



**ATCO**

# INVESTOR PRESENTATION

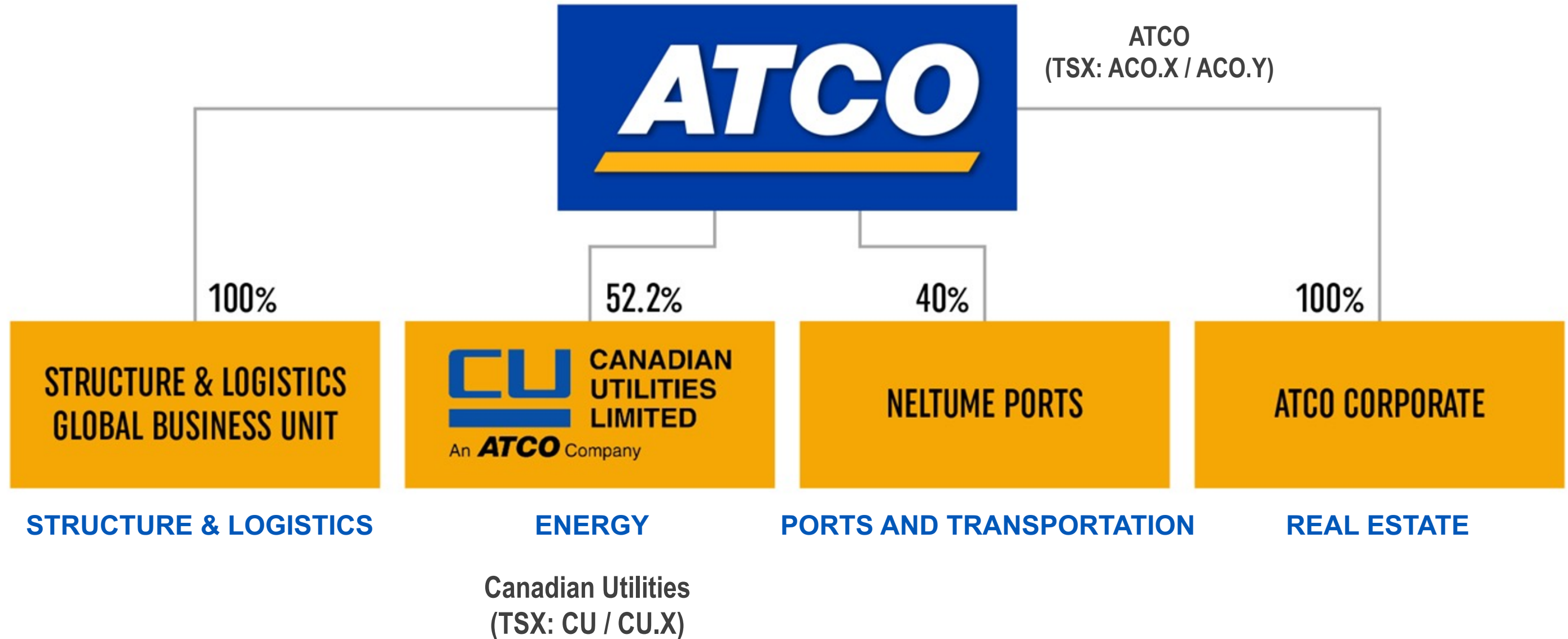
APRIL 2020

# LEGAL DISCLAIMER

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Statements made by representatives for ATCO Ltd. and Canadian Utilities Limited and information provided in this presentation may be considered forward-looking statements. By their nature, such statements are subject to numerous known and unknown risks and uncertainties and therefore actual results may differ materially from those currently anticipated. ATCO Ltd. and Canadian Utilities Limited disclaim any intention or obligation to update or revise such statements. Due to the nature of the Corporation's operations, quarterly revenues and earnings are not necessarily indicative of annual results.

# ORGANIZATIONAL STRUCTURE



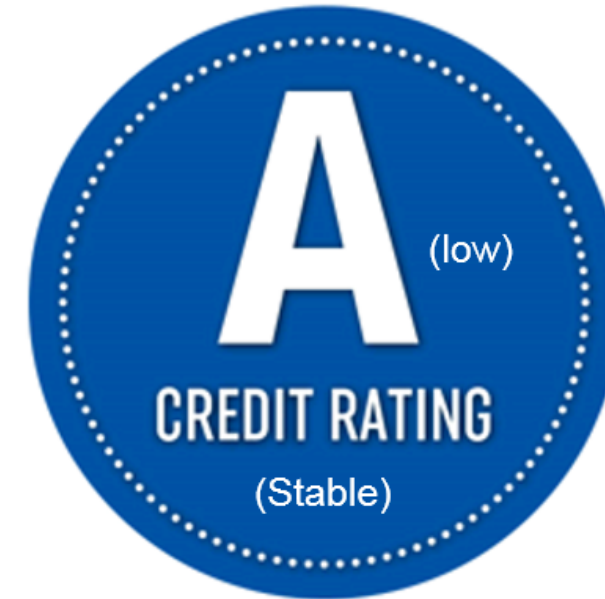


**ATCO**

FINANCIAL STRENGTH & RESILIENCY

# INVESTMENT GRADE RATINGS

**DBRS**



**S&P**



# INVESTMENT GRADE RATINGS



ATCO Ltd.

**A (low) Stable**

Canadian Utilities Limited (CU)

**A Stable**

CU Inc.

**A (high) Stable**

“DBRS expects ATCO’s consolidated metrics to remain stable over the medium term, as cash flow at CU is expected to improve in line with the growing rate base at CU’s regulated businesses”



ATCO Ltd.

**A- Stable**

Canadian Utilities Limited

**A- Stable**

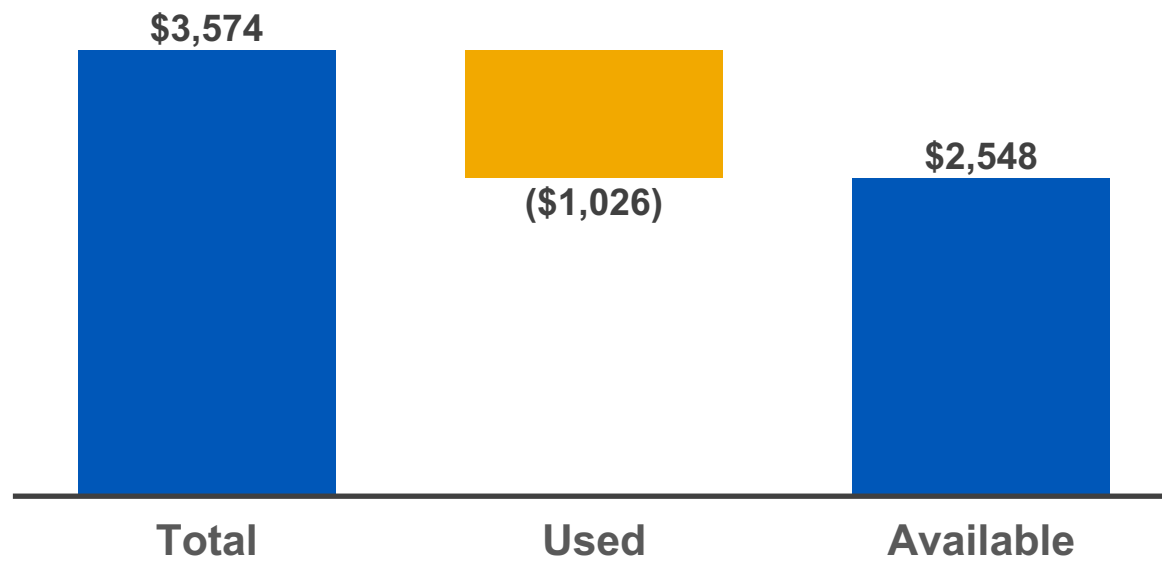
CU Inc.

**A- Stable**

“Majority of cash flow is backed by stable regulated utility operations. ATCO has strong management, governance and liquidity.”

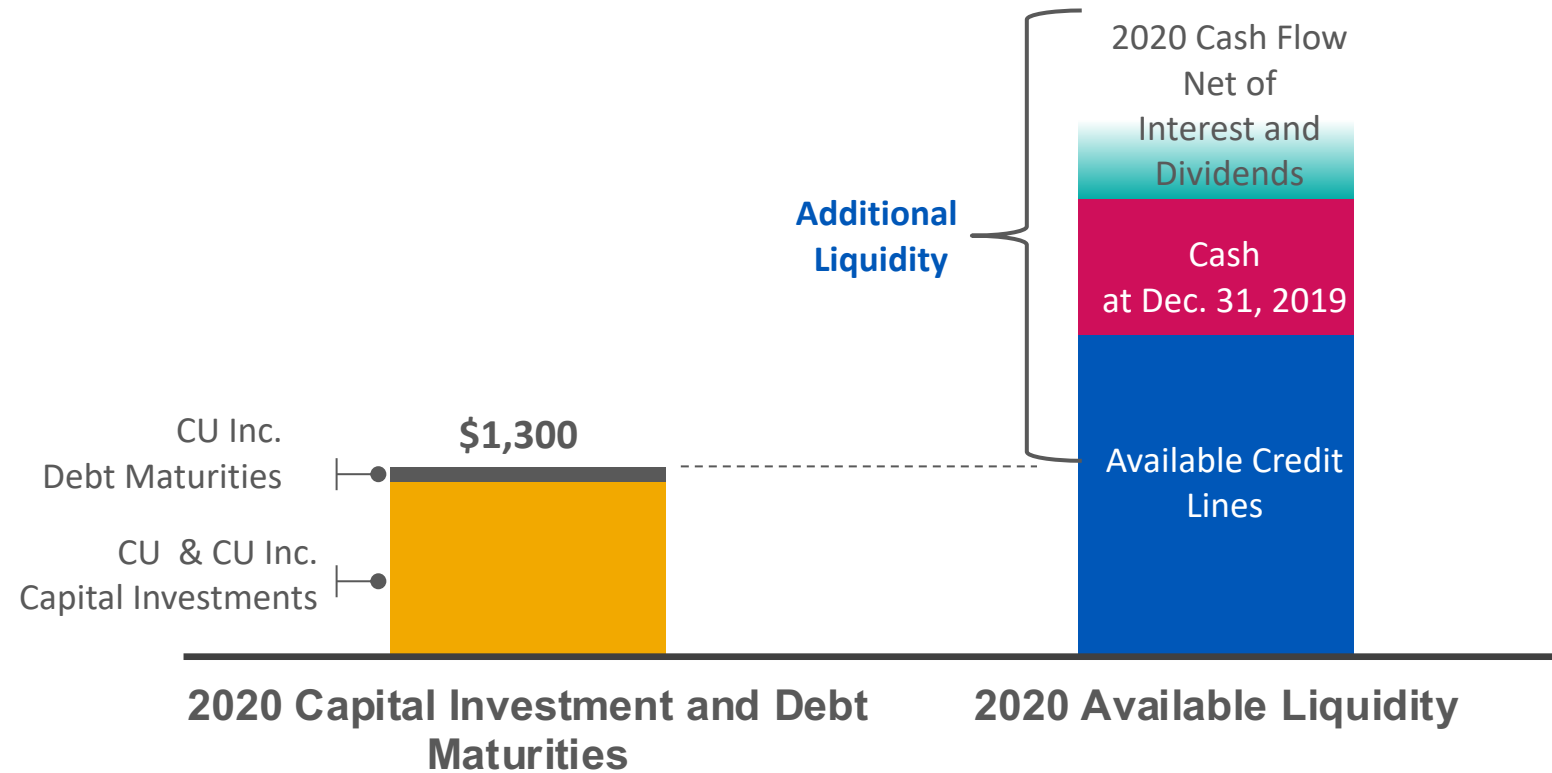
# FINANCIAL STRENGTH & LIQUIDITY

**LINES OF CREDIT**  
(\$ MILLIONS)  
at December 31, 2019



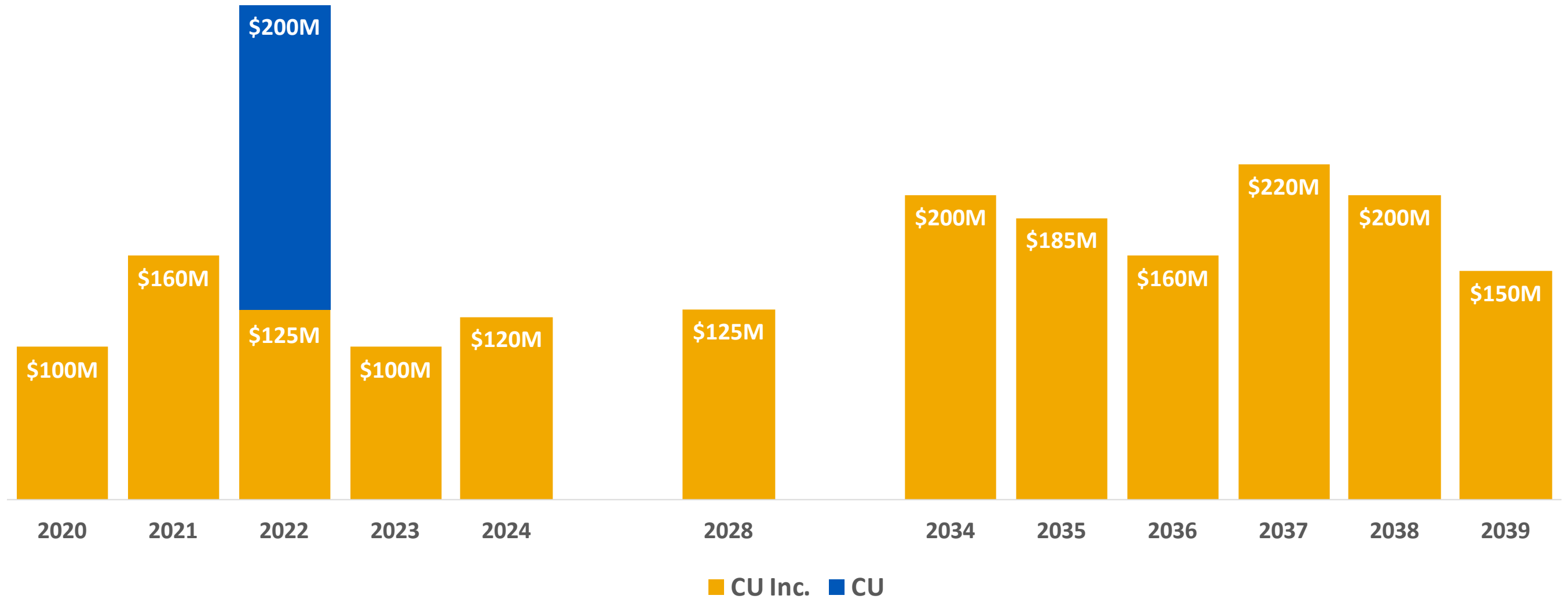
- More than \$2.5 billion of cost effective credit facilities available

**2020 CAPITAL INVESTMENT & FUNDING**  
(\$ MILLIONS)



- Combination of cash flow, existing cash and available credit lines to fund 2020 capital investment and debt maturities
- Capital markets access with A range credit rating adds supplemental financing capacity

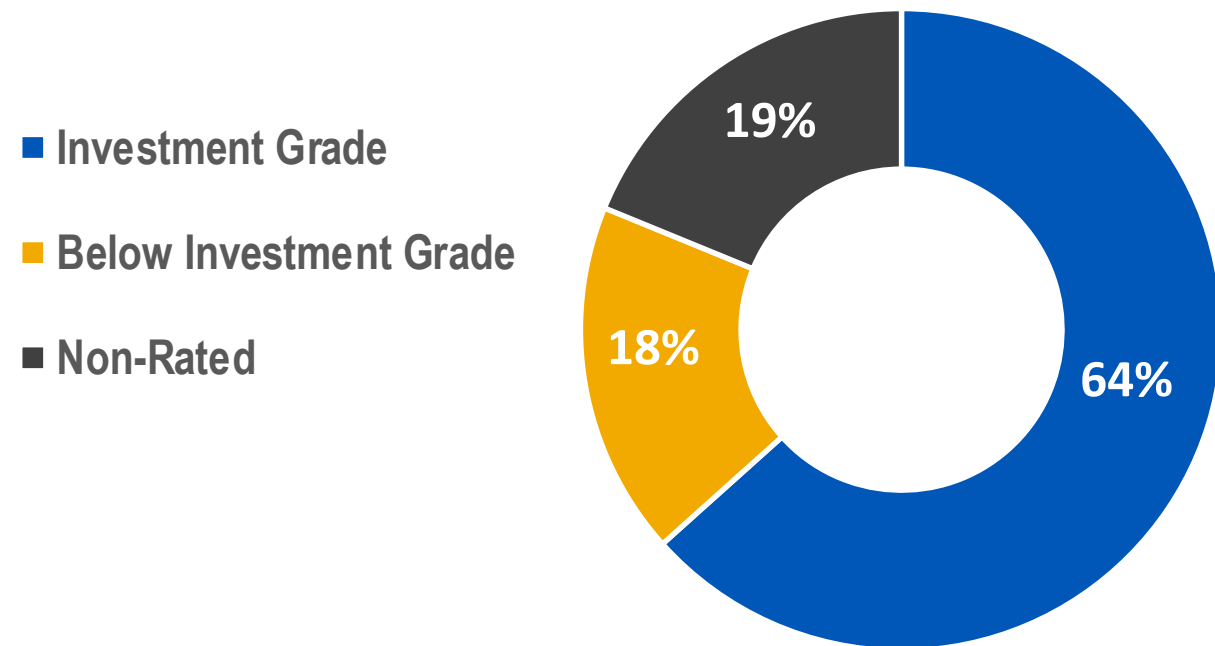
# DEBT MATURITY PROFILE



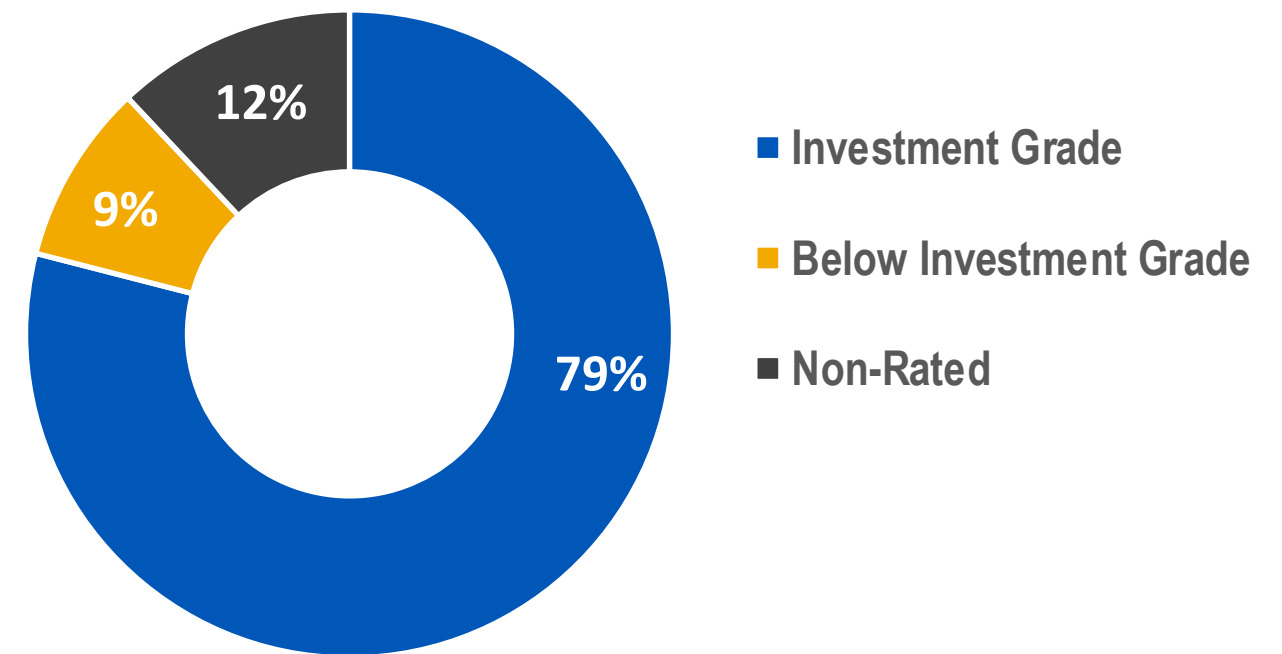


# INVESTMENT GRADE COUNTERPARTIES

ATCO CONSOLIDATED  
TOTAL NET EXPOSURE



ATCO CONSOLIDATED  
TOP 20 CUSTOMERS NET EXPOSURE  
60% of total net exposure

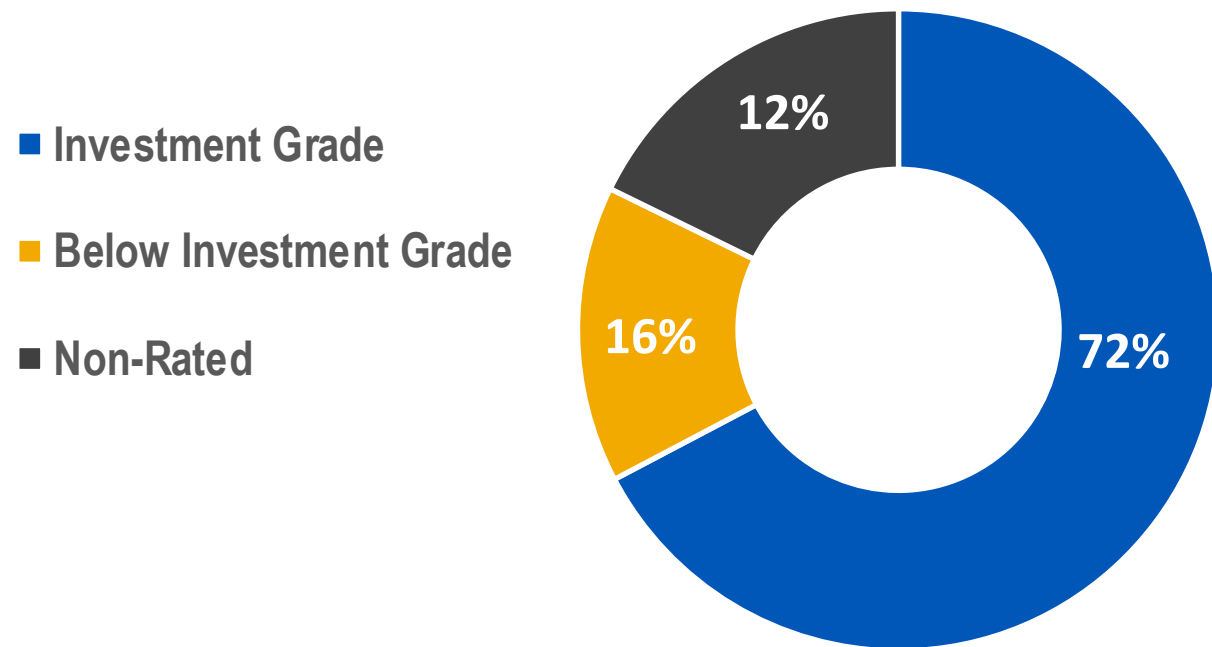


## Diversified Customer Base

Not-rated and below investment grade customers comprise 3,400 businesses that are diversified by industry, geography, and customer type, as well as retail customers.

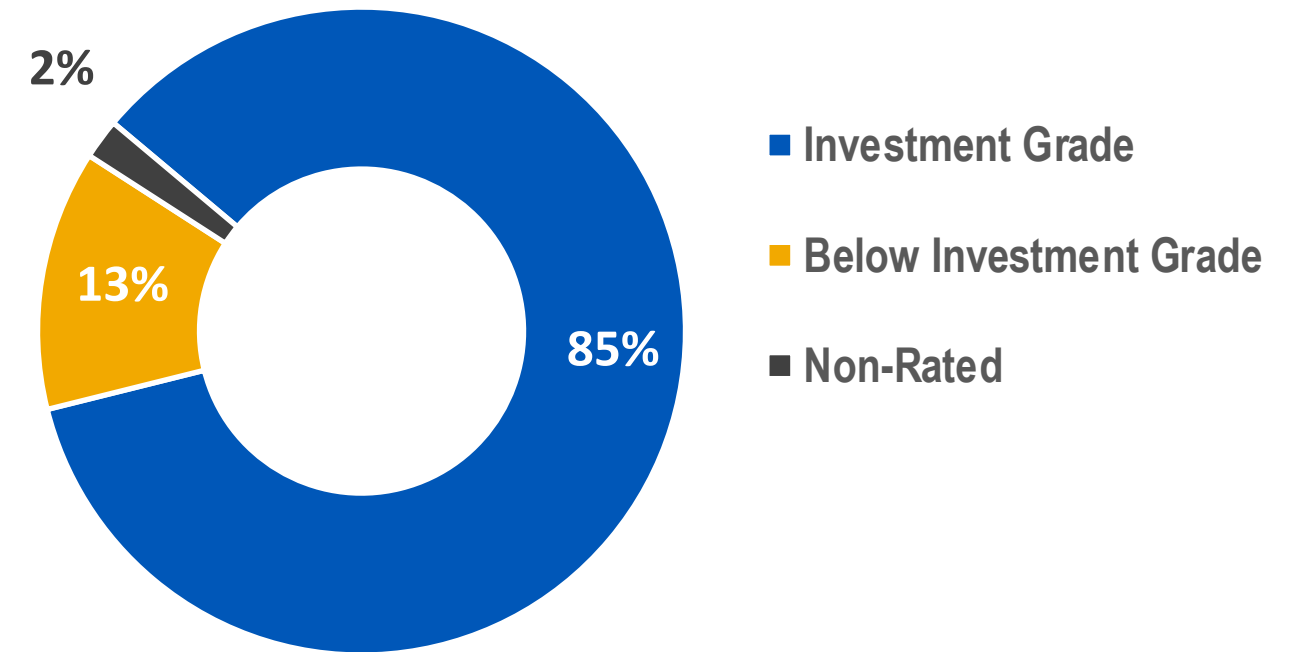
# INVESTMENT GRADE COUNTERPARTIES

CANADIAN UTILITIES  
TOTAL NET EXPOSURE



CANADIAN UTILITIES  
TOP 20 CUSTOMERS NET EXPOSURE

65% of total net exposure



## Diversified Customer Base

Not-rated and below investment grade customers comprise 1,200 businesses that are diversified by industry, geography, and customer type, as well as retail customers.

# REGULATORY UPDATE

(% of 2019 Consolidated Mid-Year Rate Base)

## ATCO Electric Transmission (38%) and ATCO Pipelines (14%)

Rates are spread across all customers in the province. Changes in customers' demand and use are reflected in customer transmission rates over time. **We do not expect material changes in 2020 revenue as a result of the current COVID-19 or macroeconomic global market conditions, including oil price changes.**

## ATCO Gas (20%)

Operates on a revenue mechanism under PBR. ATCO Gas has some protections/adjustments on future revenue variances associated with changes in volumes or customer counts. Future changes in customer counts may impact ATCO Gas' revenue stream however, the majority of customers are residential and customer counts are not expected to change materially from the PBR2 forecast. **At this time, we do not expect material changes in 2020 revenue as a result of the current COVID-19 or macroeconomic global market conditions, including oil price changes. We continue to monitor the situation. Under PBR, there is also the opportunity to file for Z or Y factors that could include recovery of lost revenue related to events outside the control of the utility.**

## ATCO Electric Distribution (19%)

Operates on a price mechanism under PBR. While the price mechanism does not offer the same adjustment or updates as the revenue mechanism for future years, ATCO Electric's rate structure currently in place utilizes a variety of mechanisms (ratchets, rate min, contract min, fixed cost recovery) to limit the exposure to demand reductions for our industrial and commercial customers. **At this time, we continue to monitor and assess any changes in 2020 revenue as a result of the current COVID-19 or macroeconomic global market conditions. Under PBR, there is also the opportunity to file for Z or Y factors that could include recovery of lost revenue related to events outside the control of the utility.**

## ATCO Gas Australia (9%)

New 5-year Access Arrangement (AA5) effective January 1, 2020. AA5 ROE is 5.02% compared to 7.21% in previous access arrangement. The AA5 common equity ratio is 45% compared to 40% in the previous access arrangement. AA5 also includes rebasing of revenues for the recovery of operating costs, the approved capital expenditure program and forecast for demand and throughput. **Variables that may impact financial results include Australia's inflation rate and the exchange rate to the Canadian dollar.**

# GENERAL COST OF CAPITAL PROCEEDING

## CANADIAN UTILITIES' POSITION

### Three Parts of a Fair Return Standard:

#### 1. Comparable Investments

- Current capital structure and ROE does not satisfy comparable returns component
- Approved ROE's elsewhere in Canada are 9.2% on average with an average equity thickness of 43%

#### 2. Capital Attraction

- Current capital structure and ROE do not satisfy capital attraction component

#### 3. Financial Integrity

- To ensure financial integrity AUC sets the ROE and equity thickness so utilities maintain "A" range credit ratings

Canadian Utilities' application is for 40% equity thickness and 10% ROE

Canadian Utilities remains focused on maintaining prospectivity with AUC clarity on final rates prior to January 1, 2021

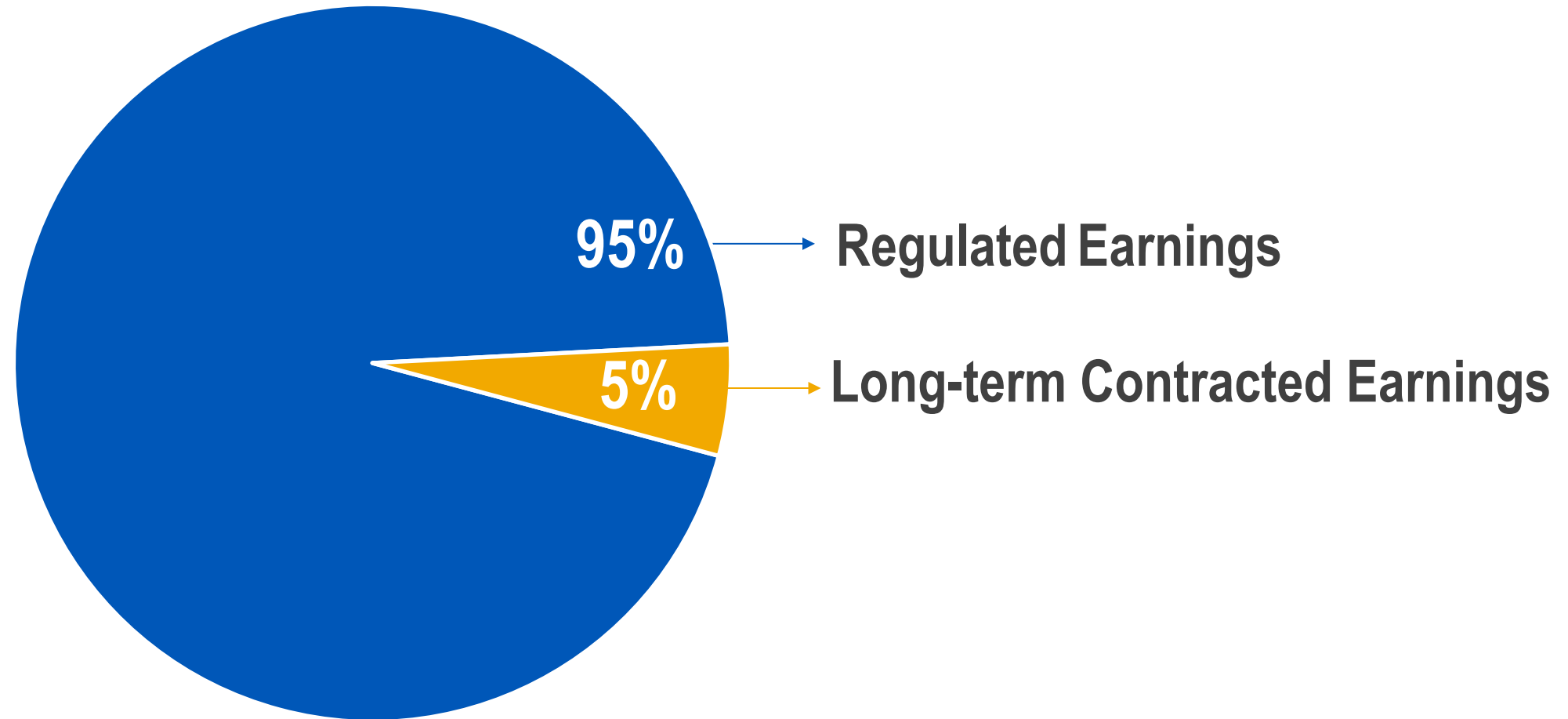


Alberta Utility Regulator  
General Cost of Capital  
2021 -2022 Proceeding

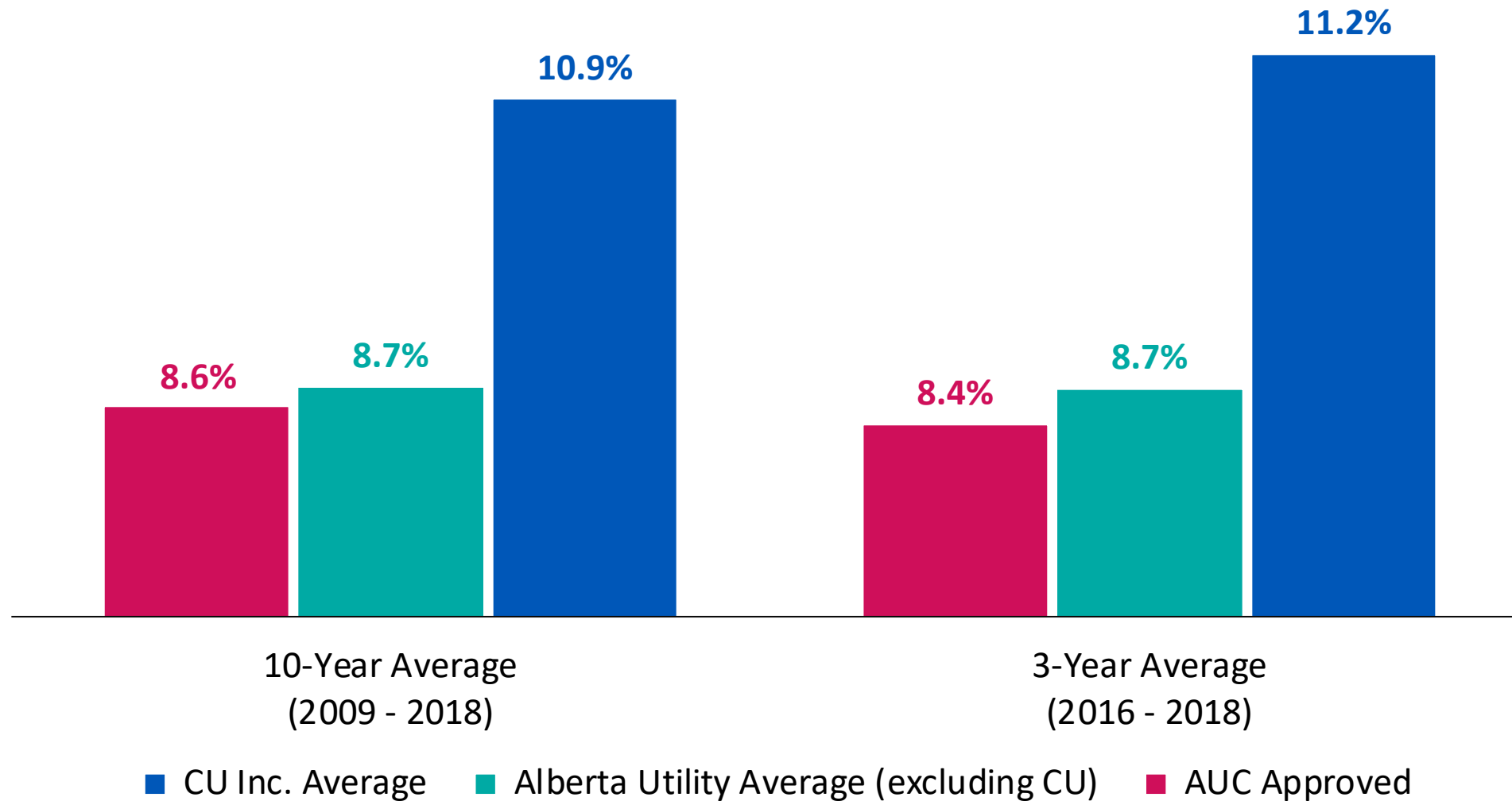
# HIGH QUALITY EARNINGS

2019 ADJUSTED EARNINGS

\$608 Million



# UTILITIES ACHIEVE TOP TIER RETURNS ON EQUITY

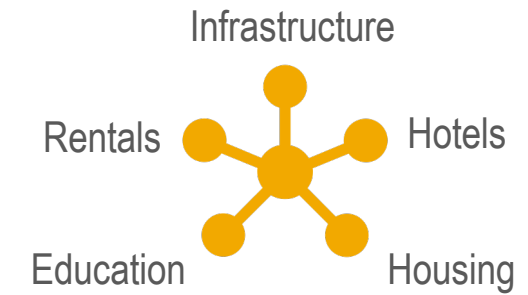


**CU Inc.'s average ROE +2.3% above average AUC approved over last 10 years (+2.8% over last 3 years)**

(1) Alberta Utility Average (excluding CU) is a simple average and includes AltaGas, AltaLink, Enmax Distribution, Enmax Transmission, EPCOR Distribution, EPCOR Transmission, and FortisAlberta  
 (2) CU Inc. Average is a simple average and includes Electric Distribution, Electric Transmission, Natural Gas Distribution, and Natural Gas Transmission.

# STRUCTURES AND LOGISTICS

- Since 2015, on-going diversification of customer base into new market segments such as infrastructure projects, public education facilities, high density residential housing, hotels and correctional facilities.
- Not reliant on O&G sector.



- Expanded and diversified geographically in new global markets in Latin America and East Africa.
- Not reliant on one region.



- LNG Canada Cedar Valley Lodge manufacturing stage substantially complete. Installation stage will be primary focus for 2020 and 2021.
  - Latest LNG Canada news can be found here: <https://www.lngcanada.ca/news/our-response-to-potential-covid-19-risks/>
- No other ATCO Structures worksites materially impacted at this time.
- Additional permanent modular construction contracts may arise and disaster and emergency management services can be provided.

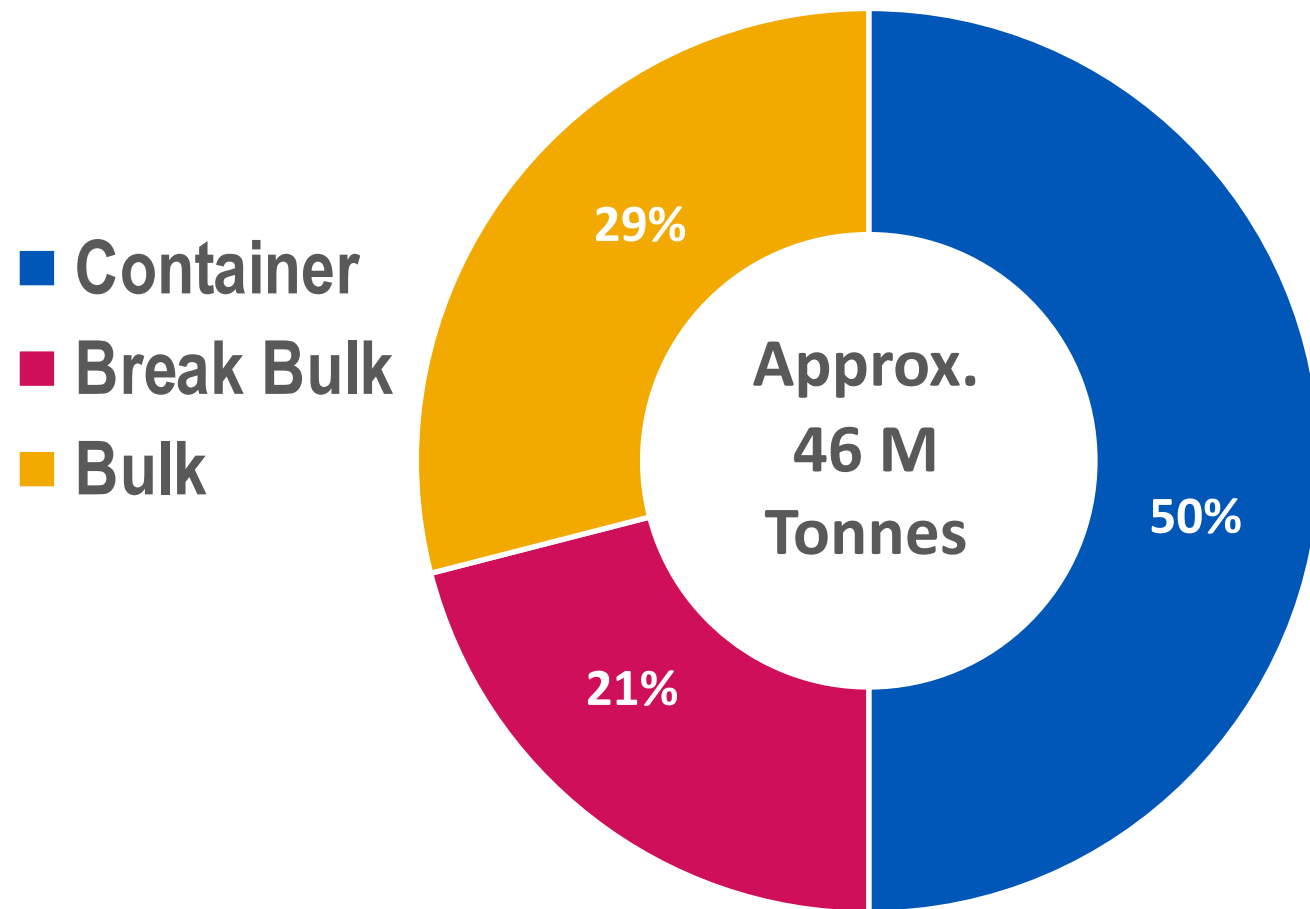


LNG Canada Cedar Valley Lodge - Kitimat, BC

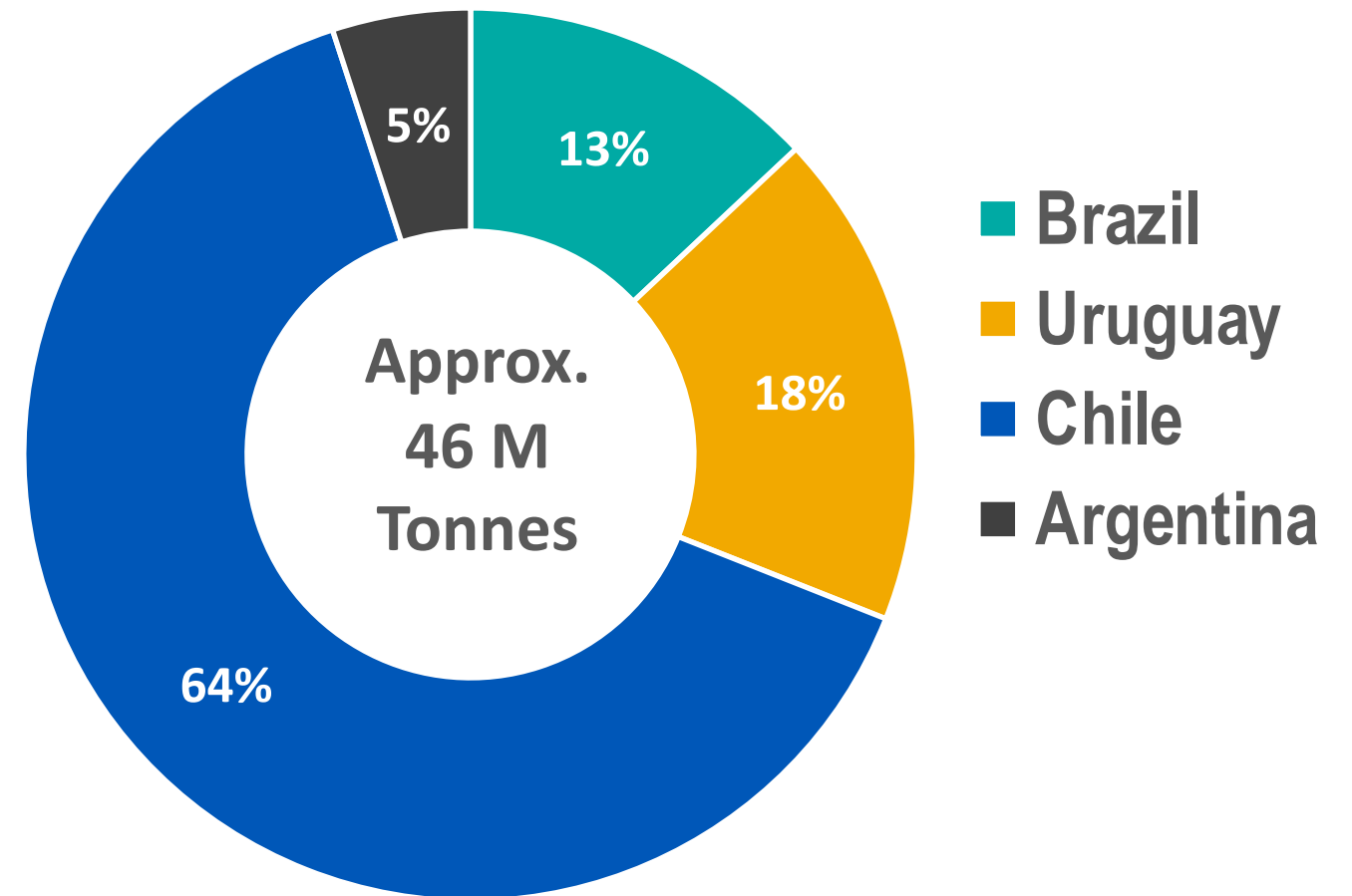
# NELTUME PORTS OPERATIONS

## DIVERSIFIED BY CARGO TYPE AND GEOGRAPHY

BY CARGO TYPE IN 2019



BY GEOGRAPHY IN 2019



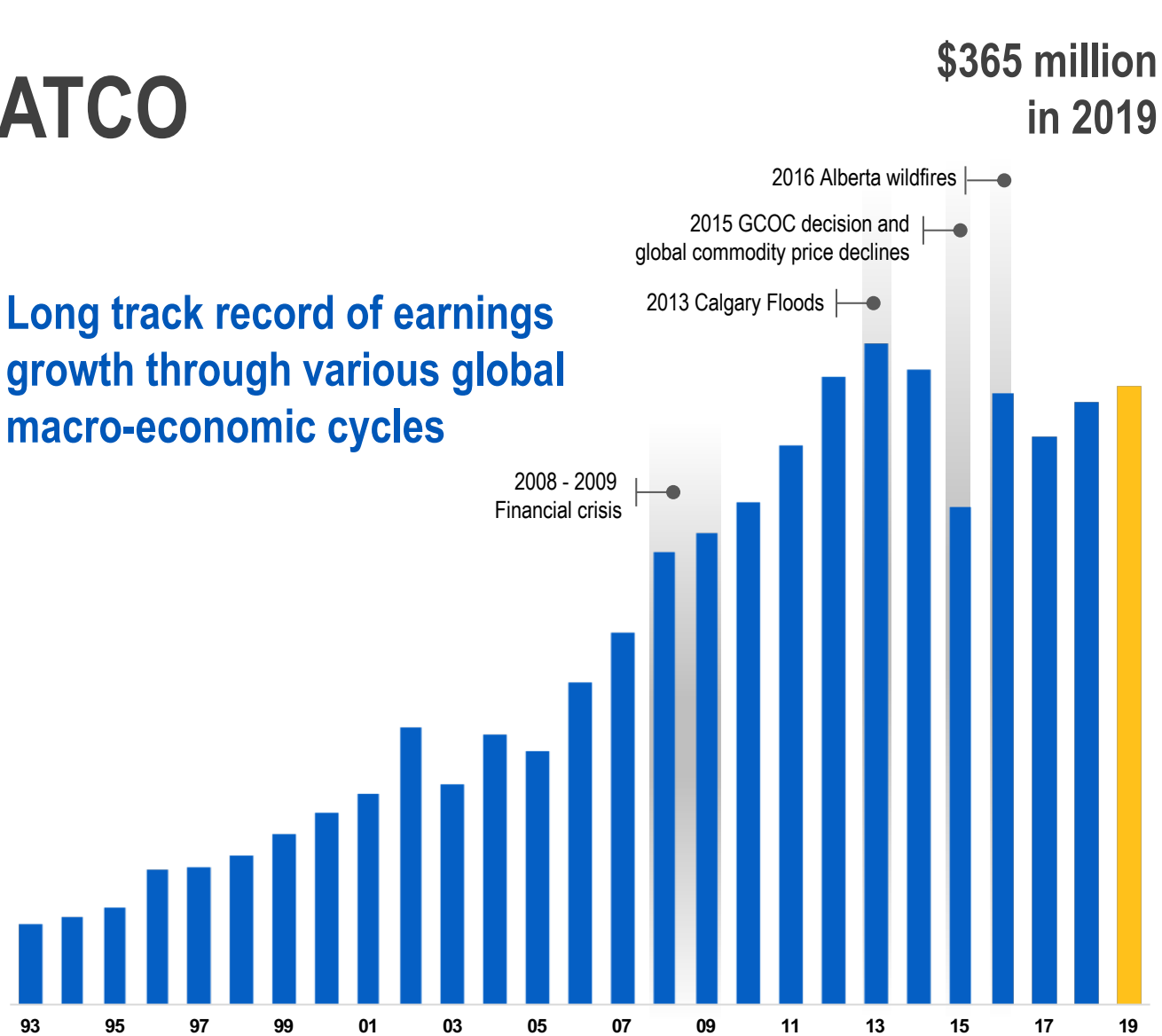
\*Based on 100% of volumes of ports where Neltume Ports has an ownership stake



# TRACK RECORD OF EARNINGS

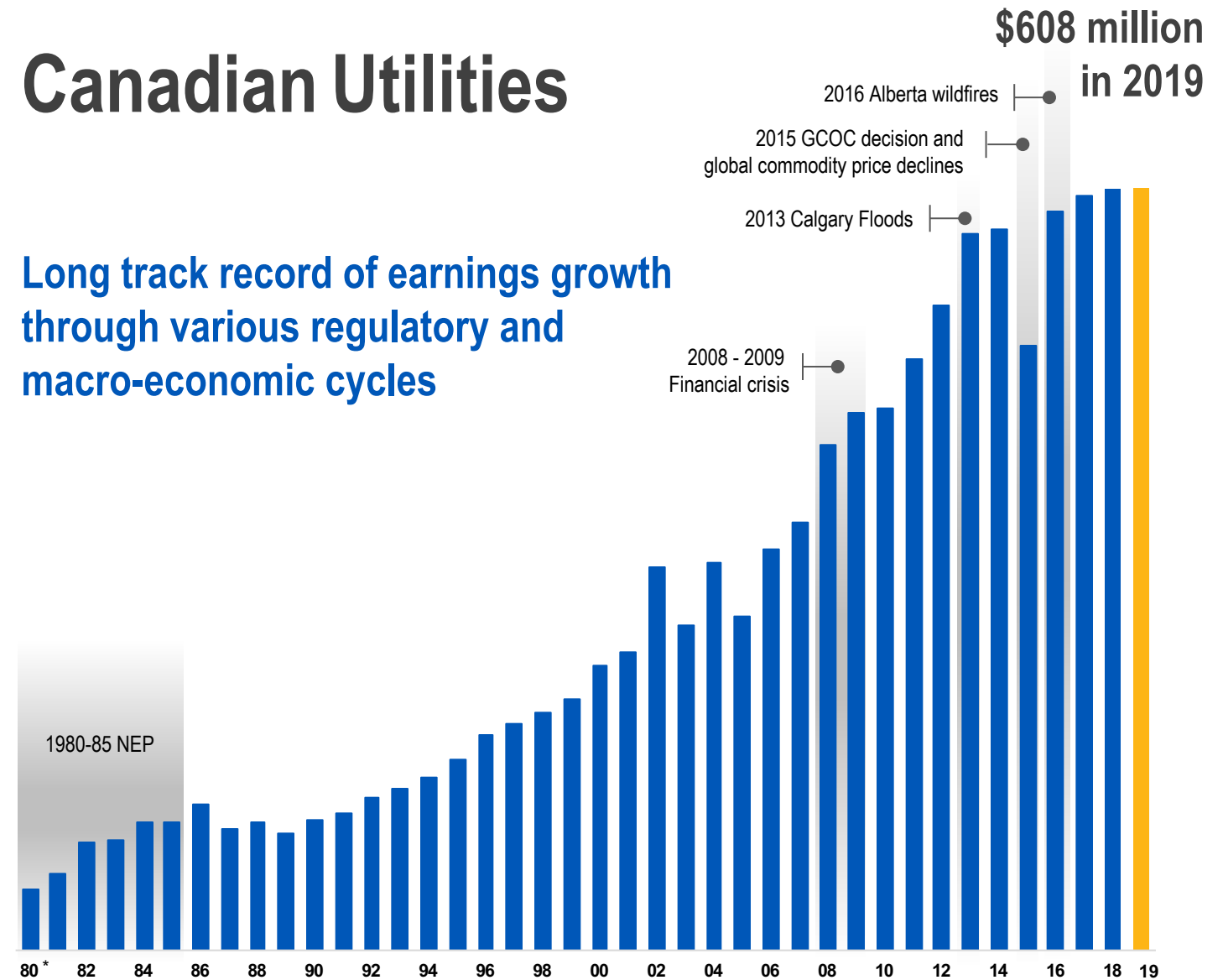
## ATCO

Long track record of earnings growth through various global macro-economic cycles



## Canadian Utilities

Long track record of earnings growth through various regulatory and macro-economic cycles



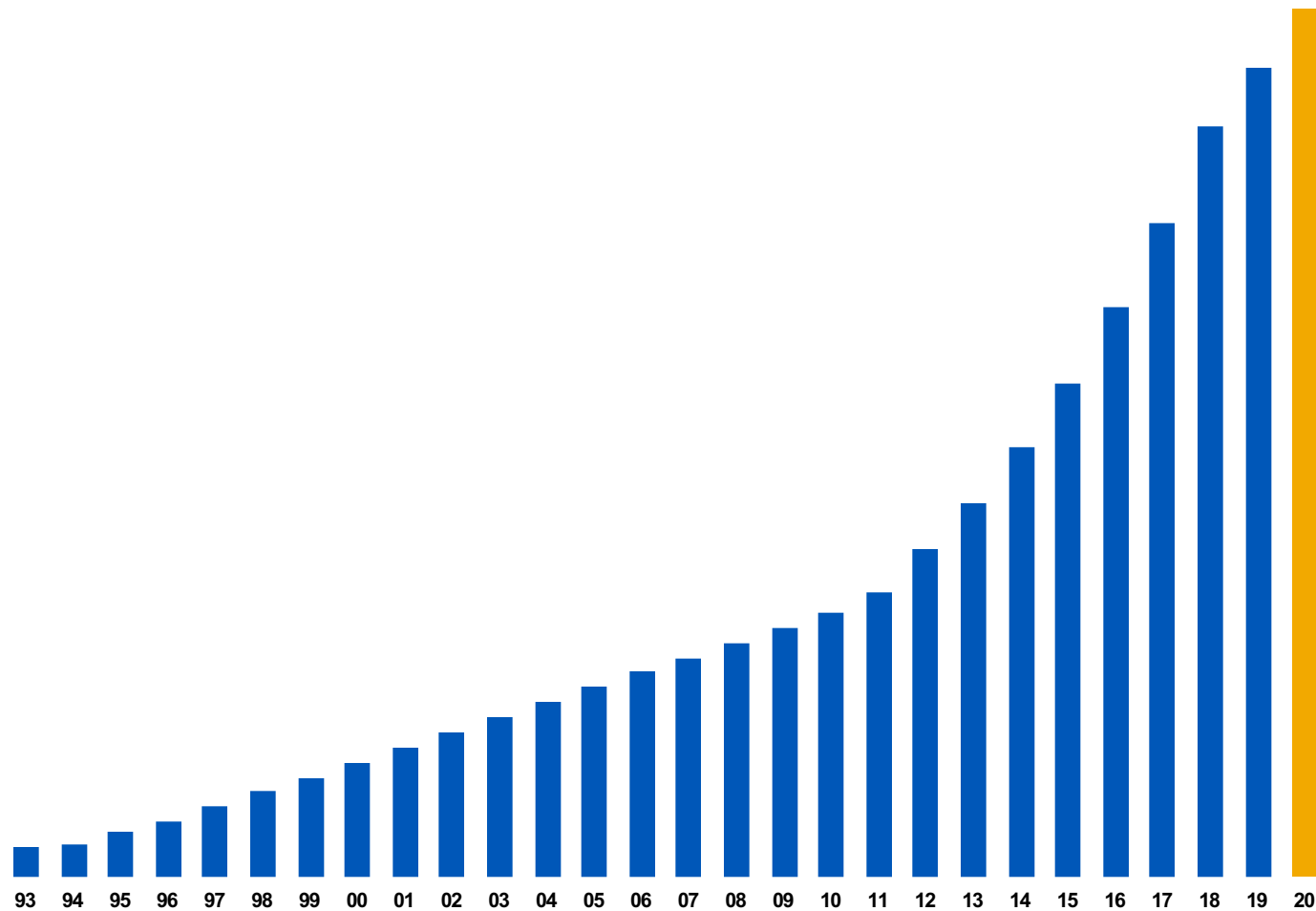
\* In June 1980 ATCO acquired a majority interest in Canadian Utilities

# TRACK RECORD OF DIVIDENDS

## ATCO

27 years of annual dividend increases\*

\$1.74  
per share



\* On January 9, 2020, ATCO declared a first quarter dividend of \$0.4352 per share, or \$1.74 per share annualized.

## Canadian Utilities

48 years of annual dividend increases\*

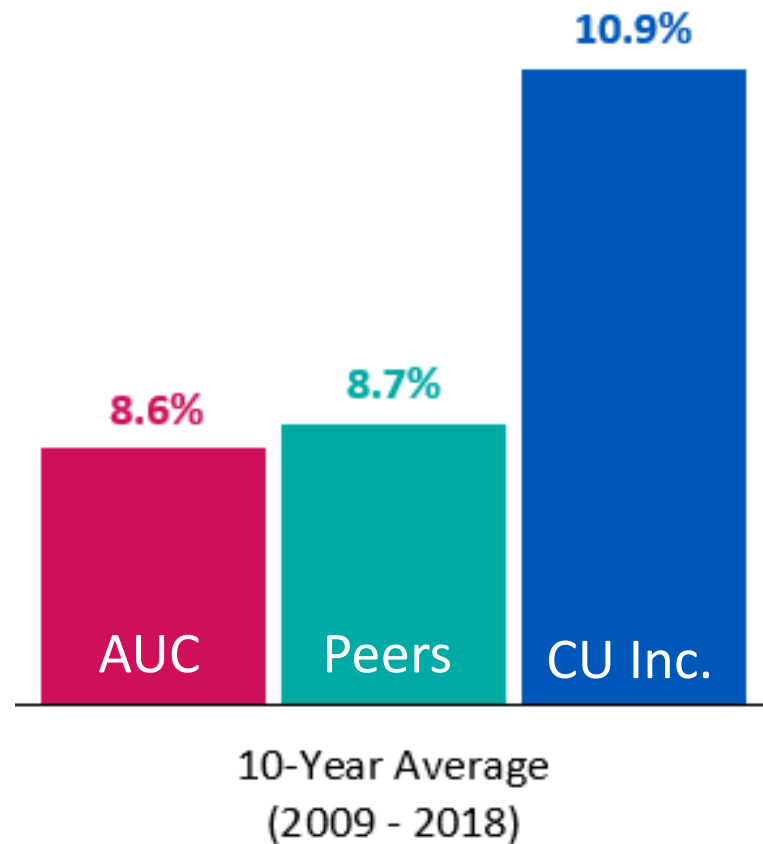
\$1.74  
per share

Longest track record of annual dividend increases of any Canadian publicly traded company

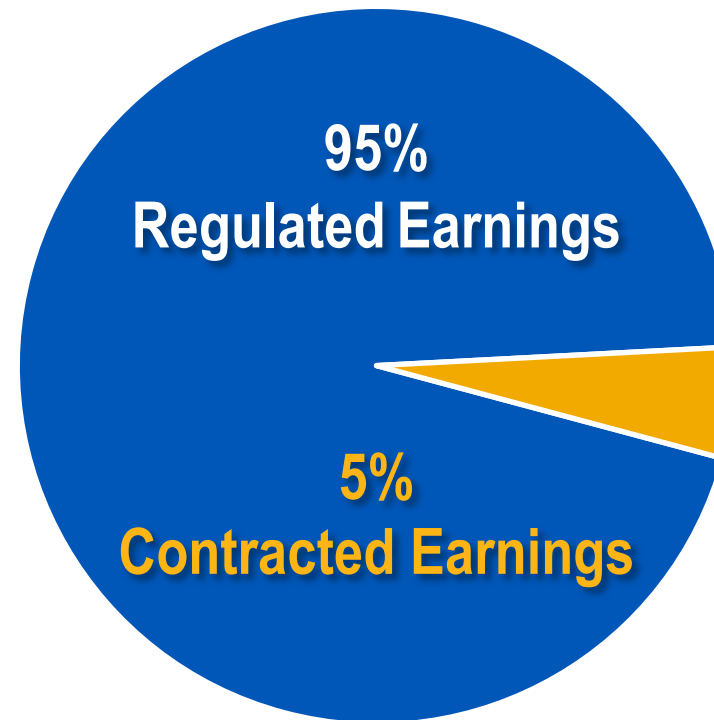


\*On January 9, 2020, Canadian Utilities declared a fourth quarter dividend of \$0.4354 per share, or \$1.74 per share annualized.

# FINANCIAL STRENGTH & RESILIENCY SUMMARY



**UTILITIES ACHIEVE  
TOP TIER RETURNS ON EQUITY**



**CANADIAN UTILITIES  
HIGH QUALITY EARNINGS**



**LONG TRACK RECORD OF  
EARNINGS & DIVIDEND GROWTH**



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