The title text is centered within a white rectangular box that has a slight gradient and is semi-transparent, allowing the background image of power lines and a sunset to be visible through it.

# INVESTOR OVERVIEW

## Post Fourth Quarter 2020

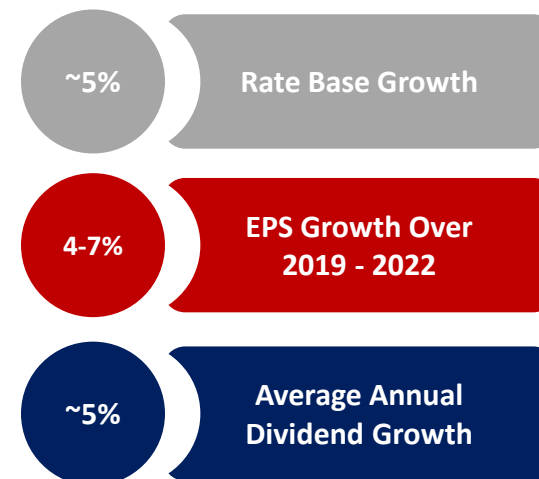
One of North America's largest electric utilities

TSX:H

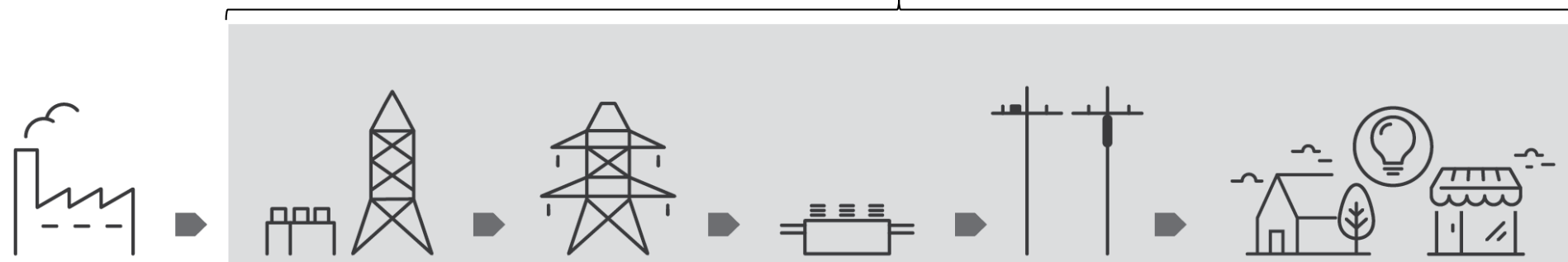
# WHY INVEST IN HYDRO ONE

A unique low-risk opportunity to participate in the transformation of a premium, large scale regulated electric utility

- One of the largest electric utilities in North America with significant scale and leadership position across Canada’s most populated province.
- One of the strongest investment grade balance sheets in the North American utility sector.
- Unique combination of pure-play electric power transmission and local distribution, with no generation or material exposure to commodity prices.
- Stable and growing cash flows with 99% of business fully rate-regulated in a constructive, transparent and collaborative regulatory environment.
- Predictable self-funding organic growth profile with expanding rate base and strong cash flows, together with broad support for refurbishment of aging infrastructure and with ~5% expected rate base CAGR<sup>1</sup>. No external equity required to fund planned growth.
- Transparency in our Environmental, Social and Governance (ESG) reporting.
- Increased \$1.0144 annualized dividend with 70% - 80% target payout ratio.
- Opportunity for continued dividend growth with rate base expansion, continued consolidation and efficiency realization.



## Hydro One’s Role in the Ontario Electric Power System



Generation Stations

Transformer Stations

Transmission Lines

Distribution Stations

Distribution Lines

Delivery to Your Home or Business

1) Compound Annual Growth Rate (CAGR)

# RECENT DEVELOPMENTS

## Organization Priorities

### Fourth Quarter Highlights

- Fourth quarter earnings per share (EPS) of \$0.27, compared to EPS of \$0.35, for the same period in 2019. For the full year, EPS was \$2.96 and adjusted EPS was \$1.51. Adjusted EPS was 1.9% lower than adjusted EPS of \$1.54 in 2019.
- A significant driver of the year-over-year decrease in EPS for the quarter was due to higher COVID-19 related costs associated with bad debt expense, a reduction in insurance proceeds received, higher depreciation and asset removal costs related to growth in capital assets and timing of work, and higher taxes; partially offset by rates previously approved by the Ontario Energy Board (OEB).
- Hydro One continued to support its customers and communities by launching a new fund to help communities respond to new and urgent challenges presented by COVID-19.
- Hydro One extended its partnership with GlobalMedic to provide an additional 3,500 kits of food and safety supplies to First Nations communities.
- Hydro One partnered with the Advanced Coronary Treatment (ACT) Foundation to provide critical lifesaving skills to 110,000 students across Ontario.
- In November, Hydro One crews restored power to customers affected by the biggest storm since May 2018.
- Hydro One was recognized as one of Canada's Best Employers for 2021 by Forbes for the 6th consecutive year.
- The Company's capital investments and in-service additions for the year were \$1,878 million and \$1,639 million, respectively, compared to \$1,667 million and \$1,703 million in 2019.
- Annual productivity savings of \$286 million represents a 41.4% increase year-over-year. Total productivity savings since 2015 amount to over \$738 million.
- Hydro One Limited completed the redemption of all of its outstanding Series 1 Preferred Shares on November 20, 2020.
- The Company completed the \$1.2 billion offering of Medium Term Notes; the net proceeds have been used to repay maturing long-term and short-term debt and for general corporate purposes.
- Quarterly dividend declared at \$0.2536 per share, payable March 31, 2021.

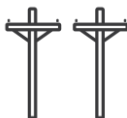
# THE VALUE OF HYDRO ONE

## ABOUT THE COMPANY

### Transmission & Distribution



~30,000 circuit KMs of transmission lines



Largest Local Distribution Company in Ontario with approximately 1.4 million customers



Combined 2021 Transmission & Distribution Rate Base of \$22.6B<sup>2</sup>

Market Capitalization of ~\$17.1<sup>1</sup> billion

### Regulated and Privatized Operations

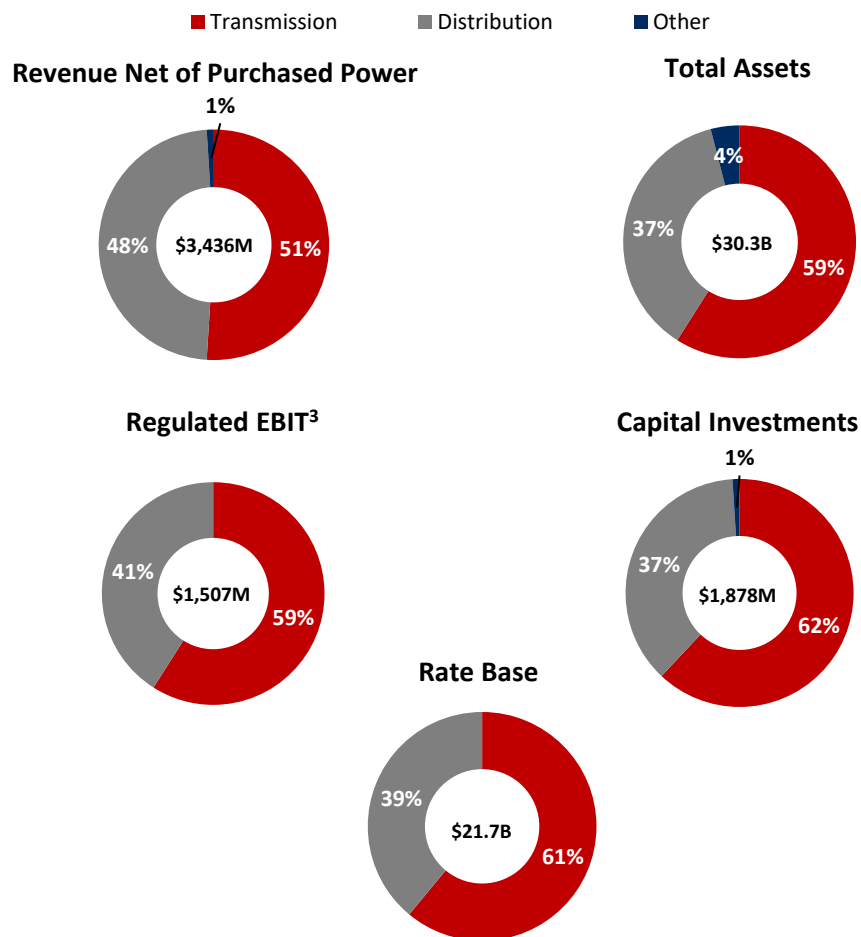


99% of revenue from regulated operations



Privatization initiative by Province of Ontario to divest majority stake in Hydro One largely complete with post November 2015 IPO (15%), April 2016 secondary (15%), and May 2017 secondary (20%) offerings

## HOW WE DID IN 2020



## WHY INVEST

### Stable Operations



Stable and growing cash flows with 99% of overall business fully rate-regulated



No generation or material exposure to commodity prices

### Financial Performance



Predictable self-funding organic growth profile with ~5%<sup>4</sup> expected rate base CAGR



Attractive 70% - 80% target dividend payout ratio



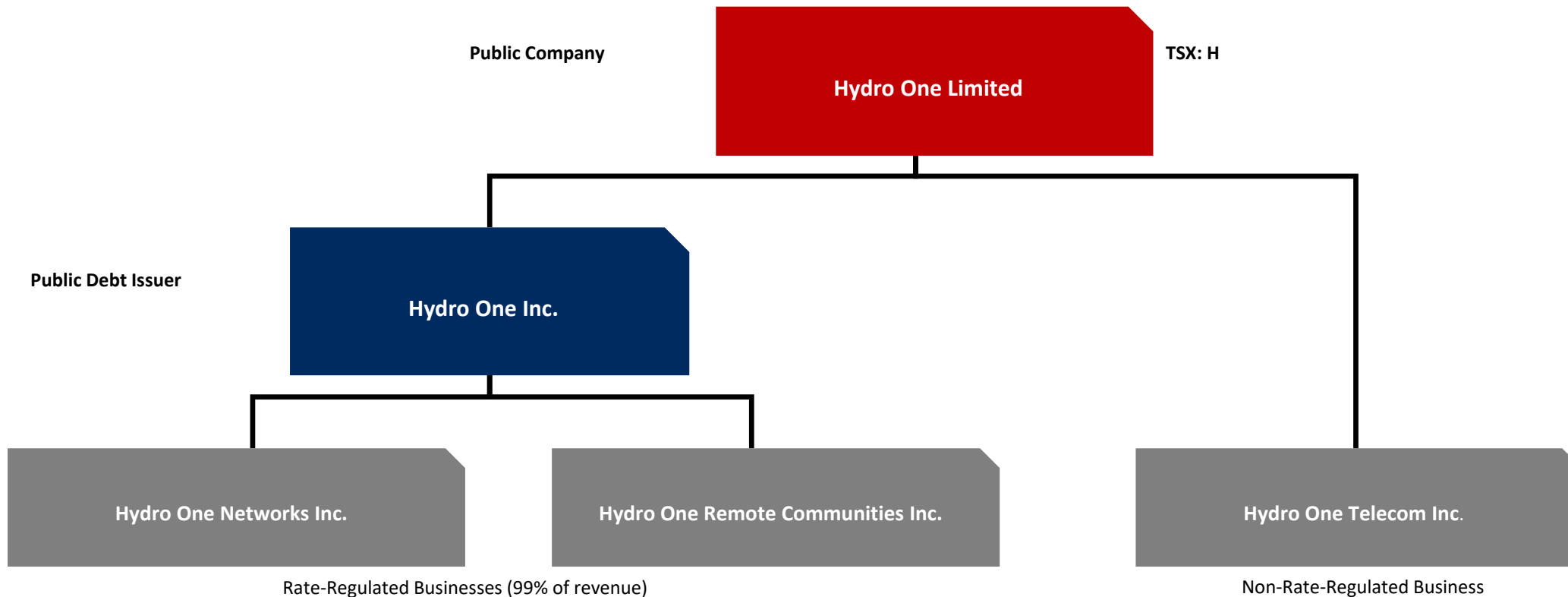
Annualized dividend of \$1.0144 per share

Strong balance sheet with investment grade credit ratings

1) Based on closing share price on December 31<sup>st</sup>, 2020  
 2) Company estimates subject to change  
 3) Income (loss) before financing charges and income tax expense  
 4) Subject to change upon filing of the Joint Transmission and Distribution Rate Application for 2023-2027

# A LOOK AT THE ORGANIZATION

Corporate Structure

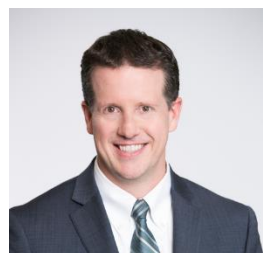


# EXECUTIVE LEADERSHIP TEAM

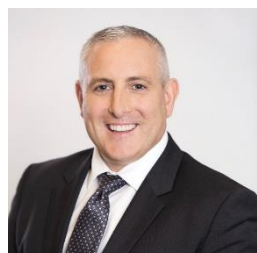
A leadership team with strong operational experience committed to achieving efficiencies at Hydro One



**Mark Poweska**  
President and CEO



**Brad Bowness**  
Chief Information Officer



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



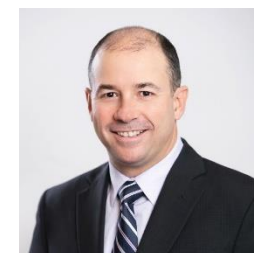
**Lyla Garzouzi**  
Chief Safety Officer



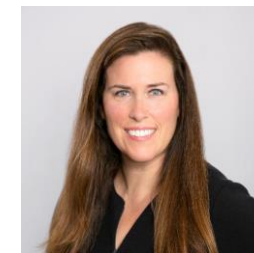
**Paul Harricks**  
Chief Legal Officer



**David Lebeter**  
Chief Operating Officer



**Chris Lopez**  
Chief Financial Officer



**Megan Telford**  
Chief Human  
Resources Officer

# HYDRO ONE'S STRATEGY

Strategic Priorities

**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**



Areas of Focus

We will plan, design and build a reliable grid taking into account changing technologies to prevent future outages.

There will be increased focus on grid resilience in order to restore power after events. Climate change and sustainability factors will be taken into consideration in our planning processes to increase resilience and lower our environmental footprint.

We will incorporate distributed energy resources to enable customer choice while delivering exceptional value to customers through best-in-class asset management practices.

We will transform and improve our safety culture through robust safety analytics as well as grass-roots engagement with our employees.

Field operations will be more empowered to drive efficiency, productivity and reliability and provided with efficient corporate support.

There will be a focus on efficient capital delivery to support an ongoing growing work program.

We will make concerted efforts to build and grow relationships with Indigenous peoples, government and industry partners.

We will proactively address community concerns and establish strong partnerships with our customers through local investment and economic development for the benefit of Ontarians.

We will make it easier to do business with Hydro One by strengthening the customer experience through innovative customer centric practices.

We will help our customers make informed decisions with deeper insights and leverage our position as energy experts. We will expand access to energy offerings to become the provider of choice to our customers.

We will continue to invest responsibly in our core transmission and distribution business.

In addition, we will pursue incremental regulated and unregulated business opportunities through innovation and our focused presence in Ontario.

Enablers

**A people focus that inspires employees and prepares the right workforce for evolving needs**

**A regulatory focus to support our strategic vision**

**A technology focus to enhance workforce efficiency**

# HYDRO ONE'S STRATEGY

An Ontario focus, and a plan to enhance value



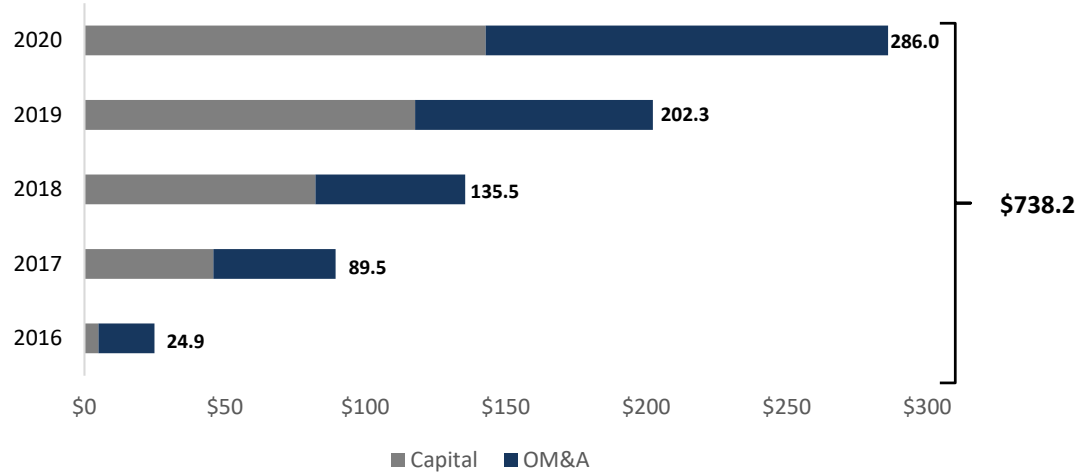
"The roll out of our corporate strategy will involve sticking to our strengths and continuing to champion for our customers and the electricity sector in Ontario. Our main focus has been and will remain operational excellence as we continue to drive performance. We are a leader in Ontario and continue to build relationships with all partners in our region. We are taking a focused lens on creating a brighter, sustainable future for Ontarians, and are steadfast in improving the safety, reliability, affordability, and environmental impacts of our operations."

-Mark Poweska, President and Chief Executive Officer



# ACHIEVEMENTS AND EFFICIENCIES

Paving New Paths in Productivity Savings (\$M)



Generated productivity savings of \$286.0 million in 2020 comprised of \$143.2 million in OM&A and \$142.8 million in capital and totaling approximately three quarters of a billion dollars since 2015



Forestry transformed work execution by streamlining overhead lines and pole inspections – eliminating the cost of the historical line patrol program



Strategic sourcing initiatives led to price reduction for materials and services as a result of consolidating spend across Hydro One and increasing competition among vendors

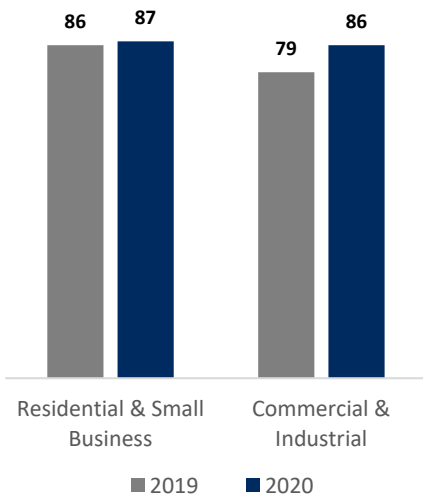


Hydro One leveraged telematics data to identify underutilized fleet equipment leading to fleet optimization

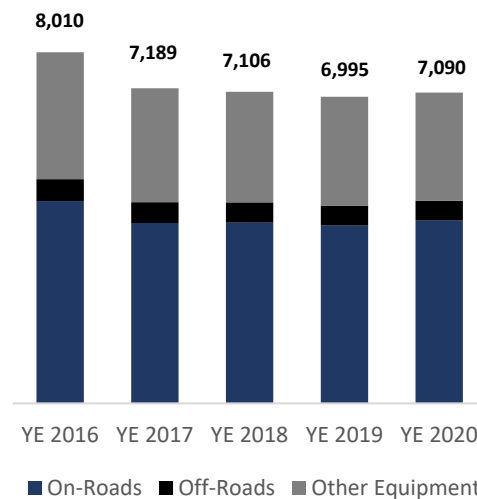


Managed contract cost reduction in IT services. Hydro One leveraged negotiated rate reductions to optimize IT project delivery

High Customer Satisfaction (%)



Reduced the Fleet



# THE REGULATED BUSINESS

## Transmission & Distribution



### Transmission

- Hydro One received a decision on 3-year Custom IR application for Transmission from 2020-2022
- Hydro One owns and operates 98% of Ontario's transmission capacity<sup>1</sup>
- Transmission produces reliable cash flow with low volatility under Ontario Energy Board (OEB)
- Growing rate base with planned annual capital investments of ~\$1,100 - ~\$1,400 million over next four years<sup>2</sup>
- Allowed ROE of 8.52% with 40% / 60% deemed equity/debt capital structure through application
- Emerging industries and system requirements helping drive expansion of transmission network

LDC Customers	38
Large Directly Connected Industrial Customers	82
Transmission Lines (Circuit KM)	~30,000
Transmission Stations In Service	307

### Distribution

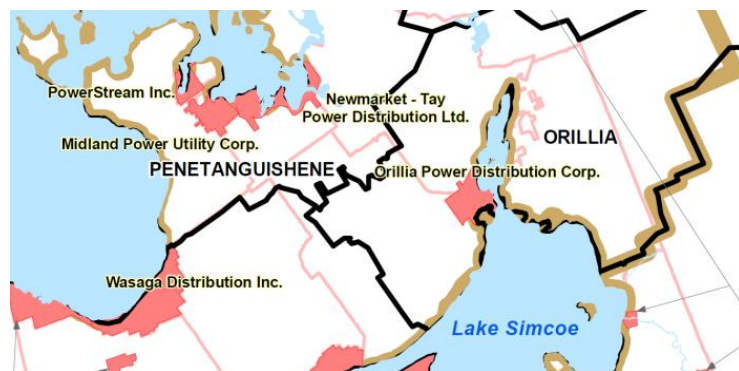
- Distribution is a stable, rate-regulated business operating under OEB Custom IR framework
- Growing rate base with planned annual capital investments of ~\$640 - ~\$760 over next four years<sup>2</sup>
- Allowed ROE of 9.00% with 40% / 60% deemed equity/debt capital structure through application
- OEB decision in place transitioning residential distribution rates to fully fixed
- Drivers of growth include rate base expansion, productivity improvements and continued consolidation of other LDC's
- Orillia, Peterborough, Haldimand, Woodstock, Norfolk LDC acquisitions

LDC's Consolidated Since 1999	Over 90
Distribution Lines (Circuit KM)	~124,000
Distribution End Customers	~1.4M
Distribution and Regulating Stations	~1,000

1) Based on revenue approved by the OEB  
 2) Subject to change upon filing of the Joint Transmission and Distribution Rate Application for 2023-2027

# ELECTRIC LOCAL DISTRIBUTION COMPANY CONSOLIDATION

## Orillia Power Distribution Corporation



## Key Points

- The purchase price of \$28 million, including closing adjustments
- In September 2020, Hydro One repaid \$20 million of short-term debt assumed as part of the Orillia Power acquisition
- Serves approximately 14,000 customers located in Simcoe County, and is surrounded by existing Hydro One service territory
- Transaction closed on September 1, 2020

## Peterborough Distribution Inc.

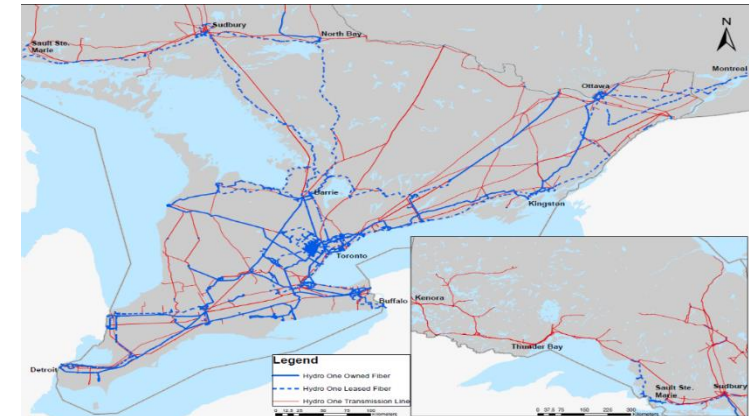
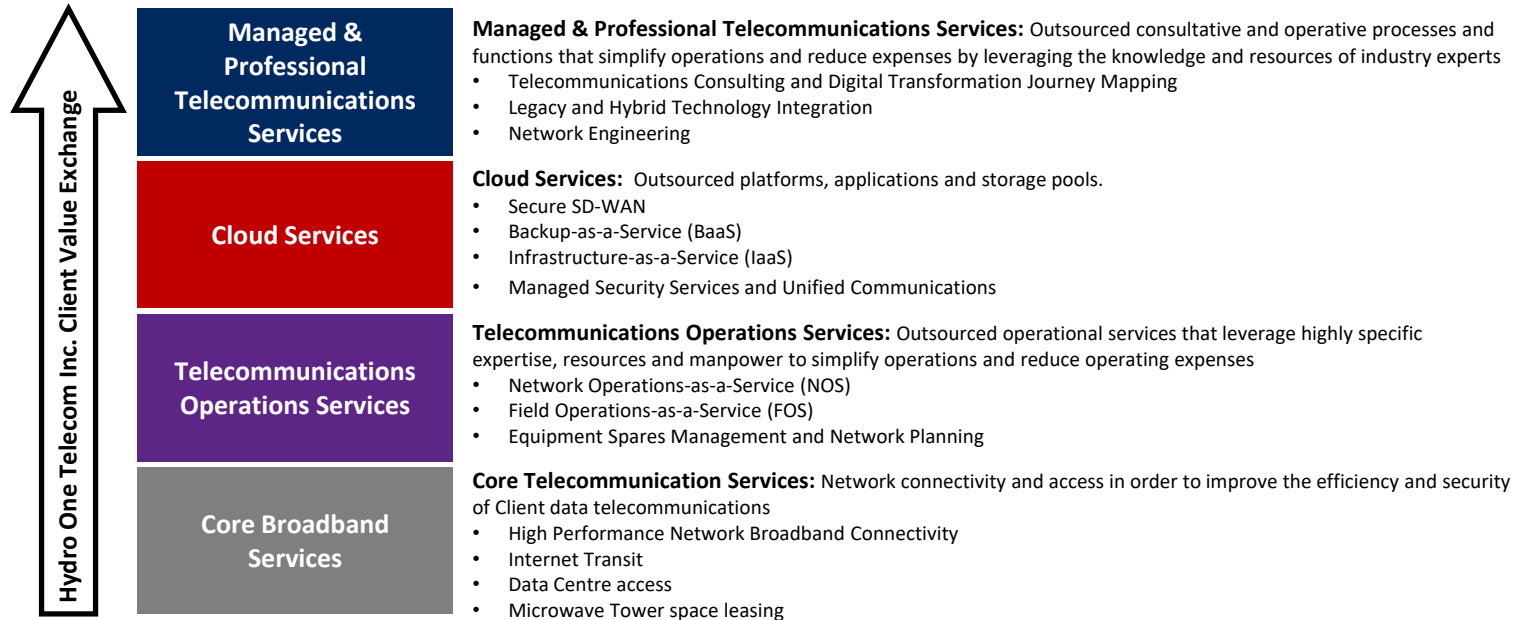


## Key Points

- Hydro One acquired the business and distribution assets of Peterborough Distribution Inc. (PDI)
- \$104 million purchase price, including the assumption of agreed upon liabilities and closing adjustments
- Approximately 37,000 customers in Peterborough, Lakefield and Norwood
- Separate agreement with the City of Peterborough to construct an operations centre and fleet maintenance facility within the city
- Transaction closed on August 1, 2020

# GROWTH OPPORTUNITIES FOR THE TELECOM BUSINESS

## FOCUS ON VALUE-ADDED SERVICES



### The Market

- Core connectivity revenues declining; a shift towards cloud connectivity, managed services & security-based services with increasing bandwidth demand
- Canadian telecom market is approx. \$55B (2019) – Enterprise and Wholesale segments represent nearly \$22B of the addressable market with Ontario 43% of the national total

Hydro One Telecom Inc. Services	Historical	Future	
<ul style="list-style-type: none"> <li>▪ Fibre connectivity</li> <li>▪ Internet transit</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> </ul>	<b>Historical Hydro One Telecom Inc.</b> Leveraged Hydro One Network fibre assets to provide secure, low latency broadband connectivity in Ontario extending to Montreal with connections into Buffalo and Detroit
<ul style="list-style-type: none"> <li>▪ Data center connectivity and tower space leasing to ISPs and other Telcos, Public Sector &amp; Enterprise accounts</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> </ul>	<ul style="list-style-type: none"> <li>✓</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Security</li> <li>▪ Cloud connectivity</li> <li>▪ Data backup and recovery</li> <li>▪ Professional services across all verticals</li> </ul>		<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul>	<b>Future Hydro One Telecom Inc.</b> Pivot from a sole focus on commoditized connectivity to a solutions company responding to market demand for new services and increasing bandwidth. Differentiate Hydro One Telecom Inc. from traditional service providers through an excellent client experience and responsiveness, offering choice and value

# SUSTAINABILITY AT HYDRO ONE

At Hydro One, we are committed to operating safely in an environmentally and socially responsible manner and to partnering with our customers and community stakeholders to build a brighter future for all.

## Approach to Sustainability

As a transmission and distribution company, we are focused on three priority areas where we believe we can make the greatest impact.



We are focusing on the impact of climate change on our business and on how we can reduce our environmental footprint,



strengthening our Indigenous and community partnerships in order to build socio-economic capacity across the province, and



diversifying our talent across our workforce.

## A Matrix of 10 Material Issues Identified<sup>1</sup>

A Matrix of Hydro One's Key Sustainability Issues



## A Sustainable Future for All

- 50% Board of Directors are women (Independent Non-Executive)
- In 2020 ~\$1.9 billion in capital investments to expand electricity grid and renew and modernize existing infrastructure
- Recognized by the Canadian Electricity Association for leadership in providing Indigenous procurement opportunities
- ~\$42 million Total procurement spending with Indigenous businesses – our highest ever spend in 2020
- Almost 90% customer satisfaction with our Indigenous customers in 2019
- \$2.8 million In sponsorships and donations in communities where we live and work in 2019
- Designated as a Sustainable Electricity Company by the Canadian Electricity Association
- Recognized as one of the Best 50 Corporate Citizens in Canada by Corporate Knights

[hydroone.com/sustainability](https://hydroone.com/sustainability)

1) Material issues identified are found in the top right unshaded corner of Matrix

# DELIVERING CLEAN AND SUSTAINABLE ENERGY

Transmitting and delivering some of the cleanest energy in North America

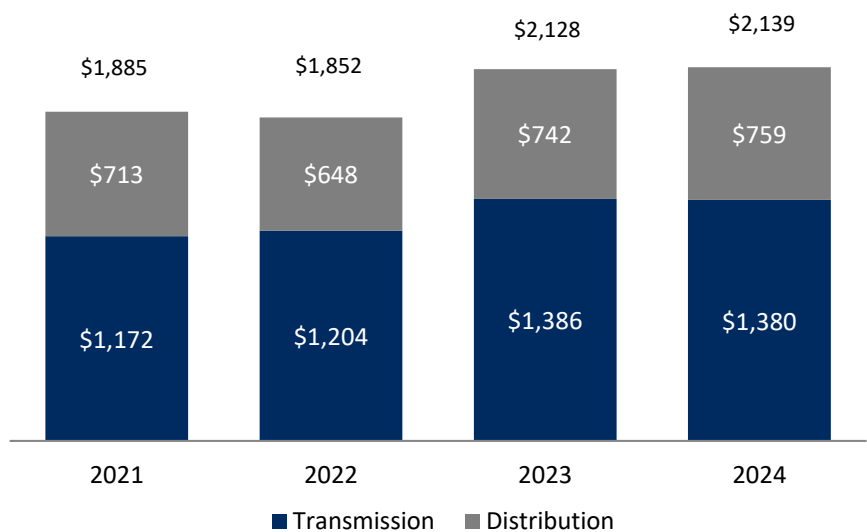
- Ontario was the first North American jurisdiction to fully eliminate coal electricity generation and leads Canada in wind and solar capacity
- Recent five year Ontario Climate Change Action Plan will further accelerate province's leadership in reduction of greenhouse gas emissions
- Received our sustainable electricity company brand re-designation from the Canadian Electricity Association based on ISO 2600
- Ontario electricity now generated by: nuclear 58%, hydro 24%, natural gas 6%, wind 8%, solar 2%, other 2%
- 96% of the energy Hydro One transmit and distribute comes from zero-carbon emitting sources
- Hydro One recognized as one of the Best 50 Corporate Citizens in Canada by Corporate Knights in 2020
- Environmental stewards of thousands of kilometers of transmission grid corridor lands, including management of vegetation for habitat preservation and protection of species at risk
- ISO 14001 Compatible Environmental Management System to identify and proactively manage environmental risks for continual improvement
- Mailed out approximately 1.5 million fewer paper bills



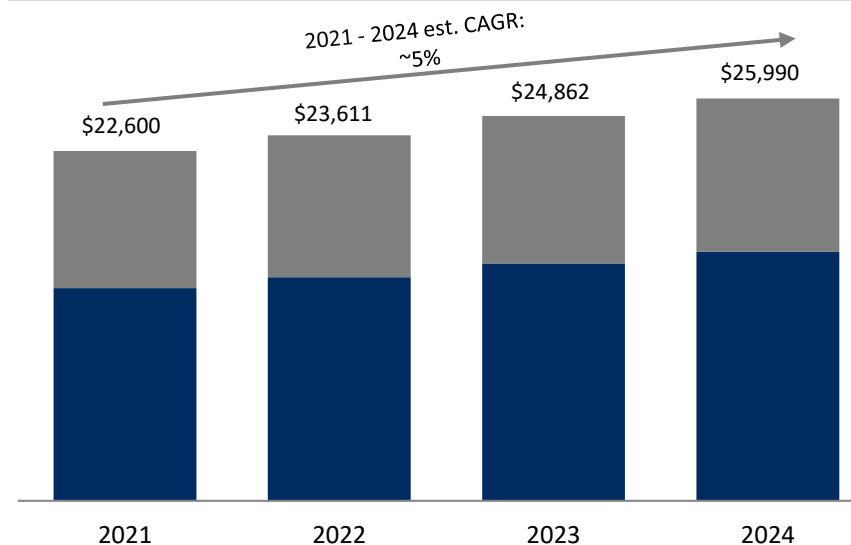
# CAPITAL INVESTMENT DRIVING RATE BASE GROWTH

Consistent and predictable organic growth profile underpinned by required replacement of aging infrastructure

**Projected Regulated Capital Investments\* (\$M)**



**Projected Rate Base Growth\***

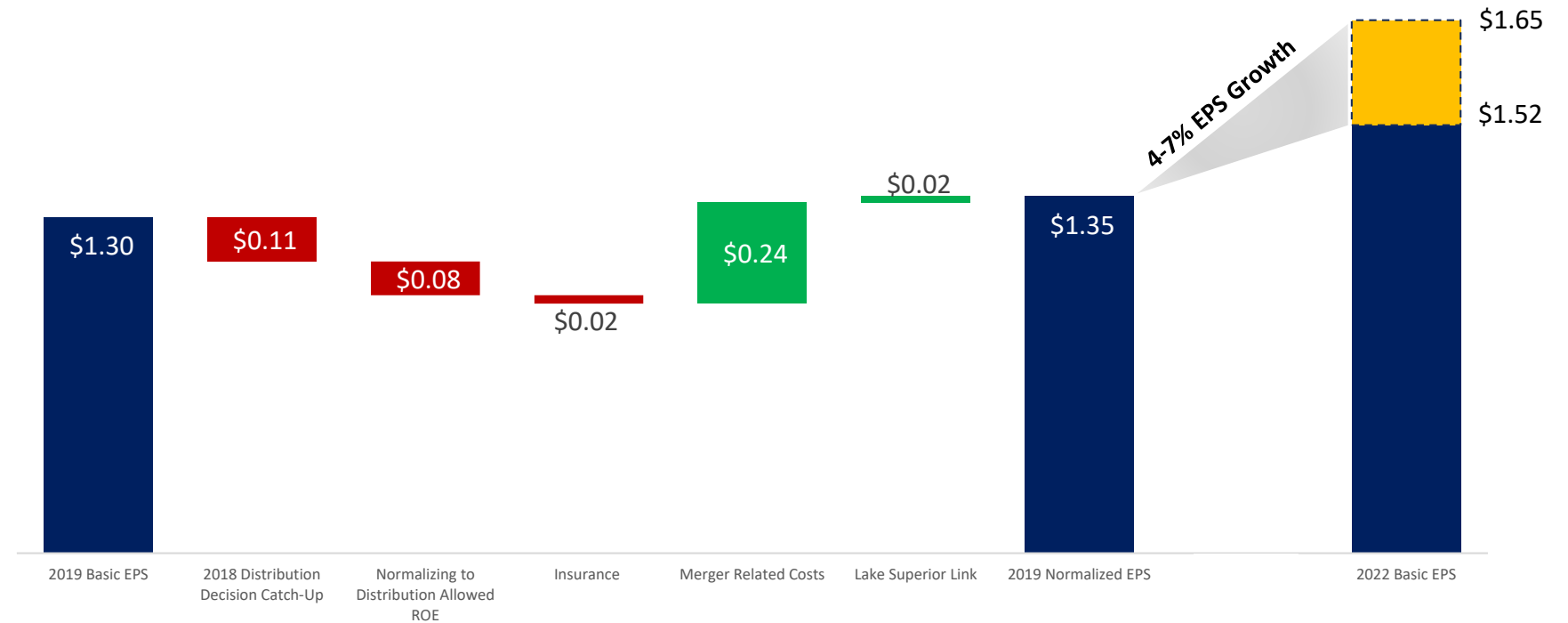


\* Company estimates include amounts from 2018-2022 Approved Distribution Rate Order and 2020-2022 Approved Transmission Rate Order. Subject to change upon filing of Joint Transmission and Distribution Rate Application for 2023 -2027.

**Comments**

- Organic growth underpinned by continued rate base expansion to renew and modernize grid
- Material amounts of deteriorated, end-of-service life infrastructure must be upgraded or replaced
- Little concentration risk as most projects within capex envelope are small to medium relative to total
- Investments not undertaken without reasonable expectation of regulatory recovery
- Equity issuance not anticipated for planned capital investment program which is self-funded

# AFFIRMED 2022 GUIDANCE



- Company estimates subject to change and include amounts from 2018-2022 Approved Distribution Rate Order, and 2020-2022 Approved Transmission Rate Order.
- The forward-looking information in this presentation is based on a variety of factors and assumptions, as described in the 2020 Year End and 2020 Fourth Quarter financial statements and management's discussion and analysis. Actual results may differ materially from those predicted by such forward-looking information.



# INFRASTRUCTURE INVESTMENTS

## Leamington Area Transmission Reinforcement



Estimated Total Project Cost: \$525 million

Capital Cost To Date: \$54 million

Anticipated In-Service Date: 2026

The Leamington Area Transmission Reinforcement project consists of the construction of a new double-circuit line between Chatham and Leamington and associated transmission stations and connections. The project is currently in the development stage.

## Ontario Grid Control Centre



Estimated Capital Investment: \$85 million (2021)

Anticipated In-Service Date: 2021

The Ontario Grid Control Centre, will accommodate the following functions: Primary Transmission and Distribution Operating, Telecommunication Management Centre; Security Operations; and general back office

## Richview Transmission Station



Estimated Total Project Cost: \$118 million

Capital Cost To Date: \$115 million

Anticipated In-Service Date: 2021

Replacement of 50 year old end-of-life equipment at Richview Transformer Station to ensure the secure and reliable power supply to the City of Toronto and surrounding communities

# HYDRO ONE RESPONDS TO COVID-19

## How our customers are being supported

We announced a Pandemic Relief Fund to assist customers affected by the COVID-19 and offer **financial assistance as well as increased payment flexibility** to customers.

Announced a Small Business Pandemic Relief Program to connect struggling businesses with up to \$3,000 in financial assistance and government relief.

Launched Connected for Life: a promise to help customers stay connected

Started a fund to help communities respond to new and urgent challenges presented by COVID-19.

We **returned ~\$5 million** in security deposits, collected from newly connected customers, to **over 4,000 eligible commercial businesses**.

Providing critical aid to First Nation and Métis communities, scholarships for young Indigenous leaders and supporting the Indigenous economy.

We support choice and provides online tools to help customers. We launched a portal to make it easy for customers who want to make the switch to tiered pricing.

We launched a **Free Early Payment program** to support our Indigenous and small & medium sized business suppliers in Ontario.

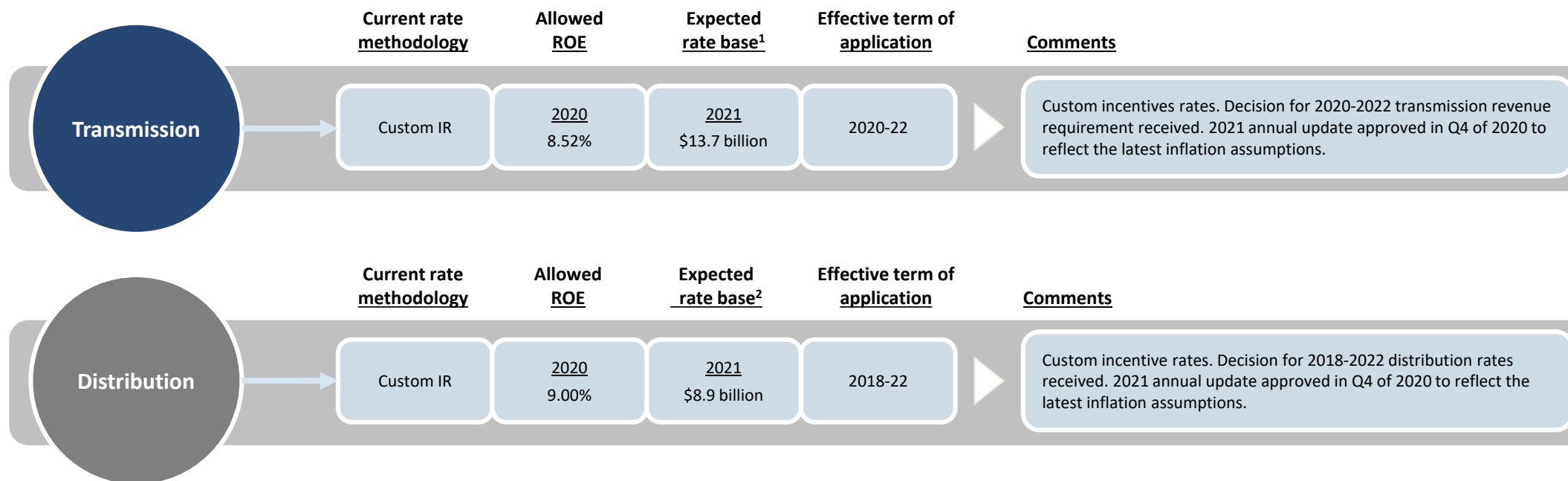
For more information: [www.HydroOne.com/ReliefFund](http://www.HydroOne.com/ReliefFund)



# CONSTRUCTIVE RATE REGULATOR (OEB)

Consistent, independent regulator with a transparent rate-setting process

- Transmission and Distribution businesses rate-regulated by the Ontario Energy Board (OEB)
- Deemed debt / equity ratio of 60% / 40% for both transmission and distribution segments
- Reduced regulatory lag through forward-looking test years, revenue decoupling and adjustment mechanisms
- Received a decision for distribution rates under the OEB’s Custom Incentive Rate Making model on March 7, 2019 for 2018 – 2022 (5-year term)
- Received a decision on transmission revenue requirement under the OEB’s Custom Incentive Rate Making model on April 23, 2020, for 2020 – 2022 (3-year term)



(1) Transmission rate base includes 100% of B2M LP, Niagara Reinforcement Limited Partnership and Hydro One Sault Ste. Marie Limited Partnership.  
 (2) Distribution Rate Base includes recent LDC acquisitions (Peterborough Distribution Inc., Orillia Power Distribution Corporation) and Hydro One Remote Communities

# SEGMENTED INCENTIVE REGULATORY CONSTRUCT

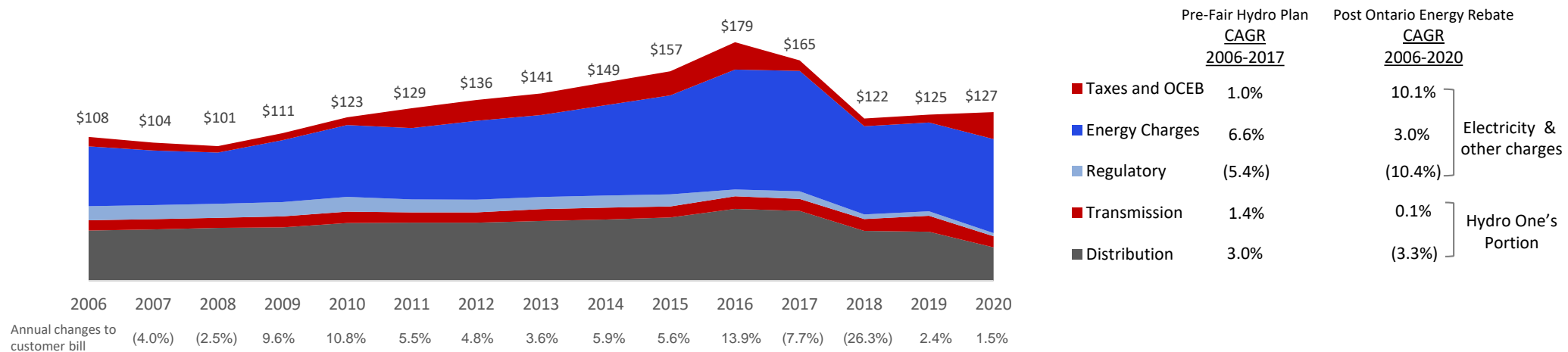
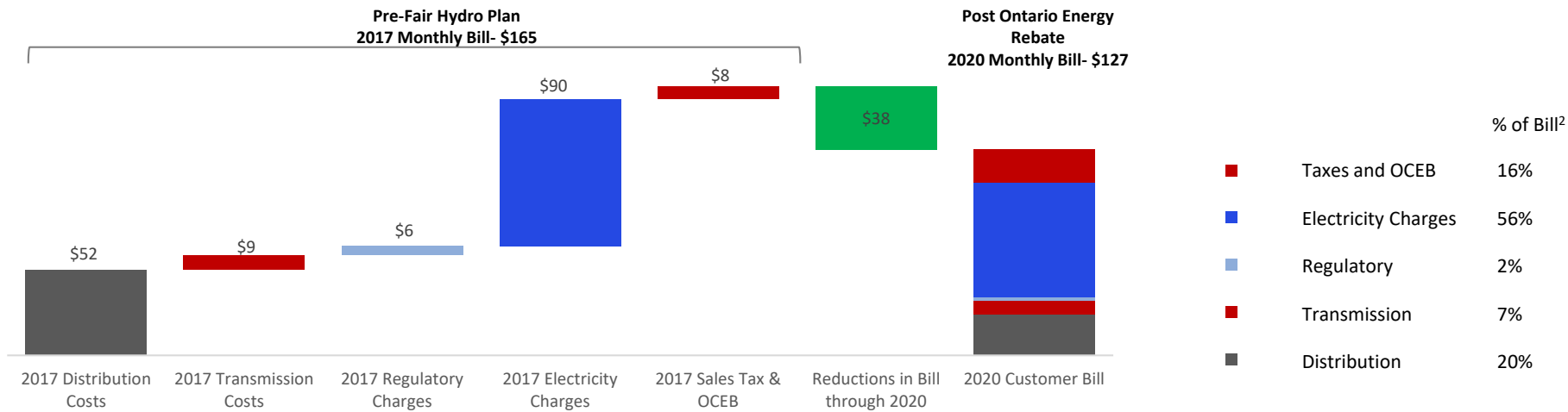
The transition from cost of service to incentive based regulatory model coincident with transformation of business will create value for both customers and shareholders

	<b>Distribution</b> OEB Approved 2018-2022					<b>Transmission</b> OEB Approved 2020-2022			
Rebasing Year	2018					2020			
Revenue Requirement Determined By <sup>1,2,3,4,5</sup> :	Custom Revenue Cap Index (RCI) by Component (%)					Custom Revenue Cap Index (RCI) by Component (%)			
	(A) Inflation Adjustment Factor <sup>6</sup>					(A) Inflation Adjustment Factor <sup>6</sup>			
	(B) Less: Productivity Stretch Factor Offset					(B) Less: Productivity Stretch Factor Offset			
	(C) Add: Capital Factor					(C) Add: Capital Factor			
	(D) Equals: Custom Revenue Cap Index Total					(D) Equals: Custom Revenue Cap Index Total			
	2018	2019	2020	2021	2022	2020	2021	2022	
(A)		1.50%	2.00%	2.20%	1.50%	(A)	2.00%	1.80%	
(B)	2018 revenue requirement of \$1,459 million	(0.45%)	(0.45%)	(0.45%)	(0.45%)	(B)	2020 revenue requirement of \$1,630 million	(0.30%)	(0.30%)
(C)		1.65%	1.21%	1.95%	1.85%	(C)		2.88%	2.70%
(D)		<b>2.70%</b>	<b>2.76%</b>	<b>3.70%</b>	<b>2.90%</b>	(D)		<b>4.58%</b>	<b>4.20%</b>
Earnings Sharing Method	50% of earnings that exceed allowed ROE by more than 100 basis points in any year of the term of the filing shared with customers								
Allowed ROE	9.00% through test years (2018-2022)					8.52% through test years (2020-2022)			
Effective Rate Setting	May 1, 2018					January 1, 2020			

(1) Source: Distribution RCI as filed in Hydro One's Draft Rate Order dated April 2019, as updated in the 2020 Annual Update dated August 2019.  
(2) Source: Transmission RCI as filed in Hydro One's Draft Rate Order dated May 28, 2020.  
(3) Source: Distribution RCI for 2020 based on annual update dated November 2019.  
(4) Source: Distribution RCI for 2021 based on annual update dated November 2020.  
(5) Source: Transmission RCI for 2021 based on annual update dates November 2020.  
(6) Inflation Adjustment Factor is updated annually for Transmission and Distribution.

# REDUCING OUR CUSTOMER BILLS

Since 2017, typical Hydro One residential customer bills have decreased on average from \$165 to \$127 per month



Note: The charts represent the breakdown of a typical bill for a Hydro One medium-density residential local distribution end customer using 750 kWh a month. Subject to update upon effective rate setting.

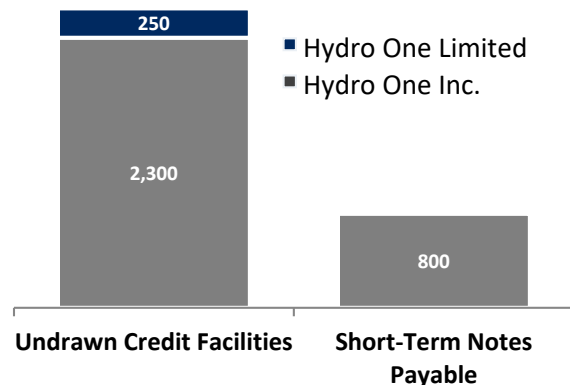
1) OCEB is an abbreviation for the Ontario Clean Energy Benefit

2) Bill composition total to more than 100% due to rounding

# STRONG BALANCE SHEET AND LIQUIDITY (as at December 31, 2020)

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

## Significant Available Liquidity (\$M)



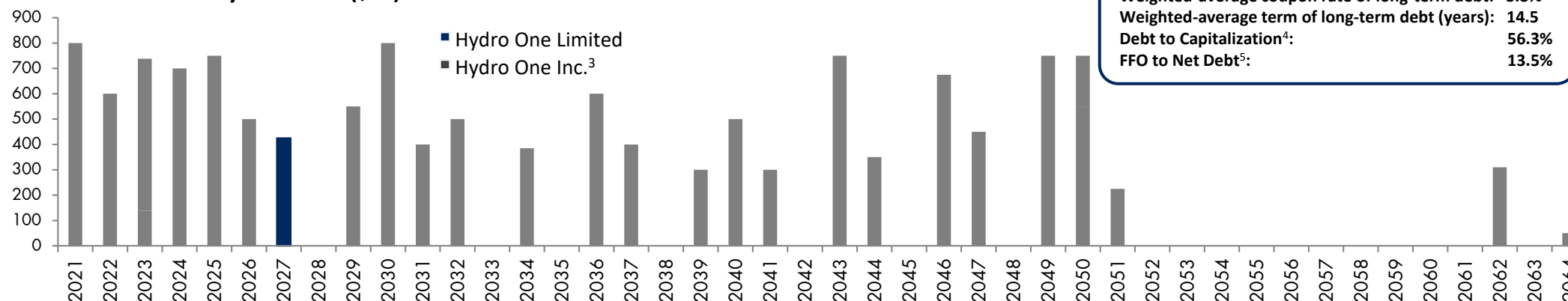
## Strong Investment Grade Debt Ratings (Long-Term / Short-Term / Outlook)

	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 <sup>1</sup> : \$2.0B
HOI: Medium Term Note Shelf <sup>2</sup> : \$4.0B

## Debt Maturity Schedule (\$M)

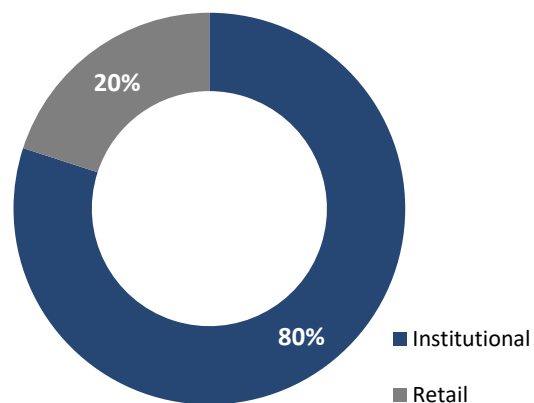


Weighted-average coupon rate of long-term debt: 3.8%  
 Weighted-average term of long-term debt (years): 14.5  
 Debt to Capitalization<sup>4</sup>: 56.3%  
 FFO to Net Debt<sup>5</sup>: 13.5%

(1) In August 2020, HOL filed a 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, during the 25-month period ending on September 20, 2022. At December 31, 2020, \$1.575 billion remained available for issuance under the Universal Base Shelf Prospectus.  
 (2) In April 2020, HOI filed a Medium Term Note (MTN) Program prospectus, which has a maximum authorized principal amount of notes issuable of \$4.0 billion until May 2022. At December 31, 2020, \$2.8 billion remained available for issuance under the MTN Program prospectus.  
 (3) Includes long-term debt of Hydro One Sault Ste. Marie LP, a subsidiary of Hydro One Inc., in the principal amount of \$138 million due in 2023.  
 (4) Debt to capitalization ratio is a non-GAAP measure and 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 noncontrolling 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.  
 (5) FFO to Net Debt for the last twelve months ending December 31, 2020.

# EQUITY MARKET CAP OVERVIEW

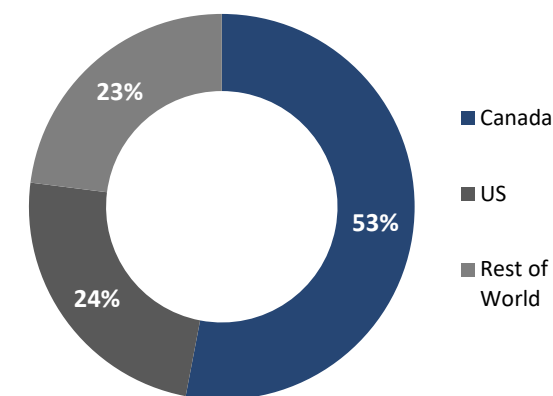
## Approximate Ownership of Public Float



## Equity Index Inclusions

S&P/TSX Composite Index	FTSE All-World (Canada)
MSCI World (Canada)	S&P/TSX Composite Low Volatility Index
Dow Jones Canada Select Utilities	S&P/TSX Utilities Index
S&P/TSX Composite Dividend Index	S&P/TSX Composite High Dividend Index

## Approximate Geographic Dispersion of Public Float



## Comments

- ~597.6 million common shares outstanding, listed on Toronto Stock Exchange (TSX: H)
- Equity market capitalization of ~\$17.1 billion<sup>1</sup> and public float of ~\$9.0 billion
- Equity market capitalization amongst the top 60 of all listed Canadian companies

(1) Based on closing share price on December 31<sup>st</sup> 2020

# COMMON SHARE DIVIDENDS

Quarterly dividend declared at \$0.2536 per common share

Dividend Statistics	
Yield <sup>1</sup>	3.5%
Annualized Dividend <sup>2,3</sup>	\$1.0144 / share

## Expected Quarterly Dividend Dates<sup>3</sup>

Declaration Date	Record Date	Payment Date
February 23, 2021	March 17, 2021	March 31, 2021
May 6, 2021	June 9, 2021	June 30, 2021
August 9, 2021	September 8, 2021	September 30, 2021
November 8, 2021	December 8, 2021	December 31, 2021

## Key Points

- Quarterly dividend declared at \$0.2536 per common share (\$1.0144 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 five year capital investment program
- Non-dilutive dividend reinvestment plan (DRIP) was implemented post IPO (shares purchased on open market, not issued from treasury)

(1) Based on closing share price on December 31<sup>st</sup>, 2020

(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.



# APPENDIX



# 4Q20 FINANCIAL SUMMARY

(millions of dollars, except EPS)	Fourth Quarter			Year End		
	2020	2019	% Change	2020	2019	% Change
<b>Revenue</b>						
Transmission	398	407	(2.2%)	1,740	1,652	5.3%
Distribution	1,457	1,298	12.2%	5,507	4,788	15.0%
Distribution (Net of Purchased Power)	411	384	7.0%	1,653	1,677	(1.4%)
Other	12	10	20.0%	43	40	7.5%
Consolidated	1,867	1,715	8.9%	7,290	6,480	12.5%
<b>Consolidated (Net of Purchased Power)</b>	<b>821</b>	<b>801</b>	<b>2.5%</b>	<b>3,436</b>	<b>3,369</b>	<b>2.0%</b>
<b>OM&amp;A Costs</b>	<b>273</b>	<b>239</b>	<b>14.2%</b>	<b>1,070</b>	<b>1,181</b>	<b>(9.4%)</b>
<b>Earnings Before Financing Charges and Income Taxes (EBIT)</b>						
Transmission	200	228	(12.3%)	890	835	6.6%
Distribution	114	117	(2.6%)	617	658	(6.2%)
Other	(5)	(9)	44.4%	(25)	(183)	86.3%
<b>Consolidated</b>	<b>309</b>	<b>336</b>	<b>(8.0%)</b>	<b>1,482</b>	<b>1,310</b>	<b>13.1%</b>
<b>Net Income (Loss) <sup>1</sup></b>	<b>161</b>	<b>211</b>	<b>(23.7%)</b>	<b>1,770</b>	<b>778</b>	<b>127.5%</b>
<b>Adjusted Net Income (Loss) <sup>1,2</sup></b>	<b>161</b>	<b>211</b>	<b>(23.7%)</b>	<b>903</b>	<b>918</b>	<b>(1.6%)</b>
<b>Basic EPS</b>	<b>\$0.27</b>	<b>\$0.35</b>	<b>(22.9%)</b>	<b>\$2.96</b>	<b>\$1.30</b>	<b>127.7%</b>
<b>Basic Adjusted EPS<sup>1</sup></b>	<b>\$0.27</b>	<b>\$0.35</b>	<b>(22.9%)</b>	<b>\$1.51</b>	<b>\$1.54</b>	<b>(1.9%)</b>
<b>Capital Investments</b>	<b>577</b>	<b>562</b>	<b>2.7%</b>	<b>1,878</b>	<b>1,667</b>	<b>12.7%</b>
<b>Assets Placed In-Service</b>						
Transmission	565	573	(1.4%)	948	1,082	(12.4%)
Distribution	308	271	13.7%	684	602	13.6%
Other	5	5	0.0%	7	19	(63.2%)
<b>Total assets placed in-service</b>	<b>878</b>	<b>849</b>	<b>3.4%</b>	<b>1,639</b>	<b>1,703</b>	<b>(3.8%)</b>

Financial Statements reported under U.S. GAAP

(1) Net Income is attributable to common shareholders and is after non-controlling interest, dividends to preferred shareholders,

(2) Adjusted Net Income excludes items related to the Avista Corporation acquisition and impacts related to the ODC Decision and the OEB's DTA Decision on Hydro One Networks' distribution and transmission businesses.

# TOP TRANSMISSION CAPITAL PROJECTS UNDERWAY

Development Project Name	Location	Type	Anticipated In-Service Date	Estimated Cost	Capital Cost To-Date
Wataynikaneyap Power LP Line Connection	Pickle Lake Northwestern Ontario	New stations and transmission connection	2021	\$28 million	\$6 million
East-West Tie Station Expansion	Northern Ontario	New transmission connection and station expansion	2022 <sup>1</sup>	\$160 million	\$129 million
Waasigan Transmission Line	Thunder Bay-Atikokan-Dryden Northwestern Ontario	New transmission line	2024 <sup>2</sup>	\$68 million	\$6 million
Leamington Area Transmission Reinforcement	Leamington Southwestern Ontario	New transmission line and stations	2026 <sup>3</sup>	\$525 million	\$54 million

Sustainment Project Name	Location	Type	Anticipated In-Service Date	Estimated Cost	Capital Cost To-Date
Richview Transmission Station Circuit Breaker Replacement	Toronto Southwestern Ontario	Station sustainment	2021	\$118 million	\$115 million
Bruce A Transmission Station	Tiverton Southwestern Ontario	Station sustainment	2021	\$146 million	\$144 million
Beck #2 Transmission Station Circuit Breaker Replacement	Niagara area Southwestern Ontario	Station sustainment	2023	\$136 million	\$89 million
Bruce B Switching Station Circuit Breaker Replacement	Tiverton Southwestern Ontario	Station sustainment	2024	\$146 million	\$50 million
Lennox Transmission Station Circuit Breaker Replacement	Napanee Southeastern Ontario	Station sustainment	2026	\$152 million	\$91 million
Middleport Transmission Station Circuit Breaker Replacement	Middleport Southwestern Ontario	Station sustainment	2025	\$123 million	\$71 million

- (1) The East-West Tie Station Expansion project is impacted by the construction schedule of the new East-West Tie transmission line being built by Upper Canada Transmission Inc., operating as NextBridge Infrastructure, LP (NextBridge). In September 2020, Nextbridge advised the OEB of a delay in the in-service date of the East-West Tie transmission line to March 31, 2022. As a result of this delay, the majority of the East-West Tie Station Expansion project, enabling the connection and energization of the new East-West Tie transmission line, is now expected to be placed in-service in 2022.
- (2) The estimated cost of the Waasigan Transmission Line relates to the development phase of the project and the anticipated in-service date reflects the anticipated completion date of the development phase.
- (3) The Leamington Area Transmission Reinforcement project consists of the construction of a new double-circuit line between Chatham and Leamington and associated transmission stations and connections. The project is currently in the development stage and as such the estimated cost is subject to change. The anticipated in-service dates for the line and stations are between 2022 and 2026.

# REGULATORY STAKEHOLDERS



**Who:** Provincial Government, Ministry of Energy

**What:** Policy, legislation, regulations



**Who:** Ontario Energy Board (OEB)

**What:** Independent electric utility price and service quality regulation



**Who:** Independent Electricity System Operator

**What:** Wholesale power market rules, intermediary, North American reliability standards



**Who:** Canadian Energy Regulator

**What:** Federal regulator, international power lines and substations



**Who:** North American Electric Reliability Corporation

**What:** Continent-wide bulk power reliability standards, certification, monitoring



**Who:** Northeast Power Coordinating Council

**What:** Northeastern North American grid reliability, standards, compliance

# INDEPENDENT BOARD OF DIRECTORS

## **Timothy Hodgson, MBA, FCPA, ICD.D**

Corporate Director, Chair of Hydro One Ltd, Chair of Sagicor Financial Company Limited, Director Public Sector Pension Investment Board (PSP Investments), Former Director Alignvest Acquisition II Corporation, retired Managing Partner Alignvest Management Corporation, Former Special Advisor to Bank of Canada Governor Mark Carney, Former CEO Goldman Sachs Canada

## **Cherie Brant, JD**

Partner, Borden Ladner Gervais LLP, Director Anishnawbe Health Foundation, Member Canadian Council for Aboriginal Business, Aboriginal Education Council for Centennial College, Aboriginal Energy Working Group-IESO

## **Blair Cowper-Smith, LL.M., ICD.D**

Principal and founder Erin Park Business Solutions, Former Chief Corporate Affairs Officer OMERS

## **David Hay, LL.B., ICD.D**

Managing Director Delgatie Incorporated, Former CEO New Brunswick Power Corporation, Former Vice-Chair and Managing Director of CIBC World Markets Inc., Director EPCOR, Council Member of the Council for Clean and Reliable Energy

## **Jessica McDonald, ICD.D**

Corporate Director, Former Chair Canada Post Corporation, Former President & CEO BC Hydro & Power Authority, Director Coeur Mining Inc., Former Chair Trevali Mining Corporation, Member Council of Sustainable Development Technology Canada and Greater Vancouver Board of Trade

## **Stacey Mowbray, MBA, BBA**

Corporate Director, Former President North America WW International (formerly Weight Watchers), Director Currency Exchange International, Director Sleep Country Canada, Director Bonnie O Holdings, Director Operating Board Trillium Health Partners

## **Russel Robertson, FCPA, FCA, ICD.D**

Corporate Director, Former EVP and Head, Anti-Money Laundering, BMO Financial Group, Former Vice-Chair, Deloitte & Touche LLP, Director Bausch Health Companies Inc., Director Turquoise Hill Resources

## **William Sheffield, BSC, MBA, ICD.D**

Corporate Director, Former CEO Sappi Fine Papers, Director Houston Wire & Cable Company, Director Velan Inc., Former Board Member OPG

## **Melissa Sonberg, BSC, MHA, ICD.D**

Adjunct Professor and Executive-in-Residence, McGill University, Desautel Faculty of Management, Director Exchange Income Corporation, Director Athennian, Director Group Touchette, Director Canadian Professional Sales Association, Director Women in Capital Markets, Former Senior Vice President, Human Resources & Corporate Affairs and Senior Vice President, Global Brands, Communications and External Affairs at AIMIA

## **Susan Wolburgh Jenah J.D., ICD.D**

Corporate Director, Director Laurentian Bank, Director Aecon Group Inc., and Humber River Hospital. Former Governor of the Financial Industry Regulatory Authority (FINRA), and member of the Independent Review Committee of Vanguard Investments Canada

## **Mark Poweska<sup>1</sup>**

President and CEO of Hydro One Ltd, Former Executive Vice President, Operations at BC Hydro, Chair of Ontario Energy Association, Director Western Energy Institute.

(1) Mark Poweska is an Executive Board Member

# DISCLAIMERS

In this presentation, all amounts are in Canadian dollars, unless otherwise indicated. Any graphs, tables or other information in this presentation demonstrating the historical performance of the Company or any other entity contained in this presentation are intended only to illustrate past performance of such entities and are not necessarily indicative of future performance of Hydro One. In this presentation, “Hydro One” refers to Hydro One Limited and its subsidiaries and other investments, taken together as a whole.

## 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 relating to Hydro One’s transformation; statements regarding stable and growing cash flows; statements regarding Hydro One’s organic growth profile, expanding rate base and expected rate base CAGR, statements regarding EPS growth; statements regarding future equity issuances; statements related to dividends Hydro One Limited’s targeted dividend payout ratio of 70-80% of net income; statements regarding continued consolidation of LDCs, including Hydro One’s synergy potential; statements about efficiency realization; statements regarding Hydro One’s capital investments including the Company’s plans to fund its five year capital investment program organically; expectations regarding Hydro One Limited’s maturing debt and standby credit facilities; statements about elements of Hydro One’s strategy, including statements regarding future plans for the grid, safety, efficiency, stakeholder and customer relationships, innovation and growth, enhancements in shareholder value, operational enhancements; productivity improvements and Hydro One’s approach to sustainability; statements relating to vegetation management; statements regarding expansion of the transmission network; statements related to local distribution company acquisitions and related commitments; statements about growth relating to Hydro One’s unregulated businesses, including Hydro One Telecom Inc.’s future product and services lines and market trends; statements about ESG; statements regarding current and future capital investments, including cost and in-service dates; statements regarding projected capital investments and projected rate base growth; statements relating to COVID-19 and associated initiatives; statements related to the OEB, regulatory decisions, impacts and timing; and Hydro One’s guidance range for adjusted basic EPS for 2022.

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 Ontario Energy Board 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 U.S. 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, the sections entitled “Risk Management and Risk Factors” and “Forward-Looking Statements and Information” in Hydro One Limited’s most recent annual management’s discussion and analysis of the financial condition and results of operations and the section entitled “Forward-Looking Statements and Information” in Hydro One Limited’s most recent interim management’s discussion and analysis of financial condition and results of operation of operations. Hydro One does not intend, and it disclaims any obligation to update any forward-looking information, except as required by law.

In this presentation, Hydro One presents information about future rate base growth and potential future capital investments. The purpose of providing information about future rate base growth and potential future capital investments is provided in order to give context to the nature of some of Hydro One’s future plans and may not be appropriate for other purposes. Information about future rate base growth and potential future capital investments, including the various assumptions underlying it, should be read in conjunction with “Forward-Looking Information” above and as may be found in Hydro One’s filings with the securities regulatory authorities in Canada, which are available under its profile on SEDAR at [www.sedar.com](http://www.sedar.com). Hydro One does not intend to update the information about future rate base growth future capital investments except as required by applicable securities laws.

## Guidance

In this presentation, Hydro One is providing a guidance range for adjusted basic 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. Hydro is also providing information about future rate base growth and potential future capital investments. The purpose of the guidance range for adjusted EPS in 2022 and information about future rate base growth and potential future capital investments 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, future rate base growth and potential future capital investments, including the various assumptions underlying it, should be read in conjunction with “Forward-Looking 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 or information about future rate base growth or potential future capital investments except as required by applicable securities laws.

## Non-GAAP Measures

Hydro One prepares and presents its financial statements in accordance with U.S. GAAP. “Funds from Operations” or “FFO”, “Adjusted Net Income”, “Revenue Net of Purchased Power”, “EBIT”, “Debt to Capitalization”, and “Adjusted Earnings Per Share” are not recognized measures under U.S. GAAP and do not have standardized meanings prescribed by U.S. GAAP. These are therefore unlikely to be comparable to similar measures presented by other companies. “Funds from Operations” or “FFO” is defined as net cash from operating activities, adjusted for the following: (i) changes in non-cash balances related to operations, (ii) dividends paid on preferred shares, and (iii) non-controlling interest distributions. “FFO to Net Debt” is the rolling twelve month FFO divided by Total debt less cash. In addition, certain of these measures are also defined in Hydro One Limited’s filings with the securities regulatory authorities in Canada which are available under its profile on SEDAR at [www.sedar.com](http://www.sedar.com). Management believes these measures are useful for evaluating the performance of different aspects of Hydro One’s business but may not be appropriate for other purposes.

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