

FORTIS

**Q2 2021 EARNINGS
CONFERENCE CALL**

JULY 29, 2021



FORWARD LOOKING INFORMATION

Fortis includes forward-looking information in this presentation within the meaning of applicable Canadian securities laws and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (collectively referred to as "forward-looking information"). Forward-looking information reflects expectations of Fortis management regarding future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as anticipates, believes, budgets, could, estimates, expects, forecasts, intends, may, might, plans, projects, schedule, should, target, will, would and the negative of these terms and other similar terminology or expressions have been used to identify the forward-looking information, which includes, without limitation: the 2035 carbon emissions reduction target; forecast capital expenditures for 2021 and 2021-2025; forecast rate base and rate base growth through 2025; the nature, timing, benefits and costs of certain capital projects and additional opportunities beyond the capital plan, including, without limitation, the Lake Erie Connector Project and from potential transmission investment in the United States; targeted average annual dividend growth through 2025; the expected notes issuances by ITC in August 2021 and May 2022; the expected timing, outcome and impacts of regulatory decisions; and TEP's carbon emissions reduction target and projected asset mix.

Forward looking information involves significant risks, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking information, including, without limitation: no material adverse effects from the COVID-19 pandemic; reasonable regulatory decisions and the expectation of regulatory stability; the successful execution of the capital plan; no material capital project or financing cost overrun; sufficient human resources to deliver service and execute the capital plan; no significant variability in interest rates; and the Board exercising its discretion to declare dividends, taking into account the business performance and financial condition of the Corporation. Fortis cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors should be considered carefully and undue reliance should not be placed on the forward-looking information. For additional information with respect to certain of these risks or factors, reference should be made to the continuous disclosure materials filed from time to time by the Corporation with Canadian securities regulatory authorities and the Securities and Exchange Commission. All forward-looking information herein is given as of the date of this presentation. Fortis disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Unless otherwise specified, all financial information is in Canadian dollars and rate base refers to midyear rate base.



FORTIS

DAVID HUTCHENS
PRESIDENT AND CEO

Q2 BUSINESS HIGHLIGHTS



Safe and Reliable Operations



Strong Earnings Growth Absent FX








Released 2021 Sustainability Update &
Signed on as TCFD Supporter



2021 Capital Plan on Track

Q2 SALES TRENDS

	Retail Sales	Q2 2021 vs. Q2 2020 Sales Trends
 A FORTIS COMPANY	N/A	<ul style="list-style-type: none"> Peak load increased 5% due to temporary closure of auto manufacturers and suppliers in Q2 2020
 UNS Energy Corporation A Fortis Company	+3%	<ul style="list-style-type: none"> Overall increase driven by warmer weather and increased cooling load; residential sales up 1%; C&I up 5%
 A FORTIS COMPANY	+4%	<ul style="list-style-type: none"> Residential sales flat; C&I up 8%
	+12%	<ul style="list-style-type: none"> Gas sales mostly flat; Residential electric sales up 1%; C&I electric sales up 23%
	+4%	<ul style="list-style-type: none"> Residential sales down 5%; C&I sales up 8%
Other Electric	+3%	<ul style="list-style-type: none"> Residential sales down 2%; C&I sales up 8% Caribbean sales up 11% due to ongoing recovery of tourism industry



- Q2 sales reflect warmer weather and easing of pandemic restrictions
- Commercial and industrial (“C&I”) sales up 8% across portfolio of utilities
- Residential sales tempered by decrease in work-from-home practices

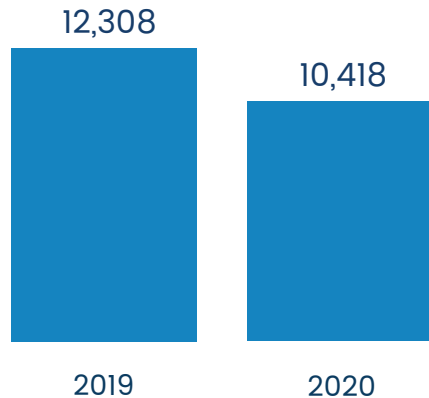
2021 SUSTAINABILITY UPDATE HIGHLIGHTS

Delivering Cleaner Energy to Customers



Carbon emissions reduction target of 75% by 2035 compared to 2019 levels

Scope 1 Emissions (in ktonnes of CO₂e)



Achieved a 15% carbon emissions reduction in 2020

Report Highlights:



50+ new key performance indicators added to report, including 14 that align with SASB standards



Strengthened linkage between sustainability and executive compensation by adding a measure for carbon reduction and climate change.



Best safety performance in our history and top-quartile reliability performance relative to industry peers.



The lowest number of gas leaks for every 1,000 customers representing top-decile performance relative to industry peers

FORTIS SIGNS ON AS A TCFD SUPPORTER

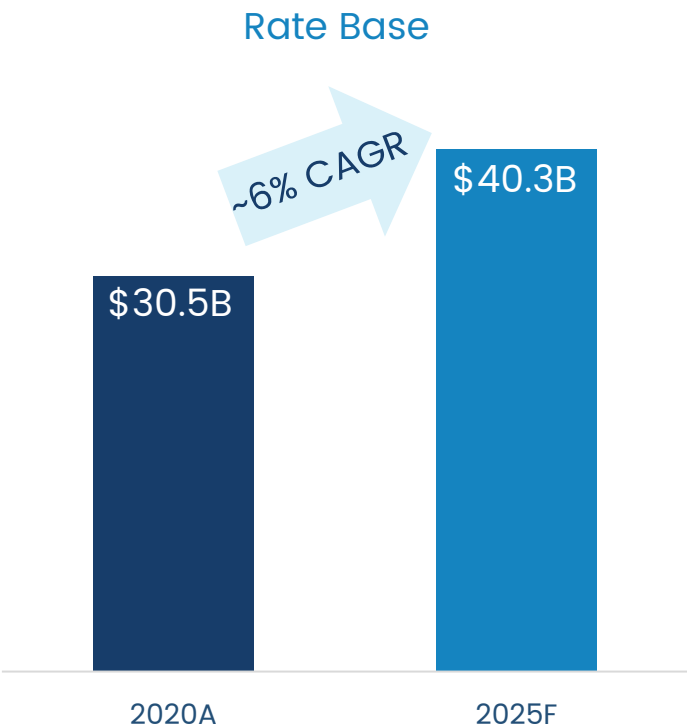
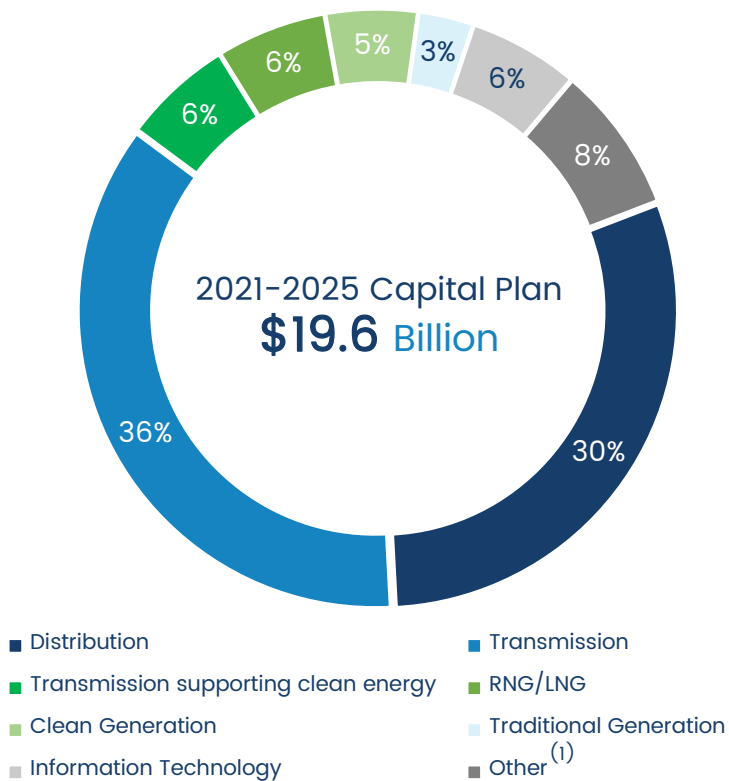
Solidifying Our Commitment to the Task Force on Climate-Related Financial Disclosures (“TCFD”) Recommendations:

- Fortis has become a TCFD supporter and is committed to implementing the TCFD recommendations
- Climate scenario analysis ongoing to assess the resiliency of our energy delivery businesses with a progress update planned in 2022

**FORTIS
SUSTAINABILITY**



CAPITAL PLAN SUPPORTS LOW-RISK GROWTH



Note: Rate base growth percentage calculated using constant foreign exchange rate.

(1) Other includes facilities, equipment, and vehicles.

UPDATE ON OPPORTUNITIES TO EXPAND & EXTEND GROWTH



- Ontario government authorized IESO to commence contract negotiations



- FERC issued Advanced Notice of Proposed Rulemaking on regional transmission planning, cost allocation and generator interconnection queue



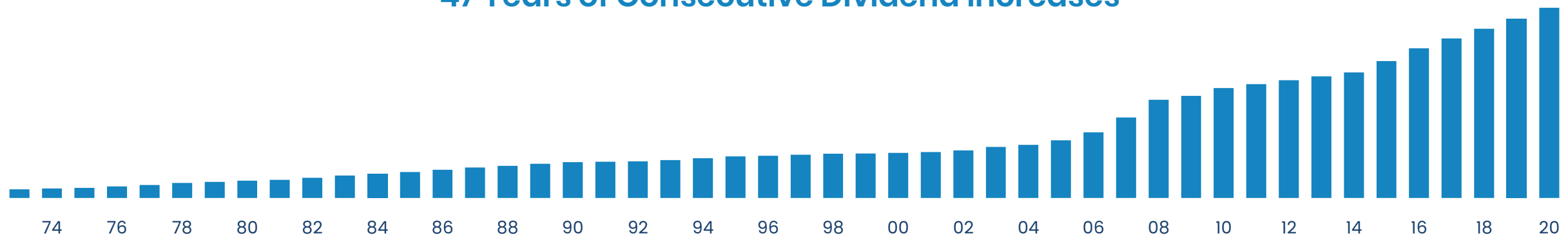
- British Columbia amended GHG Reduction Regulations to allow the increase in the production and use of renewable natural gas and hydrogen





6% AVERAGE ANNUAL DIVIDEND GROWTH GUIDANCE TO 2025

47 Years of Consecutive Dividend Increases





FORTIS

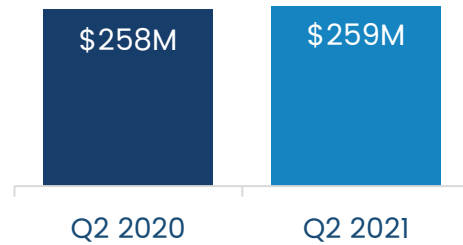
JOCELYN PERRY

EXECUTIVE VICE PRESIDENT AND CFO

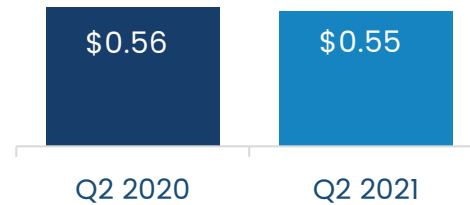
SECOND QUARTER ADJUSTED RESULTS

Second Quarter

Adjusted Earnings



Adjusted EPS

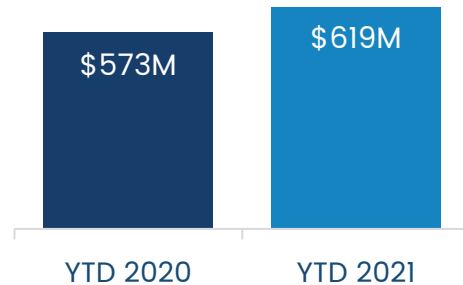


EPS Impacted by Lower FX:

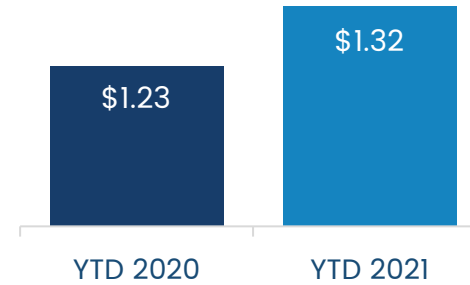
- Q2 Adjusted EPS impact of (\$0.05)
 - FX rate 1.23 (Q2 2020 – 1.39)
- YTD June Adjusted EPS impact of (\$0.07)
 - FX rate 1.25 (YTD June 2020 – 1.37)

Year-to-Date June

Adjusted Earnings



Adjusted EPS

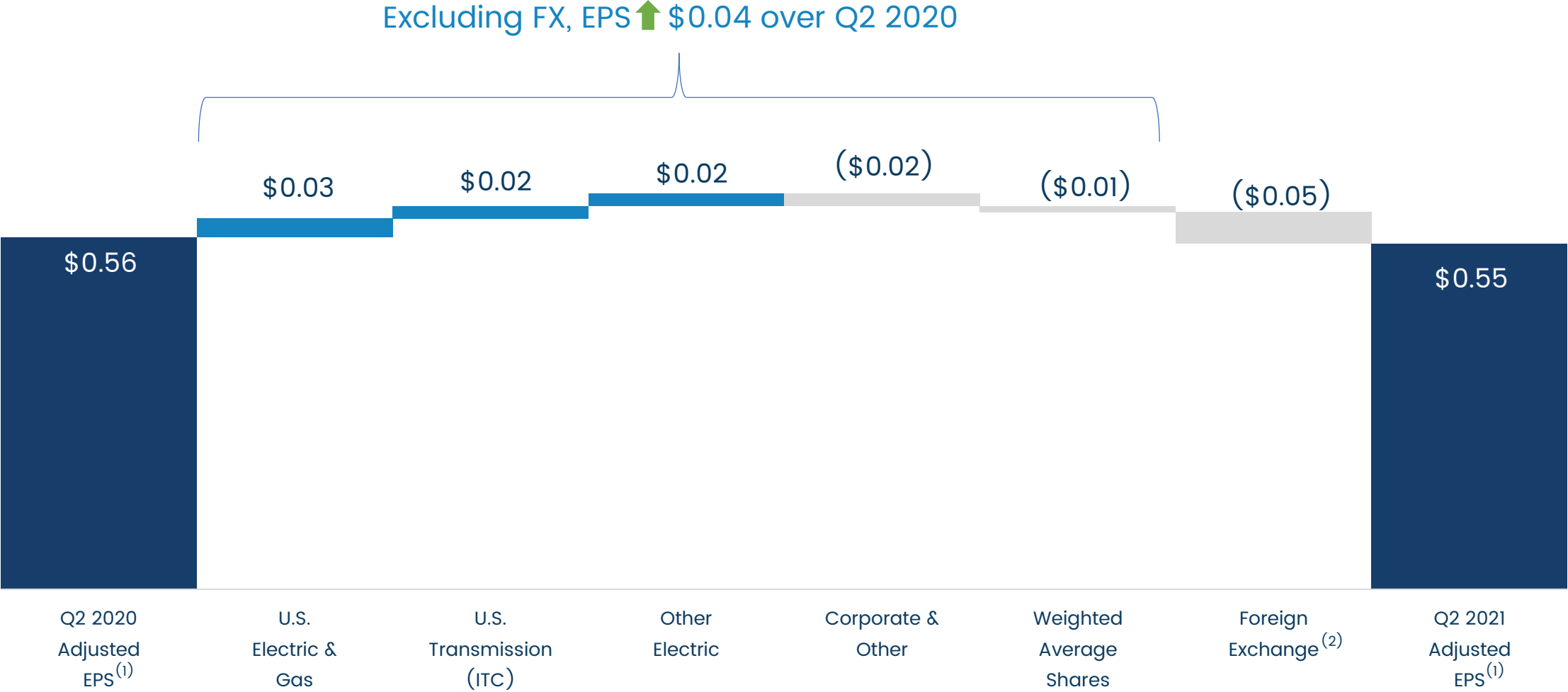


Excluding FX, Strong Q2 EPS Growth Driven by:

- Rate base growth
- New rates and weather partially offset by higher operating costs at UNS
- Higher sales in the Caribbean associated with the ongoing recovery of tourism industry

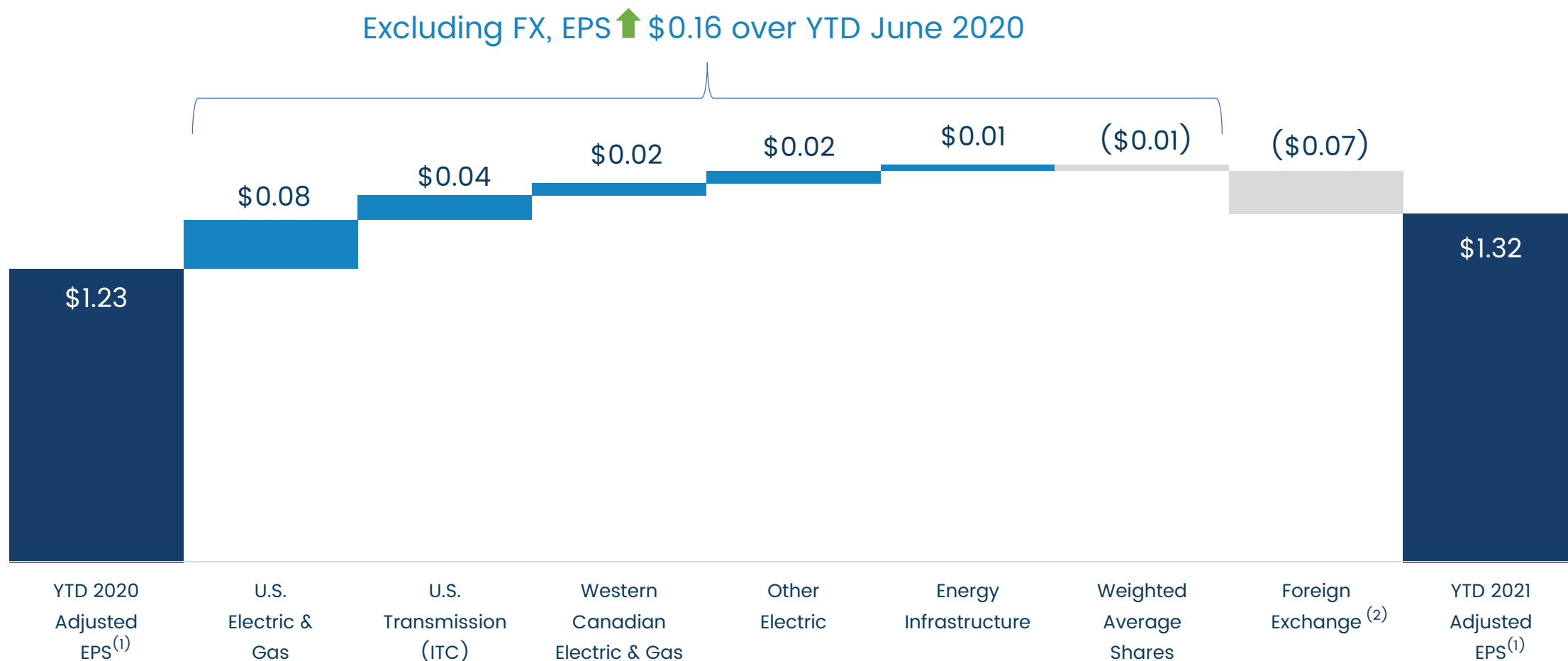
Note: Adjusted Earnings and EPS are Non-US GAAP measures. Refer to slide 22 for the Non-US GAAP reconciliation.

SECOND QUARTER EPS DRIVERS



(1) Non-US GAAP measure
(2) Based on an average USD:CAD foreign exchange rate of 1.23 in Q2 2021 compared to 1.39 in Q2 2020

YEAR-TO-DATE JUNE EPS DRIVERS



(1) Non-US GAAP measure

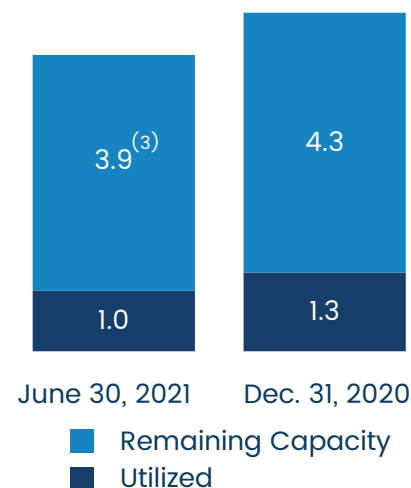
(2) Based on an average USD:CAD foreign exchange rate of 1.25 through YTD June 2021 compared to 1.37 through YTD June 2020

STRONG ACCESS TO DEBT MARKETS AND LIQUIDITY

Over \$1B Debt Raised in 2021

- ✓ UNS Energy
 - US\$325M 30-year 3.25% notes
- ✓ FortisBC Energy
 - \$150M 10-year 2.42% debentures
- ✓ Fortis
 - \$500M 7-year 2.18% notes
- ✓ ITC
 - US\$75M 30-year 2.90% notes⁽¹⁾ 
 - US\$75M 30-year 3.05% notes⁽²⁾

Credit Facilities (\$B)



(1) Notes priced in July 2021 with an expected issuance date in August 2021.

(2) Notes priced in July 2021 with an expected issuance date in May 2022.

(3) The Corporation's unsecured \$500M revolving 1-year term committed credit facility expired in April 2021 and was not renewed.

REGULATORY UPDATE



- **Notice of Proposed Rulemaking (NOPR) on Incentives** – In April 2021, FERC issued a supplemental NOPR proposing to eliminate the 50 bps RTO adder for transmission owners that have been RTO members for more than three years; stakeholder comments filed in June 2021; initial NOPR issued in March 2020 remains outstanding



- **General Rate Application** – Rate case filed in August 2020 with NYPSC requesting an electric rate increase of US\$33 million and gas delivery rate increase of US\$14 million; settlement discussions ongoing; decision expected in 2021



- **Generic Cost of Capital Proceeding (GCOC)** – GCOC proceeding initiated in Q2 2021; effective date of any change in cost of capital parameters unknown at this time; participants invited to provide comments on scope of proceeding in March 2021, including proposed effective date



- **2023 Generic Cost of Service (COS) Review & Evaluation of PBR** – In July 2021, the AUC confirmed that FortisAlberta will return to a third PBR term commencing in 2024 following the completion of the cost of service rebasing in 2023; AUC has initiated a new proceeding to consider the design of the third PBR term; decision expected in 2023

WHY INVEST IN FORTIS?



Well-Run
Businesses



ESG
Leader



Geographic
& Regulatory
Diversity



Focused on
Energy
Delivery



Innovative



Low-Risk
Growth
Profile



Virtually
All
Regulated



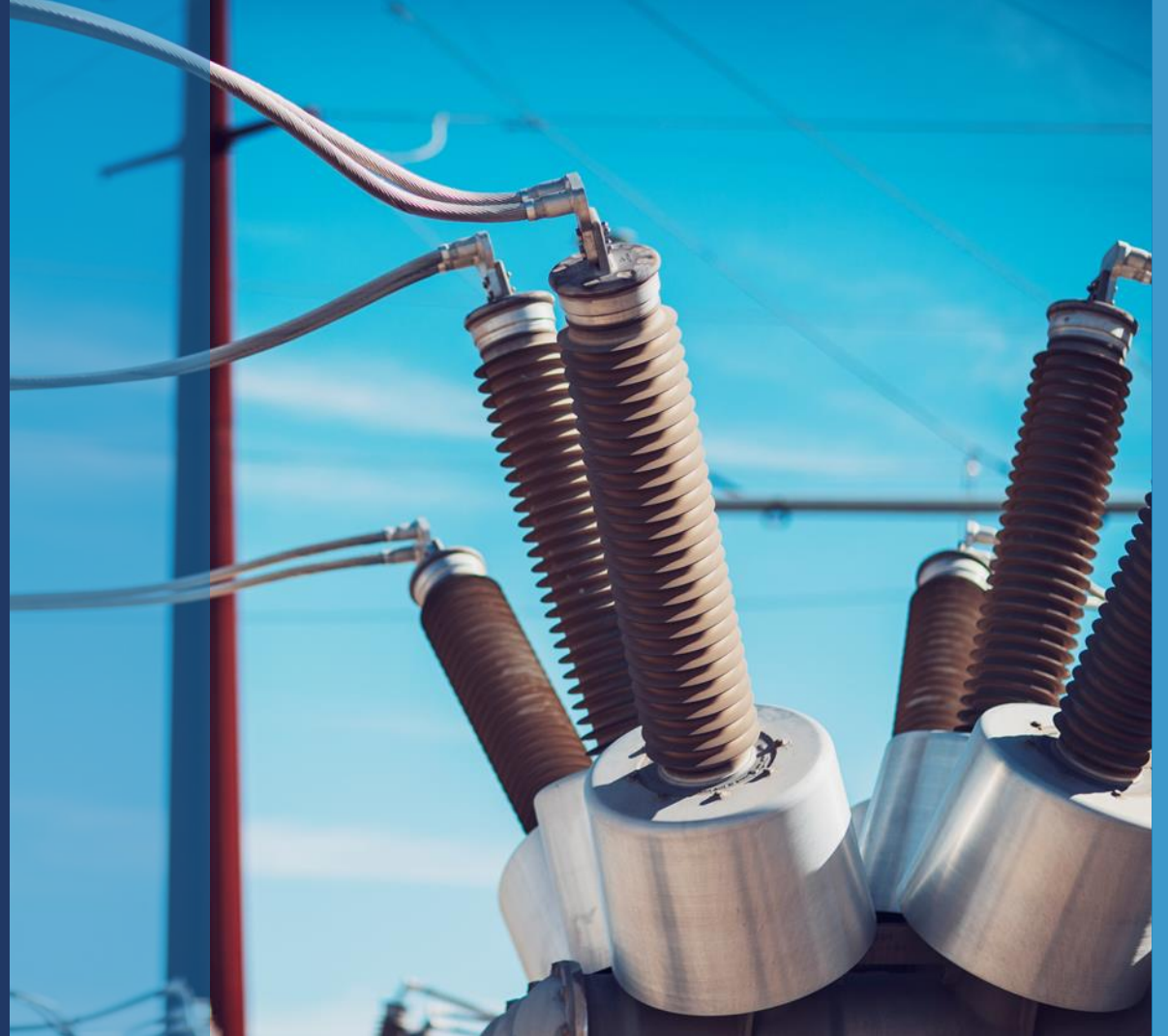
6%
Dividend Growth
Guidance



Expected Earnings Release Dates

Q3 2021

October 29, 2021



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**Q2 2021 EARNINGS
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JULY 29, 2021



Q2 2021 RESULTS BY SEGMENT

Second Quarter Variance Analysis by Segment

(\$millions, except weighted average shares and EPS)	Q2 2021	Adjustment	Adjusted Q2 2021 ⁽¹⁾	Q2 2020	Adjustment	Adjusted Q2 2020 ⁽¹⁾	Adjusted Q2 Variance
Regulated – Independent Electric Transmission							
ITC	103	–	103	138	(27)	111	(8)
Regulated – US Electric & Gas							
UNS Energy	83	–	83	85	–	85	(2)
Central Hudson	<u>6</u>	–	<u>6</u>	<u>2</u>	–	<u>2</u>	<u>4</u>
	89	–	89	87	–	87	2
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	15	–	15	16	–	16	(1)
FortisAlberta	36	–	36	33	–	33	3
FortisBC Electric	17	–	17	17	–	17	–
Other Electric ⁽²⁾	<u>34</u>	–	<u>34</u>	<u>24</u>	–	<u>24</u>	<u>10</u>
	102	–	102	90	–	90	12
Non-Regulated Energy Infrastructure	(5)	6	1	3	(2)	1	–
Corporate and Other	(36)	–	(36)	(44)	13	(31)	(5)
Common Equity Earnings	253	6	259	274	(16)	258	1
Weighted Average Shares (# millions)	470.2	–	470.2	464.6	–	464.6	5.6
EPS	\$0.54	\$0.01	\$0.55	\$0.59	(\$0.03)	\$0.56	(\$0.01)

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

YTD JUNE 2021 RESULTS BY SEGMENT

Year-To-Date June Variance Analysis by Segment

(\$millions, except weighted average shares and EPS)	YTD 2021	Adjustment	Adjusted YTD 2021 ⁽¹⁾	YTD 2020	Adjustment	Adjusted YTD 2020 ⁽¹⁾	Adjusted YTD Variance
Regulated – Independent Electric Transmission							
ITC	206	–	206	239	(27)	212	(6)
Regulated – US Electric & Gas							
UNS Energy	128	–	128	113	–	113	15
Central Hudson	45	–	45	37	–	37	8
	173	–	173	150	–	150	23
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	126	–	126	122	–	122	4
FortisAlberta	71	–	71	65	–	65	6
FortisBC Electric	33	–	33	32	–	32	1
Other Electric ⁽²⁾	54	–	54	47	–	47	7
	284	–	284	266	–	266	18
Non-Regulated Energy Infrastructure	9	11	20	12	1	13	7
Corporate and Other	(64)	–	(64)	(81)	13	(68)	4
Common Equity Earnings	608	11	619	586	(13)	573	46
Weighted Average Shares (# millions)	469.0	–	469.0	464.2	–	464.2	4.8
EPS	\$1.30	\$0.02	\$1.32	\$1.26	(\$0.03)	\$1.23	\$0.09

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

Q2 ADJUSTED EARNINGS RECONCILIATION

Non-US GAAP Reconciliation						
(\$millions, except EPS)	Q2 2021	Q2 2020	Variance	YTD June 2021	YTD June 2020	Variance
Common Equity Earnings	253	274	(21)	608	586	22
Adjusting Items:						
Unrealized loss (gain) on mark-to-market of derivatives ⁽¹⁾	6	(2)	8	11	1	10
FERC base ROE decision ⁽²⁾	-	(27)	27	-	(27)	27
US tax reform ⁽³⁾	=	13	(13)	=	13	(13)
Adjusted Net Earnings	259	258	1	619	573	46
Adjusted Basic EPS	\$0.55	\$0.56	(\$0.01)	\$1.32	\$1.23	\$0.09

(1) Represents timing differences related to the accounting of natural gas derivatives at Aitken Creek, included in the Energy Infrastructure segment.

(2) Represents prior period impacts of the May 2020 FERC base ROE decision, included in the ITC segment.

(3) Represents income tax expense, reflecting the reversal of income tax recoveries recorded in prior periods, resulting from the finalization of US tax reform and associated anti-hybrid regulations, included in the Corporate and Other segment.

2020–2025 RATE BASE BY SEGMENT

(\$billions)	Rate Base ⁽¹⁾						5-Year CAGR to 2025
	2020A	2021F	2022F	2023F	2024F	2025F	
Regulated – Independent Electric Transmission ITC ⁽²⁾	9.5	9.9	10.6	11.3	11.9	12.5	6.0%
Regulated – US Electric & Gas							
UNS Energy	5.7	6.2	6.7	7.0	7.3	7.6	6.2%
Central Hudson	<u>2.1</u>	<u>2.3</u>	<u>2.5</u>	<u>2.7</u>	<u>3.0</u>	<u>3.2</u>	<u>9.1%</u>
Total Regulated – US Electric & Gas	7.8	8.5	9.2	9.7	10.3	10.8	7.0%
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	5.1	5.2	5.4	5.7	6.2	6.8	6.1%
FortisAlberta	3.7	3.8	3.9	4.0	4.1	4.2	2.9%
FortisBC Electric	1.4	1.5	1.5	1.6	1.7	1.7	3.5%
Other Electric ⁽³⁾	<u>3.0</u>	<u>3.3</u>	<u>3.7</u>	<u>4.1</u>	<u>4.1</u>	<u>4.3</u>	<u>6.8%</u>
Total Regulated – Canadian & Caribbean Electric & Gas	13.2	13.8	14.5	15.4	16.1	17.0	5.2%
Total Rate Base Forecast	30.5	32.2	34.3	36.4	38.3	40.3	6.0%

(1) US dollar-denominated rate base converted at USD:CAD foreign exchange rate of \$1.34 for 2020 and \$1.32 for 2021–2025.
Five-year CAGRs calculated using constant USD:CAD foreign exchange rate of \$1.32.

(2) Fortis has an 80.1% controlling ownership interest in ITC; rate base represents 100% ownership.

(3) Comprises Eastern Canadian and Caribbean electric utilities.

2021-2025 CAPITAL PLAN BY SEGMENT

Capital Plan ⁽¹⁾						
(\$millions)	2021F	2022F	2023F	2024F	2025F	2021-2025 TOTAL
Regulated – Independent Electric Transmission ITC	1,000	1,007	993	1,107	993	5,100
Regulated – US Electric & Gas						
UNS Energy	749	781	840	853	547	3,770
Central Hudson	<u>306</u>	<u>416</u>	<u>409</u>	<u>346</u>	<u>310</u>	<u>1,787</u>
Total Regulated – US Electric & Gas	1,055	1,197	1,249	1,199	857	5,557
Regulated – Canadian & Caribbean Electric & Gas						
FortisBC Energy	467	569	671	788	1,238	3,733
FortisAlberta	346	367	413	438	468	2,032
FortisBC Electric	153	130	112	111	132	638
Other Electric ⁽²⁾	<u>721</u>	<u>560</u>	<u>453</u>	<u>368</u>	<u>307</u>	<u>2,409</u>
Total Regulated – Canadian & Caribbean Electric & Gas	1,687	1,626	1,649	1,705	2,145	8,812
Non-Regulated	71	13	17	21	46	168
Total Capital Plan	3,813	3,843	3,908	4,032	4,041	19,637

(1) US dollar-denominated capital expenditures translated at a forecast USD:CAD foreign exchange rate of \$1.32.

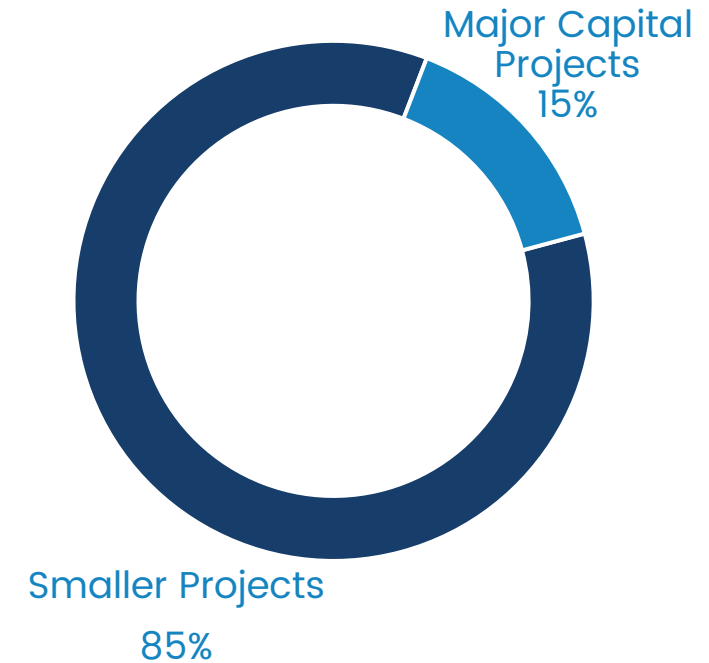
(2) Comprises Eastern Canadian and Caribbean electric utilities.

MAJOR CAPITAL PROJECTS

(\$ Millions)	Total Incurred to the End of 2020	2021-2025 Plan ⁽¹⁾	Expected Year of Completion
ITC Multi-Value Regional Transmission Projects	642 ⁽²⁾	261	2023
ITC 34.5 kV to 69 kV Transmission Conversion Project	445	148	Post-2025
UNS Vail-to-Tortolita Project	-	244	2023
UNS Oso Grande Wind Project ⁽³⁾	574	24	2021 ✓
FortisBC Eagle Mountain Woodfibre Gas line Project ⁽⁴⁾	-	350	2025
FortisBC Transmission Integrity Management Capabilities Project	21	441	Post-2025
FortisBC Inland Gas Upgrades Project	59	230	2025
FortisBC Tilbury 1B	20	376	2025
FortisBC Tilbury LNG Resiliency Tank	10	209	Post-2025
FortisBC Advanced Metering Infrastructure Project	-	247	Post-2025
Wataynikaneyap Transmission Power Project ⁽⁵⁾	178	536	2023

Note: Major capital projects are defined as projects, other than ongoing maintenance projects, individually costing \$200 million or more. Total project costs include forecasted capitalized interest and non-cash equity component of allowance for funds used during construction, where applicable.

- (1) U.S. dollar-denominated capital expenditures converted at a forecast USD:CAD exchange rate of 1.32 for 2021 through 2025.
- (2) Reflects capital expenditures since date of acquisition of ITC on October 14, 2016.
- (3) Construction completed in May 2021.
- (4) Capital plan is net of customer contributions.
- (5) Represents Fortis' 39% share of the estimated capital spending for the project



ESG LEADERSHIP



Continued focus on

**Energy
Delivery**



Industry leader in
**Safety
and Reliability**

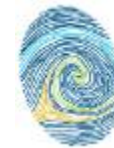
More than
\$15 million
in 2020 community
investment



Carbon emissions reduction
target⁽¹⁾ of **75%** by 2035
using a 2019 base year



Industry recognition for
Strong Governance
grounded in local leadership &
independence



Focused on
Gender Diversity
Women represent 50% of the Fortis Board;
60% of Fortis utilities have either a female
CEO or Board Chair; Inclusion & Diversity
Council created in 2020

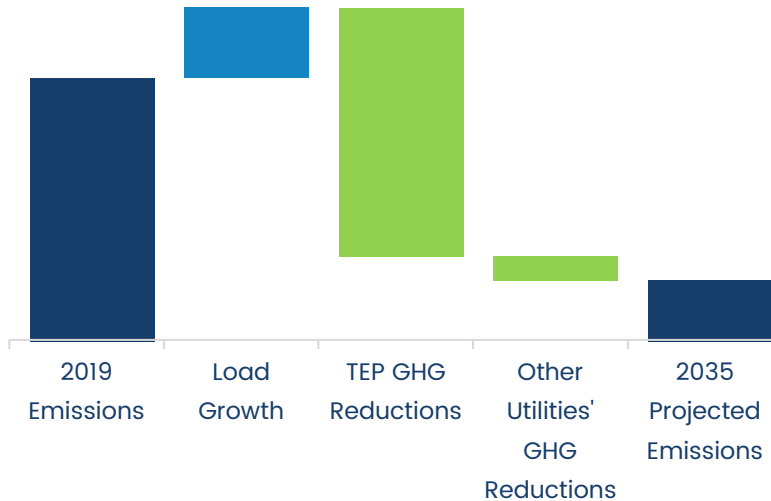
(1) Achieved a 15% carbon emissions reduction in 2020

CARBON EMISSIONS REDUCTION TARGET OF 75% BY 2035



Our target represents avoided emissions equivalent to taking
~2 million cars off the road in 2035 compared to 2019 levels

Reduction in Scope 1 Emissions by 2035 Using a 2019 Base Year



Achievable Target Largely Driven by TEP's Integrated Resource Plan



Adding Clean Energy
2,400 MW Wind and Solar
1,400 MW Battery Storage

- Majority of investment expected 2026-2032



Coal Free by 2032
1,073 MW Coal Retirements

- San Juan shuts down in 2022
- Seasonal operations of Springerville starting in 2023

Plan Improves Already Low Environmental Footprint



Today
Only 5% of Assets

- Fossil-Fuel Generation



By 2035
99% of Assets

- Expected to be Energy Delivery or Carbon-Free Generation

FOREIGN EXCHANGE EXPOSURE



Earnings and Capital Plan

- ~66% of operating earnings⁽¹⁾ from U.S. and Caribbean
- ~60% of \$19.6B five-year capital plan from U.S. and Caribbean
- Five-year capital plan translated at forecast USD:CAD FX rate of \$1.32; FX rate to be updated in conjunction with release of new capital plan



Hedging Activities

- US dollar-denominated debt held at corporate level
- Average rate forward contracts



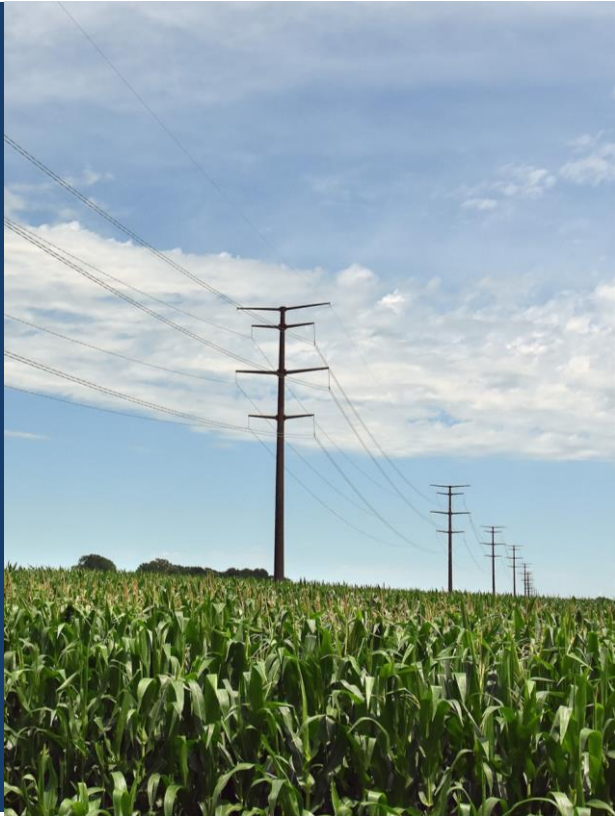
Exchange Rate Sensitivity Five-Cent Change in USD:CAD

- Average annual EPS: ~\$0.06
- Five-year capital plan: ~\$400M

Note: All information as at December 31, 2020.

(1) Non-US GAAP measure. Excludes Corporate and Other segment.

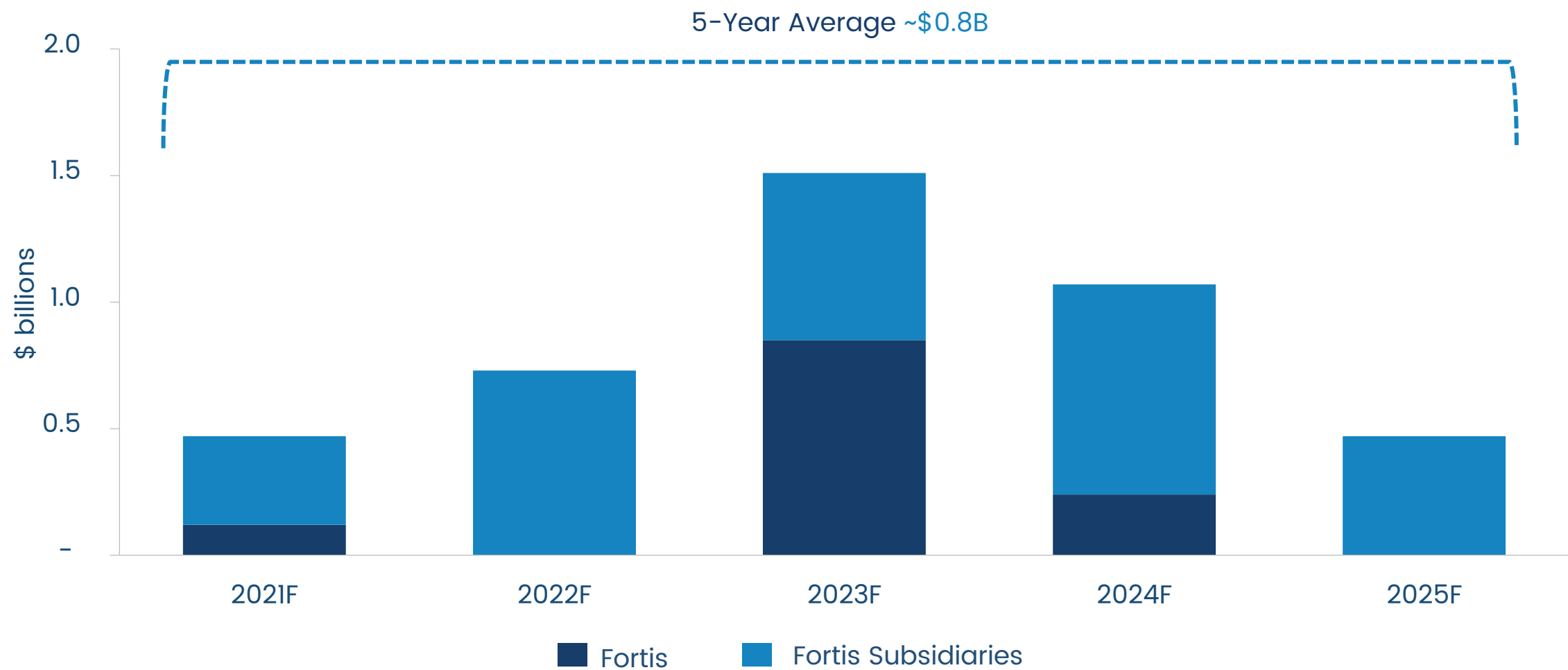
INVESTMENT-GRADE CREDIT RATINGS



Company	S&P Global	Moody's	Morningstar
Fortis Inc.	A-(1)	Baa3	A (low)
ITC Holdings Corp.	A-(1)	Baa2	n/a
ITC Regulated Subsidiaries	A	A1	n/a
TEP	A-	A3	n/a
Central Hudson	A-	A3	n/a
FortisBC Energy	n/a	A3	A
FortisBC Electric	n/a	Baa1	A (low)
FortisAlberta	A-	Baa1	A (low)
Newfoundland Power	n/a	A2	A

(1) S&P credit ratings for Fortis Inc. and ITC Holdings Corp. reflect the issuer credit ratings. The unsecured debt rating for Fortis Inc. and ITC Holdings Corp. is BBB+.

MANAGEABLE DEBT MATURITIES



Note: Debt as at June 30, 2021 and excludes any new debt issuances during the forecast period. Excludes repayments of finance leases along with the current portion of credit facilities, which are assumed to be extended by one-year annually.