

National Grid's Investment Proposition

As one of the **world's largest public utilities** focused on the **transmission and distribution of electricity and gas**, we play a vital role in connecting people to the energy they use, and are positioned to be at the **heart of the energy transition**.

HY24 Investor Relations

Updated 5-year framework FY22-26

Capital investment



c.£32bn
Green¹,
aligned to EU taxonomy

c.£11bn²
UK Electricity Transmission

c.£6bn
UK Electricity Distribution

c.£12bn
New York
Regulated

c.£9bn
New England
Regulated

c.£3-4bn
NG Ventures

Group asset growth 8-10% CAGR³

Underlying EPS 6-8% CAGR³

Credit metrics Credit metrics maintained within current rating thresholds
Net debt to RAV in low 70% range

Dividend Aim to grow dividend per share in line with UK CPIH

HY24 Highlights

Group financial summary half year ended 30 September 2023

Underlying results

Operating profit
£1,796m ↓14%
HY23: **£2,097m**

Underlying EPS
23.8p ↓27%
HY23: **32.4p**

Interim dividend¹
19.40p ↑8.7%
HY23: **17.84p**

Capital investment
£3,868m ↑2%
HY23: **£3,798m**

Underlying results from continuing operations excluding exceptional items, remeasurements, timing and the contribution from UK Gas Transmission and Metering which is classified as a discontinued operation for accounting purposes.

Operating profit and capital investment calculated at constant currency. Capital investment includes investment in JVs and NG Partners investments.

1. Represents 35% of the total dividend per share of 55.44p in respect of the last financial year to 31 March 2023, in line with the Group's dividend policy.

Record regulated¹ capital investment: £3.5bn In the UK, we completed tunnel boring at LPT2, and erection of all 116 T-pylons at our Hinkley-Seabank Connection project. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our \$550m Smart Path Connect transmission project.

Solid financial results In line with expectations, reflecting higher regulated revenues. The prior period was higher given several one-off items, including St William Property Sales, 2 x months contribution from our now sold Rhode Island (NECO) business, and insurance proceeds received for IFA 1.

ASTI progress 17 major projects now in our UK Electricity Transmission operating licence. JVs signed for Eastern Link 1 and 2 with preferred suppliers selected for HDVC cable and converter stations.

Strategic pivot complete £18m Group synergies delivered to date, as we integrate UK Electricity Distribution. Sale of a further 20% equity interest in National Gas Transmission agreed, as well as a new option on the 20% remaining interest, exercisable between 1 May 2024 and 31 July 2024.

Supporting our Customers and Communities Allocating remaining £19m of our Energy Support Fund to support our most vulnerable customers this Winter, whilst working to return £300m of interconnector revenues.

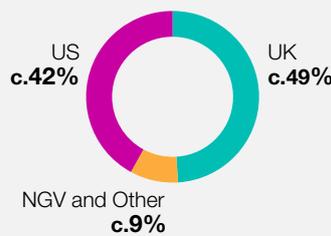
Updated Responsible Business commitments New Science Based Targets initiative (SBTi) aligned near-term emissions targets, including a new aim to reduce Scope 1 and 2 emissions by 60% by 2030 from a 2018/19 baseline, whilst remaining committed to reduce Scope 3 emissions by 37.5% by 2034.

1. Capital investment across our regulated networks comprises investment within: UK Electricity Transmission, UK Electricity Distribution, UK Electricity System Operator, New York and New England businesses.

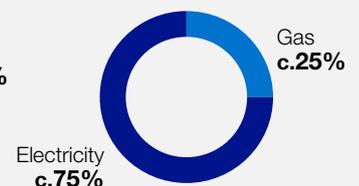
Geographic and regulatory diversity

Asset base post strategic repositioning⁴

Geographical split



Energy split



1. Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks.

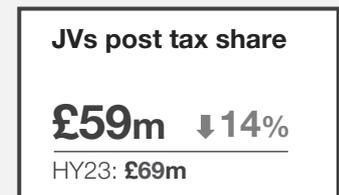
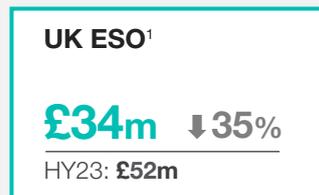
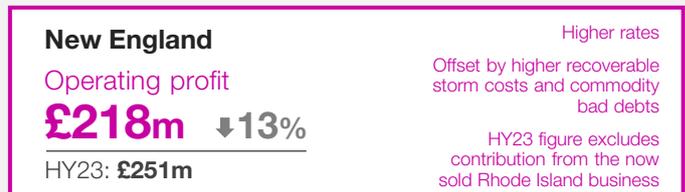
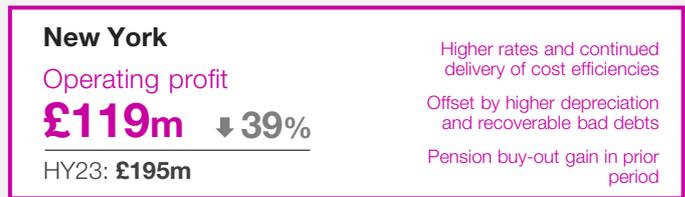
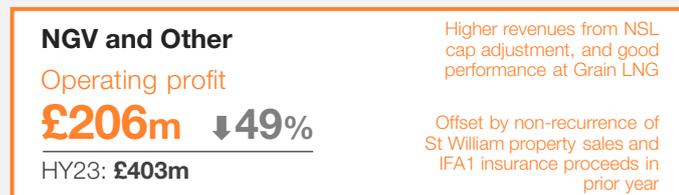
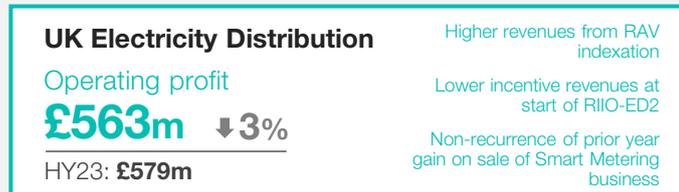
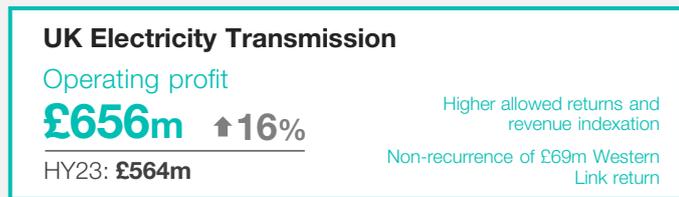
2. Includes c.£3bn Accelerated Strategic Transmission Investment (ASTI), as part of best current view (in £bn) investment of mid-high teens for 17 projects.

3. Compound annual growth rate FY2022-26 from a FY21 baseline. Forward years based on assumed USD FX rate of 1.2; long run CPIH and RPI inflation assumptions and scrip uptake of 25%. Reflects sale of Rhode Island (NECO) and 60% stake in UK Gas Transmission & Metering (UK GT&M). Assumes remaining 40% equity interest of UK GT&M treated as held for sale.

4. Calculated as proportion of actual FY23 asset base post completion of acquisition of Western Power Distribution, and sale of Rhode Island (NECO) business and no longer includes UK Gas Transmission and Metering.

Financial performance

Underlying Segmental Summary – HY24



Note: Underlying results from continuing operations excluding exceptional items, remeasurements and timing. Operating profit presented at constant currency.

1. Electricity System Operator now classified as Held for Sale.

Net debt profile as of 30 September 2023



Note: Net debt includes 100% of hybrid debt, borrowings, associated derivatives and cash and current financial investments. Interest rate profile and currency profile are post derivatives. Currency profile reflects ultimate liability, not currency of issue.

	FY23	Rating thresholds
Moody's RCF / Adjusted Debt	9.3%	>7.0%
Moody's FFO Interest Cover	3.8x	N/A

Following our strategic repositioning, for the remainder of our five-year financial framework we expect regulatory gearing to remain in the low 70% range. We remain committed to a strong, overall investment grade credit rating. Combined with the benefit of our hybrid debt, we expect gearing levels, and the other standard metrics we monitor, to sit within our current BBB+/Baa1 corporate rating band.

Regulatory Overview

UK: Electricity Transmission	UK: Electricity Distribution
Targeting 100 basis points of operational outperformance per year on average across RIIO-T2	Targeting 100-125 basis points of operational outperformance per year on average across RIIO-ED2
RIIO-T2 (2021-26)	RIIO-ED2 (2023-28)
Allowed return on equity 4.91% ¹	Allowed return on equity 5.28% ¹
Gearing 55%	Gearing 60%
Capex c.£9bn	Core baseline Totex (20/21 prices) £5.9bn
Sharing Factor (Totex) 33%	Sharing Factor (Totex) 50%

US: New York	US: New England
Rate agreements for KEDNY-KEDLI ² and NIMO approved in 2021 and 2022 respectively	Rate agreements for Massachusetts Gas and Electric include a Performance Based Rate Mechanism
KEDNY- KEDLI (2020-23³)	Mass Gas (2021-26)
Allowed return on equity 8.8%	Allowed return on equity 9.7%
Equity to Debt 48:52	Equity to Debt 53:47
Capex ⁴ c.\$3.3bn	Capex ⁵ c.\$1.3bn
NIMO Gas & Electric (2021-24)	Mass Electric (2019-24)
Allowed return on equity 9.0%	Allowed return on equity 9.6%
Equity to Debt 48:52	Equity to Debt 53:47
Capex c.\$3.3bn	Capex c.\$1.5bn

1. Allowed ROE FY24 (real) which is updated each year with changes to the risk-free rate
 2. [KEDNY-KEDLI rate filing made in April 2023](#)
 3. Backdated to 2020 and includes 1 year extension to 2024
 4. To March 2023
 5. Not including leak prone pipe investments which are recovered under separate mechanisms

The Energy Transition Company

As one of the world's largest publicly listed utilities, we are facing some of the biggest energy challenges in history and have an important role to play in delivering the clean energy transition. To help us overcome these challenges and facilitate a positive energy transition we are driving industry-leading innovation.

01 Deliver for our customers efficiently

Delivering against our responsible business commitments, **we are working to support a clean, fair and affordable energy future where nobody is left behind.**

We are providing financial and practical assistance to our customers and communities:

- In the UK we are working to return **£300m** from our interconnector business to customers early
- **£400m 3-year cost efficiency programme** target achieved early. £426m of savings delivered, benefitting consumers today and long into the future

CASE STUDY

£65 million energy support fund

In November 2022, we pledged £50 million in the UK and \$17 million in the US to provide assistance to some of the hardest-hit households this winter and next.

In the UK, we have now allocated nearly £39 million of our energy support fund to help 30,000 households through the energy crisis.

In the US we have launched our customer assistance programme, contributing \$10 million so far, to help support vulnerable households.

And for this upcoming Winter, £19m will be available to support those most vulnerable in the UK and US.

02 Enabling the energy transition for all

We have revised our near-term emissions reductions targets, aligning the Group to a 1.5C degrees pathway, verified by SBTi. We remain committed to delivering net-zero by 2050.

Scope 1 & 2
by 60%* by 2030

Scope 3
by 37.5%* by 2034

Scope 1, 2 & 3
to NET ZERO by 2050

* From a 2018/19 baseline

We have reduced our Scope 1 & 2 emissions by almost 70% to date vs 1990 through investment, technology development and repurposing our energy market focus.

Over the next 5 years we're committed to investing:

c.£32bn
of green capex¹
into the decarbonisation of energy systems.

03 Grow our organisational capability

Following our strategic pivot towards electricity in the UK, we believe our investment will be at the heart of the energy transition and it provides greater certainty of medium-term growth.

04 Empower our people for great performance

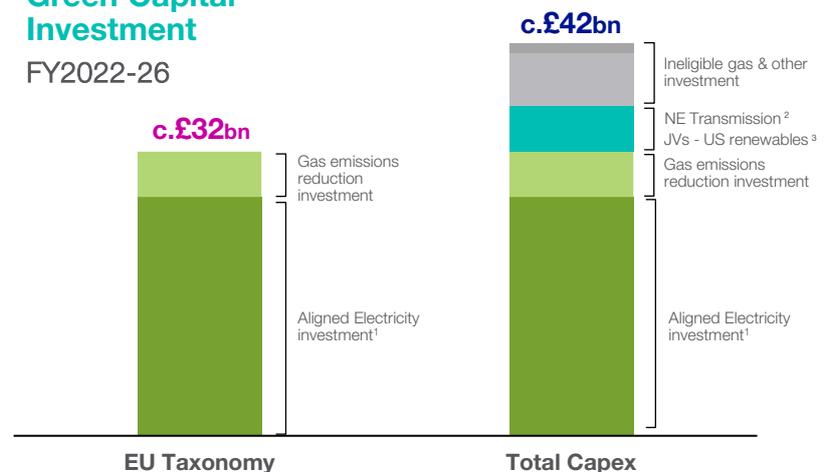
We are building diverse and inclusive teams that reflect the communities we serve, attracting the best talent and recognising great achievements.

We are helping create thousands of green jobs alongside development opportunities for young and underrepresented people, developing the right skills now and in the future to accelerate the energy transition.

We are supporting women return to work through our STEM Returners partnership. These professionals are often subjected to barriers and unconscious bias when returning to a STEM career after a period of absence.

Green Capital Investment

FY2022-26



1. Capital expenditure considered to be aligned with the principles of the EU Taxonomy Legislation at the date of reporting and includes most electricity investment, including connecting clean sources of generation such as renewables and nuclear, as well as investment which reduces emissions in our gas networks.

2. Estimated investment in New England transmission excluded as it does not meet the EU Taxonomy criterion of over 67% of newly enabled generation capacity being below the 100 gCO₂e/kWh threshold over a rolling five year period, on the basis that there have been no new connections to the New England transmission network within the past five years.

3. Estimated investment in US onshore and offshore renewables joint ventures. EU Taxonomy excludes investment in joint ventures.

ESG and Responsible Business Charter

Our refreshed [Responsible Business Charter](#), continues to articulate what ‘responsibility’ means for us. Following extensive stakeholder engagement, in September 2023 we updated our Charter to focus on 3 core pillars; Our Environment, Our Customers and Communities, and Our People. These pillars are underpinned by our Responsible Business fundamentals, and previous pillars of Economy and Governance are now embedded within these new focused areas.

Performance Highlights

Our Environment

- Building on our role as a Principal Partner of COP26, we participated in COP27 last year
- Clean Energy Vision for our US networks launched
- Viking Link interconnector progress – taking total capacity across our portfolio to 7.8GW once complete
- Maintained our CDP Climate Change ‘A list’ rating for the 7th consecutive year

Our Communities & Communities

- Reliability of over 99.99% across our networks
- £65m energy support fund for families most in need of support across US and UK
- In the UK we are working to return **£300m** from our interconnector business to customers early

Our People

- ‘Stand Up For Safety’ campaign launched as a core element of our new safety strategy
- We are a Living Wage Foundation employer in the UK and in the US all colleagues are paid above the statutory minimum
- Diversity, equity and inclusion remains top of our priorities, as demonstrated by our updated executive remuneration policy which increases focus on ESG

For additional details on our 2022/23 ESG performance please refer to our [Responsible Business Report](#).

Our 'Grid Guide to' ESG Investor Series

A National Grid investor series containing a selection of podcasts and virtual sessions on relevant Environmental, Social and Governance topics and themes. You can browse our latest content by visiting our dedicated [Environmental, Social and Governance webpage](#).



Grid Guide to... Enabling EVs and modernising our networks in Massachusetts

March 2023: Our New England business President, Steven Woerner is joined by his colleagues, Jake Navarro – Director of Clean Transportation and Bill Jones – Director of Grid Modernisation to discuss our recently approved funding for electric vehicle infrastructure and network modernisation. Listen now to find out more details, including what this means for the state's climate ambitions, our customers and communities.

[Listen to podcast](#)

Our Clean Energy Vision

National Grid's vision is to fully eliminate fossil fuels from our US energy networks, enabling our customers and communities to meet their heating needs without using fossil fuels by 2050, if not sooner. Please visit:

www.nationalgrid.com/us/fossilfree

Video: Our vision for fossil-free heat

Our vision for fossil-free heat addresses climate change while ensuring affordable, reliable service to all our customers. Watch this video to learn more about how we plan to make our vision of a clean energy future a reality.

[Watch the video](#)



[Our vision for fossil-free heat](#)

Awards and recognition

To be held account against our environmental, societal and governance business commitments, National Grid is proud to share reporting data and have its sustainable efforts analysed.



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