



April 27, 2023

ATCO REPORTS FIRST QUARTER 2023 EARNINGS

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

ATCO Ltd. (ATCO or the Company) today announced first quarter 2023 adjusted earnings of \$137 million (\$1.21 per share), \$3 million (\$0.04 per share) higher compared to \$134 million (\$1.17 per share) in the first quarter of 2022.

First quarter earnings attributable to Class I and Class II Shares reported in accordance with International Financial Reporting Standards (IFRS earnings) were \$167 million (\$1.47 per share), \$39 million (\$0.35 per share) higher compared to \$128 million (\$1.12 per share) in the first quarter of 2022.

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

ATCO Structures

- Completed the stage three milestone of the Bechtel Pluto Train II project in the first quarter of 2023. This included relocation and refurbishment of the 2,200-person accommodation village and central facilities. The project continues to track ahead of planned progress with the stage four milestone expected to be handed over in the second quarter of 2023.
- In the first quarter of 2023, ATCO Structures was awarded a supplemental contract for 79 additional space rental units to support the LNG export facility construction in Plaquemines Parish, Louisiana. This brings the total contract value to \$11 million for 129 units with terms ranging from 30 to 36 months.

ATCO Frontec

- In February 2023, Wicehtowak Frontec Services (WFS), ATCO Frontec's joint venture partnership with George Gordon Developments Ltd., was awarded a three-and-a-half-year \$86 million base contract to provide camp support services for the BHP Jansen Discovery Lodge in Saskatchewan. WFS will provide management and administration, food services, retail, housekeeping and janitorial, and maintenance work for the 2,500-person facility. As of April 1, 2023, WFS has successfully transitioned to operating the Jansen Discovery Lodge.

Neltume Ports

- Subsequent to quarter-end, on April 25, 2023, Neltume Ports and its partner Nautilus entered into a contract with the Port Authority of Vancouver in Washington to operate Terminal 2 within the port for a 30-year term. The contract allows for the opportunity to renew the contract for two additional terms of 10 years each. The Port of Vancouver is strategically located on the US Pacific Coast for export of mineral and other bulk material.

Canadian Utilities

- Closed the acquisition of the renewable generation portfolio on January 3, 2023. The 232-MW of operating Forty Mile and Adelaide wind assets have contributed revenues of \$27 million for the three months ended March 31, 2023. Upgrading work is currently underway for the Forty Mile wind assets with expected completion in the fourth quarter of 2023. This upgrading is expected to increase Forty Mile Wind generation capacity from 202-MW to 225-MW.
- In 2023, the Electricity Distribution and Natural Gas Distribution businesses, following the conclusion of the second performance-based regulation (PBR) term, began a one-year cost-of-service rebasing. The cost efficiencies generated over the second generation PBR term are now being passed along to customers, providing lower rates and creating long-term savings for Albertans. Following a one-year cost-of-service rebasing in 2023, these businesses will move to a third generation of performance-based regulation (PBR3) beginning in 2024.

Corporate

- On April 13, 2023, ATCO declared a second quarter dividend of 47.56 cents per share or \$1.90 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 March 31	
(\$ millions except share data)	2023	2022
Adjusted Earnings	137	134
Unrealized gains (losses) on mark-to-market forward and swap commodity contracts ⁽¹⁾	32	(6)
Rate-regulated activities ⁽²⁾	5	19
IT Common Matters decision ⁽³⁾	(3)	(2)
Transition of managed IT services ⁽⁴⁾	(5)	—
AUC enforcement proceeding ⁽⁵⁾	—	(14)
Workplace COVID-19 vaccination standard ⁽⁶⁾	—	(5)
Gain on sale of ownership interest in a subsidiary company ⁽⁷⁾	—	3
Other	1	(1)
Earnings attributable to Class I and Class II Shares	167	128
Weighted average shares outstanding (millions of shares)	113.6	114.1

(1) 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.

(2) 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.

(3) 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.

(4) In the first quarter of 2023, the Company recognized legal and other costs of \$5 million (after-tax and non-controlling interests) related to the Wipro Ltd. master services agreements matter that was concluded on February 26, 2023.

(5) On April 14, 2022, the AUC Enforcement branch and ATCO Electric Transmission filed a settlement with the AUC regarding a sole source contract for the Jasper interconnection project. On June 29, 2022, the AUC issued its decision approving the settlement in its entirety. In the first quarter of 2022, the Company recognized costs of \$14 million (after-tax and non-controlling interests) related to the proceeding.

(6) In the first quarter of 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.

(7) 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 March 31, 2023 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, April 27, 2023 at 1-800-319-4610. No pass code is required.

Katie Patrick, Executive Vice President, Chief Financial & Investment Officer, will discuss first quarter 2023 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 May 27, 2023. Please call 1-800-319-6413 and enter pass code 0024. An archive of the webcast will be available on April 28, 2023 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 7,600 employees and assets of \$25 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 International Financial Reporting Standards 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 three months ended March 31, 2023, 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: the expected timing for the completion of project milestones; the expected timing and term of contracts; the impact or benefit of contracts, including expected contract value; and the expected electricity generation capacity of wind assets, including the expected increase in generation capacity following uprating work on the Forty Mile Wind assets.

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; 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 termination or breach of contracts by contract counterparties; 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, 2022.

This news release may contain information that constitutes future-oriented financial information or financial outlook information, all of which are subject to the same assumptions, risk factors, limitations and qualifications set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on such future-oriented financial information or financial outlook information. The Company's actual results, performance and achievements could differ materially from those expressed in, or implied by, the future-oriented financial information or financial outlook information. The Company has included such information in order to provide readers with a more complete perspective on its future operations and its current expectations relating to its future performance. Such information may not be appropriate for other purposes and readers are cautioned that such information should not be used for purposes other than those for which it has been disclosed herein. Future-oriented financial information or financial outlook information contained herein was made as of the date of this news release.

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.