



November 14, 2024

ATCO REPORTS THIRD QUARTER 2024 EARNINGS

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

ATCO Ltd. (ATCO or the Company) today announced third quarter 2024 adjusted earnings of \$91 million (\$0.81 per share), \$10 million (\$0.10 per share) higher compared to \$81 million (\$0.71 per share) in the third quarter of 2023.

Third quarter earnings attributable to Class I and Class II Shares reported in accordance with International Financial Reporting Standards (IFRS earnings) were \$93 million (\$0.83 per share), \$2 million (\$0.03 per share) higher compared to \$91 million (\$0.80 per share) in the third quarter of 2023.

IFRS earnings include timing adjustments related to rate-regulated activities, unrealized gains or losses on mark-to-market forward and swap commodity contracts, one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. These items are not included in adjusted earnings.

RECENT DEVELOPMENTS

ATCO Structures

- Successfully closed the previously announced acquisition of NRB Limited, a leading Canadian manufacturer of modular industrial, educational and residential buildings. The transaction closed on August 30, 2024, for a purchase price of \$40 million, subject to normal closing adjustments.
- Awarded a \$14 million contract to design, supply, transport and install a 29-unit, two-storey mine dry facility in support of a mining operation in Western Canada. Manufacturing is scheduled to commence in the fourth quarter of 2024 with delivery and installation expected in the second quarter of 2025.

Canadian Utilities

- In September 2024, ATCO Energy Systems announced the filing of a comprehensive regulatory application that establishes the need for the Yellowhead Mainline natural gas project and represents the first of two applications to the Alberta Utilities Commission. This is a significant milestone for the advancement of the project. Subject to regulatory and company approvals, construction is expected to commence in 2026 and the pipeline is expected to be on-stream in the fourth quarter of 2027.
- ATCO EnPower remains committed to hydrogen development within Alberta's Industrial Heartland and has signed a Letter of Intent with Linde Canada Inc. (Linde). ATCO EnPower and Linde are working alongside other parties to further the development and commercial success of the AH3 project, with the objective to commence Front End Engineering Design (FEED) in the fourth quarter of 2024 and advance both domestic and export offtake opportunities. The project has significant potential to supply hydrogen to domestic and international markets, including the Alberta gas grid, industrial, municipal, and commercial transport users. The parties continue to work with supportive Federal and Provincial governments to establish policy and frameworks that facilitate investment in the Canadian hydrogen economy of both export and domestic

opportunities, and to work with First Nations for their participation in the development of and ownership in the project.

- In September 2024, ATCO EnPower successfully produced hydrogen through two 1-MW electrolyzers that were constructed and commissioned in Edmonton and Calgary. This is a significant milestone for ATCO EnPower's partnership with Canadian Pacific Kansas City Limited that was announced in the second quarter of 2022, to provide engineering, procurement and construction services for two hydrogen production and refueling facilities in Calgary and Edmonton.
- Subsequent to quarter end, on November 8, 2024, ATCO Gas Australia received the final AA6 decision from the Economic Regulation Authority (ERA). This final decision is a result of a constructive and collaborative regulatory process. The decision from the ERA approves the prices for ATCO Gas Australia's gas distribution network for the next five years. Their decision is underpinned by a five-year capital expenditure program, a five-year operating cost forecast, the demand forecast of throughput on the natural gas distribution network in Western Australia, and included an evaluation of the capital expenditure program completed during the AA5 period to confirm the capital expenditures met the regulatory criteria. The decision also determines the rate of return for the AA6 period, which adopts a ROE of 8.23 per cent, compared to 5.02 per cent in the previous Access Arrangement.
- Incurred \$414 million in capital expenditures in the third quarter of 2024, of which 94 per cent was invested in our regulated utilities in ATCO Energy Systems and ATCO Australia, and 6 per cent mainly in ATCO EnPower.

Corporate

- On October 10, 2024, ATCO declared a fourth quarter dividend of 48.98 cents per share or \$1.96 per share on an annualized basis per Class I non-voting and Class II voting share.

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 non-voting shares and Class II voting shares is provided below:

	Three Months Ended September 30		Nine Months Ended September 30	
(\$ millions except share data)	2024	2023	2024	2023
Adjusted Earnings	91	81	335	305
Restructuring ⁽¹⁾	(6)	—	(29)	—
ATCO Electric settlement application ⁽²⁾	—	—	(4)	—
Unrealized gains on mark-to-market forward and swap commodity contracts ⁽³⁾	11	38	6	73
Rate-regulated activities ⁽⁴⁾	(7)	(25)	(15)	(24)
IT Common Matters decision ⁽⁵⁾	(3)	(3)	(8)	(8)
Impairment ⁽⁶⁾	—	—	—	(4)
Transition of managed IT services ⁽⁷⁾	—	—	—	(5)
Other ⁽⁸⁾	7	—	7	—
Earnings attributable to Class I non-voting and Class II voting shares	93	91	292	337
Weighted average shares outstanding (millions of shares)	112.2	113.4	112.2	113.4

(1) In the third quarter and first nine months of 2024, the Company recorded restructuring costs of \$6 million and \$29 million (after-tax and non-controlling interests) mainly related to staff reductions and associated severance costs.

- (2) In the second quarter of 2024, the Company recognized costs of \$4 million (after-tax and non-controlling interests) related to an AUC enforcement proceeding on the settlement agreement of two matters the Electric Transmission business had self-reported to AUC Enforcement staff.
- (3) The Company's electricity generation and retail electricity and natural gas businesses in Alberta enter into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts are measured at fair value. Unrealized gains and losses due to changes in the fair value of the fixed-price swap commodity contracts in the electricity generation and electricity and natural gas retail businesses are recognized in the earnings of the ATCO EnPower segment and Corporate & Other, respectively. Realized gains or losses are recognized in adjusted earnings when the commodity contracts are settled.
- (4) The Company records significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS with respect to additional revenues billed in the current year, revenues to be billed in future years, regulatory decisions received, and settlement of regulatory decisions and other items.
- (5) Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings.
- (6) In the second quarter of 2023, the Company recognized an impairment of \$4 million (after-tax and non-controlling interests) relating to certain electricity generation assets in Electricity Transmission. These assets had been removed from service and it was determined that they no longer had any remaining value.
- (7) In the first quarter of 2023, the Company recognized legal and other costs of \$5 million (after-tax and non-controlling interests) related to the Wipro Ltd. master services agreements matter that was concluded on February 26, 2023.
- (8) Transfer of ownership of ATCO Energy Ltd. from Canadian Utilities Limited to ATCO. Canadian Utilities Limited recorded a loss of \$14 million (\$7 million after non-controlling interest) which is eliminated on consolidation with ATCO.

This news release should be read in concert with the full disclosure documents. ATCO's unaudited consolidated financial statements and management's discussion and analysis for the quarter ended September 30, 2024 will be available on the ATCO website (www.ATCO.com), via SEDAR+ (www.sedarplus.ca) or can be requested from the Company.

TELECONFERENCE AND WEBCAST

ATCO will hold a live teleconference and webcast with Katie Patrick, Executive Vice President, Chief Financial & Investment Officer and Adam Beattie, President, Structures at 10:00 am Mountain Time (12:00 pm Eastern Time) on Thursday, November 14, 2024 at 1-844-763-8274. 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 and request to join the ATCO teleconference.

Management invites interested parties to listen via live webcast at: <https://www.atco.com/en-ca/about-us/investors/events-presentations.html>.

A replay of the teleconference will be available approximately two hours after the conclusion of the call until December 14, 2024. Please call 1-855-669-9658 and enter pass code 8509779.

As a global enterprise ATCO Ltd. and its subsidiary and affiliate companies have approximately 20,000 employees and assets of \$26 billion. ATCO is committed to future prosperity by working to meet the world's essential energy, housing, security and transportation challenges. ATCO Structures designs, builds and delivers products to service the essential need for housing and shelter around the globe. ATCO Frontec provides operational support services to government, defence and commercial clients. ATCO Energy Systems delivers essential energy for an evolving world through its electricity and natural gas transmission and distribution, and international operations. ATCO EnPower creates sustainable energy solutions in the areas of renewables, energy storage, industrial water and alternative fuels. ATCO Australia develops, builds, owns and operates energy and infrastructure assets. ATCOenergy and Rümi provide retail electricity and natural gas services, home maintenance services and professional home advice that bring exceptional comfort, peace of mind and freedom to homeowners and customers. ATCO also has investments in ports and transportation logistics, the processing and marketing of fly ash, retail food services and commercial real estate. More information can be found at www.ATCO.com.

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Other Financial and Non-GAAP Measures

This news release includes references to "adjusted earnings" which is a "total of segments measure" as that term is defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure. The most directly comparable measure reported in accordance with IFRS is "earnings attributable to Class I and Class II shares". For additional information, see "Financial Summary and Reconciliation of Adjusted Earnings" in this news release, and "Other Financial and Non-GAAP Measures" in the Company's Management's Discussion and Analysis for the nine months ended September 30, 2024, which is available at www.sedarplus.ca.

Forward-Looking Information

Certain statements contained in this news release 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", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this news release includes, but is not limited to, references to: the expected value, timing and term of contracts; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; including ATCO Structures' various projects; expectations regarding the Yellowhead Mainline project, including the timing for commencement of construction and bringing the project on-stream; expectations regarding the AH3 project, including the timing for commencement of FEED, the significant potential of the project and continued collaboration with governments and First Nations on the project; and the payment of dividends.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those anticipated in such forward-looking information. The forward-looking information reflects the Company's beliefs and assumptions with respect to, among other things, the development and performance of technology and technological innovations; continuing collaboration with certain business partners, and regulatory and environmental groups; the performance of assets and equipment; the ability to meet current project schedules, and other assumptions inherent in management's expectations in respect of the forward-looking information identified herein.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things, risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws, regulations and government policies; including uncertainty with respect to recent amendments to the Competition Act (Canada); regulatory decisions; competitive factors in the industries in which the Company operates; prevailing market and economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, and infrastructure; future demand for resources; the development and execution of projects; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; the termination or breach of contracts by contract counterparties; the occurrence of unexpected events such as fires, extreme weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events; global pandemics; geopolitical tensions and wars; and other risk factors, many of which are beyond the control of the Company. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see "Business Risks and Risk Management" in the Company's Management's Discussion and Analysis for the year ended December 31, 2023.

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.