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Watlington Waterworks Limited
Ticker: WWW.BH

Watlington Waterworks Limited Directors' Report to Shareholders

11 September 2025
For Immediate Release

Watlington Waterworks Limited (WWL) delivered a strong performance in the first half of 2025, underscored by solid financial results, operational improvements, and strategic progress. Bermuda's economic outlook remains cautiously optimistic, with increased capital investment and economic activity, though tempered by global challenges such as inflation and rising tariffs.

The year began with the Company supplementing the Government's Prospect water supply during major infrastructure repairs. This exceptional demand for utility water was coupled with below-average rainfall for the first six months of 2025, peaking in June with an extended dry period. Utility water sales rose to 126.8 million gallons, an increase of 15.7% above the same period in 2024. Operationally, this demand was met through strategic utilization of the new 3-million-gallon reservoir at Luke's Pond. As rainfall levels normalise heading into the third quarter, utility water demand is expected to return to seasonal norms.

WWL's consolidated net income for the first half of 2025 totalled \$1.998 million, reflecting a 10.1% increase over the same period in 2024. Earnings per share were \$1.84. This growth was primarily driven by the Utility Division, which delivered net income of \$1.6 million. While both the Bottled Water and Retail Divisions recorded modest sales growth, anticipated cost increases led to declines in divisional net income.

The outlook for water demand remains strong, supported by continued interest from both residential and commercial sectors. To meet this growing demand, the Company is actively investing in infrastructure to expand production capacity and extend the distribution network. Planning is underway for the construction of a new water treatment plant at the Luke's Pond Reservoir site, which will support distribution expansion in the western parishes and diversify production capacity from Devonshire. The pipeline replacement program is improving system reliability, with major projects recently completed at Flora Duffy Hill and White Sands Road. Additional sections along South Road are scheduled for replacement later this year. The Southampton booster pump station is also being upgraded to enhance service delivery to customers in the area.

The evaluation of solar photovoltaic power generation proposals is advancing, and the Company has acquired its first electric vehicle - both initiatives are expected to deliver long-term cost savings and environmental benefits.

We continue to invest in our people to ensure the operational capacity required to execute our strategic priorities. Key hires in operations and administration are supporting succession planning and project delivery.

With a strong financial foundation and a clear strategic direction, WWL is well-positioned to meet its year-end targets. We remain focused on delivering sustainable growth, operational excellence, and long-term value to our shareholders.

Further information:
Roger Todd, President