

Caribbean Utilities Company, Ltd Announces Unaudited First Quarter Results for the Period ended March 31 2018

Caribbean Utilities Company, Ltd. is listed for trading in United States dollars on the Toronto Stock Exchange

GRAND CAYMAN, Cayman Islands, May 1, 2018 /CNW/ - Caribbean Utilities Company, Ltd. (TSX: CUP.U) ("CUC" or "the Company") announced today its unaudited results for the First Quarter ended March 31, 2018 (all dollar amounts are stated in United States dollars).

Results for the Company for the three months ending March 31, 2018 ("The First Quarter 2018") were highlighted by a 2% increase in total customers, a 3% increase in electricity sales and a \$1.8 million decline in net earnings, when compared to the three months ending March 31, 2017 ("First Quarter 2017"). Renewable energy on the grid also grew by 250% from 1 million kilowatts to 3.5 million kilowatts.

Sales for the First Quarter 2018 totaled 140.4 million kilowatt hours ("kWh"), an increase of 3.8 million kWh in comparison to 136.6 million kWh for the First Quarter 2017. Sales were positively impacted by the 2% increase in residential customers in First Quarter 2018 when compared to First Quarter 2017. In First Quarter 2018, the average consumption of commercial customers increased by 4% which also positively impacted sales. However, revenues from large commercial customers declined due to the newly introduced demand billing rate.

During the First Quarter 2018, Electricity Sales Revenues for large commercial customers under the newly introduced demand rate were less than what would have been billed under the previous energy only rate. Management's estimate of the shortfall of billings under the demand rate of large commercial customers is \$0.6 million or \$0.02 per Class A Ordinary Share. The introduction of the demand rates for the large commercial customers, to be phased in over a three -year period, was intended to be revenue neutral and, with the early indications that they are not, the Company has written to the Utility Regulation and Competition Office ("OfReg") to request a recovery of the shortfall and an adjustment in the rate going forward.

Net earnings decreased \$1.8 million from \$4.5 million in First Quarter 2017 to \$2.7 million in First Quarter 2018. This decrease was primarily due to the factors impacting Operating Income which were increases in depreciation driven by the Capital Investment Plan, higher transmission and distribution and maintenance costs as planned in First Quarter 2018 and lower revenues from the large commercial customers. These items were partially offset by a 3% increase in kWh sales and lower general and administration costs. Net earnings were also negatively impacted by a \$0.1 million increase in Finance charges in First Quarter 2018.

After the adjustment for dividends on the preference shares of the Company, earnings on Class A Ordinary Shares for the First Quarter 2018 were \$2.6 million, or \$0.08 per Class A Ordinary Share, compared to earnings on Class A Ordinary Shares of \$4.3 million or \$0.13 per Class A Ordinary Share for the First Quarter 2017.

First Quarter 2018 saw an increase in our customer base. Total customers as at March 31, 2018 were 29,273, an increase of 509 customers, or 2%, compared to 28,764 customers as at March 31, 2017.

President and CEO, Mr. Richard Hew, stated, "Grand Cayman's economy continues to grow and with the exception of the decline in revenues due to the newly introduced demand billing rate, the First Quarter 2018 was consistent with plan. The demand rate is intended to be revenue neutral and the shortfall is expected to be recovered in the future. The Company continues to execute on its five-year \$219 million Capital Investment Plan to increase the reliability of the electricity system and to meet the demands of the growing economy. Capital expenditures during First Quarter 2018 totaled \$8.3 million and included distribution system extension and upgrades, generation replacement costs and LED street lighting replacement. I am also pleased to see the growth in renewable energy as we strive towards our goal of 25% renewable energy on the grid by 2025. The Company remains focused on delivering a safe,

sustainable and reliable service to its customers while at the same time improving efficiency and managing costs."

CUC's First Quarter 2018 results and related Management's Discussion and Analysis ("MD&A") for the period ended March 31, 2018 are attached to this release and incorporated by reference and can be accessed by clicking the link at the end of this release.

The MD&A section of this report contains a discussion of CUC's unaudited 2018 First Quarter results, the Cayman Islands economy, liquidity and capital resources, capital expenditures and the business risks facing the Company. The release and First Quarter 2018 MD&A can be accessed at www.cuc-cayman.com (Investor Relations/Press Releases) and at www.sedar.com.

CUC provides electricity to Grand Cayman, Cayman Islands, under an Electricity Generation Licence expiring in 2039 and an exclusive Electricity Transmission and Distribution Licence expiring in 2028. 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.

<http://files.newswire.ca/520/CUCFSQ1.pdf>

SOURCE Caribbean Utilities Company, Ltd.

View original content with multimedia:

<http://www.newswire.ca/en/releases/archive/May2018/01/c4746.html>

%SEDAR: 00002251E

For further information: Letitia Lawrence, Vice President Finance and Chief Financial Officer,
Phone: (345) 914-1124, E-Mail: llawrence@cuc.ky

CO: Caribbean Utilities Company, Ltd.

CNW 22:06e 01-MAY-18