

The ATCO logo consists of the letters 'ATCO' in a bold, white, sans-serif font. A thick yellow horizontal line is positioned directly beneath the letters. The background of the entire slide is a blue-tinted world map with a grid overlay.

**ATCO**

# 2018 INVESTOR DAY PRESENTATION

SEPTEMBER 14, 2018



# LEGAL DISCLAIMER

Statements made by representatives for ATCO Ltd. and Canadian Utilities Limited and information provided in this presentation may be considered forward-looking statements. By their nature, such statements are subject to numerous known and unknown risks and uncertainties and therefore actual results differ materially from those currently anticipated. ATCO Ltd. and Canadian Utilities Limited disclaim any intention or obligation to update or revise such statements. Due to the nature of the Corporation's operations, quarterly revenues and earnings are not necessarily indicative of annual results.





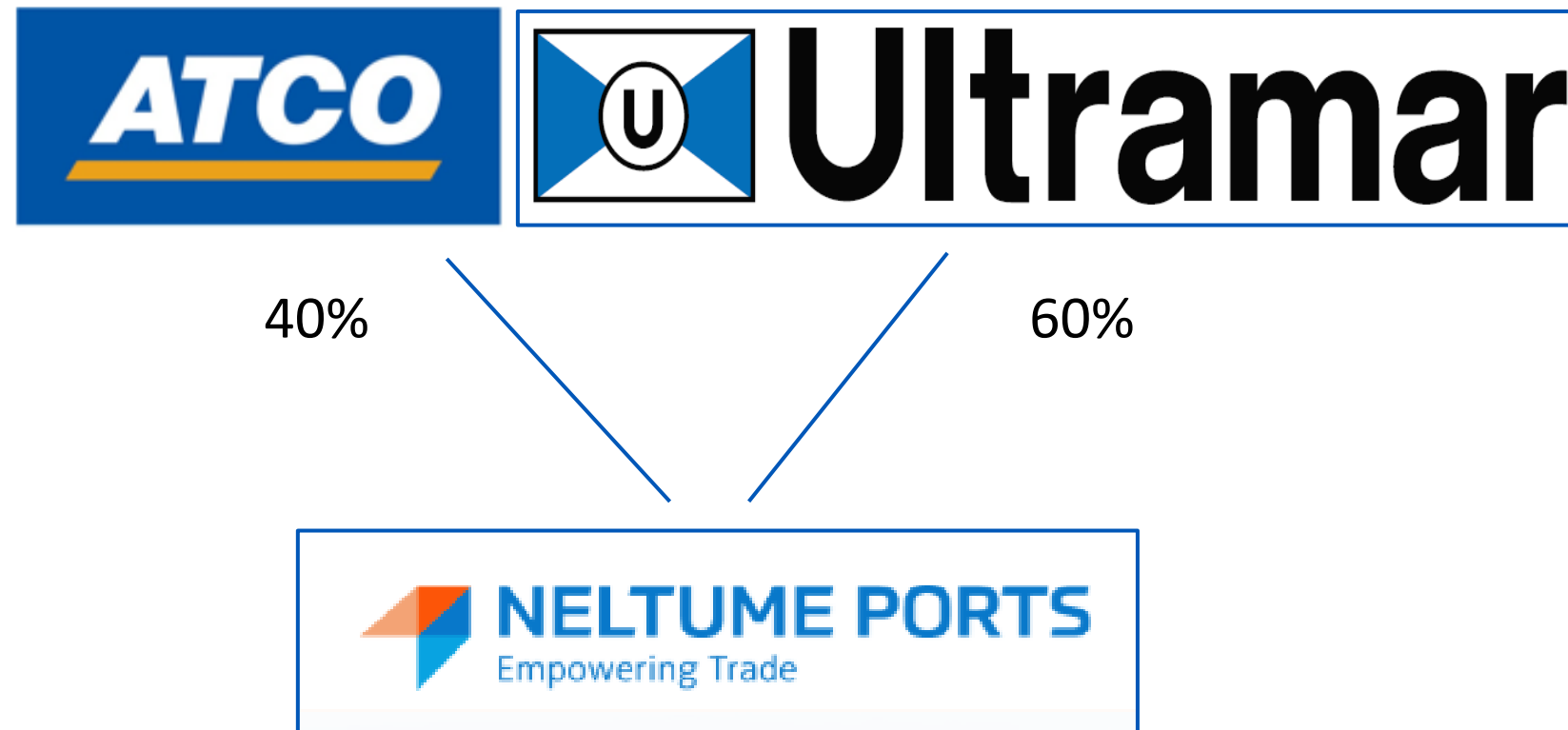
**ATCO**

NANCY C. SOUTHERN  
CHAIR & CHIEF EXECUTIVE OFFICER



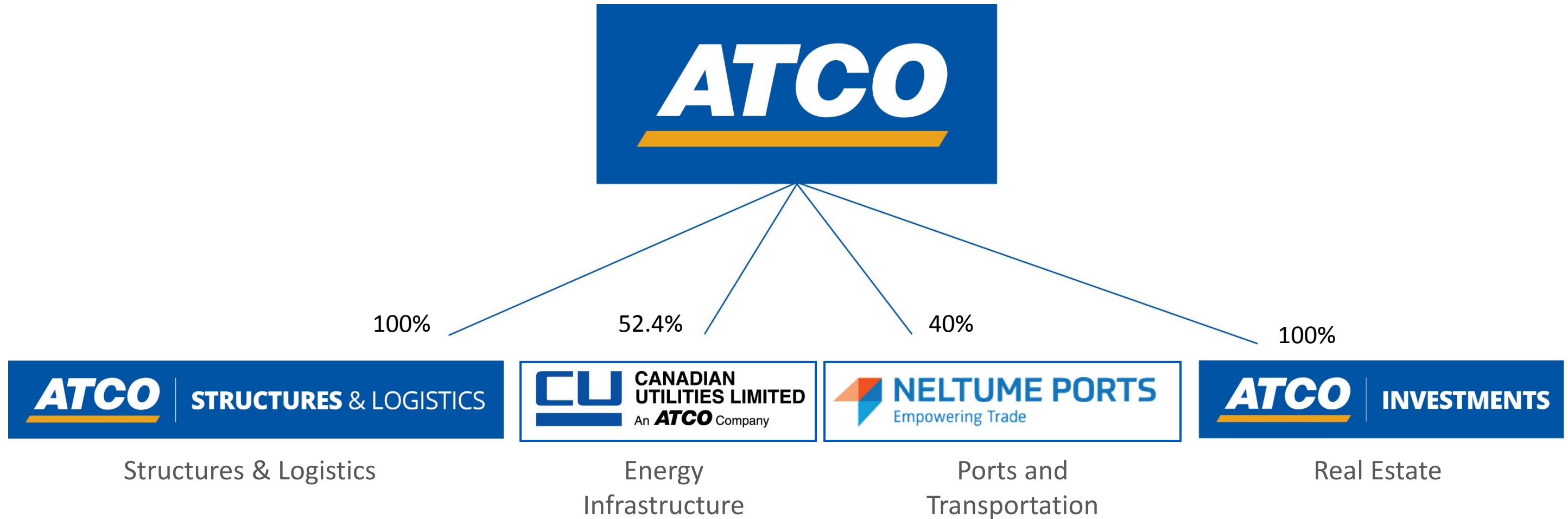
# INVESTMENT SUMMARY

ATCO is purchasing a 40 per cent interest in Neltume Ports for approximately \$450M CAD.



- 16 port operations & 3 stevedoring businesses
- In 4 countries: Chile, Uruguay, Argentina and Brazil

# ORGANIZATIONAL STRUCTURE



The Neltume investment represents a fourth pillar in ATCO's global portfolio.

# ATCO FOCUS: GLOBAL ESSENTIAL SERVICES



# STRATEGIC RATIONALE



Investment with a trusted long-term partner with shared values



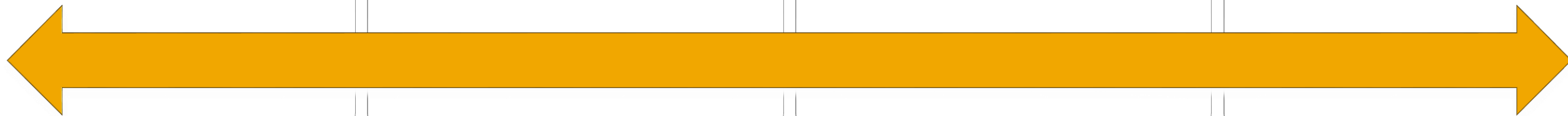
Portfolio, industry, and geographic diversification



Exposure to growing global trade and transportation



Strong macro factors and economic tailwinds







**ATCO**

**SIEGFRIED W. KIEFER  
PRESIDENT & CHIEF STRATEGY OFFICER**



# NETUME PORTS OVERVIEW

- Neltume Ports is a leading port operator and developer with a diversified range of terminals across South America and is headquartered in Santiago, Chile
  - 16 port terminals in 4 countries: Chile, Uruguay, Argentina and Brazil
  - 2 stevedoring companies in Chile, 1 in Uruguay
  - Approximately 3,900 employees
  - Approximately 51 M of tonnes transported annually.
- Diversified volumes – minerals, consumer goods, pulps, agriculture, etc.
- Diversified cargo types – containers, bulk, break-bulk

## Mineral Focused Ports

- A Puerto Angamos  
Terminal Graneles del Norte  
Puerto Mejillones  
Terminal Mejillones

## Key Container Ports (Chile)

- B Terminal Pacifico Sur
- C Terminal Puerto Coquimbo
- D Terminal Puerto Arica
- E Puerto Coronel

## Container & Agri Bulk (Uruguay)

- F Montecon  
Terminales Graneleras Uruguayas  
Ontur

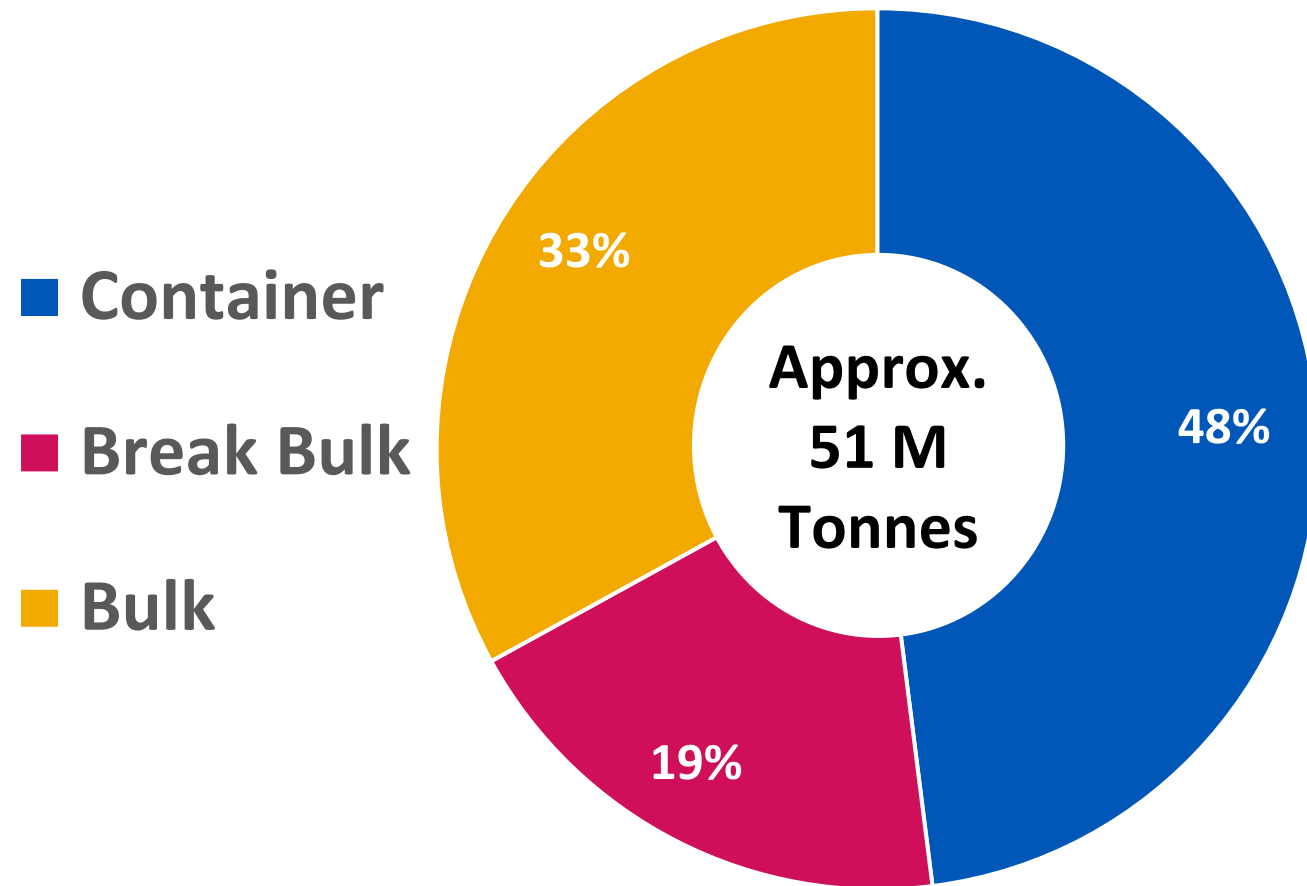
## Other/Multipurpose

- G Terminal Puerto Rosario- Argentina
- H Sagres- Four Ports (TLRG, TLP, TPP, TLG)- Brazil

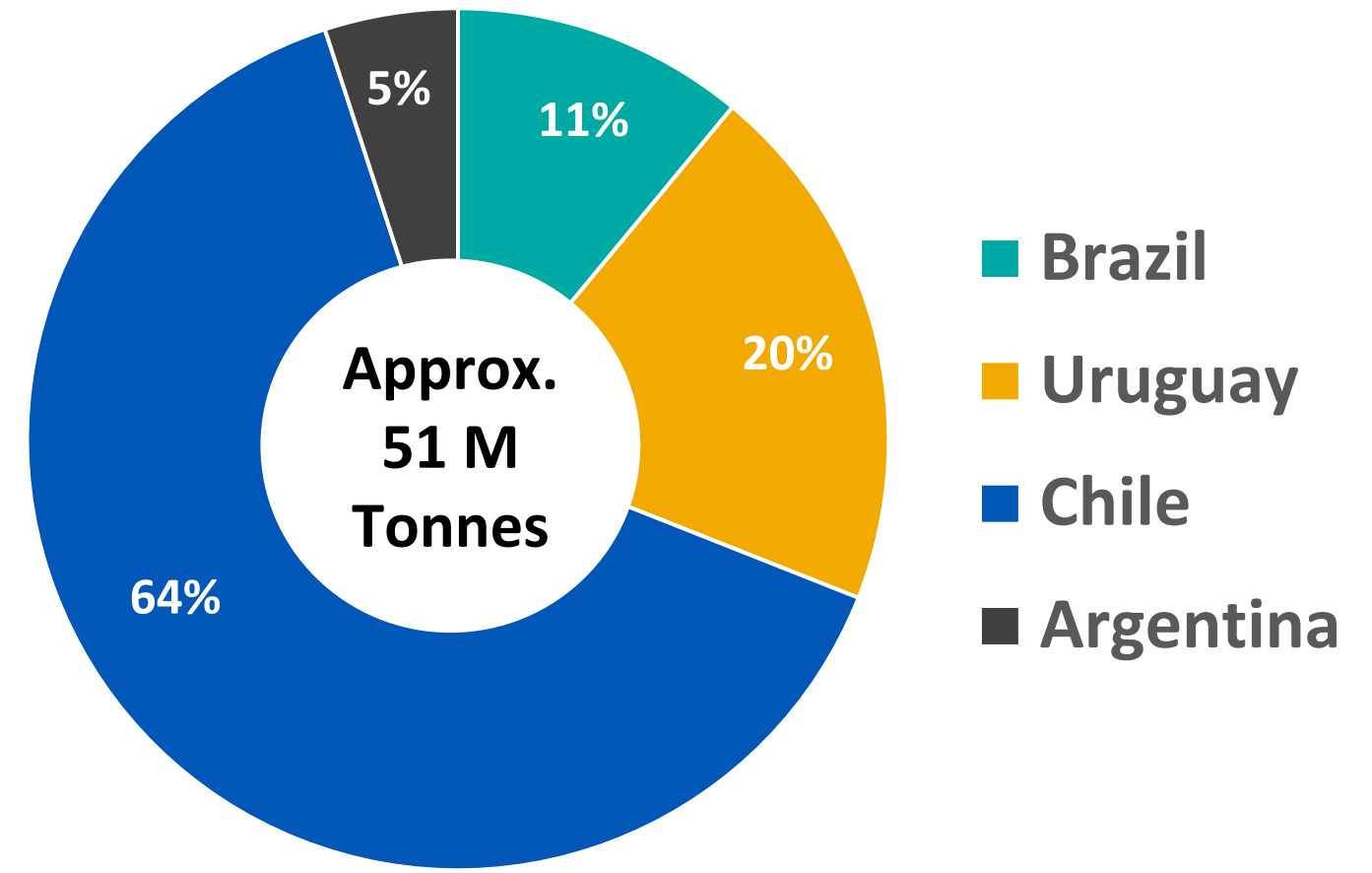


# NETTUME PORTS OPERATIONS

BY CARGO TYPE



BY GEOGRAPHY



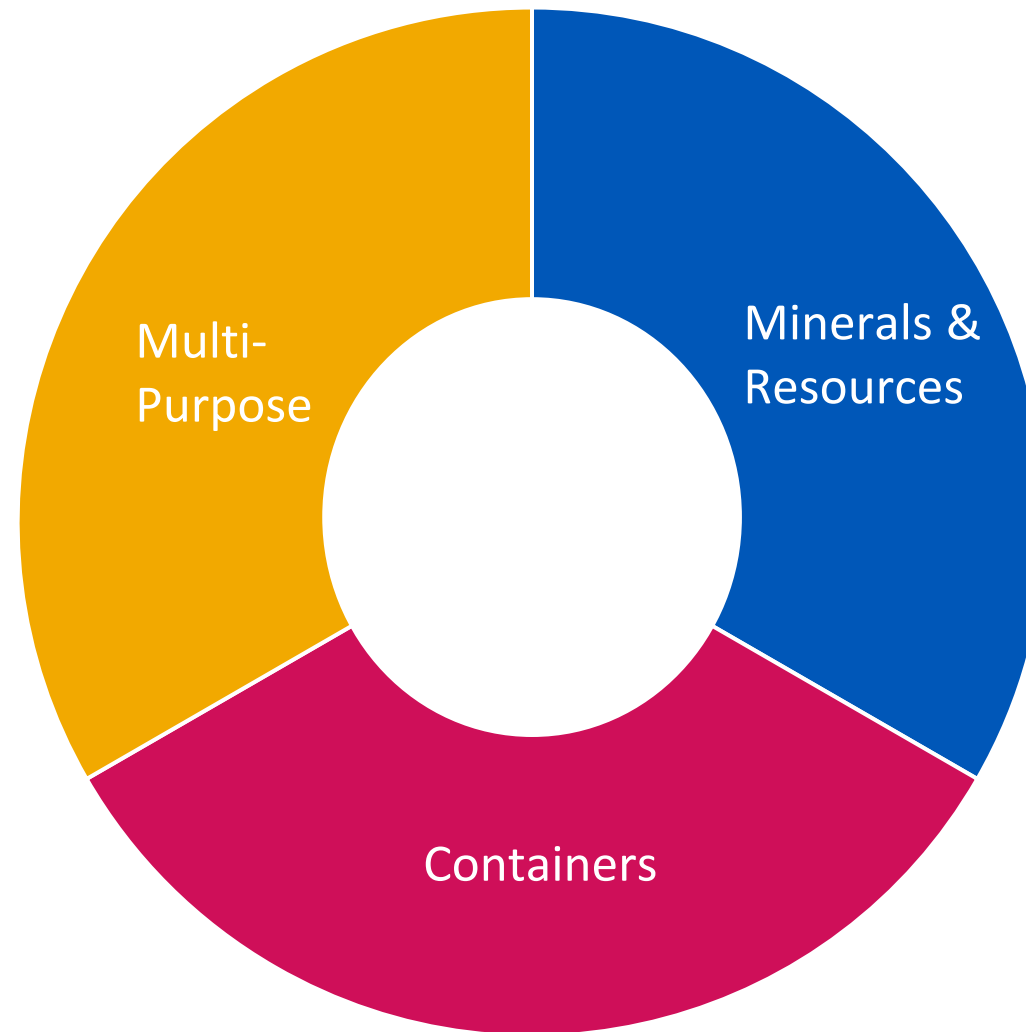
\*Based on 100% of volumes of ports where Neltume Ports has an ownership stake



# NETTUME PORTS DIVERSIFIED EARNINGS

---

APPROXIMATE EARNINGS MIX



# PORT OVERVIEW

PORT	PERCENT OWNERSHIP	COUNTRY	TERMINAL TYPE	KEY CARGO
Terminal Puerto Arica	35%	CHL	Container	Mixed
Terminal Puerto Angamos	40%	CHL	Multi	Copper
Terminal Graneles del Norte	40%	CHL	Dry Bulk	Coal
Puerto Mejillones	50%	CHL	Dry Bulk	Coal/Copper
Terminal Mejillones	50%	CHL	Liquid Bulk	Sulfuric Acid
Terminal Puerto Coquimbo	70%	CHL	Multi	Copper
Terminal Pacifico Sur	60%	CHL	Container	Fruit/Wine
Puerto Coronel	17%	CHL	Multi	Pulp/Wood
Terminal Puerto Rosario	50%	ARG	Multi	Roll-on Roll-off
Montecon	100%	URY	Container	Mixed
Terminales Graneleras Uruguayas	33%	URY	Dry Bulk	Soy Beans
Terminal Ontur	20%	URY	Multi	Agri./Pulp
Sagres - Four Ports (TLRG, TLP, TPP, TLG)	86%	BRA	Multi	Pulp/Wood

Puerto Angamos (PANG)



Montecon (MON)



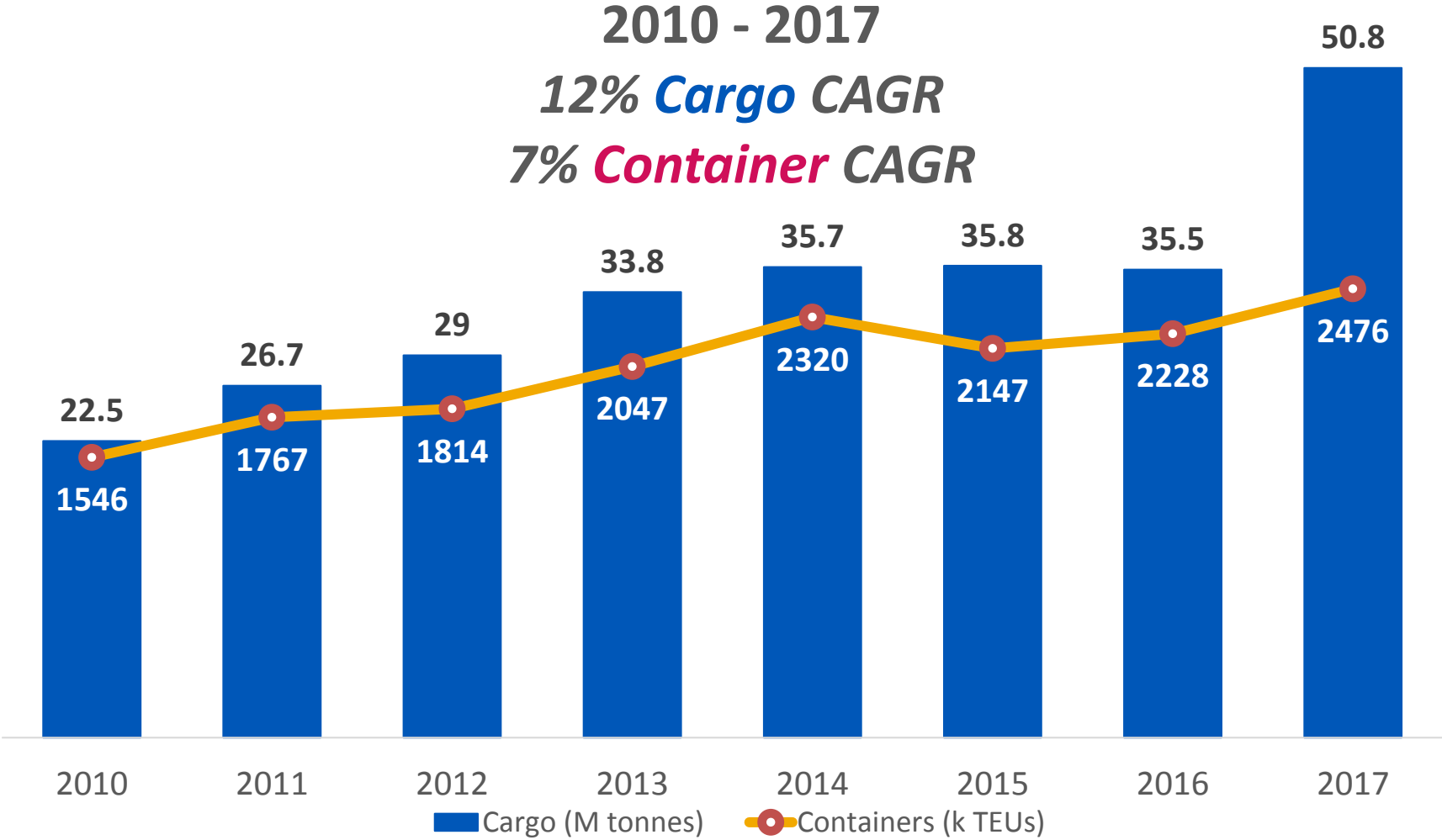
Terminal Pacifico Sur (TPS)





# STRONG VOLUME GROWTH

Consistent and growing volumes support stability of cash flows



\*Based on 100% of volumes of ports where Neltume Ports has an ownership stake

# GROWTH DRIVEN BY MACROECONOMIC TAILWINDS

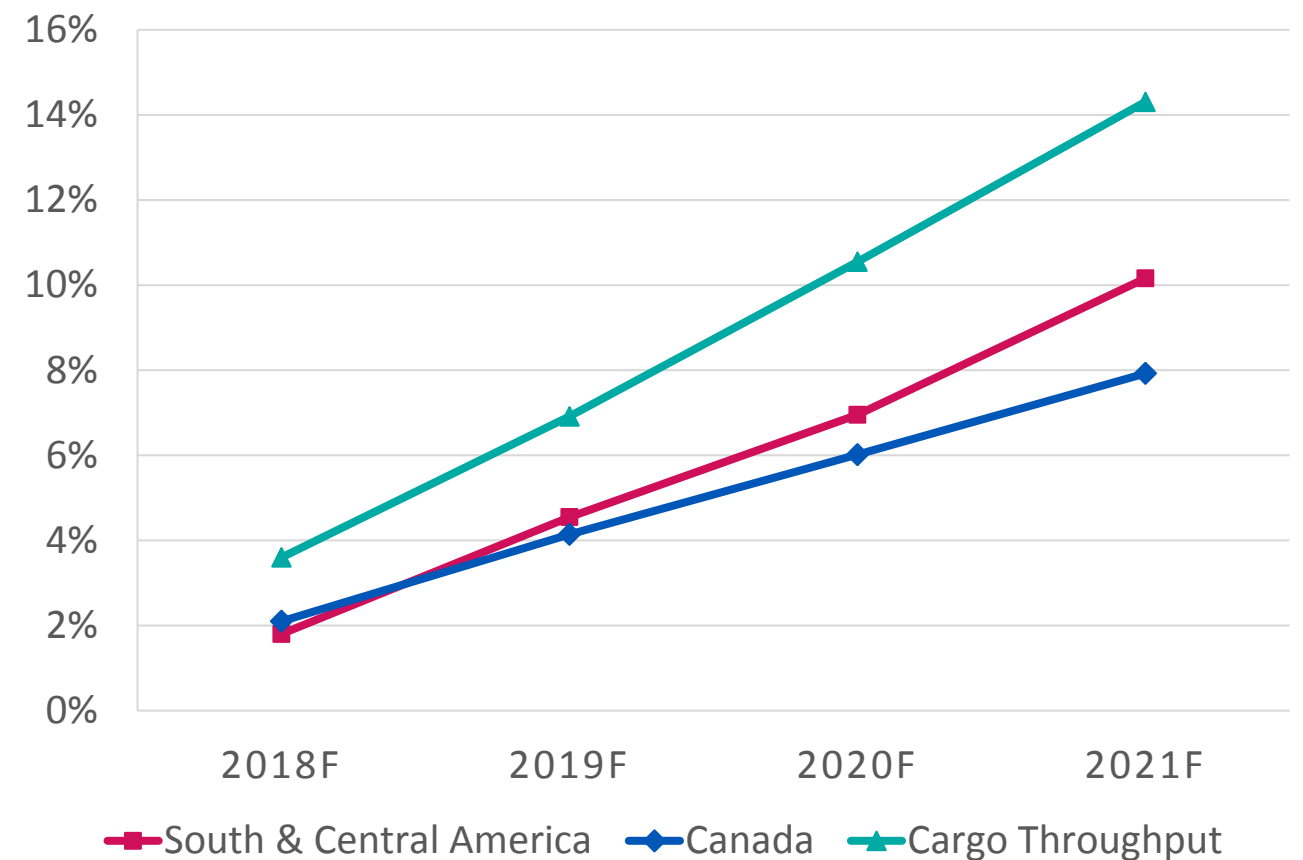
## Strong macro economic growth indicators:

- Latin American GDP to outpace Canadian GDP growth
- Chile has been one of Latin America's fastest-growing economies averaging 3.5% GDP growth over the last 8 years.
- Global trends in electrification and energy will drive continued demand to copper and other energy products.

## Correlation between GDP and cargo throughput growth:

- In South America, independent studies have shown that container port throughput grows by a multiple of 1.6x - 3x GDP growth.
- Neltume Ports has several container ports whose level of activity is highly correlated with GDP and well positioned to capture the continued growth in the region.

## FORECASTED AGGREGATE GROWTH



Source: IMF World Economic Outlook, April 2018

Cargo Throughput Forecast: Drewry Economic Intelligence Research; Independent third party studies

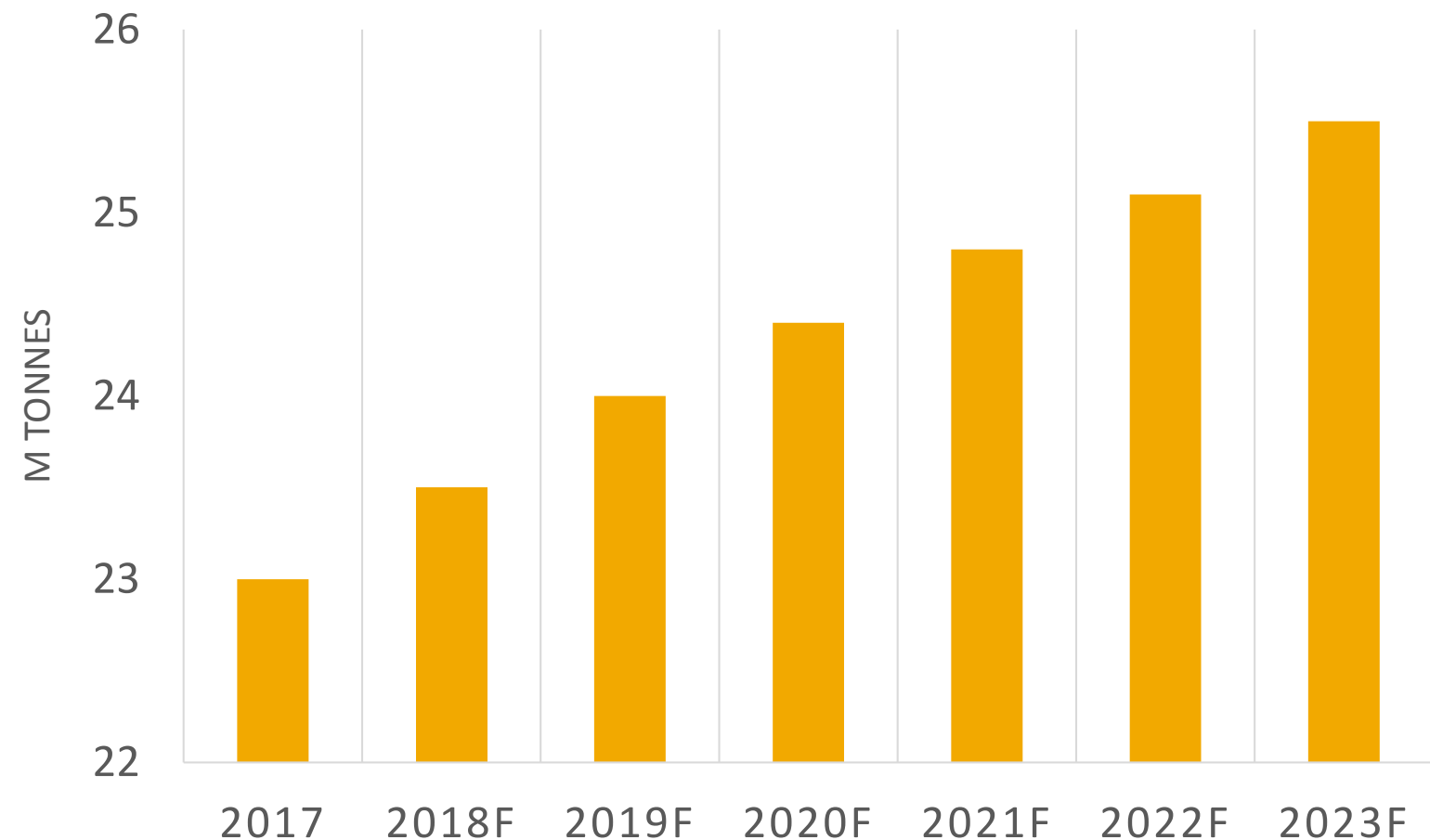


# GROWTH DUE TO RISING COPPER GLOBAL DEMAND

## Exposure to Growing Copper Global Demand:

- Chile represents approximately 28% of global copper production and owns the largest copper reserves in the world.
- Copper supply deficit starting in 2020 is expected to spur new copper mine investment. The Wood Mckenzie Group Estimates that global copper demand will grow by nearly 2% annually.
- Several of Neltume's ports (Angamos, Mejillones and Coquimbo) are focused on the Chilean copper industry and well positioned to capture this future export activity as they have some of the lowest average cash costs in the world.

## GLOBAL FORECASTED COPPER CONSUMPTION

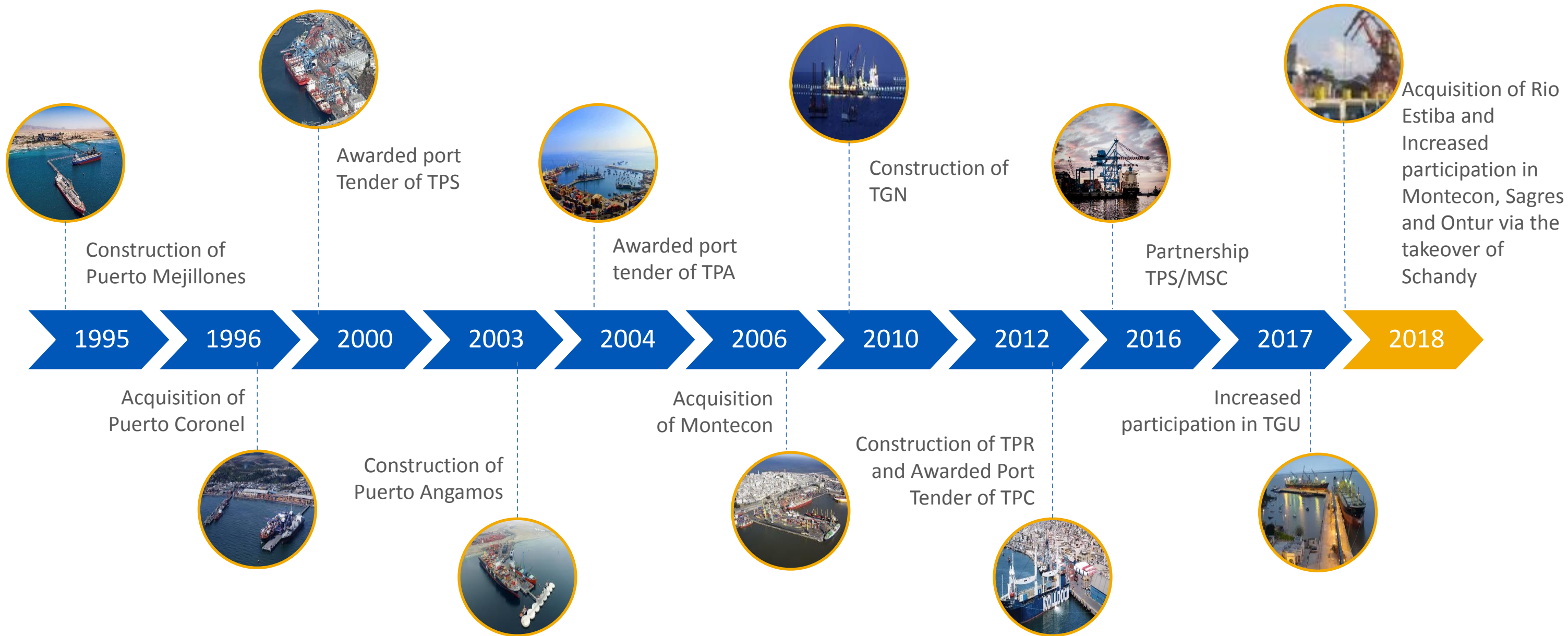


# BROWNFIELD GROWTH POTENTIAL

- A portion of ATCO's investment may be used for berth expansions or additions of multi-purpose berths.
- Berth expansions create increased draft that allows terminals to receive bigger ships & larger volumes.
- Berth extensions or adding berths create additional growth potential.



# GROWTH BY ACQUISITION AND CONSTRUCTION







**ATCO**

DENNIS A. DECHAMPLAIN  
SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER



# NELTUME PORTS INVESTMENT FINANCIAL HIGHLIGHTS

- The Neltume Ports investment is expected to be accretive to earnings per share in the first full year of ownership and thereafter.
- Neltume Ports generated approximately \$120 million CAD of EBITDA in 2017.
- ATCO will fund its investment in Neltume Ports with a combination of cash on-hand (approx. \$110M) and funds from committed credit facilities. ATCO will later refinance a portion of this initial financing through a hybrid instrument capital markets transaction.
- Funds from ATCO's investment in Neltume Ports will be used by the partnership to finance opportunities for growth.







**ATCO**

NANCY C. SOUTHERN  
CHAIR & CHIEF EXECUTIVE OFFICER



# STRUCTURES & LOGISTICS

**ATCO** | MODULAR STRUCTURES



**Modular Structures**  
- Permanent modular camps  
- Relocatable modular buildings



**Workforce Housing & Space Rentals**  
- Mobile office trailers

**ATCO** | STRUCTURES & LOGISTICS



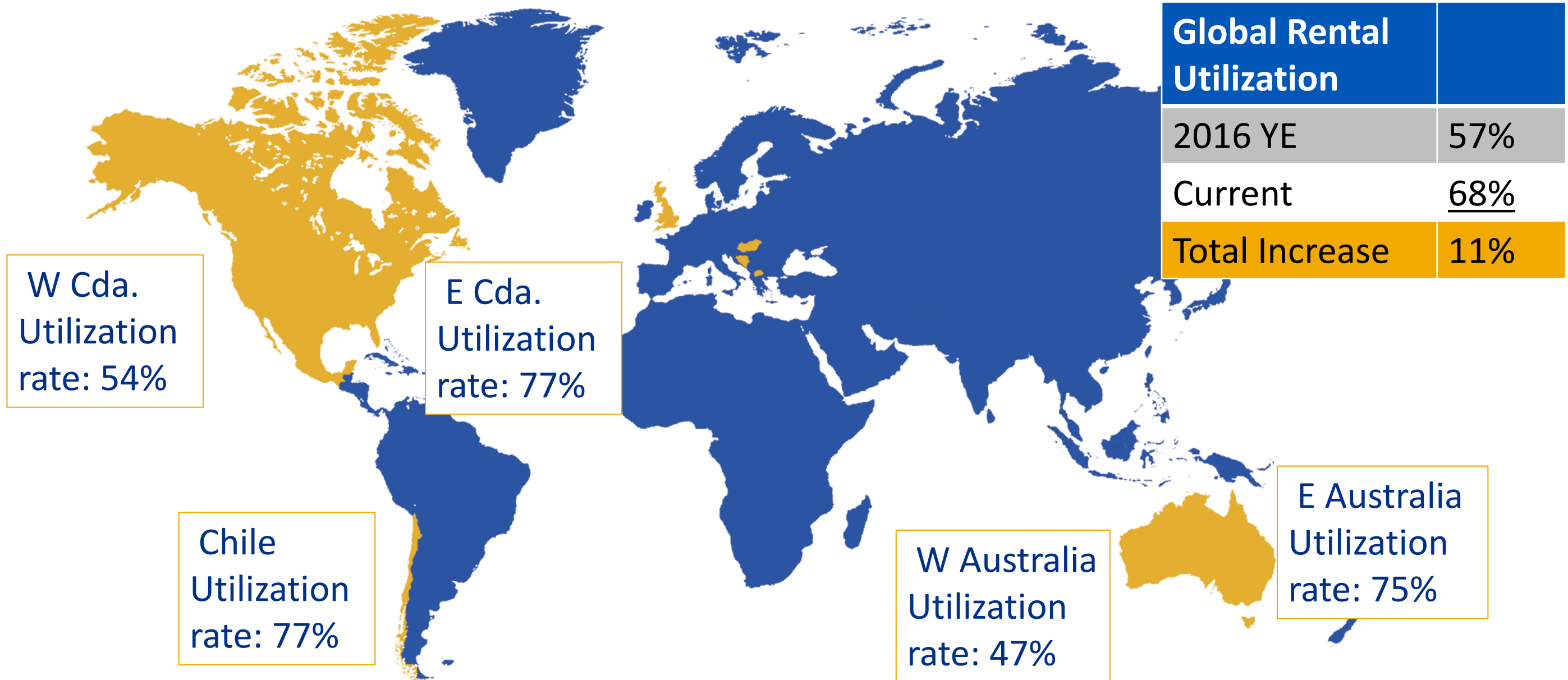
**Logistics and Facility O&M Services**  
- Facility operations  
- Maintenance services  
- Supply chain management



**Lodging & Support Services**  
- Lodging, catering  
- Maintenance  
- Waste management

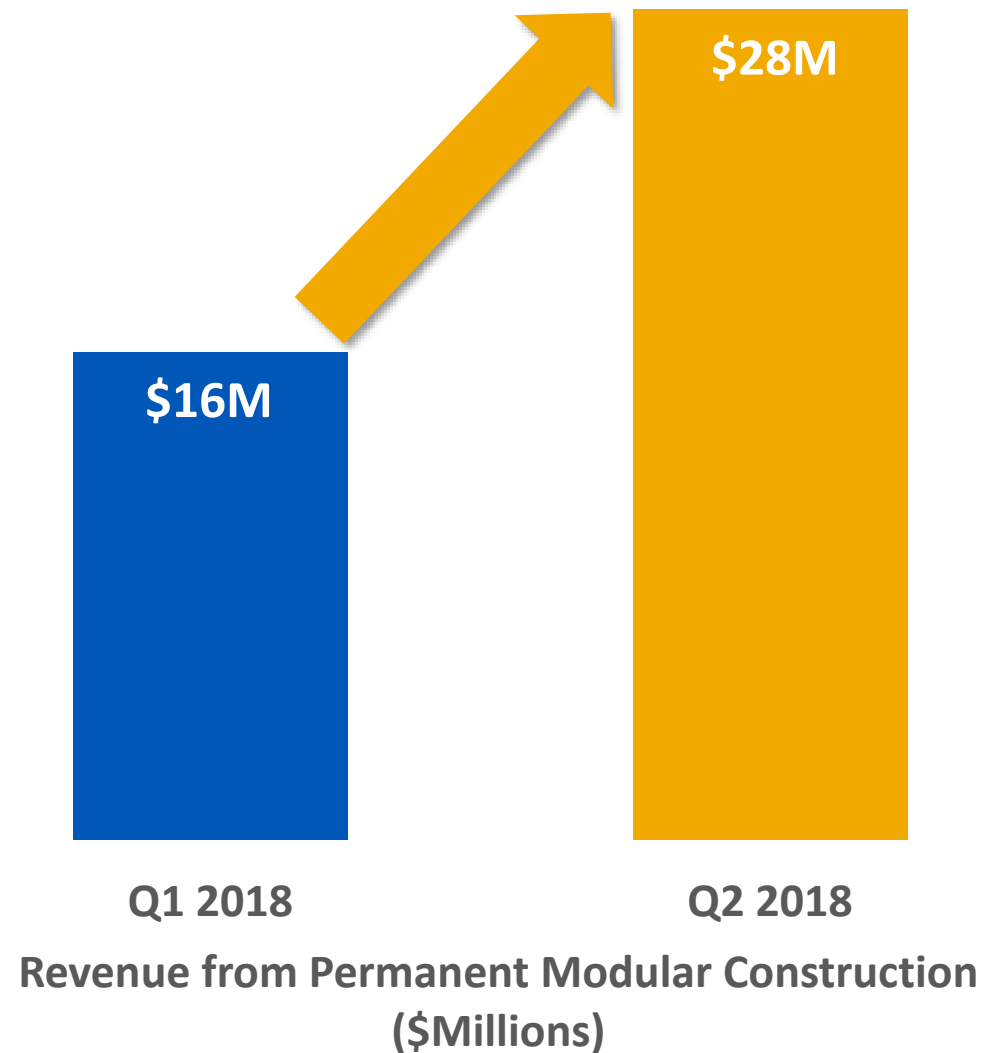
**ATCO** | FRONTEC

# STRUCTURES & LOGISTICS



# STRUCTURES & LOGISTICS

Diversifying the global customer base into non-traditional modular markets such as public education facilities, high density urban residential housing and correctional facilities



**Melbourne Girls Grammar**  
Melbourne, Australia



**130-student dormitory**  
Langley, Canada



# ATCO SABINCO (ULTRAMAR PARTNERSHIP)

New 100,000 sq. ft. Chilean Manufacturing Facility further cements the business foundation we are re-establishing in South America.

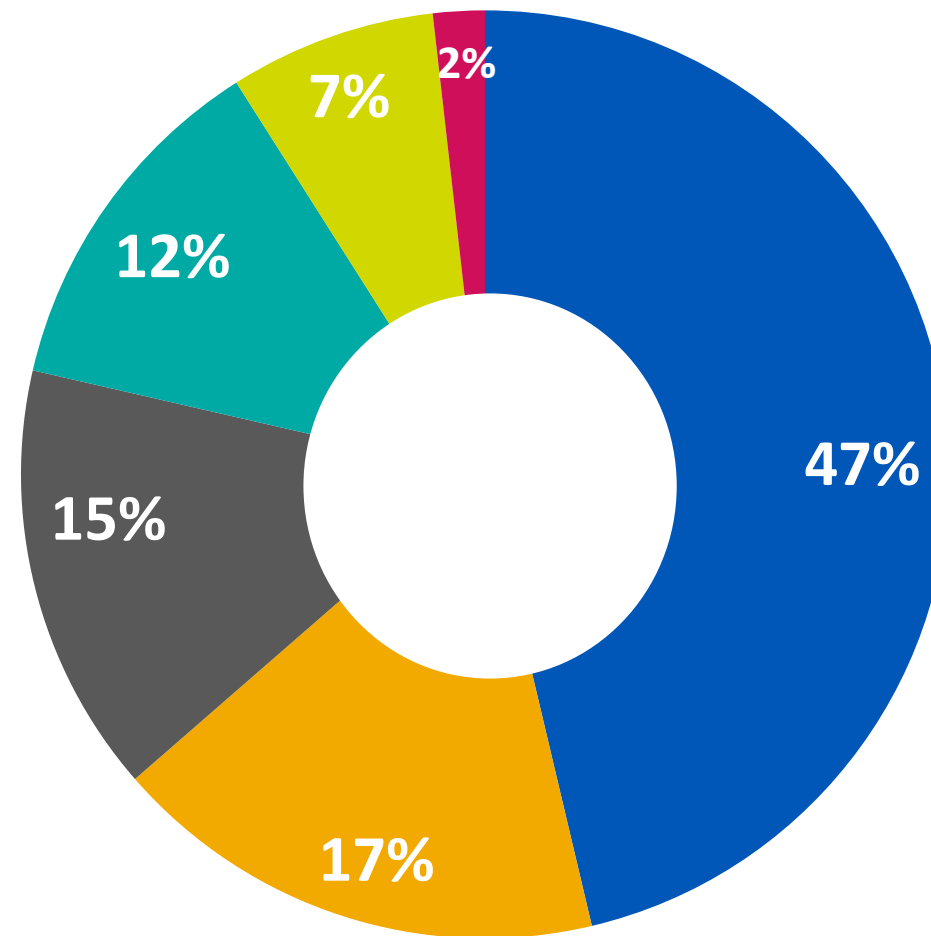


Ranked #3 in Overall Modular Construction vs Main Competitors



Ranked #2 in Space Rental Market Share vs Main Competitors

- Mining
- Energy
- Infrastructure
- Construction
- Industrial
- Others

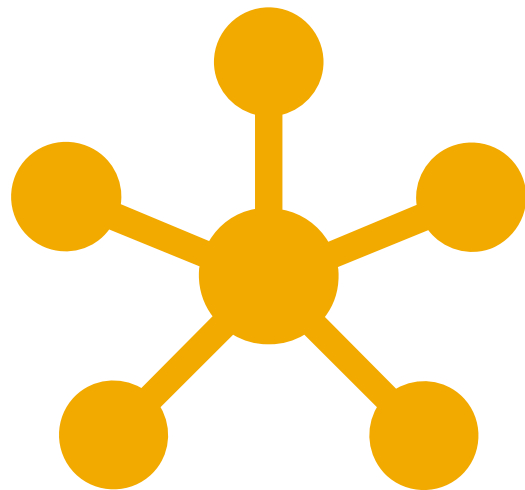


Diversified customer base led by copper mining

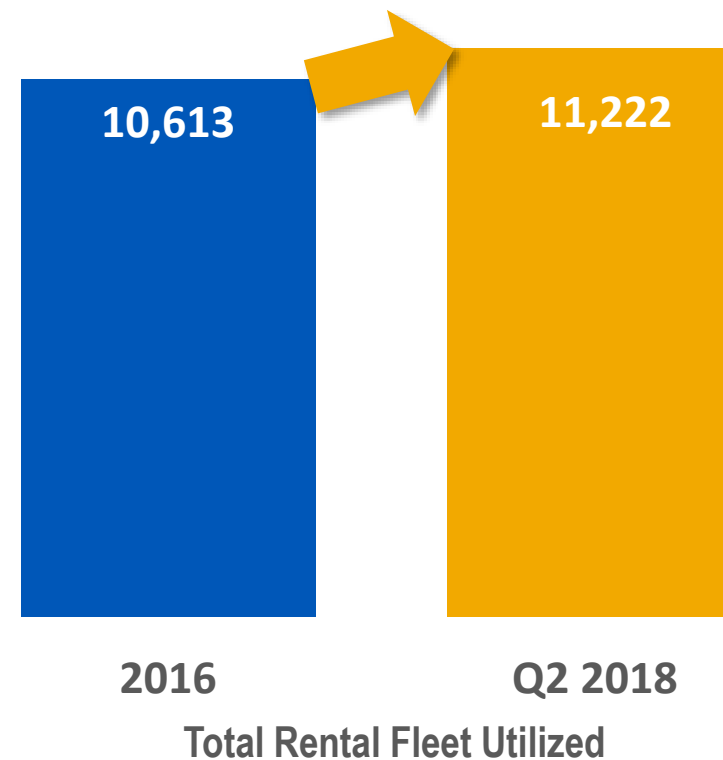


# STRUCTURES & LOGISTICS KEY HIGHLIGHTS

Diversifying our customer base into new market segments and rebuilding our customer lead list



Lowering operating costs and increasing rental utilization



Expanding geographically in new global markets with long-term growth potential



# COMMERCIAL REAL ESTATE

- ATCO Investments Ltd. (AIL), a subsidiary of ATCO Ltd., currently owns 16 commercial real estate properties throughout Alberta
  - 417,000 Square footage of saleable or leasable office space
  - 90,000 square footage of saleable or leasable industrial space
  - 431 acres of land
- In Q3 2018, ATCO Investments concluded a \$14.5 million transaction for a net gain of approximately \$10 million.

Calgary office space



Edmonton industrial space



Ft. McMurray office space



Heartland Industrial land







**ATCO**

**SIEGFRIED W. KIEFER  
PRESIDENT & CHIEF STRATEGY OFFICER**



# REGULATED UTILITIES



ELECTRIC TRANSMISSION  
\$5,227M Rate Base



ELECTRIC DISTRIBUTION  
\$2,476M Rate Base



NATURAL GAS DISTRIBUTION  
\$2,537M Rate Base

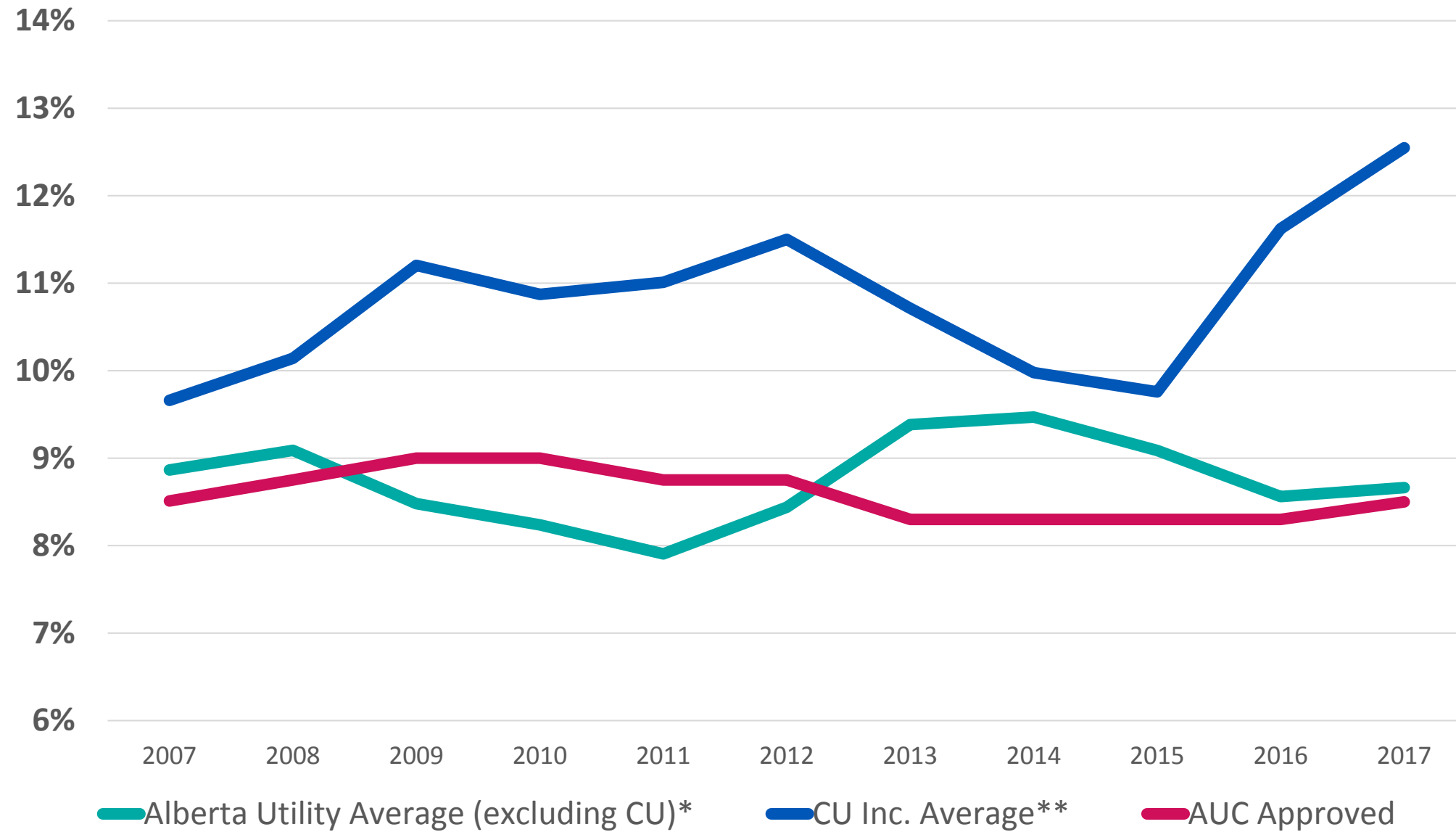


NATURAL GAS TRANSMISSION  
\$1,633M Rate Base



INTERNATIONAL NATURAL GAS  
DISTRIBUTION  
\$1,177M Rate Base

# UTILITIES ACHIEVE TOP TIER RETURNS ON EQUITY



**CU Inc. ROE +2.33% on average above AUC approved ROE from 2007-2017**

- Alberta Utility average is a simple average and includes: AltaGas, AltaLink, Enmax Distribution, Enmax Transmission, EPCOR Distribution, EPCOR Transmission, and Fortis Alberta.

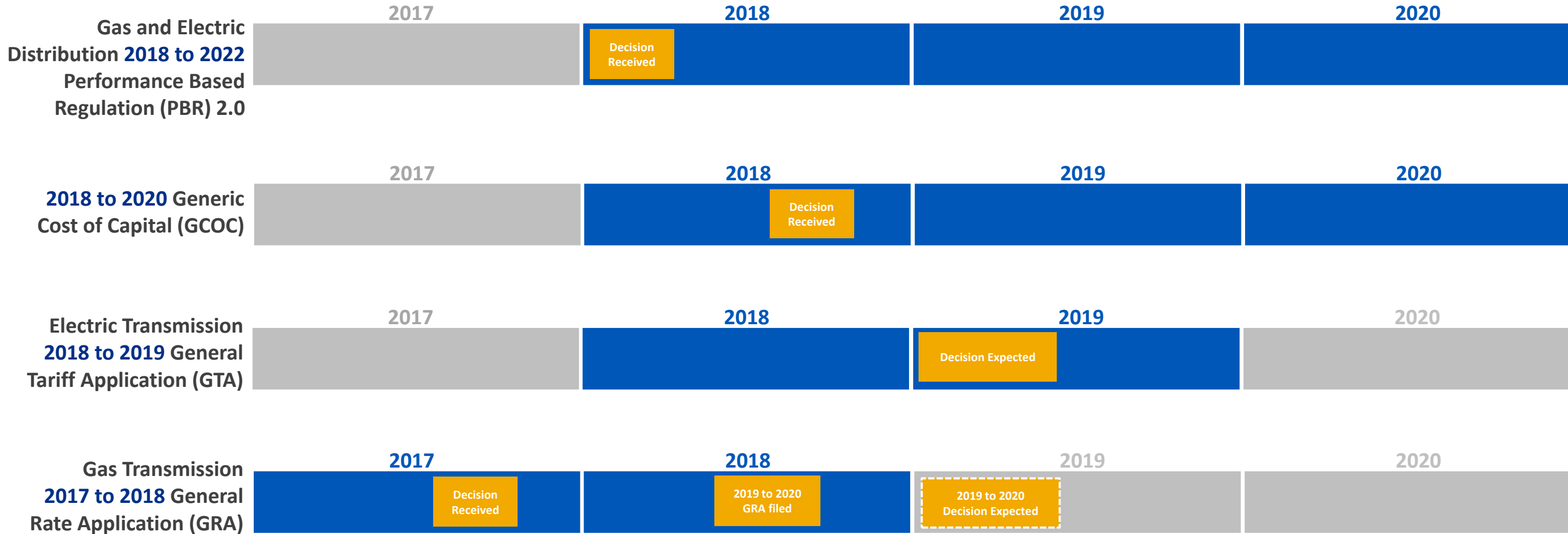
- \*\* CU Inc. average is a simple average and includes: Electric Distribution, Electric Transmission, Natural Gas Distribution, and Natural Gas Transmission. Further details on the individual ROEs can be found in this Appendix.



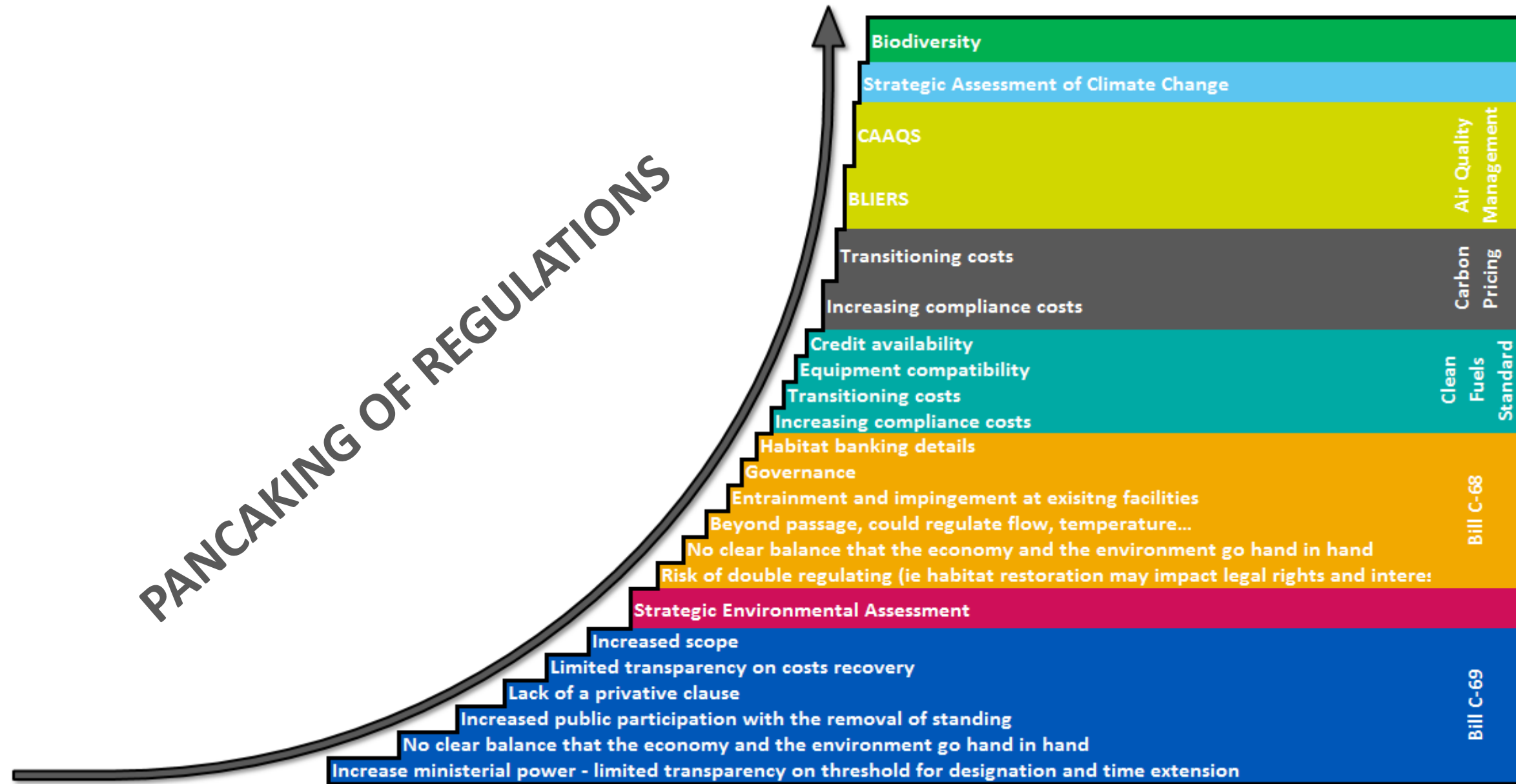
# PBR 2.0 HIGHLIGHTS

	PBR	PBR 2.0
<b>Efficiency Carry-over Mechanism (ECM)</b>	ECM up to 0.5% additional ROE for the years 2018 and 2019 based on certain criteria	ECM up to 0.5% additional ROE for the years 2023 and 2024 based on certain criteria
<b>Productivity Adjuster (X Factor)</b>	1.16%	0.30%
<b>Treatment of Capital Expenditures</b>	<p>Recovered through going-in rates inflated by I-X</p> <p>Significant capital expenditures not fully recovered by the I-X formula and meeting certain criteria recovered through a K Factor</p>	<p>Recovered through going-in rates inflated by I-X and a K Bar that is based on inflation adjusted average historical capital expenditures for the period 2013-2016. The K Bar is calculated annually and adjusted for the actual WACC</p> <p>Significant capital costs that are extraordinary, not previously incurred and required by a third party recovered through a "Type I" K Factor</p>
<b>O&amp;M</b>	Based on approved 2012 forecast O&M levels; inflated by I-X thereafter over the PBR term	Based on the lowest annual actual O&M level during 2013-2016, adjusted for inflation, growth and productivity to 2017 dollars; inflated by I-X thereafter over the PBR term

# REGULATORY UPDATE



# CUMULATIVE EFFECTS ON RISK / UNCERTAINTY / COSTS





# LONG-TERM CONTRACTED CAPITAL INVESTMENT



**HYDROCARBON STORAGE**



**COGENERATION**



**HYDROELECTRIC  
GENERATION**



**FORT MCMURRAY WEST  
500 KV TRANSMISSION**

**\$1.0 BILLION (2018–2020)**



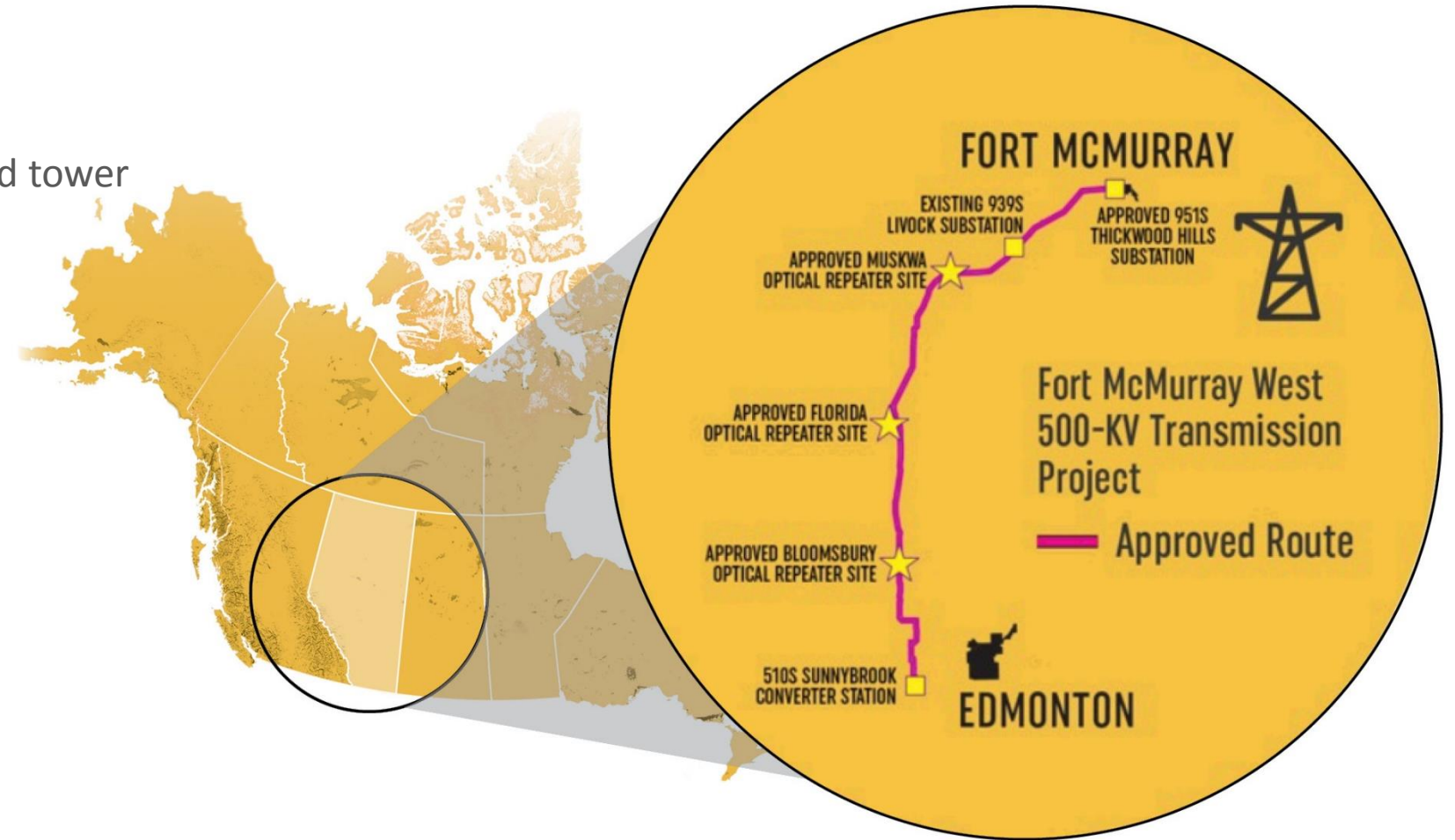
# ALBERTA POWERLINE

## Fort McMurray West 500 kV Transmission Project

- The design and planning phases were completed and construction commenced in August 2017.
- Land preparation and tower foundation installation and tower assembly is proceeding ahead of schedule. The target energization date of June 2019 remains on track.



\* More information is available at [www.albertapowerline.com](http://www.albertapowerline.com).





# COAL TO GAS CONVERSION STRATEGY

## Battle River

- Partial conversion (50%) completed on BR4 Mar 2018
- Proceeding with “Dual Fuel” conversion of BR5 with commercial operation date (COD) of Dec 2019
- Proceeding with increasing natural gas interconnection to the site to support the conversion work with COD Nov 2019 with firm gas transport commitment for Nov 2021
- Pursuing further conversion opportunity on BR3 & BR4



Battle River Generating Station

## Sheerness

- Proceeding with increasing natural gas interconnection to the site with COD Nov 2019 and firm natural gas transport commitment for Apr 2022
- Pursuing the opportunity of “Dual Fuel” conversion of both units to align with natural gas transport commitment or earlier.



Sheerness Generating Station



# MEXICO EXPANSION

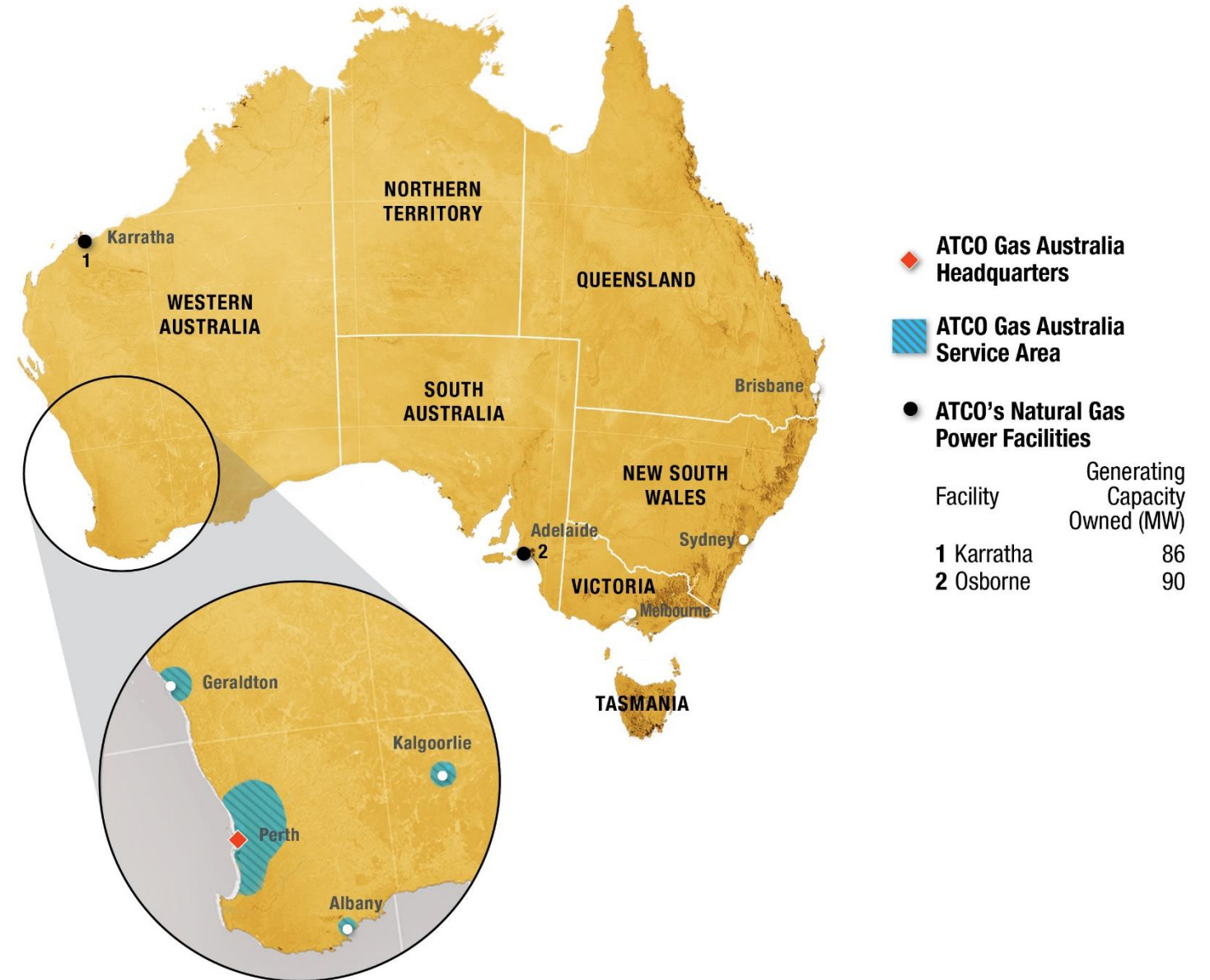
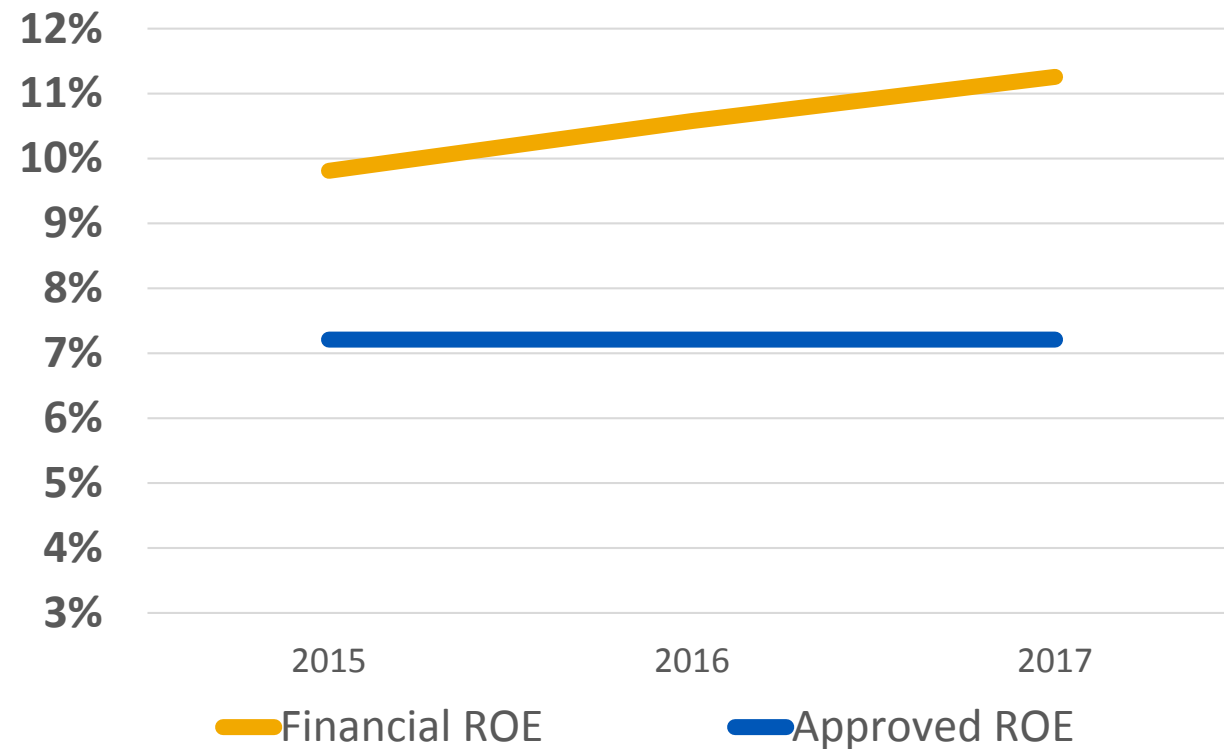
## Mexico Attractiveness

- Energy Reform offers opportunities for energy infrastructure investment
- Attractive GDP growth forecast
- Acquired and built a total of 46 MW of electricity generation, including hydroelectric generation; contacted to build 26 MW of natural gas cogeneration



# AUSTRALIA SUCCESS

ATCO Gas Australia ROE +3.34% on average above ERA approved ROE from 2015-2017





# STORAGE & INDUSTRIAL WATER GROWTH

We build, own and operate non-regulated industrial water, natural gas storage, hydrocarbon storage, and NGL related infrastructure

- 85,200 m<sup>3</sup>/day water infrastructure capacity
- 400,000 m<sup>3</sup> hydrocarbon storage capacity
- 52 PJ natural gas storage capacity
- ~ 116 km pipelines

## Industrial Water

- Long-term commercial agreement to provide water services commencing in 2020 to Inter Pipeline's newly announced PDH plant

## Natural Gas & Hydrocarbon Storage

- Potential to develop up to 40 additional salt caverns for NGL and hydrocarbon storage



Heartland Industrial Water System



Heartland Salt Caverns





**ATCO**

DENNIS A. DECHAMPLAIN  
SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER



# CREDIT RATINGS

**DBRS**

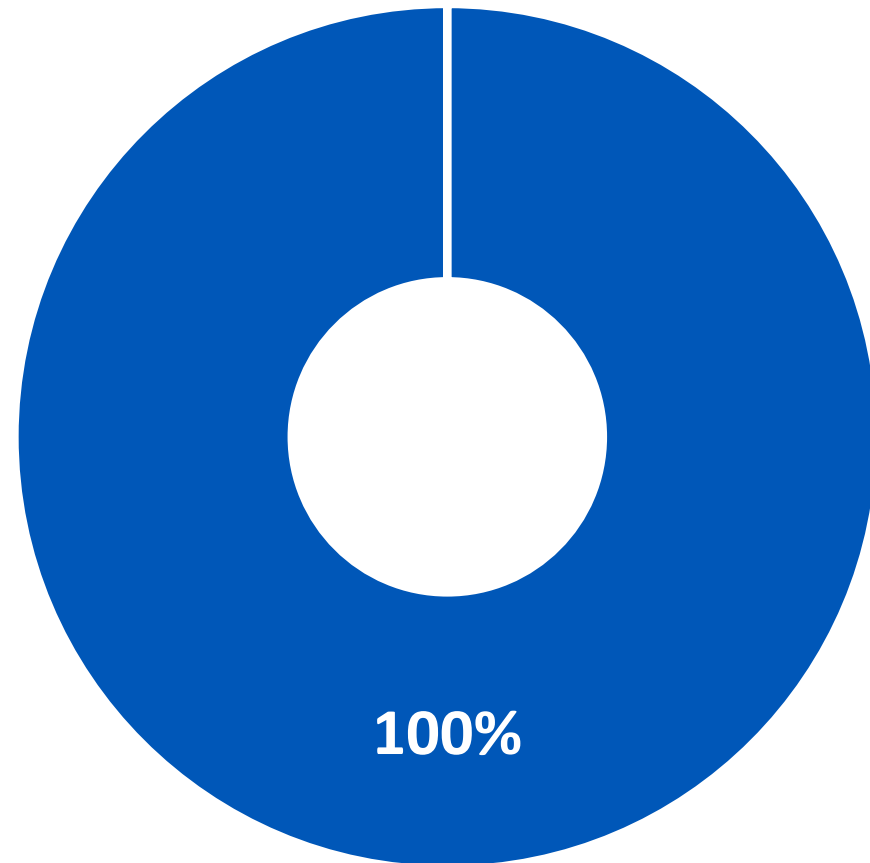


**S&P**



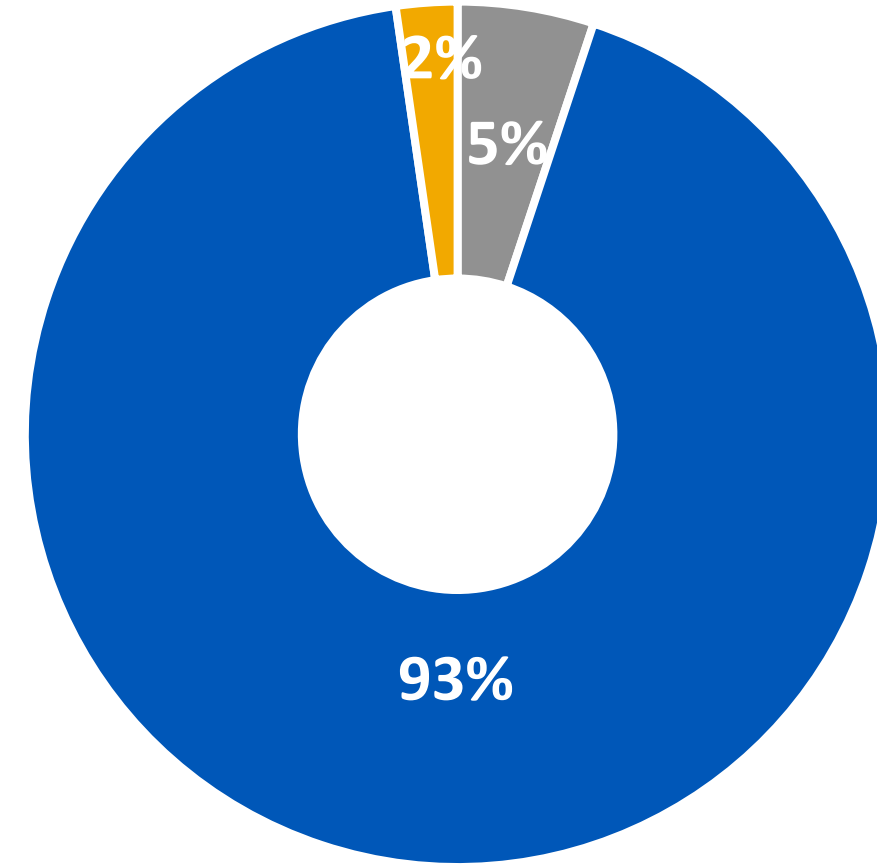
# ATCO DECONSOLIDATED CAPITAL STRUCTURE

December 31, 2017



■ Equity

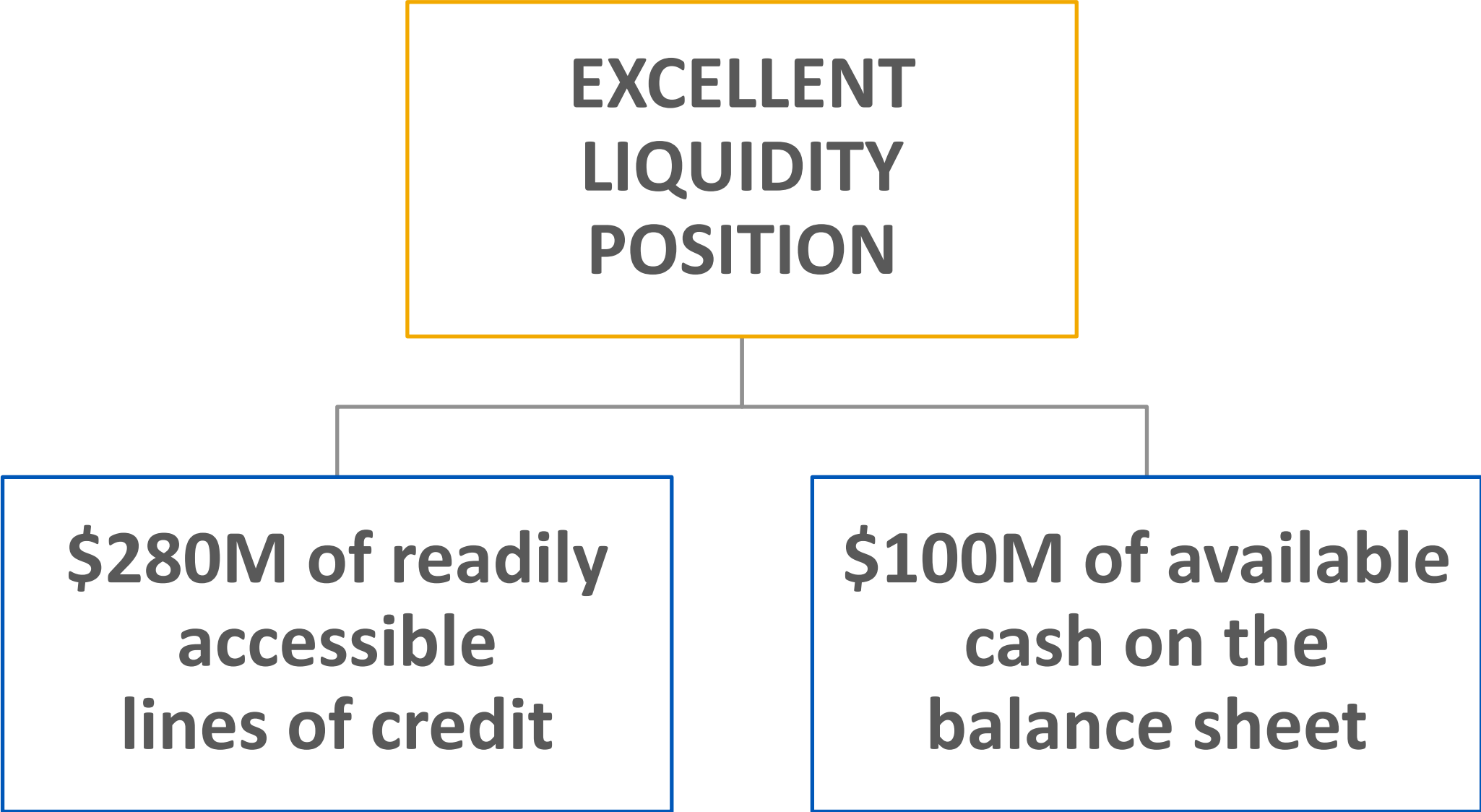
After Neltume Investment Financing



■ Debt (net of cash) ■ Hybrid Securities ■ Equity



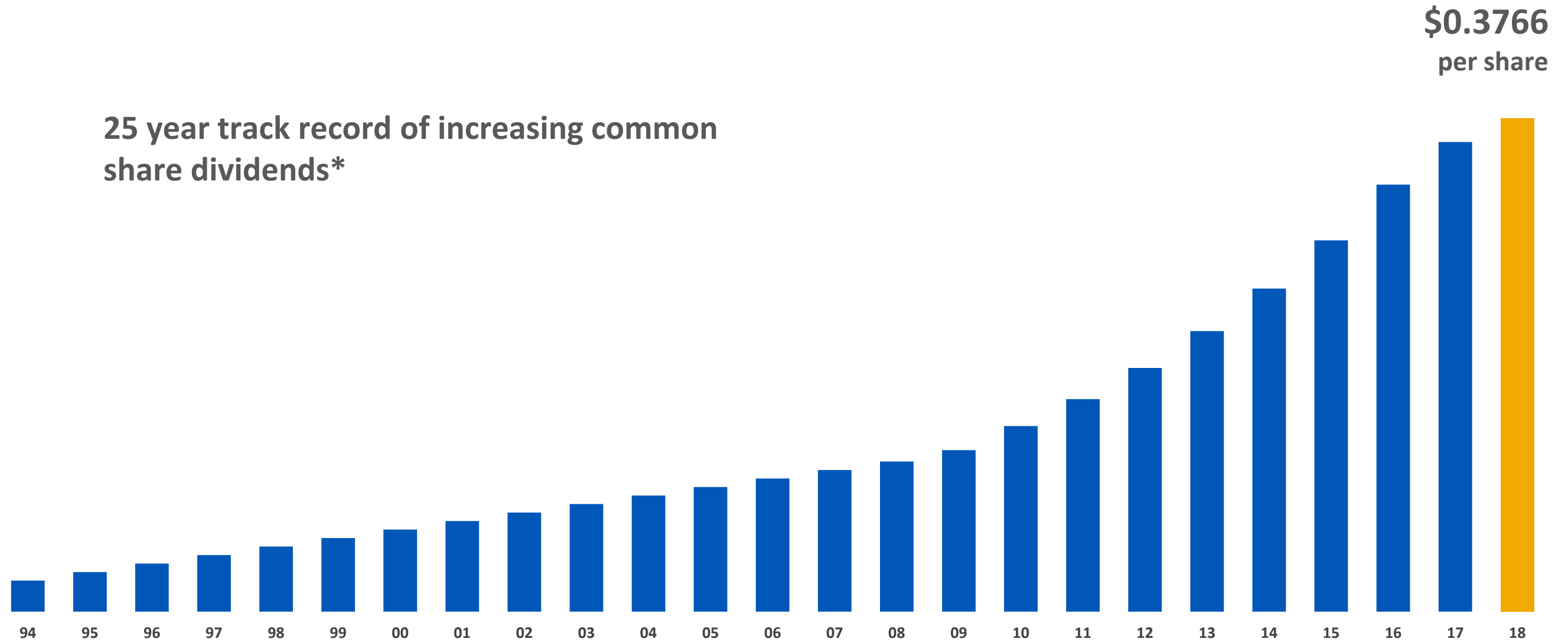
# ATCO FINANCIAL LIQUIDITY



\* Amounts as at the second quarter ended June 30, 2018

# DIVIDEND GROWTH

25 year track record of increasing common share dividends\*



\* On July 12, 2018, ATCO declared a third quarter dividend of \$0.3766 per share, or \$1.51 per share annualized.





**ATCO**

NANCY C. SOUTHERN  
CHAIR & CHIEF EXECUTIVE OFFICER



# KEY HIGHLIGHTS

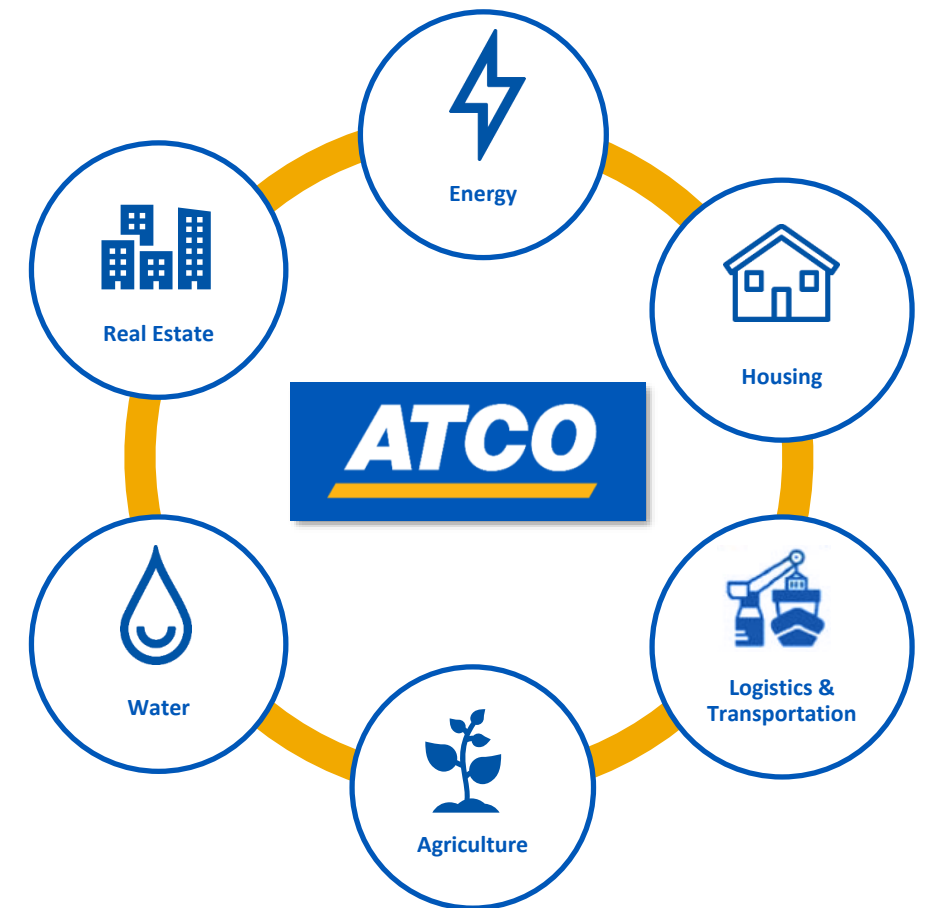
## Geographic Diversification



## EPS Accretion



## Additional platform for continued growth





The ATCO logo consists of the letters 'ATCO' in a bold, white, sans-serif font. A thick yellow horizontal line is positioned directly beneath the letters. The background of the entire slide is a blue-tinted world map with a grid overlay.

**ATCO**

# 2018 INVESTOR DAY PRESENTATION

SEPTEMBER 14, 2018





[www.ATCO.com](http://www.ATCO.com)

[www.canadianutilities.com](http://www.canadianutilities.com)

Tel: 403.292.7500

**Investor Relations**

**5302 Forand Street SW**

**Calgary, Alberta T3E 8B4**

**Canada**