



October 29, 2020

ATCO REPORTS THIRD QUARTER 2020 EARNINGS

CALGARY, Alberta - ATCO Ltd. (TSX: ACO.X, ACO.Y)

ATCO today announced third quarter 2020 adjusted earnings of \$54 million, or \$0.47 per share, compared to \$74 million, or \$0.65 per share, in the third quarter of 2019.

Lower adjusted earnings in the third quarter of 2020 were mainly due to Canadian Utilities' sale of the Canadian fossil fuel-based electricity generation business and 80 per cent ownership interest in Alberta PowerLine in 2019, which together contributed \$19 million in adjusted earnings in the third quarter of 2019.

COVID-19 AND GLOBAL MACROECONOMIC CONDITIONS

The COVID-19 pandemic, continued low oil prices and slowing global economic activity have caused far-reaching concern and economic hardship for consumers, businesses and communities across the globe. In this time of uncertainty, our people are working hard to ensure that we continue to support our customers and the communities that depend on our essential services.

ATCO's Pandemic Response Plan was activated in February 2020 by our Crisis Management Committee. Since then our teams across the globe have been responding to this rapidly changing situation to ensure a coordinated approach across ATCO.

In the third quarter and first nine months of 2020, the Company's operations, financial position and performance have not been significantly impacted by the COVID-19 pandemic and changing global macroeconomic conditions. ATCO's investments are essential services and are largely focused on regulated utilities and long-term contracted businesses with strong counterparties which creates a resilient investment portfolio.

RECENT DEVELOPMENTS

ATCO Structures & ATCO Frontec

- Awarded a United Nations Office project services contract to supply two healthcare complexes for the treatment of patients with COVID-19 in Guatemala which are expected to be installed before the end of 2020.
- Awarded a second rental contract and lodging services contract for a 592-person camp to house workers and support the construction of the Trans Mountain Expansion project. A previously awarded 600-person camp was completed and handed over to the client during the third quarter of 2020.

- Selected to provide modular classrooms for public schools across Alberta on a three-year rental supply contract.
- Deployed and mobilized modular housing units with 2,000 beds across Louisiana and Alabama within six days of Hurricanes Laura and Sally to assist with disaster and emergency response.

Canadian Utilities

- Announced the acquisition of the Pioneer Pipeline for \$255 million. The 131-km natural gas pipeline west of Edmonton, Alberta facilitates the conversion of the Sundance and Keephills coal-fired electricity generating plants to cleaner-burning natural gas. Nova Gas Transmission Limited (NGTL) and Canadian Utilities have agreed that, consistent with the geographic areas defined in their Integration Agreement, Canadian Utilities will transfer to NGTL the 30 km segment of the Pioneer Pipeline located in the NGTL Footprint for approximately \$63 million. These transactions are subject to regulatory and other customary approvals which are expected by the second quarter of 2021.
- Received an Alberta Utilities Commission decision on the 2021 Generic Cost of Capital proceeding. The Commission approved the extension of the current return on equity of 8.5% and equity thickness ratio of 37% on a final basis for 2021.
- Continued transition work under LUMA Energy's Operations and Maintenance Agreement to transform, modernize and operate Puerto Rico's 30,000-km electricity and transmission system.

Corporate

- Declared a fourth quarter dividend on October 8, 2020 of 43.52 cents per share or \$1.74 per Class I Non-Voting and Class II Voting Share on an annualized basis.
- S&P Global Ratings affirmed its 'A-' long-term issuer credit ratings on ATCO and Canadian Utilities with their outlooks revised from stable to negative on September 17, 2020.
- S&P Global Ratings affirmed ATCO subsidiary CU Inc.'s 'A' long term issuer credit rating and maintained stable outlook reflecting S&P's decision to insulate CU Inc.'s issuer credit rating from ATCO's issuer credit rating.
- Dominion Bond Rating Service affirmed its 'A' long-term corporate credit rating and stable outlook on ATCO subsidiary Canadian Utilities and its 'A (low)' long-term corporate credit rating and stable outlook on ATCO.
- CU Inc. issued \$150 million of 2.609 per cent 30-year debentures. Proceeds from this issuance were used to fund capital investments, to repay existing indebtedness, and for other general corporate purposes of the Alberta Utilities.

FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

A financial summary of the consolidated subsidiaries of ATCO and a reconciliation of adjusted earnings to earnings attributable to Class I and Class II Shares is provided below:

(\$ millions except share data)	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Adjusted earnings ⁽¹⁾	54	74	230	264
Gain on sale of operations ⁽²⁾	—	77	—	73
Transaction costs ⁽²⁾	—	—	—	(1)
Impairment and other costs ⁽²⁾	—	—	(20)	—
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts ⁽²⁾	(5)	1	—	1
Rate-regulated activities ⁽²⁾	5	9	(17)	102
IT Common Matters decision ⁽²⁾	(1)	(1)	(5)	(9)
Other ⁽²⁾	1	—	(2)	—
Earnings attributable to Class I and Class II Shares	54	160	186	430
Weighted average shares outstanding (millions of shares)	114.4	114.4	114.4	114.4

(1) Adjusted earnings are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings also exclude one-time gains and losses, significant impairments, and items that are not in the normal course of business or a result of day-to-day operations. Adjusted earnings present earnings on the same basis as was used prior to adopting International Financial Reporting Standards (IFRS) - that basis being the U.S. accounting principles for rate-regulated entities - and they are a key measure used to assess segment performance, to reflect the economics of rate regulation and to facilitate comparability of ATCO's earnings with other Canadian rate-regulated companies.

(2) In the third quarter of 2019, the Company closed a series of transactions related to the sale of its Canadian fossil fuel-based electricity generation business. The sale resulted in an aggregate gain of \$153 million (\$73 million after-tax and non-controlling interests (NCI)). As the gain was related to a series of one-time transactions, it was excluded from adjusted earnings. This gain includes \$10 million (\$4 million after-tax and NCI) of transaction costs that were recognized and excluded from adjusted earnings in the second quarter of 2019. In 2019, Canadian Utilities incurred transaction costs for the announced sale of Alberta PowerLine Limited Partnership. As these costs were related to a one-time transaction, they were excluded from adjusted earnings. In the second quarter of 2020, impairment and other costs not in the normal course of business of \$20 million, after tax and non-controlling interests, were recorded. These costs mainly relate to certain assets that no longer represent strategic value to the Company. Each quarter, the Company adjusts the deferred tax asset which was recognized as a result of the 2015 Tula Pipeline Project impairment. During the three and nine months ended September 30, 2020, the Company recorded a foreign exchange gain of \$1 million and a foreign exchange loss of \$2 million (2019 - \$nil) due to a difference between the tax base currency, which is the Mexican peso, and the US dollar functional currency.

This news release should be used as preparation for reading the full disclosure documents. ATCO's consolidated financial statements and management's discussion and analysis for the quarter ended September 30, 2020 will be available on the ATCO website (www.ATCO.com), via SEDAR (www.sedar.com) or can be requested from the Company.

With approximately 6,500 employees and assets of \$22 billion, ATCO is a diversified global corporation with investments in the essential services of Structures & Logistics (workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services, and disaster and emergency management services); Utilities (electricity and natural gas transmission and distribution, and international electricity operations); Energy Infrastructure (electricity generation, energy storage and

industrial water solutions); Retail Energy (electricity and natural gas retail sales); Transportation (ports and transportation logistics); and Commercial Real Estate. More information can be found at www.ATCO.com.

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Forward-Looking Information:

Certain statements contained in this news release may constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", and similar expressions.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions (including as may be affected by the COVID-19 pandemic), and other factors, many of which are beyond the control of the Company.

The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Any forward-looking information contained in this news release represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.