

# News

## For Immediate Release

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### **Ascendant Group Limited Announces 2019 Results**

#### **Highlights**

- Cost restructuring measures showing results with improved earnings and lower rates for 2020 despite weak economic environment
- 56 MW of replacement generation at the North Power Station (“NPS”) has been completed and commissioning is underway
- Completed Bermuda Electric Light Company Limited’s (“BELCO”) first rate case under the new Retail Tariff Methodology which resulted in lower rates for customers effective 1 January 2020
- The Bermuda Integrated Resource Plan (the “IRP”) was released by the Regulatory Authority (the “Authority”) on 30 June 2019, with the target of achieving 85% of electricity generated by renewable resources by 2035, thus providing clarity on Bermuda’s energy future
- Sale of Ascendant Group Limited (“Ascendant” or the “Company”) to Algonquin Power & Utilities Corp. (“Algonquin”) for \$36 per share, approved by shareholders and awaiting regulatory approval including by the Authority

Ascendant Group Limited (“Ascendant” or the “Company”) (BSX: AGL.BH), a publicly traded provider of energy and energy-related services, today announced results for 2019, with core earnings of \$15.3 million, or \$1.60/share, compared to \$14.5 million, or \$1.49/share, in 2018 and net earnings of \$12.4 million, or \$1.27/share, compared to \$5.4 million, or \$0.54/share, in 2018.

Ascendant CEO, Sean Durfy said: “2019 was a very busy year for the Company. We made great progress with our \$250 million capital plan having built and commissioned Bermuda’s first battery energy storage system and completed construction of the NPS. These are significant investments that will ensure a safe, reliable and cost-effective energy future for Bermuda. Shareholders also approved the sale of the Company to Algonquin. Algonquin is an established renewable energy and utility group with North American assets in excess of \$10 billion and they currently own and operate 54 energy facilities, of which 90% are renewable. As part of their proposal, Algonquin has committed to continue to run all Ascendant companies locally with current Bermudian management and to support BELCO as it works alongside the Authority to implement the Integrated Resource Plan for Bermuda and introduce modern energy technologies to accelerate the introduction of renewables, conservation and battery storage for the island.

The Company’s net income increased from \$5.4 million to \$12.4 million due to solid operating results and

lower non-recurring restructuring charges in 2019.”

BELCO President, Dennis Pimentel said: “BELCO has made great progress on the \$120 million NPS replacement generation project which is currently being commissioned. In addition, we have begun our \$50+ million upgrade to our transmission and distribution system which will ensure a much more resilient grid and the ability to add large and small scale renewables. We were also pleased to complete our rate case and deliver lower rates to our customers beginning in January 2020.

BELCO submitted its IRP to the Authority in February, 2018 providing details relating to electricity demand, existing generation and reliability, and environmental considerations. Following public consultation to obtain input from all stakeholders with respect to meeting Bermuda’s future energy requirements, the Bermuda IRP was released by the Authority on 30 June, 2019, with the target of achieving 85% of electricity generated by renewable resources by 2035.

Even though electricity sales continue to decline, our cost savings measures have allowed us to lower rates for customers. We are confident that the NPS and ongoing cost saving initiatives and efficiency measures will enable us to continue to provide safe, cost-effective electricity for our valued customers.”

## Earnings

In \$000's	2019	2018	VARIANCE	
			Change	Change
BELCO	<b>\$19,004</b>	\$ 17,651	\$ 1,353	8%
AG Holdings Limited	<b>6,018</b>	4,430	1,588	36%
Ascendant Bermuda Insurance Limited	<b>912</b>	660	252	38%
Unallocated Group Expenses	<b>(10,614)</b>	(8,183)	(2,431)	-30%
Core Earnings	<b>15,320</b>	14,558	762	5%
Restructuring charges	<b>(2,880)</b>	(9,122)	6,242	68%
<b>Net Earnings</b>	<b>\$12,440</b>	5,436	\$7,004	129%

The Company’s core earnings increased 5% to \$15.3 million due to increased results at BELCO and continued growth in non-utility earnings at AG Holdings Limited, partially offset by higher Group expenses. In addition to the stronger operating results, the Company’s net income increased from \$5.4 million to \$12.4 million due to lower non-recurring restructuring charges in 2019.

## Cash flow and capital spending

	2019		2018		Change	
	\$000's	\$ / Share (Basic)	\$000's	\$ / Share (Basic)	\$000's	\$ / Share (Basic)
Funds from operations	\$41,391	\$4.33	\$43,078	\$4.40	\$(1,687)	\$(0.07)
Free cash flow	\$26,234	\$2.75	\$5,925	\$0.61	\$20,309	\$2.14
Core earnings	\$15,320	\$1.60	\$14,558	\$1.49	\$762	\$0.11

The Company generated \$41.4 million FFO and \$26.2 million in FCF during the period, compared to \$43.1 million and \$5.9 million respectively in 2018. FFO, which excludes restructuring charges, decreased due to slightly lower operating cash flow compared to 2018. The increase in FCF reflects the lower restructuring charges and lower maintenance capital expense recorded in 2019.

The Company continued with its share repurchase programme until 1 April 2019, when it was discontinued in light of the proposed sale of the Company. Share repurchases during the year totaled 139,395 shares at an average price of \$18.26 per share.

The Company's earnings and cash flow enabled its Board to maintain the annual dividend rate at \$0.45 per share, thus continuing the Company's proud history of paying a regular dividend.

### Non-IFRS Measures

Ascendant uses financial measures that are not defined under IFRS and may not be comparable to similar measures presented by other issuers. Ascendant calculated the non-IFRS measures by adjusting for specific items that management believes are not reflective of the normal, ongoing operations of the business. Refer to the Non-IFRS Financial Measures section of the 2019 Management's Discussion and Analysis available on the Company's website for further discussion of these items.

### Forward Looking Information

This news release contains forward-looking statements that reflect management's current beliefs with respect to the Company's future growth, results of operations, performance, business prospects and opportunities. These statements are based on reasonable assumptions and information currently available to Ascendant's management and are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Additional information about these assumptions, risks and uncertainties is included



in the “Primary Factors Affecting Ascendant’s Business” section in the 2019 Management’s Discussion and Analysis, which can be found on Ascendant’s website at [www.ascendant.bm](http://www.ascendant.bm).

**The audited annual Consolidated Financial Statements and Management’s Discussion and Analysis are available on Ascendant’s website at [www.ascendant.bm](http://www.ascendant.bm).**

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**About Ascendant Group Limited**

*Ascendant Group Limited is a Bermuda-based, publicly traded holding company that through its subsidiaries provides energy and energy-related services. Ascendant Group Limited (AGL.BH) is listed on the Bermuda Stock Exchange (BSX) and is the parent company of Bermuda Electric Light Company Limited (BELCO), and AG Holdings Limited, which includes AIRCARE LTD., IFM Limited, iEPC Limited and Ascendant Properties Limited. For further information about Ascendant Group Limited, visit [www.ascendant.bm](http://www.ascendant.bm).*