



February 27, 2020

ATCO REPORTS HIGHER 2019 EARNINGS

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

ATCO today announced adjusted earnings in 2019 of \$365 million, or \$3.19 per share, compared to \$355 million, or \$3.10 per share, in 2018.

The earnings increase in 2019 was driven by our non-regulated businesses mainly due to incremental earnings from ATCO Structures' LNG Canada Cedar Valley Lodge contract, higher ATCO Frontec earnings from North American camp services and maintenance contracts, as well as higher earnings results in Neltume Ports with our first full year of ownership. Higher earnings were partially offset by lower earnings in ATCO Investments, which completed two commercial real estate transactions in the third quarter of 2018.

ATCO had fourth quarter 2019 adjusted earnings of \$101 million, or \$0.88 per share, compared to \$108 million or \$0.94 per share in the fourth quarter of 2018. Lower fourth quarter earnings compared to the same period in 2018 were mainly due to forgone earnings at Canadian Utilities following the sale of the Canadian fossil fuel-based electricity generation business in the third quarter of 2019, and lower earnings contributions from Alberta PowerLine due to the completion of construction activities in the first quarter of 2019. Partially offsetting these impacts were incremental earnings from ATCO Structures' LNG Canada Cedar Valley Lodge contract, and higher ATCO Frontec earnings from North American camp services and maintenance contracts.

On January 9, 2020, ATCO declared a first quarter dividend of 43.52 cents per share or \$1.74 per share on an annualized basis per Class I Non-Voting and Class II Voting Share, a 7.5 per cent increase over the 40.48 cents paid in each of the four previous quarters. ATCO has increased its dividend per share for 27 consecutive years.

RECENT DEVELOPMENTS IN THE FOURTH QUARTER OF 2019

ATCO Structures

- Progressed both manufacturing and site construction work for the LNG Canada Cedar Valley Lodge. The facility is being built to house workers involved in the construction of LNG Canada's natural gas liquefaction and export facility in Kitimat, BC.
- Officially opened the Homes for Heroes ATCO Village. Homes for Heroes is a community of 15 modular tiny homes in Calgary, Alberta to go along with a robust support system to transition homeless veterans of the Canadian Armed Forces.
- Completed the manufacturing supply of Marriott branded units for the Marriott Fairfield Inn located near Oakland, California under a \$7 million contract. A second \$7 million

manufacturing supply contract for a Marriott branded hotel in Napa Valley, California is in production and expected to be completed in the first quarter of 2020.

- Established a new space rentals branch in Aurora, Colorado to supplement the established workforce housing business and growth in permanent modular construction in the United States.
- Began work on a \$47 million contract to relocate and install an 800-room camp in Western Australia with completion planned for March 2020.
- Won a contract and worked on the design, manufacture and installation of a 400-room, two story accommodation village in Karratha, Western Australia. The total contract value is \$22 million with final handover expected in May 2020.

ATCO Frontec

- Secured a \$2 million one-year contract extension to provide NATO Support and Procurement Agency (NSPA) communication and information systems support to the NATO headquarters at Camp Butmir near Sarajevo, Bosnia.
- Won a rebid to provide NSPA around-the-clock fire protection services to NATO troops, known as Kosovo Force, at the Novo Selo Camp near Pristina, Kosovo. The five-year contract is valued at \$3 million.

Neltume Ports

- Entered into a 50/50 joint venture (JV) partnership with Terminal Zarate in January 2020 to build and operate a roll-on roll-off (RoRo) terminal in Mobile, Alabama. Neltume Ports' portion of the investment will be approximately US\$9 million and will be funded with existing cash reserves.

Canadian Utilities

- Completed the sale of Canadian Utilities' interest in Alberta PowerLine (APL). APL was a partnership between Canadian Utilities (80 per cent) and Quanta Services, Inc. (20 per cent). Canadian Utilities sold half of its interest to seven Indigenous communities who will own a 40 per cent interest of APL. The remaining 60 per cent of APL will be owned by an investment consortium. Canadian Utilities received aggregate proceeds of \$222 million for its interest in APL and will remain as the operator of APL over its 35-year contract with the Alberta Electric System Operator.
- Finalized the sale of the Canadian fossil fuel-based electricity generation portfolio. Canadian Utilities received \$821 million of aggregate proceeds on the sale.
- Commenced construction on the Pembina-Keephills natural gas transmission pipeline. The 59-km high-pressure natural gas pipeline supports coal-to-gas conversion of power producers in the Genesee and surrounding areas of Alberta with the capacity to deliver up to 550-TJ per day. The estimated cost to construct this project is approximately \$230 million and is expected to be complete in mid-2020.

- Secured long-term contracts for a fifth salt cavern hydrocarbon storage facility at the ATCO Heartland Energy Centre. Construction began in the fourth quarter of 2019, with full operation targeted for late 2021.
- Entered into a partnership with a Chilean developer to build and operate an 18-MW solar project, located in southern Chile. The total investment in this project is expected to be approximately \$24 million.

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 | |
|--|---|--------------|-----------------------------------|--------------|
| | 2019 | 2018 | 2019 | 2018 |
| Consolidated adjusted earnings ⁽¹⁾ | 101 | 108 | 365 | 355 |
| (Loss) gain on sale of operations ⁽²⁾ | (7) | — | 65 | — |
| Restructuring and other costs ⁽²⁾ | — | — | — | (39) |
| Proceeds from termination of PPA ⁽²⁾ | — | — | — | 19 |
| Sale of Barking Power assets ⁽²⁾ | — | 46 | — | 46 |
| Unrealized gains on mark-to-market forward and swap commodity contracts ⁽²⁾ | 2 | 1 | 3 | 16 |
| Rate-regulated activities ^{(2) (3)} | (4) | (20) | 98 | (69) |
| IT Common Matters decision ⁽²⁾ | (3) | — | (12) | — |
| Other ⁽⁴⁾ | (6) | — | (6) | — |
| Earnings attributable to Class I and Class II Shares | 83 | 135 | 513 | 328 |
| 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 and fourth quarters of 2019, Canadian Utilities closed a series of transactions on the sale of its Canadian fossil fuel-based electricity generation business and its ownership interest in Alberta PowerLine resulting in ATCO recording a gain on sale of operations. Refer to Note 4 of the Consolidated Financial Statements for the year ended December 31, 2019 for detailed descriptions of these adjustments and others.

(3) In the second quarter of 2019, the Government of Alberta enacted a phased decrease in the provincial corporate income tax rate from 12 per cent to 8 per cent. This decrease is being phased in increments from July 1, 2019 to January 1, 2022. As a result of this change, the Alberta Utilities decreased deferred income taxes and increased earnings in the second quarter of 2019 by \$106 million.

(4) For the year ended December 31, 2019, the Company has recognized costs amounting to \$6 million relating to a number of disputes arising from the Tula Pipeline project. The Company continues to work with the involved parties to achieve a resolution of these disputes. As these costs relate to a significant non-recurring event, they are excluded from adjusted earnings.

TELECONFERENCE AND WEBCAST

ATCO will hold a live teleconference and webcast to discuss our year-end 2019 financial results. Dennis DeChamplain, Executive Vice President & Chief Financial Officer, will discuss year-end 2019 financial results and recent developments at 10:00 am Mountain Time (12:00 pm Eastern Time) on Thursday, February 27, 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 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 27, 2020. Please call 1-800-319-6413 and enter pass code 3943. An archive of the webcast will be available on February 27, 2020 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 preparation for reading the full disclosure documents. ATCO's consolidated financial statements and management's discussion and analysis for the year ended December 31, 2019 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 holding corporation with investments in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management); Energy Infrastructure (electricity transmission, distribution, and generation; natural gas transmission and distribution; 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.