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# INVESTOR DAY 2020

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## **OMAR JAVED**

Vice President, Investor Relations  
Hydro One Limited

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# AGENDA

**8AM**



**REGISTRATION & BREAKFAST**

**8:30AM**

## WELCOME

Omar Javed, VP Investor Relations, Hydro One

## INTRODUCTION

Mark Poweska, President and CEO, Hydro One

## ENHANCING HYDRO ONE'S SAFETY CULTURE

Darlene Bradley, Chief Safety Officer, Hydro One

## OPERATIONS – BUILDING A GRID FOR THE FUTURE

David Lebeter, Chief Operations Officer, Hydro One

## THE POWER OF PARTNERSHIPS – FIRESIDE CHAT

with Jason Fitzsimmons, Chief Corporate Affairs & Customer Care Officer, Hydro One, Peter Quiring, President & CEO, Nature Fresh Farms & Ava Hill, former Chief of Six Nations of the Grand River

**10:15AM**



**BREAK – LIGHT REFRESHMENTS**

**10:30AM**

## FINANCIAL PERFORMANCE & GROWTH

Chris Lopez, Chief Financial Officer, Hydro One

**Q & A** with Hydro One leadership

**11:45AM**



**LUNCH**

**12:30PM**

## HYDRO ONE SHOWCASE

Discussions with Hydro One Management

**1:30PM**



**BREAK – LIGHT REFRESHMENTS**

**1:45PM**

## HYDRO ONE SHOWCASE CONTINUED

Discussions with Hydro One Management

**2:45PM**



**COCKTAILS**

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# FORWARD-LOOKING STATEMENTS AND INFORMATION

This presentation may contain “forward-looking information” within the meaning of applicable securities laws. Words such as “expect”, “anticipate”, “intend”, “attempt”, “may”, “plan”, “will”, “can”, “believe”, “seek”, “estimate”, and variations of such words and similar expressions are intended to identify such forward-looking information. These statements include, but are not limited to, statements relating to: our vision; our updated strategy and its underpinning priorities including the future of the electricity grid, safety, efficiency, innovation, advocating for customers, relationship building, and growing the business; expected outcomes of and opportunities resulting from our updated strategy, including future financial and operating results and growth in shareholder value; expected changes to the electric power sector, including expectations regarding future demand for electricity, increased electrification of industries, and the impact on electricity rates; climate change and its effects on our industry and business planning; adoption of distributed energy resources and its effect on the electricity industry; future capital investments; consolidation of the electricity sector; regulated and unregulated growth opportunities, including opportunities for our telecom subsidiary and our partnership in the Ivy Charging Network; future stability of the leadership team and relationships with stakeholders; safety-related goals, including continuous improvement of our safety culture and elimination of serious injuries by 2024; operations goals, including reliability, productivity, resiliency and efficiency; asset investments, including statements about asset service life, upgrades, refurbishments and replacements, future ROE; improvements to line management, including vegetation management; cyber security; rationalizing and electrifying our fleet; future sustainability disclosures; our role in supporting the Indigenous economy; the Leamington Area Transmission Project; future external equity requirements; the effect of the deferred tax asset on our balance sheet, and statements about our guidance range for adjusted EPS in 2022. These statements are not guarantees of future performance or actions and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking information. Some of the factors that could cause actual results or outcomes to differ materially from the results expressed, implied or forecasted by such forward-looking information, including some of the assumptions used in making such statements, are discussed more fully in Hydro One’s filings with the securities regulatory authorities in Canada, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Hydro One does not intend, and it disclaims any obligation, to update any forward-looking information, except as required by law.

## GUIDANCE

In this presentation, Hydro One is providing a guidance range for adjusted basic earnings per share (EPS) for 2022 based on a normalized adjusted EPS for 2019 which takes into account one-time non-recurring items in 2019 including: catch-up earnings attributable to 2018 for the distribution segment, earnings above the regulated return on equity in the distribution segment, and insurance proceeds for the transmission segment, offset by costs related to the Avista transaction, and write-offs for the Lake Superior Link project. The purpose of the guidance range for adjusted EPS in 2022 is to assist investors, shareholders, and others in evaluating the expected long-term performance of Hydro One’s business. This information may not be appropriate for other purposes. Information about our guidance, including the various assumptions underlying it, should be read in conjunction with “Forward-Looking Statements and Information” above and as may be found in Hydro One’s filings with the securities regulatory authorities in Canada, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Hydro One does not intend to update the guidance range for adjusted EPS in 2022 unless there are material events that occur that impact the 2022 guidance or as otherwise required by law.

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## **MARK POWESKA**

President and Chief Executive Officer  
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# OUR HISTORY



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# ONE OF THE LARGEST PURE PLAY ELECTRIC TRANSMISSION AND DISTRIBUTION COMPANIES IN NORTH AMERICA



**26%**  
of Ontario's  
distribution  
customers



**98%**  
of Ontario's  
transmission  
capacity



**1.6M**  
Poles



**>80**  
industrial  
customers



**8,800**  
skilled and  
dedicated  
employees



**~1.4M**  
residential and  
business customers  
served by our  
local distribution  
business



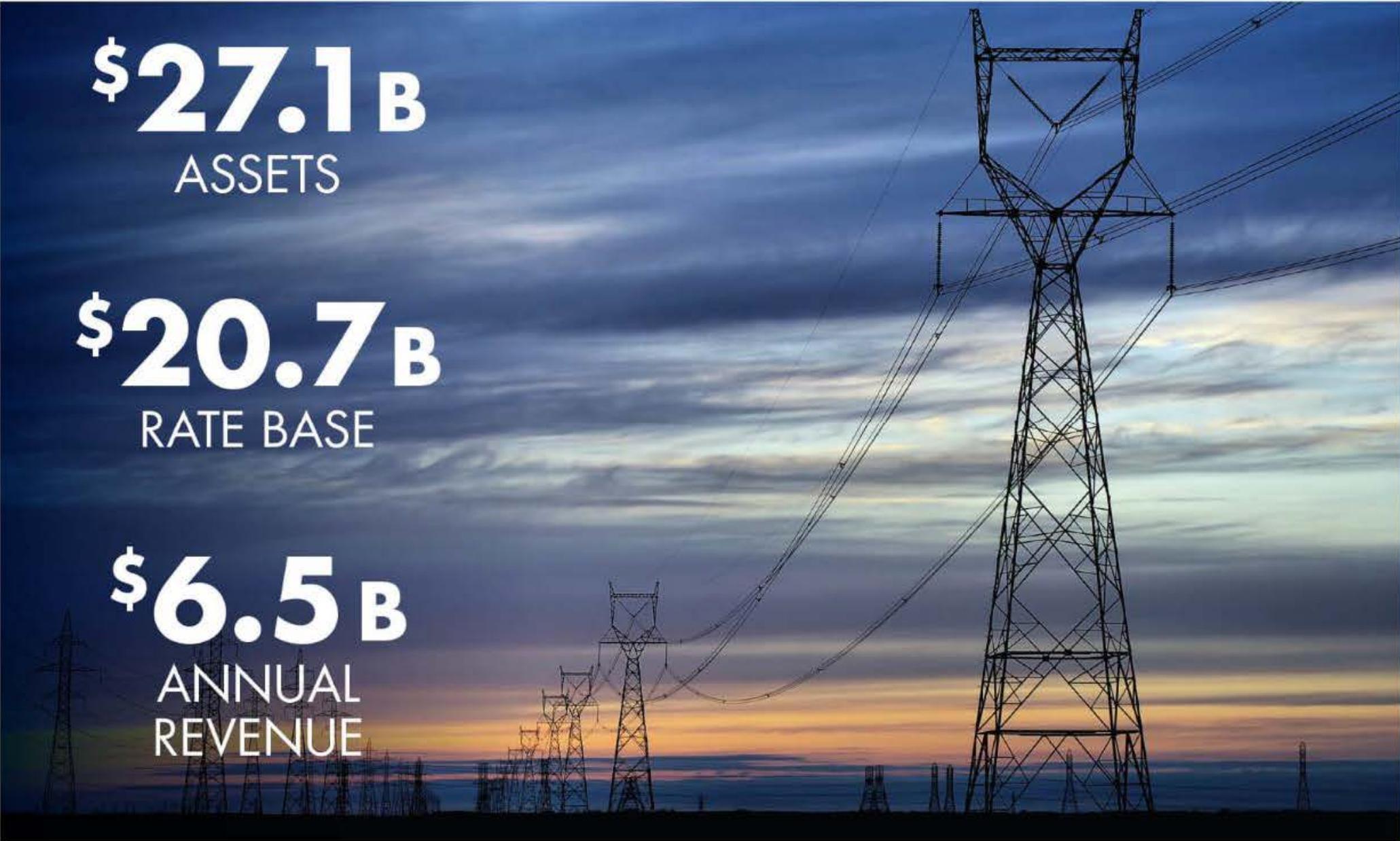
Leadership  
in ESG

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**\$27.1 B**  
ASSETS

**\$20.7 B**  
RATE BASE

**\$6.5 B**  
ANNUAL  
REVENUE

# VISION & MISSION

Our vision is to create **a better and brighter future for all.**

To get there, our mission is **energizing life for people and communities through a network built for the possibilities of tomorrow.**



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# EVOLVING OUR NETWORK



## IVY CHARGING NETWORK

Building Ontario's largest, most connected electric vehicle fast-charger network with **73 locations** by the end of 2021



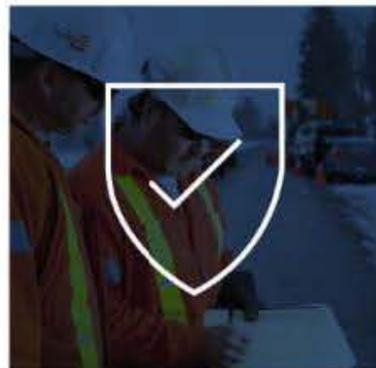
## GRID RESILIENCY

Invest approximately **\$10 billion** in our transmission and distribution systems over the next five years

# NEW ONTARIO-FOCUSED CORPORATE STRATEGY



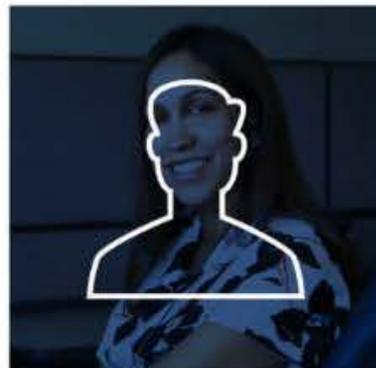
Plan, design  
and build a  
grid for the  
future



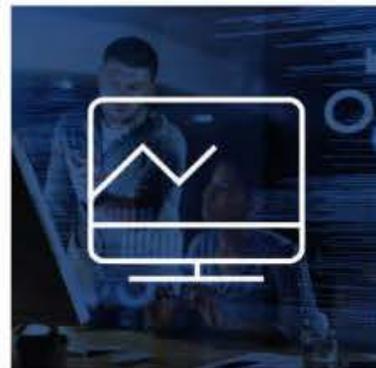
Be the safest  
and most  
efficient utility



Be a trusted  
partner



Advocate for  
our customers  
and help them  
make informed  
decisions



Innovate and  
grow the  
business

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# PLAN, DESIGN AND BUILD A GRID FOR THE FUTURE

**Planned** technology investments

**Best-in-class** asset management  
practices



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# BE THE SAFEST AND MOST EFFICIENT UTILITY

**Transform** and **improve**  
our safety culture

Disciplined approach  
to generate **efficiencies**



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## BE A TRUSTED PARTNER

Indigenous peoples

Government

Industry

Communities

Customers



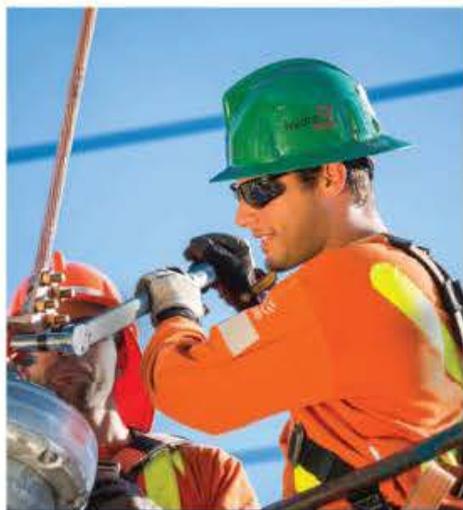
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# DEVELOPING AND MAINTAINING RESPECTFUL AND POSITIVE RELATIONSHIPS

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Goods and services

Purchased over **\$41 million** of goods and services from Indigenous businesses



Niagara Reinforcement  
Project Completion

**Equity partnership** with the Six Nations of the Grand River Development Corporation and Mississaugas of the Credit First Nation



Business Outreach

Hosted our **first-ever** provincial Indigenous Business Fair



Commitment to  
Indigenous Procurement

**Recognized** by the Canadian Council for Aboriginal Business and the Canadian Electricity Association

# STRENGTHENING RELATIONSHIPS WITH GOVERNMENT AND REGULATORS

## HIGHLIGHTS

Meetings with **key players** in the provincial government

**Advocated** for reducing red tape with the Ontario Energy Board

- Government committing to change the OEB's governance structure



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## ADVOCATE FOR OUR CUSTOMERS AND HELP THEM MAKE INFORMED DECISIONS

Innovative customer practices:

- We are **modernizing** our Customer Contact Centre
- Launching a **dedicated web portal** for commercial and industrial customers
- 500,000 customers enrolled for **proactive** real-time, outage alerts



**86%**  
residential and  
business customer  
satisfaction

**87%**  
transmission  
customer  
satisfaction

**90%**  
customer  
satisfaction at our  
contact centre

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# INNOVATE AND GROW THE BUSINESS FOR OUR CUSTOMERS AND SHAREHOLDERS

- We will continue to **invest** in our core transmission and distribution business while pursuing unregulated business **opportunities** in Ontario
- Much of our transmission and distribution system was built in the **1950s and 1960s**
- Last year, we invested almost **\$1.7 billion**

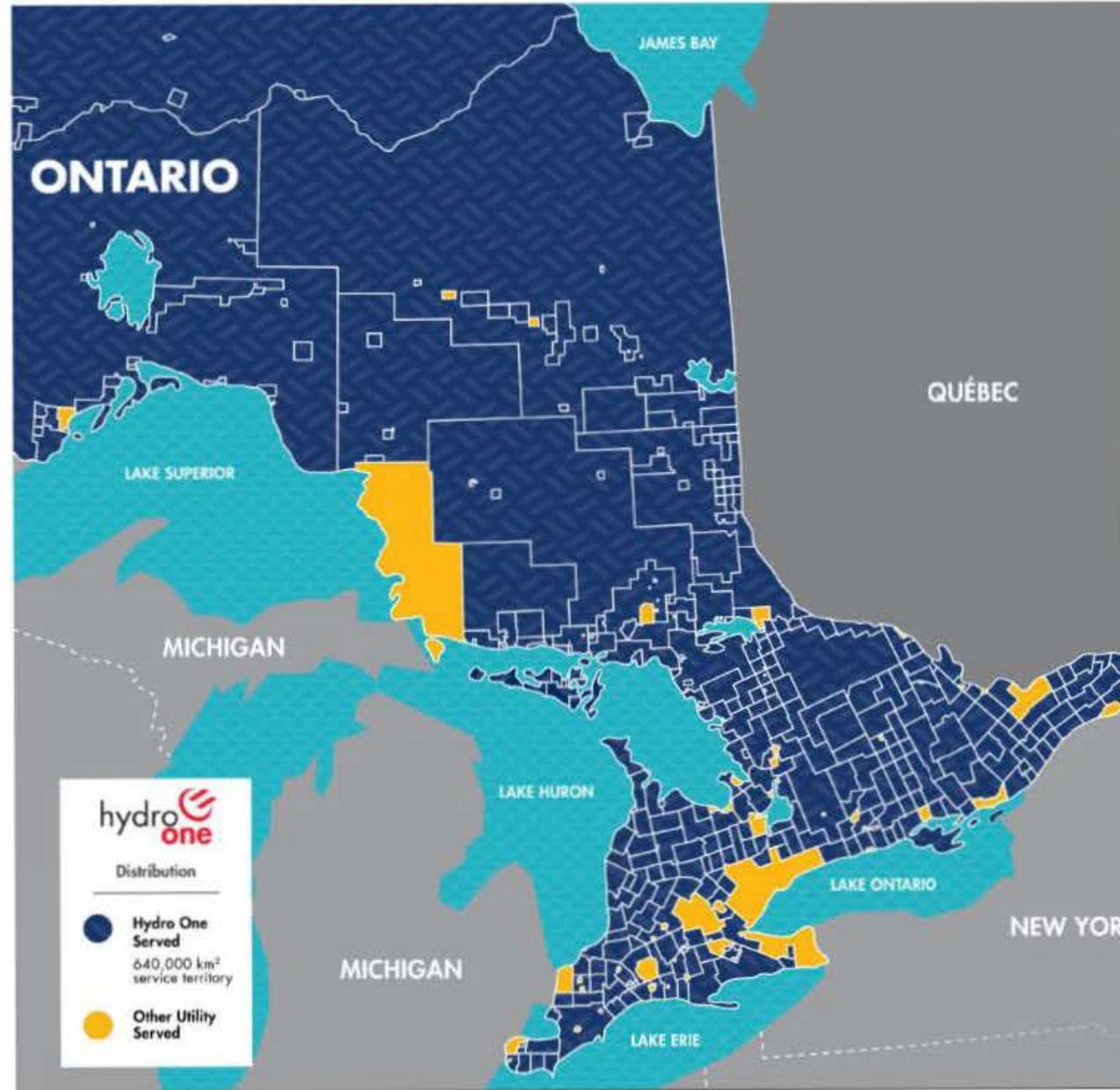


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# GROWTH OPPORTUNITIES AND FUTURE INVESTMENTS

- **58** local distribution companies in Ontario
- Pending decision of our **\$105 million** purchase of Peterborough's electric utility and our **\$41 million** purchase of Orillia Power Distribution Company
- **\$150 million** investment in a state-of-the-art grid control center in Orillia



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# PURSuing INNOVATIVE UNREGULATED OPPORTUNITIES

- Unregulated opportunities to **diversify** our portfolio and respond to **changing needs**
- **Hydro One Telecom** subsidiary offers fibre-optic capacity to organizations and enhanced suite of cloud services



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# BRINGING OUR STRATEGY TO LIFE

Strong leadership to drive  
our strategy forward and  
grow shareholder value



**Mark Poweska**  
President and Chief  
Executive Officer



**Darlene Bradley**  
Chief Safety Officer



**David Lebeter**  
Chief Operating Officer



**Jason Fitzsimmons**  
Chief Corporate Affairs  
& Customer Care Officer



**Chris Lopez**  
Chief Financial Officer



**Paul Harricks**  
Chief Legal Officer



**Brad Bowness**  
Chief Information Officer



**Saylor Millitz-Lee**  
Chief Human  
Resources Officer

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## **DARLENE BRADLEY**

Chief Safety Officer  
Hydro One

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# SAFETY RELATED GOALS



Stronger safety culture



Robust safety analytics



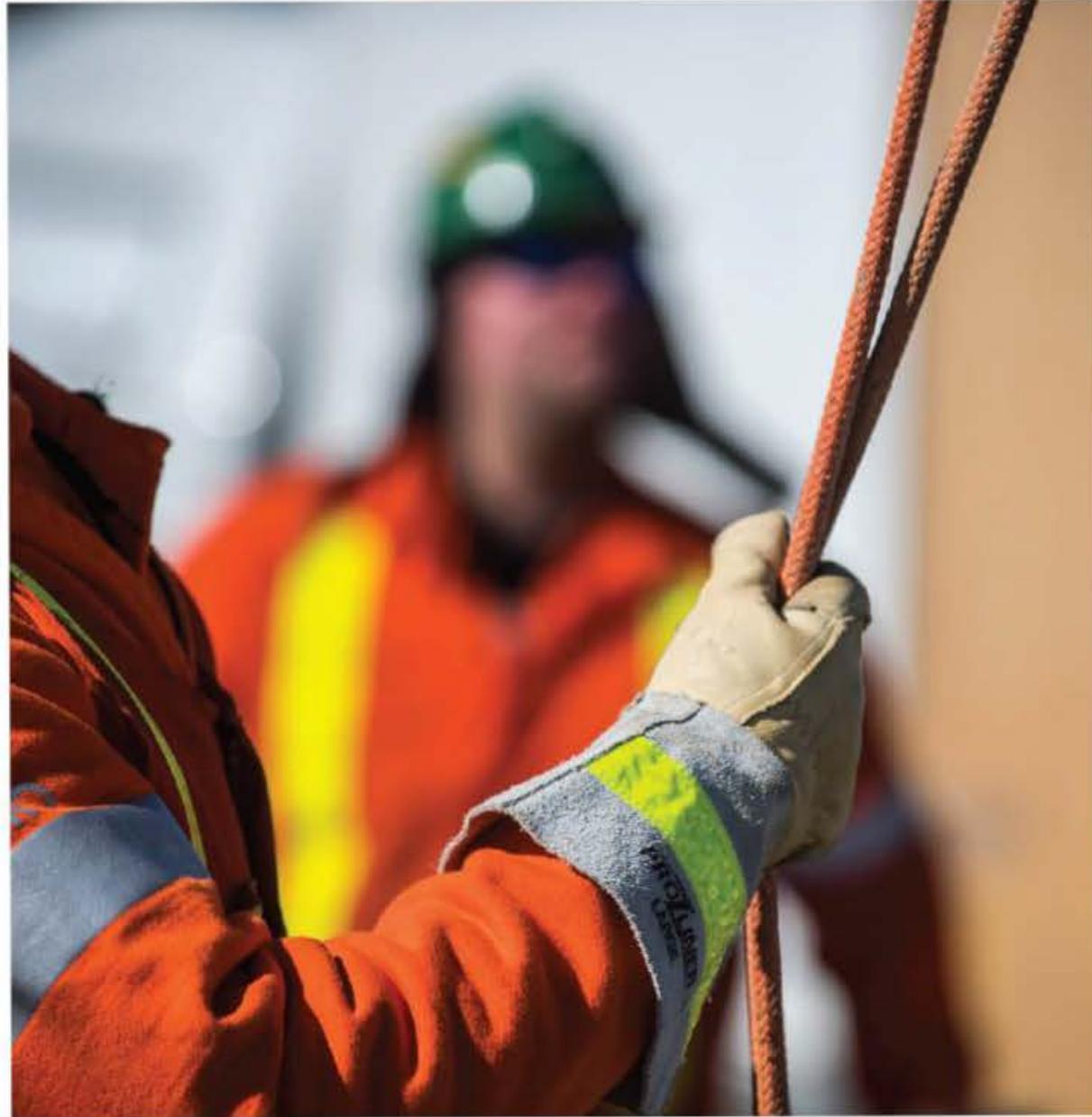
Grass-roots employee engagement

# CURRENT STATE



**4 OF 10**  
most dangerous  
occupations

- Success in **reducing recordable injuries**
- Hydro One is committed to **eliminating serious injuries** from our organization



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# HEALTH & SAFETY PERFORMANCE

- Journey to Zero – our commitment to an injury-free workplace
- Hydro One has reduced the rate of recordable injuries to our target of less than 1.0

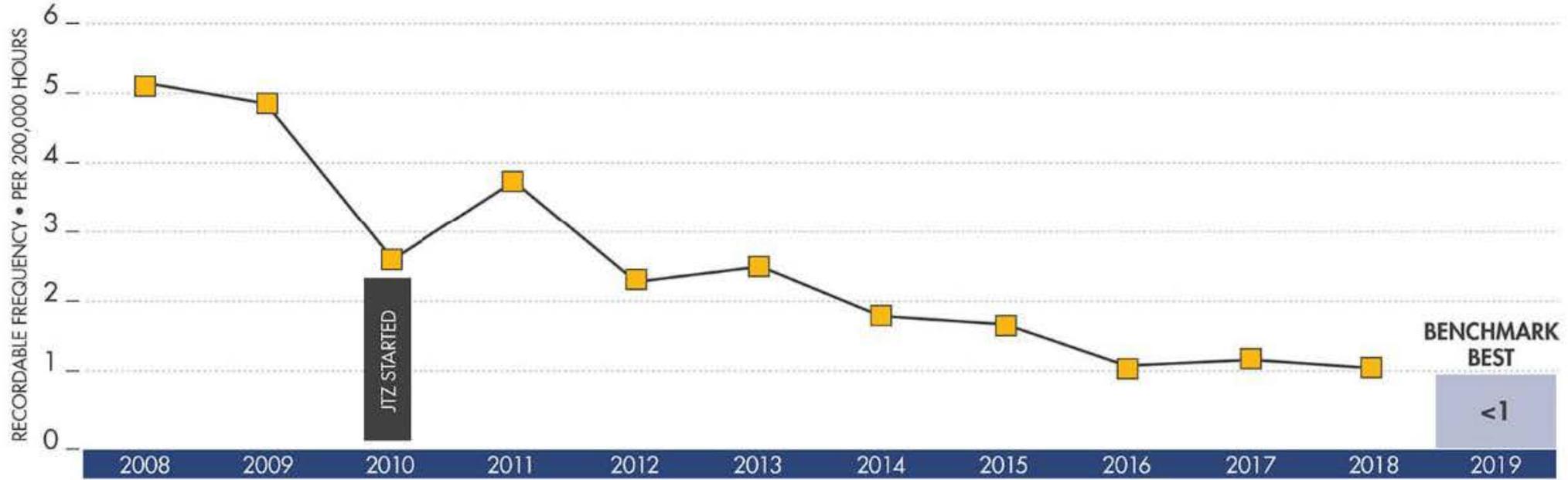
**OUR GOAL IS TO  
MAINTAIN OUR 2019  
LEVEL OF PERFORMANCE  
GOING FORWARD**



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# 10-YEAR EVOLUTION: HEALTH & SAFETY PERFORMANCE



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# SAFETY IMPROVEMENT PLAN

## THREE KEY AREAS OF FOCUS

- Demonstrating Safety Leadership
- Strengthening our Safety Management System
- Listening, Learning and Taking Action

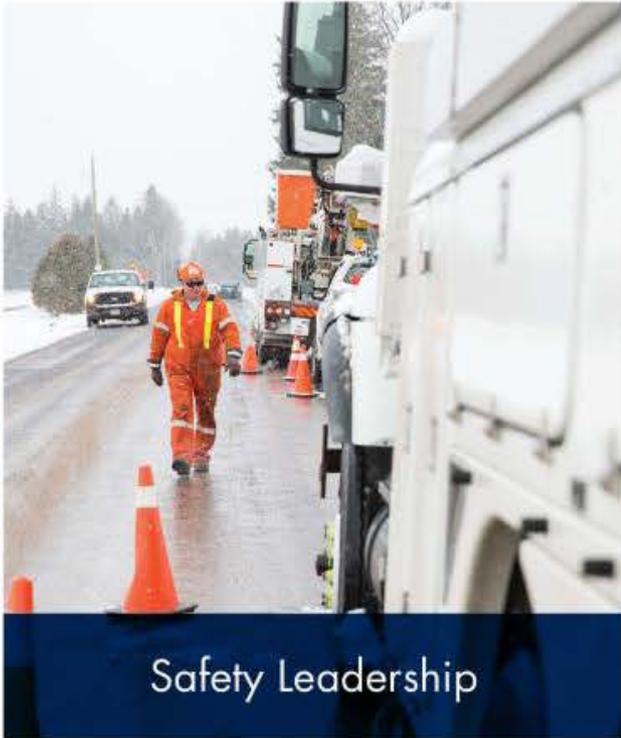
**ZERO SERIOUS  
INJURIES BY 2024**



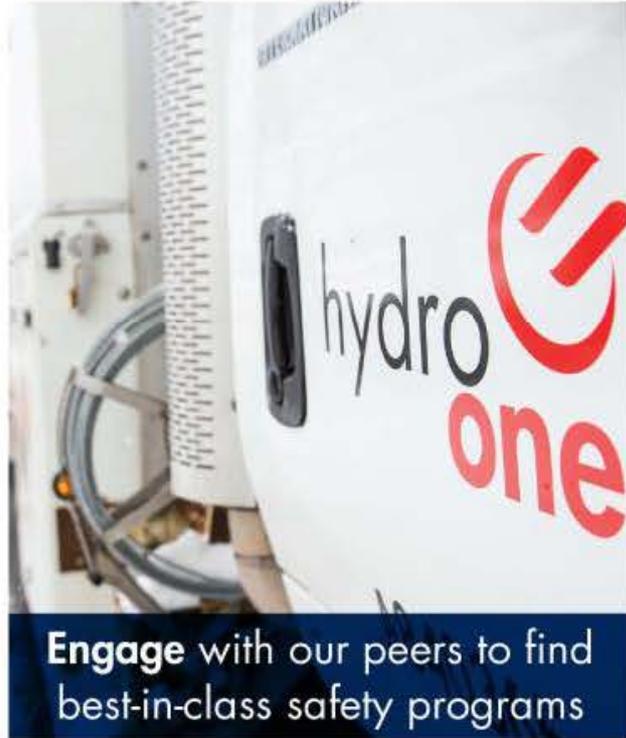
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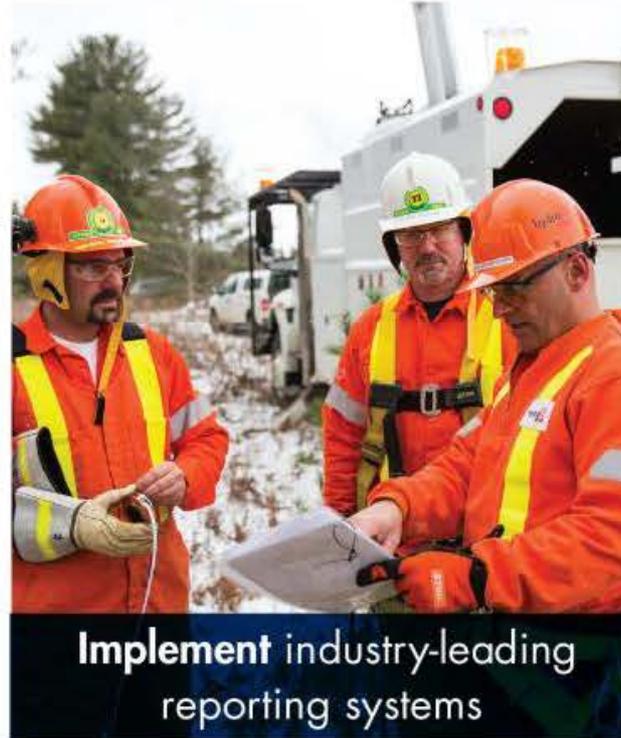
# LISTENING, LEARNING AND TAKING ACTION



Safety Leadership



Engage with our peers to find best-in-class safety programs



Implement industry-leading reporting systems

ZERO SERIOUS INJURIES

# UNCOMPROMISING WHEN IT COMES TO SAFETY

Our Safety Plan supports our strategic priority to be the safest and **most efficient utility**



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## **DAVID LEBETER**

Chief Operating Officer  
Hydro One

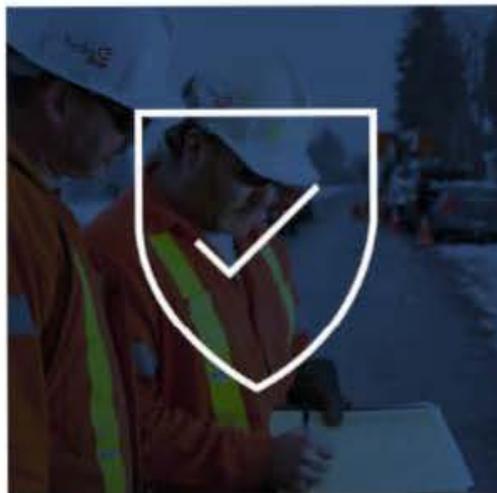
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# NEW ONTARIO-FOCUSED CORPORATE STRATEGY



Plan, design and build  
a grid for the future

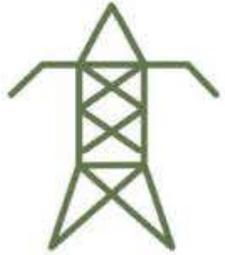


Be the safest and most  
efficient utility

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# ONE OF THE LARGEST PURE PLAY ELECTRIC TRANSMISSION AND DISTRIBUTION COMPANIES IN NORTH AMERICA



**98%**

of Ontario's  
transmission  
capacity



**30,000**

circuit kilometers of  
transmission lines



**123,000**

circuit kilometers of  
distribution lines



**~1.4M**

residential and  
business customers  
served by our  
local distribution  
business

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# WHY INVESTMENTS NEED TO BE MADE

## INVESTING \$10 BILLION OVER 5 YEARS AS WE MODERNIZE OUR GRID:

- Seizing new opportunities from changing technologies
- Electric vehicles
- Distributed Generation
- Reinvesting in aging infrastructure
- Goal of increasing resilience and reliability



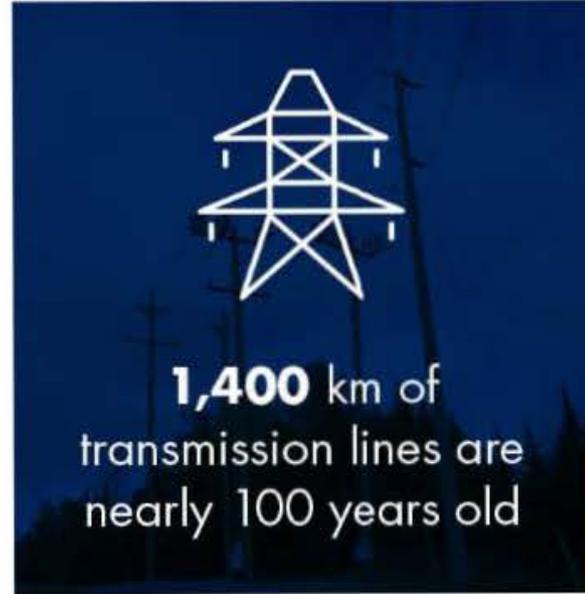
**1 in 4**  
transformers  
need to be  
replaced



Nearly **10,000**  
steel towers are  
over 80 years old



**1,400** km of  
transmission lines are  
nearly 100 years old



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# INTERNAL, REGULATED GROWTH THAT DRIVES RELIABILITY, RESILIENCE AND RETURNS

Planned annual transmission capital investments of **\$1.2 billion** to **\$1.4 billion** through 2024

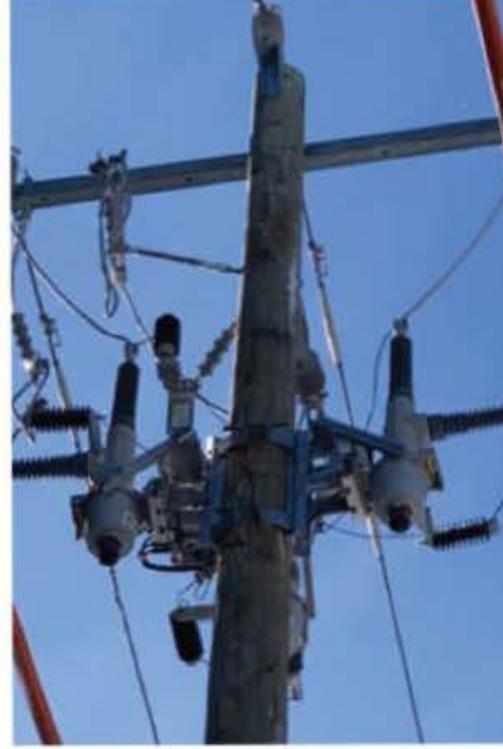
Planned annual distribution capital investments of **\$690 – 750 million** through 2024



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# USING NEW TECHNOLOGY TO MAKE OUR GRID MORE RESILIENT



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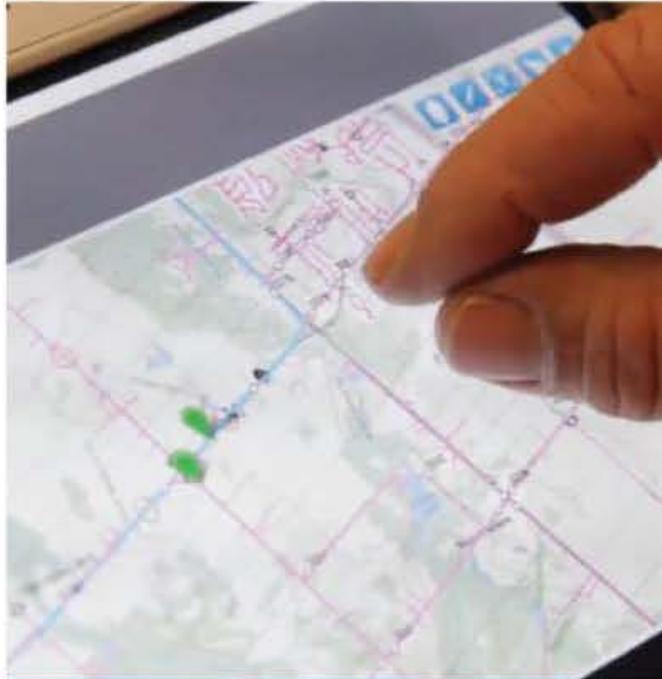
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# INCREASING RELIABILITY THROUGH FORESTRY

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Increasing **frequency** of vegetation management to **3 years** from 8–10 years



Using **technology** to better manage teams and collect data



Managing the right trees at the right time, and in the **right place**

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# EFFICIENCY INITIATIVES

## MOVE TO MOBILE



Design lower cost alternatives



Efficiently allocate capital to aging assets



Improve grid reliability

## TELEMATICS



Optimize our fleet



Modernize our workforce



**\$16M**

in savings from the *Move to Mobile* program

**\$29M**

Savings from fleet reduction

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# PROTECTING OUR CRITICAL INFRASTRUCTURE

- Close **coordination** with government security agencies
- Investing in **protection** and training
- Increasing our **monitoring**
- Working with **peers** across industries



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# POWERED BY COLLABORATION

HARNESSING IDEAS  
AND INNOVATION FOR  
A MORE EFFICIENT,  
RELIABLE GRID BY:

- Leveraging our **first-class workforce**
- Commitment to **diversity**



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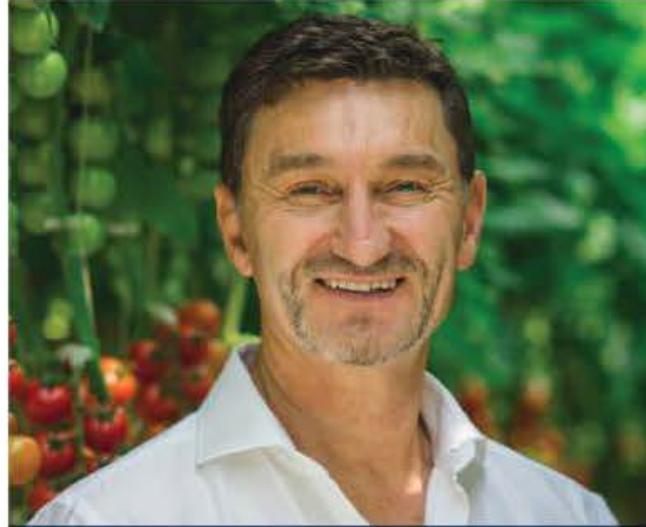
# THE POWER OF PARTNERSHIPS



**Jason Fitzsimmons**  
Chief Corporate Affairs  
& Customer Care Officer



**Ava Hill**  
Former elected Chief  
of the Six Nations of the  
Grand River First Nations



**Peter Quiring**  
President & CEO  
Nature Fresh Farms



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**CHRIS LOPEZ**

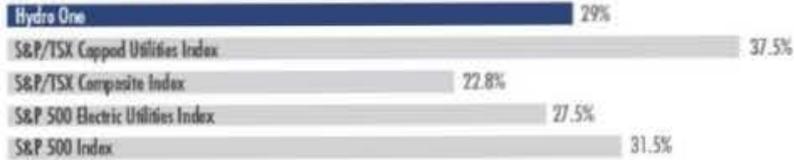
Chief Financial Officer  
Hydro One

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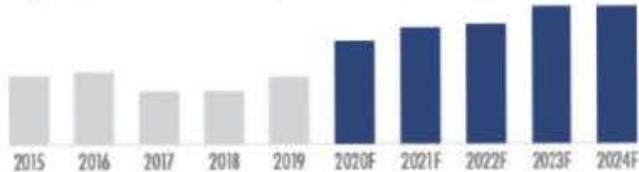
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# ENHANCING VALUE, DELIVERING RESULTS IN 2019

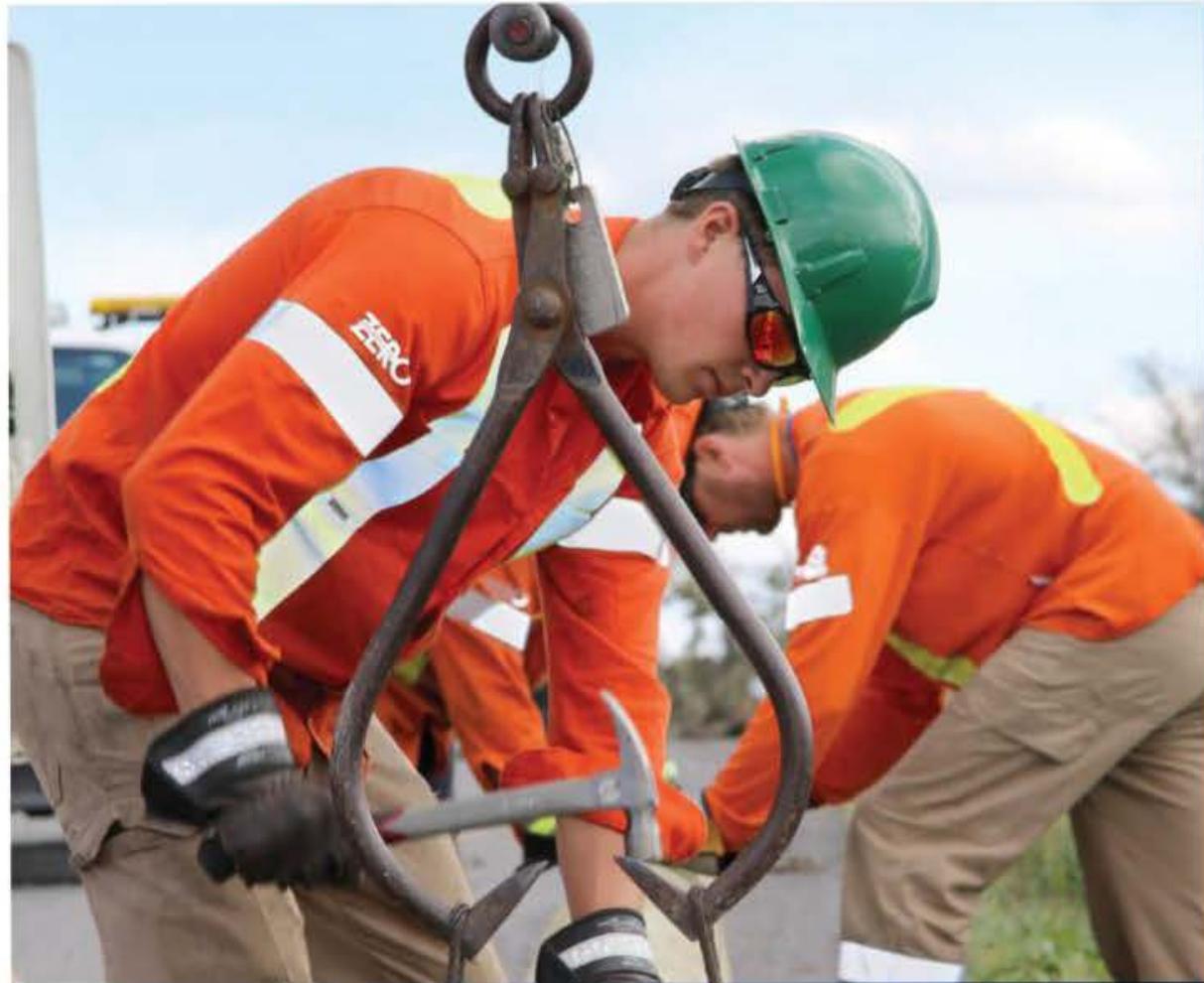
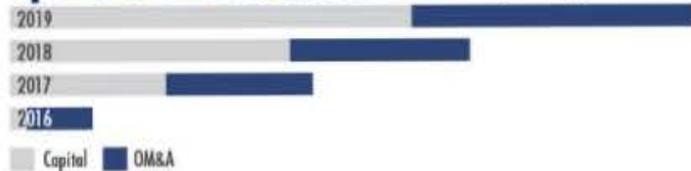
**29%** Total Shareholder Return



**\$1.7B** in capital investments with plans to grow



**\$202.3M** in Productivity Savings Achieved



**\$51 MILLION**

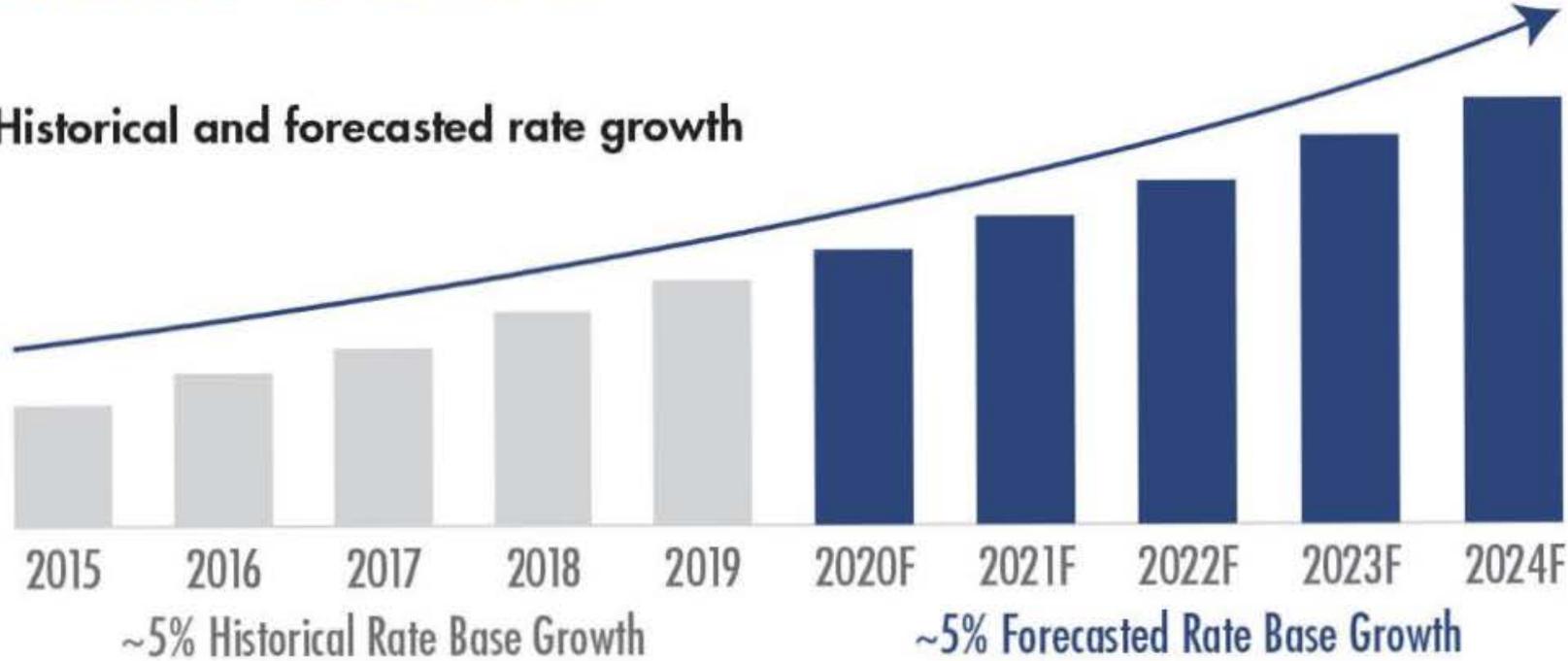
Annual Operating Cost Reduction

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# ENHANCING VALUE, DELIVERING RESULTS SINCE THE IPO

Historical and forecasted rate growth



**~5%**

Historical Rate  
Base Growth

**~7%**

Historical Adjusted  
EPS Growth

**~5%**

Historical  
Dividend Growth

# AN ONTARIO- FOCUSED GROWTH STRATEGY



Modernizing the grid



Sustaining a reliable grid



Consolidation with  
our LDC partners



## \$10 BILLION

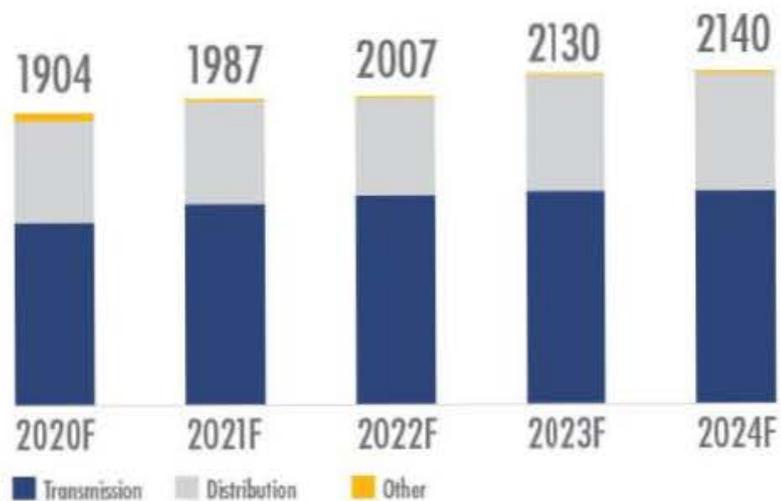
of prudent Capital Investments in Ontario through 2024

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# \$10B OF CAPITAL INVESTMENT DRIVING RATE BASE GROWTH

Approximately \$2B of Annual Capital Investments



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# EFFICIENCY INITIATIVES

## OPERATIONAL INITIATIVES



Optimize our fleet



Modernize our workforce



Strategic sourcing



Optimal cycle protocol

## EFFICIENCIES AT THE CORPORATE OFFICE



Leverage in-house expertise



In-source customer call centre



**1,000**

Vehicles removed from our fleet through utilization initiatives

**\$29M**

Savings from fleet reduction

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# AN ONTARIO- FOCUSED GROWTH STRATEGY



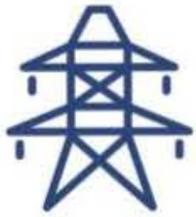
CORE RATE  
BASE GROWTH



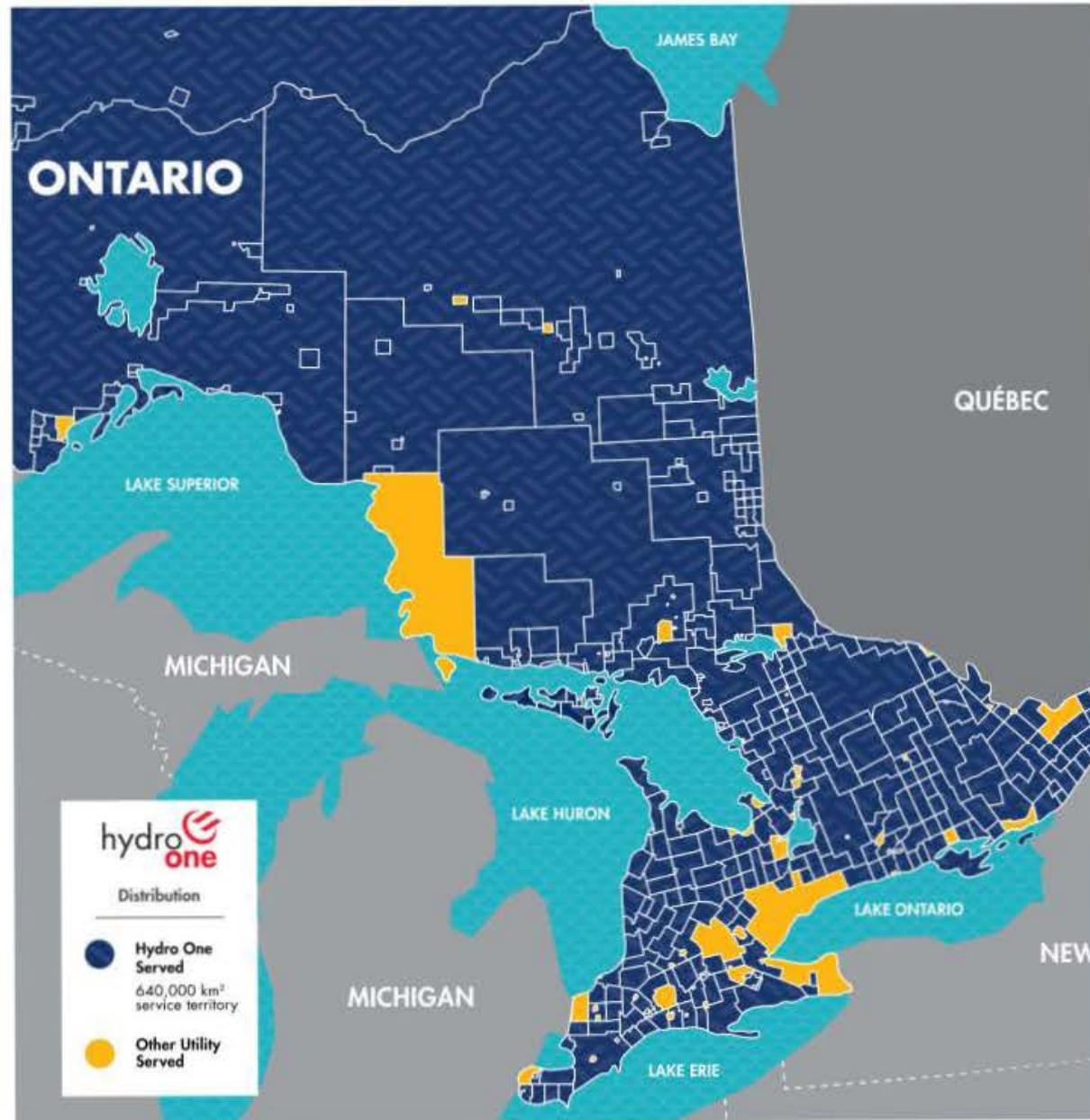
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# AN ONTARIO- FOCUSED GROWTH STRATEGY



LDC CONSOLIDATION



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# AN ONTARIO- FOCUSED GROWTH STRATEGY



## GROWTH IN OUR UNREGULATED BUSINESS

- Telecom
- Energy Management Services
- Ivy Charging Network



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# COMMITTED TO A STRONG BALANCE SHEET

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

**56.3%**

Debt to Capitalization

**12.2%**

FFO to Debt

**\$12.6B**

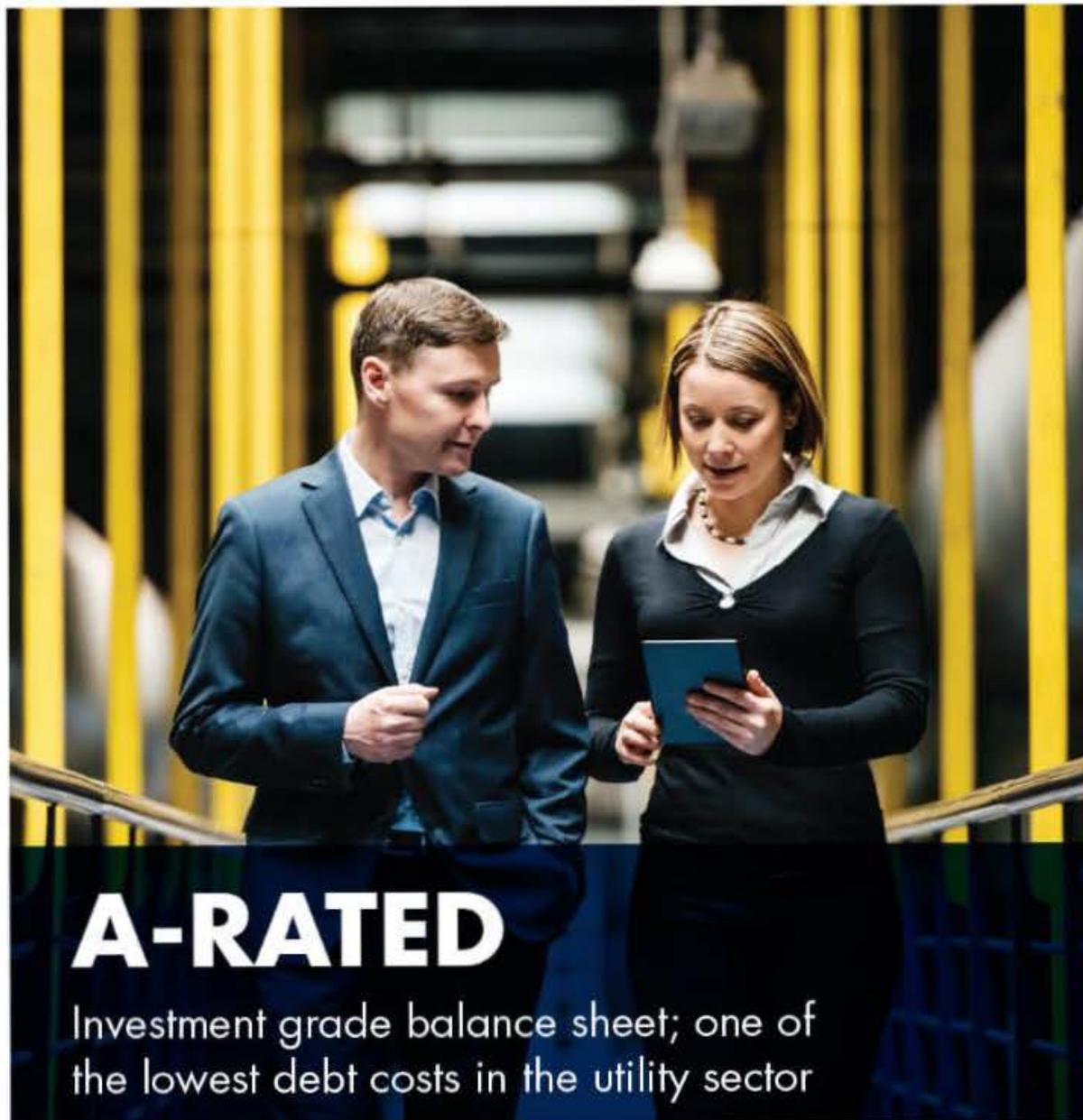
Long Term Debt  
Outstanding

**\$1.1B**

Recent Debt Issuance

(1) As at December 31, 2019

(2) As at February 28, 2020, including the recent \$1.1B HOI debt issuance



## A-RATED

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

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# COMMITTED TO A STRONG BALANCE SHEET

**\$1.1 BILLION  
DEBT ISSUANCE**

**5 YEAR** 1.76%

**10 YEAR** 2.16%

**30 YEAR** 2.71%

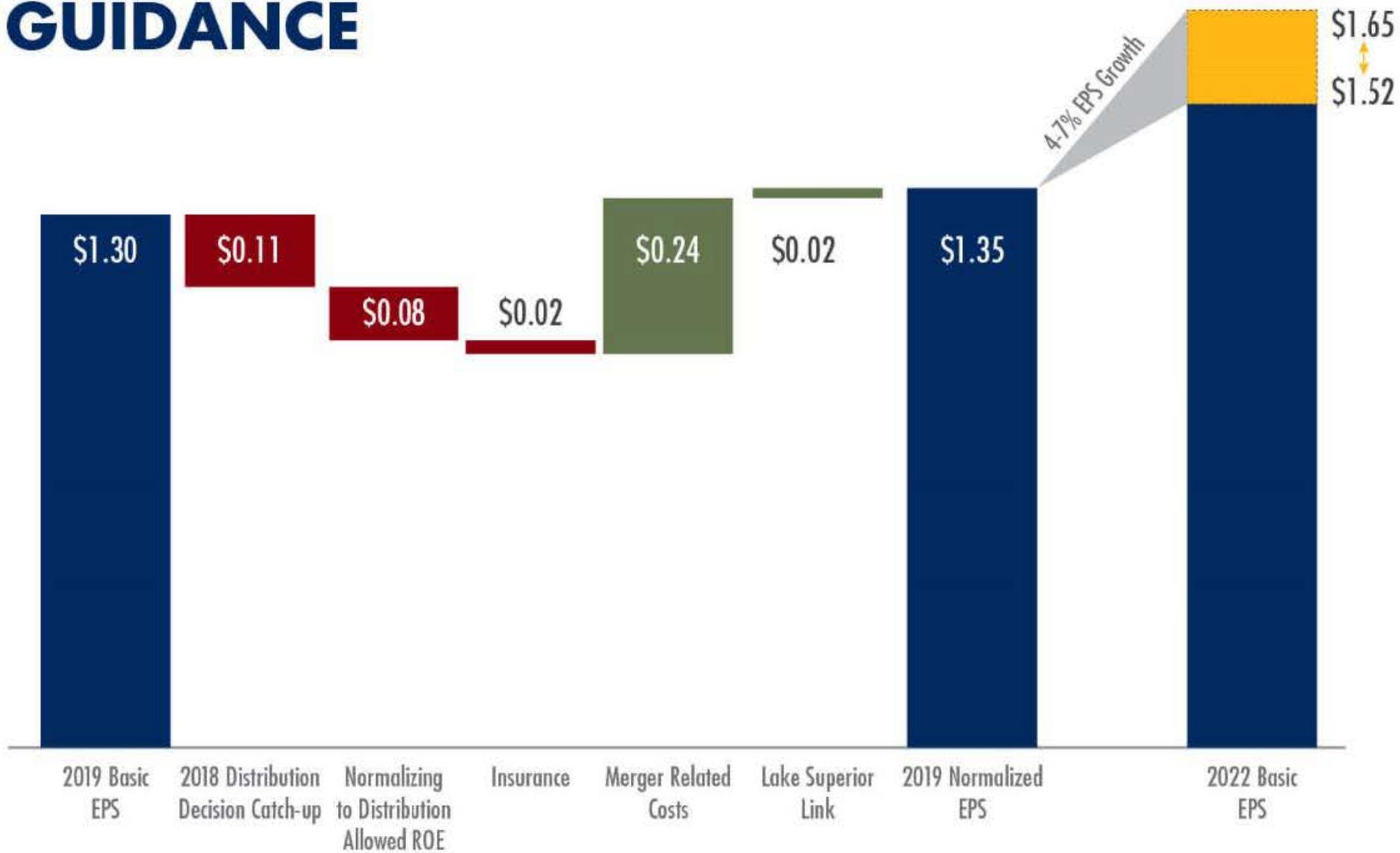
Lowest rates ever achieved in  
10 and 30 year borrowings  
by any corporate issuer in  
the Canadian debt market



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# 2022 GUIDANCE





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## **MARK POWESKA**

President and Chief Executive Officer  
Hydro One

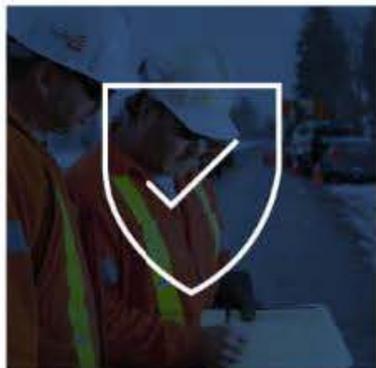
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# NEW ONTARIO-FOCUSED CORPORATE STRATEGY



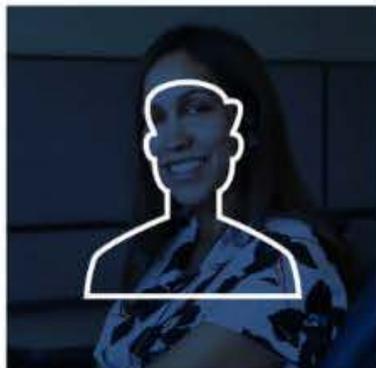
Plan, design  
and build a  
grid for the  
future



Be the safest  
and most  
efficient utility



Be a trusted  
partner



Advocate for  
our customers  
and help them  
make informed  
decisions



Innovate and  
grow the  
business

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