



Second Quarter 2019 Earnings Conference Call

August 2, 2019



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 included in this presentation reflect 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: forecast consolidated and segmented capital expenditures for 2019 and the five-year period from 2019 through 2023; targeted average annual dividend growth through 2023; the nature, timing, benefits and costs of certain capital projects including, without limitation, the Wataynikaneyap Transmission Power Project, ITC Multi-Value Regional Transmission Projects and 34.5 to 69 kV Transmission Conversion Project, UNS Energy Gila River Natural Gas Generating Station Unit 2, Southline Transmission Project and Oso Grande Wind Project, FortisBC Lower Intermediate Pressure System Upgrade; and the expected timing and outcome of regulatory decisions.

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. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally, including those identified from time to time in the forward-looking information. Such risk factors or assumptions include, but are not limited to: reasonable regulatory decisions by utility regulators and the expectation of regulatory stability; the implementation of the Corporation's five-year capital expenditure plan; no material capital project and financing cost overruns related to any of the Corporation's capital projects; sufficient human resources to deliver service and execute the capital expenditure plan; the realization of additional opportunities; the impact of fluctuations in foreign exchange; 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 referenced is in Canadian dollars and references to rate base refer to mid-year rate base.



FORTIS^{INC.}

Barry Perry

President & CEO

Q2 Business Highlights



Revising 2019 Capital Guidance
Upwards By **~16%** to **\$4.3B**



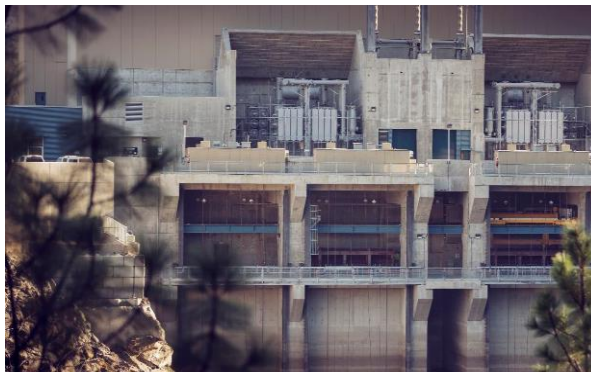
Invested **\$1.6B** June YTD



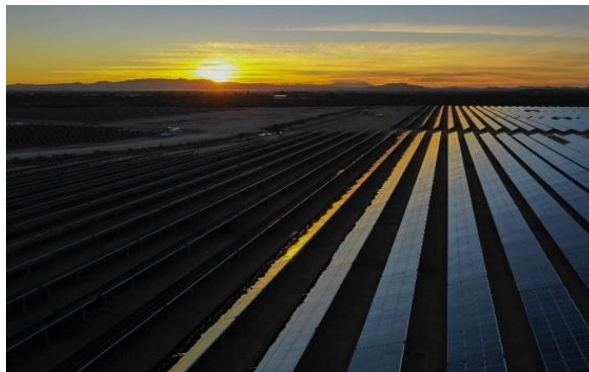
Commenced Utilizing **ATM**
To Fund Incremental Growth



\$484M Net Gain Booked in Q2
For Waneta Asset Sale



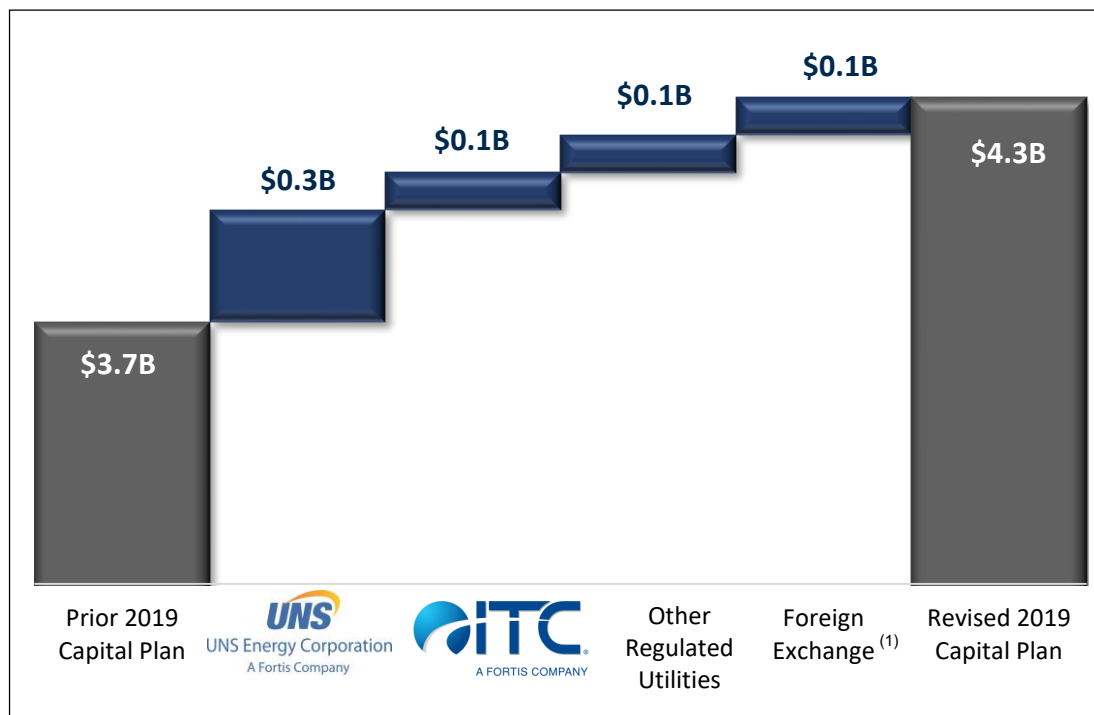
Issued
2019 Sustainability Update



Two-Year Agreement Signed
To Export LNG to China



2019 Capital Guidance Increased by \$0.6B to \$4.3B



**2019 Capital Plan
Increased by \$600M**

**2020-2024
Capital Plan to be
Announced in Fall 2019**

(1) Previously, the 2019 capital plan assumed a USD/CAD foreign exchange rate of \$1.28. The revised 2019 capital plan uses a USD/CAD foreign exchange rate of \$1.32.

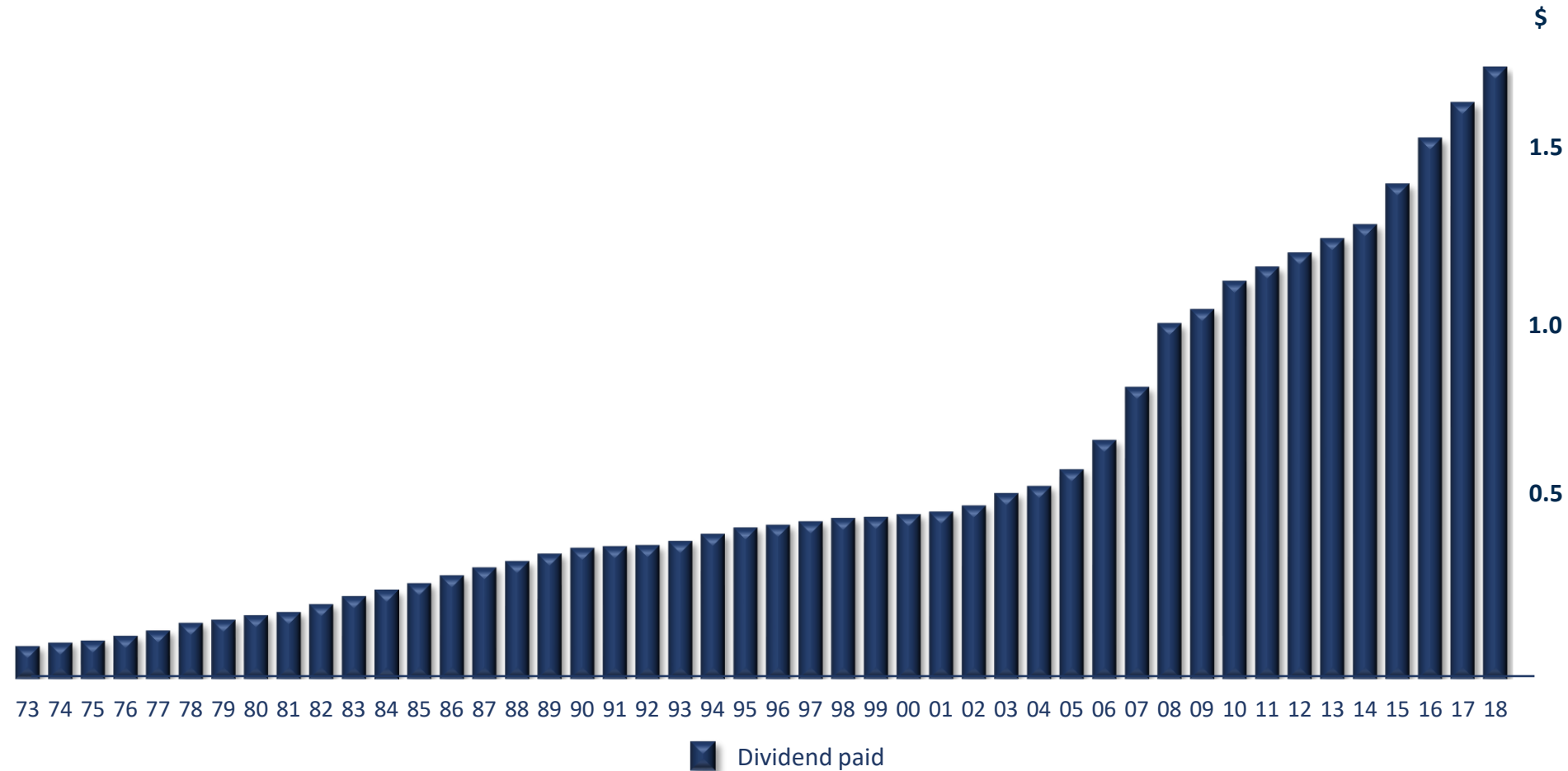
Progress on 2019 Major Capital Projects

Significant Capital Projects (\$millions) ⁽¹⁾	YTD June 2019 Spending	2019 Annual Forecast	Expected Year of Completion
ITC Multi-Value Regional Transmission Projects	34	65	2023
ITC 34.5 kV to 69 kV Transmission Conversion Project	59	120	Post-2023
UNS Energy Gila River Natural Gas Generating Station Unit 2	-	218	2019
UNS Energy Southline Transmission Project	-	102	2022
UNS Energy Oso Grande Wind Project	17	346	2020
FortisBC Lower Mainland Intermediate Pressure System Upgrade	61	189	2020
Wataynikaneyap Transmission Power Project	5	163	2023

(1) Capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.32.
Forecast includes both the capitalized debt and equity components of AFUDC, where applicable.



Leader in Dividend Growth With 45 Consecutive Years of Dividend Increases





FORTIS INC.

Jocelyn Perry

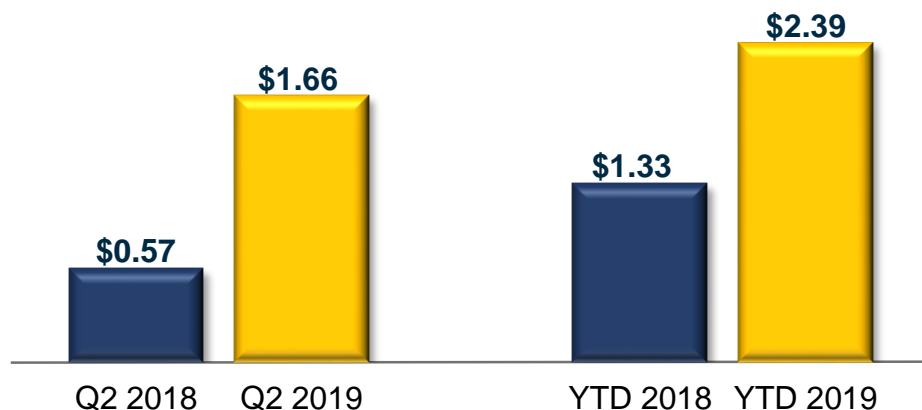
Executive Vice President & CFO

Second Quarter Results

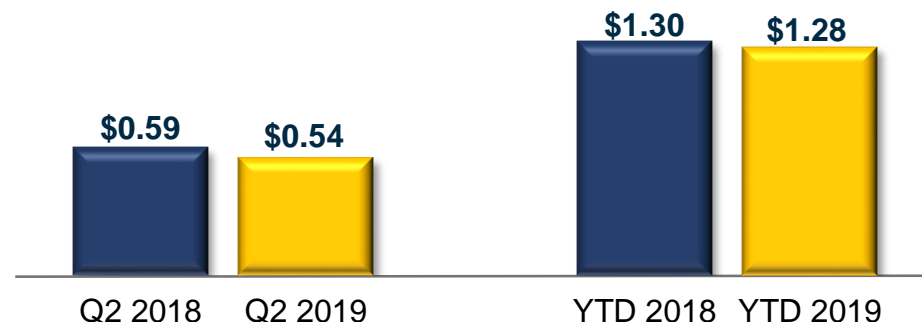
\$484M Net Gain
Realized in Q2
For Waneta Asset Sale

Q2 2019 Adjusted EPS of \$0.54
Impacted by
Weather Changes

Reported EPS



Adjusted EPS⁽¹⁾

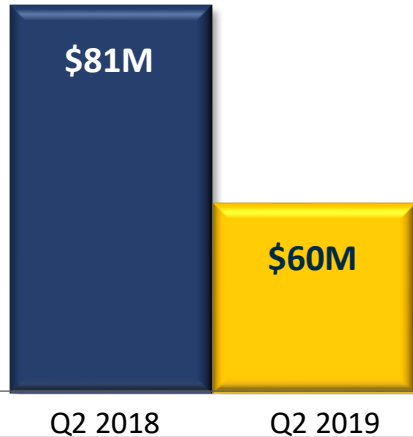


(1) Non-US GAAP measure

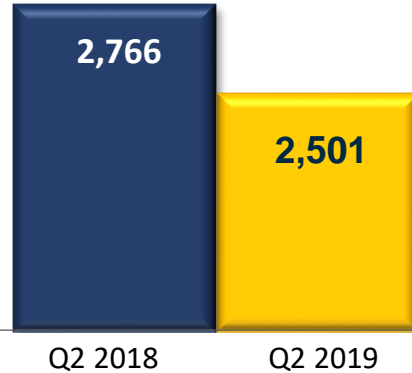
Earnings Impacted by Weather Changes

UNS ENERGY (Arizona)

Earnings



Retail Sales (GWh)



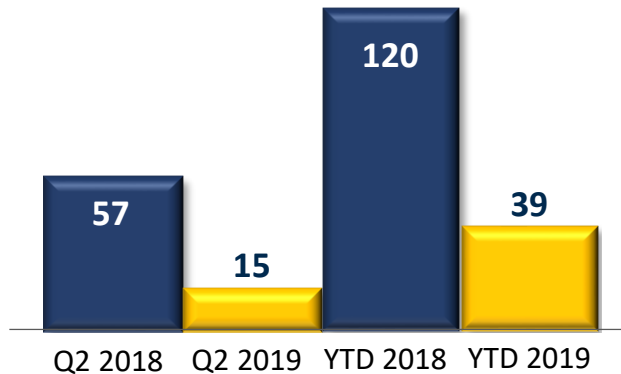
Tucson Temperatures

Q2 2018
↑
2nd Highest
on Record

Q2 2019
↓
Lowest in
20 Years

BECOL (Belize)

Production (GWh)

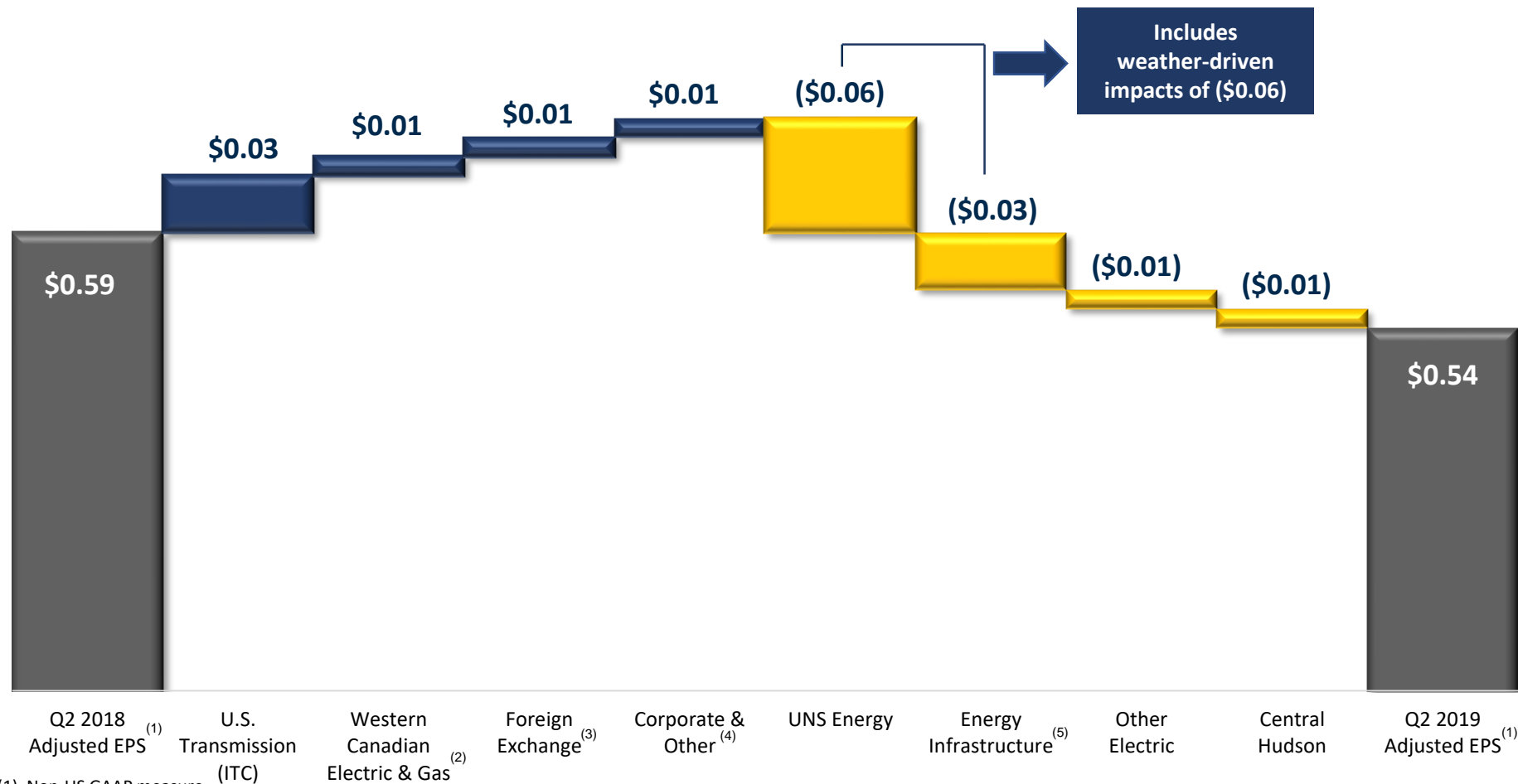


Belize Rainfall

Below-Normal Rainfall with
Drought Conditions

Earnings \$6M below Q2 2018
and \$10M below for first half of 2019

EPS Drivers – Q2



(1) Non-US GAAP measure

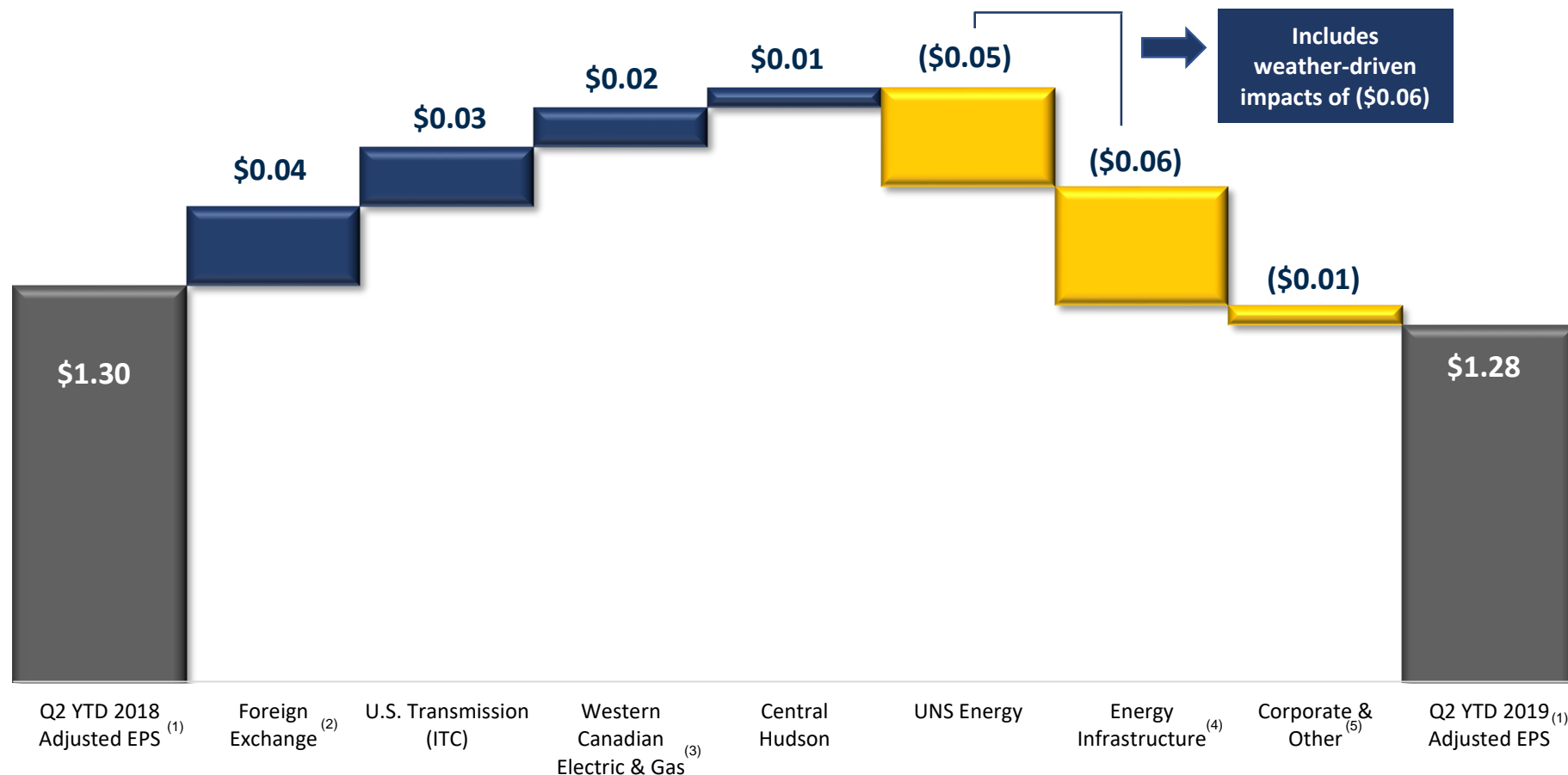
(2) Includes FortisBC Energy, FortisBC Electric and FortisAlberta

(3) Reflects higher average U.S. dollar-to-Canadian dollar foreign exchange rate of \$1.34 in Q2 2019 versus \$1.29 in Q2 2018

(4) Includes Corporate costs, weighted average common share impacts and quarterly earnings impact as a result of the disposition of Waneta

(5) Excludes earnings impact related to the disposition of Waneta

EPS Drivers – YTD



(1) Non-US GAAP measure

(2) Reflects higher average U.S. dollar-to-Canadian dollar foreign exchange rate of \$1.33 in Q2 YTD 2019 versus \$1.28 in Q2 YTD 2018

(3) Includes FortisBC Energy, FortisBC Electric and FortisAlberta

(4) Excludes earnings impact related to the disposition of Waneta

(5) Includes Corporate costs, weighted average common share impacts and the earnings impact as a result of the disposition of Waneta

2019 Regulatory Outlook



MISO Base ROE Complaints

- FERC recently established new supportive methodology
- Awaiting final decision from FERC

Notice of Inquiries (NOIs) issued by FERC in March 2019 seeking stakeholder comment on:

- Incentive policies for transmission investment
- Methodology for establishing ROEs



2020-2024 Multi-Year Rate Plan Filed in March 2019



TEP rate case filed with the ACC on April 1st using a 2018 test year

FERC issued order in July 2019 accepting TEP's proposed transmission tariff application that included forward-looking rates⁽¹⁾

(1) Effective August 1, 2019, subject to refund following hearing and settlement procedures.

Why Invest In Fortis?

- ✓ Well-Run Utilities
- ✓ Virtually All Regulated
- ✓ Focused on Energy Delivery
- ✓ Highly Diversified
- ✓ Strong Organic Growth Profile
- ✓ 6% Dividend Guidance
- ✓ ESG Leader



Expected Upcoming Events

Upcoming Events

Investor Day (hosted at ITC)	September 10, 2019
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Expected Earnings Release Dates

Q3 2019	November 1, 2019
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Q4 2019	February 14, 2020
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Appendix

Q2 2019 Results by Segment

APPENDIX

Second Quarter Variance Analysis by Segment							
(\$millions, excluding weighted average shares and EPS)	Q2 2019	Adjustment	Adjusted Q2 2019 ⁽¹⁾	Q2 2018	Adjustment	Adjusted Q2 2018 ⁽¹⁾	Adjusted Q2 Variance
Regulated – Independent Electric Transmission							
ITC	101	-	101	86	-	86	15
Regulated – US Electric & Gas							
UNS Energy	60	-	60	81	-	81	(21)
Central Hudson	<u>7</u>	<u>-</u>	<u>7</u>	<u>12</u>	<u>-</u>	<u>12</u>	<u>(5)</u>
	67	-	67	93		93	(26)
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	10	-	10	7	-	7	3
FortisAlberta	34	-	34	32	-	32	2
FortisBC Electric	15	-	15	15	-	15	-
Other Electric ⁽²⁾	<u>29</u>	<u>-</u>	<u>29</u>	<u>35</u>	<u>-</u>	<u>35</u>	<u>(6)</u>
	88	-	88	89	-	89	(1)
Non-Regulated Energy Infrastructure	8	(1)	7	20	11	31	(24)
Corporate and Other	456	(484)	(28)	(48)	-	(48)	20
Net Earnings Attributable to Common Equity Shareholders	720	(485)	235	240	11	251	(16)
Weighted Average Shares (# millions)	433.1	433.1	433.1	423.8	423.8	423.8	9.3
EPS	\$1.66	\$(1.12)	\$0.54	\$0.57	\$0.02	\$0.59	\$(0.05)

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

June YTD 2019 Results by Segment

APPENDIX

June YTD Variance Analysis by Segment							
(\$millions, excluding weighted average shares and EPS)	June YTD 2019	Adjustment	Adjusted June YTD 2019 ⁽¹⁾	June YTD 2018	Adjustment	Adjusted June YTD 2018 ⁽¹⁾	Adjusted June YTD Variance
Regulated – Independent Electric Transmission							
ITC	193	-	193	172	-	172	21
Regulated – US Electric & Gas							
UNS Energy	115	-	115	131	-	131	(16)
Central Hudson	39	-	39	33	-	33	6
	154	-	154	164	-	164	(10)
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	110	-	110	105	-	105	5
FortisAlberta	61	-	61	59	-	59	2
FortisBC Electric	31	-	31	31	-	31	-
Other Electric ⁽²⁾	52	-	52	53	-	53	(1)
	254	-	254	248	-	248	6
Non-Regulated Energy Infrastructure	16	4	20	38	15	53	(33)
Corporate and Other	414	(484)	(70)	(59)	(30)	(89)	19
Net Earnings Attributable to Common Equity Shareholders	1,031	(480)	551	563	(15)	548	3
Weighted Average Shares (# millions)	431.3	431.3	431.3	422.9	422.9	422.9	8.4
EPS	\$2.39	\$(1.11)	\$1.28	\$1.33	\$(0.03)	\$1.30	\$(0.02)

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

Adjusted Earnings Reconciliation

APPENDIX

Non-US GAAP Reconciliation						
(\$millions, except for common share data)	Q2 2019	Q2 2018	Variance	June YTD 2019	June YTD 2018	Variance
Net Earnings Attributable to Common Equity Shareholders	720	240	480	1,031	563	468
Adjusting Items:						
Gain on disposition ⁽¹⁾	(484)	-	(484)	(484)	-	(484)
Unrealized (gain) loss on mark-to-market of derivatives ⁽²⁾	(1)	11	(12)	4	15	(11)
Consolidated state income tax election ⁽³⁾	-	-	-	-	(30)	30
Adjusted Net Earnings Attributable to Common Equity Shareholders	235	251	(16)	551	548	3
Adjusted EPS	\$0.54	\$0.59	\$(0.05)	\$1.28	\$1.30	\$(0.02)
Weighted Average Shares (# millions)	433.1	423.8	9.3	431.3	422.9	8.4

(1) Gain, net of expenses, on the sale of the 51% ownership interest in the Waneta Expansion hydroelectric generating facility. The sale closed on April 16, 2019.

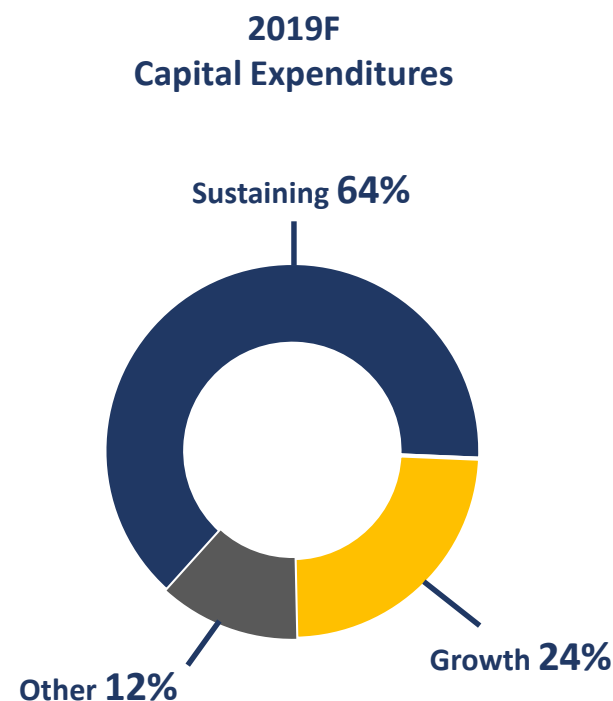
(2) Represents timing differences related to the accounting of natural gas derivatives at Aitken Creek, included in the Energy Infrastructure segment

(3) Remeasurement of deferred income tax liabilities, included in the Corporate and Other segment

2019 Forecast Capital & Rate Base By Segment

APPENDIX

(\$billions)	2019F Capital ⁽¹⁾	2019F Rate Base ⁽¹⁾
Regulated – Independent Electric Transmission		
ITC	1.0	8.8
Regulated – US Electric & Gas		
UNS Energy	1.4	5.0
Central Hudson	0.3	1.9
Total Regulated – US Electric & Gas	1.7	6.9
Regulated – Canadian & Caribbean Electric & Gas		
FortisBC Energy	0.5	4.5
FortisAlberta	0.4	3.5
FortisBC Electric	0.1	1.3
Other Electric ⁽²⁾	0.5	3.0
Total Regulated – Canadian & Caribbean Electric & Gas	1.5	12.3
Energy Infrastructure	0.1	-
Total	4.3	28.0



(1) 2019 forecast capital expenditures and rate base are translated at a forecast USD/CAD foreign exchange rate of \$1.32.

(2) Comprises Eastern Canadian and Caribbean electric utilities

Fortis Remains Committed to Investment-Grade Credit Ratings and Strong Regulated Utility Ratings

APPENDIX

Company	S&P Global	Moody's	DBRS
Fortis Inc.	BBB+	Baa3	BBB (high)
ITC Regulated Subsidiaries	A	A1	n/a
Tucson Electric Power	A-	A3	n/a
Central Hudson	A-	A3 ⁽¹⁾	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) In July 2019, Moody's downgraded Central Hudson to A3 from A2, with a stable outlook.