



FORTIS_{INC.}

2018 Fourth Quarter Earnings Conference Call

February 15, 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 U.S. Private Securities Litigation Reform Act of 1995, collectively referred to as "forward-looking information". Forward-looking information included in this presentation 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 include, without limitation: targeted average annual dividend growth through 2023; statements related to the sale of the Corporation's interest in the Waneta Expansion, including the expected timing of closing and expected benefits; the Corporation's forecast capital expenditures for the period 2019 through 2023 and potential funding sources for the capital plan; the Corporation's forecast rate base for the period 2019 through 2023; targeted debt ratios for the period 2019 through 2023; expected improvements to the Corporation's credit metrics; the expectation that the Corporation will maintain its investment-grade credit ratings; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; and the nature, timing and expected 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 New Mexico Wind Project, FortisBC Lower Intermediate Pressure System Upgrade, Eagle Mountain Woodfibre Gas Line Project, Transmission Integrity Management Capabilities Project and Inland Gas Upgrades Project and additional opportunities beyond the base capital plan.

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: the implementation of the Corporation's five-year capital investment plan; no material capital project and financing cost overrun related to any of the Corporation's capital projects; sufficient human resources to deliver service and execute the capital program; the realization of additional opportunities; the impact of fluctuations in foreign exchange; the Board exercising its discretion to declare dividends, taking into account the business performance and financial condition of the Corporation; reasonable decisions by utility regulators and the expectation of regulatory stability and no significant changes in laws and regulations that may materially negatively affect the Corporation and its subsidiaries. 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 Fortis with Canadian securities regulatory authorities and the Securities and Exchange Commission. All forward-looking information in this presentation is given as of the date of this presentation and 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.



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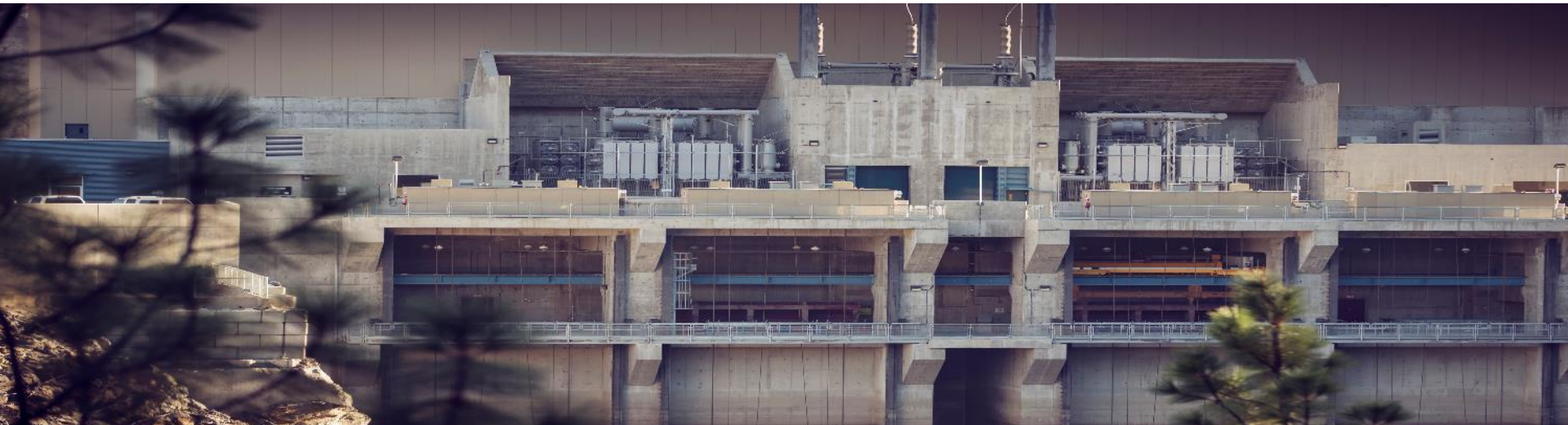
Barry Perry
Fortis Inc. - President & CEO

2018 At A Glance – Executing on Organic Growth Strategy



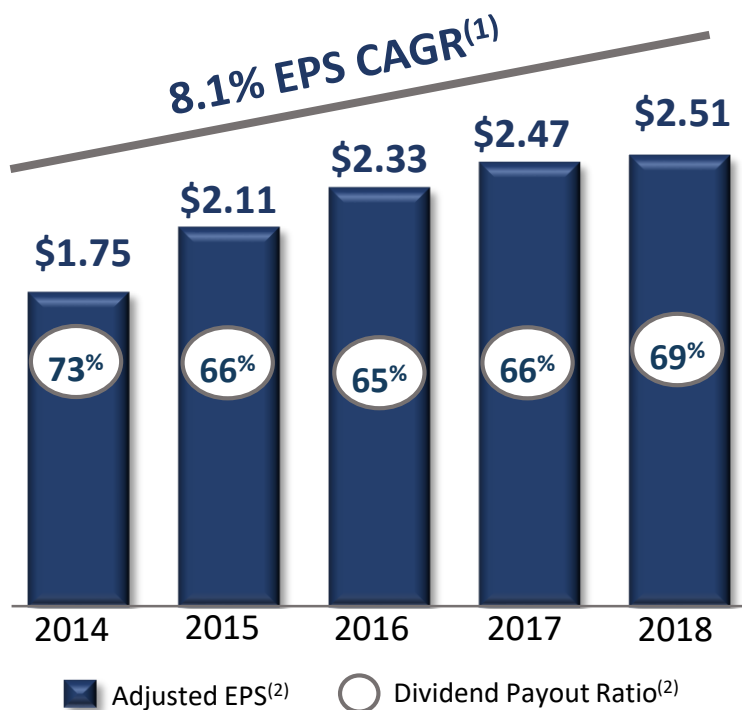
Asset Sale Funding Complete With Waneta Expansion Sale

- ✓ Definitive agreement with Colombia Power Corporation and Columbia Basin Trust to purchase 51% ownership for ~\$1 Billion
- ✓ Transaction expected to close in Q2 2019
- ✓ Expected to improve our credit metric outlook
- ✓ Asset sale component of the 5-year funding plan now complete



Strong Financial Track Record

Adjusted EPS and Dividend Payout Ratio



(1) 5-year period ending 2018 and reflects adjusted EPS, a non-US GAAP measure.

(2) Reflects adjusted EPS, a non-US GAAP measure.

(3) 5-year period ending 2018 and excludes acquisition impacts. Including acquisitions, CAGR is 21%.



2018 Key Statistics

8,800 Employees

\$8.4B Revenues

\$1.1B Net Earnings

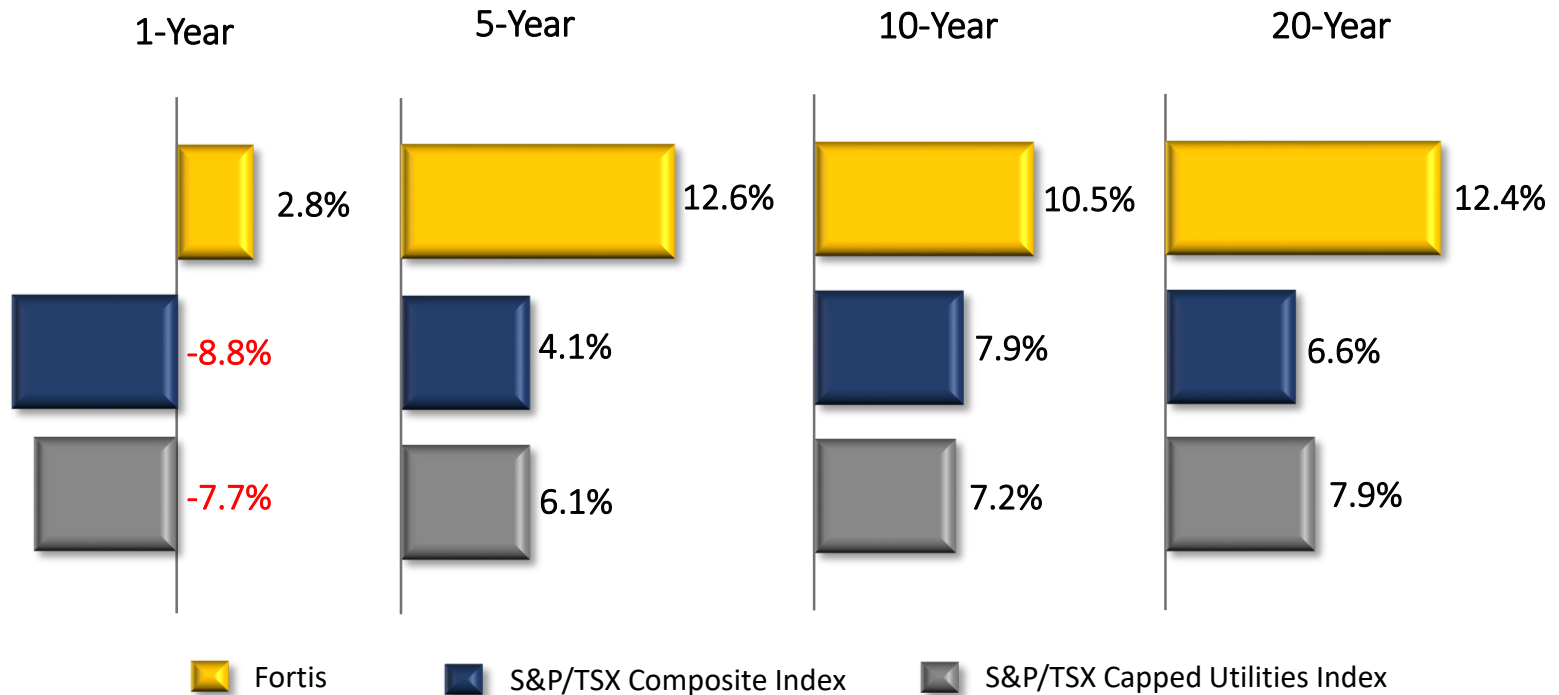


Strong Rate Base Growth

6% 2018 Rate Base Growth

6% 5-Year Historical Rate Base CAGR⁽³⁾

Consistently Delivering Superior Total Shareholder Returns

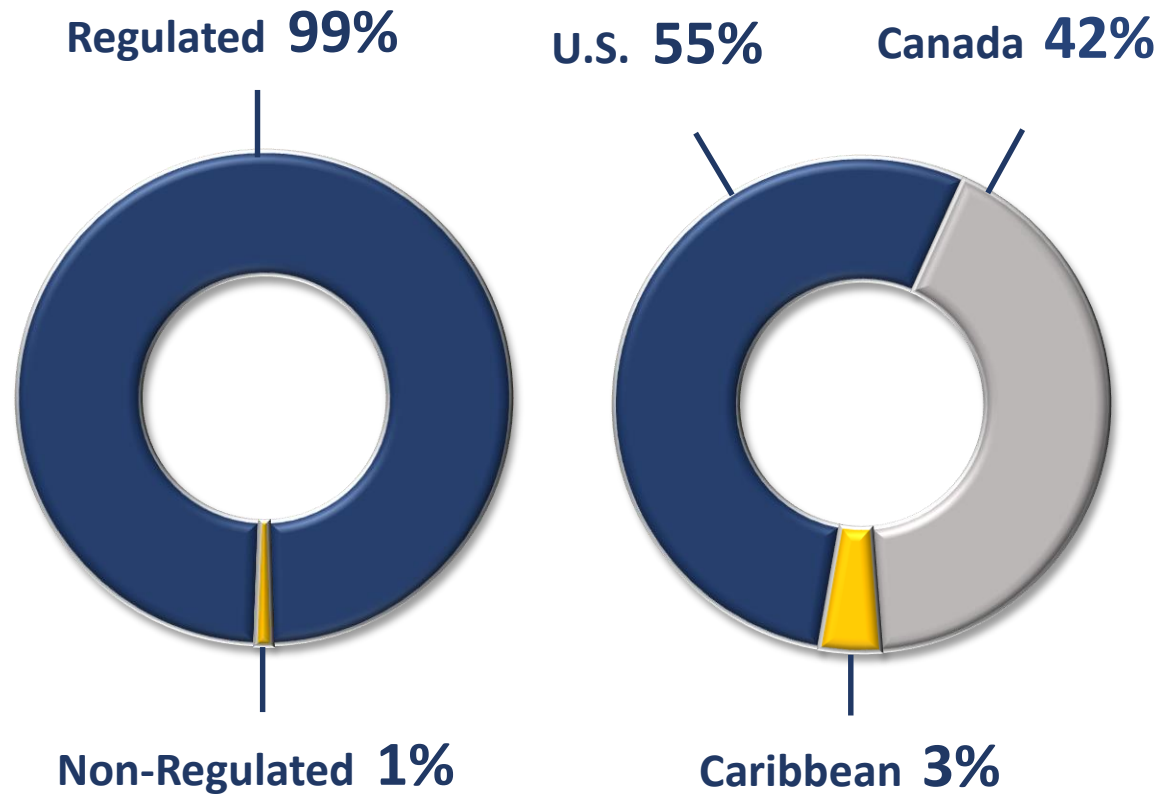


Note: For the period ending December 31, 2018.

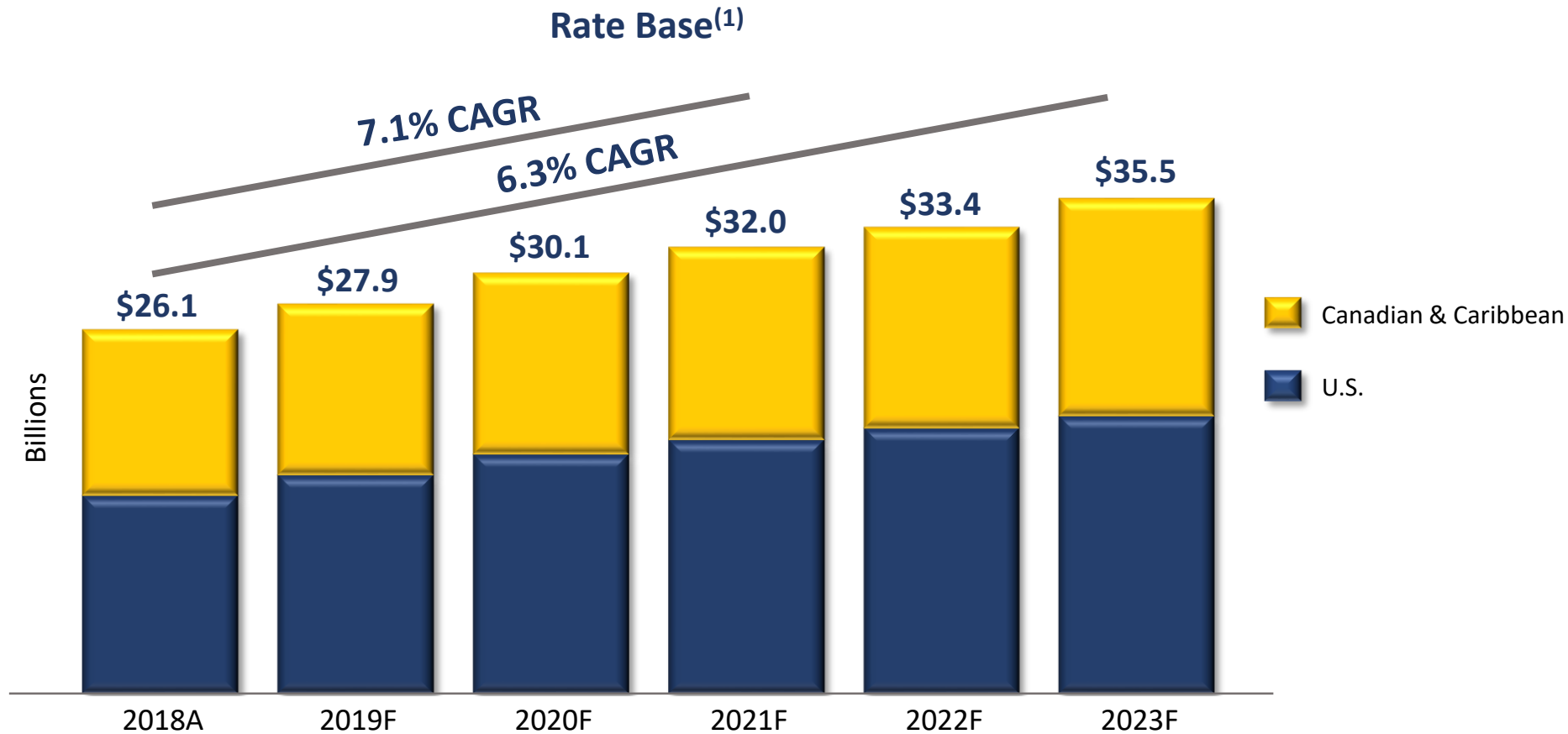
Capital Plan of \$17.3B Reaffirmed

\$17.3B

**5-Year
Capital Plan**



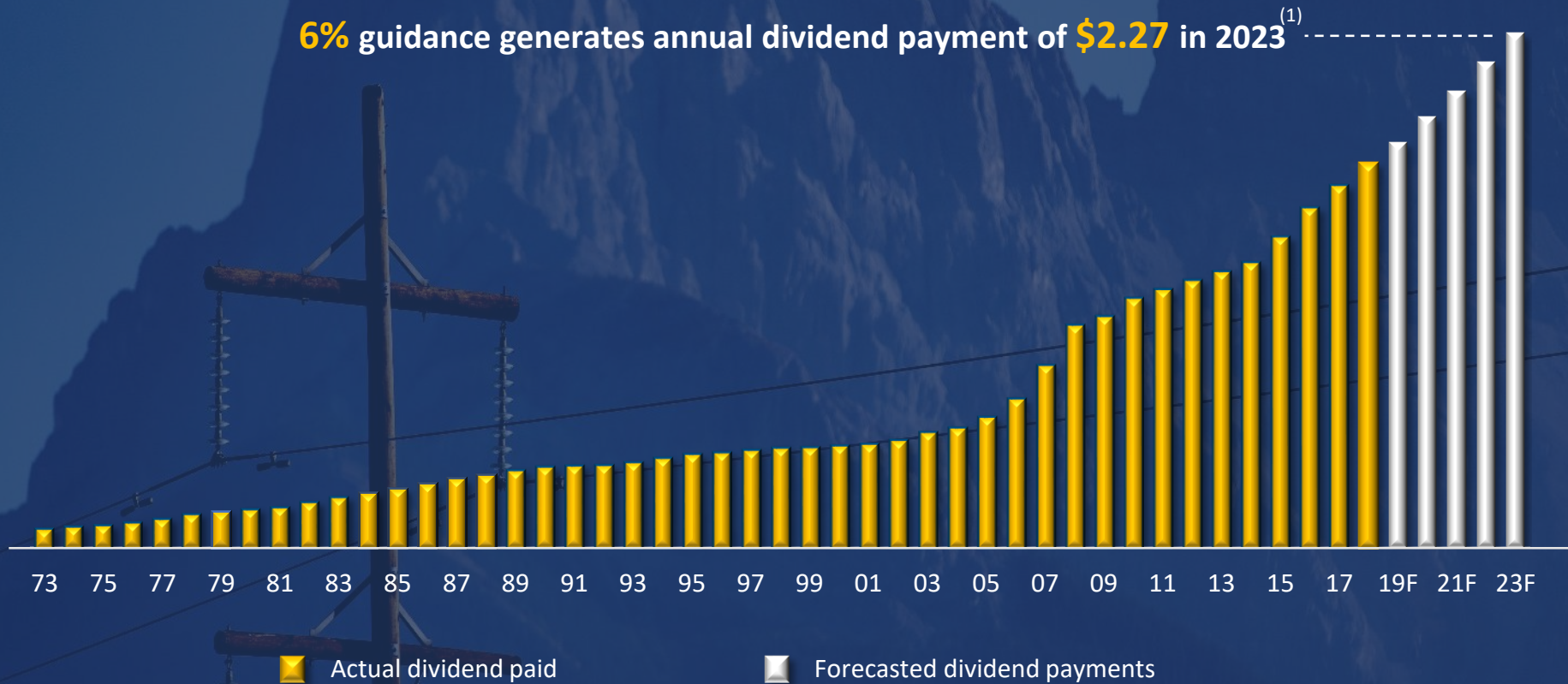
Rate Base to Reach \$35.5 Billion in 2023



(1) US dollar-denominated rate base for 2018 is based on the actual average USD/CAD foreign exchange rate of \$1.30 and forecast rate base for 2019 to 2023 is based on \$1.28. Holding foreign exchange constant at \$1.30, rate base CAGR would be 6.5% for 5-year CAGR and 7.4% for 3-year CAGR.

45 Years of Dividend Growth

6% guidance generates annual dividend payment of **\$2.27** in 2023⁽¹⁾



(1) Based on an annualized dividend of \$1.70 in 2018.

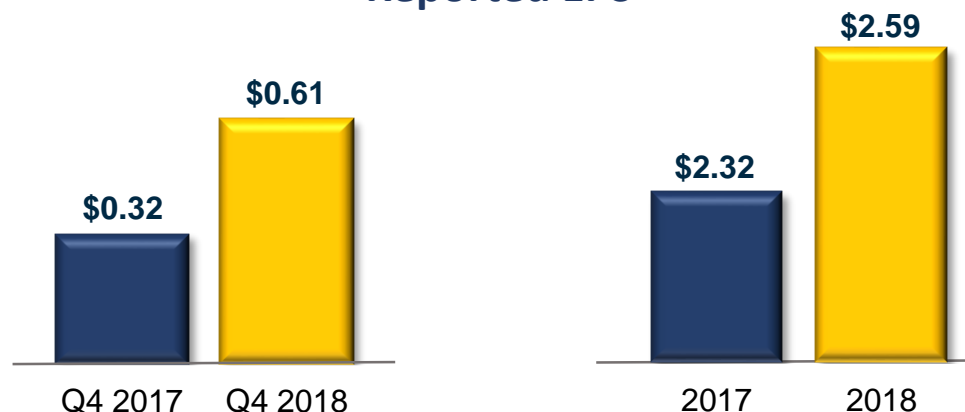


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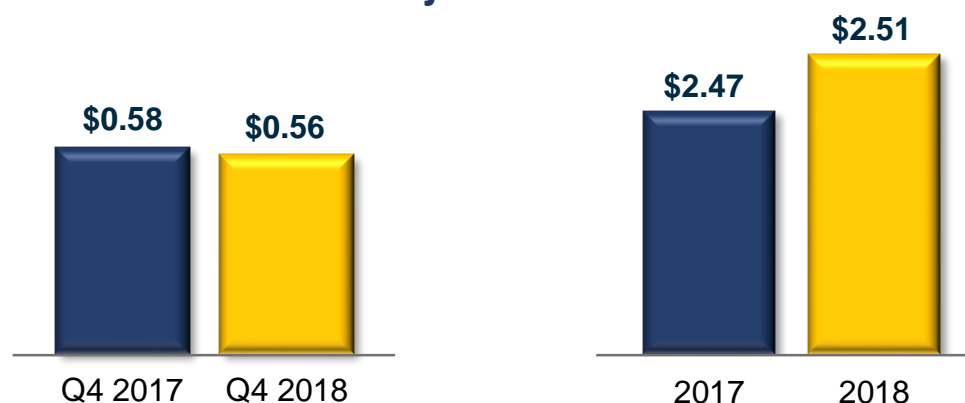
Jocelyn Perry
Fortis Inc. – EVP, CFO

Strong 2018 Results

Reported EPS



Adjusted EPS⁽¹⁾



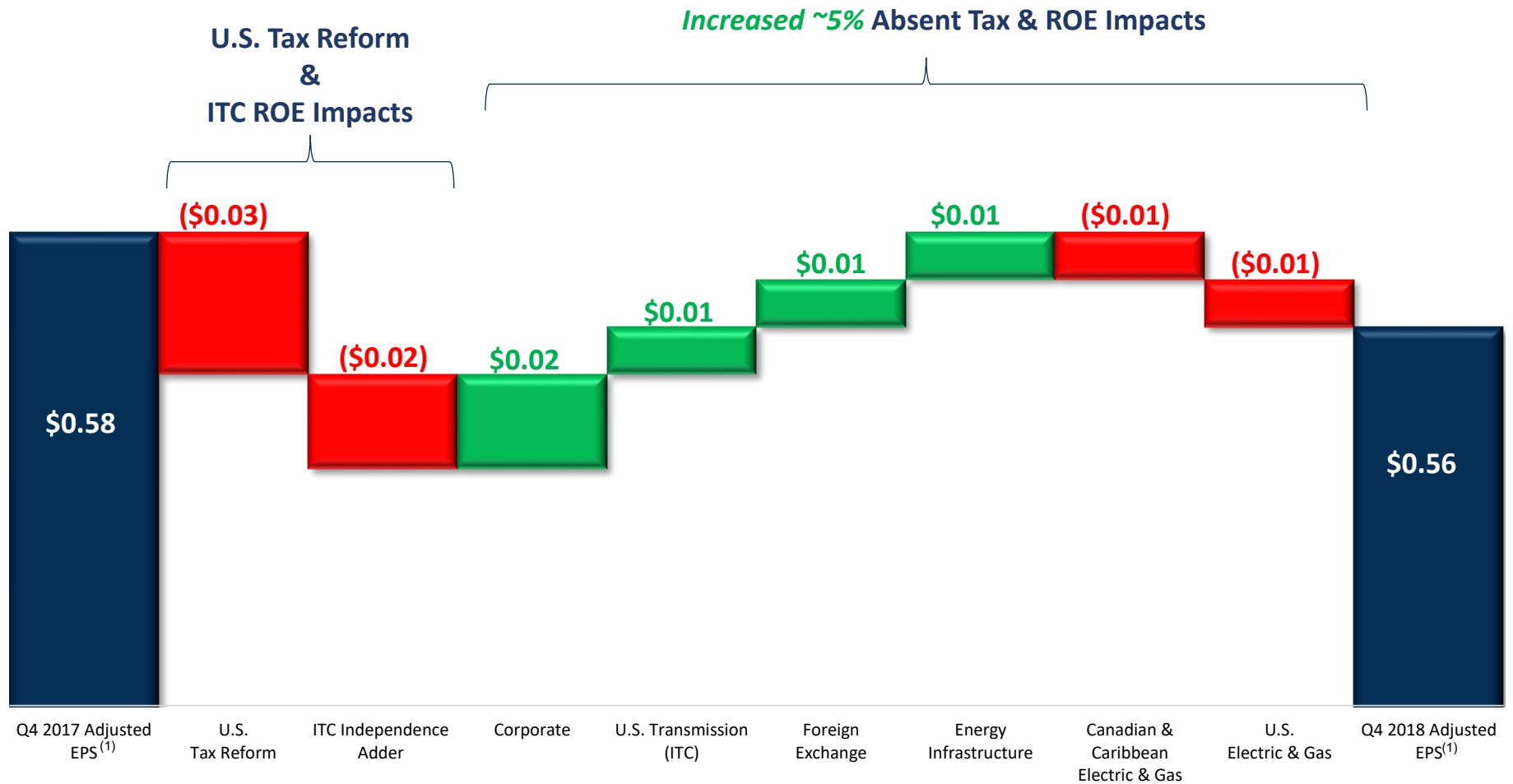
(1) Non-US GAAP measure

Reported Annual
EPS Increased
\$0.27 to \$2.59

Aitken Creek
Mark-to-Market
Removed From
Adjusted Earnings

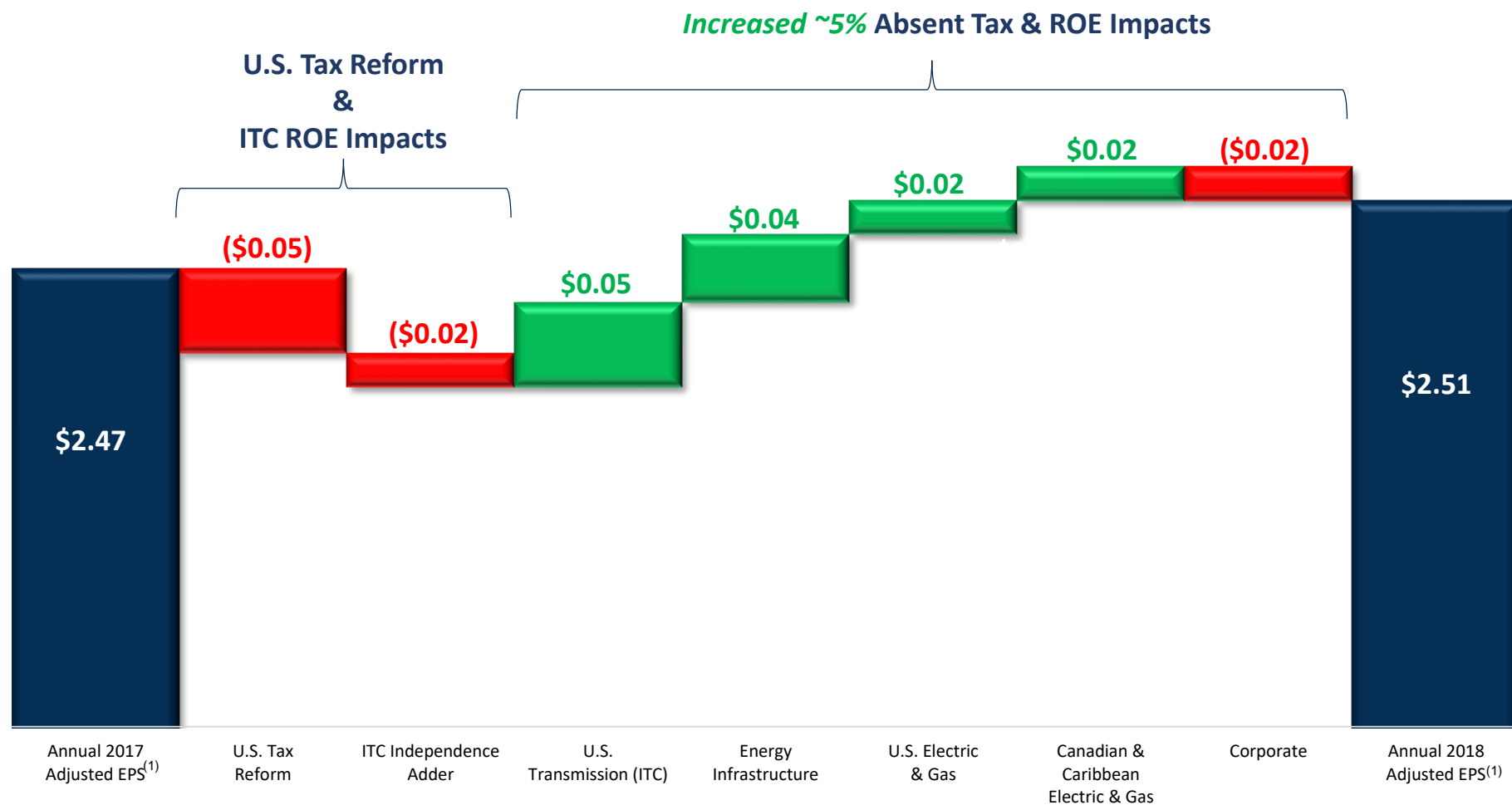
Adjusted Annual EPS
up \$0.04 despite
Tax Reform & ITC ROE

EPS Drivers – Q4



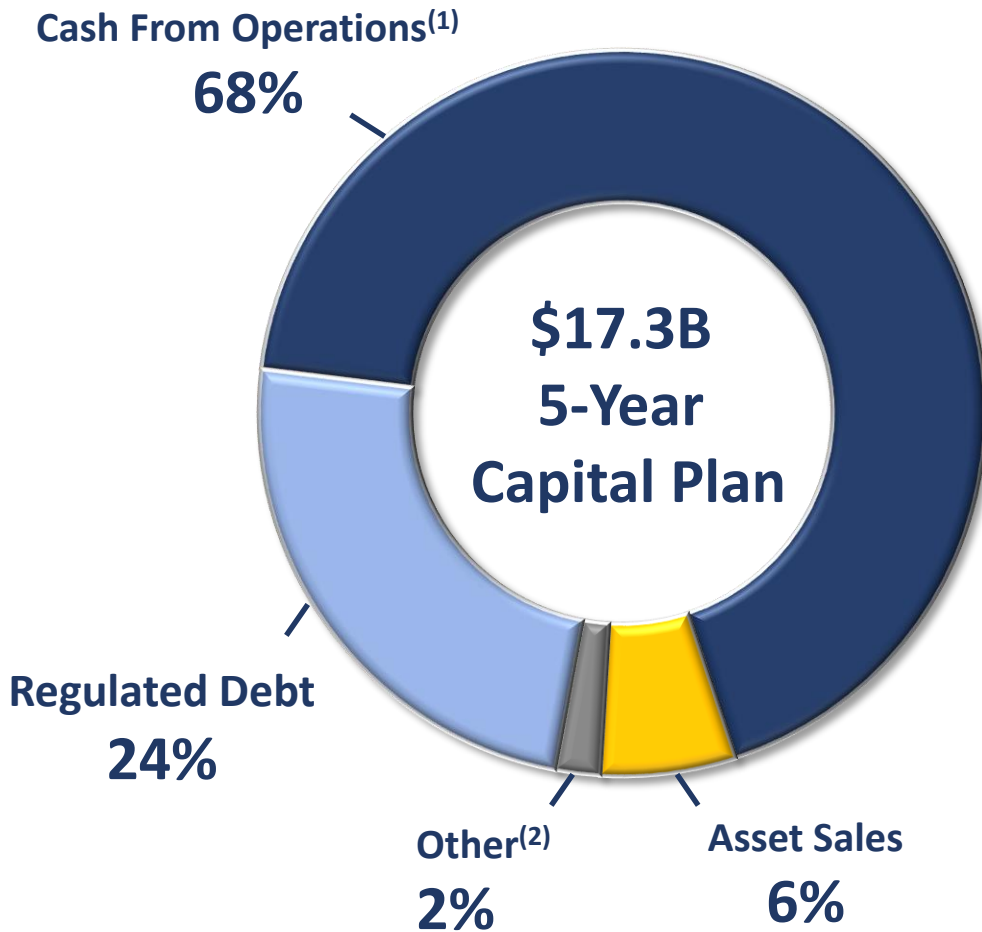
(1) Non-US GAAP measure

EPS Drivers – Annual 2018



(1) Non-US GAAP measure

Effective Funding Plan For 5-Year Capital Program



**DRIP is Only Equity
Required to Fund
5-Year Capital Plan**

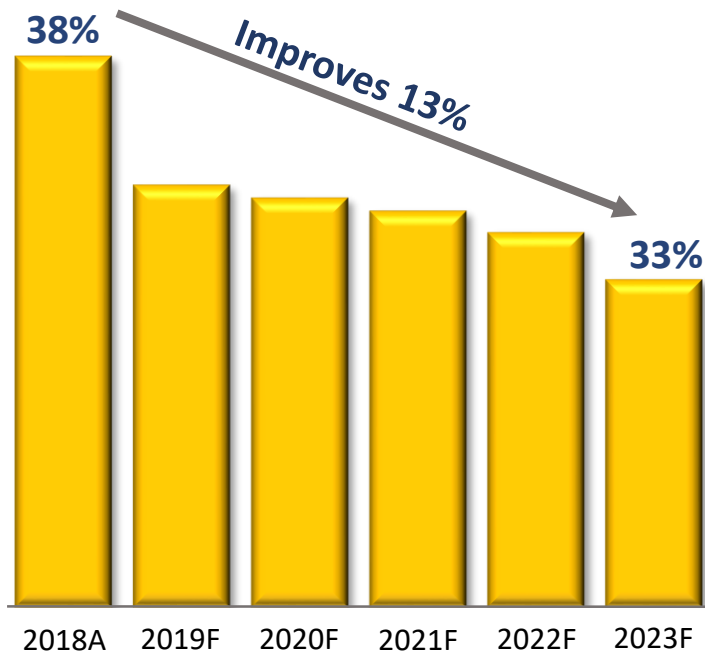
**Waneta Expansion
Sale Completes Asset
Sale Funding
Requirement**

(1) Cash from operating activities after net dividends and customer contributions. This is a non-US GAAP measure.

(2) Includes non-regulated debt and funds from the Corporation's employee stock purchase plan and stock option plan.

Strengthening Our Credit Profile

Improved Holdco Debt / Total Debt



Improving Credit
Metrics Over The
5-Year Plan

CFO / Debt
Expected to be
 $\geq 11\%$ in 2019

ATM Program Provides
Financial Flexibility

Regulatory Outlook

Recent Decisions:



MISO Independence Incentive Adder Complaint

- Adder reduced to 0.25% effective April 20, 2018
- ITC filed a request for rehearing

MISO Base ROE Complaints

- FERC established new methodology and requested briefs from utilities in first half of 2019 on proposed adoption

Upcoming 2019 Proceedings:



Targeted TEP Rate Case Filing



Targeted 2020-2024 Multi-Year Rate Plan Filing

Why Invest In Fortis?



Well-Run Utilities



Virtually All Regulated



Highly Diversified



Strong Growth Profile



6% Dividend Guidance



Opportunities Beyond
Capital Plan



Expected Upcoming Events

Save the Date

Investor Day at ITC

September 10, 2019

Expected Upcoming Earnings Release Dates

Q1 – 2019

May 1, 2019

Q2 – 2019

August 2, 2019





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Appendix

Q4 2018 Results by Segment

APPENDIX

Fourth Quarter 2018 Variance Analysis by Segment							
(\$millions, excluding weighted average shares and EPS)	Q4 2018	Adjustments	Adjusted Q4 2018 ⁽¹⁾	Q4 2017	Adjustments	Adjusted Q4 2017 ⁽¹⁾	Adjusted Q4 Variance
Regulated – Independent Electric Transmission							
ITC	92	-	92	(1)	91	90	2
Regulated – US Electric & Gas							
UNS Energy	27	-	27	28	5	33	(6)
Central Hudson	<u>24</u>	<u>-</u>	<u>24</u>	<u>22</u>	<u>2</u>	<u>24</u>	<u>-</u>
	51	-	51	50	7	57	(6)
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	72	-	72	66	-	66	6
FortisAlberta	22	-	22	29	-	29	(7)
FortisBC Electric	13	-	13	13	-	13	-
Other Electric ⁽²⁾	<u>22</u>	<u>-</u>	<u>22</u>	<u>25</u>	<u>-</u>	<u>25</u>	<u>(3)</u>
	129	-	129	133	-	133	(4)
Non-Regulated Energy Infrastructure	22	(6)	16	25	(14)	11	5
Corporate and Other	(33)	(14)	(47)	(73)	27	(46)	(1)
Net Earnings Attributable to Common Equity Shareholders	261	(20)	241	134	111	245	(4)
Weighted Average Shares (# millions)	427.5	427.5	427.5	420.1	420.1	420.1	7.4
EPS	\$0.61	(\$0.05)	\$0.56	\$0.32	\$0.26	\$0.58	(\$0.02)

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

Annual 2018 Results by Segment

APPENDIX

Annual 2018 Variance Analysis by Segment							
(\$millions, excluding weighted average shares and EPS)	2018	Adjustments	Adjusted 2018 ⁽¹⁾	2017	Adjustments	Adjusted 2017 ⁽¹⁾	Adjusted Variance
Regulated – Independent Electric Transmission							
ITC	361	-	361	272	91	363	(2)
Regulated – US Electric & Gas							
UNS Energy	293	-	293	270	(6)	264	29
Central Hudson	<u>74</u>	<u>-</u>	<u>74</u>	<u>70</u>	<u>2</u>	<u>72</u>	<u>2</u>
	367	-	367	340	(4)	336	31
Regulated – Canadian & Caribbean Electric & Gas							
FortisBC Energy	155	-	155	154	-	154	1
FortisAlberta	120	-	120	120	-	120	-
FortisBC Electric	56	-	56	55	-	55	1
Other Electric ⁽²⁾	<u>105</u>	<u>-</u>	<u>105</u>	<u>98</u>	<u>-</u>	<u>98</u>	<u>7</u>
	436	-	436	427	-	427	9
Non-Regulated Energy Infrastructure	72	10	82	94	(26)	68	14
Corporate and Other	(136)	(44)	(180)	(170)	3	(167)	(13)
Net Earnings Attributable to Common Equity Shareholders	1,100	(34)	1,066	963	64	1,027	39
Weighted Average Shares (# millions)	424.7	424.7	424.7	415.5	415.5	415.5	9.2
EPS	\$2.59	(\$0.08)	\$2.51	\$2.32	\$0.15	\$2.47	(\$0.04)

(1) Non-US GAAP measure

(2) Comprises Eastern Canadian and Caribbean electric utilities

Adjusted Earnings Reconciliation

APPENDIX

Non-US GAAP Reconciliation						
(\$millions, excluding weighted average shares and EPS)	Q4 2018	Q4 2017	Variance	2018	2017	Variance
Net Earnings Attributable to Common Equity Shareholders	261	134	127	1,100	963	137
Adjusting Items:						
U.S. Tax Reform ⁽¹⁾	-	146	(146)	-	146	(146)
Unrealized loss (gain) on mark-to-market of derivatives ⁽²⁾	(6)	(14)	8	10	(26)	36
Consolidated state income tax election ⁽³⁾	-	-	-	(30)	-	(30)
Assets held for sale ⁽³⁾	(14)	-	(14)	(14)	-	(14)
Acquisition break fee ⁽⁴⁾	-	-	-	-	(24)	24
Unrealized foreign exchange gain ⁽⁵⁾	-	(21)	21	-	(21)	21
FERC-ordered transmission refunds ⁽⁶⁾	-	-	-	-	(11)	11
Adjusted Net Earnings Attributable to Common Equity Shareholders	241	245	(4)	1,066	1,027	39
Adjusted EPS	\$0.56	\$0.58	\$(0.02)	\$2.51	\$2.47	\$0.04
Weighted Average Shares (# millions)	427.5	420.1	7.4	424.7	415.5	9.2

(1) One-time remeasurement of deferred income tax assets and liabilities resulting from U.S. tax reform (ITC - \$91 million, UNS Energy - \$5 million, Central Hudson - \$2 million, and Corporate and Other - \$48 million)

(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

(4) Related to a terminated acquisition, included in the Corporate and Other segment

(5) One-time foreign exchange gain on an affiliate loan, included in the Corporate and Other segment

(6) Favourable settlement of matters at UNS Energy related to prior period FERC filings

2019-2023 Capital Forecast by Segment

APPENDIX

Capital Forecast ⁽¹⁾						
(\$millions)	2019	2020	2021	2022	2023	2019-2023 Total
Regulated - Independent Electric Transmission						
ITC	865	878	951	943	861	4,498
Regulated - US Electric & Gas						
UNS Energy	1,076	875	624	476	476	3,527
Central Hudson	280	268	276	291	274	1,389
Total Regulated - US Electric & Gas	1,356	1,143	900	767	750	4,916
Regulated - Canadian & Caribbean Electric & Gas						
FortisBC Energy	503	408	430	654	978	2,973
FortisAlberta	414	427	434	449	467	2,191
FortisBC Electric	116	125	101	105	90	537
Other Electric ⁽²⁾	418	479	415	364	376	2,052
Total Regulated - Canadian & Caribbean Electric & Gas	1,451	1,439	1,380	1,572	1,911	7,753
Energy Infrastructure	28	19	19	18	44	128
Total Capital Forecast	3,700	3,479	3,250	3,300	3,566	17,295

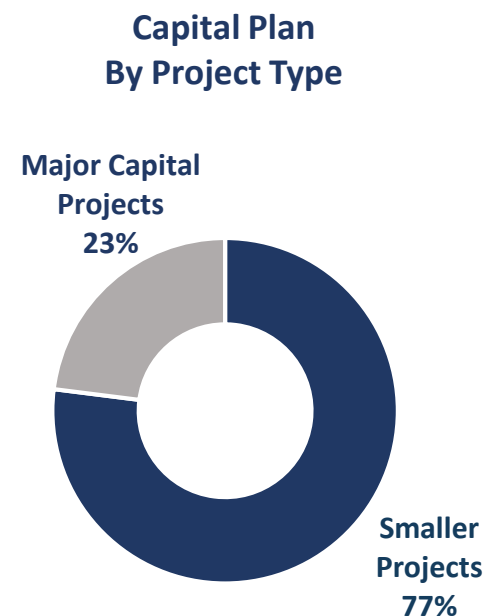
(1) Capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.28.

(2) Comprises Eastern Canadian and Caribbean electric utilities

Major Capital Projects

APPENDIX

Significant Capital Projects (\$millions)	2019 Forecast	Total 2019-2023 Plan	Expected Year of Completion
ITC Multi-Value Regional Transmission Projects	88	332	2023
ITC 34.5 kV to 69 kV Transmission Conversion Project	87	348	Post-2023
UNS Energy Gila River Natural Gas Generating Station Unit 2	211	211	2019
UNS Energy Southline Transmission Project	182	389	2022
UNS Energy New Mexico Wind Project	55	277	2020
FortisBC Lower Mainland Intermediate Pressure System Upgrade	187	252	2020
FortisBC Eagle Mountain Woodfibre Gas Line Project	-	350	2023
FortisBC Transmission Integrity Management Capabilities Project	-	568	Post-2023
FortisBC Inland Gas Upgrades Project	14	222	Post-2023
Wataynikaneyap Transmission Power Project	158	587	2023



2018-2023 Rate Base by Segment

APPENDIX

	Rate Base ⁽¹⁾						3-Year CAGR	5-Year CAGR
(\$billions)	2018A	2019F	2020F	2021F	2022F	2023F	to 2021	to 2023
Regulated - Independent Electric Transmission								
ITC	7.8	8.5	9.1	9.7	10.3	10.8	7.7%	6.8%
Regulated - US Electric & Gas								
UNS Energy	4.7	5.3	6.0	6.3	6.4	6.6	10.1%	6.9%
Central Hudson	1.6	1.8	2.0	2.2	2.3	2.4	9.5%	8.5%
Total Regulated - US Electric & Gas	6.3	7.1	8.0	8.5	8.7	9.0	10.0%	7.3%
Regulated - Canadian & Caribbean Electric & Gas								
FortisBC Energy	4.4	4.5	4.7	5.0	5.1	5.9	4.6%	6.0%
FortisAlberta	3.4	3.6	3.8	3.9	4.1	4.3	5.5%	5.1%
FortisBC Electric	1.3	1.3	1.4	1.4	1.5	1.5	2.8%	2.4%
Other Electric ⁽²⁾	2.9	2.9	3.1	3.5	3.7	4.0	6.5%	6.7%
Total Regulated - Canadian & Caribbean Electric & Gas	12.0	12.3	13.0	13.8	14.4	15.7	5.1%	5.5%
Total Rate Base Forecast	26.1	27.9	30.1	32.0	33.4	35.5	7.1%	6.3%

(1) US dollar-denominated rate base for 2018 is based on the actual average USD/CAD foreign exchange rate of \$1.30 and forecast rate base for 2019 to 2023 is based on \$1.28.
Holding foreign exchange constant at \$1.30, rate base CAGR would be 6.5% for 5-year CAGR and 7.4% for 3-year CAGR.

(2) Comprises Eastern Canadian and Caribbean electric utilities