

CARIBBEAN UTILITIES COMPANY, LTD. (CUC) ANNOUNCES 2024 YEAR-END RESULTS AND STRATEGIC MILESTONES

Caribbean Utilities Company, Ltd. is listed for trading in United States dollars on the Toronto Stock Exchange under the trading symbol "CUP.U".

GRAND CAYMAN, Cayman Islands, February 14, 2025 /CNW/ - Caribbean Utilities Company, Ltd. ("CUC" or the "Company") announced its audited results for the twelve months ended December 31, 2024 ("Fiscal 2024") (all figures are in United States Dollars).



Highlights for 2024 were as follows:

- Successful commissioning of the 20-megawatt ("MW") battery energy storage system ("BESS"). This system is anticipated to save customers 5-6% in fuel costs.
- Successful completion of lifecycle upgrades ("LCU") to three of the five generating units that will be upgraded. These upgrades will not only prolong the life of the engines but will improve fuel efficiency, reduce emissions and improve environmental impacts, and significantly prepare the engines for dual fuel operation.
- Achieved a reliability performance of 1.8 outage hours per average customer in 2024. This is consistent with North American reliability standards.
- Completion of the Company's Health and Safety Plan which included several focus areas such as training, mental health management initiatives, an internal health and safety audit, and a contractor workshop.
- Recertification of ISO 45001:2018, the international standard for Occupational Health & Safety management systems. with no major non-conformances.
- Development of a wildfire mitigation plan and internal procedures. This plan supports the focus on improving the Company's resilience in the event of a wildfire emergency.
- Nomination for the Investors in People ("IIP") prestigious Overseas Employee of the Year Gold Award. This nomination is a testament to CUC's commitment in creating a positive and supportive working environment for employees.

Customer Support

- Successful implementation of mid-month consumption reports for residential customers. This initiative complements the Customer Connect tool, which is a free resource available on the Company's website for all residential and small business consumers. The mid-month consumption reports allow for increased customer awareness of energy consumption.

Financial Growth

- Capital expenditure of \$100.6 million was invested in the construction of the BESS, LCU, Resiliency projects and upgrade of its generation, transmission and distribution assets.

- Net earnings for the year ending December 31, 2024, were \$42.7 million, a \$4.0 million increase compared to net earnings of \$38.7 million for the year ended December 31, 2023.
- 3% increase in kilowatt-hour ("kWh") sales.
- 3% increase in the quarterly dividend from \$0.18 to \$0.185 per Class A Ordinary Share.
- The Company published its first Green Financing Framework ("Framework"). The Framework sets out the Company's standards for financing and refinancing projects through green financing instruments. The \$50.0 million in Green Note proceeds is being used to refinance and finance eligible projects in three categories: energy efficiency, climate change adaptation and clean transportation.

"CUC is dedicated to providing cost-effective and environmentally positive investments for our customers. Our 2024 achievements in capital projects reflect the hard work and dedication of our team to deliver the highest quality service to our customers. Looking ahead, CUC will remain steadfast in our commitment to ensuring our customers receive reliable, safe, and cost-effective energy," said President and CEO, Mr. Richard Hew.

Net Earnings and Sales Revenues

Net earnings for the Fiscal 2024 were \$42.7 million, a \$4.0 million increase from net earnings of \$38.7 million for the twelve months ended December 31, 2023 ("Fiscal 2023"). This increase was attributable to a 3% increase in kWh sales, 3.2% base rate increase effective June 1, 2024 and the Z-Factor revenue for BESS and Resiliency projects. These factors were partially offset by higher depreciation, general and administrative expenses and maintenance costs. In addition to increase in operating income, the net other income increased in Fiscal 2024 due to higher income from pipeline operation, recovery of billing in arrears related to pole attachment and lower finance charges.

Sales in kWh for Fiscal 2024 were 749.3 million kWh, an increase of 22.3 million kWh or 3% compared to Fiscal 2023. The increase was driven by customer growth and increase in average customer consumption for residential and large commercial customers-. Despite the relatively cooler weather and increased rainfall, a record peak load of 128.0 MW was experienced on September 17, 2024. Total customers as of December 31, 2024, were 34,280 an increase of 2% when compared to 2023.

Fuel factor and renewable costs are a pass-through at cost to customers. Fuel Factor consists of charges from diesel fuel and lubricating oil costs, which are passed through to consumers on a two-month lag basis with no mark-up. The average Fuel Cost Charge rate charged to consumers for Fiscal 2024 was \$0.23 per kWh, compared to the Fuel Cost Charge rate of \$0.24 per kWh for Fiscal 2023. The average fuel price per imperial gallon ("IG") for the year ended December 31, 2024, was \$3.90, compared to \$4.24 for the year ended December 31, 2023.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for Fiscal 2024 were \$41.7 million, or \$1.08 per share, as compared to \$37.7 million, or \$1.00 per share for Fiscal 2023.

Key Updates

In 2024, the Company made significant strides in its Environment, Social, and Governance ("ESG") objectives. The Company maintained its environmental management system and is registered to ISO 14011:2015. This standard requires an external audit and in 2024, CUC retained the certification with no major non-conformances. This recertification demonstrates the Company's commitment to its ESG objectives and its commitment to being environmentally prudent.

Despite the significant hurricane activity in the Caribbean region in 2024, CUC was able to renew its annual property insurance with no change in coverage and on favourable rate terms. The Company continues its efforts to improve the resiliency of its infrastructure to mitigate the risk of property

damage due to climate change and weather events. In 2024, the Company achieved an average of 1.8 hours of outage time per customer. This achievement is in line with North American standards and a testament to the investment in reliability efforts made by CUC. The Company will continue to focus on resiliency in 2025 with the hardening and undergrounding of major transmission lines. These efforts will continue to allow for better uninterrupted service for customers and will allow for quicker restoration of service during major weather events.

In August of 2024, the Company's Green Financing Framework (the "Framework") was published. This Framework outlined the Company's standards for financing and refinancing projects through green financing instruments. The framework was assessed by second-party opinion provider, Sustainable Fitch, as excellent, and in Q4 2024, the Framework was awarded the title of Debt Deal of the Year - Caribbean through the Global Banking and Markets Latin America Awards.

CUC remains committed to excellence in customer service, continuing to focus on programmes and projects designed to improve customer experience, service delivery, and customer education. During the year the Company successfully introduced proactive mid-month consumption notifications for residential customers to enhance customer education. This initiative complements the Customer Connect tool and allows the customer to monitor their daily energy usage and customise consumption level alerts so that customers can manage their consumption.

Capital Projects

In 2024, the Company invested \$100.6 million in construction of the BESS, LCU, Resiliency projects and the upgrade of its generation, transmission and distribution assets. The above capital projects will enhance reliability, ensure safe delivery of electricity and provide fuel cost savings for the customers of Grand Cayman. Some of these projects will also assist in the reduction of carbon emissions, which is in line with the Company's target of 70% reduction of emissions by 2037.


CUC's Annual 2024 results and related Management's Discussion and Analysis ("MD&A") are attached to this release and incorporated by reference. The MD&A section of this report contains a discussion of CUC's 2024 results for the twelve-month period ended December 31, 2024, the Cayman Islands economy, liquidity and capital resources, capital expenditures and the business risks facing the Company. The release and 2024 audited annual results 2024 MD&A can be accessed at www.cuc-cayman.com (Investor Relations/Press Releases) and at www.sedarplus.ca.

The principal activity of the Company is to generate, transmit, and distribute electricity in its licence area of Grand Cayman, Cayman Islands pursuant to a 20-year Transmission & Distribution ("T&D") Licence and a 25-year non-exclusive Generation Licence (the "Generation Licence" and together with the T&D licence, the "Licences") granted by the Cayman Islands Government (the "Government", "CIG"). The T&D Licence, which expires in April 2028, contains provisions for an automatic 20-year renewal and the Company has reasonable expectation of renewal until April 2048. The Generation Licence expires in November 2039. Further information is available at www.cuc-cayman.com.

Certain statements in the MD&A, other than statements of historical fact, are forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to the Company and its operations, including its strategy and financial performance and condition. Forward looking statements include statements that are predictive in nature, depend upon future events or conditions, or include words such as "expects", "anticipates", "plan", "believes", "estimates", "intends", "targets", "projects", "forecasts", "schedule", or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Forward looking statements are based on underlying assumptions and management's beliefs, estimates and opinions, and are subject to inherent risks and uncertainties surrounding future expectations generally that may cause actual results to vary from plans, targets and estimates. Some of the important risks and uncertainties that could affect

forward looking statements are described in the MD&A in the section labeled "Business Risks" and include but are not limited to operational, general economic, market and business conditions, regulatory developments and weather. CUC cautions readers that actual results may vary significantly from those expected should certain risks or uncertainties materialize, or should underlying assumptions prove incorrect. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

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