

St. Lucia Electricity Services Limited
 Consolidated Statement of Comprehensive Income
 For the six months ended June 30, 2024
 (Expressed in Eastern Caribbean Dollars)

	Unaudited June 30, 2024 EC\$'000	Unaudited June 30, 2023 EC\$'000	Audited December 31, 2023 EC\$'000
Revenue	196,688	184,227	386,972
Operating expenses	141,904	138,768	291,873
Gross income	54,784	45,459	95,099
Administrative expenses	(19,403)	(16,827)	(37,294)
Operating profit	35,381	28,632	57,805
Investment income	820	718	1,611
Fair value gain on FVTPL financial assets	21	1,075	1,741
Gain on disposal of FVTPL financial assets	28	75	218
Other losses, net	(2)	(18)	(18)
Profit before finance costs and taxation	36,248	30,482	61,357
Finance costs	(1,603)	(1,750)	(3,581)
Profit before taxation	34,645	28,732	57,776
Taxation	(9,848)	(7,654)	(16,179)
Net profit for the period	24,797	21,078	41,597
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Fair value gain/(loss) on FVTOCI financial assets	60	(32)	(14)
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit pension plans, net of tax	-	-	29
Other comprehensive income/(loss) for the period	60	(32)	15
Total comprehensive income for the period	24,857	21,046	41,612
Earnings per share	\$1.08	\$0.92	\$1.81

St. Lucia Electricity Services Limited
 Consolidated Statement of Cash Flows
 For the six months ended June 30, 2024
 (Expressed in Eastern Caribbean Dollars)

	Unaudited June 30, 2024 EC\$'000	Unaudited June 30, 2023 EC\$'000	Audited December 31, 2023 EC\$'000
Net Cash Generated from Operating Activities	23,520	34,897	61,894
Net Cash Used in Investing Activities	(18,319)	(15,036)	(46,937)
Net Cash Used in Financing Activities	(21,667)	(11,233)	(30,461)
Net (Decrease)/Increase in Cash and Cash Equivalents	(16,466)	8,628	(15,504)
Cash and Cash Equivalents – Beginning of Period	22,304	37,808	37,808
Cash and Cash Equivalents – End of Period	5,838	46,436	22,304



2024 Half Year
 Performance Review:
 Directors’ Report
 to Shareholders



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Directors’ Report to Shareholders
for the Period Ended June 30, 2024

The Directors are pleased to report on the unaudited consolidated results for St. Lucia Electricity Services Limited (LUCELEC) for the six months ended June 30, 2024.

Results of Operations

The following analysis is based on the consolidated results of St. Lucia Electricity Services Limited and its subsidiaries: LUCELEC Cap-Ins. Inc. and Energyze Holdings Inc.

The total unit sales for the period ended June 30, 2024 (201.9M kWhs) were higher by 9.0% (16.7M kWhs) compared to the same period in 2023 (185.2M kWhs). This was due to increases in sales in the Domestic (11.0%), Commercial (10.4%), Hotels (6.6%) and Industrial (10.1%) sectors, despite the reduction in sales in the Street Lights (16.7%) sector.

Total revenue for the period ended June 30, 2024 (EC\$196.7M) was higher than the corresponding period in 2023 (EC\$184.2M) by 6.8% (EC\$12.5M), due to increases in the average price of electricity (EC\$2.3M), sundry revenue (EC\$0.2M) and unit sales (EC\$15.8M or 9.0%), despite the decrease in unbilled sales provision (EC\$5.8M).

Fuel costs for the current period (EC\$108.6M) were 2.6% (EC\$2.8M) higher than the costs incurred for the same period in the prior year (EC\$105.8M) due to an increase in fuel usage (EC\$11.8M), despite the reduction in fuel prices (EC\$9.0M).

Transmission and Distribution (T&D) costs for the current period (EC\$19.7M) were higher than the same period last year (EC\$18.6M) by 5.9% (EC\$1.1M). This variance was due to the increase in payroll costs (EC\$1.1M), T&D maintenance (EC\$0.4M) and customer service requests (EC\$0.1M) despite the reduction in disaster restoration costs (EC\$0.1M) and insurance costs (EC\$0.4M).

Generation costs for the six months ended June 30, 2024 (EC\$13.6M) were lower than the same period in the previous year (EC\$14.4M) by 5.6% (EC\$0.8M). This was driven by the decreases in engine maintenance costs (EC\$1.2M) and solar farm maintenance (EC\$0.1M), despite the increases in depreciation (EC\$0.2M), insurance (EC\$0.1M) and payroll costs (EC\$0.2M).

Administrative expenses for the current period (EC\$19.4M) were higher than the prior year’s expenses (EC\$16.8M) by 15.5% (EC\$2.6M) due to increases in payroll costs (EC\$0.4M), repairs and maintenance (EC\$0.2M), training and conferences (EC\$0.3M), amortization and depreciation (EC\$0.2M), insurance (EC\$0.6M), bad debt provision (EC\$0.4M), public relations and sponsorships (EC\$0.4M), assets not capitalized (EC\$0.2M) and security (EC\$0.1M), despite the reduction in other employee costs (EC\$0.2M).

The investments held by the subsidiary, LUCELEC Cap-Ins. Inc., in regional mutual funds and international equities are classified as Fair Value through Profit and Loss

(FVTPL) financial assets. The unrealised fair value gain recorded on these investments for the period ended June 30, 2024 (EC\$21.0K) was 98.2% lower than the unrealised gain recorded in the prior year (EC\$1.1M).

Profit before taxation for the six months ended June 30, 2024 (EC\$34.6M) was 20.6% (EC\$5.9M) higher than the prior year (EC\$28.7M) due to the increase in gross income, despite the increase in administrative expenses.

Net profit for the period ended June 30, 2024 (EC\$24.8M) was 17.5% (EC\$3.7M) higher than the prior year (EC\$21.1M) due to the increase in gross income, despite the increases in administrative expenses and taxation.

Earnings per share for the second quarter of 2024 (EC\$1.08) was 17.4% higher than the prior year’s results (EC\$0.92).

Technical Operations

The reliability of the electricity network as measured by System Average Interruption Duration Index (SAIDI) () and System Average Interruption Frequency Index (SAIFI)) at the end of June was not as good as the same period last year. This was due to an unplanned outage at LUCELEC’s Cul De Sac Substation in January, three forced generation plant outages for the half year, as well as outages caused by the passage of Hurricane Beryl.

SAIDI for the month of June was 0.83 hours compared to 0.46 hours last month and 0.33 hours for the same month last year. Year-to-date SAIDI was 3.26 hours compared to 2.17 hours for the same period last year and the prorated target for 2024 of 2.79.

SAIFI for the month of June was 0.58 compared to 0.18 in the previous month and 0.41 for the same month last year. Year-to-date SAIFI was 2.62 compared to 1.84 for the same period last year and the prorated target for 2024 of 2.72.

For the first time on record, consecutive system peaks were recorded in each month of a quarter. The peak demand at the end of Q2 was 67.61 MW compared to 64.18 MW for the same period last year and was recorded on June 17, an increase of 5.34% compared to the same period last year.

Generation Average Available Capacity in June was 85.12% compared to 89.92% last month and 80.01% for the same month last year. The year-to-date Average Available Capacity was 87.03% compared to 85.78% for the same period last year.

Fuel efficiency for June was 4.29 kWh/litre which was higher than the previous month (4.27 kWh/litre), and more than the figure reported for June last year (4.28 kWh/litre). The year-to-date fuel efficiency at the end of June was 4.27 kWh/litre compared to 4.33 kWh/litre for the same period last year and the target for 2024 of 4.32 kWh/litre. The installation of the fuel monitoring system is now expected to be completed by November 2024, due to delays with the supplier. This system is expected to provide insight into the parameters affecting fuel efficiency, and hence provide a means for improving fuel efficiency.

Monthly System Losses as a percentage of units generated for June was 4.92% compared to 8.2% last month and 3.77% for the same month last year. Year-to-date System Losses at the end of June was 6.19% compared to 5.55% for the same period last year. Moving Annual Total (MAT) losses as of the end of June 2024 was 6.03% compared to the MAT for the same period in 2023 of 5.78% and the 2024 target of 5.75%. One of the contributing factors for the increase in year-to-date losses is likely the increase in year-to-date sales over the same period last year by 9.27%.

The All Injury/Illness Frequency Rate (AIFR) at the end of June was 0.00, same as that of March 2024. The target for 2024 is 1.0.

Strategic Initiatives

The 7.5 MW/3MWh battery energy storage system (BESS) project at La Tourney continues to be delayed because of high market prices. LUCELEC is closely monitoring the market trends and evaluating alternative solutions that would satisfy the financial and technical requirements of this project.

LUCELEC continues to explore alternative sites for proceeding with a 10MW solar farm. The expectation is that a deal with a landowner will be reached before year-end, following which the company will seek approval in principle from the Development Control Authority (DCA).

Despite the challenges that LUCELEC faces in increasing the share of renewable energy in the energy mix, the Company has made significant progress in creating the enabling environment and processes that will allow it to realise the planned outcomes of its 2035 Strategic Plan.

Outlook

Management anticipates an increase in unit sales for 2024. The execution of some of the Company’s planned initiatives will be delayed due to key resourcing and other challenges. The increase in unit sales, along with the delay in executing planned initiatives and the expected savings due to reduced costs will result in an anticipated increase in net profit for 2024.


John Joseph
Chairman

St. Lucia Electricity Services Limited

Consolidated Statement of Financial Position
As at June 30, 2024

(Expressed in Eastern Caribbean Dollars)



	Unaudited June 30, 2024 EC\$' 000	Unaudited June 30, 2023 EC\$' 000	Audited December 31, 2023 EC\$' 000
Assets			
Non-Current	431,336	413,536	427,946
Current	176,701	186,263	189,439
Total Assets	608,037	599,799	617,385

Shareholders’ Equity and Liabilities

Shareholders’ Equity			
Stated capital	80,163	80,163	80,163
Retained earnings	231,842	211,993	221,347
Fair value reserve	(1,269)	(2,032)	(1,350)
Revaluation reserve	59,862	59,862	59,862
Self insurance reserve	54,150	51,801	52,017
Total Shareholders’ Equity	424,748	401,787	412,039

Liabilities			
Non-Current	113,854	122,611	120,498
Current	69,435	75,401	84,848
Total Liabilities	183,289	198,012	205,346

TOTAL SHAREHOLDERS’ EQUITY & LIABILITIES	608,037	599,799	617,385
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 Director
 Director