

CARICRIS REAFFIRMS LUCELEC'S SOUND CREDIT RATING

CARICRIS REAFFIRMS LUCELEC'S SOUND CREDIT RATING

Submitted by cjoseph on Tue, 2013-04-16 16:45

The Caribbean Information and Credit Rating Services Limited (CariCRIS) has reaffirmed Foreign and Local Currency ratings of CariBBB on Saint Lucia Electricity Services Limited (LUCELEC).

CariCRIS is a regional rating agency that is based in and provides ratings for Caribbean companies and governments. It is the regional equivalent of international agencies like Standard and Poor which rates the financial profile of countries like the United States.

Since 2006, LUCELEC has maintained a CariBBB rating of adequate from CariCRIS. The company was assessed based on its strengths, weaknesses and rating sensitivity factors. In its 2013 report, the regional rating agency noted as strengths LUCELEC's "monopoly position in Saint Lucia, healthy financial profile and favourable operating efficiency."

Factors constraining LUCELEC's rating included electricity demand being linked to the performance of the Saint Lucian economy, its exposure to fuel price increases, and a "deteriorating accounts receivable aging profile".

LUCELEC's Finance and Accounts Manager Ziva Phillips says the company had already taken steps to address the high level of receivables.

"We have restructured our credit control operations, adjusted some business processes and become more aggressive when it comes to collections," she says. "Obviously, these adjustments are more than just about our credit rating, but hopefully when CariCRIS returns, our aging receivables profile would have been significantly improved."

Mrs Phillips says the CariCRIS rating provides investors, lenders, banks and other financial institutions doing business with the company an independent sense of how credit worthy it is.

And for customers, she says, "It gives a level of assurance in the company. They know that if we need financing for a capital enhancement programme to continue providing a reliable supply of electricity, LUCELEC can access that financing."

LUCELEC expects to safeguard its rating through continuous improvement in all aspects of its operations.