

# NG.Debt

Investor Relations | May 2022



Net debt<sup>1</sup>  
at 31 March 2022  
**£42.8bn**

**Baa1/BBB+**

Strong overall investment grade rating for the Group is supported by expected cash flow metrics consistent with rating agency targets.

<b>Moody's RCF / Adjusted Debt<sup>2</sup> 8.9%</b>		<b>Committed Facilities<sup>4</sup> at 31 March 2022</b>	<b>Average debt maturity</b>
<b>FFO Interest Cover 4.7x</b>	<b>Gearing* (RAV / rate base)<sup>2,3</sup> 81%</b>	<b>£6.8bn</b>	<b>~11 years</b>
<b>Current credit rating thresholds:</b> <ul style="list-style-type: none"> <li>Moody's RCF / Adjusted Net Debt &gt; 7%</li> <li>S&amp;P FFO / Adjusted Net Debt &gt; 10%</li> </ul> <small>*As expected, gearing was not in line with our long-run projections as we have not yet received the agreed proceeds for the sales of NECO and the 60% stake in our UK Gas Transmission &amp; Metering business. Once the strategic pivot is complete, we expect gearing to settle at slightly above 70%.</small>		<b>FY 20/21 metrics were:</b> <ul style="list-style-type: none"> <li>Moody's FFO Interest Cover 4.5x</li> <li>Moody's RCF/Adjusted Debt 6.6%</li> <li>Gearing (RAV / rate base) 65%</li> </ul>	

1. Includes £8.2bn borrowed under the WPD acquisition bridge facility and excludes businesses 'held for sale'

2. Includes borrowings in NECO and NGG classified as 'held for sale'

3. 80% including benefit of hybrid debt 4. Available for liquidity purposes

## Debt issuance

External debt is raised by our operating companies, intermediate holding companies and by the Group parent company, National Grid plc. In FY23, National Grid expects to issue c. £5bn of long-term debt to fund capital expenditure and to refinance maturing debt, excluding any debt issued to refinance the bridge facility.

The vast majority of our debt is raised in the capital markets but we also maintain some long-term bank borrowings. We can access multiple debt markets at any one time and as a result, we benefit from flexibility, with access to the best value funding available. Debt is issued in multiple currencies with derivatives used to manage the ultimate liability into sterling or US dollars.

## Interest rates

We seek to minimise the total interest rate charges to the Group, whilst maintaining a balanced and diversified portfolio of interest rate exposures. We manage our interest rate exposures by utilising fixed, floating and RPI-linked debt, interest rate swaps and forward rate agreements.

## Exchange rates

US Dollar borrowings and derivatives are employed to maintain net US dollar debt liabilities as a partial currency hedge of our investment in US businesses. As a result, net debt varies with GBP/USD exchange rates.

## Interest rate profile – Net Debt\*

(at 31 March 2022)



FY21: 70% fixed rate, 23% RPI, 7% floating rate

## Currency profile – Net Debt\*

Ultimate liability, not currency of issue (at 31 March 2022)



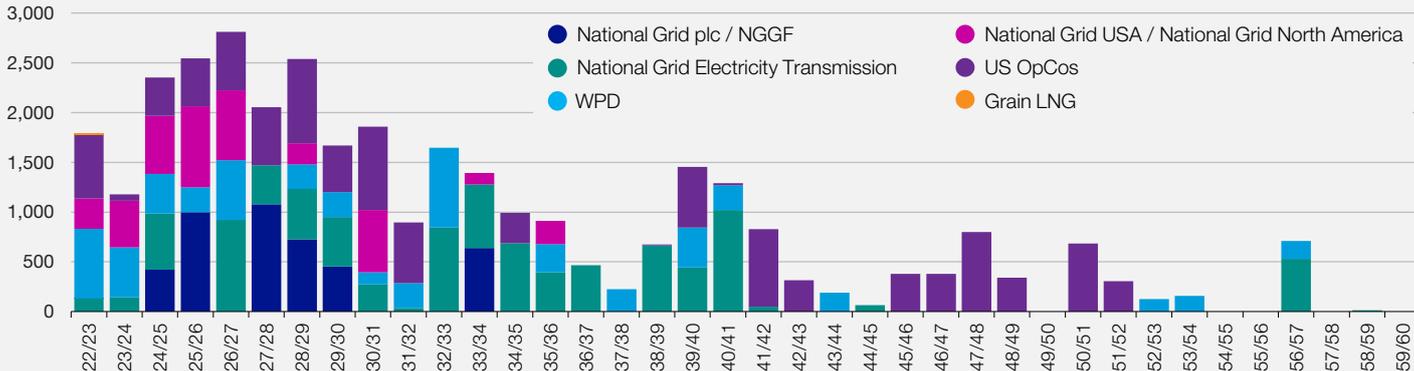
FY21: 59% US Dollar, 41% Sterling

\*Net debt includes borrowings, associated derivatives and cash and current financial investments, but excludes NGG and NECO net debt. FY21 net debt excluded NECO but included NGG

## National Grid long term debt maturity profile

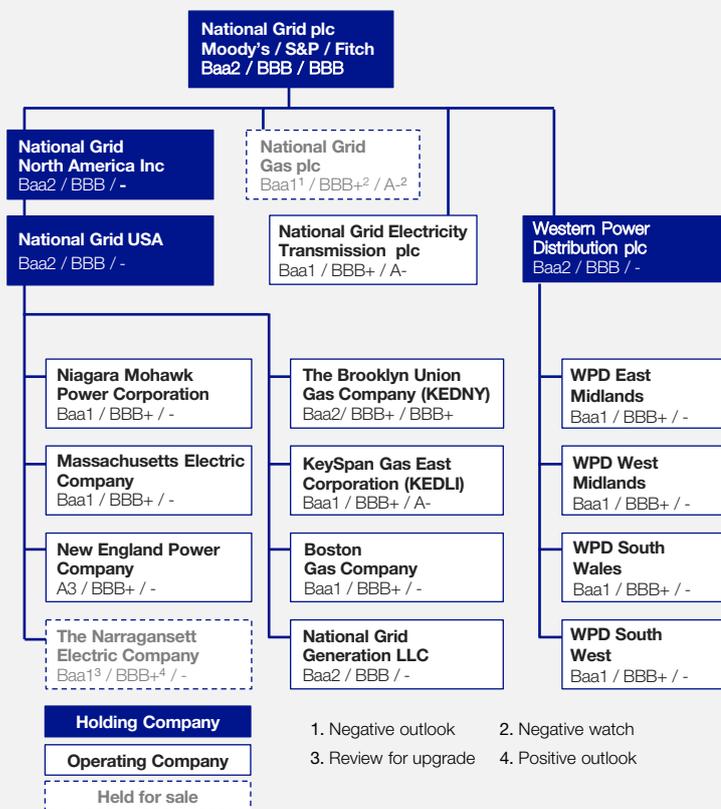
Data as at 31 March 2022, GBP/USD closing exchange rate 1.31435, Hybrid bond maturities to first call date. Excludes WPD acquisition bridge facility, NECO and NGG.

£m equivalent



## Credit ratings – companies with bond debt

We have credit ratings from at least two agencies for all of our companies with external debt outstanding. All entities are on a stable outlook unless specified.



## Weighted average long term debt maturity

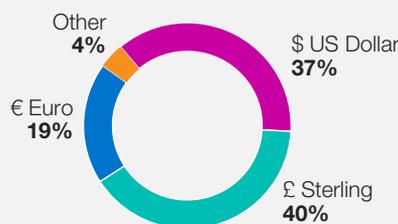
	Years
National Grid plc and NGG Finance	6
National Grid Electricity Transmission	13
WPD Group	11
US Group	12

## 2021/22 Debt Issuance

We issued £4.2bn of long-term senior debt during 2021/22

- US Operating Companies: £1.2bn
- National Grid North America: £0.9bn
- National Grid Electricity Transmission: £0.7bn
- National Grid plc: £1.4bn

## Currency profile of outstanding debt



Note:

Gross borrowings at 31 March 2022 excluding associated derivatives and cash and investments, the WPD acquisition bridge facility and NECO/NGG.

## Important notice

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include information with respect to National Grid's financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as 'aims', 'anticipates', 'expects', 'should', 'intends', 'plans', 'believes', 'outlook', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. This document also references climate-related targets and climate-related risks which differ from conventional financial risks in that they are complex, novel and tend to involve projection over long term scenarios which are subject to significant uncertainty and change. Furthermore, this document, which is provided for information only, does not constitute summary financial statements and does not contain sufficient information to allow for as full an understanding of the results and state of affairs of National Grid, including the principal risks and uncertainties facing National Grid, as would be provided by the full Annual Report and Accounts, including in particular the Strategic Report section and the 'Internal control and risk factors' section on pages 236 to 239 of National Grid's most recent Annual Report and Accounts for the year ended 31 March 2021, as updated by National Grid's unaudited half-year financial information for the six months ended 30 September 2021, published on 18 November 2021. Copies of the most recent Annual Report and Accounts are available online at [www.nationalgrid.com](http://www.nationalgrid.com) or from Equiniti Limited. Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this document. The content of any website references herein do not form part of this document.

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