

October 26, 2017

## ATCO REPORTS THIRD QUARTER 2017 EARNINGS

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

ATCO Ltd. today announced third quarter adjusted earnings for 2017 of \$55 million compared to \$64 million in 2016. In September 2017, the Alberta Utilities Commission (AUC) released a retroactive regulatory decision that adversely impacted adjusted earnings in our Electric Transmission division. Without the prior period impact from this decision, adjusted earnings in the third quarter of 2017 would have been \$59 million.

Strong earnings in the Electricity and Pipelines & Liquids global business units were mainly due to continued capital investment, rate base growth, and earnings from Alberta PowerLine (APL). APL is a partnership formed between ATCO and Quanta Services to design, build, own and operate a 500 km transmission line from east of Edmonton to Fort McMurray, Alberta. Higher third quarter earnings were more than offset by lower contributions from the Structures & Logistics global business unit due to lower Modular Structures' major project activity.

ATCO invested \$518 million in capital growth projects in the third quarter and \$1,235 million in the first nine months of 2017, of which 95 per cent was invested in assets that earn a return under a regulatory business model or are secured under long-term contracts. This capital investment is expected to contribute significant earnings and cash flow and create long-term value for share owners.

On October 12, 2017, ATCO declared a fourth quarter dividend for 2017 of 32.75 cents per Class I Non-Voting and Class II Voting Share. ATCO's annual dividend per share has increased for 24 consecutive years.

### RECENT DEVELOPMENTS

- On October 2, 2017, APL closed the issuance of an aggregate of \$1.4 billion of bonds with maturities ranging from June 2032 to March 2054. This represents the largest public-private partnership financing ever completed in Canada.
- On September 1, 2017, Dominion Bond Rating Service affirmed its 'A (low)' long-term corporate credit rating and stable outlook on ATCO.
- On August 8, 2017, Dominion Bond Rating Service affirmed its 'A' long-term corporate credit rating and stable outlook on ATCO subsidiary Canadian Utilities Limited.

- On July 5, 2017, the AUC established a full proceeding schedule for a 2018, 2019 and 2020 General Cost of Capital proceeding. Submissions are scheduled to be filed October 31, 2017 with a hearing set for March 2018. The AUC has indicated its intention to issue a decision prior to the end of 2018.
- On September 20, 2017, the AUC issued a decision on ATCO Electric Transmission's 2013 to 2014 Deferral Accounts Application. The Application included \$824 million of capital expenditures for the 35 direct-assigned AESO projects that went into service in 2013 and 2014. While the decision approved the inclusion of the vast majority of the capital expenditures into rate base, it resulted in a decrease to third quarter 2017 adjusted earnings of \$4 million, all of which relates to years prior to 2017.
- On August 29, 2017, ATCO Pipelines received a decision from the AUC regarding its 2017 to 2018 General Rate Application. The decision largely approved the application as filed, with the exception of some changes to PP&E depreciation rates. ATCO Pipelines' rates are in place on a prospective basis until the end of 2018.

### FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

A financial summary and 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	
	2017	2016	2017	2016
Adjusted earnings <sup>(1)</sup>	55	64	243	266
Gain on sale of joint operation <sup>(2)</sup>	-	-	-	7
Unrealized losses on mark-to-market forward commodity contracts <sup>(2)</sup>	(3)	-	(19)	-
Rate-regulated activities <sup>(2)</sup>	(6)	6	(35)	(33)
Other <sup>(3)</sup>	-	-	2	-
<b>Earnings attributable to Class I and Class II Shares</b>	<b>46</b>	<b>70</b>	<b>191</b>	<b>240</b>
Weighted average shares outstanding (millions of shares)	<b>114.4</b>	114.3	<b>114.4</b>	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) Refer to Note 3 of the consolidated financial statements for detailed descriptions of the adjustments.

(3) 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 Mexican pesos, and the U.S. dollar functional currency.



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, 2017 will be available on the ATCO website ([www.ATCO.com](http://www.ATCO.com)), via SEDAR ([www.sedar.com](http://www.sedar.com)) or can be requested from the Company.

With approximately 7,000 employees and assets of \$21 billion, ATCO is a diversified global corporation delivering service excellence and innovative business solutions in Structures & Logistics (workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management); Electricity (electricity generation, transmission, and distribution); Pipelines & Liquids (natural gas transmission, distribution and infrastructure development, energy storage, and industrial water solutions); and Retail Energy (electricity and natural gas retail sales). More information can be found at [www.ATCO.com](http://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.*