Consolidated Water Co. Ltd. Reports Third Quarter Operating Results

GEORGE TOWN, Cayman Islands, B.W.I., Nov. 14 /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 reported its operating results for the third quarter and first nine months of 2002.

For the three months ended September 30, 2002, the Company's water sales increased 7.8% to a third quarter record of approximately $2.9 million, compared with approximately $2.6 million in the year-earlier quarter. Net income declined 6.4% to $604,769, versus net income of $646,253 in the quarter ended September 30, 2001. The Company earned $0.15 per diluted share in the most recent quarter, compared with $0.16 per diluted share in the third quarter of 2001. The weighted average number of diluted shares outstanding totaled 4,095,369 in the third quarter of 2002, versus 4,019,269 average diluted shares outstanding in the prior-year quarter.

For the nine months ended September 30, 2002, water sales rose 8.1% to a record $9.2 million, compared with approximately $8.5 million in the corresponding period of the previous year. The Company reported net income of $2,342,528, or $0.57 per diluted share, in the first nine months of 2002, compared with net income of $2,352,474, or $0.59 per diluted share, in the year-earlier period. The weighted average number of diluted shares outstanding totaled 4,081,489 in the nine months ended September 30, 2002, compared with 4,000,804 average diluted shares outstanding in the first nine months of 2001.

"Water sales in our primary market have been impacted by a 12.5% decline in tourist arrivals to the Cayman Islands during the first nine months of 2002, reflecting air travel concerns and a soft U.S. economy," commented Rick McTaggart, President of Consolidated Water Co. Ltd. "However, the expansion in our customer base that accompanied the February 2002 purchase of the Britannia reverse osmosis water plant allowed us to deliver 10.3% more gallons to Cayman customers than in the first nine months of 2001. In Belize, the number of gallons sold during the nine months ended September 30, 2002, increased 17.2% from the prior-year period, while sales in our newest market, the Bimini Islands (Bahamas) continued to increase as new residential units were completed by our customer.

"Net income for the third quarter of 2002 declined 6.4% from prior-year levels, primarily due to flat water sales to our Cayman customers, other than the new customer base that accompanied the February 2002 purchase of the Britannia reverse osmosis water plant, lower gross profit margins on the Hyatt Hotel and Britannia Golf Course water sales, and the absence of monthly legal settlement fees that we were receiving prior to the purchase of the Britannia plant in February," continued McTaggart.

"In light of macro-economic conditions and the worldwide softness in air travel, we are pleased with Consolidated's operating performance during the first nine months of 2002," noted Jeffrey Parker, Chairman and Chief Executive Officer of Consolidated Water Co. Ltd. "We remain cautiously optimistic that full year earnings may increase modestly and establish a new record for the Company. Our net profit margin approximated 25.5% of revenues in the first three quarters of 2002, and we expect to achieve a net return on beginning shareholders' equity exceeding 16% for the year ending December 31, 2002.

"As we have noted in prior news releases, we continue to believe that Consolidated Water can 'export' its operating expertise in water desalination to a number of other countries in the Caribbean and in other parts of the world where naturally occurring supplies of potable water are scarce. Shortly after the end of the third quarter, we announced the signing of agreements to acquire interests in several companies that will expand our water operations into the British Virgin Islands and Barbados and increase our presence in the Cayman Islands and the Commonwealth of the Bahamas. The successful completion of these transactions will increase Consolidated's water production capacity by over 275% and our annualized revenues by approximately 85%. We would expect the combined acquisitions to be accretive to earnings per share immediately."

Consolidated Water Co. Ltd. has paid cash dividends consistently since 1985. A quarterly cash dividend of $0.105 per share was paid on October 31, 2002 in respect of the quarter ended September 30, 2002, and the Company's Board has declared a similar dividend, payable January 31, 2003, in respect of the quarter ending December 31, 2002. This is equivalent to an annualized cash dividend rate of $0.42 per share.

The Company will host an investor conference call at 4:15 p.m. EST today, November 14, 2002, to discuss its operating results. To participate in the conference call, please dial 800-388-8975, or 973-694-2225 for international callers, a few minutes before 4:15 p.m. EST. A replay of the conference call will be available until November 21, 2002, by dialing 800-428-6051 or 973-709-2089 for international callers. The Access Code is 267818 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.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(Expressed in United States Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001	2002	2001
Water sales	2,854,206	2,648,336	9,195,725	8,506,406
Cost of water sales	(1,713,947)	(1,524,293)	(5,177,533)	(4,622,651)
Gross profit	1,140,259	1,124,043	4,018,192	3,883,755
Indirect expenses	(600,465)	(611,996)	(1,889,722)	(1,873,824)
Income from operations	539,794	512,047	2,128,470	2,009,931
Other income:				
Interest income	--	25,376	6,040	26,188
Other income	64,975	108,830	208,018	316,355
	64,975	134,206	214,058	342,543
Net income	$604,769	$646,253	$2,342,528	$2,352,474
Basic earnings per share (Note 6)	$0.15	$0.17	$0.59	$0.60
Diluted earnings per common share (Note 6)	$0.15	$0.16	$0.57	$0.59
Dividends declared per share	$0.105	$0.10	$0.315	$0.30
Weighted average number of common shares used in the determination of:				

Basic earnings per share (Note 6)	3,983,072	3,899,858	3,961,922	3,880,952
Diluted earnings per share (Note 6)	4,095,369	4,019,269	4,081,489	4,000,804

CONSOLIDATED WATER CO. LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS

(Expressed in United States Dollars)

	September 30, 2002 (Unaudited)	December 31, 2001
ASSETS		
Current assets		
Cash and cash equivalents	1,883,113	516,446
Accounts receivable	1,161,080	1,323,156
Spares inventory	386,612	271,134
Inventory of water	56,422	48,377
Prepaid expenses and other assets	285,993	319,900
Deferred charges	595,815	--
Total current assets	4,369,035	2,479,013
Property, plant and equipment	19,505,106	18,414,935
Intangible asset	1,668,599	1,814,780
Investments	12,450	12,450
Total assets	$25,555,190	$22,721,178
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Dividends payable	490,337	499,383
Accounts payable and other liabilities	1,157,575	1,087,470
Stock compensation liability	139,380	210,324
Current portion of long term debt	511,670	355,840
Total current liabilities	2,298,962	2,153,017
Long term debt	2,294,004	1,213,804
Security deposit	102,763	52,763
Advances in aid of construction	35,275	37,494
Total liabilities	4,731,004	3,457,078
Stockholders' equity		
Common stock	4,784,836	4,704,077
Additional paid-in capital	7,296,865	6,896,753
Vested redeemable preferred stock	3,351	2,841
Non-vested redeemable preferred stock	20,337	27,393
Retained earnings	8,718,797	7,633,036
Total stockholders' equity	20,824,186	19,264,100
Total liabilities and stockholders' equity	$25,555,190	$22,721,178