



Results Briefing for 3Q FY13

8 February 2013

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1 Overview

2 Group Financial Results

3 Subsidiaries' Financial Results

- **Cash Earnings**

- 9M FY13

Total cash earnings⁽¹⁾ of S\$82.9 million, compared to S\$38.1 million in 9M FY12

- 3Q FY13

Total cash earnings⁽¹⁾ of S\$24.9 million, compared to S\$18.9 million in 3Q FY12

- **Distribution Per Unit (“DPU”)**

- CitySpring will pay a DPU of 0.82 Singapore cents for 3Q 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 recorded higher cash earnings of S\$16.6 million for the quarter compared to S\$9.7 million in the previous corresponding quarter due mainly to tariff adjustment that compensated for higher fuel costs in prior period.
- Customer base grew by about 3% from 646,513 as at the end of 3Q FY12 to about 665,446 as at the end of 3Q FY13.
- Town gas volume in 3Q FY13 has increased by about 1.6% compared to a year ago.
- Average daily town gas send-out in 3Q FY13 was 856,173 cubic metres, compared to the average of 844,748 cubic metres during the same quarter of last financial year.
- EMA has approved a tariff reduction of 1.5% from 1 February 2013.

SingSpring

- Achieved total cash earnings of S\$4.7 million for the quarter compared to S\$4.5 million in 3Q FY12.
- Continued to maintain record of 100% availability and met all the terms under the Water Purchase Agreement with PUB.

Basslink

- Achieved cash earnings of A\$5.0 million for the quarter compared to A\$5.1 million in 3Q FY12.
- Lower negative CRSM^{(2),(3)} payment of A\$1.7 million (approximately S\$2.1 million) compared to negative A\$3.6 million (approximately S\$4.7 million) in 3Q FY12.
- Achieved cumulative availability of 99.89% for the 12 months ended 31 December 2012.

⁽²⁾ 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.

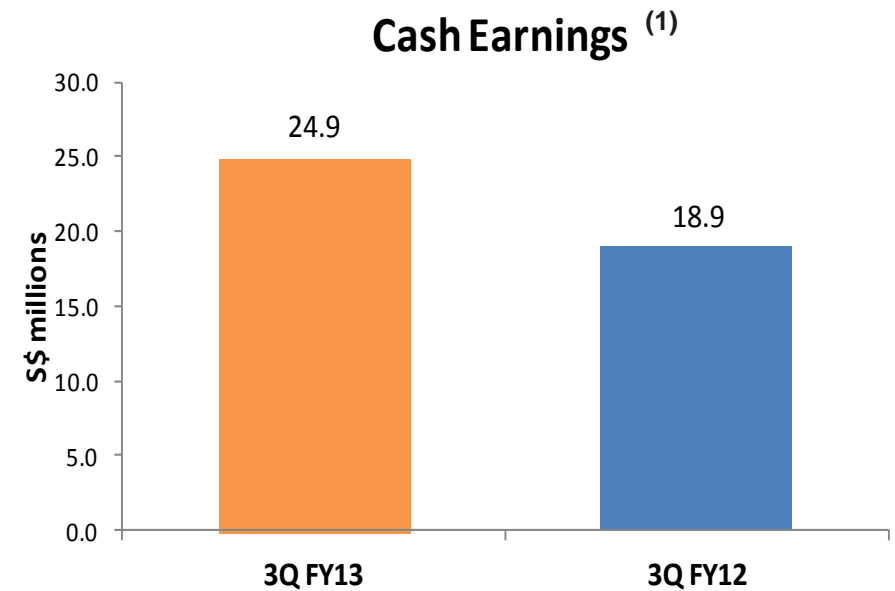
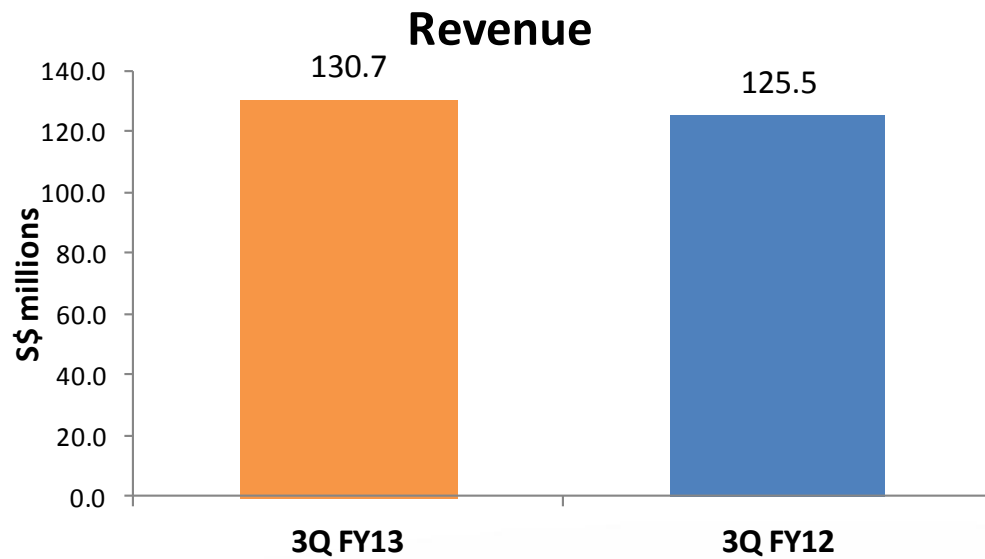
⁽³⁾ Refer to Paragraph 10 of SGX Announcement.

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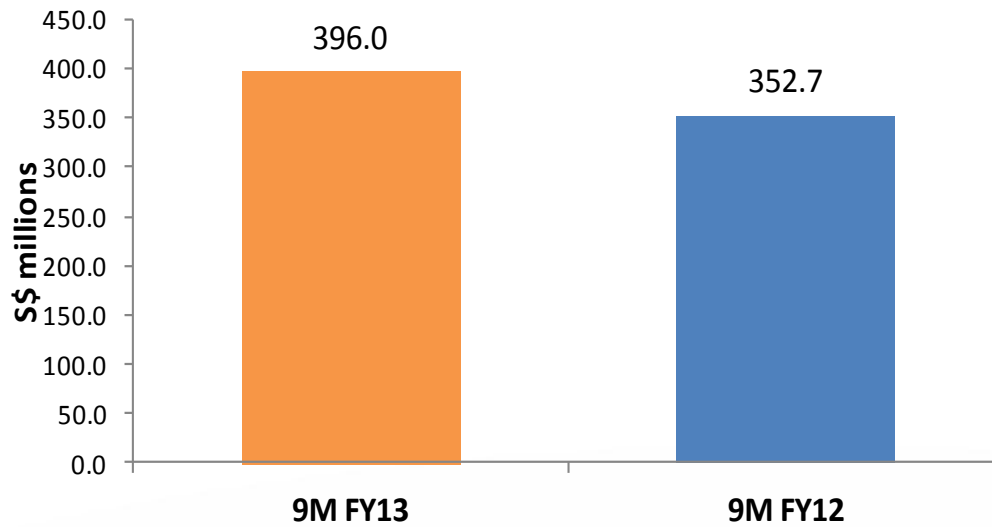
3Q FY13 vs 3Q FY12



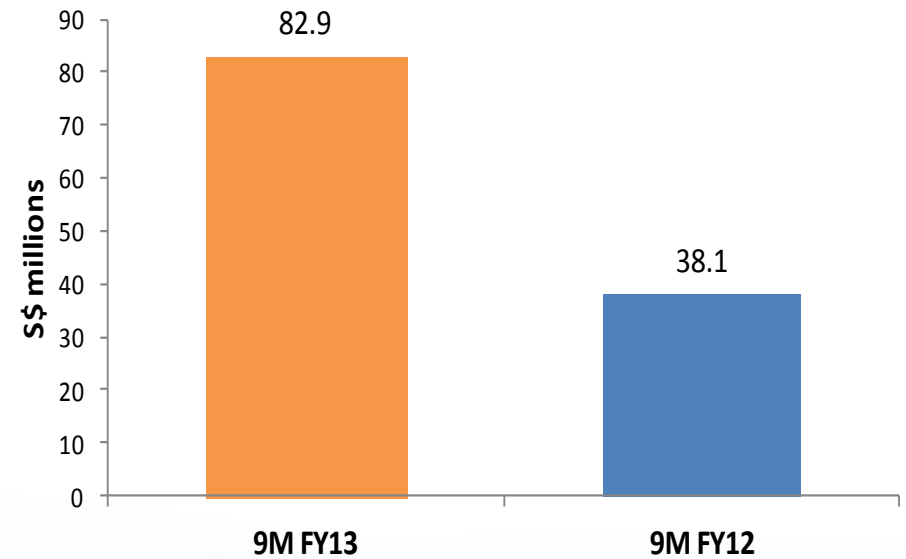
(1) Cash earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and non-controlling interest

9M FY13 vs 9M FY12

Revenue



Cash Earnings⁽¹⁾



(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

3Q FY13 cash earnings of S\$24.9 million was S\$5.9 million higher compared to 3Q FY12 cash earnings due mainly to:

- City Gas' profit margin in 3Q FY13 was more favourable compared to that in 3Q FY12. 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 City Gas fully recover its fuel costs over a period of time
- Lower negative CRSM payment of A\$1.7 million (approximately S\$2.1 million) compared to negative A\$3.6 million (approximately S\$4.7 million) in 3Q FY12

	3Q FY13	3Q FY12	9M FY13	9M FY12
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Earnings	24,863	18,928	82,904	38,107
Applied as follows:				
Principal Repayment of Subsidiary Entity Loan	(2,370)	(2,370)	(7,109)	(7,109)
Non-controlling interest	(1,171)	(1,102)	(3,565)	(3,269)
Distribution to Unitholders	(12,455)	(12,455)	(37,365)	(35,199)

Group cash earnings for 3Q FY13 also includes the contribution of S\$0.4 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.

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	3Q FY13	3Q FY12		9M FY13	9M FY12	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	96,089	92,853	3.5	292,895	259,161	13.0
Other income	269	319	(15.7)	770	745	3.4
Other (losses)/gains - net	(87)	443	N/M	(22)	(79)	72.2
Expenses						
Fuel and electricity costs	(44,533)	(46,907)	5.1	(136,932)	(135,259)	(1.2)
Gas transportation costs	(20,487)	(20,535)	0.2	(61,372)	(60,992)	(0.6)
Depreciation and amortisation	(3,615)	(3,739)	3.3	(10,803)	(11,399)	5.2
Staff costs	(4,688)	(5,083)	7.8	(14,537)	(13,519)	(7.5)
Finance costs ⁽¹⁾	(7,030)	(7,498)	6.2	(20,976)	(22,386)	6.3
Other operating expenses	(9,443)	(9,564)	1.3	(24,992)	(24,809)	(0.7)
Total expenses	(89,796)	(93,326)	3.8	(269,612)	(268,364)	(0.5)
Profit/(loss) before income tax	6,475	289	N/M	24,031	(8,537)	N/M
Income tax (expense)/credit	(1,051)	122	N/M	(3,610)	1,398	N/M
Net profit/(loss) after income tax	5,424	411	N/M	20,421	(7,139)	N/M
EBITDA	17,093	11,514	48.5	55,736	25,197	121.2
Cash earnings	16,584	9,664	71.6	53,430	19,931	168.1

⁽¹⁾ Includes QPDS interest payable to CitySpring

City Gas Trust recorded cash earnings of S\$16.6 million in 3Q FY13 compared to S\$9.7 million in 3Q 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 City Gas fully recover its fuel costs over a period of time.

	3Q FY13	3Q FY12		9M FY13	9M FY12	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	10,604	9,731	9.0	33,559	28,611	17.3
Other income	2	1	100.0	93	4	N/M
Expenses						
Fuel and electricity costs	(3,972)	(3,152)	(26.0)	(12,895)	(9,133)	(41.2)
Depreciation and amortisation	(912)	(912)	-	(2,736)	(2,736)	-
Operation and maintenance costs	(1,892)	(1,806)	(4.8)	(6,226)	(5,272)	(18.1)
Finance costs ⁽¹⁾	(2,159)	(2,289)	5.7	(6,549)	(6,911)	5.2
Other operating expenses	(340)	(365)	6.8	(1,027)	(1,006)	(2.1)
Total expenses	(9,275)	(8,524)	(8.8)	(29,433)	(25,058)	(17.5)
Profit before income tax	1,331	1,208	10.2	4,219	3,557	18.6
Income tax expense	(228)	(207)	(10.1)	(723)	(611)	(18.3)
Net profit after income tax	1,103	1,001	10.2	3,496	2,946	18.7
EBITDA	4,400	4,408	(0.2)	13,498	13,200	2.3
Cash earnings	4,719	4,493	5.0	14,330	13,345	7.4

⁽¹⁾ 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 3Q FY13 compared to S\$4.5 million in 3Q FY12.

	3Q FY13		3Q FY12		9M FY13		9M FY12	
	Actual A\$'000		Actual A\$'000	Change %	Actual A\$'000		Actual A\$'000	Change %
Revenue	18,454		17,162	7.5	53,023		49,131	7.9
Other income	317		619	(48.8)	1,017		1,387	(26.7)
Other (losses)/gains - net	(492)		(27)	N/M	(1,099)		14,992	N/M
Expenses								
Fuel and electricity costs	(92)		(64)	(43.8)	(246)		(208)	(18.3)
Depreciation and amortisation	(7,168)		(7,058)	(1.6)	(21,503)		(21,158)	(1.6)
Staff costs	(646)		(701)	7.8	(1,826)		(2,051)	11.0
Operation and maintenance costs	(977)		(1,373)	28.8	(3,020)		(5,326)	43.3
Finance costs	(11,422)		(12,505)	8.7	(31,598)		(45,213)	30.1
Other operating expenses	(1,872)		(1,094)	(71.1)	(6,901)		(3,775)	(82.8)
Total expenses	(22,177)		(22,795)	2.7	(65,094)		(77,731)	16.3
Loss before fair value changes on DFI and income tax	(3,898)		(5,041)	22.7	(12,153)		(12,221)	0.6
Fair value gain/(loss) on DFI	747		(1,119)	N/M	(6,298)		(6,995)	10.0
Loss before income tax	(3,151)		(6,160)	48.8	(18,451)		(19,216)	4.0
Income tax expense	-		(2,515)	100.0	(1,270)		(20,517)	93.8
Net loss after income tax	(3,151)		(8,675)	63.7	(19,721)		(39,733)	50.4
EBITDA	15,126		12,936	16.9	33,644		45,950	(26.8)
Cash earnings	4,990		5,060	(1.4)	17,630		10,469	68.4

Basslink's cash earnings for 3Q FY13 was A\$5.0 million compared to A\$5.1 million in 3Q FY12. The lower cash earnings was due to lower contributions from Basslink Telecoms which was partially offset by lower negative CRSM payments (3Q FY13: negative A\$1.7 million; 3Q FY12: negative A\$3.6 million).

Appendix

	3Q FY13	3Q FY12		9M FY13	9M FY12	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	130,670	125,483	4.1	395,958	352,693	12.3
Other income	831	1,244	(33.2)	2,613	3,497	(25.3)
Other (losses)/gains - net	(828)	1,708	N/M	(1,697)	19,915	N/M
Total expenses	(123,469)	(126,966)	2.8	(370,487)	(383,405)	3.4
Profit/(loss) before fair value changes on DFI and income tax	7,204	1,469	390.4	26,387	(7,300)	N/M
Fair value gain/(loss) on DFI	995	(1,460)	N/M	(8,066)	(9,108)	11.4
Profit/(loss) before income tax	8,199	9	N/M	18,321	(16,408)	N/M
Income tax expense	(1,383)	(3,480)	60.3	(6,247)	(26,179)	76.1
Net profit/(loss) after income tax	6,816	(3,471)	N/M	12,074	(42,587)	N/M
EBITDA	38,980	32,983	18.2	107,692	92,616	16.3
Cash earnings ⁽¹⁾	24,863	18,928	31.4	82,904	38,107	117.6
Cash earnings less NCI	23,692	17,826	32.9	79,339	34,838	127.7

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

	As at 31 Dec 12 S\$'000	As at 31 Mar 12 S\$'000
ASSETS		
Cash and bank deposits	194,642	160,533
Derivative financial instruments	-	8,736
Trade and other receivables	60,087	64,477
Inventories	16,908	15,208
Intangibles	406,481	416,462
Finance lease receivables	158,015	163,863
Property, plant and equipment	1,143,354	1,205,091
Other assets	7,098	5,872
Total assets	1,986,585	2,040,242
LIABILITIES		
Trade and other payables	86,411	90,302
Derivative financial instruments	75,223	19,094
Borrowings	1,325,096	1,352,837
Notes payable to non-controlling interest	15,000	15,000
Provisions	24,124	20,245
Other payables	114,751	108,928
Total liabilities	1,640,605	1,606,406
Net Assets	345,980	433,836
Units in issue	886,731	886,731
Hedging reserve	(166,213)	(109,048)
Translation reserve	(16,032)	(11,983)
Accumulated losses	(367,597)	(341,257)
	336,889	424,443
Non-controlling interest	9,091	9,393
Total Unitholders' funds	345,980	433,836

Group Financial Results

Group Consolidated Cash Flow Statement

	3Q FY13 Actual S\$'000	3Q FY12 Actual S\$'000	9M FY13 Actual S\$'000	9M FY12 Actual S\$'000
Operating activities				
Profit/(loss) before income tax	8,199	9	18,321	(16,408)
Non-cash adjustments	29,819	34,023	97,517	98,621
Operating cash flow before working capital changes	38,018	34,032	115,838	82,213
Changes in working capital	(9,921)	(20,471)	(32,410)	(50,036)
Net cash generated from operating activities	28,097	13,561	83,428	32,177
Investing activities				
Purchase of property, plant and equipment	(1,043)	(158)	(2,107)	(2,304)
Proceeds from sale of property, plant and equipment	-	16	9	182
Net cash used in investing activities	(1,043)	(142)	(2,098)	(2,122)
Financing activities				
Decrease in restricted cash	230	25,298	3,121	20,010
Repayment of borrowings and purchase and cancellation of bonds	(2,370)	(2,370)	(7,109)	(204,900)
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)	(37,365)	(33,033)
Distributions paid by subsidiary to non-controlling interest	(600)	(450)	(1,440)	(1,170)
Net cash (used in)/generated from financing activities	(15,195)	10,023	(42,793)	(18,055)
Net increase in cash and cash equivalents	11,859	23,442	38,537	12,000
Cash and cash equivalents at beginning of the period	146,205	86,808	120,068	98,825
Effect of currency translation on cash and cash equivalents	-	1,046	(541)	471
Cash and cash equivalents at end of the period ⁽¹⁾	158,064	111,296	158,064	111,296

⁽¹⁾ Excludes restricted cash of S\$36,578 and S\$40,749 respectively

	3Q FY13	3Q FY12	9M FY13	9M FY12
	Actual	Actual	Actual	Actual
	S\$'000	S\$'000	S\$'000	S\$'000
EBITDA	38,980	32,983	107,692	92,616
Add/(less):				
Other cash receipts	1,413	1,548	10,879	11,450
Net finance costs	(14,615)	(14,995)	(42,999)	(51,634)
Payment of loan upfront fees & legal fees	-	-	-	(4,069)
Fair value (gain)/loss on DFI	(995)	1,460	8,066	9,108
Unit issue expenses charged to income statement	-	-	-	1,378
Gain associated with purchase and cancellation of bonds issued by a subsidiary entity	-	-	-	(19,417)
Other non-cash flow expenses	328	(1,913)	756	(151)
Maintenance capital expenditure incurred	(248)	(155)	(1,490)	(1,174)
Cash earnings	24,863	18,928	82,904	38,107
Less: Cash earnings attributable to NCI	(1,171)	(1,102)	(3,565)	(3,269)
Cash earnings less NCI	23,692	17,826	79,339	34,838