CANADIAN UTILITIES LIMITED
An ATCO Company

News Release

July 26, 2018

CANADIAN UTILITIES REPORTS SECOND QUARTER 2018 EARNINGS

CALGARY, Alberta - Canadian Utilities Limited (TSX: CU, CU.X)

Canadian Utilities today announced second quarter 2018 adjusted earnings of $107 million, or $0.39 per share, compared to $126 million, or $0.47 per share, in the second quarter of 2017. Lower earnings were mainly due to customer rate rebasing under Alberta's regulated model in the natural gas distribution and electric distribution businesses, partially offset by higher earnings in electricity generation due to improved conditions in Alberta power markets.

We invested $442 million in capital growth projects in the second quarter and $1,186 million in the first half of 2018, of which 99 per cent was invested in assets that earn a return under a regulated business model or are under commercially secured long-term contracts.

In the period 2018 to 2020, we expect to invest $4.5 billion in regulated utility and commercially secured capital growth projects. This capital investment is expected to contribute significant earnings and cash flow, and create long-term value for share owners.

On July 11, 2018, we declared a third quarter dividend for 2018 of 39.33 cents per Class A non-voting and Class B common share. Future dividend increases will be based on the performance of the business.

RECENT DEVELOPMENTS

- On July 13, 2018, Dominion Bond Rating Service affirmed its 'A (high)' long-term corporate credit rating and stable outlook on Canadian Utilities subsidiary CU Inc.
- We continued construction on the approximately 500 km Fort McMurray West 500-kV Project. Second quarter 2018 capital investment of $148 million was mainly due to tower foundation installation and tower assembly, which are proceeding ahead of schedule. The target energization date of June 2019 remains on track.
- We completed construction on two more salt caverns, doubling the capacity at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta. Long-term contracts have been secured for all four caverns, which have a combined hydrocarbon storage capacity of 400,000 cubic metres. The first two caverns have been in service since the fourth quarter of 2016, and the two new caverns began contributing earnings in the second quarter of 2018.

FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

A financial summary and reconciliation of adjusted earnings to earnings attributable to Class A and Class B shares is provided below:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
($ millions except share data)	**2018**	2017 (5) (restated)	**2018**	2017 (5) (restated)
Adjusted earnings (1)	**107**	126	**288**	339
Gain on sales of operations (3)	**-**	-	**-**	30
Restructuring and other costs (2)(3)	**(60)**	-	**(60)**	-
Unrealized gains (losses) on mark-to-market forward commodity contracts (3)	**12**	(26)	**(6)**	(31)
Rate-regulated activities (3)	**(74)**	(30)	**(77)**	(57)
Dividends on equity preferred shares	**16**	17	**33**	34
Other (4)	**(4)**	3	**(2)**	3
Earnings (loss) attributable to equity owners of the company	**(3)**	90	**176**	318
Weighted average shares outstanding (millions of shares)	**271.2**	269.2	**270.9**	268.8

(1) Adjusted earnings are defined as earnings attributable to equity owners of the company after adjusting for the timing of revenues and expenses associated with rate-regulated activities, dividends on equity preferred shares of the Company, 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 Canadian Utilities' earnings with other Canadian rate-regulated companies.

(2) In the second quarter of 2018, restructuring and other costs not in the normal course of business of $60 million, after tax were recorded. These costs mainly relate to staff reductions and associated severance costs, as well as costs related to decisions to discontinue certain projects that no longer represent long-term strategic value to the Company.

(3) Refer to Note 5 of the consolidated financial statements for detailed descriptions of the adjustments.

(4) 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 the Mexican peso, and the U.S. dollar functional currency.

(5) These numbers have been restated to account for the impact of IFRS 15. Additional details on IFRS 15 are discussed in the Other Financial Information section of the MD&A.

This news release should be used as a preparation for reading the full disclosure documents. Canadian Utilities' consolidated financial statements and management's discussion and analysis for the quarter ended June 30, 2018 will be available on the Canadian Utilities website (www.canadianutilities.com), via SEDAR (www.sedar.com) or can be requested from the Company.

With approximately 5,200 employees and assets of $21 billion, Canadian Utilities Limited is an ATCO company. 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); Commercial Real Estate; and Retail Energy (electricity and natural gas retail sales). More information can be found at www.canadianutilities.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.