



News Release

October 25, 2018

ATCO REPORTS HIGHER THIRD QUARTER 2018 EARNINGS

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

ATCO today announced third quarter 2018 adjusted earnings of \$87 million, or \$0.76 per share, compared to \$54 million, or \$0.47 per share, in the third quarter of 2017. Higher earnings were recorded in all investments.

Structures & Logistics recorded \$2 million in higher earnings in the third quarter of 2018, mainly due to improved margins on both fleet sales and fleet rentals, as well as increased activity in Mexico and Chile in the Modular Structures business.

ATCO subsidiary Canadian Utilities recorded \$18 million in higher earnings in the third quarter of 2018 mainly due to the termination of the Battle River unit 5 Power Purchase Arrangement by the Alberta Balancing Pool and the associated availability incentive and performance earnings. Higher earnings were also due to improved market conditions for Independent Power Plants.

On September 12, 2018, ATCO invested in a 40 per cent interest in Neltume Ports for approximately \$450 million. Neltume Ports is a leading port operator and developer in South America with 16 port facilities and three stevedoring businesses primarily located in Chile and Uruguay. Neltume Ports' portfolio is highly diversified across cargo types and volume mix. Neltume Ports employs approximately 3,900 people and, in 2017, handled nearly 51 million tonnes of product, including copper, forestry products, consumer goods and agricultural products. Neltume Ports' contribution to ATCO adjusted earnings in the third quarter of 2018 was \$1 million.

ATCO's Corporate segment adjusted earnings in the third quarter of 2018 were \$12 million higher than the same period in 2017, mainly due to higher earnings in ATCO Investments. In the third quarter of 2018, ATCO Investments sold four properties in its commercial real estate portfolio for total adjusted earnings of \$13 million.

RECENT DEVELOPMENTS

- On October 11, 2018, ATCO declared a fourth quarter dividend for 2018 of 37.66 cents per Class I Non-Voting and Class II Voting Share.
- On August 30, 2018, Dominion Bond Rating Service affirmed its 'A (low)' long-term corporate credit rating and stable outlook on ATCO.

- On September 27, 2018, S&P Global Ratings affirmed its 'A-' long-term issuer credit rating and stable outlook on ATCO Ltd. and its subsidiaries Canadian Utilities Limited and CU Inc.
- In the third quarter of 2018, Structures & Logistics acquired 264 space rental units in Mexico. This increases Modular Structures' rental fleet in Mexico to 468 units. These units are 100 per cent utilized on existing rental contracts. Structures & Logistics continues to evaluate opportunities to acquire additional rental fleet and modular structures manufacturing capabilities in Mexico.
- Canadian Utilities plans to be the first coal-fired electricity generator in Alberta to end coal-fired power generation in its fleet. In the first quarter of 2018, Canadian Utilities successfully completed a project to co-fire natural gas at Battle River unit 4, enabling the use of natural gas for 50 per cent of the unit's 150 MW generating capacity. In the next phase of this initiative, a conversion project will allow co-firing of natural gas on Battle River unit 5 for 100 per cent of its 385 MW capacity, with an expected completion in late 2019.
- Canadian Utilities' natural gas transmission business is advancing the Pembina-Keephills project, a 59-km natural gas pipeline to support coal-to-gas conversion of power producers in the Genesee and surrounding areas of Alberta. Construction is expected to be complete by the fourth quarter of 2019.

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 September 30		For the Nine Months Ended September 30	
	2018	2017 ⁽⁶⁾ (restated)	2018	2017 ⁽⁶⁾ (restated)
Consolidated adjusted earnings ⁽¹⁾	87	54	247	239
Proceeds from termination of PPA ⁽²⁾⁽⁴⁾	19	—	19	—
Restructuring and other costs ⁽³⁾⁽⁴⁾	—	—	(39)	—
Unrealized gains (losses) on mark-to-market forward commodity contracts ⁽⁴⁾	18	(3)	15	(19)
Rate-regulated activities ⁽⁴⁾	(10)	(6)	(49)	(35)
Other ⁽⁴⁾⁽⁵⁾	1	—	—	2
Earnings attributable to Class I and Class II Shares	115	45	193	187
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) Effective September 30, 2018, the Battle River unit 5 PPA was terminated by the Balancing Pool and dispatch control was returned to Canadian Utilities. ATCO subsidiary, Canadian Utilities received a \$62 million payment (\$24 million to ATCO after-tax and non-controlling interest) from the Balancing Pool, the amount of which Canadian Utilities is disputing. The payment has been recorded as proceeds from termination of PPA in the statement of earnings for the three and nine months ended September 30, 2018. Additional Battle River generating facility coal-related costs and Asset Retirement Obligations of \$5 million were recorded. These one-time receipts 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, after tax and non-controlling interests, 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) Refer to Note 6 of the consolidated financial statements for detailed descriptions of the adjustments.
- (5) The Company adjusted for 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.
- (6) These numbers have been restated to account for the impact of IFRS 15. Additional details on IFRS 15 are discussed in the Other Financial Information section of the MD&A.

TELECONFERENCE AND WEBCAST

ATCO will hold a live teleconference and webcast to discuss our third quarter 2018 financial results. Dennis DeChamplain, Senior Vice President and Chief Financial Officer, will discuss third quarter 2018 financial results and recent developments at 9:30 am Mountain Time (11:30 am Eastern Time) on Thursday, October 25, 2018 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:
<http://www.atco.com/Investors/Events-and-Presentations/>

A replay of the teleconference will be available approximately two hours after the conclusion of the call until November 25, 2018. Please call 1-800-319-6413 and enter pass code 2640#. An archive of the webcast will be available on October 25, 2018 and a transcript of the call will be posted on <http://www.atco.com/Investors/Events-and-Presentations/> 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 September 30, 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 7,000 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