

October 29, 2020

CANADIAN UTILITIES REPORTS THIRD QUARTER 2020 EARNINGS

CALGARY, Alberta - Canadian Utilities Limited (TSX: CU, CU.X)

Canadian Utilities today announced third quarter 2020 adjusted earnings of \$76 million, or \$0.28 per share, compared to \$106 million, or \$0.39 per share, in the third quarter of 2019.

Lower adjusted earnings in the third quarter of 2020 were mainly due to the sale of the Canadian fossil fuel-based electricity generation business and 80 per cent ownership interest in Alberta PowerLine in 2019, which together contributed \$37 million in adjusted earnings in the third quarter of 2019.

Excluding the forgone earnings impact from the sale of these businesses in 2019, adjusted earnings in the third quarter of 2020 were \$7 million higher than the same period in 2019. Higher earnings were mainly due to improved earnings in our non-regulated businesses.

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.

Canadian Utilities' 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 Canadian Utilities.

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. Canadian Utilities' investments in regulated utilities and long-term contracted businesses with strong counterparties creates a resilient investment portfolio.

RECENT DEVELOPMENTS

- 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 would 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.
- Declared a fourth quarter dividend on October 8, 2020 of 43.54 cents per share or \$1.74 per Class A non-voting and Class B common share on an annualized basis.
- S&P Global Ratings affirmed its 'A-' long-term issuer credit ratings on Canadian Utilities with the outlook revised from stable to negative on September 17, 2020.
- S&P Global Ratings affirmed Canadian Utilities subsidiary CU Inc.'s 'A' long term issuer credit rating and maintained a stable outlook reflecting S&P's decision to insulate CU Inc.'s issuer credit rating from Canadian Utilities' issuer credit rating.
- Dominion Bond Rating Service affirmed its 'A' long-term corporate credit rating and stable outlook on Canadian Utilities.
- 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 and reconciliation of adjusted earnings to earnings attributable to equity owners of the Company 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⁾	76	106	349	432
Gain on sale of operations ⁽²⁾	—	146	—	139
Transaction Costs ⁽²⁾	—	(1)	—	(2)
Impairment and other costs ⁽²⁾	—	—	(30)	—
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts ⁽²⁾	(9)	—	—	1
Rate-regulated activities ⁽²⁾	8	20	(32)	197
IT Common Matters decision ⁽²⁾	(3)	(3)	(10)	(17)
Dividends on equity preferred shares of Canadian Utilities Limited	17	17	50	50
Other ⁽²⁾	2	(1)	(4)	—
Earnings attributable to equity owners of the Company	91	284	323	800
Weighted average shares outstanding (millions of shares)	272.8	272.6	272.8	272.6

(1) Adjusted earnings are defined as earnings attributable to equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities, dividends on equity preferred shares of the Company, 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 Canadian Utilities' 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 (\$139 million after-tax). As the gain was related to a series of one-time transactions, it was excluded from adjusted earnings. This gain includes \$10 million (\$7 million after-tax) of transaction costs that were recognized and excluded from adjusted earnings in the second quarter of 2019. In 2019, the Company 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 \$30 million after-tax 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 \$2 million and a foreign exchange loss of \$4 million respectively, (2019 - a foreign exchange loss of \$1 million and nil), due to a difference between the tax base currency, which is the Mexican peso, and the U.S. dollar functional currency.

TELECONFERENCE AND WEBCAST

Canadian Utilities will hold a live teleconference and webcast to discuss our third quarter 2020 financial results. Dennis DeChamplain, Executive Vice President & Chief Financial Officer, will discuss third quarter 2020 recent developments and financial results at 9:00 am Mountain Time (11:00 am Eastern Time) on Thursday, October 29, 2020 at 1-800-319-4610. No pass code is required. Opening remarks will be followed by a question and answer period with investment analysts. Participants are asked to please dial-in 10 minutes prior to the start and request to join the Canadian Utilities teleconference.

Management invites interested parties to listen via live webcast at:

<https://www.canadianutilities.com/en-ca/investors/events-presentations.html>

A replay of the teleconference will be available approximately two hours after the conclusion of the call until November 29, 2020. Please call 1-800-319-6413 and enter pass code 5281. An archive of the webcast will be available on October 29, 2020 and a transcript of the call will be posted on <https://www.canadianutilities.com/en-ca/investors/events-presentations.html> within a few business days.

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

With approximately 4,600 employees and assets of \$20 billion, Canadian Utilities Limited is an ATCO company. Canadian Utilities is a diversified global energy infrastructure corporation delivering essential services and innovative business solutions in Utilities (electricity and natural gas transmission and distribution, and international electricity operations); Energy Infrastructure (electricity generation, energy storage, and industrial water solutions); and Retail Energy (electricity and natural gas retail sales). More information can be found at www.canadianutilities.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.