



Results Briefing for FY13

3 May 2013

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1 **Overview**

2 **Group Financial Results**

3 **Subsidiaries' Financial Results**

4 **Our Investment Proposition**

- **Cash Earnings**

- 4Q FY13

- Total cash earnings⁽¹⁾ of S\$16.8 million, compared to S\$20.5 million in 4Q FY12

- FY13

- Total cash earnings⁽¹⁾ of S\$99.7 million, 70.1% higher than FY12

- **Distribution Per Unit (“DPU”)**

- CitySpring will pay a DPU of 0.82 Singapore cents for 4Q FY13. This is in line with the target annual DPU of 3.28 Singapore cents for FY13

- Annual DPU of 3.28 Singapore cents targeted for FY14 (barring unforeseen circumstances and assuming no material changes to the Group)

(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. Accordingly, cash earnings excludes non-cash deferred revenue item and will be calculated on this basis going forward. Based on the past financial years, this item would not have had any material impact since the average for this item would have been A\$0.9 million per annum if it were excluded from cash earnings for those years. Given that this is a non-cash item, there is no impact on cash balances.*

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.

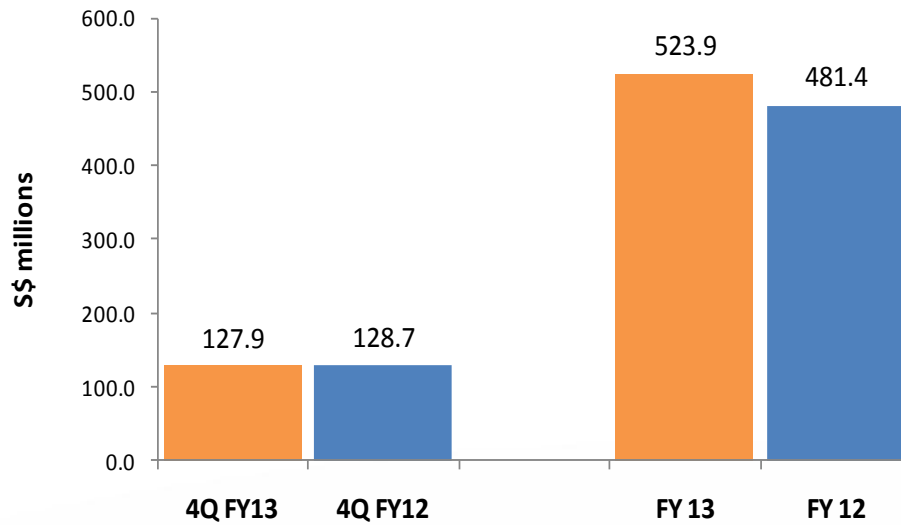
1 Overview

2 **Group Financial Results**

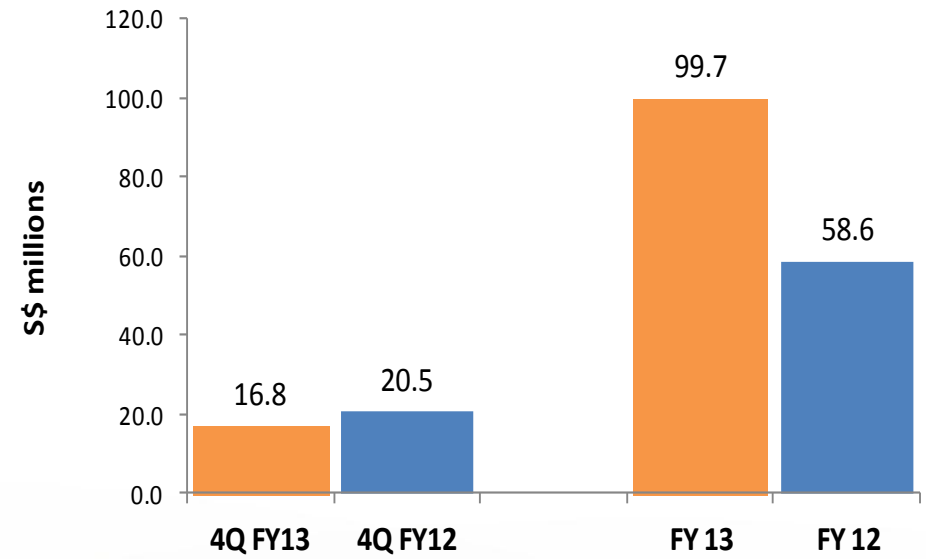
3 Subsidiaries' Financial Results

4 Our Investment Proposition

Revenue



Cash earnings



The higher cash earnings was mainly due to:

- Impact of time lag in the adjustment of 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 sales volume of gas sold also contributed to the higher cash earnings
- 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
- One-off loan upfront refinancing fees of S\$3.9 million incurred for CitySpring's corporate loan and City Gas' senior term loan in FY12

	4Q FY13	4Q FY12	FY13	FY12
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Earnings	16,830	20,535	99,734	58,642
Applied as follows:				
Principal Repayment of Subsidiary Entity Loan	(2,370)	(2,370)	(9,479)	(9,479)
Non-controlling interest	(1,108)	(1,114)	(4,673)	(4,383)
Distribution to Unitholders	(12,455)	(12,455)	(49,820)	(47,654)

Group cash earnings for FY13 also includes the contribution of S\$1.9 million from CityNet. CityNet, a wholly-owned subsidiary of CitySpring, was awarded the mandate by SingTel to act as trustee-manager of NetLink Trust 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.

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	4Q FY13	4Q FY12		FY13	FY12	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	91,353	95,749	(4.6)	384,248	354,910	8.3
Other income	274	259	5.8	1,044	1,004	4.0
Other gains/(losses) - net	89	13	N/M	67	(66)	N/M
Expenses						
Fuel and electricity costs	(44,540)	(47,696)	6.6	(181,472)	(182,955)	0.8
Gas transportation costs	(20,319)	(20,267)	(0.3)	(81,691)	(81,259)	(0.5)
Depreciation and amortisation	(3,605)	(3,587)	(0.5)	(14,408)	(14,986)	3.9
Staff costs	(6,160)	(5,760)	(6.9)	(20,697)	(19,279)	(7.4)
Finance costs ⁽¹⁾	(6,849)	(7,146)	4.2	(27,825)	(29,532)	5.8
Other operating expenses	(10,562)	(9,142)	(15.5)	(35,554)	(33,951)	(4.7)
Total expenses	(92,035)	(93,598)	1.7	(361,647)	(361,962)	0.1
(Loss)/profit before income tax	(319)	2,423	N/M	23,712	(6,114)	N/M
Income tax credit/(expense)	438	297	47.5	(3,172)	1,695	N/M
Net profit/(loss) after income tax	119	2,720	(95.6)	20,540	(4,419)	N/M
EBITDA	10,100	13,135	(23.1)	65,836	38,332	71.8
Cash earnings	9,286	11,736	(20.9)	62,716	31,667	98.0

⁽¹⁾ Includes QPDS interest payable to CitySpring

City Gas Trust recorded cash earnings of S\$62.7 million in FY13 compared to S\$31.7 million in 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.

	4Q FY13	4Q FY12		FY13	FY12	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	9,438	9,860	(4.3)	42,997	38,471	11.8
Other income	2	2	-	95	6	N/M
Expenses						
Fuel and electricity costs	(3,179)	(3,374)	5.8	(16,074)	(12,507)	(28.5)
Depreciation and amortisation	(912)	(912)	-	(3,648)	(3,648)	-
Operation and maintenance costs	(1,734)	(1,752)	1.0	(7,960)	(7,024)	(13.3)
Finance costs ⁽¹⁾	(2,100)	(2,235)	6.0	(8,649)	(9,146)	5.4
Other operating expenses	(350)	(329)	(6.4)	(1,377)	(1,335)	(3.1)
Total expenses	(8,275)	(8,602)	3.8	(37,708)	(33,660)	(12.0)
Profit before income tax	1,165	1,260	(7.5)	5,384	4,817	11.8
Income tax expense	(199)	(216)	7.9	(922)	(827)	(11.5)
Net profit after income tax	966	1,044	(7.5)	4,462	3,990	11.8
EBITDA	4,175	4,405	(5.2)	17,673	17,605	0.4
Cash earnings	4,496	4,524	(0.6)	18,826	17,869	5.4

⁽¹⁾ Includes QPDS interest payable to CitySpring and NCI

SingSpring desalination plant achieved 99.94% availability and recorded cash earnings of S\$18.8 million in FY13 compared to S\$17.9 million in FY12.

	4Q FY13	4Q FY12		FY13	FY12	
	Actual A\$'000	Actual A\$'000	Change %	Actual A\$'000	Actual A\$'000	Change %
Revenue	20,707	16,938	22.3	73,730	66,069	11.6
Other income	251	405	(38.0)	1,268	1,792	(29.2)
Other (losses)/gains - net	(554)	(143)	N/M	(1,653)	14,849	N/M
Expenses						
Fuel and electricity costs	(93)	(86)	(8.1)	(339)	(294)	(15.3)
Depreciation and amortisation	(7,173)	(7,079)	(1.3)	(28,676)	(28,237)	(1.6)
Staff costs	(728)	(618)	(17.8)	(2,554)	(2,669)	4.3
Operation and maintenance costs	(1,241)	(1,176)	(5.5)	(4,261)	(6,502)	34.5
Finance costs	(12,207)	(11,371)	(7.4)	(43,805)	(56,584)	22.6
Other operating expenses	255	(1,097)	N/M	(6,646)	(4,872)	(36.4)
Total expenses	(21,187)	(21,427)	1.1	(86,281)	(99,158)	13.0
Loss before fair value changes on DFI and income tax	(783)	(4,227)	81.5	(12,936)	(16,448)	21.4
Fair value gain/(loss) on DFI	2,076	594	N/M	(4,222)	(6,401)	34.0
Profit/(loss) before income tax	1,293	(3,633)	N/M	(17,158)	(22,849)	24.9
Income tax credit/(expense)	-	2,871	100.0	(1,270)	(17,646)	92.8
Net profit/(loss) after income tax	1,293	(762)	N/M	(18,428)	(40,495)	54.5
EBITDA	20,438	14,429	41.6	54,082	60,379	(10.4)
Cash earnings	4,268	4,737	(9.9)	21,898	15,206	44.0

Basslink's cash earnings for FY13 was A\$21.9 million compared to A\$15.2 million in FY12. The higher cash earnings in FY13 was mainly due to lower negative CRSM (FY13: negative A\$11.0 million; FY12: negative A\$15.5 million). Basslink also incurred 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. The higher cash earnings was partially offset by higher legal fees incurred and lower cash earnings contribution from Basslink Telecoms.

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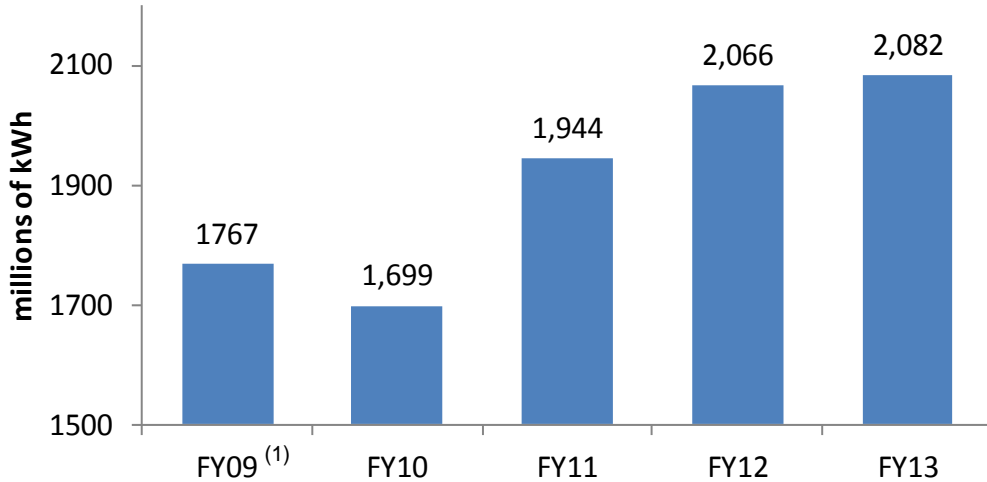
4 Our Investment Proposition

- Businesses providing essential services
- Sustainable distribution
- Strategy for growth

Businesses Providing Essential Services

City Gas

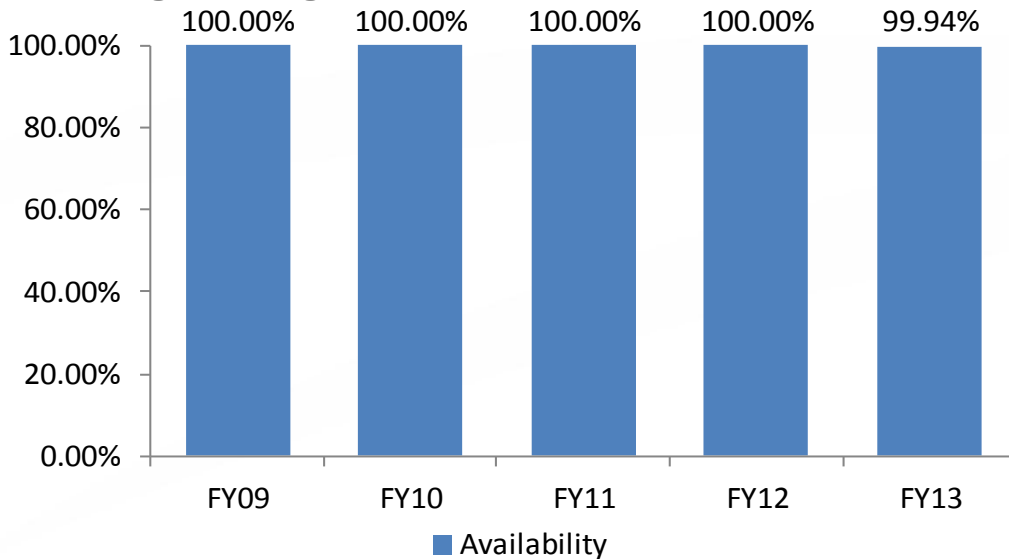
Total gas volume sold



- Total gas volume has grown steadily over the years
- Total customers at end FY13 – ~ 670,000
- Stable cash earnings driven by broad and diversified customer base

SingSpring

Total gas volume sold

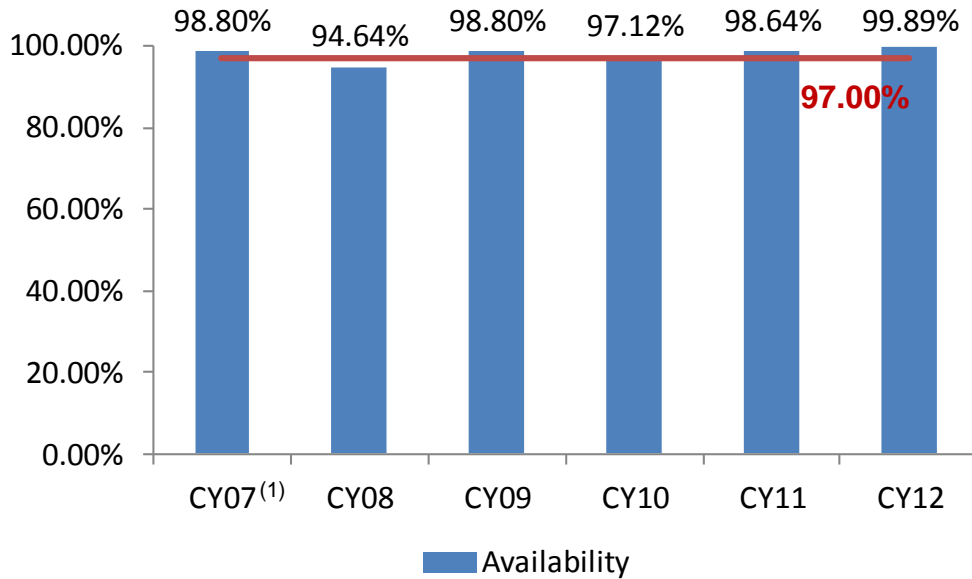


- Steady cashflows driven by availability-based capacity fees from PUB, which are not subject to plant utilisation rates.

(1) FY stands for Financial Year and represents the period between 1 April of a year and 31 March of the following year

Businesses Providing Essential Services

Basslink



- Exceeded target annual availability of 97%, except for CY08
- Availability based earnings underpinned by high reliability

(1) CY stands for Calendar Year and is the period between 1 January and 31 December of the same year

(S\$ million)	FY08*	FY09	FY10	FY11	FY12	FY13
Group Cash Earnings	69.2	60.9	57.9	74.9	58.6	99.7
Distribution to Unitholders	34.4	34.3	39.4	41.2	47.7	49.8

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

- CitySpring distributes to unitholders out of Group Cash Earnings
- The Group has consolidated cash balance of S\$202.4 million as at 31 March 2013, of which S\$164.6 million is unrestricted and S\$37.8 million is restricted (in debt service reserve accounts for loans extended to the CitySpring Group)
- The accumulated cash balance can be used to fund future acquisitions and general corporate purposes

Since IPO in Feb 2007

- Acquired Basslink in August 2007
- Launched Basslink Telecoms as a new business in July 2009
- Awarded a mandate by SingTel to manage NetLink Trust in July 2011

Going Forward

- 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 Financial Results

Group Consolidated Income Statement

	4Q FY13	4Q FY12		FY13	FY12	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	127,930	128,714	(0.6)	523,888	481,407	8.8
Other income	739	974	(24.1)	3,352	4,471	(25.0)
Other (losses)/gains - net	(214)	297	N/M	(1,911)	20,212	N/M
Total expenses	(123,780)	(126,671)	2.3	(494,267)	(510,076)	3.1
Profit/(loss) before fair value changes on DFI and income tax						
	4,675	3,314	41.1	31,062	(3,986)	N/M
Fair value gain/(loss) on DFI	2,654	723	N/M	(5,412)	(8,385)	35.5
Profit/(loss) before income tax						
	7,329	4,037	81.5	25,650	(12,371)	N/M
Income tax credit/(expense)	176	3,564	(95.1)	(6,071)	(22,615)	73.2
Net profit/(loss) after income tax						
	7,505	7,601	(1.3)	19,579	(34,986)	N/M
EBITDA	39,355	35,962	9.4	147,047	128,578	14.4
Cash earnings	16,830	20,535	(18.0)	99,734	58,642	70.1
Cash earnings less NCI	15,722	19,421	(19.0)	95,061	54,259	75.2

N/M - Not meaningful

DFI - Derivative financial instruments

NCI - Non-controlling interest

Group Financial Results

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 Financial Results

Group Consolidated Cash Flow Statement

	4Q FY13 Actual S\$'000	4Q FY12 Actual S\$'000	FY13 Actual S\$'000	FY12 Actual S\$'000
Operating activities				
Profit/(loss) before income tax	7,329	4,037	25,650	(12,371)
Non-cash adjustments	29,241	31,038	126,758	129,659
Operating cash flow before working capital changes	36,570	35,075	152,408	117,288
Changes in working capital	(14,125)	(9,540)	(46,535)	(59,576)
Net cash generated from operating activities	22,445	25,535	105,873	57,712
Investing activities				
Purchase of property, plant and equipment	(415)	(874)	(2,522)	(3,178)
Proceeds from sale of property, plant and equipment	16	2	25	184
Net cash used in investing activities	(399)	(872)	(2,497)	(2,994)
Financing activities				
(Increase)/decrease in restricted cash	(643)	(226)	2,478	19,784
Repayment of borrowings and purchase and cancellation of bonds	(2,370)	(2,370)	(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	(12,455)	(12,455)	(49,820)	(45,488)
Distributions paid by subsidiary to non-controlling interest	(420)	(330)	(1,860)	(1,500)
Net cash used in financing activities	(15,888)	(15,381)	(58,681)	(33,436)
Net increase in cash and cash equivalents	6,158	9,282	44,695	21,282
Cash and cash equivalents at beginning of the period	158,064	111,296	120,068	98,825
Effect of currency translation on cash and cash equivalents	415	(510)	(126)	(39)
Cash and cash equivalents at end of the period ⁽¹⁾	164,637	120,068	164,637	120,068

⁽¹⁾ Excludes restricted cash of S\$37,727 and S\$40,465 respectively

	4Q FY13	4Q FY12	FY13	FY12
	Actual	Actual	Actual	Actual
	S\$'000	S\$'000	S\$'000	S\$'000
EBITDA	39,355	35,962	147,047	128,578
Add/(less):				
Other cash receipts	1,576	1,557	12,455	13,007
Net finance costs	(14,481)	(15,216)	(57,480)	(66,850)
Payment of loan upfront fees & legal fees	-	-	-	(4,069)
Fair value (gain)/loss on DFI	(2,654)	(723)	5,412	8,385
Unit issue expenses charged to income statement	-	39	-	1,417
Gain associated with purchase and cancellation of bonds issued by a subsidiary entity	-	-	-	(19,417)
Other non-cash flow expenses	(6,376)	(357)	(5,620)	(508)
Maintenance capital expenditure incurred	(590)	(727)	(2,080)	(1,901)
Cash earnings	16,830	20,535	99,734	58,642
Less: Cash earnings attributable to NCI	(1,108)	(1,114)	(4,673)	(4,383)
Cash earnings less NCI	15,722	19,421	95,061	54,259