CITYSPRING Infrastructure Trust

Results Briefing for 3Q FY15

27 January 2015

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3 Subsidiaries' Financial Results

Overview

- **Cash Earnings**
  - 9M FY15

    Total cash earnings[1] was S$49.6 million before taking into account two major non-recurring items which are the upfront costs related to the refinancing of Basslink bonds and the Hydro Tasmania ("HT") dispute settlement amount [2]

    After taking into account these two major non-recurring items, the total cash earnings would be negative S$22.8 million

  - 3Q FY15

    Total cash earnings was S$12.1 million before taking into account two major non-recurring items which are the upfront costs related to the refinancing of Basslink bonds and the HT dispute settlement amount

    After taking into account these two major non-recurring items, the total cash earnings would be negative S$13.5 million

- **Distribution Per Unit ("DPU")**

  CitySpring will pay a DPU of 0.82[3] Singapore cents for 3Q FY15. This is in line with the target annual DPU of 3.28[4] Singapore cents for FY15

(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 interests and before principal repayment of debt

(2) Please refer to the SGX announcement made on 11 December 2014

(3) Distributions will be paid out of accumulated cash earnings

(4) Baring any unforeseen circumstances and assuming no material changes to the Group in FY15

Overview
Business Highlights

City Gas

- City Gas achieved total cash earnings of S$11.1 million for the quarter compared to S$11.9 million in 3Q FY14
- Its customer base grew by about 4.6% from 683,500 as at the end of 3Q FY14 to about 714,600 as at the end of 3Q FY15
- Achieved 100% plant availability
- City-OG Gas achieved total cash earnings of US$0.2 million[5] for the quarter compared to US$0.6[5] million for 3Q FY14

[5] *Attributable to CitySpring Infrastructure Trust*

Overview

Business Highlights

SingSpring

- Achieved total cash earnings of S$4.1 million for the quarter compared to S$3.5 million in 3Q FY14
- Achieved 100% availability and met all the terms under the Water Purchase Agreement with PUB

Overview
Business Highlights

Basslink

- Basslink had on 28 November 2014 completed the refinancing of Basslink bonds via an A$717 million five-year senior secured loan facility provided by a group of nine banks. As part of the refinancing, CitySpring injected A$50 million equity into the Basslink Group
- Basslink has paid HT A$6 million to settle all disputes relating to the dynamic protocol (including the injunction proceedings)
- Cash earnings before taking into account two major non-recurring items which are the upfront costs related to the refinancing of Basslink bonds and the HT dispute settlement amount was negative A$0.3 million for the quarter
- Achieved cumulative availability of 98.12% for the 12 months ended 31 December 2014 (12 months ended 31 December 2013: 97.53%)
- CRSM(6) was negative A$4.4 million for the quarter compared to negative A$3.6 million in 3Q FY14

(6) *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. In accordance with paragraph (b) of schedule 4 of the BSA, the rolling 5-year cumulative CRSM shall be capped at -17% if it exceeds -17%.*

Overview

No Near-Term Refinancing Needs

- Refinancing of the Basslink bonds was completed in November 2014. Total Basslink debt was reduced from A$767 million to A$717 million
- Refinancing of City Gas and CitySpring's loans was completed in February 2014 and August 2014 respectively
- There are no near-term refinancing needs

Entity	Type	Amount (million)	Due Date
CitySpring	Corporate Loan	S$142	Aug 2017
City Gas	Term Loan	S$178	Feb 2019
SingSpring	Amortising Term Loan	S$92 (7)	Fully repaid by 2024
Basslink	Term Loan	A$717	Nov 2019

(7) Balance as at 31 December 2014

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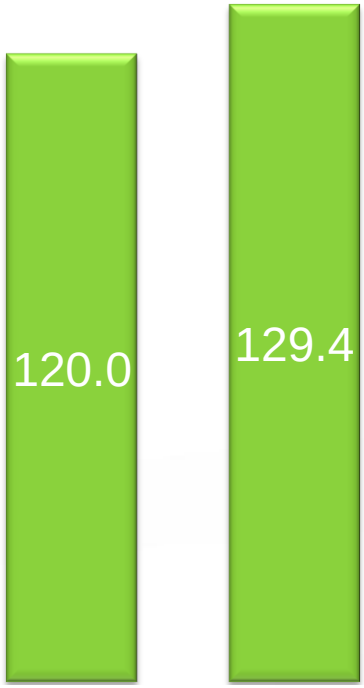
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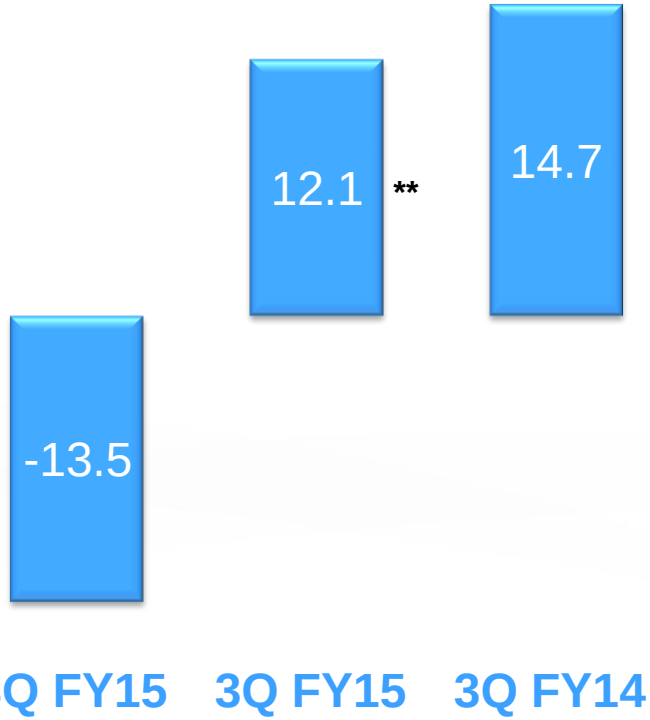
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Group Financial Results

Revenue (S$ millions)



Cash Earnings (S$ millions)



** Before taking into two major non-recurring items which are the upfront costs related to the refinancing of Basslink bonds and the HT dispute settlement amount

Group Financial Results

3Q FY15 versus 3Q FY14 Cash Earnings

Main factors contributing to lower cash earnings are:

- Non-recurring upfront costs related to the refinancing of Basslink bonds of A$16 million
- Non-recurring HT dispute settlement amount of A$6 million
- Higher negative CRSM and lower contributions from Telecoms
- The time lag in the adjustment of gas tariffs to reflect actual fuel cost for City Gas

Group Financial Results

Group Cash Earnings

	3Q FY15 S$'000		3Q FY14 S$'000
Cash Earnings	(13,503)		14,729
Applied as follows:			
Principal Repayment of Subsidiary Entity Loan	(2,611)		(2,611)
Distribution to Unitholders	(12,455)	*	(12,455)
Net Balance	**(28,569)**		**(337)**

** Distributions will be paid out of accumulated cash earnings*

Unrestricted group cash and bank balances as at 31 December 2014 was S$180.1 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

	3Q FY15 Actual S$'000	3Q FY14 Actual S$'000	3Q FY14 Change %	9M FY15 Actual S$'000	9M FY14 Actual S$'000	9M FY14 Change %
Revenue	92,395	99,549	(7.2)	289,919	295,082	(1.7)
Other income	254	296	(14.2)	844	813	3.8
Other (losses)/gains - net	(9)	(134)	93.3	(104)	46	N/M
Expenses						
Fuel and electricity costs	(44,651)	(49,579)	9.9	(143,802)	(148,737)	3.3
Gas transportation costs	(21,218)	(21,374)	0.7	(63,496)	(63,758)	0.4
Depreciation and amortisation	(3,710)	(3,687)	(0.6)	(11,057)	(11,038)	(0.2)
Operation and maintenance costs	(2,762)	(2,484)	(11.2)	(6,920)	(7,201)	3.9
Staff costs	(5,424)	(5,248)	(3.4)	(16,888)	(15,633)	(8.0)
Finance costs [(1)]	(7,199)	(6,951)	(3.6)	(21,421)	(20,843)	(2.8)
Other operating expenses	(6,360)	(7,381)	13.8	(20,450)	(21,062)	2.9
Total expenses	(91,324)	(96,704)	5.6	(284,034)	(288,272)	1.5
Profit before tax	1,316	3,007	(56.2)	6,625	7,669	(13.6)
Income tax expense	(237)	(480)	50.6	(1,035)	(1,213)	14.7
Net profit after tax	1,079	2,527	(57.3)	5,590	6,456	(13.4)
EBITDA	**12,203**	**13,591**	**(10.2)**	**38,980**	**39,432**	**(1.1)**
Cash earnings attributable to CitySpring Infrastructure Trust	**11,031**	**11,887**	**(7.2)**	**34,854**	**36,565**	**(4.7)**

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

City Gas recorded cash earnings of S$11.1 million in 3Q FY15 compared to S$11.9 million in 3Q FY14. This was due mainly to the time lag in the adjustment of gas tariffs to reflect actual fuel cost.

Subsidiaries' Financial Results

SingSpring

	3Q FY15 Actual S$'000	3Q FY14 Actual S$'000	3Q FY14 Change %	9M FY15 Actual S$'000	9M FY14 Actual S$'000	9M FY14 Change %
Revenue	9,174	9,397	(2.4)	27,205	29,470	(7.7)
Other income	4	2	100.0	23	7	N/M
Expenses						
Fuel and electricity costs	(2,853)	(3,067)	7.0	(8,466)	(9,897)	14.5
Depreciation and amortisation	(913)	(912)	(0.1)	(2,739)	(2,736)	(0.1)
Operation and maintenance costs	(1,835)	(1,794)	(2.3)	(5,350)	(5,780)	7.4
Finance costs [1]	(1,600)	(2,049)	21.9	(4,832)	(6,219)	22.3
Other operating expenses	(336)	(386)	13.0	(1,089)	(1,147)	5.1
Total expenses	(7,537)	(8,208)	8.2	(22,476)	(25,779)	12.8
Profit before tax	1,641	1,191	37.8	4,752	3,698	28.5
Income tax expense	(357)	(204)	(75.0)	(888)	(633)	(40.3)
Net profit after tax	1,284	987	30.1	3,864	3,065	26.1
EBITDA	**4,150**	**4,149**	**0.1**	**12,311**	**12,646**	**(2.6)**
Cash earnings attributable to CitySpring Infrastructure Trust	**4,092**	**3,503**	**16.8**	**12,131**	**10,603**	**14.4**

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

SingSpring desalination plant achieved 100% availability and recorded cash earnings of S$4.1 million in 3Q FY15 compared to S$3.5 million in 3Q FY14 due mainly to lower finance costs.

Subsidiaries' Financial Results

Basslink

	3Q FY15 Actual A$'000	3Q FY14 Actual A$'000	3Q FY14 Change %	9M FY15 Actual A$'000	9M FY14 Actual A$'000	9M FY14 Change %
Revenue	15,753	16,987	(7.3)	52,595	50,349	4.5
Other income	323	256	26.2	949	789	20.3
Other gains/(losses) - net	380	373	1.9	(2,513)	121	N/M
Expenses						
Fuel and electricity costs	(76)	(90)	15.6	(244)	(281)	13.2
Depreciation and amortisation	(4,419)	(7,242)	39.0	(18,870)	(21,707)	13.1
Staff costs	(771)	(771)	-	(2,329)	(2,239)	(4.0)
Operation and maintenance costs	(1,145)	(1,351)	15.2	(3,837)	(3,872)	0.9
Finance costs	(15,746)	(11,388)	(38.3)	(39,804)	(33,424)	(19.1)
Other operating expenses	(9,262)	(2,925)	N/M	(11,584)	(9,446)	(22.6)
Total expenses	(31,419)	(23,767)	(32.2)	(76,668)	(70,969)	(8.0)
Loss before tax	(14,963)	(6,151)	N/M	(25,637)	(19,710)	(30.1)
Income tax credit/(expense)	-	4,175	100.0	(995)	4,689	N/M
Net loss after tax	(14,963)	(1,976)	N/M	(26,632)	(15,021)	(77.3)
EBITDA	**4,886**	**12,228**	**(60.0)**	**32,107**	**34,648**	**(7.3)**
Cash earnings (after dispute settlement amount and refinancing costs)	**(22,675)**	**1,451**	**N/M**	**(14,167)**	**4,152**	**N/M**
Cash earnings (before dispute settlement amount and refinancing costs)	**(289)**	**1,451**	**N/M**	**8,219**	**4,152**	**98.0**

Basslink's cash earnings for 3Q FY15 before taking into account two major non-recurring items which are the upfront costs related to the refinancing of Basslink bonds and the Hydro Tasmania ("HT") dispute settlement amount was negative A$0.3 million which was lower compared to A$1.5 million in 3Q FY14. The lower cash earnings was due mainly to higher negative CRSM and lower contributions from Telecoms.

Appendix

Group Financial Results

Group Consolidated Income Statement

	3Q FY15	3Q FY14		9M FY15	9M FY14	
	Actual S$'000	Actual S$'000	Change %	Actual S$'000	Actual S$'000	Change %
Revenue	119,963	129,375	(7.3)	380,439	386,071	(1.5)
Other income	815	726	12.3	2,473	2,104	17.5
Other gains/(losses) - net	298	(59)	N/M	(3,594)	(1,185)	N/M
Total expenses	(130,355)	(128,483)	(1.5)	(383,045)	(386,394)	0.9
(Loss)/profit before joint venture	(9,279)	1,559	N/M	(3,727)	596	N/M
Share of results of joint venture	(43)	-	N/M	(43)	-	N/M
(Loss)/profit before tax	(9,322)	1,559	N/M	(3,770)	596	N/M
Income tax (expense)/credit	(773)	4,132	N/M	(3,607)	3,450	N/M
Net (loss)/profit after tax	(10,095)	5,691	N/M	(7,377)	4,046	N/M
EBITDA	**19,749**	**30,276**	**(34.8)**	**83,433**	**87,512**	**(4.7)**
Cash earnings (after dispute settlement amount and refinancing costs)	**(13,503)**	**14,729**	**N/M**	**22,848**	**44,729**	**(48.9)**
Cash earnings (before dispute settlement amount and refinancing costs)	**12,122**	**14,729**	**(17.7)**	**49,597**	**44,729**	**10.9**

Group Financial Results

Group Consolidated Balance Sheet

	As at 31 Dec 14 S$'000	As at 31 Mar 14 S$'000
ASSETS		
Cash and bank deposits	226,904	304,327
Derivative financial instruments	1,568	3,859
Trade and other receivables	63,367	68,554
Inventories	21,241	20,040
Intangibles	377,169	388,486
Finance lease receivables	141,775	148,090
Property, plant and equipment	916,219	1,008,471
Investment in joint venture	10,866	-
Other assets	6,328	6,015
Total assets	**1,765,437**	**1,947,842**
LIABILITIES		
Trade and other payables	99,189	105,574
Derivative financial instruments	102,046	22,208
Borrowings	1,171,689	1,297,728
Notes payable to non-controlling interest	15,000	15,000
Provisions	22,465	24,044
Other payables	122,094	116,954
Total liabilities	**1,532,483**	**1,581,508**
Net Assets	**232,954**	**366,334**
Units in issue	886,731	886,731
Hedging reserve	(205,888)	(121,597)
Translation reserve	(26,332)	(24,144)
Capital reserve	38,710	38,710
Accumulated losses	(471,911)	(424,760)
	221,310	354,940
Non-controlling interests	11,644	11,394
Total Unitholders' funds	**232,954**	**366,334**

Group Financial Results

Group Consolidated Cash Flow Statement

	3Q FY15 Actual S$'000	3Q FY14 Actual S$'000	9M FY15 Actual S$'000	9M FY14 Actual S$'000
Operating activities				
(Loss)/profit before tax	(9,322)	1,559	(3,770)	596
Non-cash adjustments	28,294	27,333	88,273	84,622
Operating cash flow before working capital changes	18,972	28,892	84,503	85,218
Changes in working capital	(2,577)	(12,078)	(26,561)	(30,545)
Net cash generated from operating activities	**16,395**	**16,814**	**57,942**	**54,673**
Investing activities				
Proceeds from change in ownership interest in subsidiary	-	-	-	39,200
Investment in joint venture	-	-	(10,909)	-
Purchase of property, plant and equipment	(143)	(132)	(2,360)	(598)
Proceeds from sale of property, plant and equipment	-	10	68	28
Net cash (used in)/from investing activities	**(143)**	**(122)**	**(13,201)**	**38,630**
Financing activities				
(Increase)/decrease in restricted cash	(3,352)	187	(3,792)	(5,871)
Proceeds from borrowings	776,511	-	918,846	-
Repayment of borrowings	(834,238)	(2,611)	(981,794)	(7,832)
Payment of loan upfront fees	(15,387)	-	(16,511)	-
Distributions paid to unitholders of the Trust	(12,455)	(12,455)	(37,365)	(37,365)
Distributions paid by subsidiaries to non-controlling interests	(630)	(495)	(2,506)	(1,200)
Net cash used in financing activities	**(89,551)**	**(15,374)**	**(123,122)**	**(52,268)**
Net (decrease)/increase in cash and cash equivalents	**(73,299)**	**1,318**	**(78,381)**	**41,035**
Cash and cash equivalents at beginning of the period	**253,059**	**201,943**	**259,700**	**164,637**
Effect of currency translation on cash and cash equivalents	**336**	**(811)**	**(1,223)**	**(3,222)**
Cash and cash equivalents at end of the period [(1)]	**180,096**	**202,450**	**180,096**	**202,450**

(1) *Excludes restricted cash of S$46,808 and S$40,399 respectively*

Group Financial Results

Group Cash Earnings

	3Q FY15 Actual S$'000	3Q FY14 Actual S$'000	9M FY15 Actual S$'000	9M FY14 Actual S$'000
EBITDA	**19,749**	**30,276**	**83,433**	**87,512**
Add/(less):				
Other cash receipts	1,394	1,531	4,547	4,780
Net finance costs	(16,476)	(13,233)	(41,819)	(40,042)
Upfront costs related to the refinancing of borrowings	(15,387)	-	(16,511)	-
Fair value loss/(gain) on DFI	947	(1,236)	2,907	(2,282)
Other non-cash flow expenses	(1,926)	145	(1,998)	416
Maintenance capital expenditure incurred	(93)	(892)	(2,121)	(1,108)
Share of Cash Earnings from joint venture	(43)	-	(43)	-
Total	(11,835)	16,591	28,395	49,276
Less: Cash earnings attributable to NCI	(1,668)	(1,862)	(5,547)	(4,547)
Cash earnings	**(13,503)**	**14,729**	**22,848**	**44,729**