring distributes to unitholders out of Group Cash Earnings
- Annual DPU of 3.28 Singapore cents is targeted for FY14 (barring unforeseen circumstances and assuming no material changes to the Group)
- The Group has consolidated cash balance of S\$202.4 million as at 31 Mar 2013, of which S\$164.6 million is unrestricted and S\$37.8 million is restricted
- The accumulated cash balance can be used to fund future acquisitions and general corporate purposes

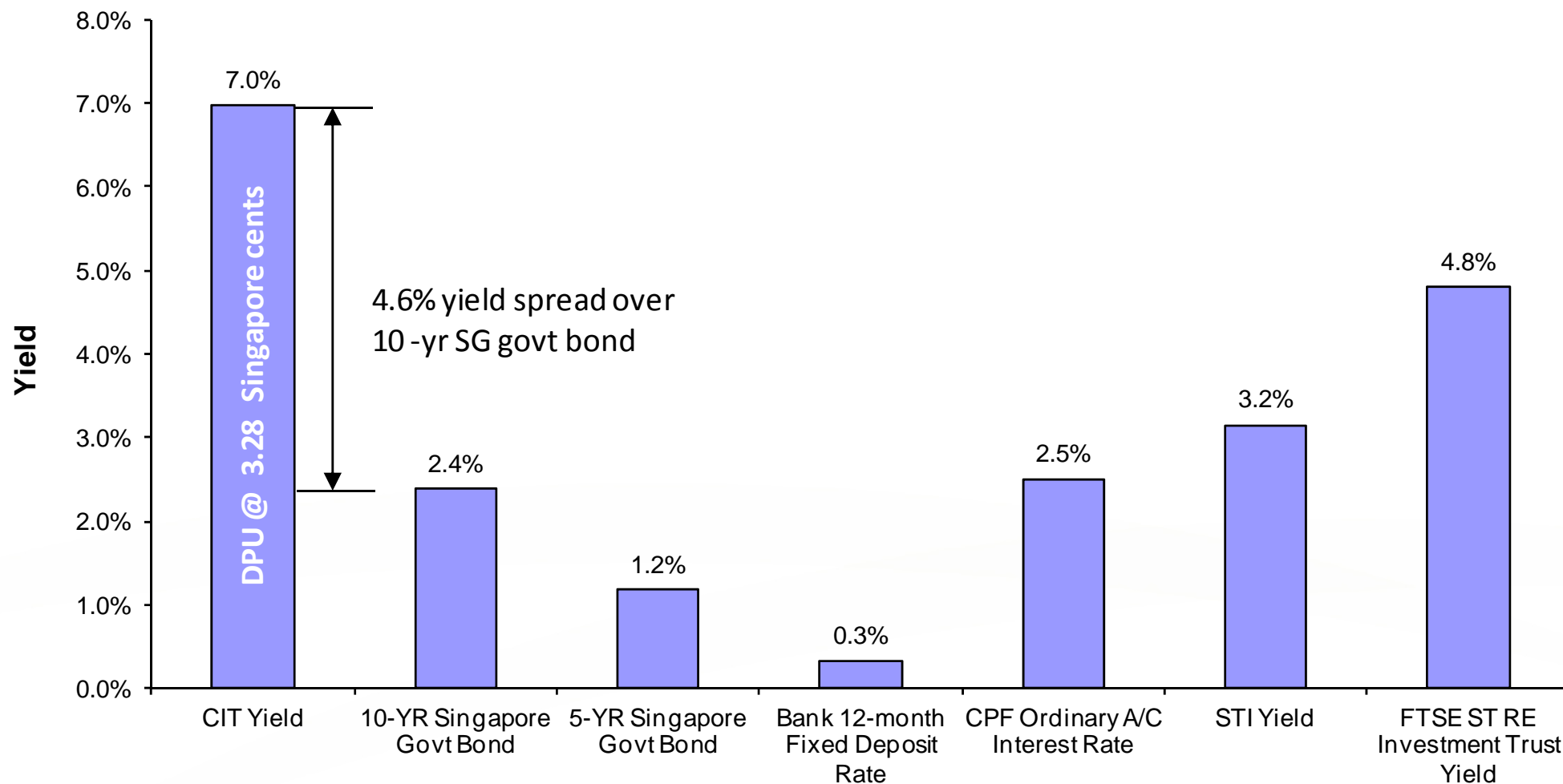
* FY08 covered the period from 5 Jan 2007 to 31 Mar 2008

Unit Price (2 Apr 2012 - 28 Jun 2013)



Source: Bloomberg

CIT Yield versus Other Investments



Note:

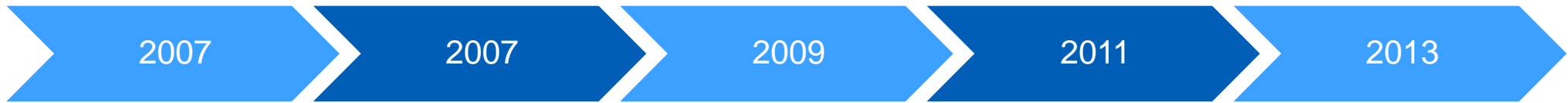
- (1) CitySpring's trading price was S\$ 0.470 as at 28 Jun 13
- (2) All figures are as at 28 Jun 13
- (3) Source: Bloomberg

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IPO

- City Gas
- SingSpring

Acquisition

- Basslink

New Business

- Basslink Telecoms

New Business

- CityNet
- Basslink Consulting

New Business

- City Gas-Osaka JV

- We have made significant progress in strengthening CitySpring's financial position and flexibility with: (a) a successful rights issue and the subsequent reduction of debt at Basslink in 2011; and (b) the establishment of a S\$500 million Multicurrency Medium Term Note Programme in 2012
- With a stronger financial base, we will continue to seek out investment opportunities and generate organic growth avenues that can synergise with our existing businesses and tap on our core competencies
- We will seek out essential utilities with availability-based revenue models or strong market positions, or develop promising infrastructure assets to profitability and strong cashflow generation

Appendix

Group Consolidated Income Statement

	FY13	FY12	
	Actual S\$'000	Actual S\$'000	Change %
Revenue	523,888	481,407	8.8
Other income	3,352	4,471	(25.0)
Other (losses)/gains - net	(1,911)	20,212	N/M
Total expenses	(494,267)	(510,076)	3.1
<hr/>			
Profit/(loss) before fair value changes on DFI and income tax	31,062	(3,986)	N/M
Fair value loss on DFI	(5,412)	(8,385)	35.5
<hr/>			
Profit/(loss) before income tax	25,650	(12,371)	N/M
Income tax expense	(6,071)	(22,615)	73.2
<hr/>			
Net profit/(loss) after income tax	19,579	(34,986)	N/M
<hr/>			
EBITDA	147,047	128,578	14.4
Cash earnings	99,734	58,642	70.1
Cash earnings less NCI	95,061	54,259	75.2

N/M - Not meaningful

DFI - Derivative financial instruments

NCI - Non-controlling interest

Group Consolidated Balance Sheet

	As at 31 Mar 13 S\$'000	As at 31 Mar 12 S\$'000
ASSETS		
Cash and bank deposits	202,364	160,533
Derivative financial instruments	-	8,736
Trade and other receivables	64,924	64,477
Inventories	18,096	15,208
Intangibles	404,463	416,462
Finance lease receivables	156,107	163,863
Property, plant and equipment	1,160,928	1,205,091
Other assets	5,924	5,872
Total assets	2,012,806	2,040,242
LIABILITIES		
Trade and other payables	99,433	90,302
Derivative financial instruments	50,090	19,094
Borrowings	1,344,323	1,352,837
Notes payable to non-controlling interest	15,000	15,000
Provisions	28,541	20,245
Other payables	110,266	108,928
Total liabilities	1,647,653	1,606,406
Net Assets	365,153	433,836
Units in issue	886,731	886,731
Hedging reserve	(143,465)	(109,048)
Translation reserve	(14,394)	(11,983)
Accumulated losses	(372,837)	(341,257)
	356,035	424,443
Non-controlling interest	9,118	9,393
Total Unitholders' funds	365,153	433,836

Group Consolidated Cash Flow Statement

	FY13 Actual S\$'000	FY12 Actual S\$'000
Operating activities		
Profit/(loss) before income tax	25,650	(12,371)
Non-cash adjustments	126,758	129,659
Operating cash flow before working capital changes	152,408	117,288
Changes in working capital	(46,535)	(59,576)
Net cash generated from operating activities	105,873	57,712
Investing activities		
Purchase of property, plant and equipment	(2,522)	(3,178)
Proceeds from sale of property, plant and equipment	25	184
Net cash used in investing activities	(2,497)	(2,994)
Financing activities		
Decrease in restricted cash	2,478	19,784
Repayment of borrowings and purchase and cancellation of bonds	(9,479)	(207,270)
Net proceeds raised from issue of units	-	205,107
Payment of loan upfront fee	-	(4,069)
Distributions paid to unitholders of the Trust	(49,820)	(45,488)
Distributions paid by subsidiary to non-controlling interest	(1,860)	(1,500)
Net cash used in financing activities	(58,681)	(33,436)
Net increase in cash and cash equivalents	44,695	21,282
Cash and cash equivalents at beginning of the period	120,068	98,825
Effect of currency translation on cash and cash equivalents	(126)	(39)
Cash and cash equivalents at end of the period ⁽⁴⁾	164,637	120,068

⁽⁴⁾ Excludes restricted cash of S\$37,727 and S\$40,465 respectively

Group Cash Earnings

	FY13 Actual S\$'000	FY12 Actual S\$'000
EBITDA	147,047	128,578
Add/(less):		
Other cash receipts	12,455	13,007
Net finance costs	(57,480)	(66,850)
Payment of loan upfront fees & legal fees	-	(4,069)
Fair value loss on DFI	5,412	8,385
Unit issue expenses charged to income statement	-	1,417
Gain associated with purchase and cancellation of bonds issued by a subsidiary entity	-	(19,417)
Other non-cash flow expenses	(5,620)	(508)
Maintenance capital expenditure incurred	(2,080)	(1,901)
Cash earnings	99,734	58,642
Less: Cash earnings attributable to NCI	(4,673)	(4,383)
Cash earnings less NCI	95,061	54,259



Thank You

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