Consolidated Water Co. Ltd Reports Record 2001 Revenue and Earnings; Fourth Quarter Net Income Rises 44

GEORGE TOWN, Cayman Islands, B.W.I., March 13 /PRNewswire-FirstCall/ -- Consolidated Water Co. Ltd. (Nasdaq: CWCO), which develops and operates seawater conversion plants and water distribution systems in areas where natural supplies of drinking (i.e., potable) water are scarce, today announced higher revenue and net income for the quarter and year ended December 31, 2001.

For the three months ended December 31, 2001, revenue increased 6% to $2.6 million, compared with $2.5 million in the fourth quarter of 2000. Net income rose 44% to $412,098, or $0.10 per diluted share, in the quarter ended December 31, 2001, versus $285,990, or $0.07 per diluted share, in the prior- year period. Earnings per share were calculated on 4,008,733 diluted shares outstanding in the fourth quarter of 2001, compared with 3,945,151 diluted shares outstanding in the year-earlier quarter.

For the year ended December 31, 2001, revenue rose 14% to a record $11.5 million, compared with the Company's earlier record of $10.0 million in the previous year. Net income improved 15% to a record $2,764,572, or $0.69 per diluted share, compared with $2,404,820, or $0.67 per diluted share, in the year ended December 31, 2000. The weighted average number of fully- diluted shares outstanding increased 11% to 3,999,691 in 2001, compared with 3,616,271 in 2000, primarily reflecting new shares issued in conjunction with the Company's public stock offering in May 2000. The Company generated cash flow from operations (EBITDA) of $4.1 million, which was equivalent to $1.04 per diluted share, in 2001, versus EBITDA of $4.0 million, which was equivalent to $1.12 per diluted share, in the previous year.

"We are very pleased to report that 2001 was another record year in every respect for our Company," commented Rick McTaggart, President of Consolidated Water Co. Ltd. "Revenue increased 14%, net income rose 15%, and we recorded a 15.5% return on beginning shareholders' equity. Despite a temporary downturn in tourism following the horrendous terrorist events of September 11th in the United States, growing water demand from our domestic customers and from the government water agency, along with operating efficiencies, allowed us to improve gross profit margins in our Cayman operations by two full percentage points for the year. This was partly offset by lower profits in Belize, where we experienced a number of equipment breakdowns during 2001. Meanwhile, we recorded a small start-up loss on our new Bahamas operations."

"Fourth quarter earnings bounced back nicely, rising 44% from prior-year levels," continued McTaggart. "Although not reaching 2000 levels, American tourists began returning to the Cayman Islands late in the year and bookings for 2002 indicate continuing improvement. We believe the proximity of the Cayman Islands to the United States, just 500 miles south of Miami, will serve us well during the current era of post-terrorism anxiety."

"Looking forward, we currently expect 2002 to be another record year for Consolidated Water," noted Jeffrey Parker, Chairman and Chief Executive Officer of the Company. "A modest recovery in tourism, coupled with solid domestic demand, should see our Cayman market surpass prior levels. Construction continues on a number of condominium projects, including the Ritz Carlton Hotel/Condominium/Golf Course development, which is scheduled to open in late 2003. The proposed $400 million Dart development is in what appears to be the final stages of the planning approvals process, as well. Meanwhile, we are supplying water to both projects for construction and landscaping purposes. Last month, we completed the purchase of the Hyatt water plant. This purchase and the attendant demand from the Hyatt Hotel and adjacent Britannia residential/condominium development, should be immediately profitable and should add approximately $0.07 per share to this year's earnings. More importantly from a longer term perspective, the Hyatt plant's excess capacity relative to demand from the properties it has supplied, together with its storage and pumping capacity, will provide us much-needed flexibility in the operation of our three plants on Grand Cayman and the ability to meet growing demand well into the future."

"Water sales on Ambergris Caye in Belize continue at levels far in excess of the minimum demands specified in our contract, and we will endeavor to reach agreement on a new contract for these higher levels for an extended period," continued Parker. "Our staff has worked diligently to ensure that the equipment breakdowns that plagued the second half of 2001 do not recur. In the Bahamas, where we began supplying water to a resort developer in July 2001, we are now operating at cash breakeven levels. With the anticipated doubling of the number of completed condominium units in the next twelve months, we anticipate that this operation will move towards profitability in 2002. It should be borne in mind that, even with these completions, the project will still be at less than one-quarter of its eventual size. Meanwhile, the general population on North and South Bimini still has no reliable source of acceptable potable water, and we are hopeful that our discussions with government will resolve their plight in the not-too-distant future."

"We continue to pursue a number of very significant new projects and expect to close on at least one such transaction during the current year. Worldwide demand for clean potable water is not diminishing, and we believe our experience and expertise in the operation of seawater desalination plants will become increasingly valuable in the future," concluded Parker.

The Company declared a $0.10 cash dividend during each of the quarters of 2001 and recently announced a 5% dividend increase to $0.105 per share for the first quarter of 2002.

The Company will host an investor conference call at 4:15 pm EST today, March 13, 2002, to discuss its operating results. To participate in the conference call, please dial 800-360-9865, or 973-694-6836 for international callers, a few minutes before 4:15 p.m. EST. A replay of the conference call will be available until March 20, 2002, by dialing 800-428-6051 or 973-709-2089 for international callers. The Access Code is 235514 for the replay.

Consolidated Water Co. Ltd. is engaged in the development and operation of seawater conversion plants and water distribution systems in areas of the world where naturally occurring supplies of potable water are scarce or nonexistent. It currently operates a public water utility in certain areas of the Cayman Islands under a 20-year exclusive license from the Government of the Cayman Islands. The Company also operates reverse osmosis seawater conversion facilities on Ambergris Caye off the mainland of Belize, and in the Commonwealth of the Bahamas.

The common stock of Consolidated Water Co. Ltd. is traded on the Nasdaq National Market under the symbol "CWCO".

This press release includes statements that may constitute "forward-looking" statements, usually containing the words "believe", "estimate", "project", "intend", "expect" or similar expressions. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products and services in the marketplace, changes in its relationship with the Governments of the jurisdictions in which it operates, the ability to successfully secure contracts for water projects in other countries, the ability to develop and operate such projects profitably, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release.

Consolidated Water Co. Ltd.

SELECTED FINANCIAL HIGHLIGHTS
(All figures in U.S. Dollars and determined in accordance with U.S. Generally Accepted Accounting Principles)

	Three Months Ended December 31 2001	December 31, 2000
Income		
Water sales	$2,520,517	$2,374,674
Other income	104,239	92,013
	2,624,756	2,466,687
Expenses		
Cost of water sales	1,486,466	1,485,137
Administrative Costs	713,733	680,085
Interest expense	12,459	15,475
Net Income	$412,098	$285,990
BASIC EARNINGS PER COMMON SHARE		
Net income	$0.10	$0.07
DILUTED EARNINGS PER COMMON SHARE		
Net income	$0.10	$0.07
Weighted number of common shares used in the determination of earnings per common share		
Basic	3,914,895	3,863,143
Diluted	4,008,733	3,945,151

Consolidated Water Co. Ltd.

SELECTED FINANCIAL HIGHLIGHTS
(All figures in U.S. Dollars and determined in accordance with U.S. Generally Accepted Accounting Principles)

	Year Ended Dec. 31, 2001	Dec. 31, 2000
Income		
Water sales	11,026,923	$9,576,959
Other income	446783	448,727
	11,473,706	10,025,686
Expenses		
Cost of water sales	6,109,117	5,423,297
Administrative costs	2,485,502	2,061,722
Interest expense	114,515	135,847
Net Income	$2,764,572	$2,404,820
BASIC EARNINGS PER COMMON SHARE		
Net income	$0.71	$0.68
DILUTED EARNINGS PER COMMON SHARE		
Net income	$0.69	$0.67
Weighted number of common shares used in the determination of earnings per common share		
Basic	3,897,969	3,532,501
Diluted	3,999,691	3,616,271

CONSOLIDATED WATER CO. LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Expressed in United States Dollars)

	December 31, 2001	December 31, 2000
ASSETS		
Current assets		
Cash and cash equivalents	516,446	250,837
Accounts receivable	1,323,156	1,488,729
Spares inventory	271,134	120,014
Inventory of water	48,377	34,219
Prepaid expenses and other assets	319,900	299,499
Total current assets	2,479,013	2,193,298
Property, plant and equipment	18,414,935	17,643,891
Intangible asset	1,814,780	2,008,483
Investments	12,450	--
Total assets	$22,721,178	$21,845,672
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Bank overdraft / short term bank loan	--	703,331
Dividends payable	499,383	401,965
Accounts payable and other liabilities	1,297,794	1,448,364
Current portion of long term debt	355,840	219,580
Total current liabilities	2,153,017	2,773,240

Long term debt	1,213,804	1,131,986
Security deposit	52,763	52,763
Advances in aid of construction	37,494	41,090
Total liabilities	3,457,078	3,999,079
Stockholders' equity		
Common stock	4,704,077	4,635,774
Additional paid-in capital	6,896,753	6,726,749
Vested redeemable preferred stock	2,841	11,983
Non-vested redeemable preferred stock	27,393	28,378
Retained earnings	7,633,036	6,443,709
Total stockholders' equity	19,264,100	17,846,593
Total liabilities and stockholders' equity	$22,721,178	$21,845,672