



# First Quarter 2024

Earnings Teleconference  
May 14, 2024



# 1Q24 Financial summary

## First Quarter

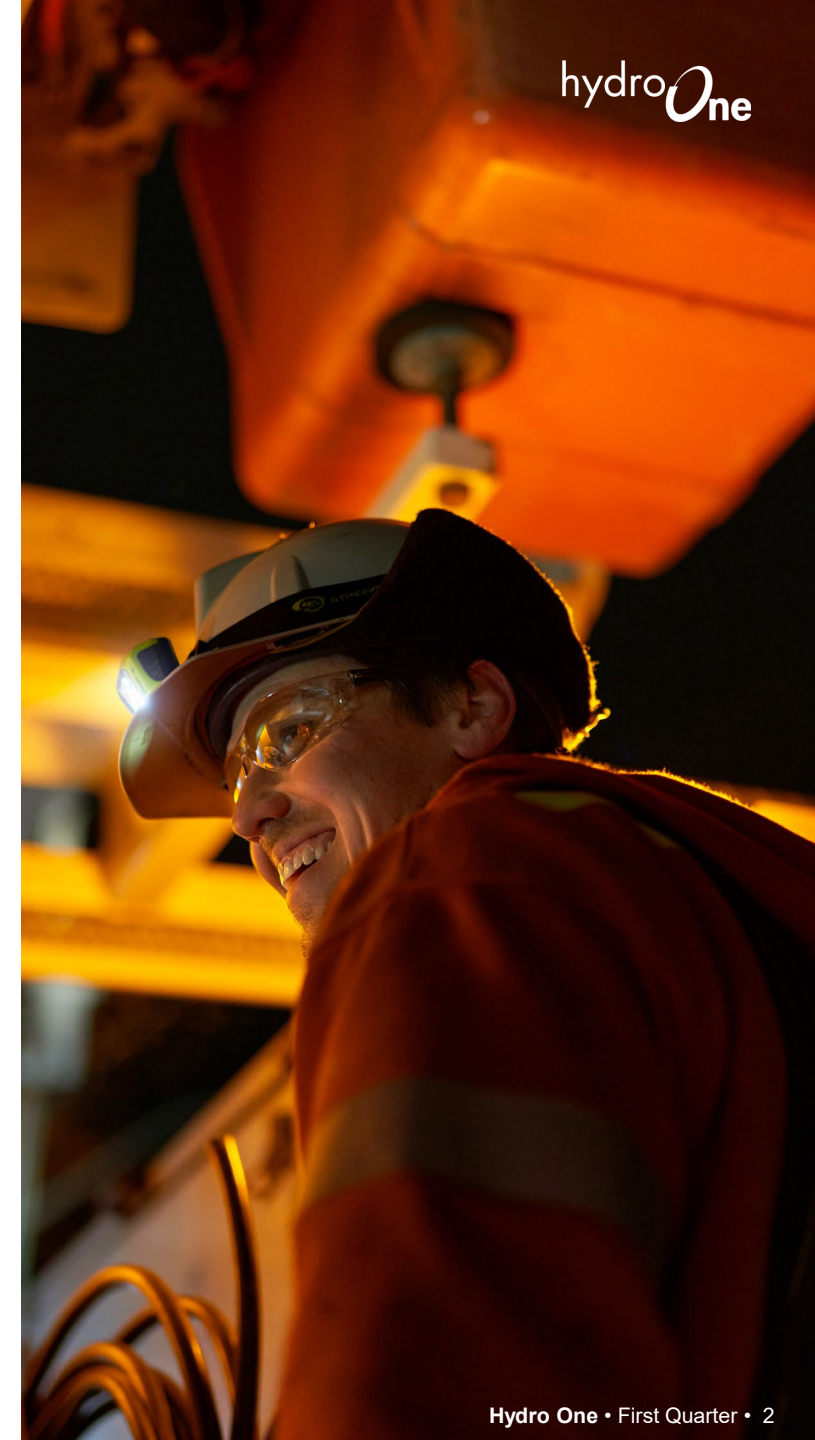
## Full Year

(millions of dollars, except earnings per share (EPS))	2024	2023	% Change	2023	2022	% Change
<b>Revenues</b>						
Transmission	553	555	(0.4%)	2,214	2,077	6.6%
Distribution	1,605	1,509	6.4%	5,582	5,660	(1.4%)
Distribution Revenues (Net of Purchased Power) <sup>1</sup>	509	499	2.0%	1,930	1,936	(0.3%)
Other	8	10	(20.0%)	48	43	11.6%
Consolidated	2,166	2,074	4.4%	7,844	7,780	0.8%
Consolidated Revenue (Net of Purchased Power) <sup>1</sup>	1,070	1,064	0.6%	4,192	4,056	3.4%
OM&A Costs	322	328	(1.8%)	1,354	1,258	7.6%
<b>Earnings before financing charges and income taxes (EBIT)</b>						
Transmission	299	304	(1.6%)	1,189	1,123	5.9%
Distribution	211	192	9.9%	705	749	(5.9%)
Other	(16)	(12)	(33.3%)	(52)	(40)	(30.0%)
Consolidated	494	484	2.1%	1,842	1,832	0.5%
Net income <sup>2</sup>	293	282	3.9%	1,085	1,050	3.3%
Basic EPS	\$0.49	\$0.47	4.3%	\$1.81	\$1.75	3.4%
Capital investments	673	499	34.9%	2,531	2,132	18.7%
<b>Assets placed in-service</b>						
Transmission	64	115	(44.3%)	1,296	1,405	(7.8%)
Distribution	172	122	41.0%	994	853	16.5%
Other	4	0	N/A	34	9	277.8%
<b>Total assets placed in-service</b>	<b>240</b>	<b>237</b>	<b>1.3%</b>	<b>2,324</b>	<b>2,267</b>	<b>2.5%</b>

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, 2023 (Annual MD&A) available on SEDAR+ under the Company's profile at [www.sedarplus.com](http://www.sedarplus.com).

2. Net Income is attributable to common shareholders and is after non-controlling interest.





# 1Q24 Financial summary (1/2)

The Company announces a refreshed customer-focused strategy that builds on the successes of recent years and positions it to deliver on its commitment to building a brighter future for all Ontarians.

## Selected Quarterly Financial Highlights:

Transmission revenues decreased by \$2 million, or 0.4%, year-over-year primarily resulted from:

- Net income neutral items, including lower revenues associated with the cessation of the DTA recovery period and the Ontario Energy Board (OEB) approved recovery of regulatory assets in the prior year, which are offset in income tax expense and OM&A; and lower average monthly peak demand; partially offset by higher revenues resulting from OEB-approved 2024 rates.

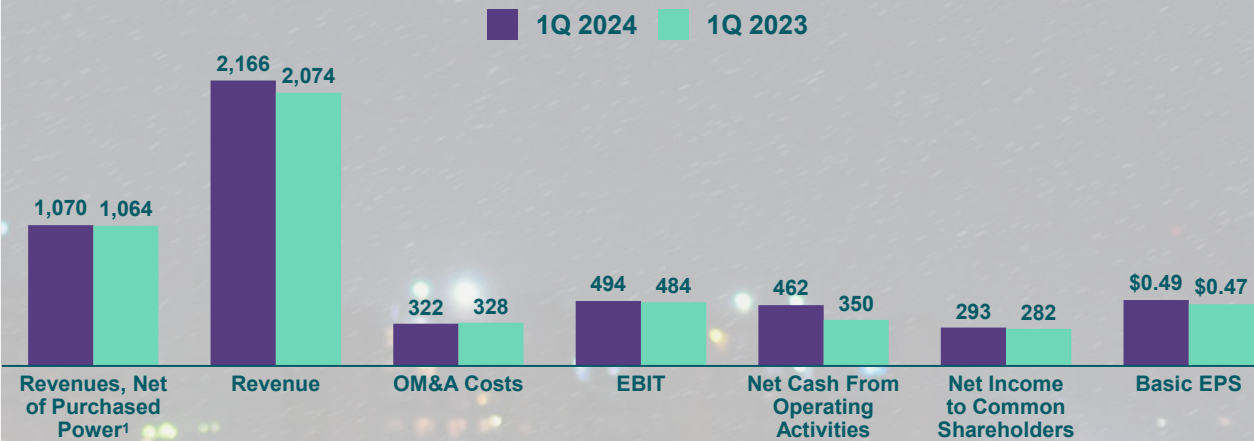
Distribution revenues increased by \$96 million, or 6.4%, year-over-year primarily resulted from:

- Higher purchased power costs, which are fully recovered from ratepayers and thus net income neutral; higher revenues resulting from OEB-approved 2024 rates; and higher energy consumption; partially offset by net income neutral items, including lower revenues associated with the cessation of the DTA recovery period which are offset in income tax expense; and lower revenue of Hydro One Remotes, which is offset in OM&A and therefore net income neutral.

Transmission OM&A costs decreased by \$2 million, or 1.6%, year-over-year primarily due to:

- Lower OM&A associated with the OEB-approved recovery of historical cost deferrals, which is offset in revenue and therefore net income neutral; partially offset by higher work program expenditures.

Financial Highlights (\$M) – 1Q24 Year over Year Comparison



1. Revenues, Net of Purchased Power is a non-GAAP financial measure. 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 MD&A available on SEDAR+ under the Company's profile at [www.sedarplus.com](http://www.sedarplus.com).



# 1Q24 Financial summary (2/2)

## Selected Quarterly Financial Highlights:

Distribution OM&A costs decreased by \$5 million or 2.7% year-over-year primarily due to:

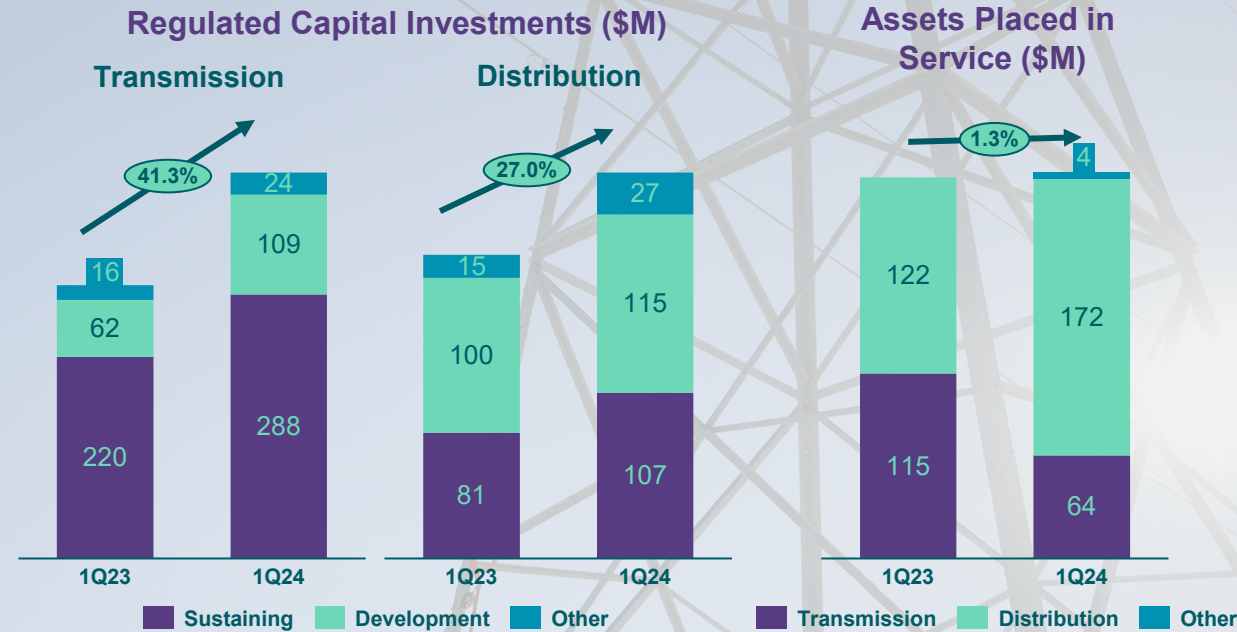
- Lower fuel costs of Hydro One Remotes, which are fully recovered through revenue and therefore net income neutral; partially offset by higher allowance for doubtful accounts.

Income tax expense decreased by \$13 million compared to the same period in 2023. This resulted in a realized effective tax rate of approximately 14.7% in the first quarter of 2024, compared to approximately 18.4% in the first quarter of the prior year. The decrease was primarily attributable to:

- OEB-approved regulatory adjustments, principally related to the cessation of DTA recovery on June 30, 2023, pursuant to the DTA Implementation Decision, that are offset by a corresponding reduction in revenue and therefore net income neutral; partially offset by lower deductible timing differences compared to the prior year; and higher pre-tax earnings, adjusted for the net income neutral items.

Hydro One made capital investments to maintain the safety, reliability and integrity of its transmission and distribution system assets.

- Transmission capital investments increased by \$123 million, or 41.3%, in the first quarter 2024 compared to the same period in 2023.
- Distribution capital investments increased by \$53 million or 27.0% in the first quarter 2024 compared to the same period in 2023.





# Our refreshed strategy



Our purpose

**Energize life with reliable and sustainable solutions for a brighter future**



Our vision

**A better and brighter future for all**



Strategic priorities



Our values

## Safety comes first

We make the world a safer place

## Stand for people

We believe in equity, diversity and inclusion as the source of our strength

## Empowered to act

We recognize our power to improve people's lives

## Optimism charges us

We see potential in everything

## Win as one

We work together to deliver results



## Enrich our customers' experience

1. We deliver easy and exceptional customer experiences
2. We understand and solve our customers' evolving needs
3. We empower our customers to make informed decisions



## Create new solutions for an electrified future

1. We use advanced analytics and digital capabilities to manage an electrified future
2. We collaborate and foster innovation
3. We actively position ourselves as an enabler of the energy transition



## Enhance grid value needed for sustainable growth

1. We optimize grid assets to create financial value
2. We acknowledge our Indigenous partners as core to our growth
3. We deliver sustainable growth by seizing regulated and unregulated opportunities



## Win with partners

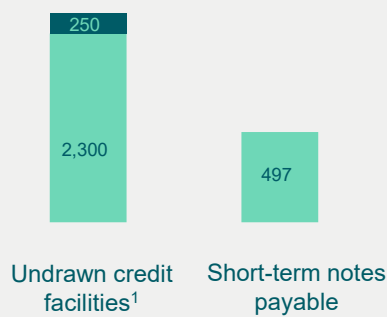
1. We collaborate with partners to deliver high value results
2. We create mutually beneficial solutions
3. We are part of a coalition that shapes our net-zero future

# Strong balance sheet and liquidity

(as at March 31, 2024)

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

Significant available liquidity (\$M)



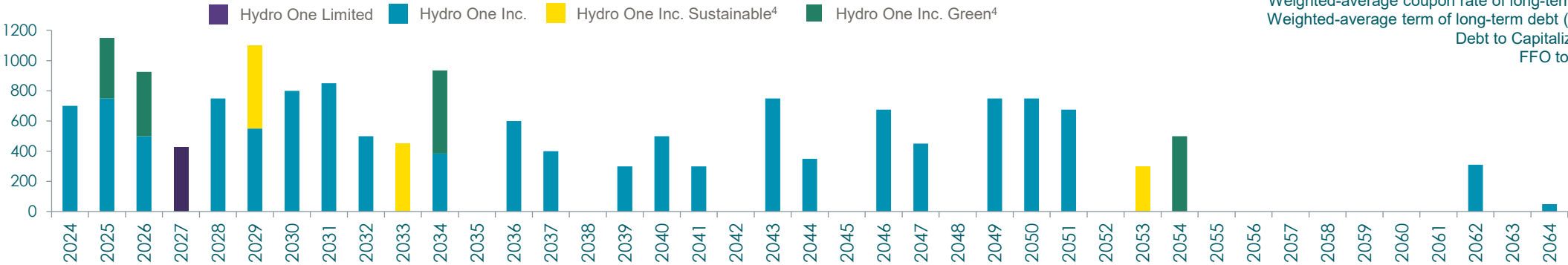
Strong investment grade debt ratings (long-term/short-term/outlook)

	Hydro One Limited (HOL)	Hydro One Inc. (HOI)
S&P	BBB+ / n/a / positive	A- / A-1 (low) / positive
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>2</sup> \$2.0B
HOI Medium-Term Note shelf <sup>3</sup>

Debt maturity schedule (\$M)



Weighted-average coupon rate of long-term debt: 4.1%  
Weighted-average term of long-term debt (years): 13.2  
Debt to Capitalization<sup>5</sup>: 57.6%  
FFO to Debt<sup>6</sup>: 14.1%

1. The Operating Credit Facilities include a pricing adjustment which can increase or decrease Hydro One's cost of funding based on its performance on certain Sustainability Performance Measures, which are related to Hydro One's sustainability goals.

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 March 31, 2024, \$2.0 billion remained available for issuance under the Universal Base Shelf Prospectus. A new universal base shelf prospectus is expected to be filed in the third quarter of 2024.

3. In February 2024, HOI filed a short form base shelf prospectus in connection with its Medium-Term Note (MTN) Program, which expires in March 2026.

4. Sustainable and Green bonds MTN issued pursuant to Hydro One's Sustainable Financing Framework.

5. Debt to capitalization is a non-GAAP ratio. See the section titled "Non-GAAP Financial Measures" in the Annual 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. See the section titled "Non-GAAP Financial Measures" in the Annual MD&A for a discussion of these component elements.

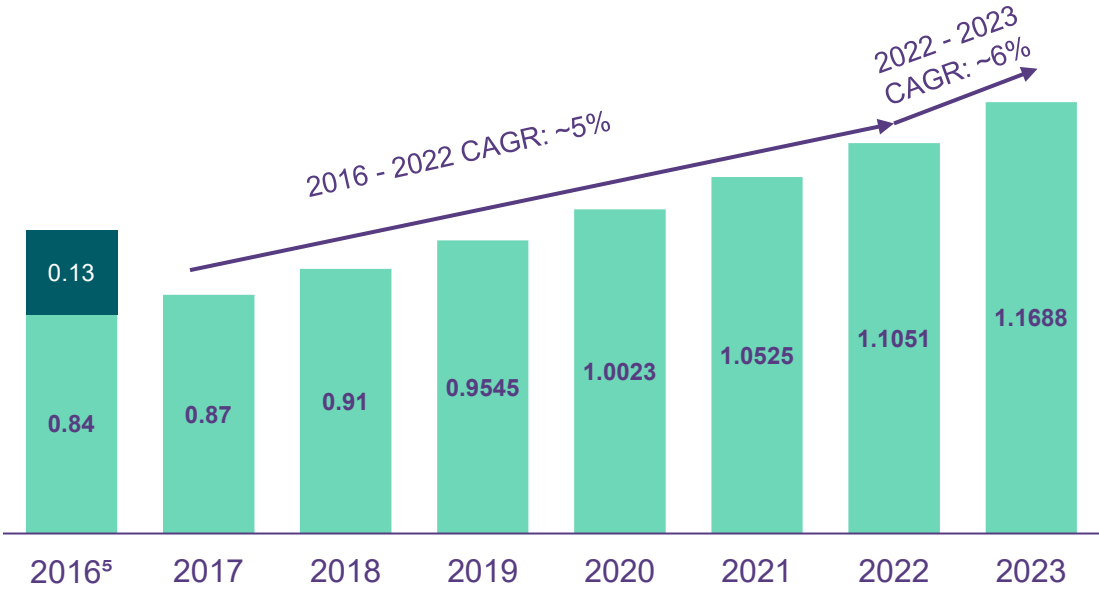
# Common share dividends

## Key Points

- Quarterly dividend declared at \$0.3142 per common share (\$1.2568 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) in place (shares purchased on open market, not issued from treasury)

<div> <div></div> <div>Dividend Statistics</div> </div>	
Yield <sup>1</sup>	3.2%
Annualized Dividend <sup>2,3</sup>	\$1.2568 / share

## A Growing and Sustainable Dividend<sup>4</sup>



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

Declaration date	Record date	Payment date
May 13, 2024	June 12, 2024	June 28, 2024
August 13, 2024	September 11, 2024	September 27, 2024
November 6, 2024	December 11, 2024	December 31, 2024

1. Yield is calculated based on annualized dividend divided by the closing share price of the common shares of Hydro One Limited on March 28, 2024.

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; expectations that a new universal shelf will be filed for HOL in the third quarter of 2024; 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; no unfavourable changes in environmental regulation; the continued use and availability of US GAAP; 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. 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 March 31, 2024.

