

October 25, 2018

CANADIAN UTILITIES REPORTS HIGHER THIRD QUARTER 2018 EARNINGS

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

Canadian Utilities today announced third quarter 2018 adjusted earnings of \$132 million, or \$0.49 per share, compared to \$94 million, or \$0.35 per share, in the third quarter of 2017.

Higher earnings were mainly due to stronger performance in the Electricity Global Business Unit as a result of the termination of the Battle River unit 5 Power Purchase Arrangement by the Alberta Balancing Pool and the associated availability incentive and performance earnings. Higher earnings were also due to improved market conditions for Independent Power Plants.

Canadian Utilities invested \$385 million in capital growth projects in the third quarter and \$1,571 million in the first nine months of 2018, of which 98 per cent was invested in assets that earn a return under a regulated business model or are under commercially secured long-term contracts.

RECENT DEVELOPMENTS

- On October 11, 2018, Canadian Utilities declared a fourth quarter dividend for 2018 of 39.33 cents per Class A non-voting and Class B common share.
- On August 10, 2018, Dominion Bond Rating Service affirmed its 'A' long-term corporate credit rating and stable outlook on Canadian Utilities Limited.
- On September 27, 2018, S&P Global Ratings affirmed its 'A-' long-term issuer credit rating and stable outlook on Canadian Utilities Limited and CU Inc.
- Canadian Utilities plans to be the first coal-fired electricity generator in Alberta to end coal-fired power generation in its fleet. In the first quarter of 2018, Canadian Utilities successfully completed a project to co-fire natural gas at Battle River unit 4, enabling the use of natural gas for 50 per cent of the unit's 150 MW generating capacity. In the next phase of this initiative, a conversion project will allow co-firing of natural gas on Battle River unit 5 for 100 per cent of its 385 MW capacity, with an expected completion in late 2019.
- Canadian Utilities has negotiated a five-year extension to the Power Purchase Agreement with Origin Energy Electricity Limited for the 180 MW Osborne Power facility,

located near Adelaide, Australia. The original agreement, for 180 MW of contracted capacity, was scheduled to expire in 2018 and has now been extended to December 31, 2023.

- Canadian Utilities' natural gas transmission business is advancing the Pembina-Keephills project, a 59-km natural gas pipeline to support coal-to-gas conversion of power producers in the Genesee and surrounding areas of Alberta. Construction is expected to be complete by the fourth quarter of 2019.

FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

A financial summary and reconciliation of adjusted earnings to earnings attributable to equity owners of the company is provided below:

(\$ millions except share data)	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017 ⁽⁷⁾ (restated)	2018	2017 ⁽⁷⁾ (restated)
Adjusted earnings ⁽¹⁾	132	94	420	433
Gain on sale of operation ⁽²⁾	–	–	–	30
Proceeds from termination of PPA ⁽³⁾	36	–	36	–
Restructuring and other costs ^{(4) (5)}	–	–	(60)	–
Unrealized gains (losses) on mark-to-market forward commodity contracts ⁽⁵⁾	35	(6)	29	(37)
Rate-regulated activities ⁽⁵⁾	(19)	(10)	(96)	(67)
Dividends on equity preferred shares	17	16	50	50
Other ^{(5) (6)}	1	–	(1)	3
Earnings attributable to equity owners of the Company	202	94	378	412
Weighted average shares outstanding (millions of shares)	271.7	269.9	271.2	269.1

- (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 January 2017, Canadian Utilities sold its 100 per cent investment in ATCO Real Estate Holdings Ltd. to ATCO Ltd. for cash proceeds of \$47 million, which resulted in a gain of \$30 million. The proceeds were deployed for continued capital investment, to repay indebtedness, and for other general corporate purposes.
- (3) Effective September 30, 2018, the Battle River unit 5 PPA was terminated by the Balancing Pool and dispatch control was returned to Canadian Utilities. Canadian Utilities received a \$62 million payment (\$45 million after-tax) from the Balancing Pool, the amount of which Canadian Utilities is disputing. The payment has been recorded as proceeds from termination of PPA in the statement of earnings for the three and nine months ended September 30, 2018. Additional Battle River generating facility coal-related costs and Asset Retirement Obligations of \$9 million were recorded. These one-time receipts and costs in the net amount of \$36 million were excluded from adjusted earnings.
- (4) 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.
- (5) Refer to Note 5 of the consolidated financial statements for detailed descriptions of the adjustments.
- (6) 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.

(7) 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.

TELECONFERENCE AND WEBCAST

Canadian Utilities will hold a live teleconference and webcast to discuss our third quarter 2018 financial results. Dennis DeChamplain, Senior Vice President and Chief Financial Officer, will discuss third quarter 2018 financial results and recent developments at 8:00 am Mountain Time (10:00 am Eastern Time) on Thursday, October 25, 2018 at 1-800-319-4610. 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 Canadian Utilities teleconference.

Management invites interested parties to listen via live webcast at:

<http://www.canadianutilities.com/Investors/Events-and-Presentations/>

A replay of the teleconference will be available approximately two hours after the conclusion of the call until November 25, 2018. Please call 1-800-319-6413 and enter pass code 2641#. An archive of the webcast will be available on October 25, 2018 and a transcript of the call will be posted on <http://www.canadianutilities.com/Investors/Events-and-Presentations/> within a few business days.

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 September 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. Canadian Utilities is a diversified global energy infrastructure corporation delivering service excellence and innovative business solutions in 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.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.