

FORTIS



2014 Earnings Call
February 19, 2015

FORTIS



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Logistics

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Unless otherwise specified, all financial information referenced is in Canadian dollars.

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Barry Perry
President & CEO

Corporate Update

2014

- **Transformative year**
- **Leader in electric and gas utilities in North America**
- **Acquired UNS Energy on August 15, 2014**
 - US\$4.5 billion, including assumption of US\$2 billion of debt
 - Largest acquisition in history of Fortis bolsters assets by one-third
 - Further diversifies assets geographically and by regulatory jurisdiction
 - Permanent equity-based financing complete
 - Accretive to 2014 earnings per common share, excluding one-time acquisition-related costs

Q4 2014

- **Q4 2014 Focus**
 - Integration of UNS Energy
 - Completion of 2014 \$1.7 billion capital expenditure program
 - Strategic review of Fortis Properties

2015

- **Positioned for strong performance in 2015**
- **Key drivers**
 - Completion of Waneta expansion
 - Full year contribution from UNS Energy
 - Central Hudson rates to be rebased mid-year
 - FortisAlberta capital tracker

Growth Through Investment

- **Major energy infrastructure projects**
 - \$900 million Waneta Expansion nearly complete
 - \$400 million Tilbury Phase 1A commenced
 - Order in Council received for two potential LNG projects
 - \$450 million Tilbury Phase 1B
 - \$600 million Woodfibre
- **Entering period of significant organic growth**
 - Capex targeted to rise 30% to \$2.2 billion in 2015
 - 5-year CAGR in rate base through 2019 estimated at 6.5%
 - 5-year CAGR including the potential Tilbury Phase 1B and Woodfibre projects estimated at 7.5%

Focus

- **Initial push into U.S. utility business accomplished**
- **Focus over the next 12-18 months**
 - Fully integrate UNS Energy
 - Execute capital expenditure program
 - Progress LNG opportunities
 - Complete strategic review of Fortis Properties
- **Well positioned for 2015 and beyond**

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Karl Smith
Executive VP, CFO

Financial Results
Regulatory Update

Earnings

| (\$M, except as noted) | Q4 | | | Annual | | |
|---|--------|--------|----------|--------|--------|----------|
| | 2014 | 2013 | Change | 2014 | 2013 | Change |
| Basic Earnings per Common Share | \$0.44 | \$0.47 | (\$0.03) | \$1.41 | \$1.74 | (\$0.33) |
| Net Earnings Attributable to Common Shares | 113 | 100 | 13 | 317 | 353 | (36) |
| Adjusting items: | | | | | | |
| Acquisition-related costs | 5 | 2 | | 90 | 34 | |
| Part VI.1 tax adjustment | | | | | (23) | |
| Exploits Partnership gain | | 2 | | | (20) | |
| Adjusted Net Earnings Attributable to Common Shares | 118 | 104 | 14 | 407 | 344 | 63 |
| Adjusted Basic Earnings per Common Share | \$0.46 | \$0.49 | (\$0.03) | \$1.81 | \$1.70 | \$0.11 |

Earnings Sensitivity to Foreign Exchange

- **Approximately 38% of the total assets of Fortis are now in the United States**
- **Each 5 cent, or 5%, change in the US dollar-to-Canadian dollar exchange rate is estimated to have a 4 cent impact on basic earnings per common share**

Financing

- **In excess of \$1 billion of long-term debt raised in 2014**
- **UNS Energy equity financing complete**
 - \$1.8 billion common equity
 - \$600 million preference shares
- **Cash flow from operating activities for 2014 was \$982 million**
- **Low debt maturity profile**
- **Unutilized committed credit facilities \$2.2 billion**
- **S&P and DBRS confirmed ratings of A- and A(low), respectively, and reinstated “Stable” outlook**
- **TEP upgraded to BBB+**

Regulatory

- **Central Hudson**
 - General rate application for July 2015 rates
 - Reforming the Energy Vision (REV) proceeding
- **FortisAlberta**
 - 2013-2015 capital tracker
 - 2013-2014 generic cost of capital proceeding

Q&A

Leader in Electric & Gas Utilities
in North America