HYDRO ONE LIMITED TSX-H.TO C

RECENT PRICE 59.79 | P/E RATIO 26.0 (Trailing: 26.2 Median: 20.0) | RELATIVE P/E RATIO 1.45 | DIV'D YLD 2.4% | VALUE LINE

TIMELINESS 4 Lowered 7/11/25
SAFETY 3 New 5/9/25
TECHNICAL 3 Lowered 7/10/26
BETA NMF (1.00 = Market)

18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$54-$75	$65 (10%)

2029-31 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	85	(+40%)	*11%*
Low	55	(-10%)	*1%*

Institutional Decisions

	3Q2025	4Q2025	1Q2026
to Buy	0	0	0
to Sell	0	0	0
Hld's(000)	000	000	000

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
High:						23.0	26.8	24.7	22.5	26.2	30.4	33.0	38.3	40.7	48.1	55.3	60.4	
Low:						21.5	21.8	21.3	18.6	19.9	20.3	26.4	30.5	32.8	37.3	42.5	51.7	

LEGENDS
32.00 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession

Target Price Range 2029 | 2030 | 2031

% TOT. RETURN 7/27/26

	THIS STOCK	VL ARITH.* INDEX
1 yr.	22.1	23.1
3 yr.	62.1	52.8
5 yr.	103.5	47.8

Percent shares traded: 10 / 6.7 / 3.3

Revenues per sh						13.17	10.98	10.02	10.29	10.82	12.15	12.03	12.95	13.06	14.12	15.07	*16.25*	*16.40*
"Cash Flow" per sh						2.97	2.55	2.51	1.29	2.81	4.47	3.16	3.37	3.48	3.71	3.84	*3.95*	*4.25*
Earnings per sh A						1.39	1.21	1.10	d.15	1.30	2.95	1.61	1.75	1.81	1.92	2.23	*2.30*	*2.40*
Div'd Decl'd per sh B ■						.13	.84	.87	.91	.96	1.00	1.05	1.11	1.17	1.24	1.31	*1.39*	*1.46*
Cap'l Spending per sh						3.21	2.68	2.46	2.37	2.53	2.86	3.21	3.27	3.91	4.53	4.95	*5.65*	*5.65*
Book Value per sh C						19.00	16.09	16.34	15.31	15.65	17.56	18.14	18.82	19.45	20.13	21.09	*22.00*	*23.00*
Common Shs Outst'g D						496.37	596.70	597.52	597.90	598.85	599.92	600.36	600.59	600.53	600.66	599.78	*600.0*	*600.0*
Avg Ann'l P/E Ratio						16.1	20.1	21.0	--	17.5	9.2	18.7	19.6	20.5	21.9	22.2	*Bold figures are Value Line estimates*	
Relative P/E Ratio						.81	1.06	1.06	--	.93	.47	1.01	1.13	1.14	1.14	1.15		
Avg Ann'l Div'd Yield						.6%	3.5%	3.8%	4.5%	4.2%	3.7%	3.5%	3.2%	3.1%	2.9%	2.7%		
Revenues ($mill)						6552.0	5990.0	6150.0	6480.0	7290.0	7225.0	7780.0	7844.0	8484.0	9041.0	*9735*	*9830*	
Net Profit ($mill)						746.0	682.0	d65.0	802.0	1796.0	973.0	1058.0	1094.0	1165.0	1339.0	*1375*	*1445*	
Income Tax Rate						15.7%	14.0%	NMF	--	--	15.5%	21.4%	14.0%	13.4%	14.0%	*15.0%*	*15.0%*	
AFUDC % to Net Profit						--	8.2%	--	6.0%	2.7%	6.2%	6.0%	6.6%	7.6%	8.2%	*6.0%*	*6.0%*	
Long-Term Debt Ratio						50.2%	49.1%	52.2%	52.5%	54.7%	54.5%	53.5%	55.7%	57.5%	58.9%	*60.0%*	*60.0%*	
Common Equity Ratio						47.8%	48.9%	45.7%	45.5%	45.3%	45.5%	46.5%	44.3%	42.5%	41.1%	*40.0%*	*40.0%*	
Total Capital ($mill)						20095	19983	20040	20612	23260	23905	24336	26390	28418	30740	*31700*	*32800*	
Net Plant ($mill)						19140	19947	20687	21501	22631	23842	25077	26874	29093	31450	*32080*	*33040*	
Return on Total Cap'l						4.7%	4.7%	1.0%	5.3%	8.9%	5.2%	5.5%	5.4%	5.4%	5.6%	*6.0%*	*6.0%*	
Return on Shr. Equity						7.4%	6.7%	NMF	8.2%	17.0%	8.9%	9.4%	9.4%	9.6%	10.6%	*10.5%*	*10.5%*	
Return on Com Equity						7.8%	7.0%	NMF	8.6%	17.0%	8.9%	9.4%	9.4%	9.6%	10.6%	*10.5%*	*10.5%*	
Retained to Com Eq						1.6%	1.5%	NMF	2.3%	11.2%	3.2%	3.5%	3.4%	3.5%	4.4%	*4.0%*	*4.0%*	
All Div'ds to Net Prof						80%	79%	NMF	73%	34%	65%	63%	64%	64%	59%	*61%*	*61%*	

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CAPITAL STRUCTURE as of 3/31/26
Total Debt $19117 mill.
LT Debt $18093 mill. **LT Interest** $814 mill.
(Interest coverage: 3.1x)

Pfd Stock None

Common Stock 599,781,811 shs.

MARKET CAP: $35.9 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2023	2024	2025
% Change Retail Sales (KWH)	NA	NA	NA
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load (Mw)	NA	NA	NA
Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	NA	NA	NA

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '23-'25 to '29-'31
Revenues	.5%	5.0%	*3.5%*
"Cash Flow"	2.0%	5.0%	*6.5%*
Earnings	3.5%	8.0%	*8.5%*
Dividends	25.5%	5.5%	*5.5%*
Book Value	.5%	4.5%	*4.0%*

QUARTERLY REVENUES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2023	2074	1857	1934	1979	7844
2024	2166	2031	2192	2095	8484
2025	2408	2066	2299	2268	9041
2026	2648	*2250*	*2560*	*2277*	*9735*
2027	*2650*	*2280*	*2600*	*2300*	*9830*

EARNINGS PER SHARE A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2023	.47	.44	.59	.31	1.81
2024	.49	.49	.62	.32	1.92
2025	.60	.54	.70	.39	2.23
2026	.65	*.55*	*.70*	*.40*	*2.30*
2027	*.65*	*.55*	*.75*	*.45*	*2.40*

QUARTERLY DIVIDENDS PAID B ■

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022	.27	.28	.28	.28	1.11
2023	.279	.296	.296	.297	1.17
2024	.297	.314	.314	.314	1.24
2025	.314	.333	.333	.333	1.31
2026	.3331	.353			

BUSINESS: Hydro One Limited is a transmission and distribution utility serving nearly all of Ontario, Canada. Operates through subsidiaries Hydro One Networks (transmissions & distribution) and Hydro One Remote Communities. Serves approximately 1.5 million electricity customers, covering 75% of the geographical area of Ontario. Spun off from Ontario government via IPO in 2015. Acquired Orillia Power in 2020; Avista deal terminated 2019. Transmission rates regulated by Ontario Energy Board (OEB). 2025 depreciation rate: 2.1%. Has approximately 9,100 employees. Chairperson: Melissa Sonberg. CEO: Megan Telford. Incorporated: Ontario. Address: 483 Bay St., 8th Floor, Toronto, ON M5G 2P5. Telephone: 416-345-5000. Internet: www.hydroone.com.

Hydro One has announced a change in leadership. David Lebeter stepped down as President and CEO of the company. Megan Telford, Hydro's former Chief Operating Officer (who has handled myriad responsibilities since joining the company in 2020), takes over as CEO. The appointment comes at a crucial time for the utility, which is entering a period of significant change.

Ontario is experiencing significant population and economic growth. In fact, rising electrification needs have reshaped power demand in the province. Hydro, which is Ontario's largest electricity transmission and distribution provider, is financially positioned to support this transition through investments in the region's grid. This undertaking ought to help strengthen the electricity system for decades to come by replacing aging infrastructure, reducing congestion, and enabling clean energy integration. Ongoing investments to upgrade and expand an aging grid increase the value of the company's assets, which in theory should lead to rate hikes. Besides the rate increases that Hydro stands to gain, the other key positive factor is higher volumes in both distribution and transmission. Some of the momentum is being mitigated by a sharp increase in interest expense, which followed a rise in long-term debt following issuances in 2025. Overall, we note that the balance sheet remains healthy.

The company is positioned to lead many of the projects that have been approved in Ontario. As previously announced, Hydro was selected to develop and obtain all necessary approvals for the Greenstone transmission line in Northern Ontario, as well as the Sudbury to Barrie transmission line in North Central Ontario. Both projects are scheduled to enter service in 2032. More recently, Hydro was picked to develop and construct the Red Lake transmission line in Northwestern Ontario to the north of Dryden.

Based on our proprietary ranking system, Hydro shares are likely to underperform the broader market over the year ahead. Notwithstanding an increase in the 3- to 5-year P/E multiple and a decent dividend yield, total return potential over the same period is limited.

Dominic B. Silva *August 7, 2026*

(A) Next egs. report due August 12th.
(B) Div'ds paid in early Mar., June, Sept., & Dec.
(C) All data is in Canadian dollars.
(D) In millions.

Company's Financial Strength	A
Stock's Price Stability	NMF
Price Growth Persistence	NMF
Earnings Predictability	30

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