

The logo for Hydro One, featuring the word "hydro" in black and "One" in red, with a stylized red "O" that forms a circle around the "n" and "e".

hydro **One**

Fourth Quarter 2020

Earnings Teleconference

February 24th, 2021

One of North America's largest electric utilities

TSX:H

4Q20 FINANCIAL SUMMARY

(millions of dollars, except EPS)	Fourth Quarter			Year End		
	2020	2019	% Change	2020	2019	% Change
Revenue						
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%
Consolidated (Net of Purchased Power)	821	801	2.5%	3,436	3,369	2.0%
OM&A Costs	273	239	14.2%	1,070	1,181	(9.4%)
Earnings Before Financing Charges and Income Taxes (EBIT)						
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%
Consolidated	309	336	(8.0%)	1,482	1,310	13.1%
Net Income (Loss)¹	161	211	(23.7%)	1,770	778	127.5%
Adjusted Net Income (Loss)^{1,2}	161	211	(23.7%)	903	918	(1.6%)
Basic EPS	\$0.27	\$0.35	(22.9%)	\$2.96	\$1.30	127.7%
Basic Adjusted EPS¹	\$0.27	\$0.35	(22.9%)	\$1.51	\$1.54	(1.9%)
Capital Investments	577	562	2.7%	1,878	1,667	12.7%
Assets Placed In Service						
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%)
Total assets placed in-service	878	849	3.4%	1,639	1,703	(3.8%)

Financial Statements reported under U.S. GAAP

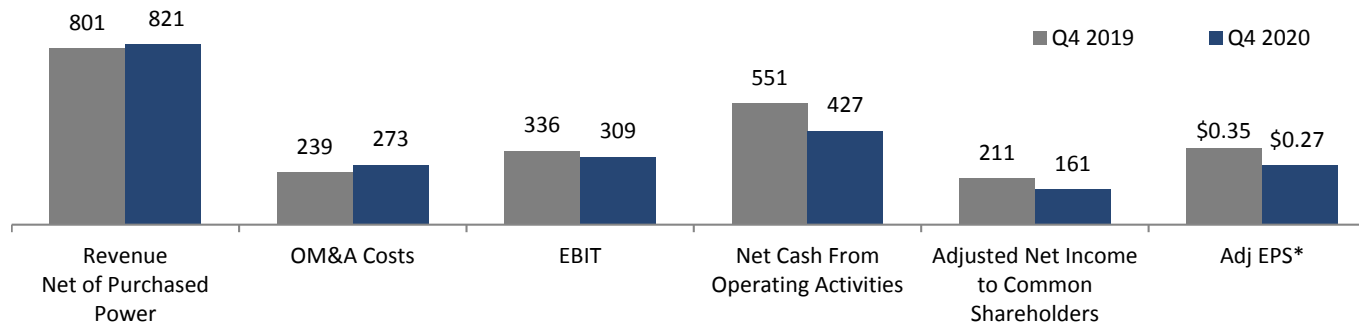
(1) Net Income is attributable to common shareholders and is after non-controlling interest, dividends to preferred shareholders,

(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.

4Q20 FINANCIAL SUMMARY

Hydro One's focus on customer advocacy, partnership, and long-term financial stability results in positive performance

Financial Highlights (\$M) – 4Q20 Year over Year Comparison



Selected Financial Highlights:

The year-over-year decrease of \$9 million or 2.2% in quarterly transmission revenues was primarily due to the following:

- Lower peak demand driven by unfavourable weather in the fourth quarter of 2020, partially offset by
- The OEB's decision on 2020 rates, including the recovery of certain OPEB costs through OM&A that were previously capitalized and recovered in rates, therefore net income neutral, and a deferred regulatory adjustment related to asset removal costs in 2020.

The year-over-year increase of \$27 million or 7.0% in quarterly distribution revenues, net of purchased power, was primarily due to the following:

- The OEB's decision on 2020 rates,
- Higher revenues related to the Peterborough Distribution and Orillia Power acquisitions which closed during the third quarter of 2020, and a lower deferred regulatory adjustment related to the Earnings Sharing Mechanism in 2020.

The year-over-year increase of \$14 million or 23.7% in quarterly transmission OM&A costs was primarily due to the following:

- Lower insurance proceeds received in 2020,
- Additional OPEB costs that are recognized in OM&A following the 2020-2022 OEB transmission decision and recovered in rates, therefore net income neutral, and costs related to COVID-19.

The year-over-year increase of \$23 million or 14.2% in quarterly distribution OM&A costs was primarily due to the following:

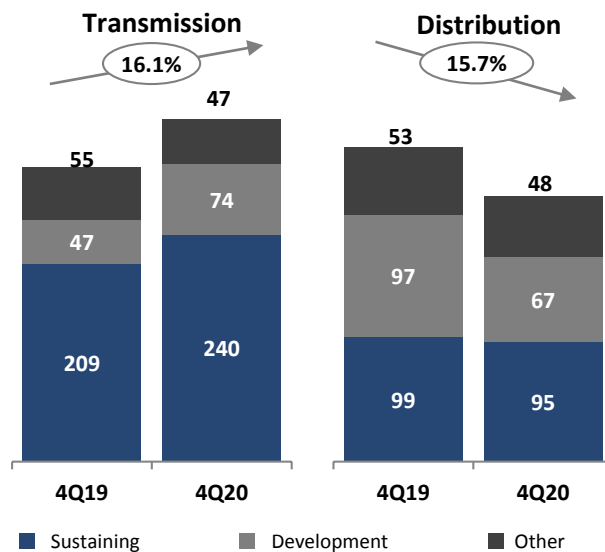
- Costs related to COVID-19, consisting primarily of the recognition of the bad debt provision following the issuance of the OEB staff proposal in December 2020, and direct expenses, as well as higher corporate support costs.

Income tax expense for the fourth quarter of 2020 increased by \$25 million compared to the same period in 2019. This resulted in a realized effective tax rate (ETR) of approximately 14.2% in the fourth quarter of 2020, compared to approximately 0.9% in the fourth quarter of the prior year.

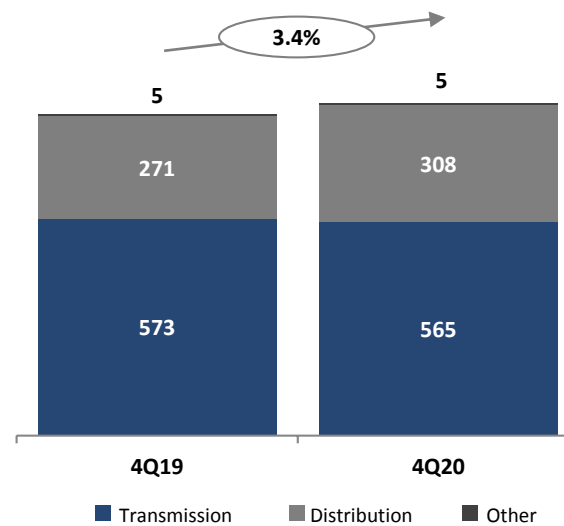
Hydro One makes capital investments to maintain the safety, reliability and integrity of its transmission and distribution system assets and to provide for the ongoing growth and modernization required to meet the expanding and evolving needs of its customers and the electricity market.

- The Company made capital investments of \$577 million during the fourth quarter of 2020, and placed \$878 million of new assets in-service.

Regulated Capital Investments (\$M)



Assets Placed in Service (\$M)



1) OPEB: Other post-employment benefit

* 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

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)

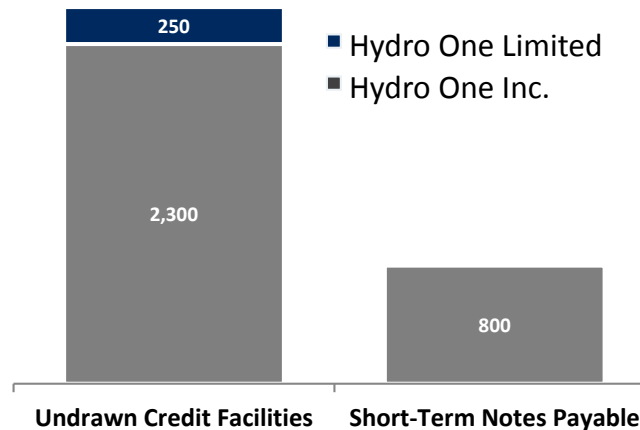
	<u>Current rate methodology</u>	<u>Allowed ROE</u>	<u>Expected rate base¹</u>	<u>Effective term of application</u>	<u>Comments</u>
Transmission	Custom IR	<u>2020</u> 8.52%	<u>2021</u> \$13.7 billion	2020-22	Custom incentives rates. Decision for 2020-2022 transmission revenue requirement received. 2021 annual update approved in Q4 of 2020 to reflect the latest inflation assumptions.
Distribution	Custom IR	<u>2020</u> 9.00%	<u>2021</u> \$8.9 billion	2018-22	Custom incentive rates. Decision for 2018-2022 distribution rates received. 2021 annual update approved in Q4 of 2020 to reflect the latest inflation assumptions.

(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

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)



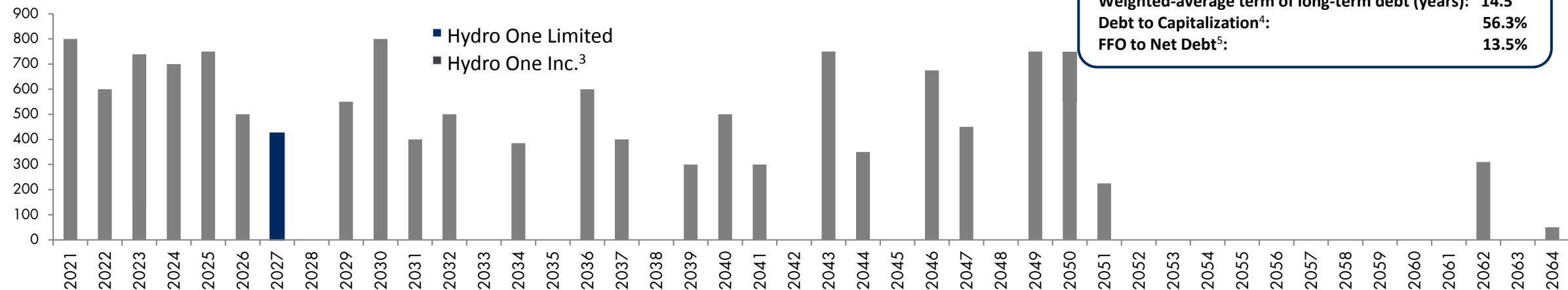
Strong Investment Grade Debt Ratings (Long-Term / Short-Term / Outlook)

	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 ¹ : \$2.0B
HOI: Medium Term Note Shelf ² : \$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 Capitalization⁴: 56.3%
FFO to Net Debt⁵: 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.

COMMON SHARE DIVIDENDS

Quarterly dividend declared at \$0.2536 per common share

Dividend Statistics	
Yield ¹	3.5%
Annualized Dividend ^{2,3}	\$1.0144 / share

Expected Quarterly Dividend Dates³

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 31st, 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.

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 related to the OEB, regulatory decisions, impacts and timing; statements regarding Hydro One’s projected rate base; 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 related to dividends and Hydro One Limited’s targeted dividend payout ratio of 70-80% of net income; and statements related to credit ratings.

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. Hydro One does not intend to update the information about future rate base growth 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. 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.