ATCO

News Release

October 27, 2022

ATCO REPORTS THIRD QUARTER 2022 EARNINGS

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

ATCO Ltd. (ATCO or the Company) today announced third quarter 2022 adjusted earnings of $87 million ($0.76 per share), $18 million ($0.16 per share) higher compared to $69 million ($0.60 per share) in the third quarter of 2021.

Third quarter earnings attributable to Class I and Class II Shares reported in accordance with International Financial Reporting Standards (IFRS earnings) were $71 million ($0.62 per share), $19 million ($0.16 per share) higher compared to $52 million ($0.46 per share) in the third quarter of 2021.

IFRS earnings include timing adjustments related to rate-regulated activities, unrealized gains or losses on mark-to-market forward and swap commodity contracts, one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. These items are not included in adjusted earnings.

RECENT DEVELOPMENTS IN THE THIRD QUARTER OF 2022

ATCO Structures

- Completed the stage one milestone of the Bechtel Pluto Train II project as detailed in our Company's Management's Discussion and Analysis for the year ended December 31, 2021. This included the handover of manufactured units for construction of a 2,500-person accommodation village.
- Awarded a rental contract for 40 space rentals units for a data center in the Northwestern United States. The contract commenced in August 2022 for an initial term of 14 months.
- Awarded a rental contract for 50 space rentals units to support the LNG export facility construction project in Plaquemines Parish, Louisiana. The contract term is 36 months and commenced in September 2022.
- In August 2022, ATCO Espaciomovil completed construction of a hospital that includes 168 beds in Escuintla, Guatemala, about 60-km southwest of Guatemala City.

ATCO Frontec

- On September 30, 2022, transition work was completed for the previously announced North Warning System contract awarded in February 2022, with the Operations and Maintenance contract year one beginning on October 1, 2022.
- On October 3, 2022, announced Nasittuq Corporation was awarded a $122 million contract to provide support services at the Canadian Forces Station (CFS) Alert on Ellesmere Island, by Public Services and Procurement Canada, on behalf of the Department of National Defence. Nasittuq is an Inuit majority-owned corporation and a partnership between ATCO Frontec and Nunasi Corporation and Pan Arctic Inuit Logistics Corporation. Nasittuq has been the incumbent provider since 2012 for this contract, and the new contract is set to commence June 1, 2023.

- Secured a three year contract for the provision of camp services to Pogo Gold Operations at Pogo Mine near Fairbanks, Alaska. The project is set to commence on November 1, 2022.

Canadian Utilities

- Subsequent to quarter-end, on October 5, 2022, Canadian Utilities announced it has entered into a definitive agreement with Suncor Energy Inc. to acquire a portfolio of assets that includes a 252-MW suite of operational wind facilities and a more than 1,500-MW development pipeline of wind and solar projects in Alberta and Ontario for a purchase price of approximately $730 million, subject to closing adjustments. This investment drives meaningful progress towards our previously announced goal of owning, developing or managing more than 1,000-MW of renewable energy by 2030 and is expected to be earnings and cash flow accretive in the first year of operations. The transaction is expected to close in the first quarter of 2023 and is subject to regulatory approvals and closing conditions.

- Announced a $9 million AUD recoverable grant had been awarded from the New South Wales Government to help fund pre-investment activities in the development of the 325-MW Central West Pumped Storage Hydro project in Australia. A final investment decision on project construction is expected in 2023.

- In August 2022, the Government of the Northwest Territories announced it is providing Northland Utilities, a 50/50 joint-venture partnership between ATCO Ltd. and Denendeh Investments, with up to $300,000 to support the installation of two public electric vehicle (EV) fast-charger stations in Yellowknife. This collaboration is the first step in the planned EV charging corridor between Yellowknife and the Alberta border.

Corporate

- On October 13, 2022, ATCO declared a fourth quarter dividend of 46.17 cents per share or $1.85 per share on an annualized basis per Class I Non-Voting and Class II Voting Share.

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:

	Three Months Ended September 30		Nine Months Ended September 30	
($ millions except share data)	**2022**	**2021**	**2022**	**2021**
Adjusted Earnings	**87**	69	**313**	268
Impairments and other costs (1)	**—**	—	**—**	(33)
Unrealized losses on mark-to-market forward and swap commodity contracts (2)	**(7)**	(6)	**(25)**	(12)
Rate-regulated activities (3)	**(7)**	(6)	**24**	(49)
IT Common Matters decision (4)	**(2)**	(1)	**(6)**	(5)
Transition of managed IT services (5)	**—**	(6)	**—**	(23)
AUC enforcement proceeding (6)	**—**	—	**(14)**	—
Workplace COVID-19 vaccination standard (7)	**—**	—	**(5)**	—
Gain on sale (8)	**—**	—	**3**	—
Other	**—**	2	**(1)**	1
Earnings attributable to Class I and Class II Shares	**71**	52	**289**	147
Weighted average shares outstanding (millions of shares)	**113.9**	114.1	**114.1**	114.2

(1) In 2021, ATCO recorded impairments and other costs not in the normal course of business of $33 million (after-tax and non-controlling interests). Canadian Utilities incurred $28 million of these costs in Mexico, related mainly to its Veracruz hydro facility within its Energy

Infrastructure segment. The charge reflected an adverse arbitration decision, changes in market regulations, ongoing political uncertainty, and a challenging operating environment, resulting in an impairment of the carrying value of the assets. Other costs recorded were individually immaterial.

(2) The Company's retail electricity and natural gas business in Alberta enters into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts are measured at fair value. Unrealized gains and losses due to changes in the fair value of the fixed-price swap commodity contracts are recognized in the earnings of the Corporate & Other segment. Realized gains or losses are recognized in adjusted earnings when the commodity contracts are settled.

(3) The Company records significant timing adjustments as a result of the differences between rate-regulated accounting and International Financial Reporting Standards with respect to additional revenues billed in the current year, revenues to be billed in future years, regulatory decisions received, and settlement of regulatory decisions and other items.

(4) Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings.

(5) In the fourth quarter of 2020 and first quarter of 2021, the Company signed Master Services Agreements (MSA) with IBM Canada Ltd. (subsequently novated to Kyndryl Canada Ltd.) and IBM Australia Limited, respectively, to provide managed IT services. These services were previously provided by Wipro under a ten-year MSA expiring in December 2024. The transition of the managed IT services from Wipro to IBM commenced on February 1, 2021 and is complete.

(6) In the fourth quarter of 2021 and first quarter of 2022, the Company recognized a $31 million penalty, $11 million of project costs and other costs of $2 million ($7 million in Q4 2021 and $14 million in Q1 2022 (after-tax and non-controlling interests)) related to the AUC enforcement proceeding. The settlement was filed with the AUC on April 14, 2022 and on June 29, 2022, the AUC issued its decision approving the settlement between the AUC Enforcement branch and ATCO Electric in its entirety.

(7) In 2022, the Company incurred $5 million (after-tax and non-controlling interests) in severance and related costs associated with its Workplace COVID-19 vaccination standard.

(8) On March 31, 2022, the Company sold 36 per cent of its ownership interest in a subsidiary, Northland Utilities Enterprises Ltd., for $8 million, net of cash disposed. The transaction resulted in a gain on sale of $3 million (after-tax and non-controlling interests). With this transaction, ATCO Electric Ltd. and Denendeh Investments Incorporated (DII) each have a 50 per cent ownership interest.

This news release should be read in concert with the full disclosure documents. ATCO's unaudited consolidated financial statements and management's discussion and analysis for the quarter ended September 30, 2022 will be available on the ATCO website (www.ATCO.com), via SEDAR (www.sedar.com) or can be requested from the Company.

TELECONFERENCE AND WEBCAST

ATCO will hold a live teleconference and webcast at 10:00 am Mountain Time (12:00 pm Eastern Time) on Thursday, October 27, 2022 at 1-800-319-4610. No pass code is required.

Katie Patrick, Executive Vice President, Chief Financial & Investment Officer, will discuss third quarter 2022 financial results and recent developments. 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 ATCO teleconference.

Management invites interested parties to listen via live webcast at: https://www.atco.com/en-ca/about-us/investors/events-presentations.html.

A replay of the teleconference will be available approximately two hours after the conclusion of the call until November 27, 2022. Please call 1-800-319-6413 and enter pass code 9462. An archive of the webcast will be available on October 27, 2022 and a transcript of the call will be posted on https://www.atco.com/en-ca/about-us/investors/events-presentations.html within a few business days.

With approximately 6,400 employees and assets of $24 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 operations); Energy Infrastructure (energy storage, energy generation, industrial water solutions, and clean fuels); Retail Energy (electricity and natural gas retail sales, and whole-home solutions); Transportation (ports and transportation logistics); and Commercial Real Estate. More information can be found at www.ATCO.com.

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Non-GAAP and Other Financial Measures

This news release includes references to "adjusted earnings" which is a "total of segments measure" as that term is defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure. The most directly comparable measure reported in accordance with IFRS is "earnings attributable to Class I and Class II shares". For additional information, see "Financial Summary and Reconciliation of Adjusted Earnings" in this news release, and "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in the Company's Management's Discussion and Analysis for the nine months ended September 30, 2022, which is available at www.sedar.com.

Forward-Looking Information

Certain statements contained in this news release 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", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this news release includes, but is not limited to: references to plans and targets; the expected timing of contracts that have been secured or awarded; the acquisition of a portfolio of wind and solar assets from Suncor Energy Inc. and the timing for the closing of that transaction; the expectation that the renewables projects acquired from Suncor will be earnings and cash flow accretive in the first year of operations; the goal of owning, developing or managing more than 1,000-MW of renewable energy by 2030; the commitment to achieve net-zero greenhouse gas emissions by 2050; the development of a 325-MW pumped hydro project in New South Wales, Australia and the expected timing for the final investment decision in respect of the construction of that project.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those anticipated in such forward-looking information. The forward-looking information reflects the Company's beliefs and assumptions with respect to, among other things, the development and performance of technology and technological innovations; continuing collaboration with certain regulatory and environmental groups; the performance of assets and equipment; the ability to meet current project schedules, and other assumptions inherent in management's expectations in respect of the forward-looking information identified herein.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things, risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws and government policies; 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); credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, and infrastructure; the development and execution of projects; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; the occurrence of unexpected events such as fires, severe weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events; and other risk factors, many of which are beyond the control of the Company. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see "Business Risks and Risk Management" in the Company's Management's Discussion and Analysis for the year ended December 31, 2021.

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.