



# News Release

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ATCO LTD.

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For Immediate Release

February 20, 2015

## **ATCO REPORTS 2014 EARNINGS**

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

ATCO announced today adjusted earnings for 2014 of \$374 million compared to record earnings of \$390 million in 2013. Earnings attributable to Class I and Class II Shares, including the strategic disposition of select assets or operations, were \$420 million for 2014 compared to \$418 million in 2013.

ATCO continued to make significant investment in utility infrastructure in Alberta, including the replacement of aging infrastructure in the province. The Company's Utilities in Alberta invested a combined \$524 million during the fourth quarter of 2014, bringing the total investment for the year to \$2.1 billion. Over the last three years, capital investment by the Utilities totaled \$6.4 billion. Investment was led by ATCO Electric, which is building new transmission infrastructure to meet Alberta's long-term electricity demand and improve reliability for customers.

"2014 was another strong year of investment growth for our Utility Companies in both Canada and Australia," said Nancy Southern, Chair, President & CEO, ATCO. "One of our most significant achievements last year was winning the largest competitively bid transmission project in our Company's history - competing against a multitude of international and national corporates." The right of way, planning and permit process has already begun on this \$1.4 billion transmission line between Edmonton and Fort McMurray, Alberta, with a scheduled completion date in 2019.

The increased earnings in the Utilities during 2014 were more than offset by lower adjusted earnings in ATCO Power as a result of lower average Alberta Power Pool prices, combined with less price volatility as a result of increased availability of coal-fired generation in the province. Earnings in ATCO Structures & Logistics were also lower than the prior year; earnings in this segment are significantly influenced by the cyclical nature of large natural resource project activity. Results also reflect the forgone earnings due to the sale of ATCO Structures & Logistics' South American Modular Structures operations in September 2013.

Increased earnings attributable to Class I and Class II Shares were primarily the result of a gain on sale of the Company's information technology services business for gross proceeds of \$204 million in the third quarter of 2014, resulting in a one-time gain of \$74 million after income taxes and non-controlling interests. The comparable quarter for 2013 included the sale by ATCO Structures & Logistics of its interests in its South American operations for cash proceeds of \$124 million, and recognized a one-time gain of \$56 million after income taxes and non-controlling interests from the sale. Proceeds from these sales were redeployed to finance the Company's growth initiatives, including the significant capital investment program underway in the Utilities.

ATCO had fourth quarter 2014 adjusted earnings of \$117 million compared to \$97 million in the same period of 2013. The primary reason for the higher earnings was capital investment in the Utilities. The increased adjusted earnings in the fourth quarter of 2014 were the primary reason for higher earnings attributable to Class I and Class II Shares of \$94 million, compared to \$71 million in the same period of 2013.

## RECENT DEVELOPMENTS

- ATCO declared a first quarter dividend for 2015 of 24.75 cents per Class I Non-Voting and Class II Voting Share, a 15 per cent increase over the 21.5 cents per share paid in each of the previous four quarters of 2014. ATCO's annual dividend per share has increased for 22 consecutive years.
- ATCO Structures & Logistics was awarded additional scope to design, manufacture and install 435 modular units under its current agreement with Bechtel on the Chevron-operated Wheatstone Project in Western Australia. The additional work is valued at an estimated Australian \$130 million and will commence in March 2015 with an expected completion in late 2015.
- In January 2015, the Company announced the partnership between ATCO Energy Solutions and Petrogas Energy Corp. had secured long-term contracts for all four salt caverns under development for hydrocarbon storage located at ATCO's Heartland Energy Centre near Fort Saskatchewan, Alberta.
- In December 2014, Alberta PowerLine, a newly formed partnership between the Company and Quanta Capital, was awarded a 35-year, \$1.4 billion contract by the Alberta Electric System Operator (AESO) for the Fort McMurray West 500-kilovolt Transmission Project. This project will increase the capacity of the electricity system in northeastern Alberta and help to ensure that this economically vital area of the province has the power it needs.
- Also in December, ATCO Structures & Logistics won two contracts. The first is a five-year contract to provide around-the-clock fire protection services to the North Atlantic Treaty Organization (NATO) troops at a 700-person Camp Novo Selo near Pristina, Kosovo; the second is a contract for TransCanada PipeLines Limited to design, build and operate a 150-person workforce accommodations lodge that will house workers constructing the Otter Lake Compressor Station in the Peace River region of Alberta.
- In 2014, Standard and Poor's Ratings Services (S&P) and DBRS Limited re-affirmed their ratings of ATCO as "A" with a stable outlook and "A" (low) with a stable trend, respectively. Additionally, in February 2015, S&P re-affirmed its rating of ATCO Gas Australia Limited Partnership's debt as "A-" with a stable outlook.

## 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)	For the Three Months Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Adjusted earnings <sup>(1)</sup>	117	97	374	390
Gain (loss) on sale of operations <sup>(2)</sup>	-	(2)	74	54
Impairments <sup>(3)</sup>	(9)	(25)	(15)	(25)
Adjustments for rate-regulated activities <sup>(4)</sup>	(14)	1	(13)	(1)
Earnings attributable to Class I and Class II Shares	94	71	420	418
Weighted average shares outstanding (millions of shares)	114.8	114.8	114.8	114.8

<sup>(1)</sup> 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. Adjusted earnings also exclude one-time gains and losses, significant impairments and items that are not in the normal course of business or 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.

<sup>(2)</sup> Reflects the impact of the gain on sale of the information technology services business in 2014, and South American operations in 2013. The 2013 gain was partly offset by a loss on sale of U.K. rental fleet assets.

<sup>(3)</sup> Refer to Note 12 of the consolidated financial statements for an explanation of the impairments.

<sup>(4)</sup> Refer to Note 5 of the consolidated financial statements for descriptions of the adjustments for rate-regulated activities and the timing of their recovery from or refund to customers.

ATCO's consolidated financial statements and management's discussion and analysis for the fourth quarter and year ended December 31, 2014, 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 more than 9,000 employees and assets of approximately \$18 billion, ATCO is a diversified global corporation delivering service excellence and innovative business solutions through leading companies engaged in Structures & Logistics (manufacturing, logistics and noise abatement), Utilities (pipelines, natural gas and electricity transmission and distribution) and Energy (power generation and sales, industrial water infrastructure, natural gas gathering, processing, storage and liquids extraction). 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 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.*

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