



# INVESTOR PRESENTATION

MAY 2019



# LEGAL DISCLAIMER

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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 may 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.

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**ATCO**

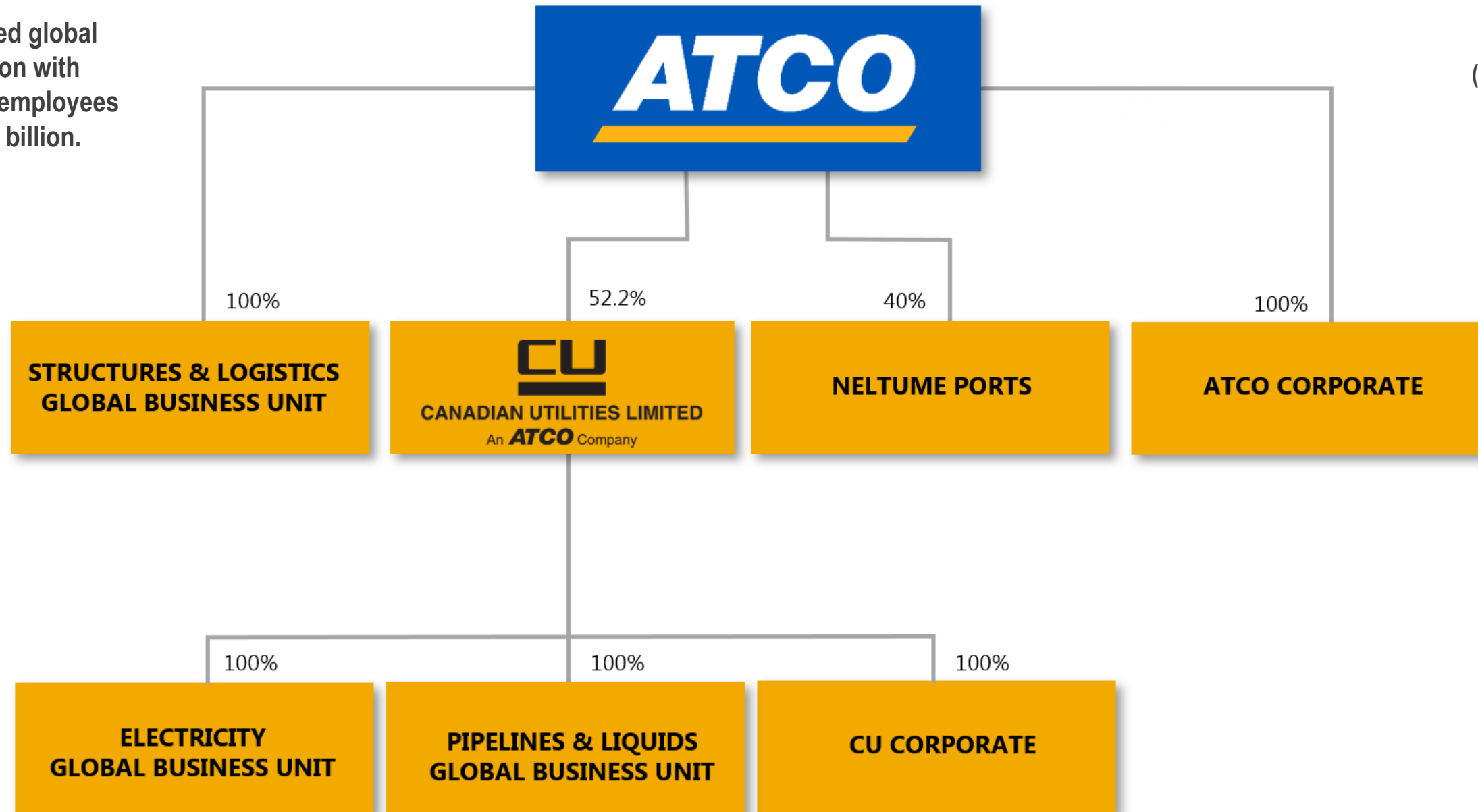
# GROUP OVERVIEW



# ORGANIZATIONAL STRUCTURE

ATCO is a diversified global holding corporation with approximately 6,000 employees and assets of \$24 billion.

**ATCO**  
(TSX: ACO.X / ACO.Y)  
~\$5 billion common equity capitalization



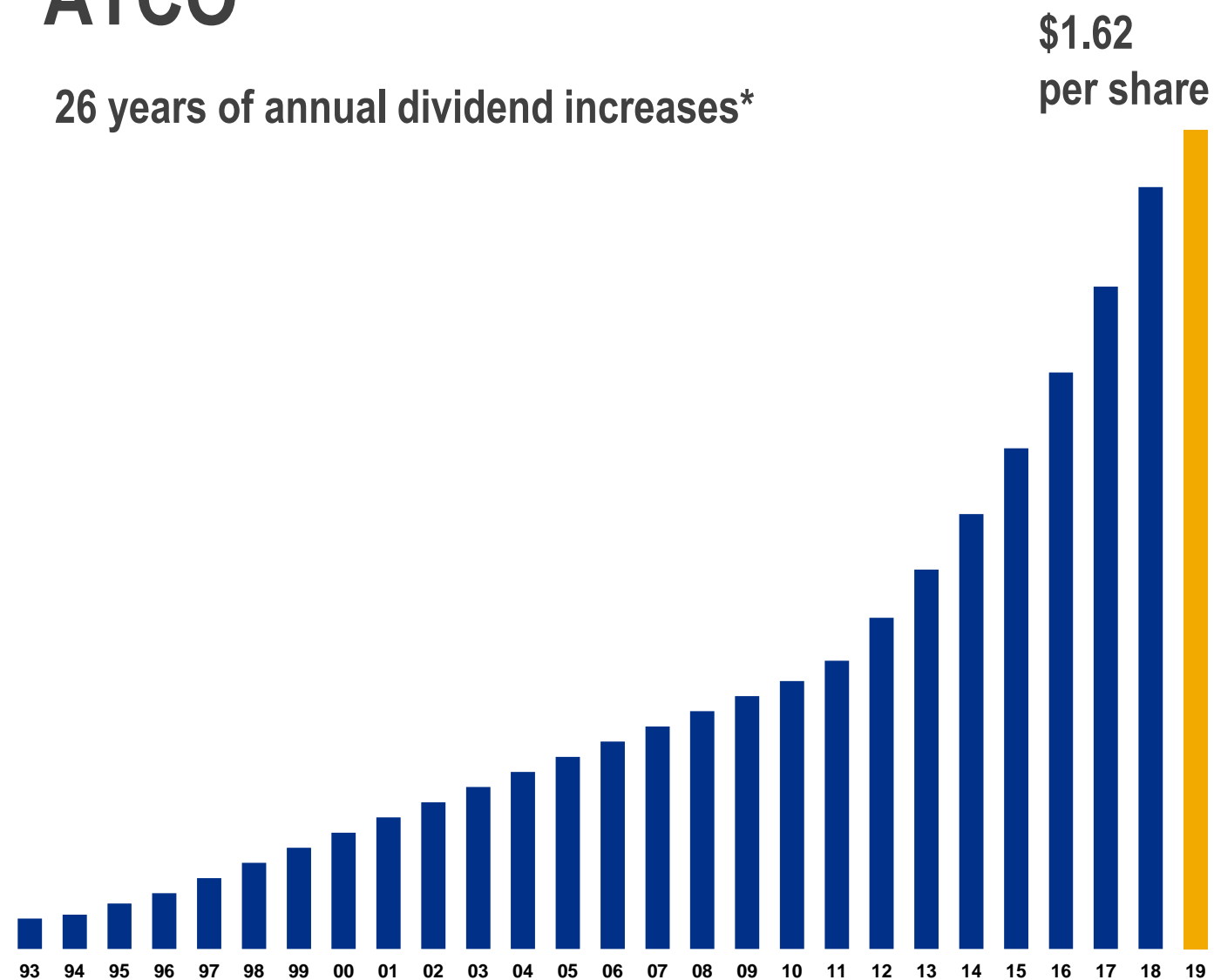
# ATCO FOCUS: GLOBAL ESSENTIAL SERVICES



# CONTINUED DIVIDEND GROWTH

## ATCO

26 years of annual dividend increases\*

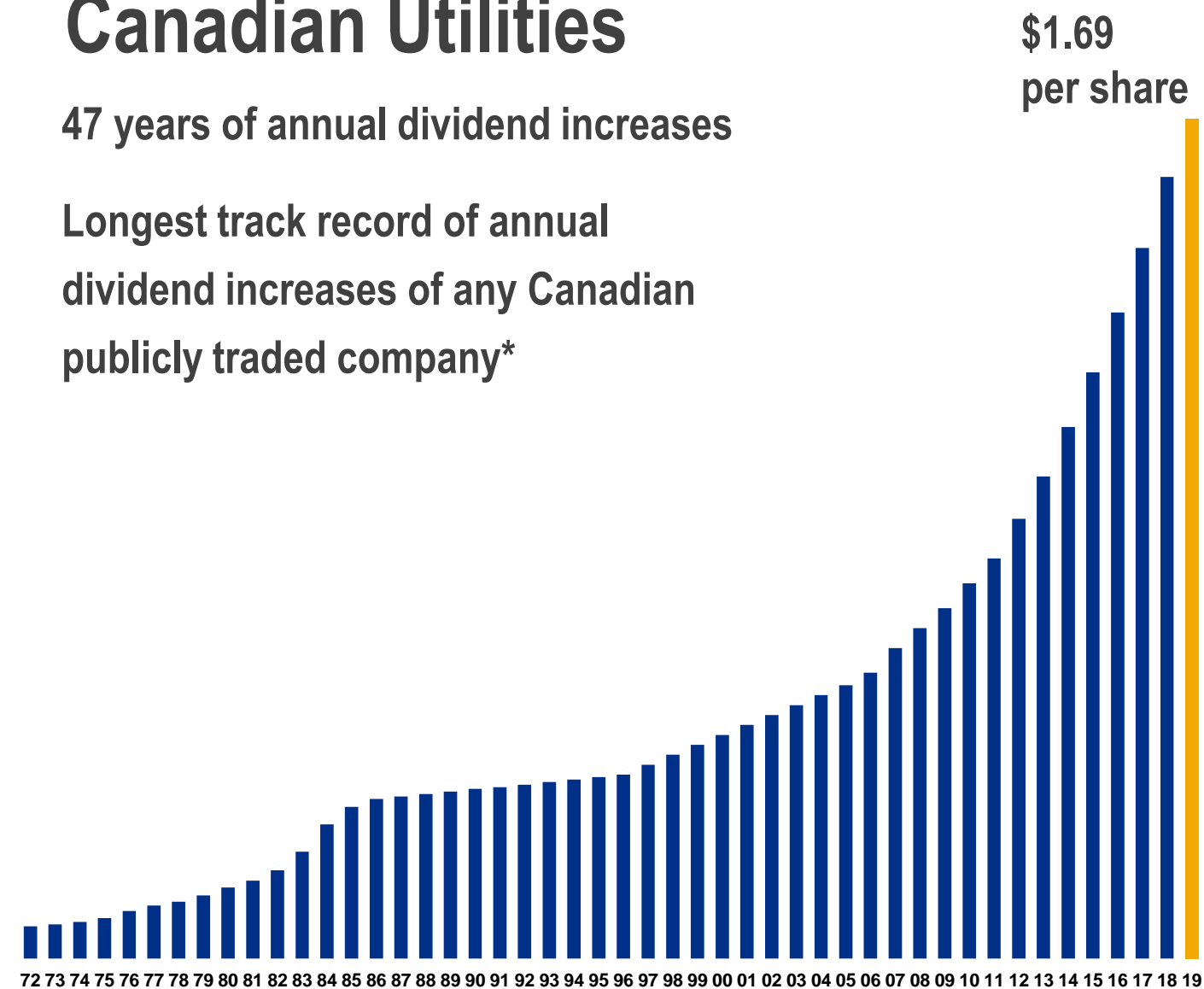


\* On April 4, 2019, ATCO declared a second quarter dividend of \$0.4048 per share, or \$1.62 per share annualized.

## Canadian Utilities

47 years of annual dividend increases

Longest track record of annual dividend increases of any Canadian publicly traded company\*



\*On April 4, 2019, Canadian Utilities declared a second quarter dividend of \$0.4227 per share, or \$1.69 per share annualized.



# ATCO CREDIT RATINGS

**DBRS**



**S&P**



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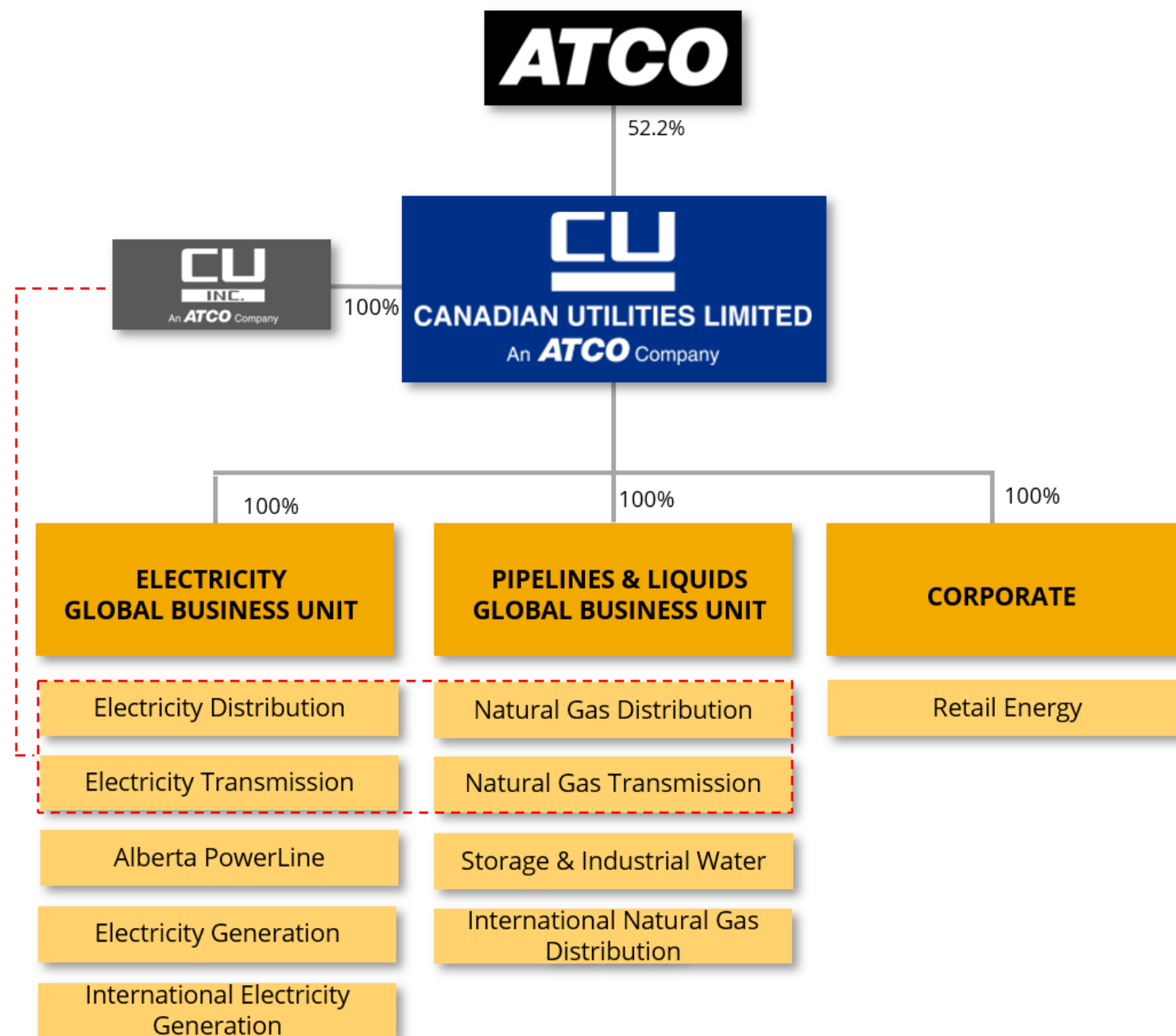
# CANADIAN UTILITIES

ENERGY INFRASTRUCTURE



# ORGANIZATIONAL STRUCTURE

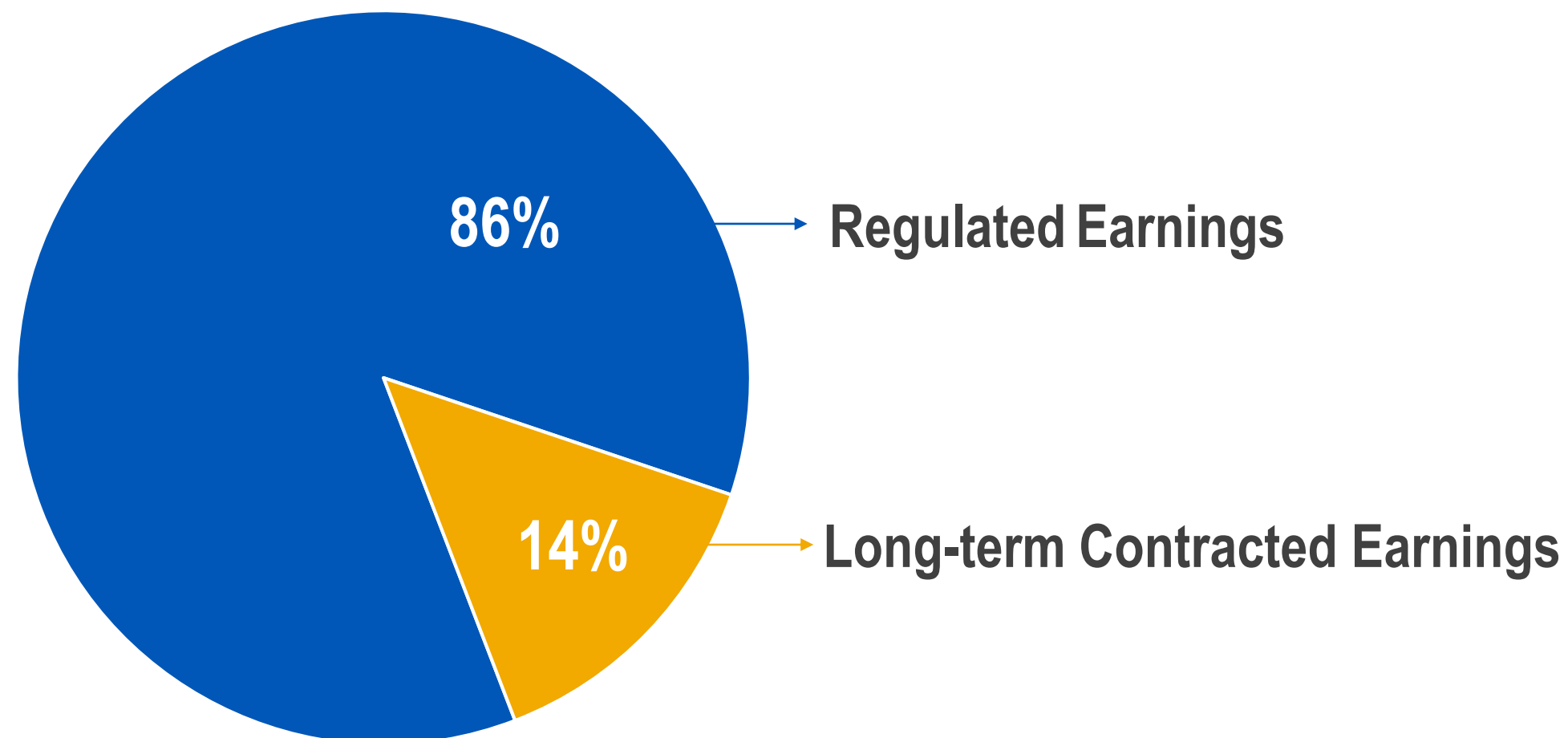
**CU Inc.**  
~\$8 billion  
debt  
capitalization



**Canadian Utilities**  
(TSX: CU / CU.X)  
~\$10 billion common  
equity capitalization

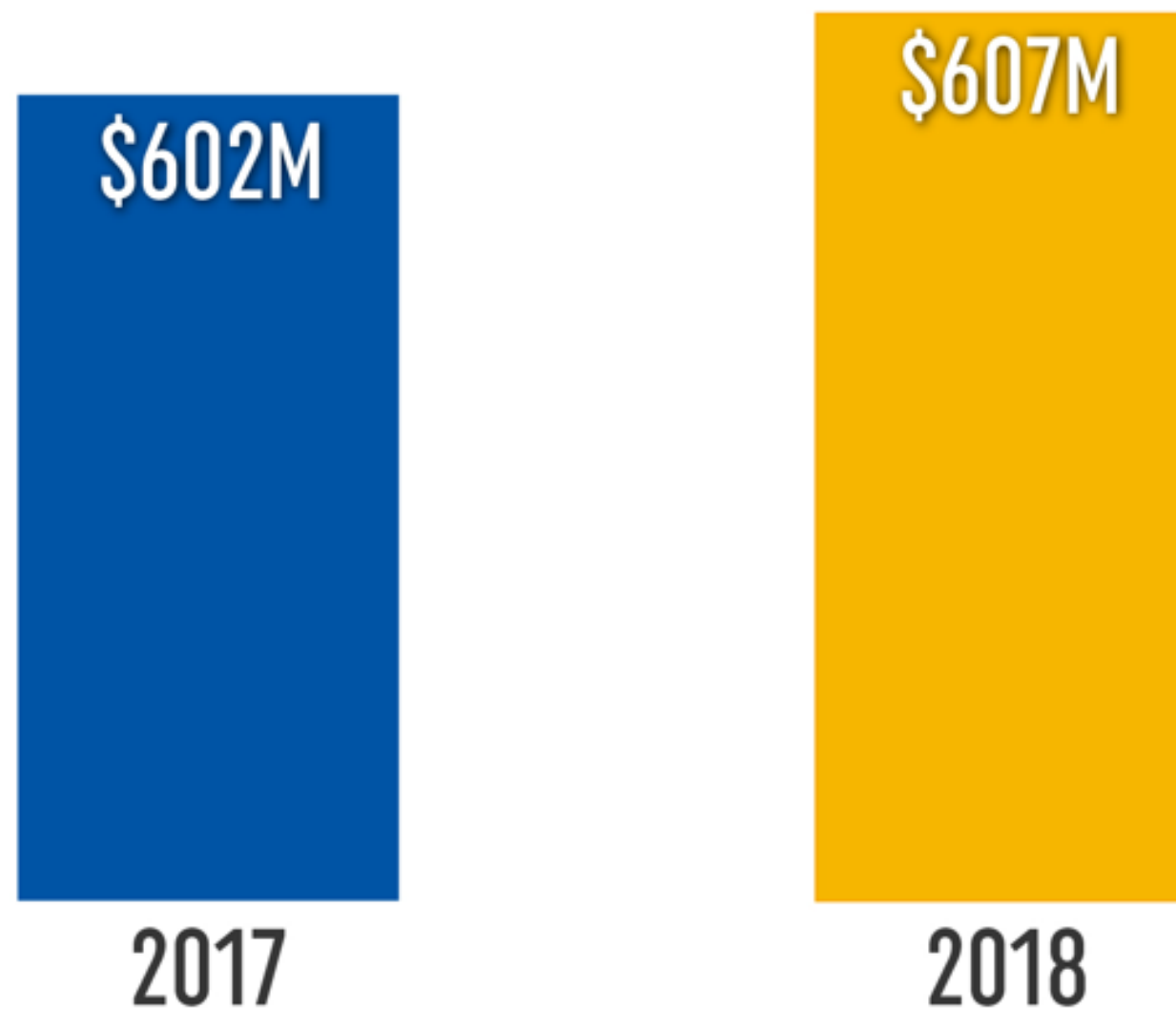
# HIGH QUALITY EARNINGS

## 2018 ADJUSTED EARNINGS



# GROWTH: RECORD ADJUSTED EARNINGS IN 2018

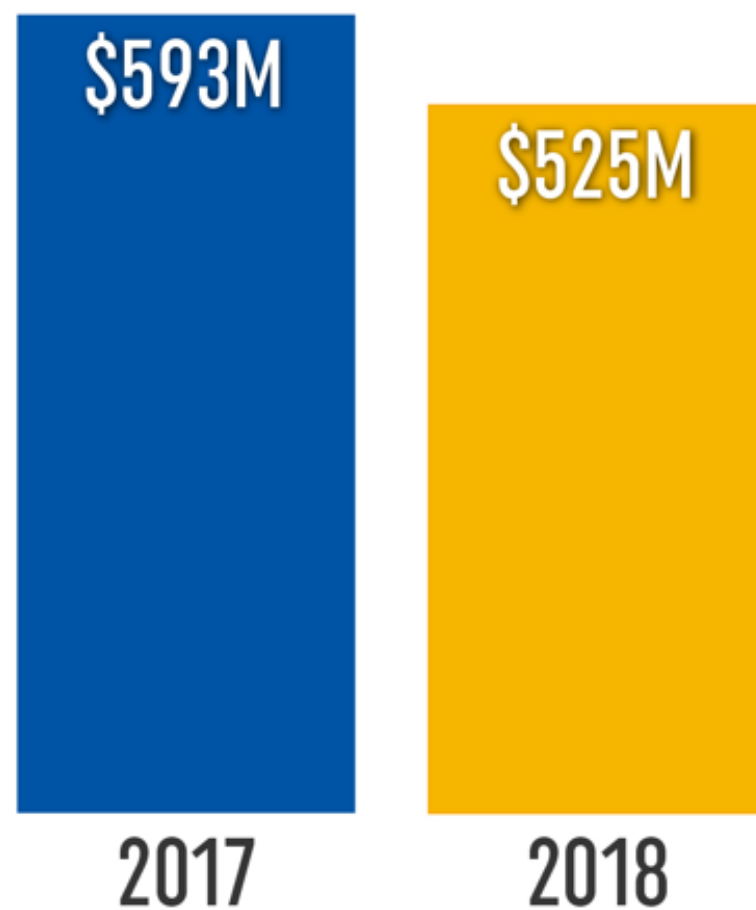
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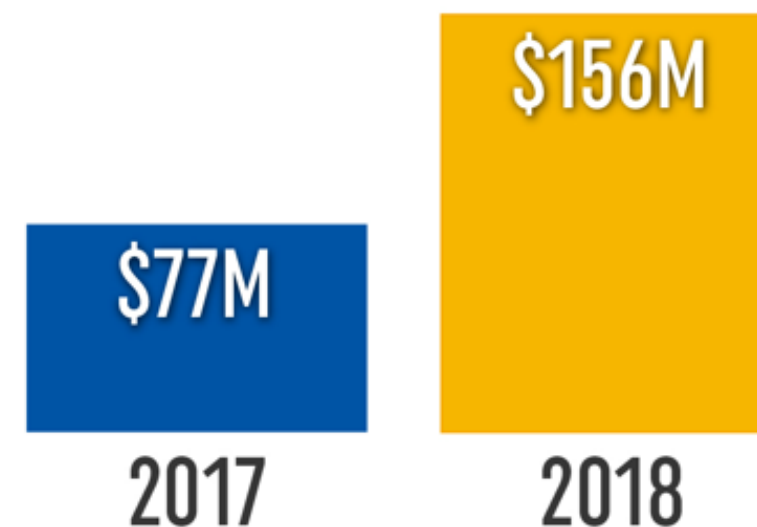


# GROWTH: ADJUSTED EARNINGS

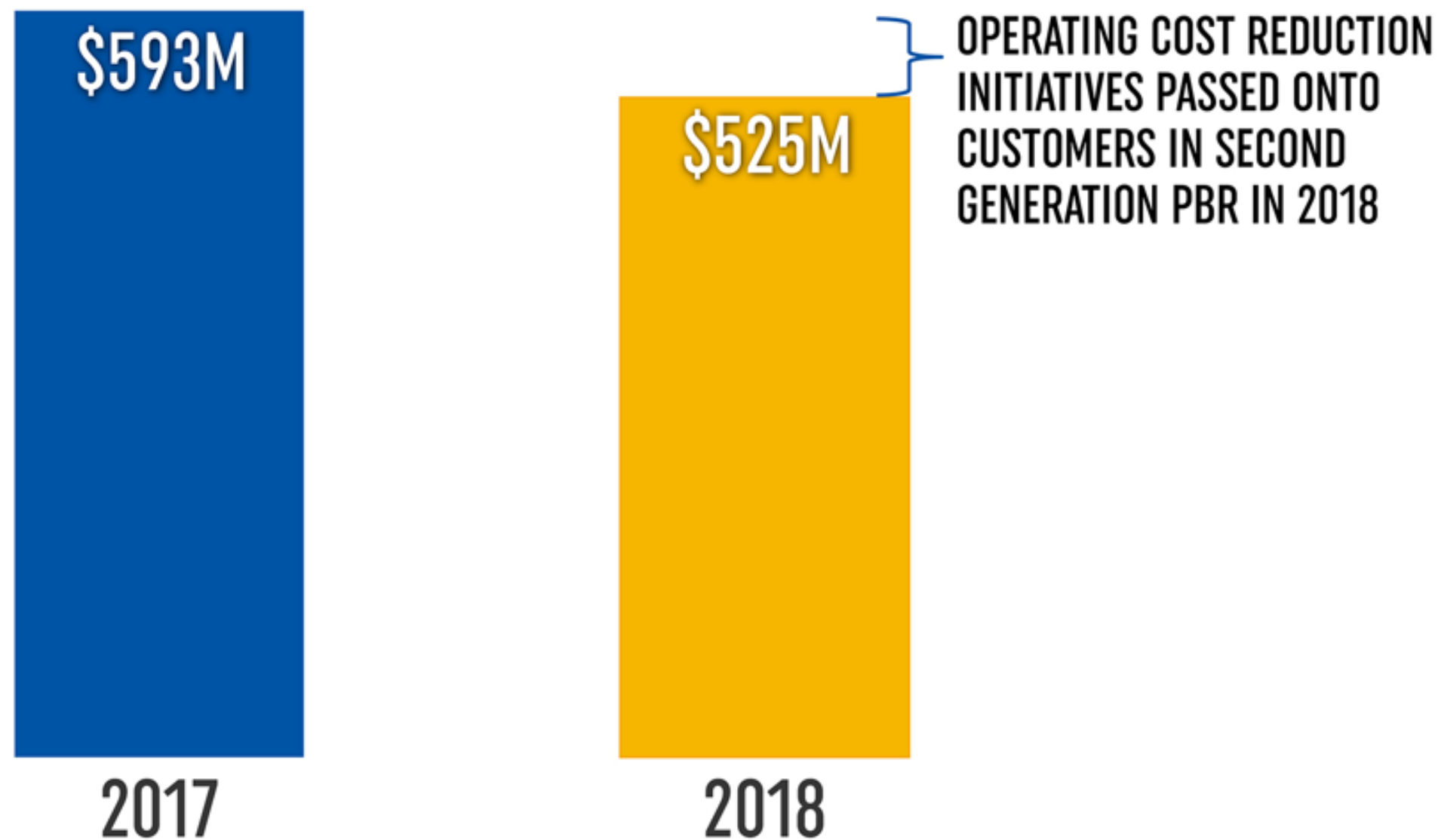
## Utilities



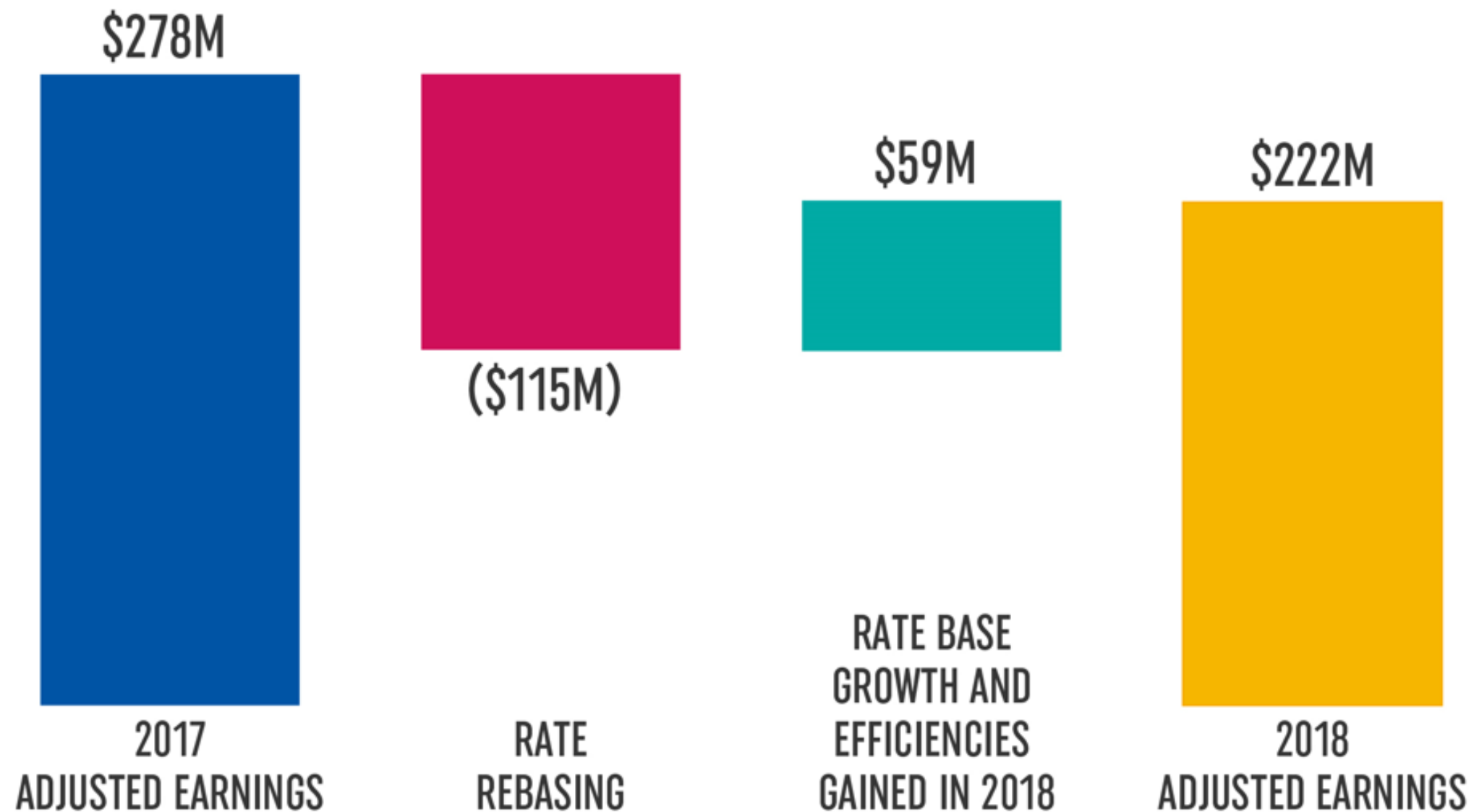
## Energy Infrastructure Businesses



# UTILITY ADJUSTED EARNINGS

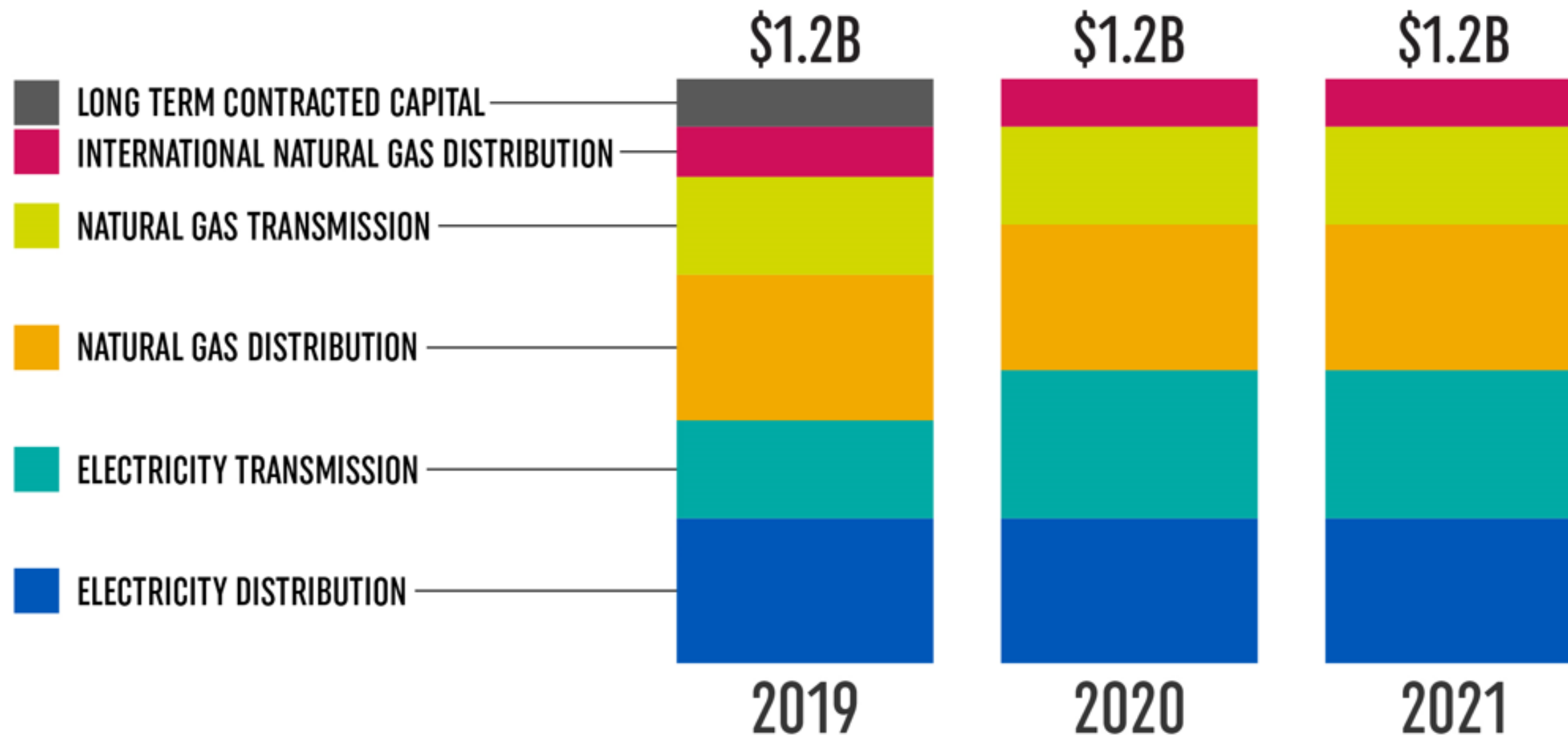


# ALBERTA DISTRIBUTION UTILITY ADJUSTED EARNINGS



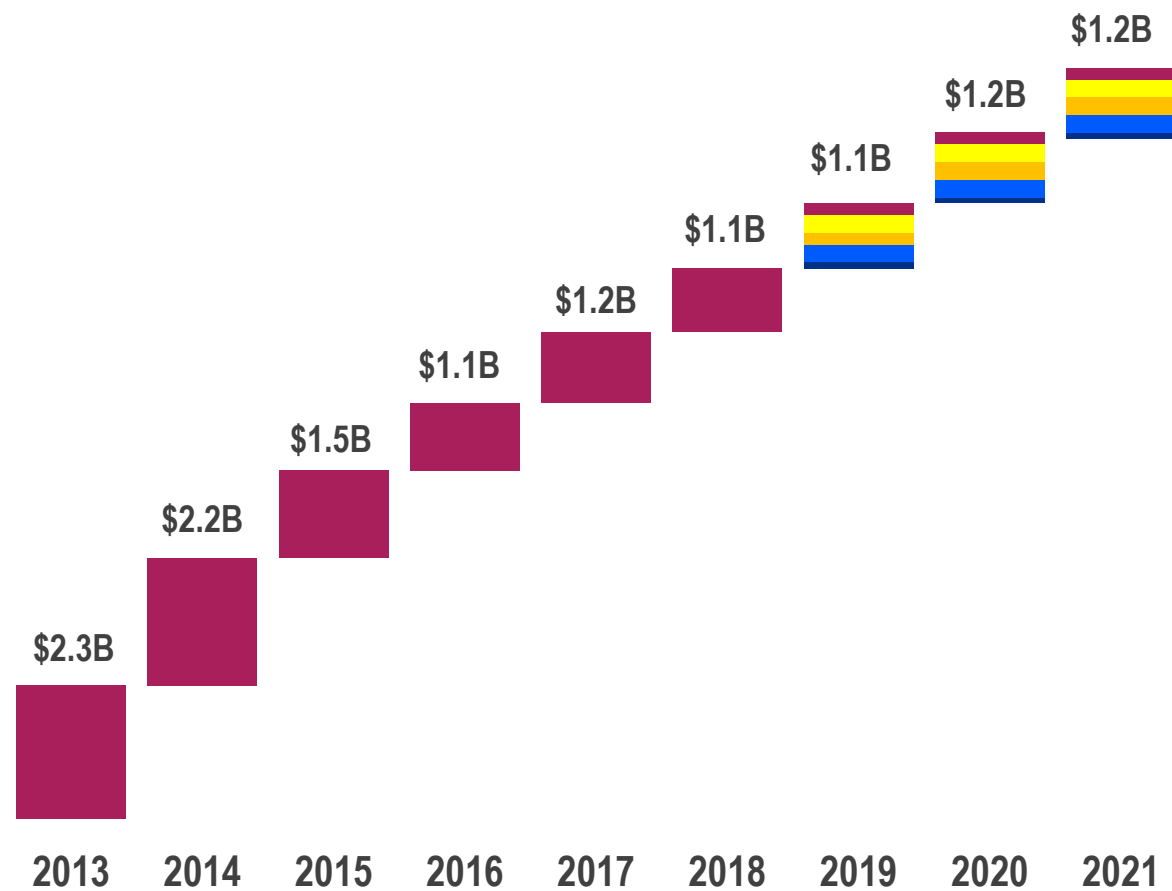


# GROWTH: 2019 – 2021 CAPITAL INVESTMENT



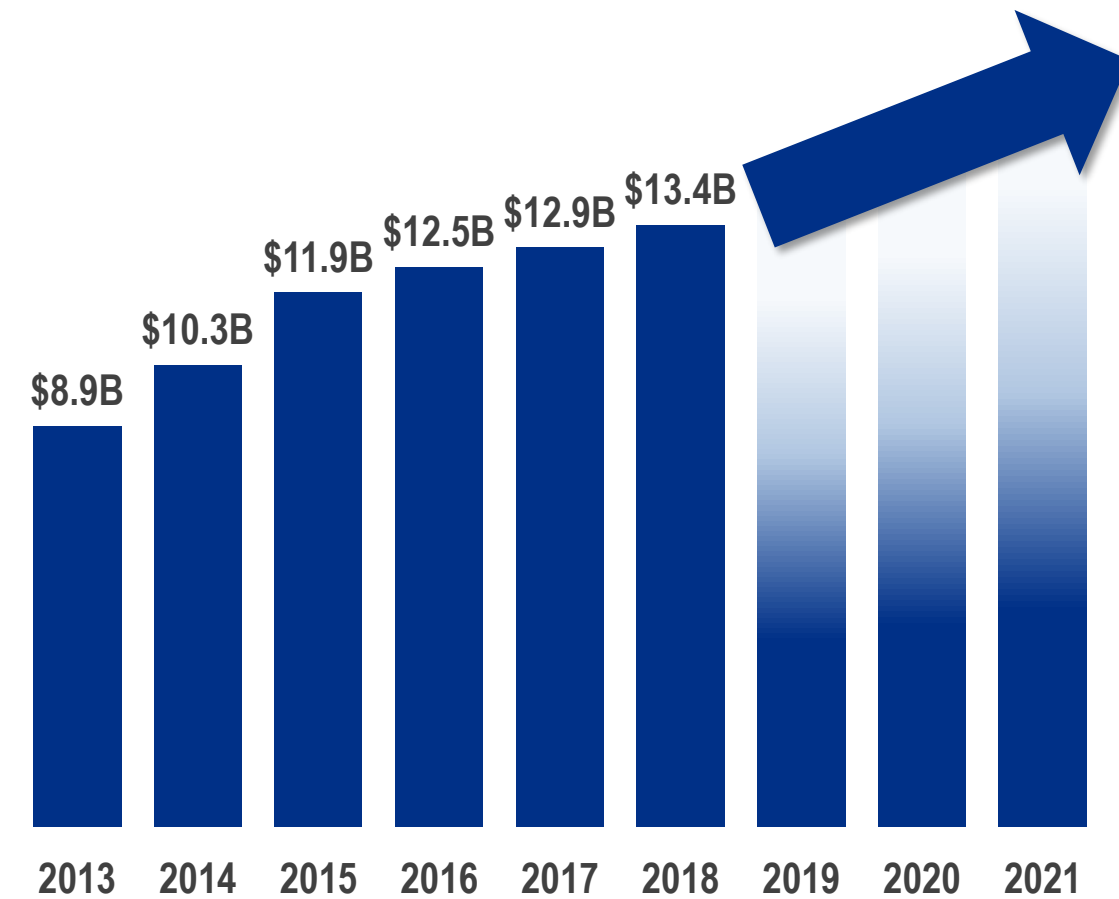
# RATE BASE GROWTH

## Regulated Capital Investment

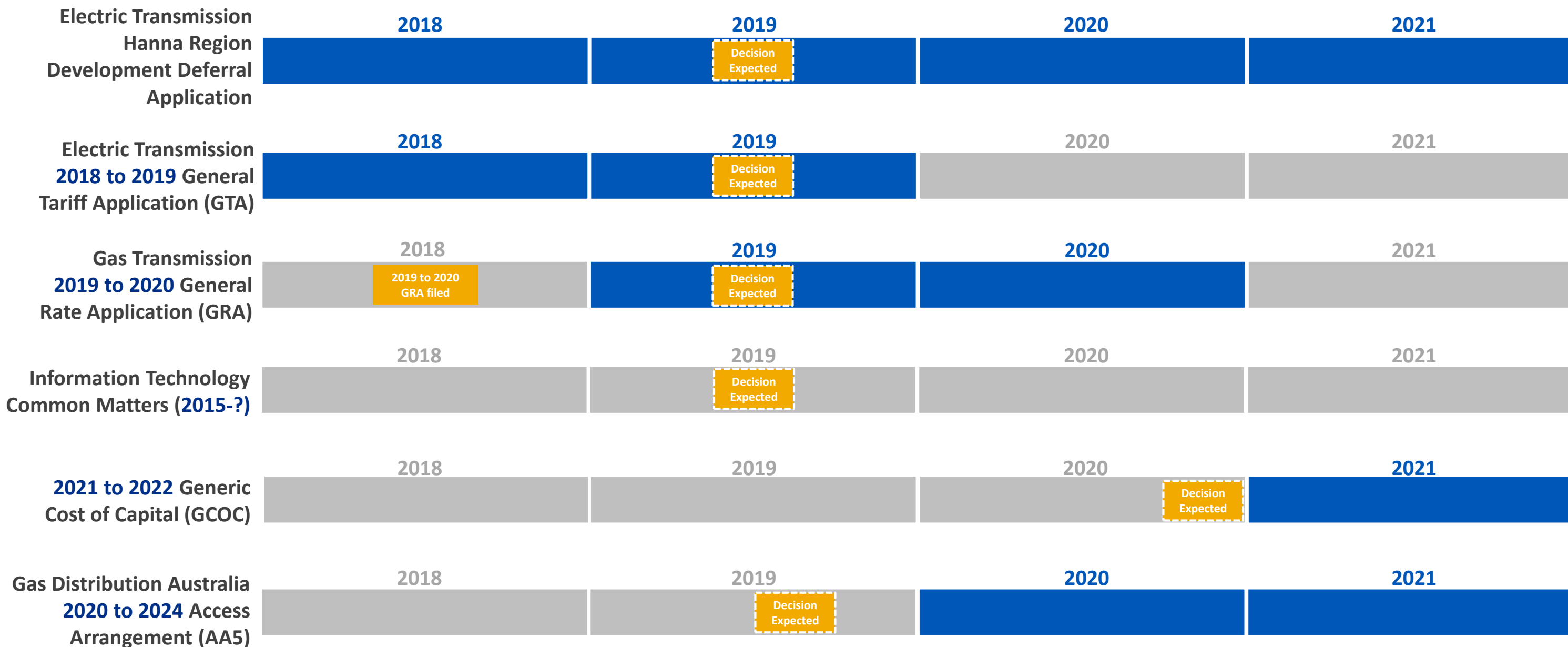


## Mid-Year Rate Base

Expected to Grow 4% per year



# REGULATORY UPDATE





# ENERGY INFRASTRUCTURE BUSINESSES



**ELECTRICITY GENERATION  
CANADA  
24 MW**



**ELECTRICITY GENERATION  
AUSTRALIA  
176 MW**



**ELECTRICITY GENERATION  
MEXICO  
41 MW**



**INDUSTRIAL WATER SERVICES  
CANADA  
85,200 m<sup>3</sup>/day**

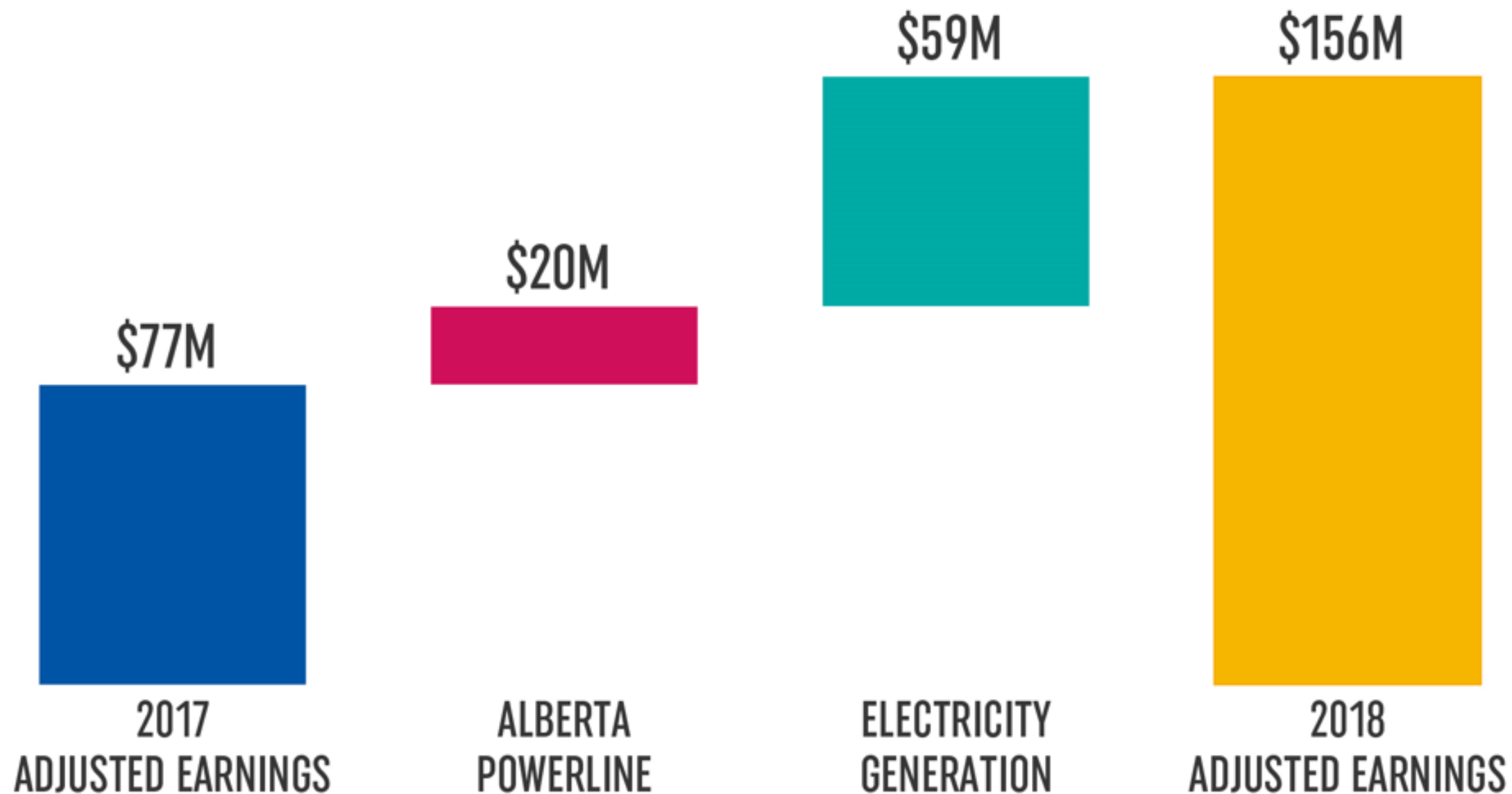


**HYDROCARBON STORAGE  
CANADA  
400,000 m<sup>3</sup>**



**NATURAL GAS STORAGE  
CANADA  
52 PJ**

# GROWTH: ENERGY INFRASTRUCTURE

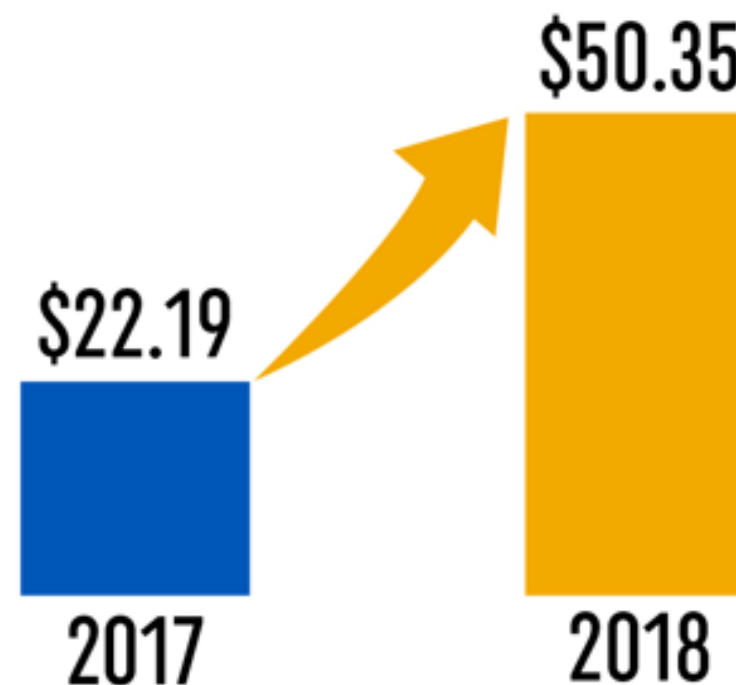




# GROWTH: ENERGY INFRASTRUCTURE



Disciplined capital recycling with sale of U.K. Barking Power Assets



Higher Alberta Power Market Prices (\$/MWh)



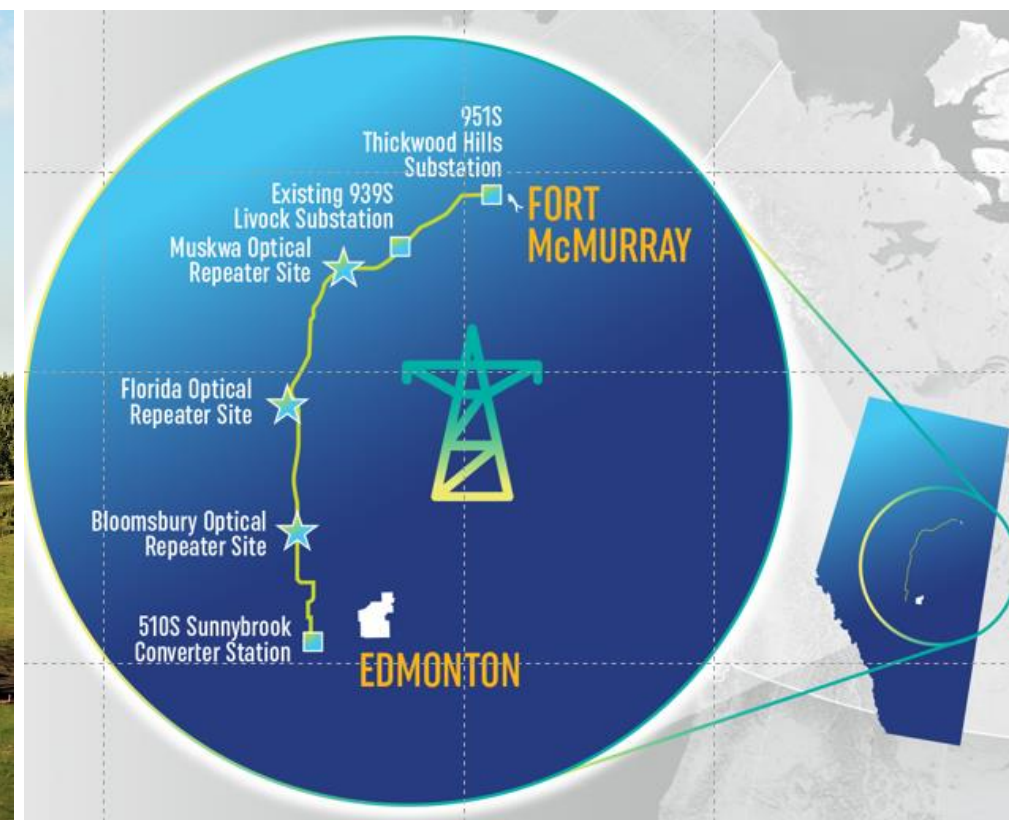
Alberta PowerLine project completed ahead of schedule



# ALBERTA POWERLINE

## Fort McMurray West 500 kV Transmission Project

- Target energization date was June 2019 on this \$1.6 Billion project.
- Construction was completed and transmission line was energized three months ahead of schedule in March 2019. This resulted in \$13 million of early energization incentive earnings.
- Strategic review of Canadian Utilities ownership interest in Alberta PowerLine is underway.



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

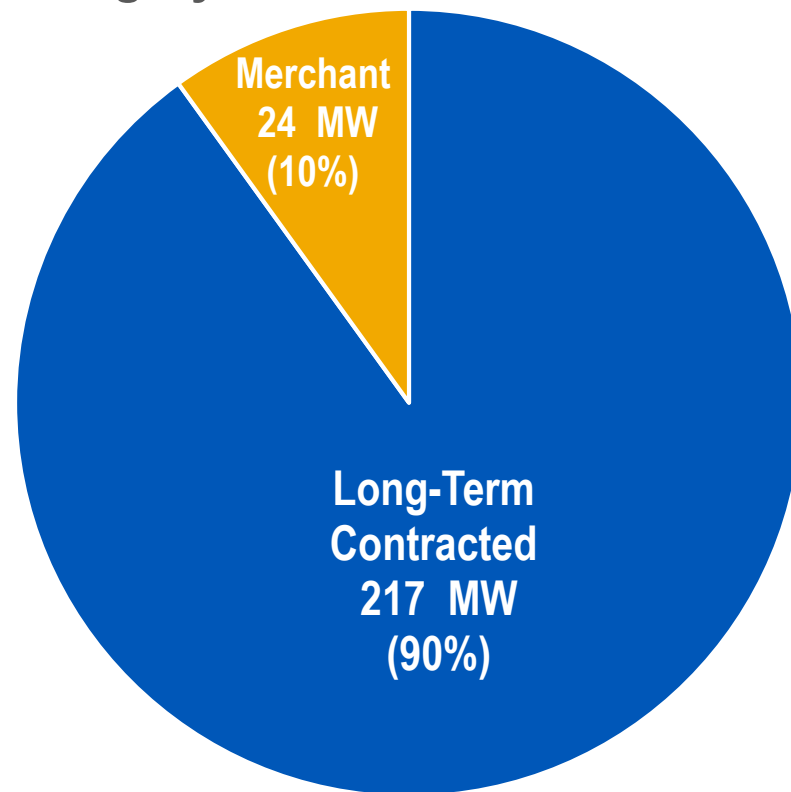
# CANADIAN ELECTRICITY GENERATION SALE

- On May 27, 2019 Canadian Utilities entered into definitive agreements to sell the Canadian fossil fuel-based power generation portfolio for approximately \$835 million
- Selling 12 coal-fired and natural gas-fired electricity generation assets located in Alberta, British Columbia, Saskatchewan and Ontario, with generating capacity of approximately 2,300 MW
- The sale is expected to close in the second half of 2019, subject to regulatory approval
- Proceeds will help to improve balance sheet strength in the near term

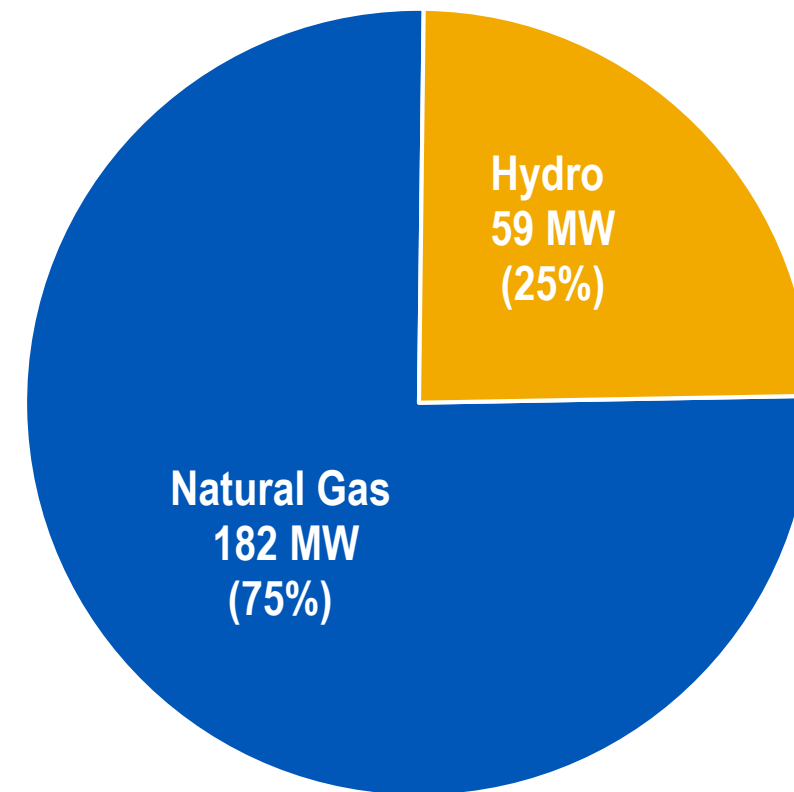


# ELECTRICITY GENERATION POST SALE

Highly Contracted Portfolio

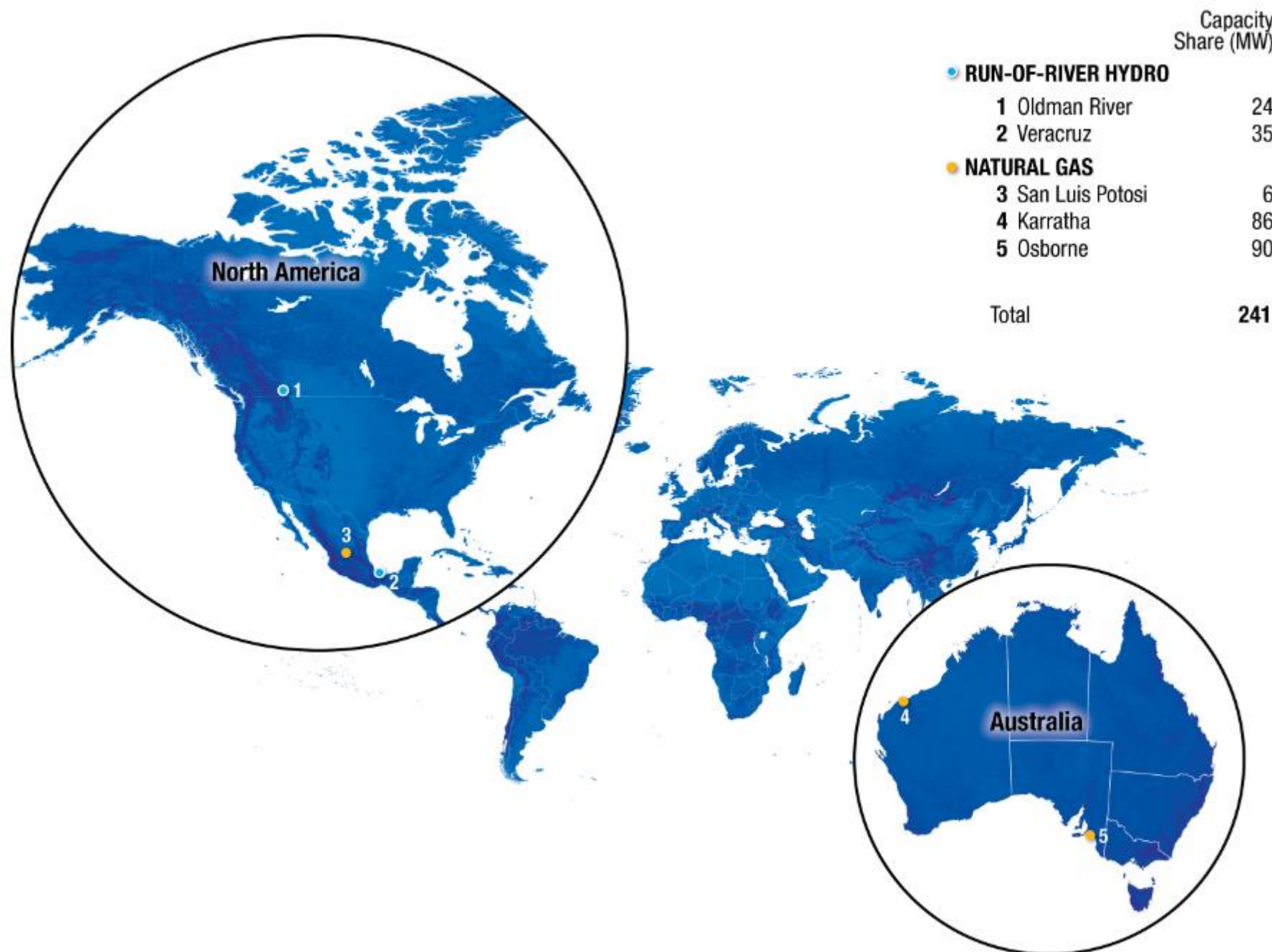


Expanding Renewable Generation Capabilities





# ELECTRICITY GENERATION POST SALE





# 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 PDH plant

## Natural Gas & Hydrocarbon Storage

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

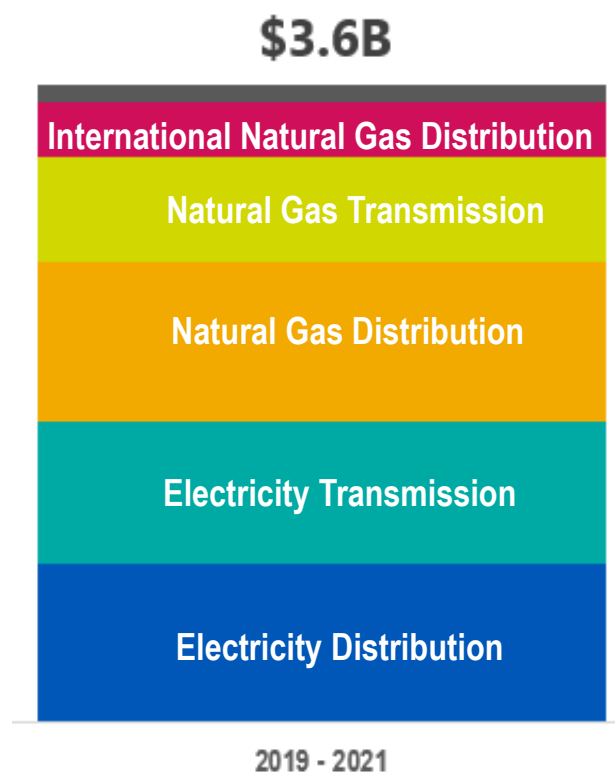


Heartland Industrial Water System



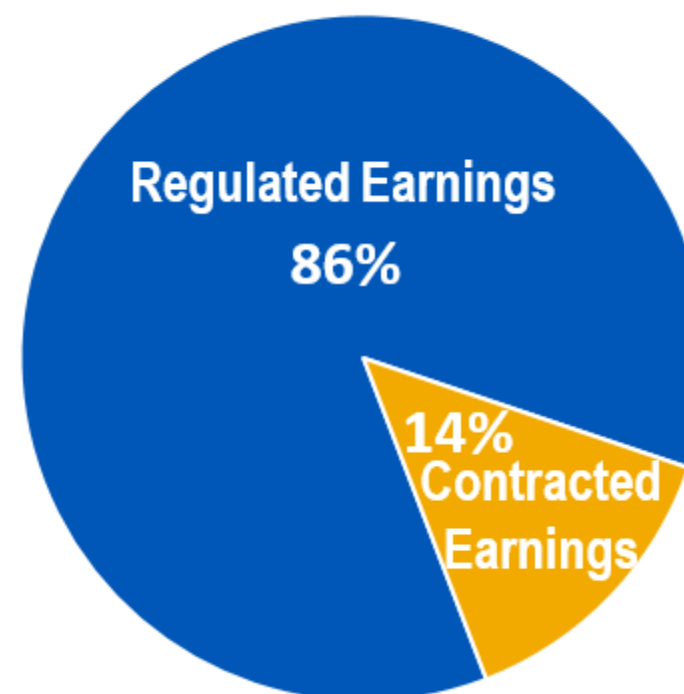
Heartland Salt Caverns

# CANADIAN UTILITIES SUMMARY

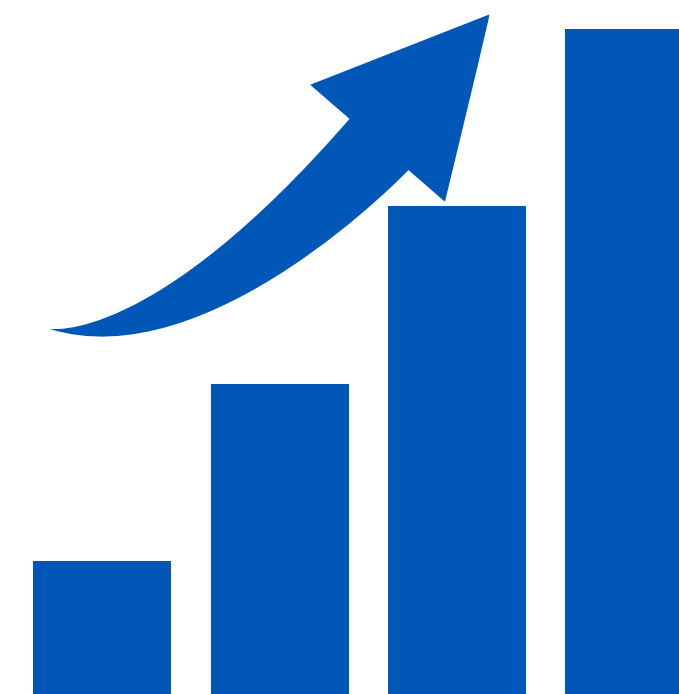


Ongoing Capital  
Investment Driving  
Utility Asset Growth

## 2018 Adjusted Earnings



High Quality  
Earnings



Track Record of  
Dividend Growth

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# OTHER ATCO INVESTMENTS



# STRUCTURES & LOGISTICS

**ATCO** | MODULAR STRUCTURES



## Modular Structures

- Permanent modular construction
- Relocatable modular buildings



## Workforce Housing & Space Rentals

- Mobile office trailers

**ATCO** | STRUCTURES & LOGISTICS



## Logistics and Facility O&M Services

- Facility operations
- Maintenance services
- Emergency management & disaster response services



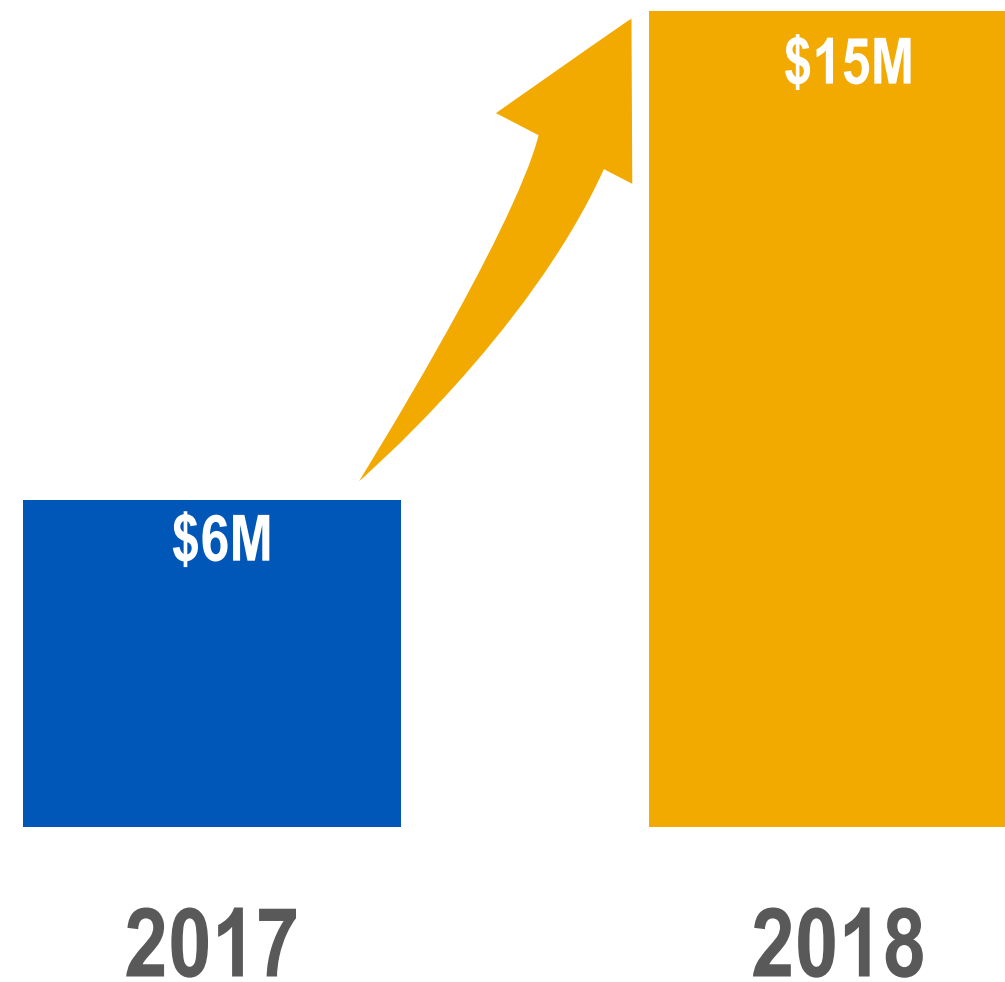
## Lodging & Support Services

- Lodging, catering
- Maintenance
- Waste management

**ATCO** | FRONTEC

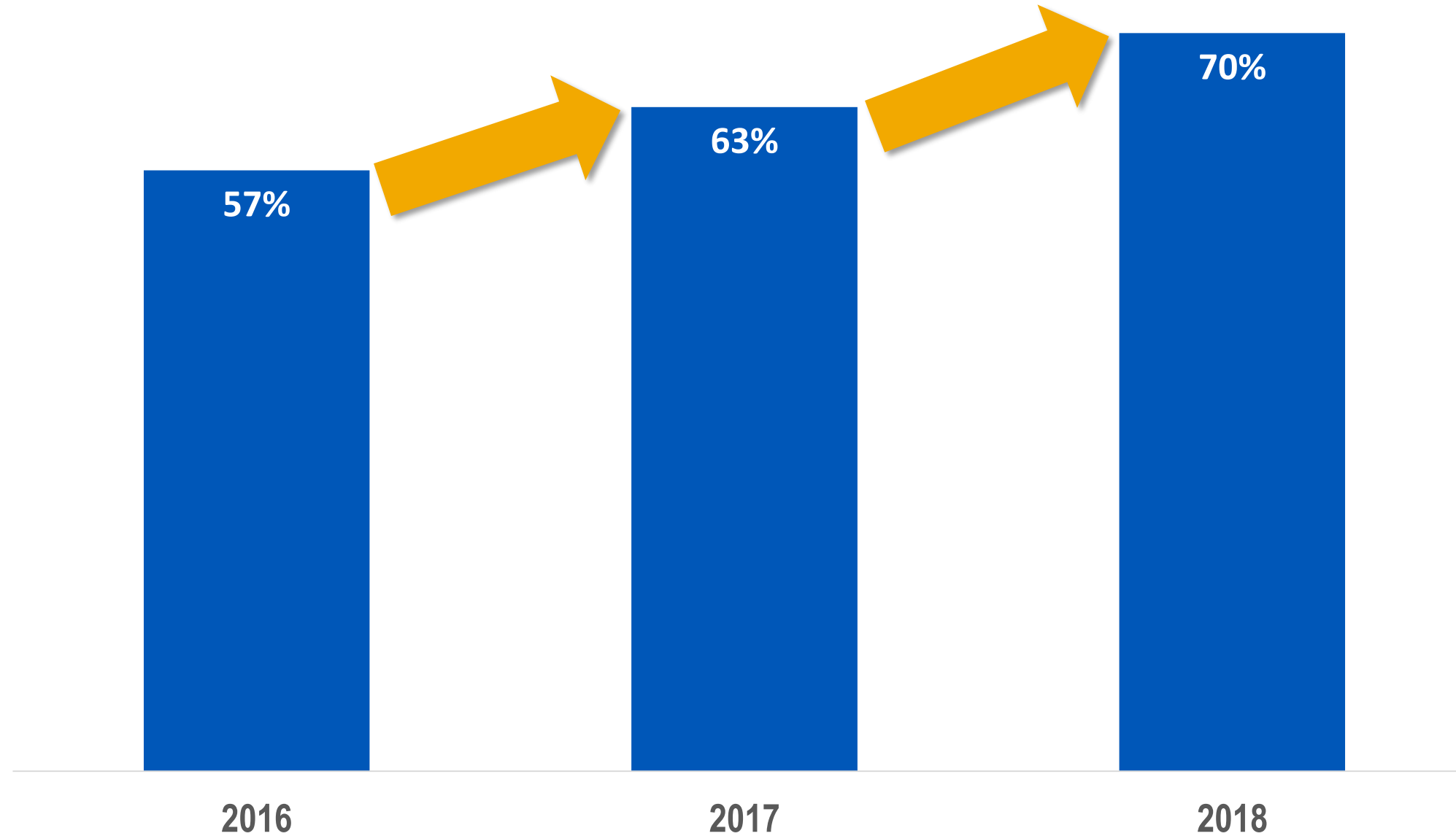
# STRUCTURES & LOGISTICS ADJUSTED EARNINGS

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# STRUCTURES & LOGISTICS

Modular Structures increased rental utilization by 13 per cent



# STRUCTURES & LOGISTICS

## Winning key Modular Structures contracts

- LNG Canada Workforce Accommodation  
4,500 person camp construction underway to house construction workers on LNG Canada's facility in Kitimat, B.C.
- Coastal Gaslink Pipeline  
3 camps serving providing operational and support services for pipeline workers across northern B.C.
- Chico, California fire disaster relief  
1,500 person camp for fire disaster relief efforts near Paradise, California



Tuscan Ridge Lodge, Paradise, California



# STRUCTURES & LOGISTICS

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



**Thomastown School**  
Victoria, Australia



**Dandenong North Primary School**  
Victoria, Australia



**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.

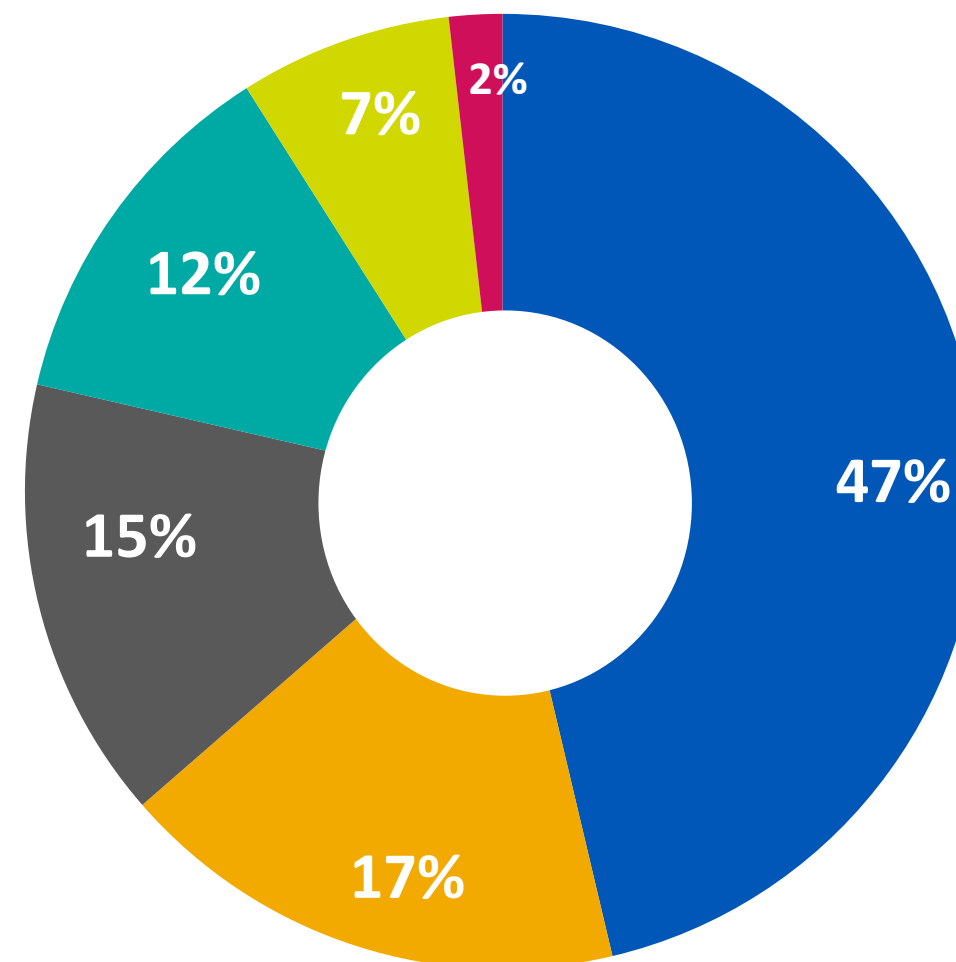


Ranked #3 in Overall Modular Construction  
vs Main Competitors



Ranked #2 in Space Rental Market Share  
vs Main Competitors

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



Diversified customer base led by copper mining





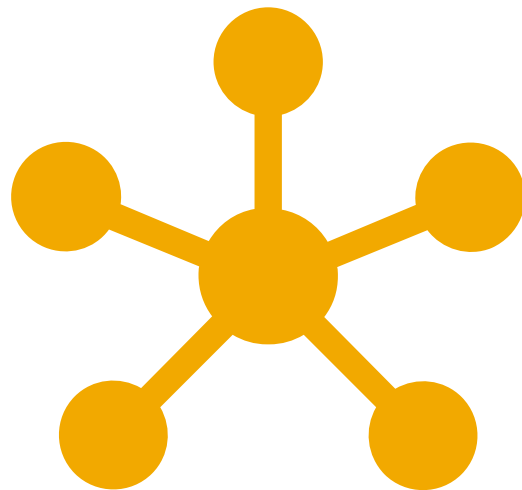
# ATCO ESPACIOMOVIL

- In 2018, Structures & Logistics acquired a majority ownership position in ATCO Espaciomovil, a leading modular building manufacturer in Mexico.
- ATCO is now the largest manufacturer of modular products in the Mexican market, with the second largest fleet of modular rental assets in the country.
  - 182,000 sq. ft. manufacturing plant in Guadalajara, Mexico
  - Approximately 1,300 modular rental units in operation
  - The fleet is currently 80 per cent utilized on existing rental contracts
- ATCO Espaciomovil serves a diverse customer base across Mexico and Central America.

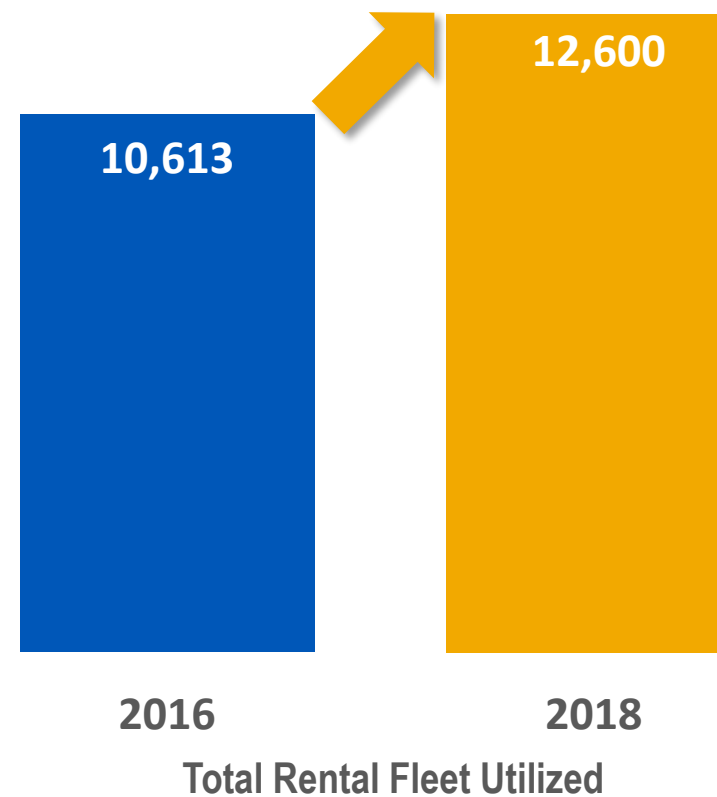


# STRUCTURES & LOGISTICS KEY HIGHLIGHTS

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

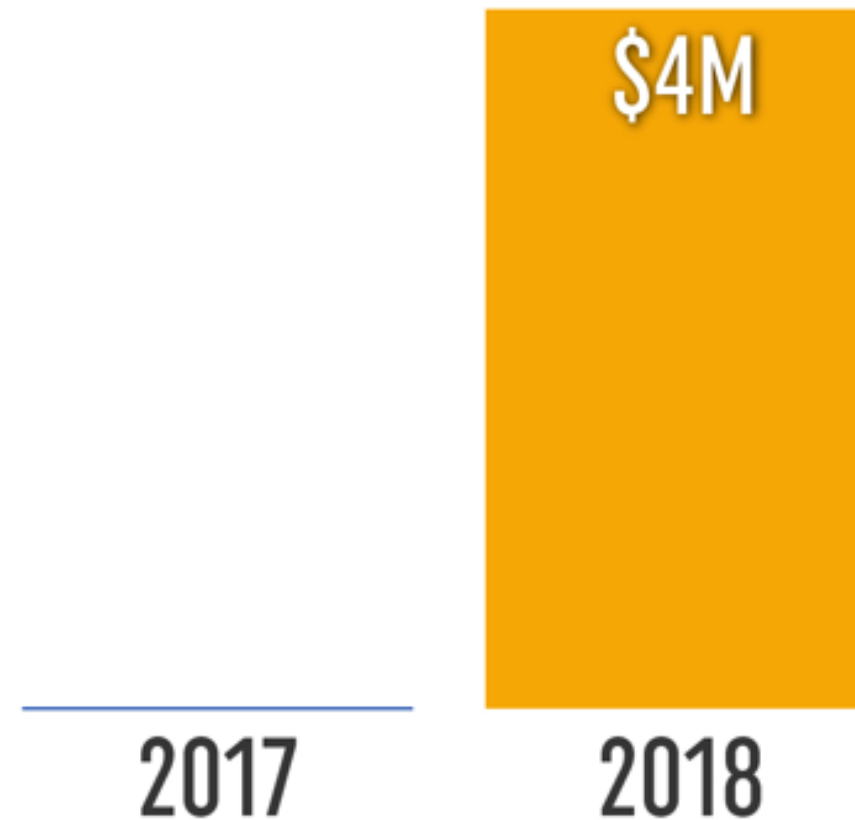




# NETLUME PORTS INVESTMENT

- ATCO acquired a 40% ownership interest in Neltume Ports in September 2018 for approximately \$450 million
- Neltume Ports is a leading port operator in South America with 16 ports in 4 countries

## Adjusted Earnings

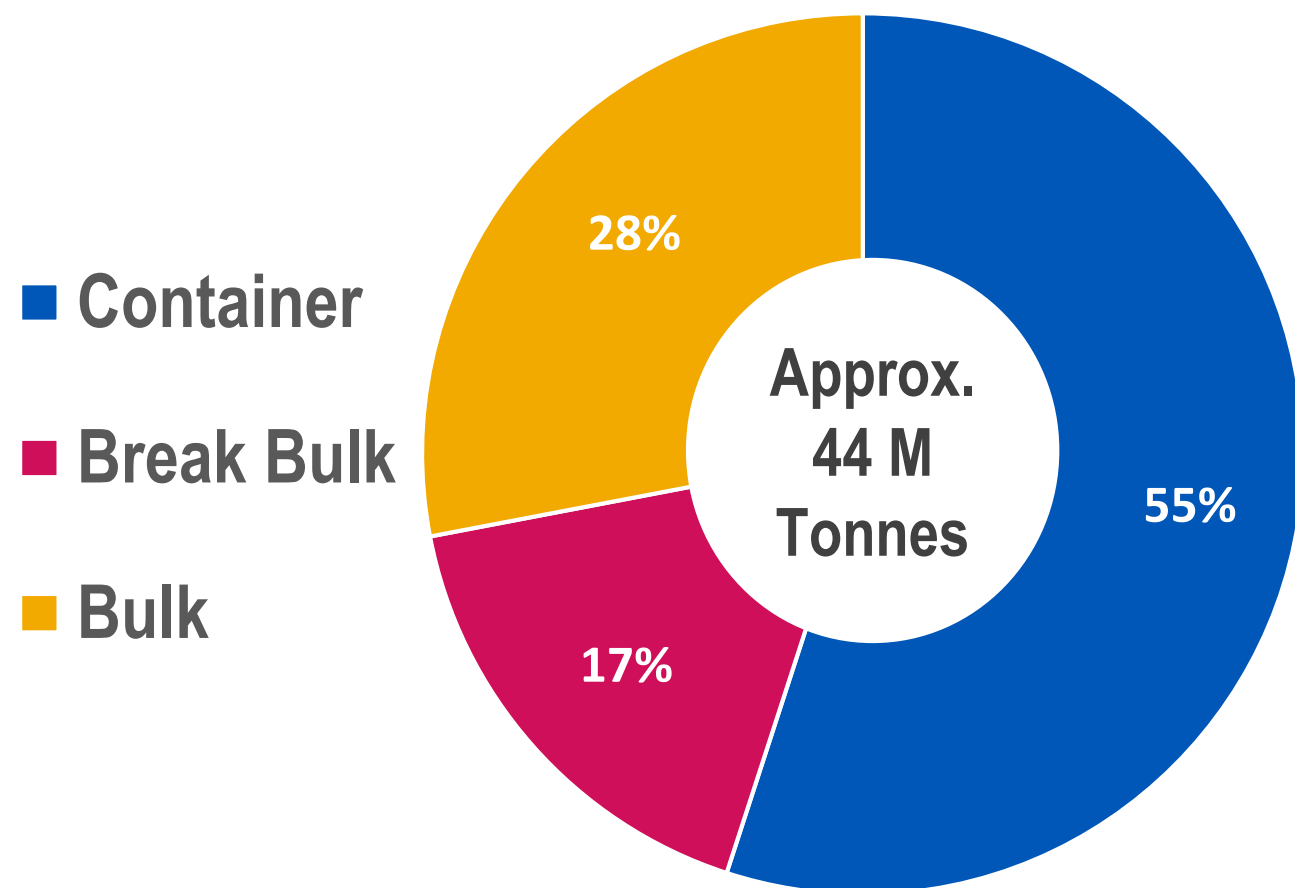


## Port Operations Services

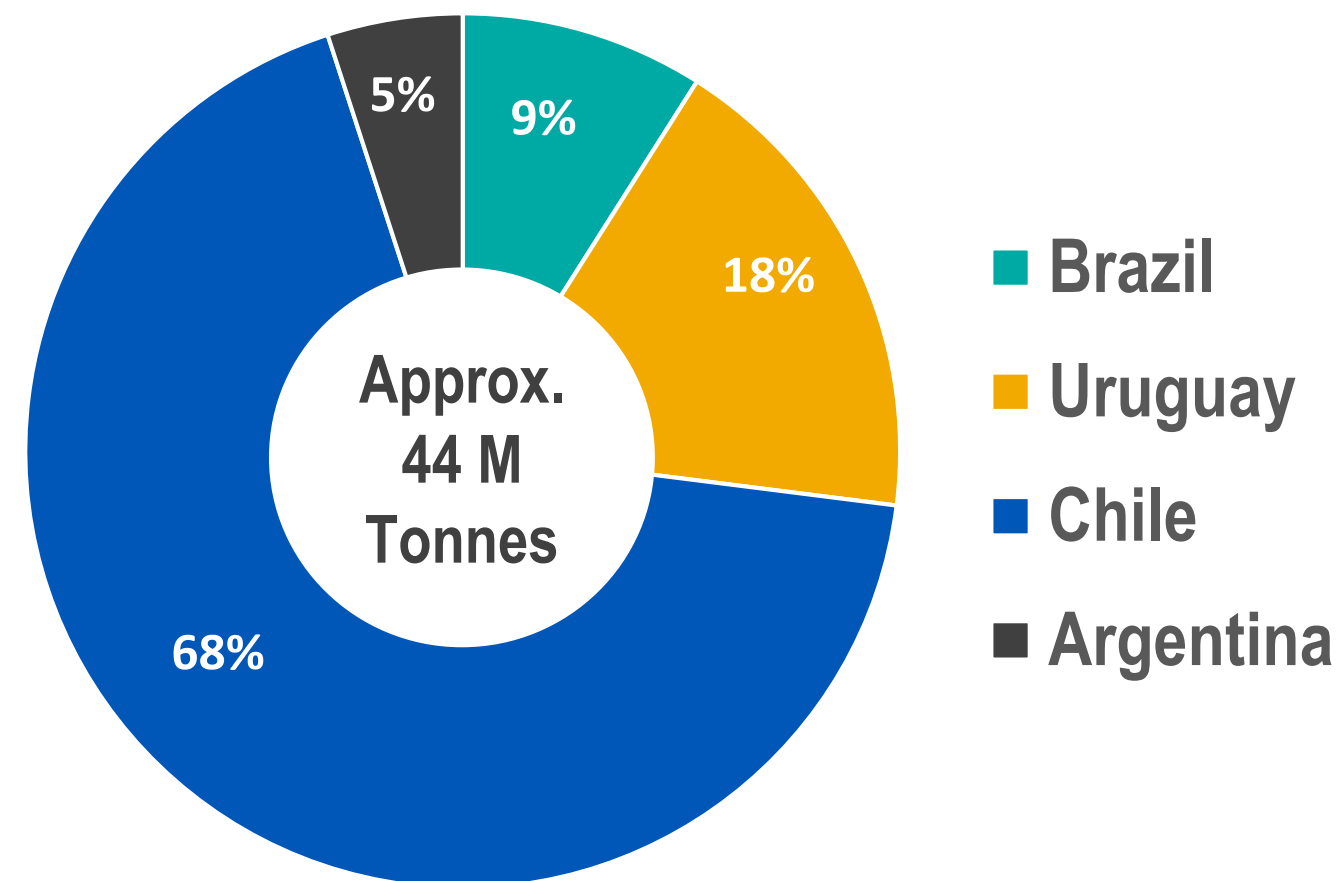


# NETTUME PORTS OPERATIONS

BY CARGO TYPE IN 2018



BY GEOGRAPHY IN 2018



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

# PORT OVERVIEW

PORT	PERCENT OWNERSHIP	COUNTRY	TERMINAL TYPE	KEY CARGO
Terminal Puerto Arica	50%	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	54%	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)

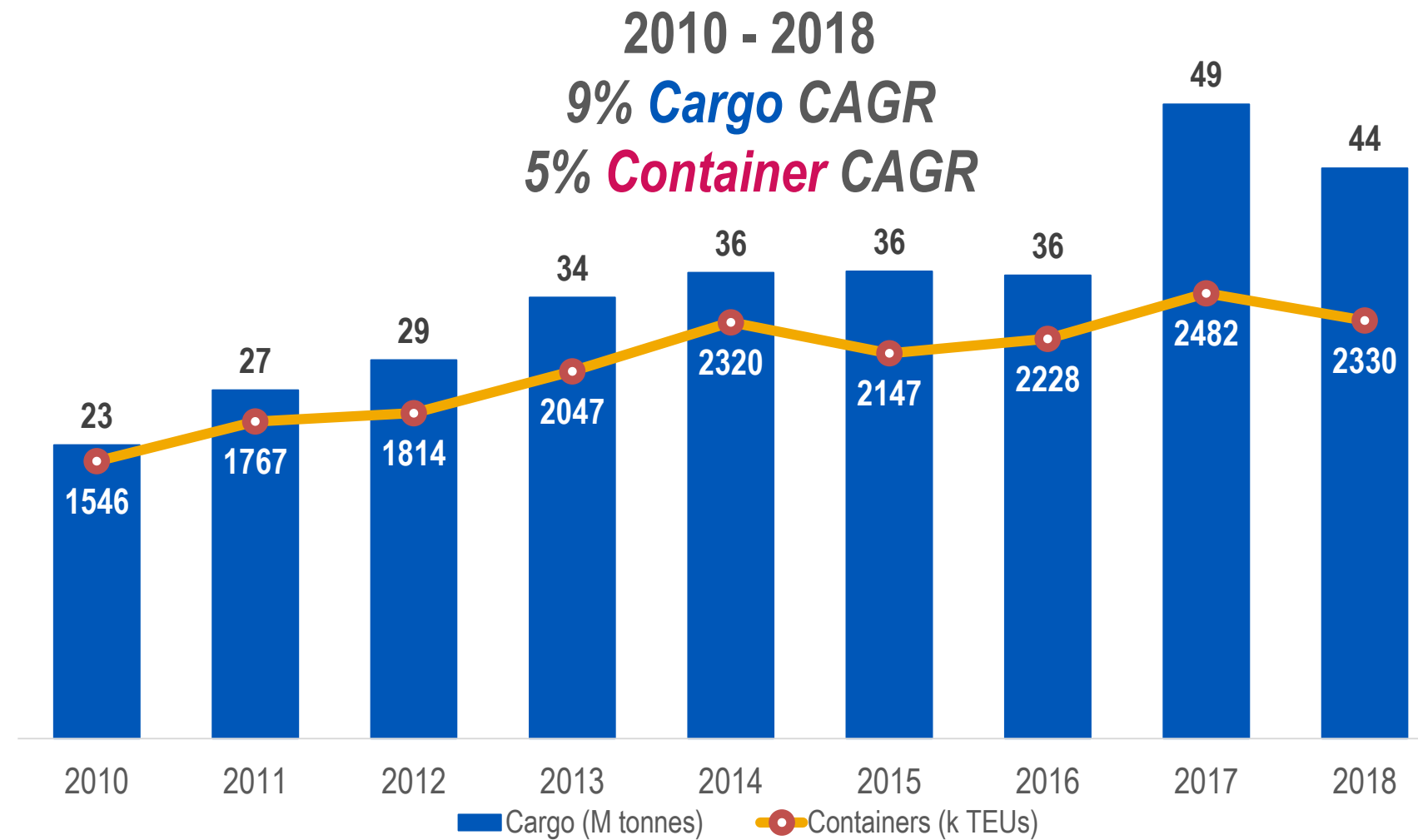


Terminal Pacifico Sur (TPS)



# 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

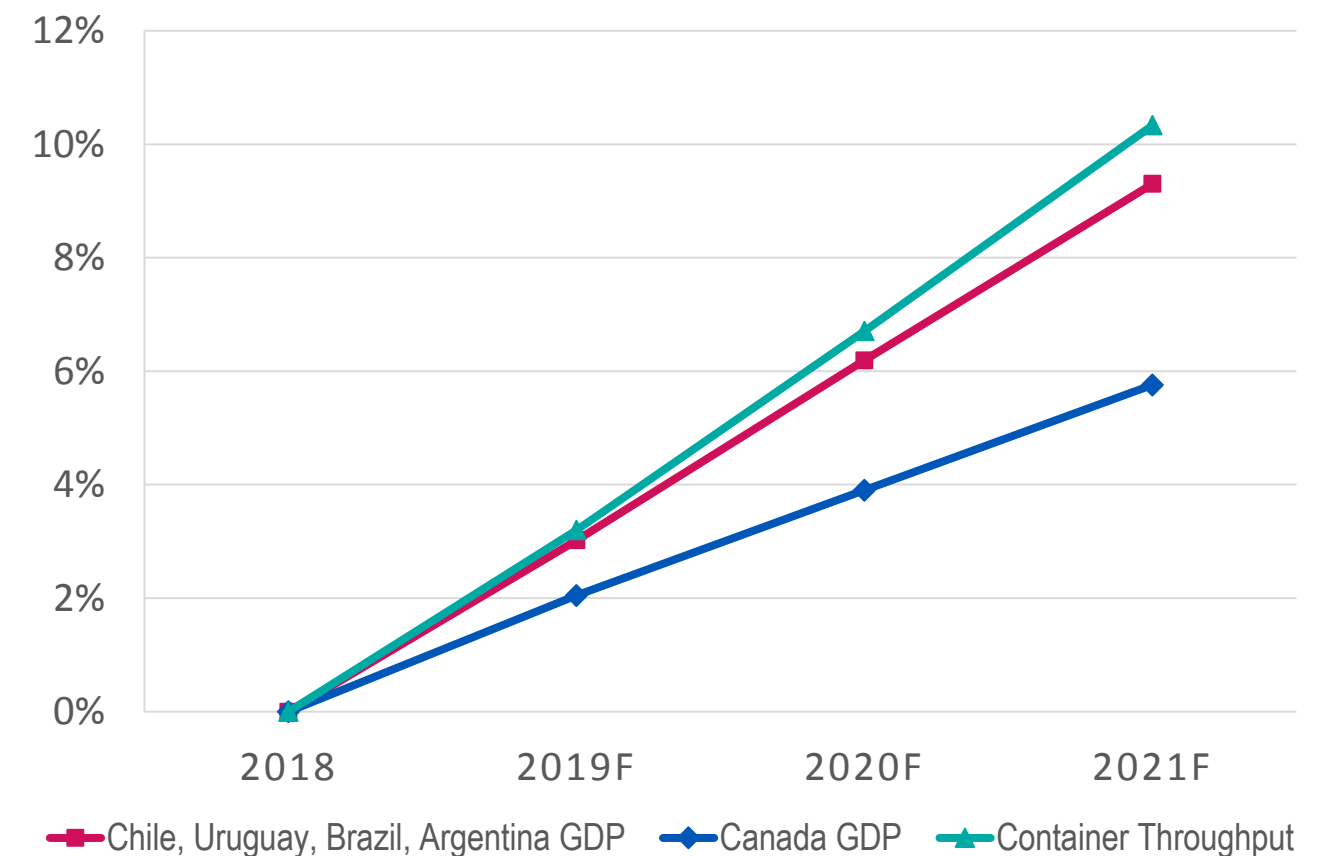
## Strong macro economic growth indicators:

- GDP growth in Neltume Port countries to outpace Canadian GDP growth
- Chile has been one of Latin America's fastest-growing economies averaging 3.5% GDP growth over the last 9 years.
- Global trends in electrification and energy will drive continued demand to copper and other energy products.

## Correlation between GDP and container throughput growth:

- In South America, independent studies have shown that container port throughput grows by a multiple of 1.1x - 3x GDP growth. Even at the most conservative independent growth assumptions, container throughput would grow at a faster rate compared to Canada GDP.
- 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, October 2018, weighted average based on 2018 cargo volume throughput by country

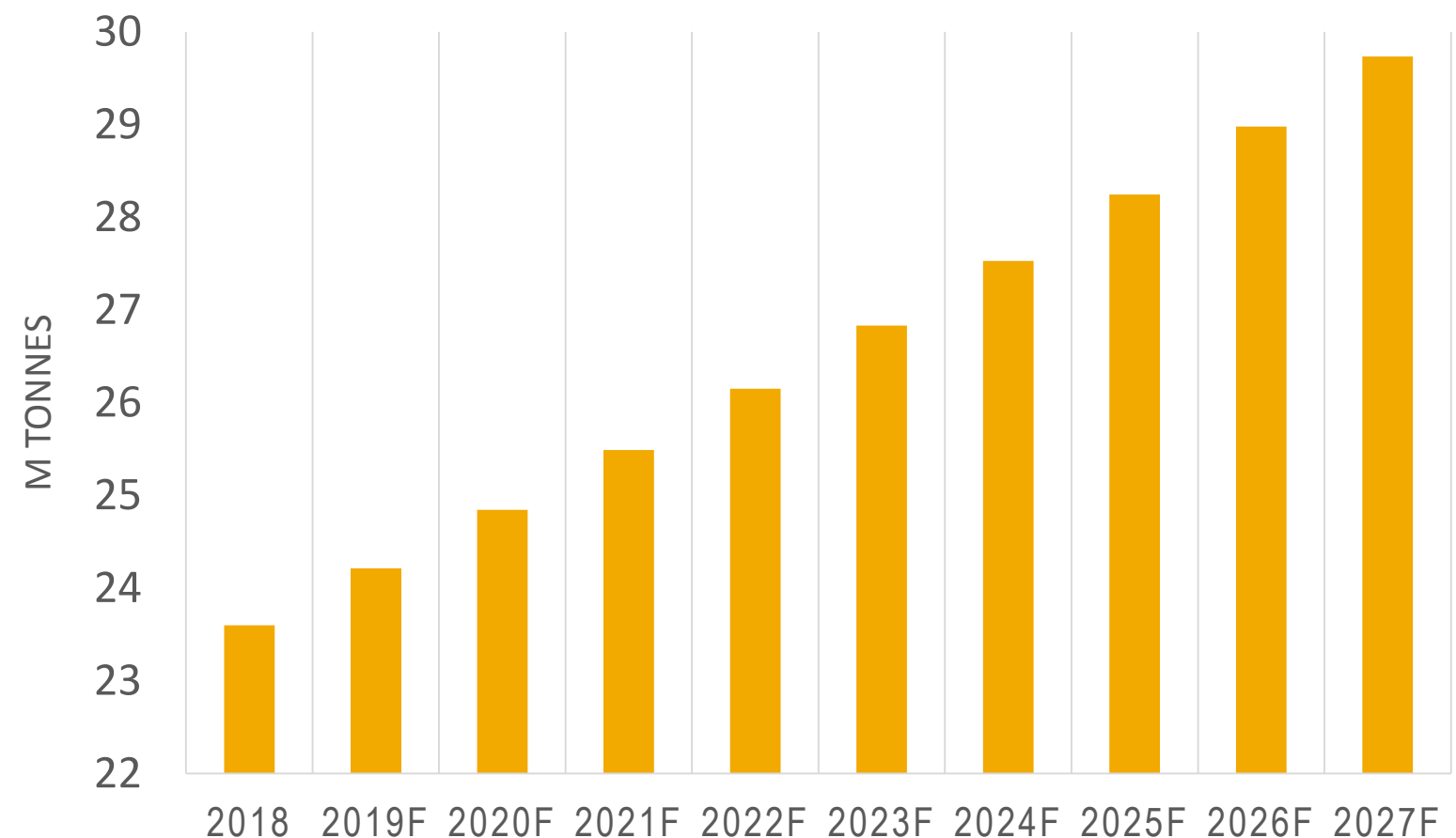
Container Throughput Forecast: Drewry Economic Intelligence Research; Independent third party studies

# 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 Fitch Group estimates that global copper demand will grow by 2.6% annually to 2027.
- 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 DEMAND



# 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



# NETLUME PORTS INVESTMENT STRATEGIC RATIONALE



Investment with a trusted long-term partner with shared values



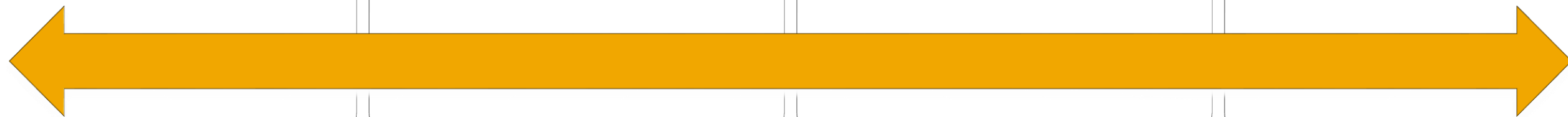
Portfolio, industry, and geographic diversification



Exposure to growing global trade and transportation



Strong macro factors and economic tailwinds



# GROWTH: COMMERCIAL REAL ESTATE

- ATCO Investments Ltd. owns 15 commercial real estate properties throughout Alberta
- In 2018, completed commercial property sales for approximately \$13M

Grand Prairie industrial space



Calgary office space



Calgary industrial space – Sold in 2018



Heartland industrial land



Ft. McMurray office space





# KEY ATCO HIGHLIGHTS

## Geographic Diversification



## EPS Accretion



## Global Essential Services





# APPENDIX



# REGULATED UTILITIES



ELECTRIC TRANSMISSION  
\$5,095M Rate Base



ELECTRIC DISTRIBUTION  
\$2,585M Rate Base



NATURAL GAS DISTRIBUTION  
\$2,717M Rate Base



NATURAL GAS TRANSMISSION  
\$1,802M Rate Base

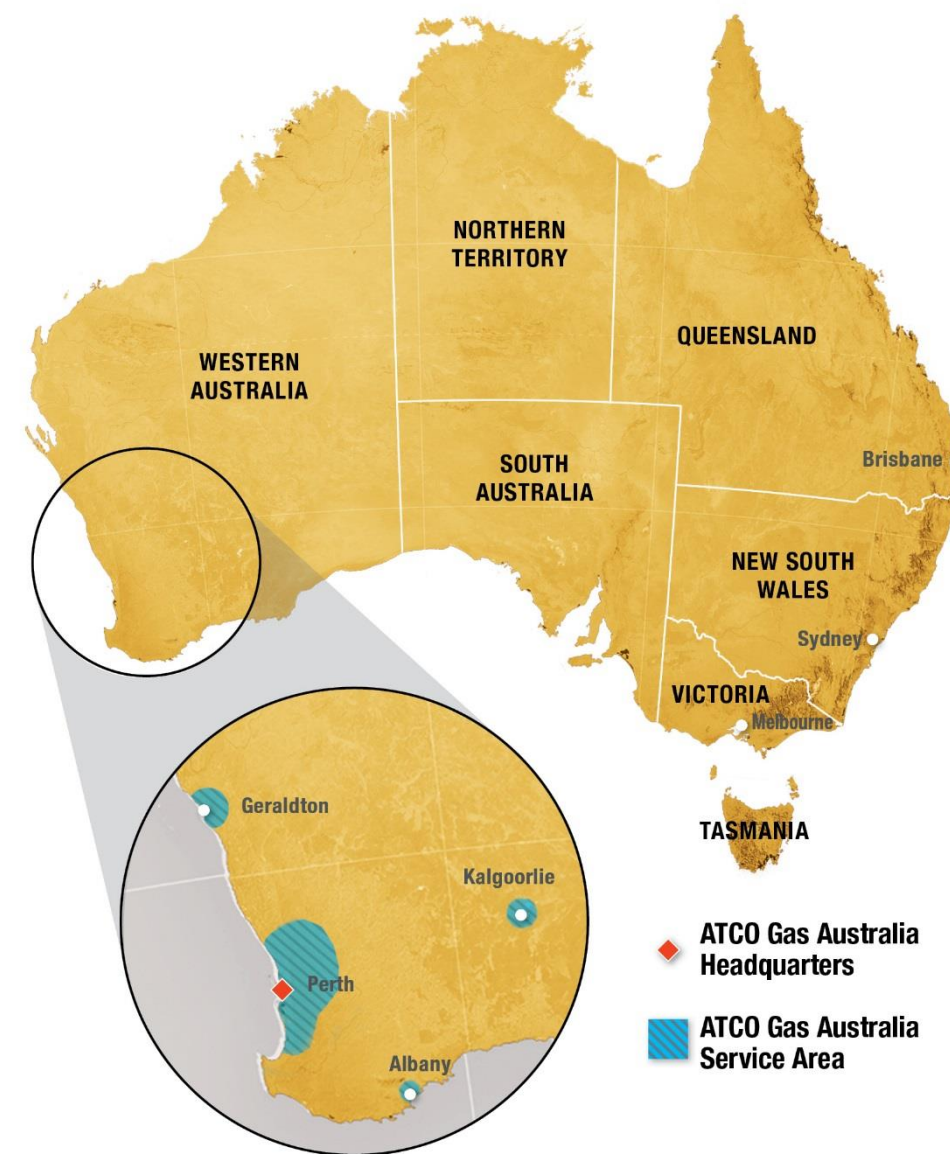


INTERNATIONAL NATURAL GAS  
DISTRIBUTION  
\$1,211M Rate Base

# AUSTRALIA UTILITY

We provide safe and reliable natural gas service to the Perth metropolitan area and the wider Western Australian community

- Approximately 761,000 customers
- 14,000 km of natural gas distribution pipelines





# ELECTRICITY DISTRIBUTION & TRANSMISSION

## We build, own and operate electrical distribution and transmission facilities

- 258,000 farm, business and residential customers in 242 Alberta communities
- Approximately 11,000 km of transmission lines, and delivers power to and operates 4,000 km of lines owned by Rural Electrification Associations, and 72,000 km of distribution lines
- Subsidiaries:
  - ATCO Electric Yukon
  - Northland Utilities



# NATURAL GAS DISTRIBUTION

## We build, own and operate natural gas distribution facilities in Alberta

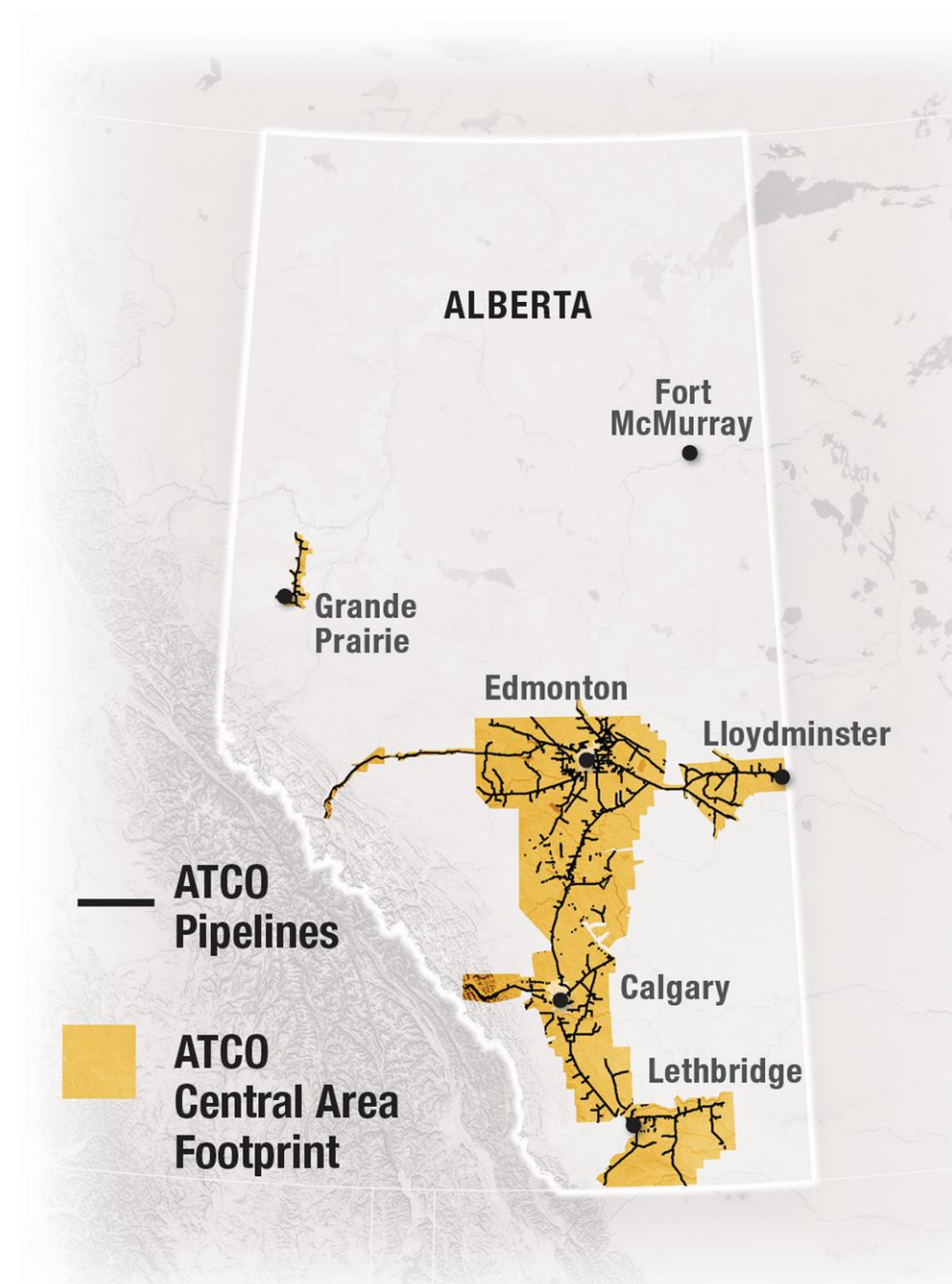
- Alberta's largest natural gas distribution company
- Serves approximately 1.2 million customers in nearly 300 Alberta communities
- We build, maintain, and operate 41,000 km of natural gas distribution pipelines



# NATURAL GAS TRANSMISSION

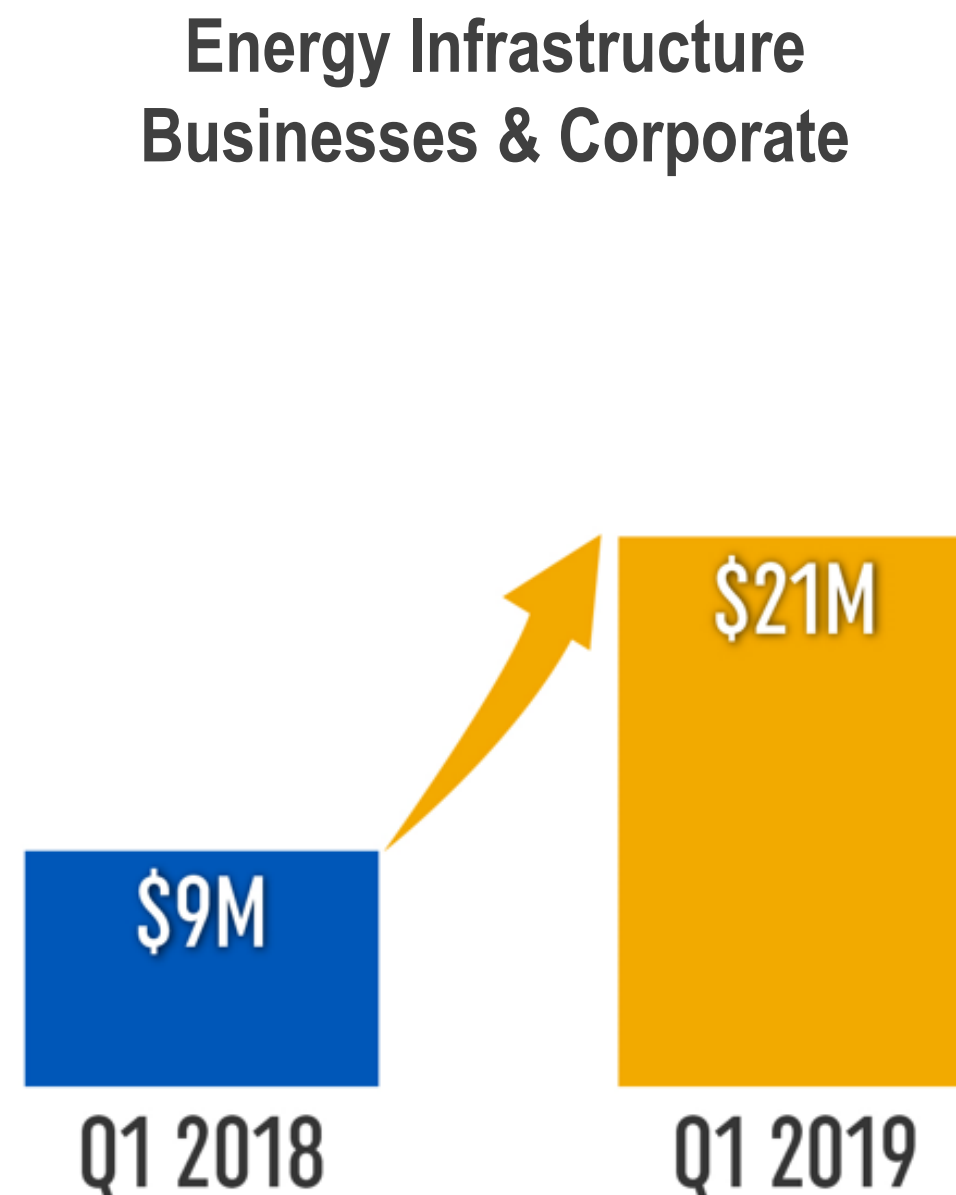
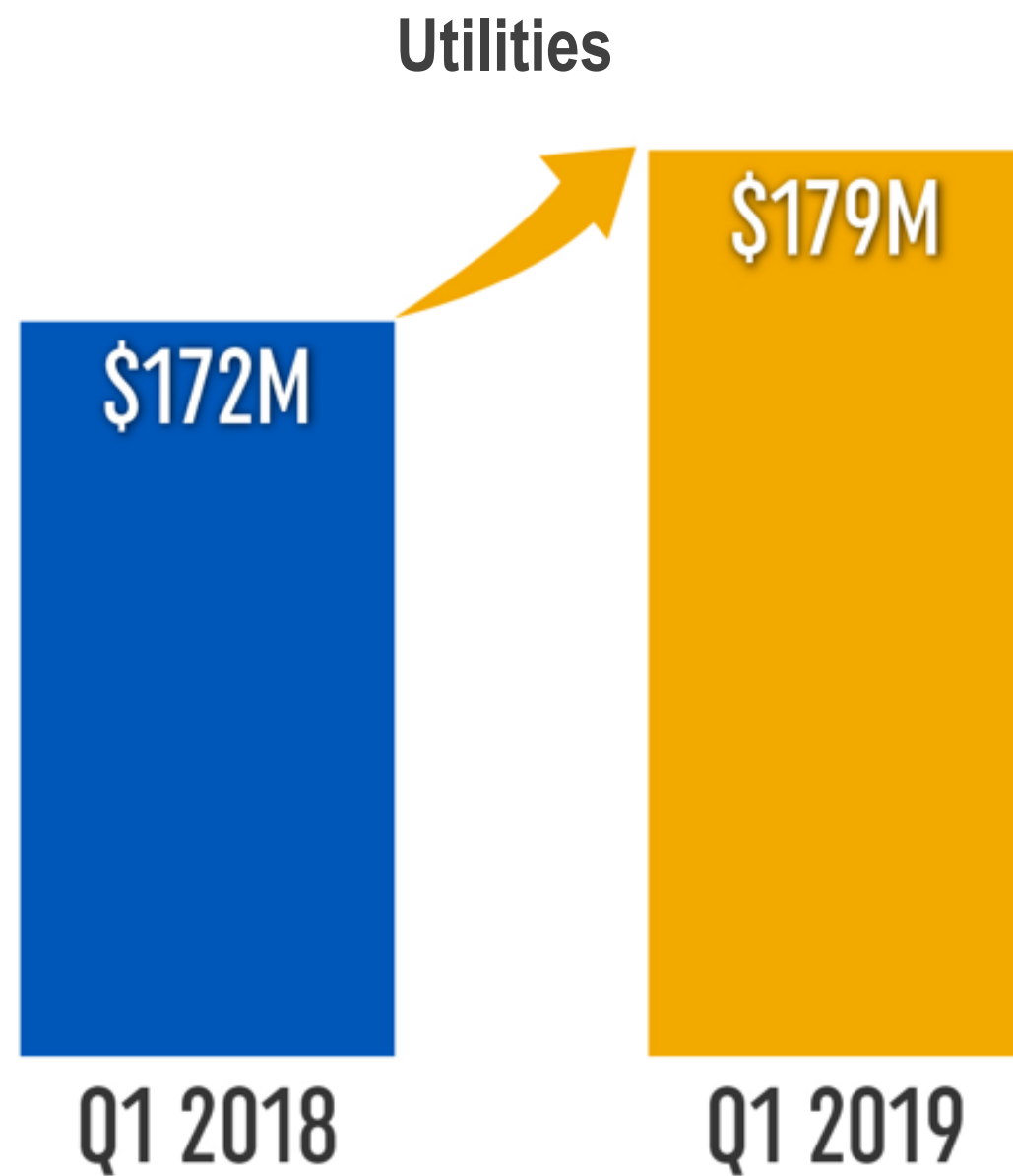
## We build, own and operate key high-pressure natural gas transmission facilities in Alberta

- Transports clean, efficient energy from producers and other pipelines to utilities, power generators and major industries
- Owns and operates 9,200 km of pipeline
- Delivers a peak of 3.8B cubic ft/day of natural gas to customers
- Approximately 3,500 receipt and delivery points
- Interconnections facilitate access to multiple intra-Alberta and export markets



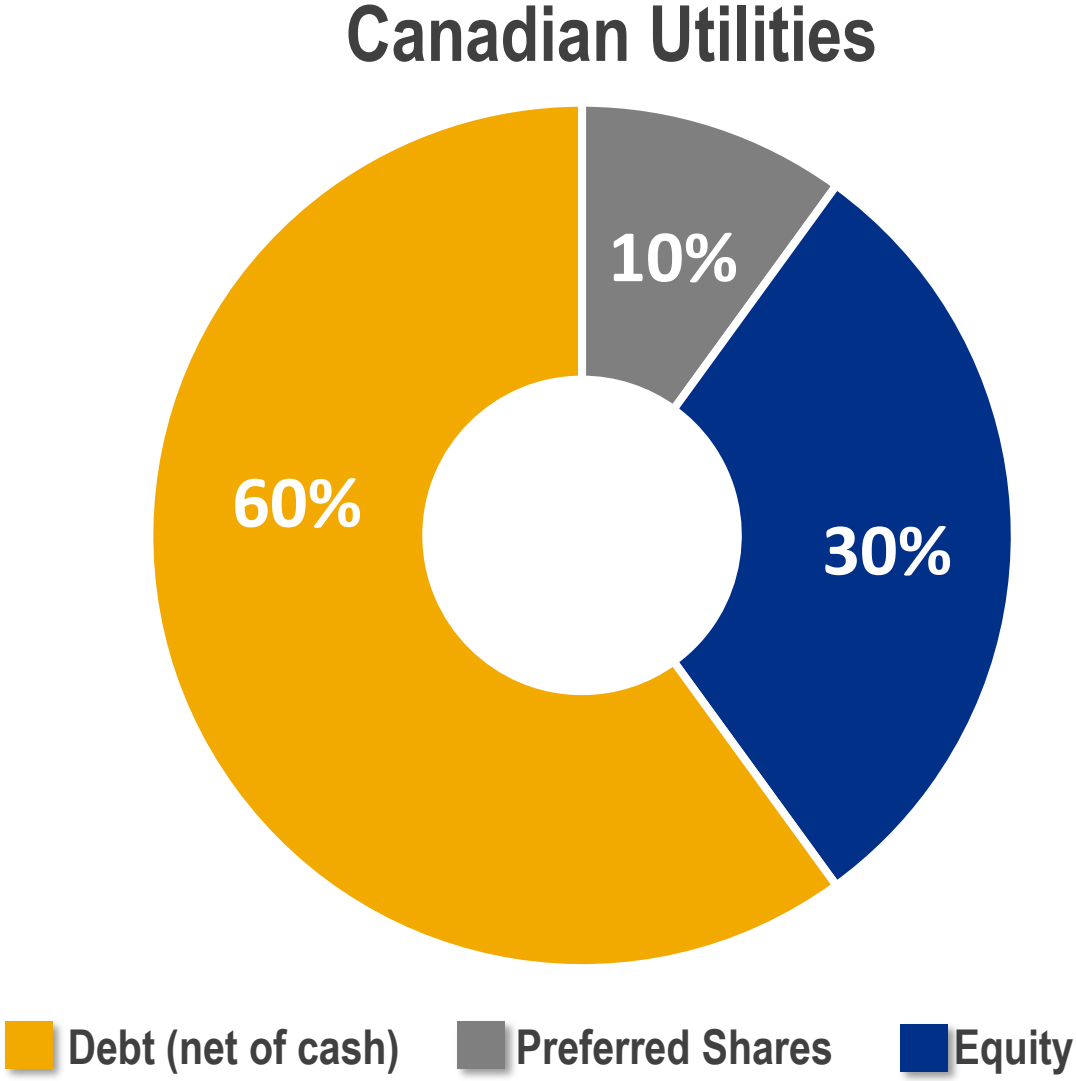
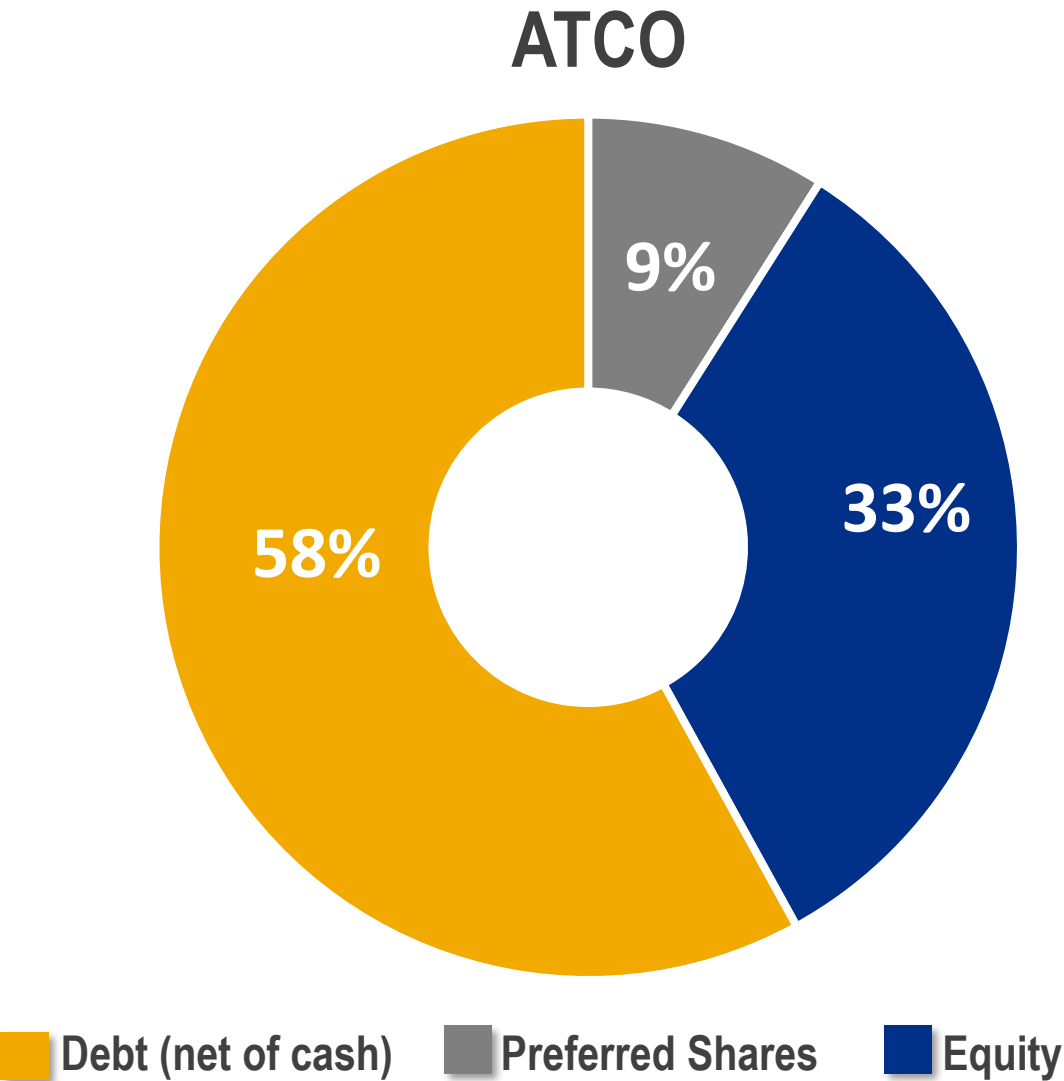


# FIRST QUARTER 2019 ADJUSTED EARNINGS





# FINANCIAL STRENGTH: BALANCE SHEET AS AT Q1 2018



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

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