



## **Results Briefing for 2Q FY13 and 1H FY13**

**1 November 2012**

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**1 Overview**

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**2 Group Financial Results**

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**3 Subsidiaries' Financial Results**

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- **Cash Earnings**

- 1H FY13

- Total cash earnings<sup>(1)</sup> of S\$58.0 million, compared to S\$19.2 million in 1H FY12

- 2Q FY13

- Total cash earnings<sup>(1)</sup> of S\$35.8 million, compared to S\$15.6 million in 2Q FY12

- **Distribution Per Unit (“DPU”)**

- CitySpring will pay a DPU of 0.82 Singapore cents for 2Q 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\$20.0 million for the quarter compared to S\$6.2 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 641,110 as at the end of 2Q FY12 to about 660,340 as at the end of 2Q FY13.
- Town gas volume has improved by about 2.9% for most market segments served by City Gas compared to a year ago.
- Average daily town gas send-out in 2Q FY13 continued to be encouraging at about 871,280 cubic metres, compared to the average of 849,090 cubic metres during the same quarter of last financial year.
- EMA has approved a decrease in tariff of 0.84% from 1 November 2012.

**SingSpring**

- Achieved total cash earnings of S\$4.9 million for the quarter compared to S\$4.5 million in 2Q 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\$10.4 million for the quarter compared to A\$5.9 million in 2Q FY12.
- Lower negative CRSM payment of A\$2.2 million (approximately S\$2.8 million) compared to negative A\$3.5 million (approximately S\$4.5 million) in 2Q FY12.
- Achieved cumulative availability of 100% for the 6 months ended 30 September 2012.

*<sup>(2)</sup> 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

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**2** Group Financial Results

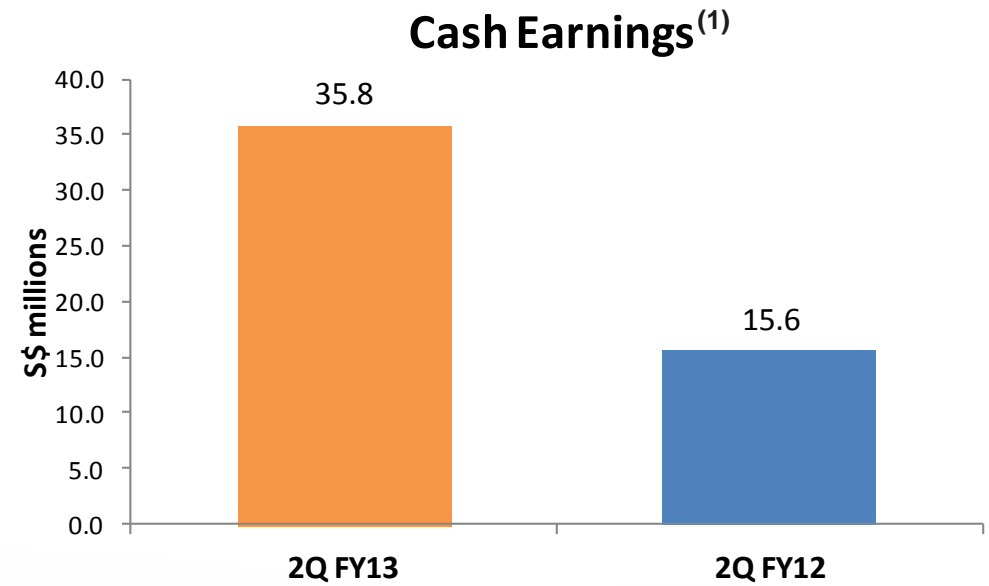
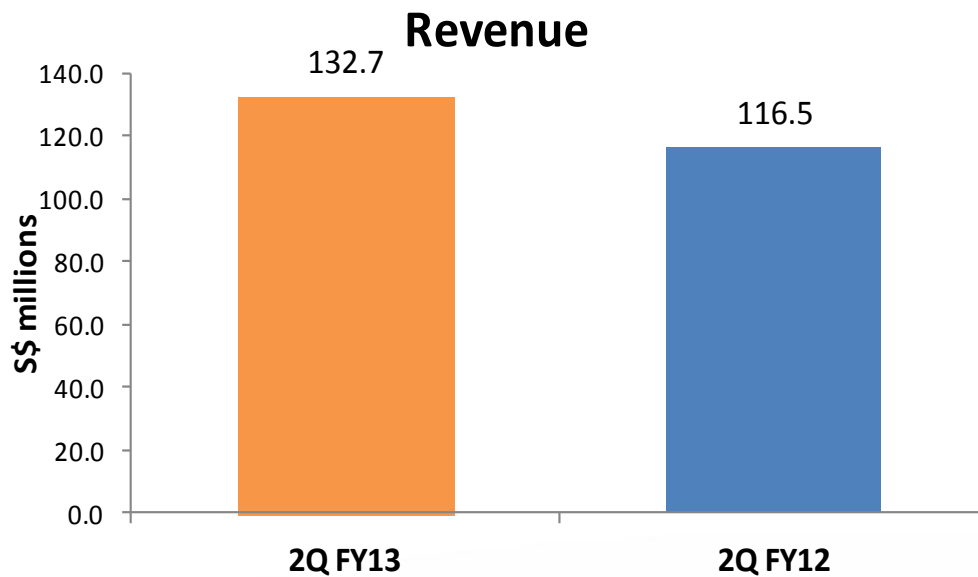
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**3** Subsidiaries' Financial Results

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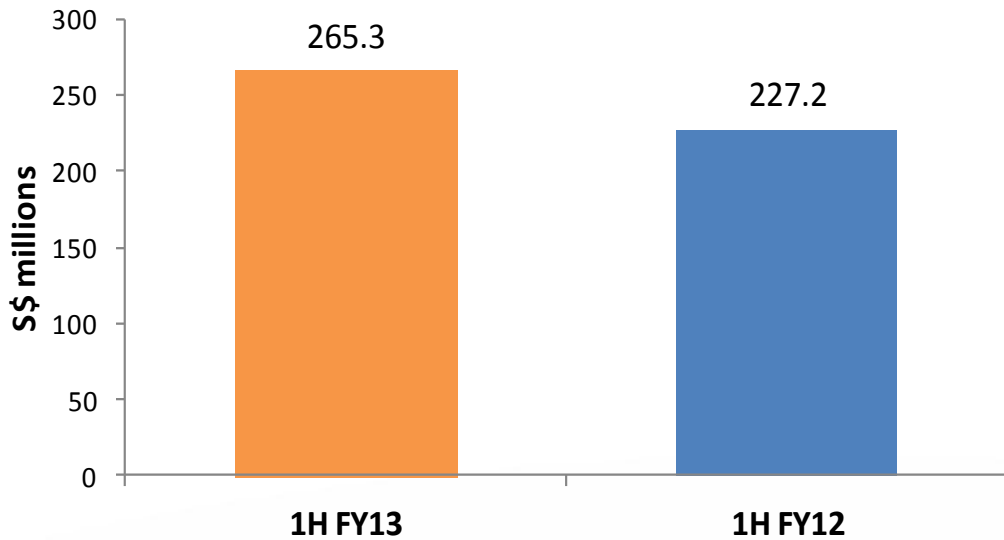
## 2Q FY13 vs 2Q FY12



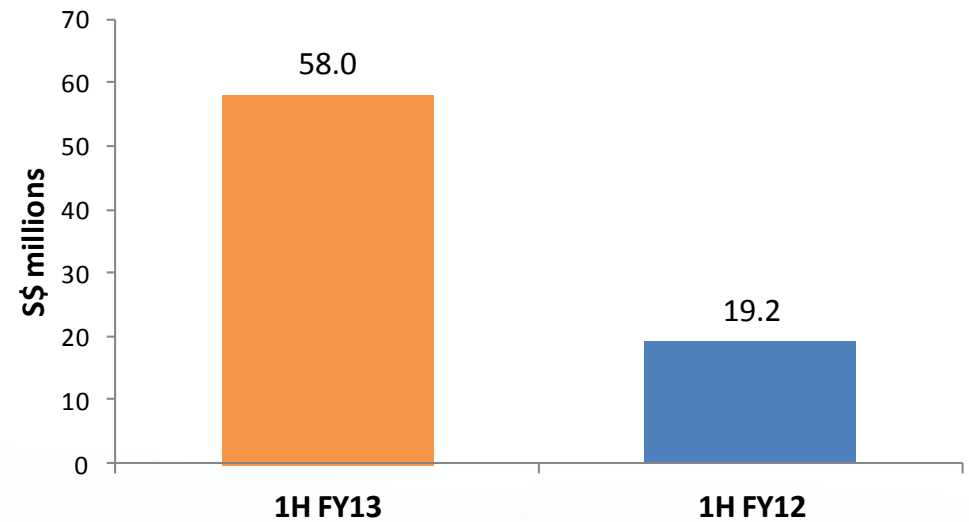
(1) Cash earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and non-controlling interest

## 1H FY13 vs 1H FY12

### Revenue



### Cash Earnings<sup>(1)</sup>



(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

2Q FY13 cash earnings of S\$35.8 million was S\$20.2 million higher compared to 2Q FY12 cash earnings due mainly to:

- City Gas' profit margin in 2Q FY13 was more favourable compared to that in 2Q 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 we fully recover our fuel costs over a period of time
- Lower finance costs arising mainly from interest savings of A\$1.5 million (approximately S\$1.9 million) after the purchase and cancellation of A\$170 million of Basslink bonds in September 2011
- Lower negative CRSM payment of A\$2.2 million (approximately S\$2.8 million) compared to negative A\$3.5 million (approximately S\$4.5 million) in 2Q FY12.

	2Q FY13	2Q FY12	1H FY13	1H FY12
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Earnings	35,759	15,553	58,041	19,179
Applied as follows:				
Principal Repayment of Subsidiary Entity Loan	(2,369)	(2,369)	(4,739)	(4,739)
Non-controlling interest	(1,213)	(1,102)	(2,394)	(2,167)
Distribution to Unitholders	(12,455)	(12,455)	(24,910)	(22,744)

Group cash earnings for 2Q 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.

**1** Overview

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**2** Group Financial Results

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**3** Subsidiaries' Financial Results

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	2Q FY13	2Q FY12		1H FY13	1H FY12	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
<b>Revenue</b>	98,314	85,016	15.6	196,806	166,308	18.3
<b>Other income</b>	241	195	23.6	501	426	17.6
<b>Other (losses)/gains - net</b>	(55)	(594)	90.7	65	(522)	N/M
<b>Expenses</b>						
Fuel and electricity costs	(43,606)	(45,072)	3.3	(92,399)	(88,352)	(4.6)
Gas transportation costs	(20,661)	(20,321)	(1.7)	(40,885)	(40,457)	(1.1)
Depreciation and amortisation	(3,624)	(3,759)	3.6	(7,188)	(7,660)	6.2
Staff costs	(5,047)	(4,596)	(9.8)	(9,849)	(8,436)	(16.7)
Finance costs <sup>(1)</sup>	(7,023)	(7,495)	6.3	(13,946)	(14,888)	6.3
Other operating expenses	(7,877)	(7,945)	0.9	(15,549)	(15,245)	(2.0)
<b>Total expenses</b>	(87,838)	(89,188)	1.5	(179,816)	(175,038)	(2.7)
<b>Profit/(loss) before income tax</b>	10,662	(4,571)	N/M	17,556	(8,826)	N/M
Income tax (expense)/credit	(1,783)	628	N/M	(2,559)	1,276	N/M
<b>Net profit/(loss) after income tax</b>	8,879	(3,943)	N/M	14,997	(7,550)	N/M
<b>EBITDA</b>	<b>21,281</b>	<b>6,665</b>	<b>219.3</b>	<b>38,643</b>	<b>13,683</b>	<b>182.4</b>
<b>Cash earnings</b>	<b>20,040</b>	<b>6,205</b>	<b>223.0</b>	<b>36,846</b>	<b>10,267</b>	<b>258.9</b>

<sup>(1)</sup> Includes QPDS interest payable to CitySpring

City Gas Trust recorded cash earnings of S\$20.0 million in 2Q FY13 compared to S\$6.2 million in 2Q 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.

	2Q FY13	2Q FY12		1H FY13	1H FY12	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
<b>Revenue</b>	11,020	9,459	16.5	22,955	18,880	21.6
<b>Other income</b>	89	2	N/M	91	3	N/M
<b>Expenses</b>						
Fuel and electricity costs	(4,175)	(2,962)	(41.0)	(8,923)	(5,981)	(49.2)
Depreciation and amortisation	(912)	(912)	-	(1,824)	(1,824)	-
Operation and maintenance costs	(2,016)	(1,746)	(15.5)	(4,334)	(3,466)	(25.0)
Finance costs <sup>(1)</sup>	(2,193)	(2,305)	4.9	(4,390)	(4,622)	5.0
Other operating expenses	(330)	(310)	(6.5)	(687)	(641)	(7.2)
<b>Total expenses</b>	<b>(9,626)</b>	<b>(8,235)</b>	<b>(16.9)</b>	<b>(20,158)</b>	<b>(16,534)</b>	<b>(21.9)</b>
<b>Profit before income tax</b>	<b>1,483</b>	<b>1,226</b>	<b>21.0</b>	<b>2,888</b>	<b>2,349</b>	<b>22.9</b>
Income tax expense	(254)	(211)	(20.4)	(495)	(404)	(22.5)
<b>Net profit after income tax</b>	<b>1,229</b>	<b>1,015</b>	<b>21.1</b>	<b>2,393</b>	<b>1,945</b>	<b>23.0</b>
<b>EBITDA</b>	<b>4,586</b>	<b>4,441</b>	<b>3.3</b>	<b>9,098</b>	<b>8,792</b>	<b>3.5</b>
<b>Cash earnings</b>	<b>4,864</b>	<b>4,493</b>	<b>8.3</b>	<b>9,611</b>	<b>8,852</b>	<b>8.6</b>

<sup>(1)</sup> Includes QPDS interest payable to CitySpring and NCI

SingSpring desalination plant continues to achieve 100% availability and recorded cash earnings of S\$4.9 million in 2Q FY13 compared to S\$4.5 million in 2Q FY12.

	2Q FY13	2Q FY12		1H FY13	1H FY12	
	Actual A\$'000	Actual A\$'000	Change %	Actual A\$'000	Actual A\$'000	Change %
<b>Revenue</b>	17,631	16,820	4.8	34,569	31,969	8.1
<b>Other income</b>	330	409	(19.3)	700	768	(8.9)
<b>Other (losses)/gains - net</b>	(414)	15,012	N/M	(607)	15,019	N/M
<b>Expenses</b>						
Fuel and electricity costs	(92)	(71)	(29.6)	(154)	(144)	(6.9)
Depreciation and amortisation	(7,195)	(7,052)	(2.0)	(14,335)	(14,100)	(1.7)
Staff costs	(593)	(678)	12.5	(1,180)	(1,350)	12.6
Operation and maintenance costs	(1,053)	(1,050)	(0.3)	(2,043)	(3,953)	48.3
Finance costs	(10,047)	(18,517)	45.7	(20,176)	(32,708)	38.3
Other operating expenses	(981)	(1,516)	35.3	(5,029)	(2,681)	(87.6)
<b>Total expenses</b>	(19,961)	(28,884)	30.9	(42,917)	(54,936)	21.9
<b>(Loss)/profit before fair value changes on DFI and income tax</b>	(2,414)	3,357	N/M	(8,255)	(7,180)	(15.0)
Fair value loss on DFI	(1,748)	(4,746)	63.2	(7,045)	(5,876)	(19.9)
<b>Loss before income tax</b>	(4,162)	(1,389)	(199.6)	(15,300)	(13,056)	(17.2)
Income tax expense	-	(17,019)	N/M	(1,270)	(18,002)	92.9
<b>Net loss after income tax</b>	(4,162)	(18,408)	77.4	(16,570)	(31,058)	46.6
<b>EBITDA</b>	<b>12,753</b>	<b>23,796</b>	<b>(46.4)</b>	<b>18,518</b>	<b>33,014</b>	<b>(43.9)</b>
<b>Cash earnings</b>	<b>10,379</b>	<b>5,910</b>	<b>75.6</b>	<b>12,640</b>	<b>5,409</b>	<b>133.7</b>

Basslink's cash earnings for 2Q FY13 was A\$10.4 million compared to A\$5.9 million in 2Q FY12. The higher cash earnings was due mainly to lower negative CRSM payments (2Q FY13: negative A\$2.2 million; 2Q FY12: negative A\$3.5 million). Basslink also incurred lower finance costs arising mainly from interest savings of A\$1.5 million (approximately S\$1.9 million) after the purchase and cancellation of A\$170 million of Basslink bonds in September 2011.



# Appendix

	2Q FY13	2Q FY12		1H FY13	1H FY12	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
<b>Revenue</b>	132,710	116,546	13.9	265,288	227,210	16.8
<b>Other income</b>	886	1,259	(29.6)	1,782	2,253	(20.9)
<b>Other (losses)/gains - net</b>	(669)	17,938	N/M	(869)	18,207	N/M
<b>Total expenses</b>	(119,320)	(132,567)	10.0	(247,018)	(256,439)	3.7
<b>Profit/(loss) before fair value changes on DFI and income tax</b>	13,607	3,176	328.4	19,183	(8,769)	N/M
Fair value loss on DFI	(2,301)	(6,160)	62.6	(9,061)	(7,648)	(18.5)
<b>Profit/(loss) before income tax</b>	11,306	(2,984)	N/M	10,122	(16,417)	N/M
Income tax expense	(2,150)	(21,837)	90.2	(4,864)	(22,699)	78.6
<b>Net profit/(loss) after income tax</b>	9,156	(24,821)	N/M	5,258	(39,116)	N/M
<b>EBITDA</b>	<b>40,847</b>	<b>37,445</b>	<b>9.1</b>	<b>68,712</b>	<b>59,633</b>	<b>15.2</b>
<b>Cash earnings <sup>(1)</sup></b>	<b>35,759</b>	<b>15,553</b>	<b>129.9</b>	<b>58,041</b>	<b>19,179</b>	<b>202.6</b>
<b>Cash earnings less NCI</b>	<b>34,546</b>	<b>14,451</b>	<b>139.1</b>	<b>55,647</b>	<b>17,012</b>	<b>227.1</b>

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 30 Sept 12 S\$'000	As at 31 Mar 12 S\$'000
<b>ASSETS</b>		
Cash and bank deposits	183,116	160,533
Derivative financial instruments	-	8,736
Trade and other receivables	66,624	64,477
Inventories	16,788	15,208
Intangibles	409,549	416,462
Finance lease receivables	159,971	163,863
Property, plant and equipment	1,157,496	1,205,091
Other assets	7,993	5,872
<b>Total assets</b>	<b>2,001,537</b>	<b>2,040,242</b>
<b>LIABILITIES</b>		
Trade and other payables	90,384	90,302
Derivative financial instruments	100,781	19,094
Borrowings	1,328,310	1,352,837
Notes payable to non-controlling interest	15,000	15,000
Provisions	23,980	20,245
Other payables	114,461	108,928
<b>Total liabilities</b>	<b>1,672,916</b>	<b>1,606,406</b>
<b>Net Assets</b>	<b>328,621</b>	<b>433,836</b>
Units in issue	886,731	886,731
Hedging reserve	(190,486)	(109,048)
Translation reserve	(15,266)	(11,983)
Accumulated losses	(361,627)	(341,257)
	319,352	424,443
Non-controlling interest	9,269	9,393
<b>Total Unitholders' funds</b>	<b>328,621</b>	<b>433,836</b>

# Group Financial Results

## Group Consolidated Cash Flow Statement

	2Q FY13 Actual S\$'000	2Q FY12 Actual S\$'000	1H FY13 Actual S\$'000	1H FY12 Actual S\$'000
<b>Operating activities</b>				
Profit/(loss) before income tax	11,306	(2,984)	10,122	(16,417)
Non-cash adjustments	31,847	27,527	67,698	64,598
Operating cash flow before working capital changes	43,153	24,543	77,820	48,181
Changes in working capital	(7,818)	(7,153)	(22,489)	(29,655)
<b>Net cash generated from operating activities</b>	<b>35,335</b>	<b>17,390</b>	<b>55,331</b>	<b>18,526</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(894)	(1,440)	(1,064)	(2,146)
Proceeds from sale of property, plant and equipment	9	162	9	166
<b>Net cash used in investing activities</b>	<b>(885)</b>	<b>(1,278)</b>	<b>(1,055)</b>	<b>(1,980)</b>
<b>Financing activities</b>				
Decrease/(increase) in restricted cash	2,292	(3,533)	2,891	(5,288)
Repayment of borrowings and purchase and cancellation of bonds	(2,369)	(200,160)	(4,739)	(202,530)
Net proceeds raised from issue of units	-	205,107	-	205,107
Payment of loan upfront fee	-	-	-	(3,979)
Distributions paid to unitholders of the Trust	(12,455)	(10,289)	(24,910)	(20,578)
Distributions paid by subsidiary to non-controlling interest	(390)	(360)	(840)	(720)
<b>Net cash used in financing activities</b>	<b>(12,922)</b>	<b>(9,235)</b>	<b>(27,598)</b>	<b>(27,988)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>21,528</b>	<b>6,877</b>	<b>26,678</b>	<b>(11,442)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>125,130</b>	<b>80,608</b>	<b>120,068</b>	<b>98,825</b>
<b>Effect of currency translation on cash and cash equivalents</b>	<b>(453)</b>	<b>(677)</b>	<b>(541)</b>	<b>(575)</b>
<b>Cash and cash equivalents at end of the period <sup>(1)</sup></b>	<b>146,205</b>	<b>86,808</b>	<b>146,205</b>	<b>86,808</b>

<sup>(1)</sup> Excludes restricted cash of S\$36,911 and S\$64,785 respectively

	2Q FY13	2Q FY12	1H FY13	1H FY12
	Actual	Actual	Actual	Actual
	S\$'000	S\$'000	S\$'000	S\$'000
<b>EBITDA</b>	<b>40,847</b>	<b>37,445</b>	<b>68,712</b>	<b>59,633</b>
<b>Add/(less):</b>				
Other cash receipts	7,866	8,382	9,466	9,902
Net finance costs	(14,467)	(19,519)	(28,384)	(36,639)
Payment of loan upfront fees & legal fees	-	-	-	(3,979)
Fair value loss on DFI	2,301	6,160	9,061	7,648
Unit issue expenses charged to income statement	-	1,378	-	1,378
Gain associated with purchase and cancellation of bonds issued by a subsidiary entity	-	(19,417)	-	(19,417)
Other non-cash flow expenses	254	1,578	428	1,672
Maintenance capital expenditure incurred	(1,042)	(454)	(1,242)	(1,019)
<b>Cash earnings</b>	<b>35,759</b>	<b>15,553</b>	<b>58,041</b>	<b>19,179</b>
Less: Cash earnings attributable to NCI	(1,213)	(1,102)	(2,394)	(2,167)
<b>Cash earnings less NCI</b>	<b>34,546</b>	<b>14,451</b>	<b>55,647</b>	<b>17,012</b>