CITYSPRING Infrastructure Trust

Results Briefing for FY14

5 May 2014

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Overview

- **Cash Earnings**
  - 4Q FY14

    Total cash earnings(1) of S$15.3 million, compared to S$15.7 million in 4Q FY13
  - FY14

    Total cash earnings(1) of S$60.0 million, compared to S$95.1 million in FY13

- **Distribution Per Unit ("DPU")**
  - CitySpring will pay a DPU of 0.82 Singapore cents for 4Q FY14. This is in line with the target annual DPU of 3.28 Singapore cents for FY14
  - Annual DPU of 3.28 Singapore cents targeted for FY15 (barring any 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, maintenance capital expenditure, non-controlling interest and before principal repayment of debt

Overview

Business Highlights

City Gas

- City Gas achieved total cash earnings of S$45.7 million for FY14
- Its customer base grew by about 3% from 670,000 as at the end of FY13 to about 690,000 as at the end of FY14
- The average monthly town gas sales volume has increased by 2.1% to 139,595,000 kWh compared to a year ago
- Achieved 100% plant availability
- City-OG Gas achieved total cash earnings of US$1.2 million(2) for the 8 months period from Aug 2013 to March 2014

(2) *Attributable to CitySpring Infrastructure Trust*

Overview

Business Highlights

SingSpring

- Achieved total cash earnings of S$14.2 million for FY14
- Achieved 99.44% availability for the financial year and met all the terms under the Water Purchase Agreement with PUB
- Awarded BizSAFE Star accreditation by Workplace Safety and Health Council in January 2014

Overview
Business Highlights

Basslink

- Achieved cash earnings of A$7.9 million for FY14
- CRSM[(3)] was negative A$13.4 million for FY14
- Achieved cumulative availability of 97.53% for the 12 months ended 31 December 2013 and 99.63% for the three months ended 31 March 2014
- The outcome of the arbitration and legal costs awards were announced on 15 January 2014 and 5 February 2014 respectively

[(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.

Overview
Business Highlights

CityNet

- CityNet is the trustee-manager of NetLink Trust
- SingTel is the sole unitholder of NetLink Trust and retains a 100% economic interest in the business and assets of NetLink Trust
- NetLink Trust carries on the business of owning, installing, operating and maintaining certain telecommunications infrastructure assets
- On 28 November 2013, NetLink Trust completed the acquisition of OpenNet Pte. Ltd ("OpenNet"). The principal activities of OpenNet are to design, build and operate the fibre network for Singapore's Next Generation Nationwide Broadband Network
- 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
- Achieved cash earnings of S$2.5 million for FY14

Overview

Capital Management

- Completed refinancing of City Gas loan of S$128 million with a new loan facility of S$178 million for a 5 year period till February 2019.

- The refinancing of CitySpring corporate loan of S$142.3 million is expected to be completed by August 2014.

- Basslink had appointed a financial adviser for the refinancing of the Basslink bonds of A$486 million due in August 2015. In order to provide for capital management flexibility at Basslink, no cash distribution has been or will be received from Basslink until the refinancing plan has been finalised.

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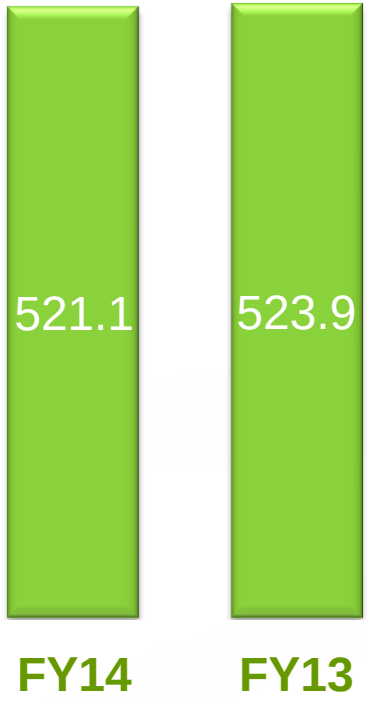
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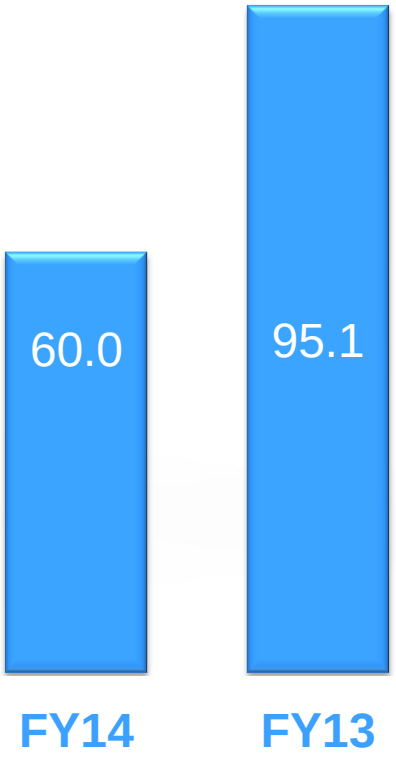
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Group Financial Results

Revenue (S$ millions)



Cash Earnings (S$ millions)



Group Financial Results

FY14 versus FY13 Cash Earnings

Main 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

Group Financial Results

Group Cash Earnings

	FY14 S$'000	FY13 S$'000
Cash Earnings	60,023	95,061
Applied as follows:		
Principal Repayment of Subsidiary Entity Loan	(10,443)	(9,479)
Distribution to Unitholders	(49,820)	(49,820)
Net Balance	**(240)**	**35,762**

Unrestricted group cash and bank balances as at 31 March 2014 was S$259.7 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.

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Subsidiaries' Financial Results

City Gas

	4Q FY14 Actual S$'000	4Q FY13 Actual S$'000	4Q FY13 Change %	FY14 Actual S$'000	FY13 Actual S$'000	FY13 Change %
Revenue	99,839	91,353	9.3	394,921	384,248	2.8
Other income	255	274	(6.9)	1,068	1,044	2.3
Other gains - net	215	89	141.6	261	67	289.6
Expenses						
Fuel and electricity costs	(50,643)	(44,540)	(13.7)	(199,380)	(181,472)	(9.9)
Gas transportation costs	(21,370)	(20,319)	(5.2)	(85,128)	(81,691)	(4.2)
Depreciation and amortisation	(3,612)	(3,605)	(0.2)	(14,650)	(14,408)	(1.7)
Staff costs	(6,086)	(6,160)	1.2	(21,719)	(20,697)	(4.9)
Finance costs [(1)]	(6,901)	(6,849)	(0.8)	(27,744)	(27,825)	0.3
Other operating expenses	(9,982)	(10,562)	5.5	(38,245)	(35,554)	(7.6)
Total expenses	(98,594)	(92,035)	(7.1)	(386,866)	(361,647)	(7.0)
Profit/(loss) before tax	1,715	(319)	N/M	9,384	23,712	(60.4)
Income tax (expense)/credit	(256)	438	N/M	(1,469)	(3,172)	53.7
Net profit after tax	1,459	119	N/M	7,915	20,540	(61.5)
EBITDA	**12,180**	**10,100**	**20.6**	**51,612**	**65,836**	**(21.6)**
Cash earnings attributable to CitySpring Infrastructure Trust	**9,088**	**9,286**	**(2.1)**	**45,653**	**62,716**	**(27.2)**

[(1)] *Includes QPDS interest payable to CitySpring*

City Gas recorded cash earnings of S$45.7 million in FY14 compared to S$62.7 million in FY13. This was due mainly to the time-lag in the adjustment of gas tariffs to reflect actual fuel cost.

Subsidiaries' Financial Results

SingSpring

	4Q FY14 Actual S$'000	4Q FY13 Actual S$'000	4Q FY13 Change %	FY14 Actual S$'000	FY13 Actual S$'000	FY13 Change %
Revenue	12,954	9,438	37.3	42,424	42,997	(1.3)
Other income	2	2	-	9	95	(90.5)
Expenses						
Fuel and electricity costs	(5,695)	(3,179)	(79.1)	(15,592)	(16,074)	3.0
Depreciation and amortisation	(913)	(912)	(0.1)	(3,649)	(3,648)	(0.1)
Operation and maintenance costs	(2,817)	(1,734)	(62.5)	(8,597)	(7,960)	(8.0)
Finance costs [1]	(1,701)	(2,100)	19.0	(7,920)	(8,649)	8.4
Other operating expenses	(430)	(350)	(22.9)	(1,577)	(1,377)	(14.5)
Total expenses	(11,556)	(8,275)	(39.6)	(37,335)	(37,708)	1.0
Profit before tax	1,400	1,165	20.2	5,098	5,384	(5.3)
Income tax expense	(228)	(199)	(14.6)	(861)	(922)	6.6
Net profit after tax	1,172	966	21.3	4,237	4,462	(5.0)
EBITDA	**4,012**	**4,175**	**(3.9)**	**16,658**	**17,673**	**(5.7)**
Cash earnings attributable to CitySpring Infrastructure Trust	**3,634**	**3,388**	**7.3**	**14,237**	**14,153**	**0.6**

[1] *Includes QPDS interest payable to CitySpring and NCI*

SingSpring desalination plant achieved 99.44% availability and recorded cash earnings of S$14.2 million in both FY14 and FY13.

Subsidiaries' Financial Results

Basslink

	4Q FY14 Actual A$'000	4Q FY13 Actual A$'000	4Q FY13 Change %	FY14 Actual A$'000	FY13 Actual A$'000	FY13 Change %
Revenue	18,525	20,707	(10.5)	68,874	73,730	(6.6)
Other income	275	251	9.6	1,064	1,268	(16.1)
Other (losses)/gains - net	(1,081)	1,522	N/M	(960)	(5,875)	83.7
Expenses						
Fuel and electricity costs	(87)	(93)	6.5	(368)	(339)	(8.6)
Depreciation and amortisation	(7,240)	(7,173)	(0.9)	(28,947)	(28,676)	(0.9)
Staff costs	(758)	(728)	(4.1)	(2,997)	(2,554)	(17.3)
Operation and maintenance costs	(1,226)	(1,241)	1.2	(5,098)	(4,261)	(19.6)
Finance costs	(12,079)	(12,207)	1.0	(45,503)	(43,805)	(3.9)
Other operating expenses	(2,635)	255	N/M	(12,081)	(6,646)	(81.8)
Total expenses	(24,025)	(21,187)	(13.4)	(94,994)	(86,281)	(10.1)
(Loss)/profit before tax	(6,306)	1,293	N/M	(26,016)	(17,158)	(51.6)
Income tax (expense)/credit	(3,694)	-	N/M	995	(1,270)	N/M
Net (loss)/profit after tax	(10,000)	1,293	N/M	(25,021)	(18,428)	(35.8)
EBITDA	**12,747**	**20,438**	**(37.6)**	**47,395**	**54,082**	**(12.4)**
Cash earnings	**3,748**	**4,268**	**(12.2)**	**7,900**	**21,898**	**(63.9)**

Basslink's cash earnings for FY14 was A$7.9 million compared to A$21.9 million in FY13. The lower cash earnings was due mainly to higher negative CRSM in FY14, higher legal and professional fees incurred and lower contribution from Basslink Telecoms.

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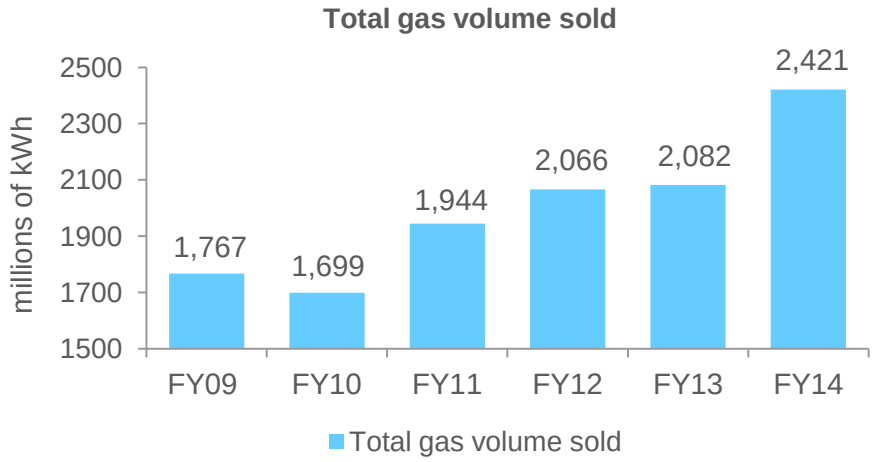
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Our Investment Proposition

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

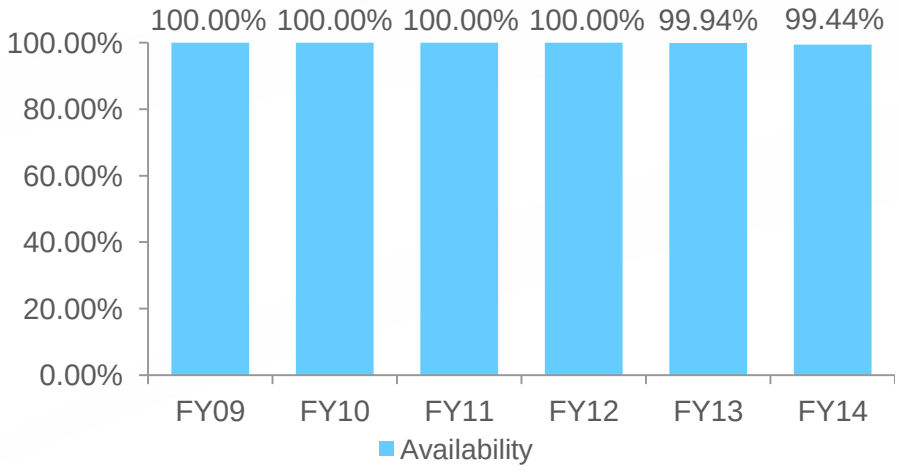
Businesses Providing Essential Services

City Gas



- Total gas volume has grown steadily over the years
- Total customers at end FY14 – ~ 690,000
- Stable cash earnings driven by broad and diversified customer base

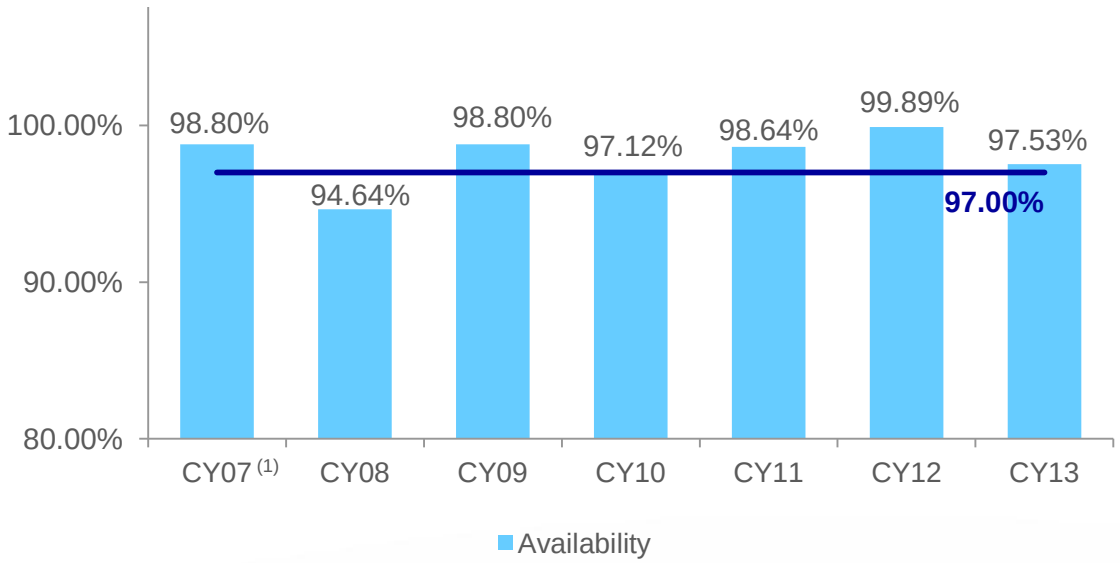
SingSpring



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

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

Sustainable Distributions

(S$ million)	FY12	FY13	FY14
Group Cash Earnings	54.3	95.1	60.0
Distribution to Unitholders	47.7	49.8	49.8

- CitySpring distributes to unitholders out of Group Cash Earnings
- The Group has consolidated cash balance of S$304.3 million as at 31 March 2014, of which S$259.7 million is unrestricted and S$44.6 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

Strategy for Growth

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
- 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
- Expanded our management role in NetLink Trust when it completed its acquisition of OpenNet Pte. Ltd. in November 2013

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 FY14	4Q FY13		FY14	FY13	
	Actual S$'000	Actual S$'000	Change %	Actual S$'000	Actual S$'000	Change %
Revenue	134,981	127,930	5.5	521,052	523,888	(0.5)
Other income	705	739	(4.6)	2,809	3,352	(16.2)
Other (losses)/gains - net	(748)	2,440	N/M	(1,933)	(7,323)	73.6
Total expenses	(133,643)	(123,780)	(8.0)	(520,037)	(494,267)	(5.2)
Profit before tax	1,295	7,329	(82.3)	1,891	25,650	(92.6)
Income tax (expense)/credit	(4,999)	176	N/M	(1,549)	(6,071)	74.5
Net (loss)/profit after tax	(3,704)	7,505	N/M	342	19,579	(98.3)
EBITDA	**30,087**	**39,355**	**(23.5)**	**117,599**	**147,047**	**(20.0)**
Cash earnings	**15,294**	**15,722**	**(2.7)**	**60,023**	**95,061**	**(36.9)**

Group Financial Results
Group Consolidated Balance Sheet

	As at 31 Mar 14 S$'000	As at 31 Mar 13 S$'000
ASSETS		
Cash and bank deposits	304,327	202,364
Derivative financial instruments	3,859	-
Trade and other receivables	68,554	64,924
Inventories	20,040	18,096
Intangibles	388,486	404,463
Finance lease receivables	148,090	156,107
Property, plant and equipment	1,008,471	1,160,928
Other assets	6,015	5,924
Total assets	**1,947,842**	**2,012,806**
LIABILITIES		
Trade and other payables	105,574	99,433
Derivative financial instruments	22,208	50,090
Borrowings	1,297,728	1,344,323
Notes payable to non-controlling interest	15,000	15,000
Provisions	24,044	28,541
Other payables	116,954	110,266
Total liabilities	**1,581,508**	**1,647,653**
Net Assets	**366,334**	**365,153**
Units in issue	886,731	886,731
Hedging reserve	(121,597)	(143,465)
Translation reserve	(24,144)	(14,394)
Capital reserve [(1)]	38,710	-
Accumulated losses	(424,760)	(372,837)
	354,940	356,035
Non-controlling interest	11,394	9,118
Total Unitholders' funds	**366,334**	**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

	4Q FY14 Actual S$'000	4Q FY13 Actual S$'000	FY14 Actual S$'000	FY13 Actual S$'000
Operating activities				
Profit before tax	1,295	7,329	1,891	25,650
Non-cash adjustments	29,509	29,241	114,131	126,758
Operating cash flow before working capital changes	30,804	36,570	116,022	152,408
Changes in working capital	(2,226)	(14,125)	(32,771)	(46,535)
Net cash generated from operating activities	**28,578**	**22,445**	**83,251**	**105,873**
Investing activities				
Proceeds from change in ownership interest in subsidiary	-	-	39,200	-
Purchase of property, plant and equipment	(932)	(415)	(1,530)	(2,522)
Proceeds from sale of property, plant and equipment	-	16	28	25
Net cash (used in)/from investing activities	**(932)**	**(399)**	**37,698**	**(2,497)**
Financing activities				
(Increase)/decrease in restricted cash	(3,526)	(643)	(9,397)	2,478
Net proceeds from borrowings	178,000	-	178,000	-
Repayment of borrowings	(130,611)	(2,370)	(138,443)	(9,479)
Payment of loan upfront fee	(1,915)	-	(1,915)	-
Distributions paid to unitholders of the Trust	(12,455)	(12,455)	(49,820)	(49,820)
Distributions paid by subsidiary to non-controlling interest	(555)	(420)	(1,755)	(1,860)
Net cash from/(used in) financing activities	**28,938**	**(15,888)**	**(23,330)**	**(58,681)**
Net increase in cash and cash equivalents	**56,584**	**6,158**	**97,619**	**44,695**
Cash and cash equivalents at beginning of the period	**202,450**	**158,064**	**164,637**	**120,068**
Effect of currency translation on cash and cash equivalents	**666**	**415**	**(2,556)**	**(126)**
Cash and cash equivalents at end of the period [(2)]	**259,700**	**164,637**	**259,700**	**164,637**

(2) *Excludes restricted cash of S$44,627 and S$37,727 respectively*

Group Financial Results

Group Cash Earnings

	4Q FY14 Actual S$'000	4Q FY13 Actual S$'000	FY14 Actual S$'000	FY13 Actual S$'000
EBITDA	**30,087**	**39,355**	**117,599**	**147,047**
Add/(less):				
Other cash receipts	1,727	1,576	6,507	12,455
Net finance costs	(12,523)	(14,481)	(52,565)	(57,480)
Payment of loan upfront fee	(1,915)	-	(1,915)	-
Fair value loss/(gain) on DFI	560	(2,654)	(1,722)	5,412
Other non-cash flow expenses	(621)	(6,376)	(205)	(5,620)
Maintenance capital expenditure incurred	(454)	(590)	(1,562)	(2,080)
Total	16,861	16,830	66,137	99,734
Less: Cash earnings attributable to NCI	(1,567)	(1,108)	(6,114)	(4,673)
Cash earnings	**15,294**	**15,722**	**60,023**	**95,061**