



## **Results Briefing for 1Q FY13**

**2 August 2012**

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**1** **Overview**

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**2** **Group Financial Results**

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**3** **Subsidiaries' Financial Results**

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- **Cash Earnings**

- 1Q FY13

Total cash earnings<sup>(1)</sup> of S\$22.3 million, compared to S\$3.6 million in 1Q FY12

- **Distribution Per Unit (“DPU”)**

- CitySpring will pay a DPU of 0.82 Singapore cents for 1Q FY13. This is in line with the target annual DPU of 3.28 Singapore cents for FY13.

(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*

### City Gas

- City Gas achieved total cash earnings of S\$16.8 million for the quarter.
- Its customer base grew by about 3% from 636,890 as at the end of 1Q FY12 to about 655,980 as at the end of 1Q FY13.
- Town gas volume has improved for most segments of the market served by City Gas compared to a year ago, and in particular, the domestic and industrial segments were key contributors to this growth.
- Average daily town gas send-out in 1Q FY13 continued to be encouraging at about 852,000 cubic metres, compared to the average of 832,000 cubic metres during the same quarter of last financial year.

**SingSpring**

- Achieved total cash earnings of S\$4.7 million for the quarter
- Continues to maintain record of 100% availability and met all the terms under the Water Purchase Agreement with PUB

### Basslink

- Achieved cash earnings of A\$2.3 million for the quarter
- CRSM<sup>(2)</sup> was negative A\$3.5 million for the quarter
- Achieved cumulative availability of 100% for the 6 months ended 30 June 2012.

<sup>(2)</sup> 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.

**1** Overview

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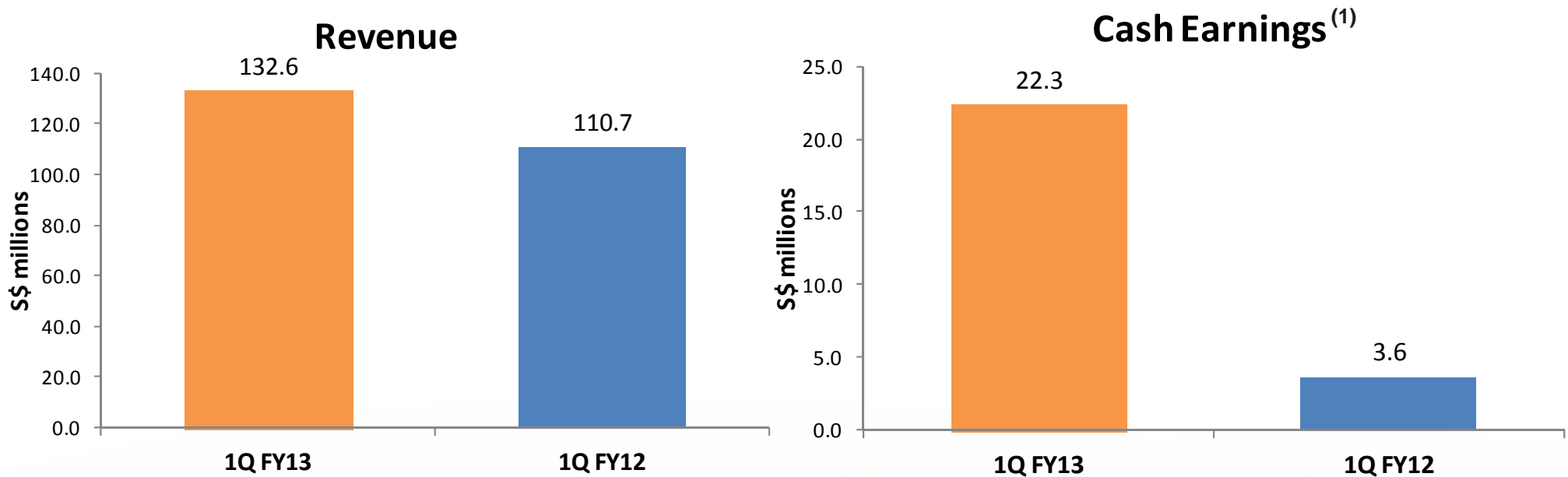
**2** **Group Financial Results**

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**3** Subsidiaries' Financial Results

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(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

1Q FY13 cash earnings of S\$22.3 million was S\$18.7 million higher compared to 1Q FY12 cash earnings of S\$3.6 million due mainly to:

- City Gas' profit margin in 1Q FY13 was more favourable compared to that in 1Q FY12. Its short-term profit margins are affected by movements in fuel costs. City Gas can only change the tariffs at which it charges its customers once every three months, whereas fuel costs fluctuate daily. From quarter to quarter, there is therefore potentially a mismatch between City Gas' fuel costs and tariffs. The tariff adjustments mechanism is designed to ensure that we fully recover our fuel costs over a period of time
- Lower finance costs arising mainly from interest savings of A\$1.5 million (approximately S\$1.9 million) after the purchase and cancellation of A\$170 million of Basslink bonds in September 2011
- One-off loan upfront fees of S\$3.8 million paid for CitySpring's corporate loan and City Gas' term loan in 1Q FY12

which was partially offset by

- a provision of A\$2.95 million (approximately S\$3.8 million) set aside for the settlement of the dispute on CRSM payment in calendar year 2009 with its customer, Hydro Tasmania. There is no assurance that a final settlement will be reached<sup>(2)</sup>

<sup>(2)</sup> Please refer to paragraph 10 of our Financial Statement And Distribution Announcement for the Quarter ended 30 June 2012 for more details

	1Q FY13	1Q FY12
	S\$'000	S\$'000
Cash Earnings	22,282	3,626
Applied as follows:		
Principal Repayment of Subsidiary Entity Loan	(2,370)	(2,370)
Non-controlling interest	(1,181)	(1,065)
Distribution to Unitholders	(12,455)	(10,289)

Group cash earnings for 1Q FY13 also includes the contribution of S\$0.5 million from CityNet. CityNet, a wholly-owned subsidiary of CitySpring, was awarded the mandate by SingTel to act as trustee-manager of NetLink on 22 July 2011.

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

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**2** Group Financial Results

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**3** Subsidiaries' Financial Results

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	1Q FY13	1Q FY12	
	Actual S\$'000	Actual S\$'000	Change %
<b>Revenue</b>	98,492	81,292	21.2
<b>Other income</b>	260	231	12.6
<b>Other gains - net</b>	120	72	66.7
<b>Expenses</b>			
Fuel and electricity costs	(48,793)	(43,280)	(12.7)
Gas transportation costs	(20,224)	(20,136)	(0.4)
Depreciation and amortisation	(3,564)	(3,901)	8.6
Staff costs	(4,802)	(3,840)	(25.1)
Finance costs <sup>(1)</sup>	(6,923)	(7,393)	6.4
Other operating expenses	(7,672)	(7,300)	(5.1)
<b>Total expenses</b>	(91,978)	(85,850)	(7.1)
<b>Profit/(loss) before income tax</b>	6,894	(4,255)	N/M
Income tax (expense)/credit	(776)	648	N/M
<b>Net profit/(loss) after income tax</b>	6,118	(3,607)	N/M
<b>EBITDA</b>	<b>17,362</b>	<b>7,018</b>	<b>147.4</b>
<b>Cash earnings</b>	<b>16,806</b>	<b>4,062</b>	<b>313.7</b>

<sup>(1)</sup> Includes QPDS interest payable to CitySpring

City Gas Trust recorded cash earnings of S\$16.8 million in 1Q FY13 compared to S\$4.1 million in 1Q FY12. This was due mainly to the impact of time-lag in the adjustment of gas tariffs to reflect actual fuel cost. The tariff setting mechanism is designed to ensure that we fully recover our fuel costs over a period of time.

	1Q FY13	1Q FY12	
	Actual S\$'000	Actual S\$'000	Change %
<b>Revenue</b>	11,935	9,421	26.7
<b>Other income</b>	2	1	100.0
<b>Expenses</b>			
Fuel and electricity costs	(4,748)	(3,019)	(57.3)
Depreciation and amortisation	(912)	(912)	-
Operation and maintenance costs	(2,318)	(1,720)	(34.8)
Finance costs <sup>(1)</sup>	(2,197)	(2,317)	5.2
Other operating expenses	(357)	(331)	(7.9)
<b>Total expenses</b>	<b>(10,532)</b>	<b>(8,299)</b>	<b>(26.9)</b>
<b>Profit before income tax</b>	<b>1,405</b>	<b>1,123</b>	<b>25.1</b>
Income tax expense	(241)	(193)	(24.9)
<b>Net profit after income tax</b>	<b>1,164</b>	<b>930</b>	<b>25.2</b>
<b>EBITDA</b>	<b>4,512</b>	<b>4,351</b>	<b>3.7</b>
<b>Cash earnings</b>	<b>4,747</b>	<b>4,359</b>	<b>8.9</b>

<sup>(1)</sup> Includes QPDS interest payable to CitySpring and NCI

SingSpring desalination plant continues to achieve 100% availability and recorded cash earnings of S\$4.7 million in 1Q FY13 compared to S\$4.4 million in 1Q FY12.

	1Q FY13	1Q FY12	
	Actual A\$'000	Actual A\$'000	Change %
<b>Revenue</b>	16,938	15,149	11.8
<b>Other income</b>	370	359	3.1
<b>Other (losses)/gains - net</b>	(193)	7	N/M
<b>Expenses</b>			
Fuel and electricity costs	(62)	(73)	15.1
Depreciation and amortisation	(7,140)	(7,048)	(1.3)
Staff costs	(587)	(672)	12.6
Operation and maintenance costs	(990)	(2,903)	65.9
Finance costs	(10,129)	(14,191)	28.6
Other operating expenses	(4,048)	(1,165)	(247.5)
<b>Total expenses</b>	(22,956)	(26,052)	11.9
<b>Loss before fair value changes on DFI and income tax</b>	(5,841)	(10,537)	44.6
Fair value loss on DFI	(5,297)	(1,130)	N/M
<b>Loss before income tax</b>	(11,138)	(11,667)	4.5
Income tax expense	(1,270)	(983)	(29.2)
<b>Net loss after income tax</b>	(12,408)	(12,650)	1.9
<b>EBITDA</b>	<b>5,765</b>	<b>9,218</b>	<b>(37.5)</b>
<b>Cash earnings</b>	<b>2,261</b>	<b>(501)</b>	<b>N/M</b>

Basslink's cash earnings for 1Q FY13 was A\$2.3 million compared to negative A\$0.5 million in 1Q FY12. The higher cash earnings was mainly due to lower negative CRSM payments (1Q FY13: negative A\$3.5 million; 1Q FY12: negative A\$4.9 million). Basslink also incurred lower finance costs arising mainly from interest savings of A\$1.5 million (approximately S\$1.9 million) after the purchase and cancellation of A\$170 million of Basslink bonds in September 2011. In 1Q FY12 Basslink incurred costs of A\$1.9 million (approximately S\$2.5 million) for a marine cable survey which is required once in two years. The higher 1Q FY13 cash earnings was partially offset by a provision of A\$2.95 million (approximately S\$3.8 million) set aside for the settlement of the dispute on CRSM payment in calendar year 2009 with its customer, Hydro Tasmania. There is no assurance that a final settlement will be reached. (Please refer to paragraph 10 of our Financial Statement And Distribution Announcement for the Quarter ended 30 June 2012 for more details)

# Appendix



# Group Financial Results

## Group Consolidated Income Statement

	1Q FY13	1Q FY12	
	Actual S\$'000	Actual S\$'000	Change %
<b>Revenue</b>	132,578	110,664	19.8
<b>Other income</b>	896	994	(9.9)
<b>Other (losses)/gains - net</b>	(200)	269	N/M
<b>Total expenses</b>	(127,698)	(123,872)	(3.1)
<hr/>			
<b>Profit/(loss) before fair value changes on DFI and income tax</b>	5,576	(11,945)	N/M
Fair value loss on DFI	(6,760)	(1,488)	N/M
<hr/>			
<b>Loss before income tax</b>	(1,184)	(13,433)	91.2
Income tax expense	(2,714)	(862)	(214.8)
<hr/>			
<b>Net loss after income tax</b>	(3,898)	(14,295)	72.7
<hr/>			
<b>EBITDA</b>	<b>27,865</b>	<b>22,188</b>	<b>25.6</b>
<b>Cash earnings <sup>(1)</sup></b>	<b>22,282</b>	<b>3,626</b>	<b>514.5</b>
<b>Cash earnings less NCI</b>	<b>21,101</b>	<b>2,561</b>	<b>723.9</b>

N/M - Not meaningful

DFI - Derivative financial instruments

NCI - Non-controlling interest

(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

# Group Financial Results

## Group Consolidated Balance Sheet

	As at 30 Jun 12 S\$'000	As at 31 Mar 12 S\$'000
<b>ASSETS</b>		
Cash and bank deposits	164,848	160,533
Derivative financial instruments	-	8,736
Trade and other receivables	62,452	64,477
Inventories	15,975	15,208
Intangibles	413,324	416,462
Finance lease receivables	161,928	163,863
Property, plant and equipment	1,188,330	1,205,091
Other assets	9,007	5,872
<b>Total assets</b>	<b>2,015,864</b>	<b>2,040,242</b>
<b>LIABILITIES</b>		
Trade and other payables	86,469	90,302
Derivative financial instruments	83,742	19,094
Borrowings	1,347,151	1,352,837
Notes payable to non-controlling interest	15,000	15,000
Provisions	24,184	20,245
Other payables	108,695	108,928
<b>Total liabilities</b>	<b>1,665,241</b>	<b>1,606,406</b>
<b>Net Assets</b>	<b>350,623</b>	<b>433,836</b>
Units in issue	886,731	886,731
Hedging reserve	(173,017)	(109,048)
Translation reserve	(14,264)	(11,983)
Accumulated losses	(357,959)	(341,257)
	341,491	424,443
Non-controlling interest	9,132	9,393
<b>Total Unitholders' funds</b>	<b>350,623</b>	<b>433,836</b>

# Group Financial Results

## Group Consolidated Cash Flow Statement

	1Q FY13 Actual S\$'000	1Q FY12 Actual S\$'000
<b>Operating activities</b>		
Loss before income tax	(1,184)	(13,433)
Non-cash adjustments	35,851	37,071
Operating cash flow before working capital changes	34,667	23,638
Changes in working capital	(14,671)	(22,682)
<b>Net cash generated from operating activities</b>	<b>19,996</b>	<b>956</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(170)	(706)
Proceeds from sale of property, plant and equipment	-	4
<b>Net cash used in investing activities</b>	<b>(170)</b>	<b>(702)</b>
<b>Financing activities</b>		
Decrease/(increase) in restricted cash	599	(1,755)
Repayment of borrowings	(2,370)	(2,370)
Payment of loan upfront fee	-	(3,799)
Distributions paid to unitholders of the Trust	(12,455)	(10,289)
Distributions paid by subsidiary to non-controlling interest	(450)	(360)
<b>Net cash used in financing activities</b>	<b>(14,676)</b>	<b>(18,573)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,150</b>	<b>(18,319)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>120,068</b>	<b>98,825</b>
<b>Effect of currency translation on cash and cash equivalents</b>	<b>(88)</b>	<b>102</b>
<b>Cash and cash equivalents at end of the period <sup>(1)</sup></b>	<b>125,130</b>	<b>80,608</b>

<sup>(1)</sup> Excludes restricted cash of S\$39,718 and S\$62,231 respectively

# Group Financial Results

## Group Cash Earnings

	1Q FY13	1Q FY12
	Actual	Actual
	S\$'000	S\$'000
<b>EBITDA</b>	<b>27,865</b>	<b>22,188</b>
<b>Add/(less):</b>		
Other cash receipts	1,600	1,520
Net finance costs	(13,917)	(17,120)
Payment of loan upfront fees	-	(3,799)
Fair value loss on DFI	6,760	1,488
Other non-cash flow expenses	174	(86)
Maintenance capital expenditure incurred	(200)	(565)
<b>Cash earnings</b>	<b>22,282</b>	<b>3,626</b>
Less: Cash earnings attributable to NCI	(1,181)	(1,065)
<b>Cash earnings less NCI</b>	<b>21,101</b>	<b>2,561</b>