

Strong Financial Performance (\$ Millions)

Financial Highlights	2014	Planned 2015	Actual 2015	Planned 2016
Energy Quantities Distributed - Gigawatt Hr.	3,286.8	3,312.0	3,254.1	3,284.0
Revenue:				
Energy and distribution	\$ 415.9	\$ 458.2	\$ 451.9	\$ 478.6
Cost of power	\$ (363.4)	\$ (393.5)	\$ (379.9)	\$ (412.1)
Distribution revenue	\$ 63.7	\$ 64.7	\$ 64.0	\$ 66.6
Net earnings	\$ 12.5	\$ 11.4	\$ 10.2	\$ 11.8
Average return on shareholder equity	8.6%	7.3%	6.8%	6.0%
Annual Investments:				
Capital assets	\$ 24.3	\$ 30.2	\$ 30.9	\$ 33.7
Regulatory Capital Initiatives	\$ 0.3	\$ 0.6	\$ 0.1	\$ -
Financial Position:				
Total Assets	\$ 339.3	\$ 357.4	\$ 350.9	\$ 368.0
Shareholder's equity	\$ 148.3	\$ 158.1	\$ 148.6	\$ 149.7
Distributions to the City of London:				
Interest paid	\$ 3.9	\$ -	\$ -	\$ -
Dividends declared or paid	\$ 3.0	\$ 10.0	\$ 10.0	\$ 10.0
S&P Credit Rating	A/Stable	A/Stable	A/Stable	A/Stable

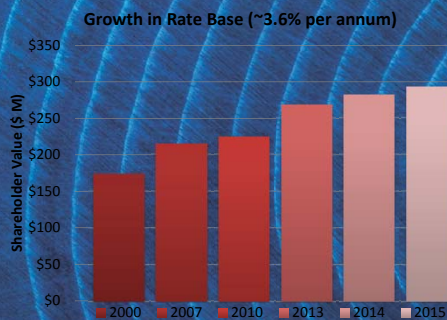
Note: Above financial results and projections are presented using International Financial Reporting Standards

* 2015 Net Earnings of \$13.4M – 8.9% return – excluding unrealized loss

Growing Shareholder Value



Growing Corporate Value



Bringing Value to our City

- Strong capital infrastructure investment program to continuously enhance system reliability
- Strong balance sheet – 41% leverage
- High Return on Equity – 6.8%
- Strong S&P credit rating of A/Stable
- One of the most efficient utilities in Ontario
- Provide the City with a steady dividend of \$5M per year

London Hydro - A Leading Utility

Investments

- Infrastructure – \$25M to \$30M per annum
- Smart Grid and Computer Technologies – \$5M to \$6M per annum

Strong Safety Culture

- Continued focus on public safety, employee safety, wellness and corporate culture

Excellent System Reliability

- Continuing improvements in reliability of service to our customers

Healthy Balance Sheet

- Debt to equity ratio around 41%, ensuring a strong S&P credit rating
- Shareholder value – strong return on equity, steady annual dividend and strong balance sheet



CEO'S REPORT



Strong Executive Team

Vinay Sharma, PhD, P.Eng., CDir, ACC – CEO

Ken Walsh*, P.Eng. – Chief Engineer & VP Operations

David Arnold, CPA, CA – CFO, VP Finance & Corporate Secretary

Syed Mir, BSc – CIO & VP Corporate Services

*Retired in May 2016; New VP of Engineering & Operations: Bill Milroy, P.Eng.



Winner of National & International Awards



Canada's Safest Employer Award
• Silver Wellness Program 2015



IHSA President's Award
• 1 Million Hours without LTI



• Environmental Leadership
(Lead reduction)
• Customer Service Excellence
Award (Customer Loyalty program)



Electrical Safety Authority
• 2015 Worker Safety Award



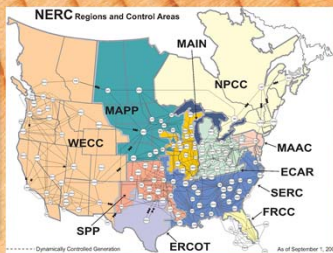
Electrical Business Magazine
• Safety Champions Award



London Hydro is a regulated business; however, disruptive technologies - generation technologies, automation, smart technologies, micro grid, micro utilities and customer choices – are impacting our business.

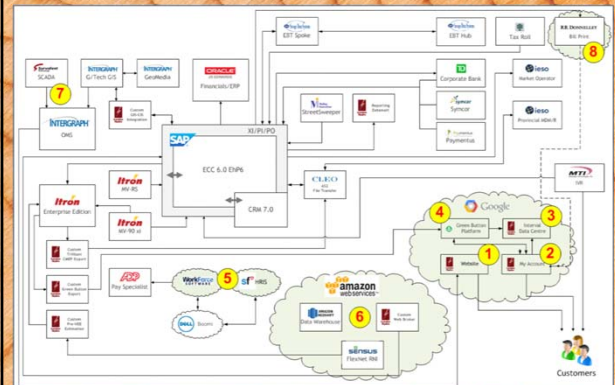


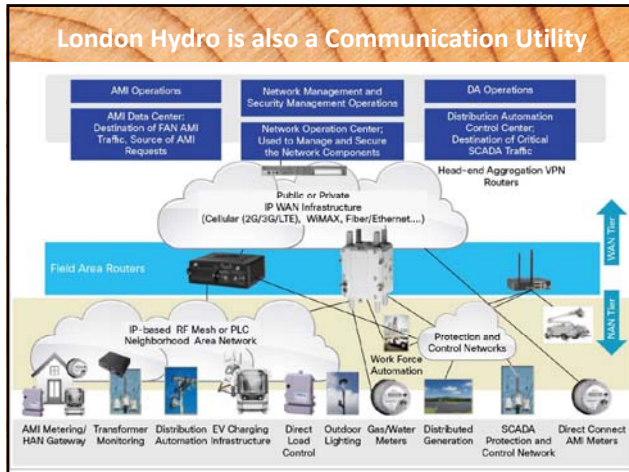
Electrical Power System – A Complex Engineering and Ever Changing Network



North American Electric Grid is Highly Interconnected
 NERC Control Areas

Technology Innovation





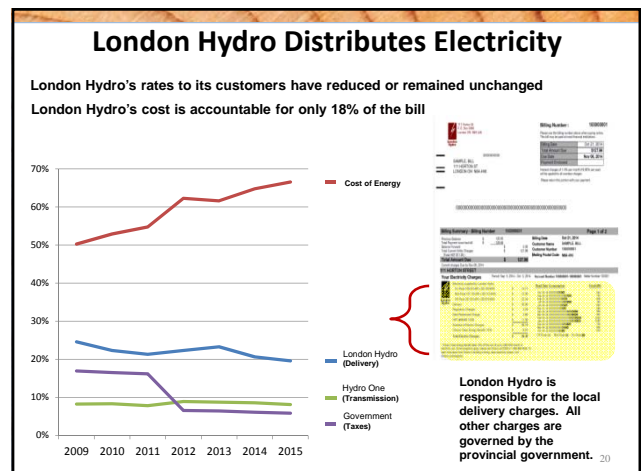
Industry Awareness

- Decrease in number of utilities from 330 to 73
- Hydro One has become a listed company (publicly held)
- Hydro One is in discussions with:
 - Orillia Power
 - Midland Power
 - Peterborough Distribution Inc.
- Significant mergers near Toronto: i.e. PowerStream, Horizon, Enersource, and Hydro One Brampton
- St. Thomas sold its affiliate business
- Durham region utilities: Oshawa PUC, Whitby Hydro and Veridian Corporation are exploring a merger

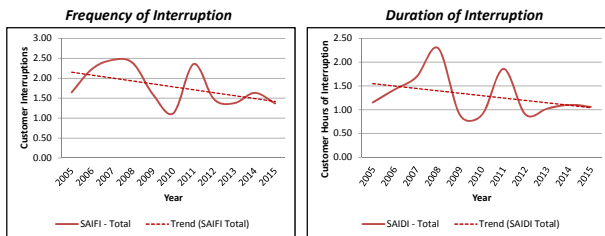
➤ Presently, no transfer tax implications on any transactions involving utilities with 30,000 customers or less. The transaction free period is only for 3 years, from 2016 through December 31, 2018.

London Hydro is a Significant Utility

- 153,948 Customers
- Energy Consumption for 2015: 3,254.1 GWh
- 325 Employees - \$27M payroll
- Capital investment of \$32M annually for which we buy services (mostly from London and Ontario businesses)
- Conservation & Demand Management Program
 - 42,911,965 kWh of energy saved (equivalent annual consumption of 4,400 homes)
 - \$4.8M in incentives to customers
 - Assisted about 1,059 low income households (Home Assistance Program)
- London Hydro's power demand: 690,000 kW (713,000 kW all time peak)
 - Embedded Generation in London - 59,759 kW made up of:
 - Small Solar (< 10 kW): 236 for a total of 1,997 kW
 - Large Solar (> 10 kW): 39 for a total of 7,537 kW
 - Gas Generation: 6 for a total of 50,225 kW



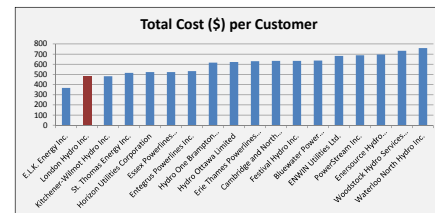
Increased System Reliability



Notes:
SAIFI = System Average Interruption Frequency Index
SAIDI = System Average Interruption Duration Index

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A Best Performing Utility

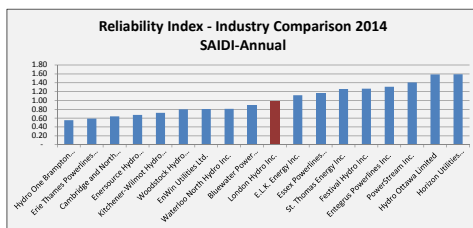


London Hydro Provides Excellent Quality of Service
(Reliability) at a Low Cost



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A Best Performing Utility

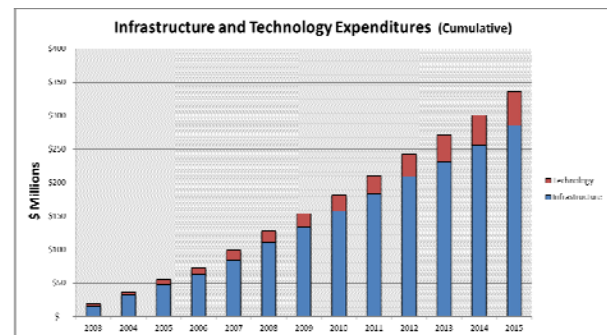


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Significant Capital Investment



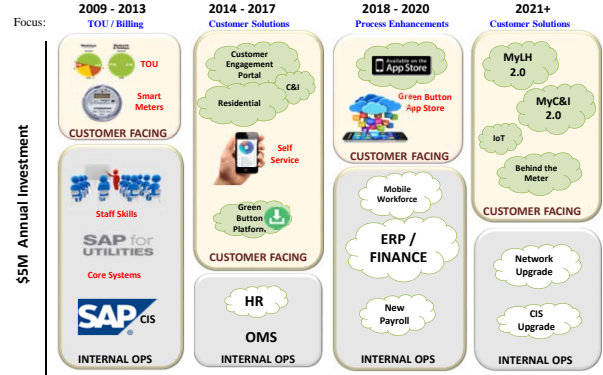
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Rebuilding the Future

Infrastructure Capital Programs	Program Elements	2015 - 2021 Program Cost Projections
Increased Contingency and Security of Supply to the City Core	  	\$45.5M
Rebuilding to Reduce Outages	  	\$66.5M
Maintenance of Fleet and Facilities	  	\$14.0M
Smart Grid Devices, Automated Switches and Meters	  	\$12.5M
Enabling Growth and Development – City & Developer	 	\$44.2M
Planned Total 7-Year Program Investment		\$182.7M

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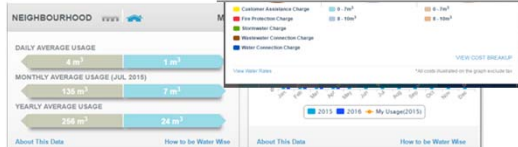
Technology Leadership Innovation & Productivity



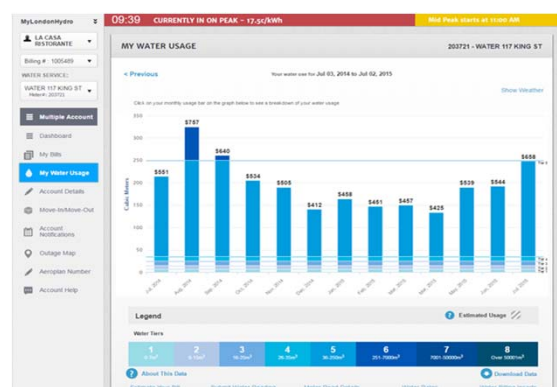
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Water Services: Feature Highlights

- Consumption Alerts
- Water Usage Graphs
- Community and City Wide Benchmarking
- Invoice Estimator
- Marketing Campaign Messages



Water Usage Graph - Commercial



Extraordinary Service to our Customers



"...enables our School Board to view the electricity usage data for over 150 schools across seven LDCs. This service saves time and money..."
-Michael Colquhoun, Energy Management Coordinator, TVDSB

"Thank you as always... I am always proud to tell my Energy colleagues that Western has the best LDC in the Province"
- Paul Martin, Director Business Operations, Western University

"The knowledge we can gain from the data is enormous and having it online is a great asset for us."
- Mary Quintana, Compliance Coordinator and Energy & Water Projects, Facilities Management, Western University

"Event Assist will help Budweiser Gardens better understand hydro usage by the size, type and configuration of each event... Working with the team at London Hydro has shown me what a truly professional organization they are from top to bottom."
- Gary Turrell, Director of Operations, Budweiser Gardens

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London Hydro is your Valuable Corporation

- **A Major Local Employer**
 - \$27M annual payroll contributes to local economy
 - We invest about \$30M to \$40M in infrastructure and technology
- **Safety Culture**
 - We champion employee safety, health and wellness
- **Award Winning Corporation**
 - Our strategy remains focused on continued success and sustainability of London Hydro – Winner of national awards
 - 2015 Net Earnings before unrealized loss is \$13.4M – a return of 8.9% on shareholder equity
 - Global Reporting Initiative – Certified Sustainability Program, achievement of Level A



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London Hydro is your Valuable Corporation

- **High System Reliability**
 - A reliable supply of electricity is critical to our customers
- **High Performance Culture**
 - Employee engagement drives corporate excellence
- **Joint Services with the City of London**
 - Water Billing and Customer Care
 - Joint Data Centre
 - Smart City Initiative

We continue to develop our capacity and capabilities for the future!



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Questions & Answers

