

DISCLAIMER

Due to uncertainty surrounding the application of recent amendments to the Competition Act (Canada), these documents are provided for historical information purposes only and do not constitute active or current representations of ATCO Ltd. or any of its related parties. The purpose of these documents is to comply with disclosure requirements that were in effect on the date these documents were filed; ATCO undertakes no obligation to update such information except as required by applicable law. ATCO remains committed to taking steps to address climate change and continuing to engage in sustainability initiatives.





July 30, 2020

ATCO REPORTS SECOND QUARTER 2020 EARNINGS

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

ATCO today announced second quarter 2020 adjusted earnings of \$70 million, or \$0.61 per share, compared to \$78 million, or \$0.68 per share, in the second quarter of 2019.

Lower adjusted earnings in the second quarter of 2020 were mainly due to ATCO subsidiary Canadian Utilities' sale of its Canadian fossil fuel-based electricity generation business and 80 per cent ownership interest in Alberta PowerLine in 2019, which together contributed \$9 million in adjusted earnings in the second quarter of 2019. Lower earnings were also due to \$7 million in prior period adjusted earnings from an Electricity Transmission regulatory decision received in the second quarter of 2019.

Excluding the forgone earnings impact from the sale of these businesses in 2019 and the prior period earnings impacts from the regulatory decision received in the second quarter of 2019, adjusted earnings in the second quarter of 2020 were \$8 million higher than the same period in 2019. Higher earnings were mainly due to strong results at ATCO Structures as a result of higher workforce housing trade sale activity, incremental earnings from the LNG Canada Cedar Valley Lodge contract, and higher space rental activity.

COVID-19 AND GLOBAL MACROECONOMIC CONDITIONS

The COVID-19 pandemic, continued low oil prices and slowing global economic activity have caused far-reaching concern and economic hardship for consumers, businesses and communities across the globe. In this time of uncertainty, our people are working hard to ensure that we continue to support our customers and the communities that depend on our essential services.

ATCO's Pandemic Response Plan was activated in February 2020 by our Crisis Management Committee. Since then our teams across the globe have been responding to this rapidly changing situation to ensure a coordinated approach across ATCO. In late second quarter 2020, ATCO commenced a phased return to office plan.

Please see management's discussion and analysis for the quarter ended June 30, 2020 for a summary of the impact of these economic conditions on ATCO's businesses.

RECENT DEVELOPMENTS

ATCO Structures

- Awarded a design, supply and installation contract for two modular hospital facilities in Mexico City and Tijuana to support the fight against COVID-19.
- Closed the manufacturing facility located in Pocatello, Idaho and relocated materials and equipment to ATCO Structures manufacturing facilities in Calgary, Alberta and Diboll, Texas.
- Commenced manufacturing of a workforce lodging camp to house approximately 600 persons to support the construction of the Trans Mountain Expansion Project in British Columbia (BC).
- Completed manufacturing activity for the LNG Canada Cedar Valley Lodge. Installation activity will continue throughout 2020 and into 2021.

ATCO Frontec

- Awarded a workforce lodging services contract in BC for approximately 600 persons to support the construction of the Trans Mountain Expansion Project.

Canadian Utilities

- Announced on June 22, 2020, that LUMA Energy, LLC, a newly-formed company owned 50 per cent by Canadian Utilities and 50 per cent by Quanta Services, had been selected by the Puerto Rico Public-Private Partnerships Authority to transform, modernize and operate Puerto Rico's 30,000 km electricity transmission and distribution system over a term of 15 years after a one year transition period, which commenced in the second quarter of 2020.
- Awarded funding from Emission Reductions Alberta's Natural Gas Challenge to advance a first-of-its-kind hydrogen blending project in Fort Saskatchewan, Alberta.

Corporate

- Declared a third quarter dividend for 2020 on July 9, 2020 of 43.52 cents per share or \$1.74 per Class I Non-Voting and Class II Voting Share on an annualized basis.
- Dominion Bond Rating Service affirmed its 'A (high)' long-term corporate credit rating and stable outlook on ATCO subsidiary CU Inc. on July 20, 2020.

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 June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Adjusted earnings ⁽¹⁾	70	78	176	190
Transaction costs ⁽²⁾	—	(5)	—	(5)
Impairment and other costs ⁽²⁾	(20)	—	(20)	—
Unrealized gains (losses) on mark-to-market forward and swap commodity contracts ⁽²⁾	2	(3)	5	—
Rate-regulated activities ⁽²⁾	(5)	96	(22)	93
IT Common Matters decision ⁽²⁾	(2)	(8)	(4)	(8)
Other ⁽²⁾	—	—	(3)	—
Earnings attributable to Class I and Class II Shares	45	158	132	270
Weighted average shares outstanding (millions of shares)	114.4	114.4	114.4	114.3

(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) Impairment and other costs mainly relate to certain assets that no longer represent strategic value for the Company. Each quarter, the Company adjusts 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. Refer to Note 3 of the Unaudited Interim Consolidated Financial Statements for the six months ended June 30, 2020 for detailed descriptions of these adjustments and others.

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 quarter ended June 30, 2020 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 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 electricity operations); Energy Infrastructure (electricity generation, energy storage and industrial water solutions); Retail Energy (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 (including as may be affected by the COVID-19 pandemic), 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.