hydro One

Second Quarter 2023

Earnings Teleconference
August 9, 2023

2Q23 Financial summary

(millions of dollars, except earnings per share (EPS))	Second Quarter 2023	Second Quarter 2022	Second Quarter % Change	Year to Date 2023	Year to Date 2022	Year to Date % Change
Revenues						
Transmission	559	516	8.3%	1,114	1,035	7.6%
Distribution	1,285	1,314	(2.2%)	2,794	2,831	(1.3%)
Distribution Revenues (Net of Purchased Power)[1]	487	462	5.4%	986	965	2.2%
Other	13	10	30.0%	23	21	9.5%
Consolidated	1,857	1,840	0.9%	3,931	3,887	1.1%
Consolidated Revenue (Net of Purchased Power) [1]	1,059	988	7.2%	2,123	2,021	5.0%
OM&A Costs	336	286	17.5%	664	574	15.7%
Earnings before financing charges and income taxes (EBIT)						
Transmission	309	289	6.9%	613	584	5.0%
Distribution	181	163	11.0%	373	385	(3.1%)
Other	(14)	(8)	(75.0%)	(26)	(17)	(52.9%)
Consolidated	476	444	7.2%	960	952	0.8%
Net income[2]	265	255	3.9%	547	565	(3.2%)
Basic EPS	$0.44	$0.43	2.3%	$0.91	$0.94	(3.2%)
Capital investments	649	612	6.0%	1,148	1,061	8.2%
Assets placed in-service						
Transmission	213	295	(27.8%)	328	415	(21.0%)
Distribution	193	251	(23.1%)	315	356	(11.5%)
Other	7	1	600.0%	7	5	40.0%
Total assets placed in-service	413	547	(24.5%)	650	776	(16.2%)

Financial Statements reported under United States (US) generally accepted accounting principles (GAAP).

1. Revenues, Net of Purchased Power is a non-GAAP financial measure. Non-GAAP financial measures do not have a standardized meaning under US GAAP, which is used to prepare the financial statements of Hydro One Limited (HOL, Hydro One or the Company) and accordingly, these measures might not be comparable to similar financial measures presented by other entities. Additional disclosure for this non-GAAP financial measure is incorporated by reference herein and can be found under the section titled "Non-GAAP Financial Measures" in the annual management's discussion and analysis of HOL for the year ended December 31, 2022 (Annual MD&A) and in the most recent interim management's discussion and analysis of HOL (Interim MD&A) available on SEDAR+ under the Company's profile at www.sedarplus.com.
2. Net Income is attributable to common shareholders and is after non-controlling interest.

2Q23 Financial summary

The Company continues to execute on its strategy to support economic growth and a clean energy future in Ontario with progress made with various transmission line projects such as Waasigan, Chatham to Lakeshore and St. Clair.

Selected Quarterly Financial Highlights:

Transmission revenues increased $43 million or 8.3% year-over-year primarily due to the following:

- Higher revenues resulting from OEB-approved 2023 rates; higher revenues related to the OEB-approved recovery of historical cost deferrals recognized as regulatory assets in prior periods, which are offset in OM&A and income tax expense and are therefore net income neutral; partially offset by lower average monthly peak demand.

Distribution revenues decreased $29 million or 2.2% year-over-year primarily due to the following:

- Lower purchased power costs, which are fully recovered from ratepayers and thus net income neutral; partially offset by higher revenues related to the OEB-approved recovery of historical cost deferrals recognized as regulatory assets in prior periods, which are offset in OM&A and income tax expense and are therefore net income neutral; and higher energy consumption.

Transmission OM&A costs increased by $27 million or 27.8% year-over-year primarily due to:

- Higher work program expenditures including vegetation management, station maintenance work, as well as information technology initiatives; higher corporate support costs mainly attributable to lower capitalized overheads associated with the timing and volume of capital activity; and higher OM&A associated with the OEB-approved recovery of historical costs deferrals, which are offset in revenue and net income neutral.

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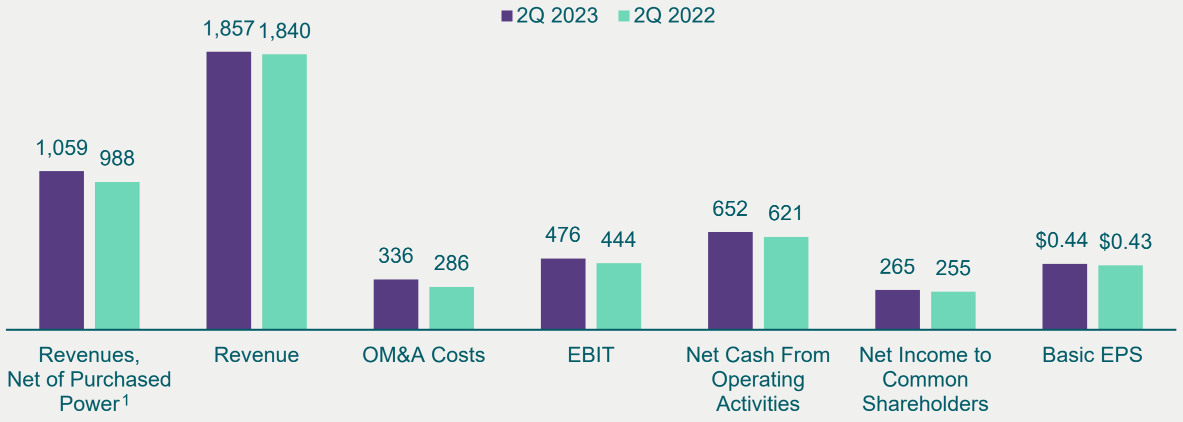
Financial Highlights ($M) – 2Q23 Year over Year Comparison



2Q23 Financial summary

Selected Quarterly Financial Highlights:

Distribution OM&A costs increased by $15 million or 8.7% year-over-year primarily due to:

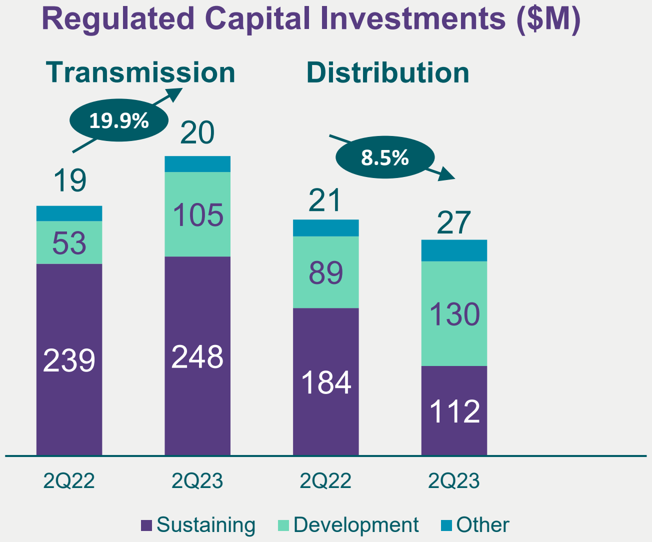
- Higher corporate support costs mainly attributable to lower capitalized overheads associated with the timing and volume of capital activity; higher work program expenditures including emergency restoration; and higher OM&A associated with the OEB-approved recovery of historical cost deferrals, which are offset in revenue and net income neutral; partially offset by lower allowance for doubtful accounts.

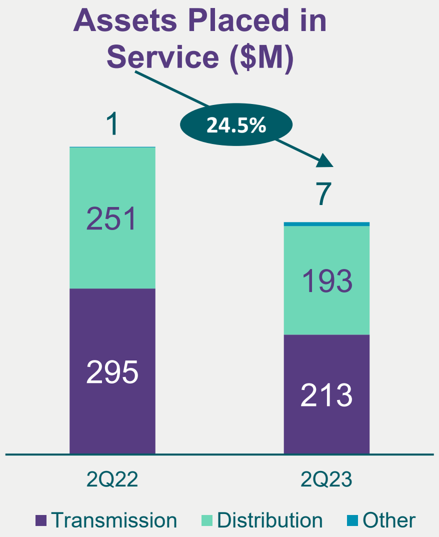
Income tax expense decreased by $3 million compared to the same period in 2022. This resulted in a realized effective tax rate of approximately 19.6% in the second quarter of 2023, compared to approximately 20.9% in the second quarter of the prior year. The decrease was primarily due to:

- Higher deductible timing differences compared to the prior year; partially offset by higher tax expense related to the OEB-approved recovery of regulatory accounts, which is offset in revenue and therefore net income neutral; and higher earnings compared to the prior year.

Hydro One made capital investments to maintain the safety, reliability and integrity of its transmission and distribution system assets and to provide for the ongoing growth and modernization required to meet the expanding and evolving needs of its customers and the electricity market.

- Transmission capital investments increased by $62 million or 19.9% in the quarter ended June 30, 2023 compared to the quarter ended June 30, 2022.
- Distribution capital investments decreased by $25 million or 8.5% in the quarter ended June 30, 2023 compared to the quarter ended June 30, 2022.





Strong balance sheet and liquidity (as at June 30, 2023)

Investment grade balance sheet with one of lowest debt costs in utility sector

Significant available liquidity ($M)

Strong investment grade debt ratings (long-term/short-term/outlook)

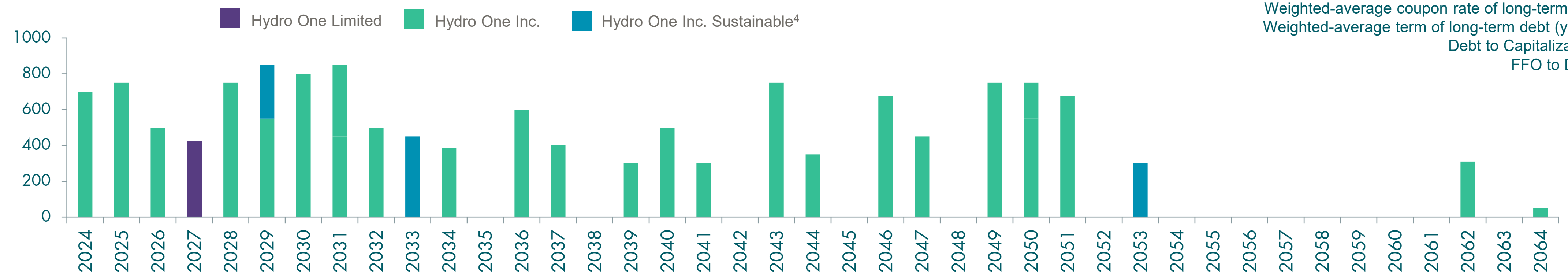
	Hydro One Limited (HOL)	Hydro One Inc. (HOI)
S&P	BBB+ / n/a / stable	A- / A-1 (low) / stable
DBRS	A / n/a / stable	A (high) / R-1 (low) / stable
Moody's	n/a	A3 / Prime-2 / stable

Shelf registrations

HOL
Universal shelf[2]
$2.0B

HOI
Medium-Term Note shelf[3]
$4.0B

Debt maturity schedule ($M)



Weighted-average coupon rate of long-term debt: 4.0%
Weighted-average term of long-term debt (years): 14.2
Debt to Capitalization[5]: 56.9%
FFO to Debt[6]: 13.8%

1. In January 2022, Hydro One successfully amended its Operating Credit Facilities to add Sustainability Linked Pricing to incorporate environmental, social and governance (ESG) targets.
2. In August 2022, HOL filed a universal short form base shelf prospectus (Universal Base Shelf Prospectus) with securities regulatory authorities in Canada, which allows it to offer, from time to time in one or more public offerings, up to $2.0 billion of debt, equity or other securities, or any combination thereof, and expires in September 2024. At June 30, 2023, $2.0 billion remained available for issuance under the Universal Base Shelf Prospectus.
3. In June 2022, HOI filed a short form base shelf prospectus in connection with its Medium-Term Note (MTN) Program, which has a maximum authorized principal amount of notes issuable of $4.0 billion and expires in July 2024. At June 30, 2023, $2,200 million remained available for issuance under the MTN Program prospectus.
4. Sustainable bonds (medium term notes) issued pursuant to Hydro One's Sustainable Financing Framework.
5. Debt to capitalization is a non-GAAP ratio. Non-GAAP ratios do not have a standardized meaning under US GAAP used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities. Debt to capitalization ratio has been calculated as total debt (including total long-term debt and short-term borrowings, net of cash and cash equivalents) divided by total debt plus total shareholders' equity, but excluding any amounts related to non-controlling interest. Management believes that the debt to capitalization ratio is helpful as a measure of the proportion of debt in the Company's capital structure. See the section titled "Non-GAAP Financial Measures" in the Annual MD&A and in the Interim MD&A which is incorporated by reference, for a discussion of this non-GAAP ratio and its component elements.
6. FFO to Debt is a non-GAAP ratio. Non-GAAP ratios do not have a standardized meaning under US GAAP used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities. FFO to Debt has been calculated as: FFO for the last twelve months ending June 30, 2023 divided by total debt (including total long-term debt, and short-term borrowings, net of cash and cash equivalents). Management believes this is a helpful ratio because Management believes that FFO is helpful as a supplemental measure of the Company's operating cash flows as it excludes timing-related fluctuations in non-cash operating working capital and cash flows not attributable to common shareholders. As such, management believes that FFO provides a consistent measure of the cash generating performance of the Company's assets. See the section titled "Non-GAAP Financial Measures" in the Annual MD&A and in the Interim MD&A for a discussion of these component elements.

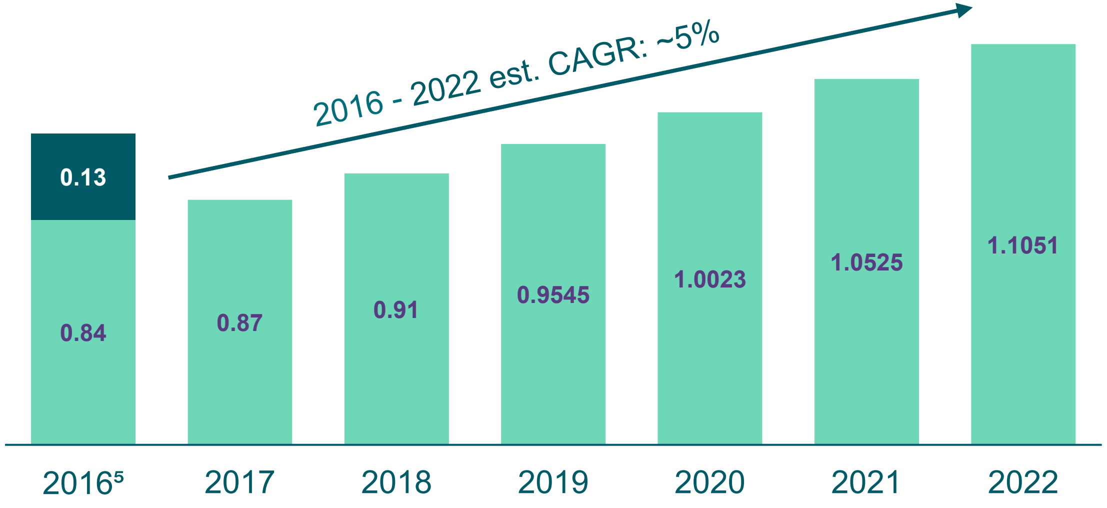
Common share dividends

Key Points

- Quarterly dividend declared at $0.2964 per common share ($1.1856 annualized)
- Targeted dividend payout ratio remains at 70% - 80% of net income
- Attractive and growing dividend supported by stable, regulated cash flows and planned rate base growth
- No equity issuance anticipated to fund planned capital investment program
- Non-dilutive dividend reinvestment plan (DRIP) was implemented post initial public offering (IPO) (shares purchased on open market, not issued from treasury)

Dividend Statistics	
Yield[1]	3.1%
Annualized Dividend[2,3]	$1.1856 / share

A Growing and Sustainable Dividend[4]



Expected Quarterly Dividend Dates[3]

Declaration date	Record date	Payment date
August 8, 2023	September 13, 2023	September 29, 2023
November 7, 2023	December 13, 2023	December 29, 2023

1. Based on closing share price of the common shares of Hydro One Limited on June 30, 2023. Yield is based on annualized dividend.
2. Unless indicated otherwise, all common share dividends are designated as "eligible" dividends for the purpose of the *Income Tax Act* (Canada).
3. All dividend declarations and related dates are subject to Board approval.
4. Denotes annual cash dividends paid.
5. The first common share dividend declared by Hydro One Limited following the November 5, 2015 initial public offering of its common stock included 13 cents for the post IPO fourth quarter period of November 5 through December 31, 2015.

Disclaimers

Forward Looking Information

This presentation contains "forward-looking information" within the meaning of applicable Canadian securities laws that is based on current expectations, estimates, forecasts and projections about Hydro One's business and the industry in which Hydro One operates and includes beliefs of and assumptions made by management of Hydro One. Such information includes, but is not limited to: statements regarding Hydro One's projected rate base and cash flows; statements and expectations regarding Hydro One's maturing debt and standby credit facilities; expectations regarding future equity issuances; statements related to dividends, including expected dividend growth and Hydro One Limited's targeted dividend payout ratio of 70-80%.

Words such as "aim", "could", "would", "expect", "anticipate", "intend", "attempt", "may", "plan", "will", "believe", "seek", "estimate", "goal", "target" and variations of such words and similar expression are intended to identify such forward-looking information. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. In particular, the forward-looking information contained in this presentation is based on a variety of factors and assumptions including, but not limited to: the scope of the COVID-19 pandemic and duration thereof as well as the effect and severity of corporate and other mitigation measures on Hydro One's operations, supply chain or employees; no unforeseen changes in the legislative and operating framework for Ontario's electricity market or for Hydro One specifically; favourable decisions from the OEB and other regulatory bodies concerning outstanding and future rate and other applications; no unexpected delays in obtaining required approvals; no unforeseen changes in rate orders or rate setting methodologies for Hydro One's distribution and transmission businesses; the continued use and availability of US GAAP; no unfavourable changes in environmental regulation; a stable regulatory environment; no significant changes to Hydro One's current credit ratings; no unforeseen impacts of new accounting pronouncements; no changes to expectations regarding electricity consumption; no unforeseen changes to economic and market conditions; recoverability of costs and expenses related to the COVID-19 pandemic, including the costs of customer defaults resulting from the pandemic; completion of operating and capital projects that have been deferred; and no significant event occurring outside the ordinary course of business. These assumptions are based on information currently available to Hydro One including information obtained by Hydro One from third-party sources. Actual results may differ materially from those predicted by such forward-looking information. While Hydro One does not know what impact any of these differences may have, Hydro One's business, results of operations, financial condition and credit stability may be materially adversely affected if any such differences occur. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information are discussed in more detail in the sections entitled "Forward-Looking Information" and "Risk Factors" in Hydro One Limited's most recent annual information form and the sections entitled "Risk Management and Risk Factors" and "Forward-Looking Statements and Information" in the Annual MD&A and Interim MD&A. Hydro One does not intend, and it disclaims any obligation to update any forward-looking information, except as required by law.

All dollar amounts in this presentation are in Canadian dollars, unless otherwise indicated. Unless otherwise expressly stated herein, all information in this presentation is presented as at August 9, 2023.