



Results Briefing for 2Q FY14 and 1H FY14

4 November 2013

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1 **Overview**

2 **Group Financial Results**

3 **Subsidiaries' Financial Results**

- **Cash Earnings**

- 1H FY14

- Total cash earnings⁽¹⁾ of S\$30.0 million, compared to S\$55.6 million in 1H FY13

- 2Q FY14

- Total cash earnings⁽¹⁾ of S\$14.0 million, compared to S\$34.5 million in 2Q FY13

- **Distribution Per Unit (“DPU”)**

- CitySpring will pay a DPU of 0.82 Singapore cents for 2Q 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\$11.6 million for the quarter compared to S\$20.0 million in 2Q FY13
- Its customer base grew by about 2.6% from 660,340 as at the end of 2Q FY13 to about 677,900 as at the end of 2Q FY14
- The average monthly town gas sales volume has increased by 1.6% to 139,129,000 kWh compared to a year ago
- City-OG Gas Energy Services Pte Ltd (“City-OG Gas”), the business venture between City Gas and Osaka Gas Co., Ltd, commenced operations on 1 August 2013. It has since signed a new customer contract and is in negotiations with several customers
- The gain on the disposal of the 49% stake in City-OG Gas of S\$38.7 million is accounted for as Capital Reserve at CitySpring Group consolidated level in accordance with FRS 110

⁽³⁾ *Attributable to CitySpring Infrastructure Trust*

SingSpring

- Achieved total cash earnings⁽³⁾ of S\$3.6 million for the quarter compared to S\$3.7 million in 2Q FY13
- Continued to maintain record of 100% availability and met all the terms under the Water Purchase Agreement with PUB

⁽³⁾ *Attributable to CitySpring Infrastructure Trust*

Basslink

- Achieved cash earnings of A\$1.3 million for the quarter compared to A\$10.4 million in 2Q FY13
- CRSM⁽⁴⁾ was negative A\$3.7 million for the quarter compared to negative A\$2.2 million in 2Q FY13
- Achieved cumulative availability of 96.95% for the 9 months ended 30 September 2013 (9 months ended 30 September 2012: 100%)
- In accordance with FRS 36 (Impairment of Assets), the Group recognised an impairment allowance of S\$141 million (A\$103 million) for the quarter ended 30 September 2013 for the investment in Basslink Group. The lower expected performance of Basslink Group was due mainly to the negative trend for CRSM payments and Telecoms revenue

⁽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, a wholly-owned subsidiary of CitySpring, has, on 22 August 2013, in its capacity as trustee-manager of NetLink Trust, entered into conditional sale and purchase agreements to acquire 100% of OpenNet Pte. Ltd. ("OpenNet") (the "Acquisition"). This transaction is subject to regulatory approvals
- NetLink Trust carries on the business of owning, installing, operating and maintaining certain telecommunications infrastructure assets. SingTel is the sole unitholder of NetLink Trust, and retains a 100% economic interest in the business and assets of NetLink Trust
- 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

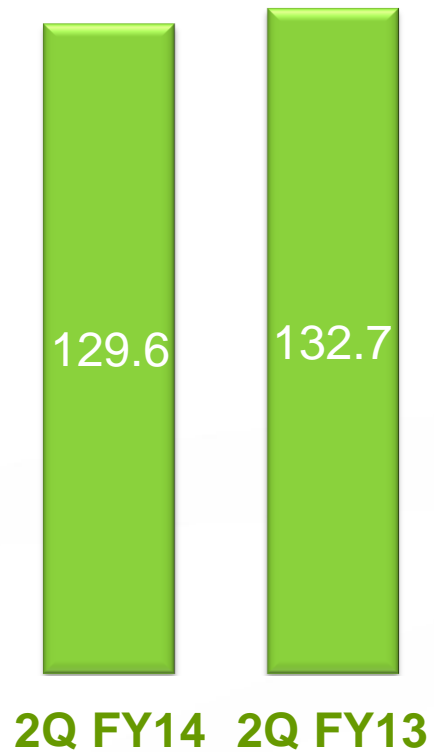
- The Group is in discussion with banks to re-finance the corporate loan and the City Gas loan totalling S\$270.3 million which will expire within the next 12 months.
- In preparation for the refinancing of the Basslink bonds of A\$486 million due in August 2015, Basslink has appointed a financial adviser. In order to provide for capital management flexibility at Basslink, no cash distribution has 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

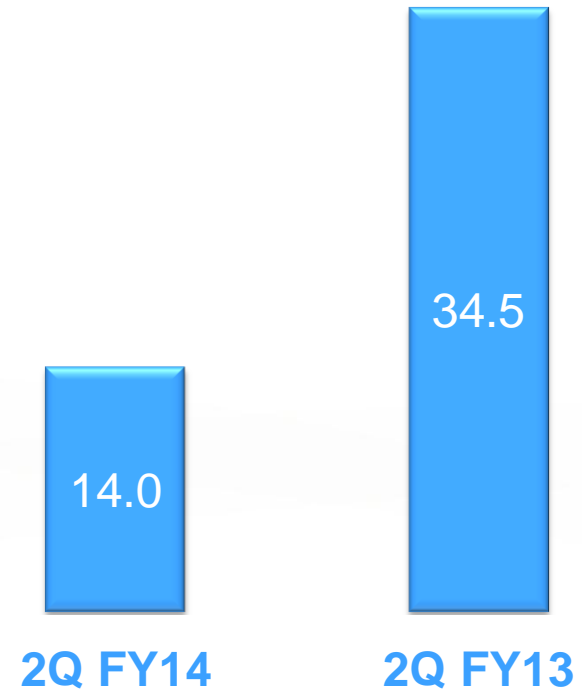
2 **Group Financial Results**

3 Subsidiaries' Financial Results

Revenue (\$\$ millions)



Cash Earnings (\$\$ millions)



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

	2Q FY14	2Q FY13
	S\$'000	S\$'000
Cash Earnings	14,013	34,546
Applied as follows:		
Principal Repayment of Subsidiary Entity Loan	(2,610)	(2,369)
Distribution to Unitholders	(12,455)	(12,455)
Net Balance	(1,052)	19,722

Group cash and bank balances as at 30 September 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

	2Q FY14	2Q FY13		1H FY14	1H FY13	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	98,702	98,314	0.4	195,533	196,806	(0.6)
Other income	276	241	14.5	517	501	3.2
Other gain/(losses) - net	98	(55)	N/M	180	65	176.9
Expenses						
Fuel and electricity costs	(51,069)	(43,606)	(17.1)	(99,158)	(92,399)	(7.3)
Gas transportation costs	(21,309)	(20,661)	(3.1)	(42,384)	(40,885)	(3.7)
Depreciation and amortisation	(3,693)	(3,624)	(1.9)	(7,351)	(7,188)	(2.3)
Staff costs	(5,291)	(5,047)	(4.8)	(10,385)	(9,849)	(5.4)
Finance costs ⁽¹⁾	(6,979)	(7,023)	0.6	(13,892)	(13,946)	0.4
Other operating expenses	(9,044)	(7,877)	(14.8)	(18,398)	(15,549)	(18.3)
Total expenses	(97,385)	(87,838)	(10.9)	(191,568)	(179,816)	(6.5)
Profit before income tax	1,691	10,662	(84.1)	4,662	17,556	(73.4)
Income tax expense	(226)	(1,783)	87.3	(733)	(2,559)	71.4
Net profit after income tax	1,465	8,879	(83.5)	3,929	14,997	(73.8)
EBITDA	12,325	21,281	(42.1)	25,841	38,643	(33.1)
Cash earnings attributable to CitySpring Infrastructure Trust	11,572	20,040	(42.3)	24,678	36,846	(33.0)

⁽¹⁾ Includes QPDS interest payable to CitySpring

City Gas recorded cash earnings of S\$11.6 million in 2Q FY14 compared to S\$20.0 million in 2Q FY13. This was due mainly to the time-lag in the adjustment of gas tariffs to reflect actual fuel cost.

	2Q FY14	2Q FY13		1H FY14	1H FY13	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	10,521	11,020	(4.5)	20,073	22,955	(12.6)
Other income	3	89	(96.6)	5	91	(94.5)
Expenses						
Fuel and electricity costs	(3,731)	(4,175)	10.6	(6,830)	(8,923)	23.5
Depreciation and amortisation	(912)	(912)	-	(1,824)	(1,824)	-
Operation and maintenance costs	(2,110)	(2,016)	(4.7)	(3,986)	(4,334)	8.0
Finance costs ⁽¹⁾	(2,079)	(2,193)	5.2	(4,170)	(4,390)	5.0
Other operating expenses	(389)	(330)	(17.9)	(761)	(687)	(10.8)
Total expenses	(9,221)	(9,626)	4.2	(17,571)	(20,158)	12.8
Profit before income tax	1,303	1,483	(12.1)	2,507	2,888	(13.2)
Income tax expense	(223)	(254)	12.2	(429)	(495)	13.3
Net profit after income tax	1,080	1,229	(12.1)	2,078	2,393	(13.2)
EBITDA	4,292	4,586	(6.4)	8,497	9,098	(6.6)
Cash earnings attributable to CitySpring Infrastructure Trust	3,599	3,651	(1.4)	7,100	7,217	(1.6)

⁽¹⁾ Includes QPDS interest payable to CitySpring and NCI

SingSpring desalination plant achieved 100% availability and recorded cash earnings of S\$3.6 million in 2Q FY14 compared to S\$3.7 million in 2Q FY13.

	2Q FY14	2Q FY13		1H FY14	1H FY13	
	Actual A\$'000	Actual A\$'000	Change %	Actual A\$'000	Actual A\$'000	Change %
Revenue	17,107	17,631	(3.0)	33,362	34,569	(3.5)
Other income	255	330	(22.7)	533	700	(23.9)
Other losses - net	(584)	(2,162)	73.0	(252)	(7,652)	96.7
Expenses						
Fuel and electricity costs	(96)	(92)	(4.3)	(191)	(154)	(24.0)
Depreciation and amortisation	(7,232)	(7,195)	(0.5)	(14,465)	(14,335)	(0.9)
Staff costs	(772)	(593)	(30.2)	(1,468)	(1,180)	(24.4)
Operation and maintenance costs	(1,229)	(1,053)	(16.7)	(2,521)	(2,043)	(23.4)
Finance costs	(10,676)	(10,047)	(6.3)	(22,036)	(20,176)	(9.2)
Other operating expenses	(3,563)	(981)	N/M	(6,521)	(5,029)	(29.7)
Total expenses	(23,568)	(19,961)	(18.1)	(47,202)	(42,917)	(10.0)
Loss before income tax	(6,790)	(4,162)	(63.1)	(13,559)	(15,300)	11.4
Income tax credit/(expense)	514	-	N/M	514	(1,270)	N/M
Net loss after income tax	(6,276)	(4,162)	(50.8)	(13,045)	(16,570)	21.3
EBITDA	10,867	12,753	(14.8)	22,420	18,518	21.1
Cash earnings	1,278	10,379	(87.7)	2,701	12,640	(78.6)

Basslink's cash earnings for 2Q FY14 was A\$1.3 million compared to A\$10.4 million in 2Q FY13. The lower cash earnings was due mainly to lower contributions from Basslink Telecoms, higher negative CRSM in 2Q FY14 and higher legal fees incurred. Basslink Telecoms had signed a major long-term contract with a customer in FY11 and the majority of the service fee under this contract was paid in three annual instalments with the last instalment being paid in September 2012.

Appendix

	2Q FY14	2Q FY13		1H FY14	1H FY13	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	129,646	132,710	(2.3)	256,696	265,288	(3.2)
Other income	687	886	(22.5)	1,378	1,782	(22.7)
Other losses - net	(495)	(2,970)	83.3	(1,126)	(9,930)	88.7
Total expenses	(130,041)	(119,320)	(9.0)	(257,911)	(247,018)	(4.4)
(Loss)/profit before income tax	(203)	11,306	N/M	(963)	10,122	N/M
Income tax credit/(expense)	83	(2,150)	N/M	(682)	(4,864)	86.0
Net (loss)/profit after income tax	(120)	9,156	N/M	(1,645)	5,258	N/M
EBITDA	27,771	40,847	(32.0)	57,236	68,712	(16.7)
Cash earnings	14,013	34,546	(59.4)	30,000	55,647	(46.1)

Group Financial Results

Group Consolidated Balance Sheet

	As at 30 Sept 13 S\$'000	As at 31 Mar 13 S\$'000
ASSETS		
Cash and bank deposits	243,381	202,364
Derivative financial instruments	2,008	-
Trade and other receivables	64,456	64,924
Inventories	20,469	18,096
Intangibles	394,454	404,463
Finance lease receivables	152,063	156,107
Property, plant and equipment	1,036,613	1,160,928
Other assets	7,116	5,924
Total assets	1,920,560	2,012,806
LIABILITIES		
Trade and other payables	108,381	99,433
Derivative financial instruments	25,757	50,090
Borrowings	1,254,333	1,344,323
Notes payable to non-controlling interest	15,000	15,000
Provisions	26,345	28,541
Other payables	102,814	110,266
Total liabilities	1,532,630	1,647,653
Net Assets	387,930	365,153
Units in issue	886,731	886,731
Hedging reserve	(124,062)	(143,465)
Translation reserve	(23,694)	(14,394)
Capital reserve ⁽¹⁾	38,710	-
Accumulated losses	(400,325)	(372,837)
	377,360	356,035
Non-controlling interest	10,570	9,118
Total Unitholders' funds	387,930	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

	2Q FY14 Actual S\$'000	2Q FY13 Actual S\$'000	1H FY14 Actual S\$'000	1H FY13 Actual S\$'000
Operating activities				
(Loss)/profit before income tax	(203)	11,306	(963)	10,122
Non-cash adjustments	28,060	31,847	57,289	67,698
Operating cash flow before working capital changes	27,857	43,153	56,326	77,820
Changes in working capital	(6,429)	(7,818)	(18,467)	(22,489)
Net cash generated from operating activities	21,428	35,335	37,859	55,331
Investing activities				
Proceeds from change in ownership interest in subsidiary	39,200	-	39,200	-
Purchase of property, plant and equipment	(160)	(894)	(466)	(1,064)
Proceeds from sale of property, plant and equipment	18	9	18	9
Net cash from/(used in) investing activities	39,058	(885)	38,752	(1,055)
Financing activities				
(Increase)/decrease in restricted cash	(397)	2,292	(6,058)	2,891
Repayment of borrowings	(2,610)	(2,369)	(5,221)	(4,739)
Distributions paid to unitholders of the Trust	(12,455)	(12,455)	(24,910)	(24,910)
Distributions paid by subsidiary to non-controlling interest	(405)	(390)	(705)	(840)
Net cash used in financing activities	(15,867)	(12,922)	(36,894)	(27,598)
Net increase in cash and cash equivalents	44,619	21,528	39,717	26,678
Cash and cash equivalents at beginning of the period	157,105	125,130	164,637	120,068
Effect of currency translation on cash and cash equivalents	219	(453)	(2,411)	(541)
Cash and cash equivalents at end of the period ⁽²⁾	201,943	146,205	201,943	146,205

⁽²⁾ Excludes restricted cash of S\$41,438 and S\$36,911 respectively

	2Q FY14	2Q FY13	1H FY14	1H FY13
	Actual	Actual	Actual	Actual
	S\$'000	S\$'000	S\$'000	S\$'000
EBITDA	27,771	40,847	57,236	68,712
Add/(less):				
Other cash receipts	1,564	7,866	3,249	9,466
Net finance costs	(13,172)	(14,467)	(26,809)	(28,384)
Fair value loss/(gain) on DFI	23	2,301	(1,046)	9,061
Other non-cash flow expenses	(497)	254	271	428
Maintenance capital expenditure incurred	(144)	(1,042)	(216)	(1,242)
Total	15,545	35,759	32,685	58,041
Less: Cash earnings attributable to NCI	(1,532)	(1,213)	(2,685)	(2,394)
Cash earnings	14,013	34,546	30,000	55,647