



February 28, 2019

ATCO REPORTS HIGHER 2018 EARNINGS

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

ATCO today announced adjusted earnings in 2018 of \$355 million, or \$3.10 per share, compared to \$335 million, or \$2.93 per share, in 2017. ATCO had fourth quarter 2018 adjusted earnings of \$108 million, or \$0.94 per share, compared to \$96 million, or \$0.84 per share, in the fourth quarter of 2017.

Higher fourth quarter 2018 earnings compared to the same period in 2017 were due to strong results in all business segments.

Strong 2018 earnings were driven by our non-regulated businesses mainly due to improved profit margins and demand for Structures & Logistics' modular structures products, strong results in electricity generation and Alberta PowerLine, and earnings from our new investment in Neltume Ports, a leading port operator and developer in South America. Continued capital investment and operational cost improvements in our regulated businesses helped partially offset the adverse earnings impact of rate re-basing in several of our Alberta utilities.

ATCO invested \$2.5 billion in capital growth projects in 2018, of which \$1.1 billion was invested in Regulated Utilities, approximately \$450 million was invested in a 40 per cent equity interest in Neltume Ports, \$180 million was invested in various projects, including the acquisition of a Modular Structures manufacturing facility in Mexico and expansion of the Modular Structures' global rental fleet, and more than \$800 million was invested in long-term contracted assets including Alberta PowerLine and a hydroelectric power station acquisition in Mexico.

RECENT DEVELOPMENTS

As a diversified global enterprise, our strategy is to continue expanding our investment portfolio targeted at the global essential services of housing, logistics and transportation, agriculture, water, real estate, and energy and energy infrastructure. Complementary to this strategy, we are expanding our geographies and introducing new products and services.

Structures & Logistics

- During 2018, Modular Structures further diversified its growing portfolio in Mexico by acquiring a leading modular building manufacturer, which will now operate under the name ATCO Espaciomovil. With a 182,000 sq. ft. manufacturing plant and 1,300 modular rental units in operation, ATCO is now the largest manufacturer of modular products in the Mexican market.
- In October, Modular Structures opened a custom-built 330,000 sq. ft. manufacturing plant near Brisbane, Australia. The new facility will meet growing customer demand

across Australia and Oceania in traditional markets such as mining and construction, and emerging markets within the health, education, justice and commercial sectors.

- In December, Modular Structures entered into a joint venture with a subsidiary of Bird Construction Inc. to design, engineer and construct a 4,500-person workforce accommodation centre. The facility will be built to house workers constructing LNG Canada's natural gas liquefaction and export facility.
- In December, Modular Structures, in partnership with the Haisla Nation, was chosen to provide workforce housing and operational support services for three camps in the Haisla territory to support the construction of the Coastal GasLink Pipeline in British Columbia. The contract has a combined value of approximately \$40 million.
- Also in December, Frontec secured a three-year contract to provide camp support services to Coeur Mining, Inc.'s Silvertip mine in northern British Columbia, approximately 8 km south of the Yukon border. Frontec has partnered with Lyon Kechika Contracting Ltd. of the Daylu Dena Council and member of the Kaska First Nation to assist with the contract.

Neltume Ports

- In September, ATCO invested in a 40 per cent interest in Neltume Ports, a leading port operator and developer in South America, for approximately \$450 million. Neltume Ports, a subsidiary of Ultramar, operates 16 port facilities and three port operation services businesses in Chile, Uruguay, Argentina and Brazil.
- In October, Neltume Ports acquired an additional 21 per cent ownership in Terminales Graneleras Uruguayas (TGU) bringing the total ownership of TGU to 54 per cent. This will allow Neltume Ports to exercise operational control and therefore strengthen its port operator role.

Canadian Utilities

- In the fourth quarter of 2018, construction continued on the Alberta PowerLine Project. The project is ahead of schedule and the expected energization date has been advanced to March 2019 from the original target date of June 2019.
- In December, Canadian Utilities sold its 100 per cent ownership interest in the Barking Power assets in the U.K. The total proceeds received on the sale of the Barking Power assets were \$219 million. This transaction is consistent with ATCO's strategy of selling mature assets and recycling the proceeds into growing areas of the Company.

Corporate

- On January 10, 2019, ATCO declared a first quarter dividend for 2019 of 40.48 cents per Class I Non-Voting and Class II Voting Share. ATCO has increased its dividend per share for 26 consecutive years.

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 December 31		For the Year Ended December 31	
	2018	2017 ⁽⁹⁾	2018	2017 ⁽⁹⁾
Consolidated adjusted earnings ⁽¹⁾	108	96	355	335
Proceeds from termination of PPA ^{(2) (7)}	–	–	19	–
Restructuring and other costs ^{(3) (7)}	–	–	(39)	–
Derecognition of customer contributions ^{(4) (7)}	–	16	–	16
Unrealized gains (losses) on mark-to-market forward commodity contracts ⁽⁷⁾	1	(29)	16	(48)
Sale of Barking Power assets ^{(5) (7)}	46	–	46	–
Impairment ^{(6) (7)}	–	(23)	–	(23)
Rate-regulated activities ⁽⁷⁾	(20)	(26)	(69)	(61)
Other ^{(7) (8)}	–	(2)	–	–
Earnings attributable to Class I and Class II Shares	135	32	328	219
Weighted average shares outstanding (millions of shares)	114.4	114.4	114.4	114.4

- (1) Adjusted earnings are defined as 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 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 2018, the Battle River unit 5 Power Purchase Arrangement was terminated by the Balancing Pool and dispatch control was returned to ATCO subsidiary Canadian Utilities. Canadian Utilities received a payment from the Balancing Pool and also recorded additional coal-related costs and Asset Retirement Obligations associated with the Battle River generating facility. This one-time receipt and costs in the net amount of \$19 million were excluded from adjusted earnings.
- (3) In the second quarter of 2018, restructuring and other costs not in the normal course of business of \$39 million were recorded. These costs mainly relate to staff reductions and associated severance costs, as well as costs related to decisions to discontinue certain projects that no longer represent long-term strategic value to the Company.
- (4) In the fourth quarter of 2017, Canadian Utilities signed a contract amendment that triggered a reassessment of the accounting treatment of the Muskeg River generating plant. As a result, ATCO recorded an increase to earnings of \$16 million on derecognition of customer contributions related to a sale of electricity generation assets on transitioning to finance lease accounting which resulted from the implementation of IFRS 15.
- (5) In the fourth quarter of 2018, Canadian Utilities sold its 100 per cent ownership interest in the Barking Power assets. A gain in the amount of \$46 million was excluded from adjusted earnings.
- (6) In the fourth quarter of 2017, impairment charges of \$23 million were recorded relating to Structures & Logistics' workforce housing assets in Canada and space rental assets in the U.S.
- (7) Refer to Note 4 of the 2018 Consolidated Financial Statements for detailed descriptions of the adjustments.
- (8) The Company adjusted the deferred tax asset which was recognized as a result of the Tula Pipeline Project impairment. The adjustment is due to a difference between the tax base currency, which is the Mexican peso, and the U.S. dollar functional currency.
- (9) These numbers have been restated to account for the impact of IFRS 15. Additional detail on IFRS 15 is discussed in Note 3 of the 2018 Consolidated Financial Statements.

TELECONFERENCE AND WEBCAST

ATCO will hold a live teleconference and webcast to discuss our year-end financial results. Dennis DeChamplain, Senior Vice President and Chief Financial Officer, will discuss year-end financial results and recent developments at 9:30 am Mountain Time (11:30 am Eastern Time) on Thursday, February 28, 2019 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 of the call 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 March 28, 2019. Please call 1-800-319-6413 and enter pass code 2937. An archive of the webcast will be available on February 28, 2019 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.

This news release should be used as a preparation for reading the full disclosure documents. ATCO's consolidated financial statements and management's discussion and analysis for the quarter ended December 31, 2018 will be available on the ATCO website (www.ATCO.com), via SEDAR (www.sedar.com) or can be requested from the Company.

With approximately 6,000 employees and assets of \$23 billion, ATCO is a diversified global holding corporation with investments in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management); Energy Infrastructure (electricity generation, transmission, and distribution; natural gas transmission, distribution and infrastructure development; energy storage and industrial water solutions; and 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, 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.