

March 3, 2017

## ATCO REPORTS 2016 EARNINGS

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

ATCO Ltd. today announced adjusted earnings for 2016 of \$360 million compared to \$293 million in 2015. ATCO had fourth quarter 2016 adjusted earnings of \$94 million compared to \$92 million in 2015.

Higher adjusted earnings in 2016 were mainly due to continued capital investment and growth in the Regulated Utilities, which produced record earnings at ATCO's subsidiary, Canadian Utilities Limited. Higher adjusted earnings were also due to higher profit margins in Modular Structures major projects, higher occupancy levels in the Lodging business, and business-wide cost reduction initiatives. In late 2015, ATCO initiated an organizational transformation to streamline and gain operational efficiencies that created tangible benefits in 2016.

“Throughout 2016, we were relentless in challenging the status quo to generate sustainable growth for our share owners and creating premier solutions for our customers around the world,” said Nancy Southern, Chair, President & Chief Executive Officer, ATCO. “This year’s achievements are a reflection of the transformation initiatives, the efforts of our people and our unwavering commitment to operational excellence that has long been a hallmark of our company.”

ATCO invested \$1.6 billion in capital growth projects in 2016 of which 86 per cent was invested in assets that earn a return under a regulatory business model or are secured under long-term contracts.

In the 2017 to 2019 period, ATCO plans to invest an additional \$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.

### RECENT DEVELOPMENTS

- The Company declared a first quarter dividend for 2017 of 32.75 cents per Class I Non-Voting and Class II Voting Share, a 15 per cent increase over the quarterly dividend paid per share in 2016. ATCO has increased its annual per share dividend for 24 consecutive years.

- In February 2017, the Alberta Utilities Commission released a decision approving the route for the \$1.4 billion Fort McMurray West 500 kilovolt Transmission Project. Alberta PowerLine, a partnership between Canadian Utilities and Quanta Capital Solutions Inc., was awarded the 35-year contract in 2014 by the Alberta Electric System Operator to design, build, own, and operate this electric transmission line. The design and planning phases are already underway, and construction is expected to commence in 2017 with an anticipated in-service date in 2019.
- The Company entered into a conditional agreement with the Government of Alberta in November 2016 for transition payments on the elimination of coal-fired emissions from the Sheerness Generating Station on or before December 31, 2030. As compensation for the capital invested in Sheerness, a cash payment of \$4.7 million will be received from the Government of Alberta annually for 14 years, commencing in 2017 and terminating in 2030.
- In the fourth quarter of 2016, the Company completed the first phase of an innovative distributed generation facility located in the rapidly developing World Trade Centre Industrial Park in San Luis Potosí, Mexico. Two 2 megawatt (MW) natural gas-fired units were installed to service initial customers with plans to expand this facility to up to 20 MW by December 2017.
- The Company completed construction of two hydrocarbon storage caverns and operations are underway with earnings starting in the fourth quarter of 2016. Construction of two more hydrocarbon storage caverns are expected to be complete by the end of 2017. As additional customers are secured and supporting infrastructure is developed, there is the potential to develop up to 40 caverns in Alberta's Industrial Heartland, near Edmonton, Alberta.
- In the fourth quarter of 2016, the Company completed construction and commenced commercial operations to provide water pre-treatment services for Air Products Canada Ltd.'s hydrogen facility near Fort Saskatchewan, Alberta.
- Alberta Utilities Commission released the Generic Cost of Capital decision in the fourth quarter of 2016. The decision established the return on equity (ROE) and deemed common equity ratios for the Alberta Utilities for 2016 and 2017. The net impact is expected to result in an improvement to 2017 adjusted earnings for ATCO, mainly due to the increase in allowed ROE from 8.3 per cent to 8.5 per cent.



## 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 December 31		For the Year Ended December 31	
	2016	2015	2016	2015
Adjusted earnings <sup>(1)</sup>	94	92	360	293
Gain on sales of operations and revaluation of joint ventures <sup>(2)</sup>	-	28	7	28
Restructuring costs <sup>(2)</sup>	-	(44)	-	(50)
Impairments <sup>(2)</sup>	(5)	(91)	(5)	(104)
Rate-regulated activities <sup>(2)</sup>	11	14	(22)	(13)
<b>Earnings attributable to Class I and Class II Shares</b>	<b>100</b>	<b>(1)</b>	<b>340</b>	<b>154</b>
Weighted average shares outstanding (millions of shares)	114.4	114.8	114.4	114.8

(1) 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 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.



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 year ended December 31, 2016 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 \$20 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).**

## Media & Investor Inquiries:

B.R. (Brian) Bale  
Senior Vice President &  
Chief Financial Officer  
403-292-7502

### **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.*