Full Year Results 2019/20

London, 18 June 2020

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Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control, predict or estimate precisely, such as the impact of COVID-19 on our operations, our employees, our counterparties, our funding and our regulatory and legal obligations, but also, more widely, changes in laws or regulations, including any arising as a result of the United Kingdom's exit from the European Union, announcements from and decisions by governmental bodies or regulators, including proposals relating to the RIIO-2 price controls as well as increased economic uncertainty resulting from COVID-19; the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of its activities; network failure or interruption, the inability to carry out critical non network operations and damage to infrastructure, due to adverse weather conditions including the impact of major storms as well as the results of climate change, due to counterparties being unable to deliver physical commodities, or due to the failure of or unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; failure to adequately forecast and respond to disruptions in energy supply; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. 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Highlights

John Pettigrew

Chief Executive

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Responding to COVID
Driving safe and seamless operational delivery

- Maintained excellent levels of reliability across our networks
- Delivered our significant capital programme
  - risk assessed all our projects
  - issued new working guidance to our field force, and
  - collaborated across the industry, sharing best practice
- Continued to deliver strong operational performance
  - rapid restoration of power in Massachusetts

Responding to COVID

Delivering for our customers and communities

- Helping US customers who may be in financial difficulty
  - paused our US collections activities
  - deferred proposed rate increases in New York
- Helping UK suppliers to address the financial impacts of COVID
  - deferral of network charges
  - no additional burdens on consumers
- Supporting local communities
  - financial donations to help the most vulnerable;
  - community volunteering; and
  - helping deliver local field hospitals

Responding to COVID
Financial impact on our business

- £400m impact on underlying operating profit from COVID-19 in FY21
  - deferral of rate increases in New York
  - increased bad debts, predominantly in the US
  - higher COVID related costs
- We expect to recover these higher costs over the medium term
  - regulatory mechanisms and precedents
  - maintaining cost efficiency focus
- Will lead to lower underlying FY21 EPS versus FY20
  - however, limited long term economic impact

Financial performance highlights

A strong 2020

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Underlying operating profit	Underlying EPS	Return on Equity
£3,454m	**58.2p** ↓1%	**11.7%** ↓10bps
FY19: **£3,451m**	FY19: **58.9p**	FY19: **11.8%**

Capital investment	Asset growth increased	Dividend growth in line with policy
£5.4bn ↑19%	**9%** ↑180bps	**48.57p** ↑2.6%
FY19: **£4.5bn**	FY19: **7.2%**	FY19: **47.34p**

Underlying results from continuing operations, excluding exceptional items, remeasurements, timing and major storm costs.
Exceptional items within operating profit totalled £402m in 2019/20

Operating profit calculated at constant currency

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Safety and reliability

Safety

- UK and NGV lost time injury frequency rates falling to record low levels
- Increase in the number of US safety incidents
  - conducted a thorough review of all working practices
  - reinforcing positive safety behaviours

Reliability

- Excellent overall performance
- UK experienced an exceptional event with the 9 August power outage
  - E3C and Ofgem reports into the incident found no link between National Grid's actions and the power cut
  - all the actions proposed by the report are progressing to time

Progress on operational priorities in 19/20

US plans drive growth and value

Strong operational progress

- Achieved an ROE of 9.3%, up 50bps
  - earned 99% of our allowed return
- Strong rate base growth of 12%
  - driven by investment of over $4bn; and
  - transfer of CWIP to rate base
- Agreed new rates for MA electric
- Delivered $30m of savings
  - remain on course to deliver $50m in 20/21
- Progress on NY gas constraints
  - filed options report
  - working on delivering solution with the State

Progress on operational priorities in 19/20

UK delivering growth and value for all stakeholders

Strong operational delivery

- Achieved an ROE of 12.4%
  - within target range of 200-300bp outperformance
- Invested £1.3bn, up 5% on the prior year
  - completed Feeder 9 tunnel under the Humber
  - progressing second phase of our London Power Tunnels project
- Hinkley remains on track
  - we welcome Ofgem's use of Strategic Wider Works
- Final RIIO-T2 plans submitted in December
- Exceeded £50m cost efficiency target

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Progress on operational priorities in 19/20
NGV & Other

Investment of £815m

- Higher interconnector spend
  - projects remain on track
- Acquisition of Geronimo Energy
  - start of operations at 200MW windfarm in South Dakota

Good year for Property

- Continued to sell sites into the St William joint venture
- JV contributed a net profit for the first time

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Financial Performance

Andy Agg

Chief Financial Officer

Financial performance highlights

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Underlying operating profit
£3,454m

FY19: **£3,451m**

Underlying EPS
58.2p ⬇1%

FY19: **58.9p**

Return on Equity
11.7% ⬇10bps

FY19: **11.8%**

Capital Investment
£5.4bn ⬆19%

FY19: **£4.5bn**

Asset growth increased
9% ⬆180bps

FY19: **7.2%**

Dividend growth in line with policy
48.57p ⬆2.6%

FY19: **47.34p**

Underlying results from continuing operations, excluding exceptional items, remeasurements, timing and major storm costs. Exceptional items within operating profit totalled £402m in 2019/20

Operating profit, capital investment and asset growth calculated at constant currency

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UK Electricity Transmission

Return on equity

10.2%
Base return

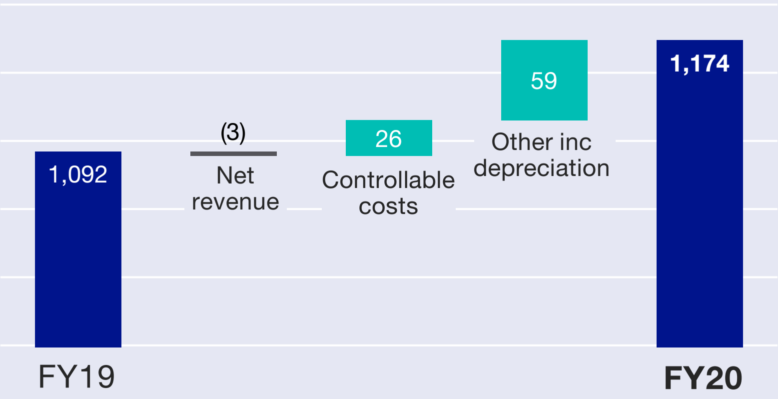
250bps
Totex incentive

10bps
Other incentives

70bps
Additional allowances

Achieved return
13.5%
FY19: **13.7%**

Underlying operating profit (£m)



Capital investment
£1,043m
FY19: **£925m**

Regulated asset value
£14.1bn
FY19: **£13.5bn**

- Controllable costs benefit from efficiency savings of £54m
- Capital investment up 13%:
  - Phase 2 London power tunnels
  - Hinkley Seabank
- 4.4% RAV growth

Underlying results, excluding timing, exceptional items and remeasurements

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UK Gas Transmission

Return on equity

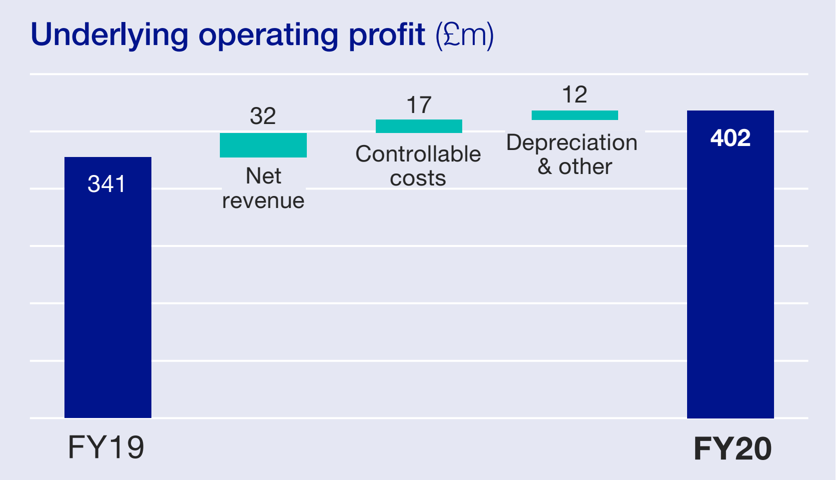
10.0%
Base return

(70)bps
Totex incentive

110bps
Other incentives

(60)bps
Additional allowances

Achieved return
9.8%
FY19: **9.5%**



Capital investment
£249m
FY19: **£308m**

Regulated asset value
£6.3bn
FY19: **£6.2bn**

- Net revenue increase from
  - non repeat of Avonmouth revenue return
  - 2018 Cyber reopeners
- Controllable costs benefit from efficiency savings of £19m
- 2.3% RAV growth

Underlying results, excluding timing, exceptional items and remeasurements

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US Regulated

Return on equity

8.7%
New York

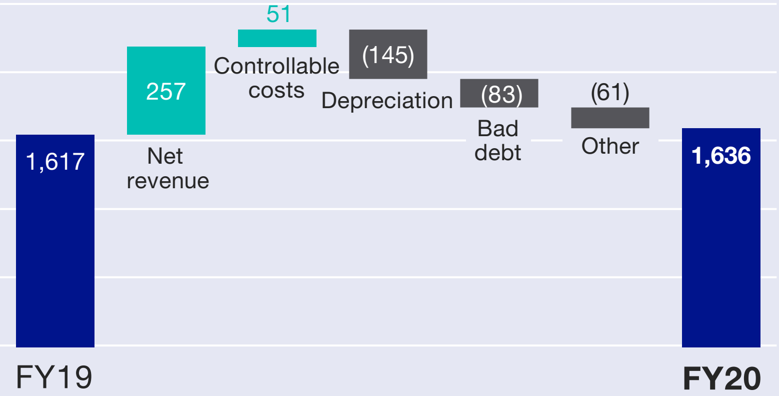
9.0%
Massachusetts

10.3%
Rhode Island

11.4%
FERC

Achieved return
9.3%
FY19: **8.8%**

Underlying operating profit (£m)



Capital investment
$4.2bn
FY19: **$3.5bn**

Rate base
$25.6bn
FY19: **$22.9bn**

Assets outside rate base
$2.7bn[1]
FY19: **$2.5bn**

- Achieved 99% of the allowed return
- Net revenue increase from new rates
- Exceeded efficiency programme goal of $30m savings
- Additional £117m provision for COVID related bad debts
- Rate base growth of 12% including $380m CWIP transfer

Underlying results, excluding timing, exceptional items, remeasurements and major storm costs at constant currency

1 Excludes working capital

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NG Ventures

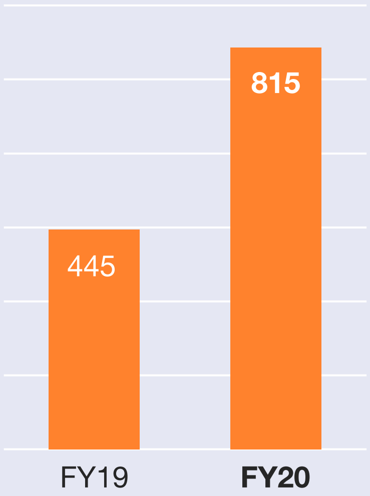
Operating profit (£m)	Year ended **31 March 2020**	Year ended 31 March 2019
Metering	158	153
Grain LNG	78	74
Interconnectors	61	64
Other	(28)	(28)
	269	**263**

Post tax share of JVs (£m)		
Interconnectors[1]	29	29
Millennium	22	18
Other	16	6
	67	**53**

Total NGV (£m)	**336**	**316**

- Geronimo investment over £200m
- £246m increase in interconnector capital expenditure
- FY20 is peak NGV investment year

Capital investment (£m)



Operating profit, share of joint venture profit after tax and investment calculated at constant currency

Underlying results, excluding timing, exceptional items and remeasurements

1 Includes Britned and Nemo

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Other activities

Operating profit (£m)	Year ended **31 March 2020**	Year ended 31 March 2019
Property	63	181
Corporate centre & other	(90)	(44)
	(27)	**137**

Post tax share of JVs (£m)		
St William	18	(17)
Other	3	4
	21	**(13)**
Total Other activities (£m)	**(6)**	**124**

- Non recurrence of
  - Fulham transaction
  - US legal settlements

Total investment[1]

£70m

FY19: **£179m**

- US IT investment now included in Regulated segment (FY19 £87m)
- NG Partners investment £61m

Operating profit, share of joint venture profit after tax and investment calculated at constant currency

Underlying results, excluding timing, exceptional items and remeasurements

1 Excludes investment in St William joint venture

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Interest, tax and earnings

Finance costs

£1,049m

6% higher than FY19

- Higher US debt
- Effective interest rate of 4.1%

Underlying effective tax rate[1]

19.9%

at **£(478)m**

- Tax rate 30bps higher than 18/19, due to lower value property sales

Underlying earnings[2]

£2,014m

FY19: **£1,995m**

- 3,461 weighted average shares
- 58.2p/share

1 Excluding joint ventures and associates

2 Underlying results attributable to equity shareholders

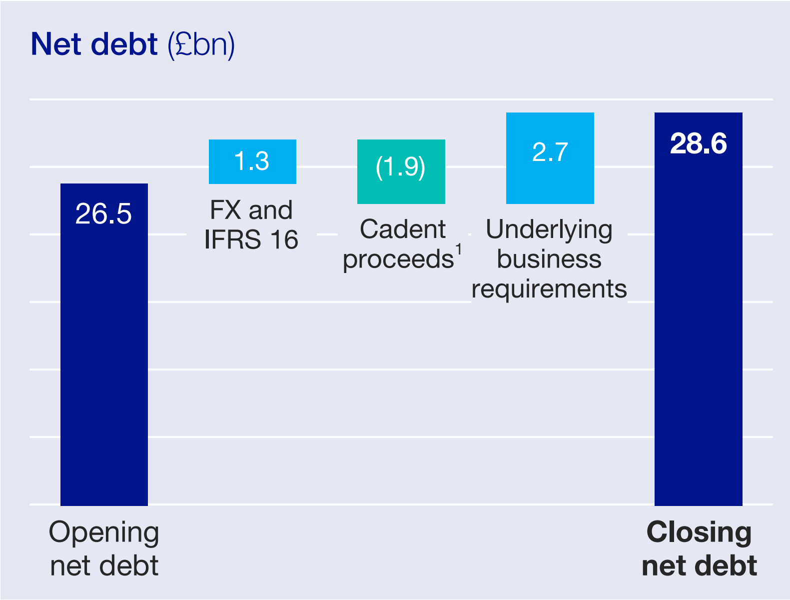
Underlying results, excluding timing, exceptional items, remeasurements and major storm costs

Cash flow and net debt

£m	Year ended **31 March 2020**
Underlying operating profit	3,307
Depreciation & amortisation	1,640
Exceptional items	(60)
Working capital, timing & other	27
Cash generated from operations	**4,914**
Net debt	**(28,590)**

RCF / Net debt
9.2%

FFO / Net debt
12.3%



Net debt slightly lower than guidance
– favourable working capital and scrip uptake

RCF / Net debt based on the Moody's methodology. FFO / Net debt based on the S&P methodology

1 Final Cadent proceeds net of exceptional costs

Capital investment and funding

Group capital investment includes

- £4.5bn investment in regulated networks
- ~£500m interconnector investment
- Over £200m investment in Geronimo

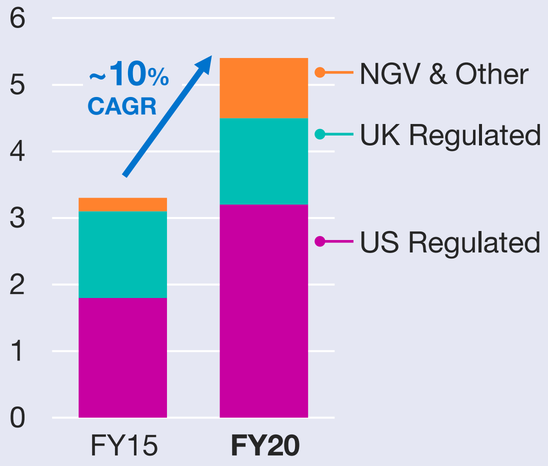
Sustainable growth

- Network investment to meet mandated safety and reliability targets
- 85% US investment already covered by existing rate plans
- Interconnector investment will decline from FY20 onwards

Funding

- Strong internal cash flows combined with scrip utilisation
- Green financing framework and regular bond issuance

Capital investment by segment
(£bn)[1]



1 Excludes UK Gas Distribution, calculated at constant currency

COVID-19 impact

Business environment

- Limited medium term economic impact
- £400m operating profit impact in FY21

Revenue deferrals

- Deferred NiMo rate increase
- KEDNY / KEDLI rates flat, awaiting settlement

Other COVID costs

- Sequestering staff, IT costs and lower capitalisation

Bad debts

- Expecting bad debt expense in FY21 to remain elevated

Cash flow and net debt

- Forecast impact up to £1bn
- ~£3bn increase in net debt (excluding impact of FX)

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20/21 Outlook

Regulated performance

- Fall in US operating profit from deferred revenue, bad debt and higher COVID costs
- Increase in US depreciation
- UK operating profit expected to reduce in Electricity Transmission and increase in Gas Transmission

NGV and Other

- NGV profit fall ~5% from lower interconnector arbitrage
- Lower St William profits

Interest and tax

- Interest charge to reduce from falling RPI and lower rates
- Effective tax rate of around 22%

Capex

- ~£5bn leading to group growth of 5-7%

Summary

- Met US returns goal for RoE and maintain UK outperformance of 200-300 bp
- £5.4bn capex
- 9% asset growth
- Strong balance sheet
- Limited economic impact of COVID

Priorities & Outlook

John Pettigrew
Chief Executive

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Our pathway to value creation

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Strategic priorities

- Enable the energy transition for all
- Deliver for our customers efficiently
- Grow our organisational capabilities
- Empower our people for great performance

Our strategic priorities guide our focus areas over the next 12 months:

US

- Ensuring right rate plans post COVID
- Efficient delivery of our investment program

UK

- Agreeing the RIIO-T2 regulatory framework
- Driving innovation for our customers

NGV & Other

- Delivery of our interconnector program
- Geronimo investment opportunities

US priorities and outlook

Ensuring we have the right rate plans for a post-COVID world

- Focus on new rates in New York and Massachusetts
- Working with regulators to achieve timely recovery of COVID-related costs; and
- Balancing the need for critical investment with affordability

KEDNY / KEDLI

- Moving to a multi-year, negotiated settlement
- We expect rates to remain flat for our customers this year
- Working on gas supply constraint issues

Niagara Mohawk

- Delayed this spring's filing
- Will either extend current plan, or file later this summer
- Minimise bill impact

MA Gas

- Intention to file for new rates towards the end of the year
- Incentive based formula

US priorities and outlook
Efficient investment

- We expect investment levels in the US to remain significant
- Streamlining processes
  - Gas Business Enablement program
    - modernising our work management
    - integrating planning and customer requirements
- Finding digital solutions
  - 'On My Way' in Electric Distribution
    - automated crew dispatch

UK priorities and outlook

RIIO-T2: Agreeing a new regulatory outcome

- Final business plans submitted in December
  - wealth of stakeholder engagement
  - working through points raised by the Challenge Group
- We will look at the whole package:
  - putting customers at the centre of the price control
  - enabling the energy networks of the future
  - allowing a fair return for investors

UK priorities and outlook

Delivering innovation and efficiencies for our customers

- On track to meet our cost reduction target of £100m for FY21
- Improving the customer experience
- Two new digital platforms launched:
  - ‘ConnectNow’: help customers with new transmission connections, and
  - ‘Connect3D’: standardises design for small ET connections, reducing connection costs
- Benefits to flow in to RIIO-T2

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NGV & Other priorities and outlook

- Delivering Interconnector projects
  - NSL, IFA2, and Viking
  - over £900m to invest through to 2023
  - EBITDA contribution of £250m from the mid-2020s
- Continue to grow pipeline of renewable energy projects in the US
  - signed PPAs on nearly 500MW of solar projects
    - for projects to commence 2021-23

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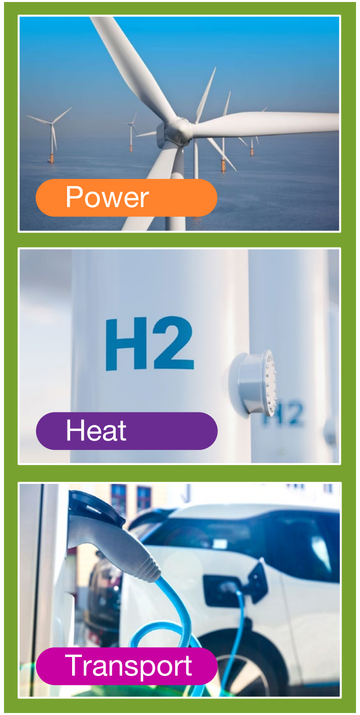
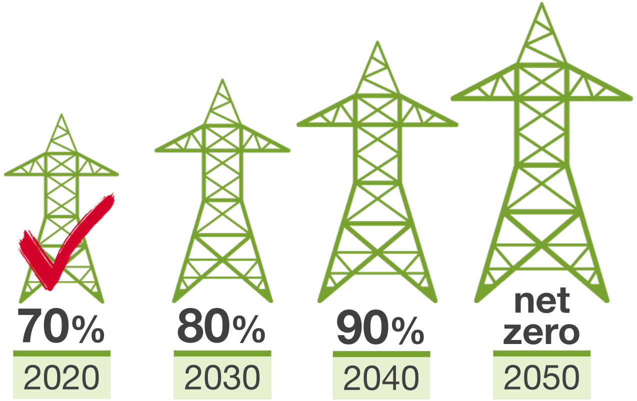
Maintaining momentum on targeting net zero



- Achieved a significant milestone, with our own emissions now 70% below 1990 levels
- Setting more ambitious interim targets of
  - 80% reduction by 2030, and
  - 90% reduction by 2040
- Our ESG event in October will
  - set out how we plan to achieve our targets, and
  - our wider societal role of decarbonising power, heat and transport

CO_2 reduction targets
vs 1990 baseline



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Summary

- A year of good operational progress
- We are managing the impacts of COVID
  - helping our most vulnerable customers
  - maintaining network reliability
  - higher near term costs, but limited long term economic impact
- Focus on our regulatory filings
  - RIIO-T2 in the UK
  - New York and Massachusetts filings in the US
- Delivering efficiently for our customers
- Creating long term value for our shareholders

Q&A

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Appendices

UK Electricity Transmission operating profit

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For the year ended 31 March (£m)	**2020**	2019
Revenue	3,702	3,351
Pass through costs	(1,528)	(1,397)
Net revenue	2,174	1,954
Depreciation & amortisation	(469)	(493)
Regulated controllable costs	(306)	(332)
Pensions	(48)	(49)
Other costs	(31)	(65)
Total UK Electricity Transmission operating profit	**1,320**	**1,015**

Adjusted results, excluding exceptional items and remeasurements

Appendix 2

UK Gas Transmission operating profit

For the year ended 31 March (£m)	**2020**	2019
Revenue	927	896
Pass through costs	(242)	(227)
Net revenue	685	669
Depreciation & amortisation	(171)	(181)
Regulated controllable costs	(127)	(144)
Pensions	(19)	(27)
Other costs	(20)	(14)
Total UK Gas Transmission operating profit	**348**	**303**

Adjusted results, excluding exceptional items and remeasurements

US Regulated operating profit

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For the year ended 31 March (£m)	**2020**	2019
Revenue	9,205	9,988
Pass through costs	(3,460)	(4,035)
Net revenue	5,745	5,953
Depreciation & amortisation	(855)	(710)
Regulated controllable costs	(1,871)	(1,922)
Pensions & OPEBs	(95)	(95)
Bad debts	(231)	(148)
Other costs	(1,296)	(1,329)
Total US Regulated operating profit	**1,397**	**1,749**

At constant currency

Adjusted results, excluding exceptional items and remeasurements

OPEBs = other post employment benefits

Appendix 4

NGV and Other Activities operating profit

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For the year ended 31 March (£m)	2020	2019
Revenue	257	268
Depreciation & amortisation	(38)	(40)
Operating costs	(61)	(75)
Metering operating profit	**158**	**153**
Revenue	242	222
Depreciation & amortisation	(83)	(68)
Operating costs	(81)	(80)
Grain LNG operating profit	**78**	**74**
Revenue	62	85
Depreciation & amortisation	(6)	(5)
Operating costs	5	(16)
French interconnector operating profit	**61**	**64**
Revenue	76	183
Depreciation & amortisation	(4)	(2)
Operating costs	(9)	-
Property operating profit	**63**	**181**

Adjusted results, excluding exceptional items and remeasurements

Metering including Smart Metering

Exchange rates

For the year ended 31 March (£m)	2020	2019
Closing $ / £ rate	1.24	1.30
Average $ / £ rate for the period	1.29	1.31

For the year ended 31 March (£m)	2019
Impact on operating profit[1]	26
Impact on interest[1]	(11)
Impact on tax, JVs and minority interests[1]	(4)
Net impact on earnings[1]	**11**
Impact on closing net debt[2]	776
Impact on book value of assets[2]	551

1 Currency impact calculated by applying the average 2019/20 rate to 2018/19 results
2 Currency impact calculated by applying the closing March 2020 rate to March 2019 balances
Adjusted results, excluding exceptional items and remeasurements

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Pensions & other post employment benefit obligations (IAS 19 data)

	UK		US		
At 31 March 2020 (£m)	**ESPS**	**NGUK PS**	**Pensions**	**OPEBs**[1]	**Total**
Fair value of assets	3,161	11,203	6,972	2,412	**23,748**
Present value of liabilities	(2,782)	(10,062)	(8,085)	(3,772)	**(24,701)**
Net (liability) / asset	379	1,141	(1,113)	(1,360)	**(953)**
Taxation	(72)	(217)	292	357	**360**
Net (liability) / asset net of taxation	**307**	**924**	**(821)**	**(1,003)**	**(593)**
Discount rates	2.35%	2.35%	3.30%	3.30%	

1 OPEBs = other post employment benefits

Timing impacts

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£m	UK Electricity Transmission	UK Gas Transmission	US Regulated	Total
2019/20 Opening balance	(118)	59	471	**412**
2019/20 Opening balance restatement adjustment	(9)	-	-	**(9)**
2019/20 over / (under) recovery	146	(54)	(239)	**(147)**
2019/20 Closing balance	**19**	**5**	**232**	**256**
2018/19 Opening balance	(41)	97	245	**301**
2018/19 over / (under) recovery	(77)	(38)	226	**111**
2018/19 Closing balance	**(118)**	**59**	**471**	**412**
Year on year timing variance	**223**	**(16)**	**(465)**	**(258)**

2018/19 opening balance restatement reflects finalisation of timing balances
All USD balances stated using the average 19/20 rate of $1.2868 to £1
2019/20 closing timing balance as at 31 March 2020 at closing rate ($1.242 to £1): £264m
2018/19 closing timing balance as at 31 March 2019 at closing rate ($1.302 to £1): £407m

Appendix 8

UK Transmission

Regulated asset values ('RAV') and returns

	UK Electricity Transmission	UK Gas Transmission
Regulator	Ofgem	Ofgem
RAV	£14,133m	£6,298m
Base allowed real return (assumed CoD 1.58%)	3.75% ('vanilla' WACC)	3.54% ('vanilla' WACC)
Allowed RoE (nominal)	10.2%	10.0%
Achieved RoE (nominal)	13.5%	9.8%
Equity / debt (assumed)	40 / 60	37.5 / 62.5
Totex capitalisation rate (TO)	85%	64%
Sharing factors (shareholder retention at RoE)	47% plus incentive schemes	44% plus incentive schemes

CoD = Cost of Debt

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New York jurisdiction

Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity as at 31 March 2020 *Returns are those for the fiscal year ended 31 March 2020*	**Long Island (KEDLI)**	**Downstate New York (KEDNY)**	**Upstate New York (NMPC Gas)**	**Upstate New York (NMPC Electric)**
Regulator	New York PSC	New York PSC	New York PSC	New York PSC
Rate base	$2,932m	$4,555m	$1,328m	$5,881m
Base allowed return	9.00% (RoE)	9.00% (RoE)	9.00% (RoE)	9.00% (RoE)
Achieved return	9.7%	7.7%	8.7%	8.9%
Equity / debt (assumed)	48 / 52	48 / 52	48 / 52	48 / 52
Sharing factors (shareholder retention at RoE)	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%
Last rate case filing	Effective from April 2017 [1]	Effective from April 2017 [1]	Effective from April 2018	Effective from April 2018

[1] Currently in settlement discussions with the regulator with new rates expected to be backdated to 1 April 2020

Appendix 10

Massachusetts and Rhode Island jurisdiction

Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity as at 31 March 2020 *Returns are those for the fiscal year ended 31 March 2020*	**Massachusetts Electric**[1]	**Massachusetts Gas**[2]	**Narragansett Distribution Electric**	**Narragansett Distribution Gas**
Regulator	Massachusetts DPU	Massachusetts DPU	Rhode Island PUC	Rhode Island PUC
Rate base	$2,858m	$3,108m	$895m	$944m
Base allowed return	9.6% (RoE)	9.5% (RoE)	9.3% (RoE)	9.3% (RoE)
Achieved return	10.3%	7.8%	11.9%	8.8%
Equity / debt (assumed)	53 / 47	53 / 47	51 / 49	51 / 49
Sharing factors (shareholder retention at RoE)	100% to 11.6% 25% above 11.6%	100%	100% to 9.275% 50% to 10.275% 25% above 10.275%	100% to 9.275% 50% to 10.275% 25% above 10.275%
Last rate case filing	Effective from October 2019	Effective from October 2018	Effective from September 2018	Effective from September 2018

[1] Includes Nantucket Electric. The rate base includes transmission assets

[2] Massachusetts Gas currently comprises two separate entities: Boston Gas and Colonial Gas. Base allowed and achieved RoE's are weighted averages (using rate base)

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FERC jurisdiction

Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity as at 31 March 2020 *Returns are those for the fiscal year ended 31 March 2020*	**New England Power**	**Narragansett Electric (Transmission)**	**Other (incl Canadian interconnector)[1]**	**Long Island Generation[2]**
Regulator	FERC	FERC	FERC	FERC
Rate base	$1,844m	$788m	$52m	$456m
Base allowed return	10.6% (RoE)	10.6% (RoE)	13.0% (RoE)	9.9% (RoE)
Achieved return	11.0%	11.1%	13.0%	14.1%
Equity / debt (assumed)	66 / 34	50 / 50	100 / 0	47 / 53
Sharing factors (shareholder retention at RoE)	100%	100%	100%	100%
Last rate case filing	Monthly formula rates	Monthly formula rates	Monthly formula rates	Effective from May 2013

[1] National Grid earns a return on its ~54% stake in the Canadian interconnector

[2] Long Island Generation rate base includes both baseload and peaking plant

Appendix 12

Value Added

For the year ended 31 March (£m)	2020	2019 (constant currency)	change
UK RAV	20,431	19,692	739
US rate base	20,644	18,407	2,237
NG Ventures and other business assets	4,105	3,351	754
Other balances	920	1,006	(86)
Total group regulated assets and other balances	**46,100**	**42,456**	**3,644**
Goodwill	6,233	6,152	81
Net debt	(28,590)	(27,795)	(795)
Equity	**23,743**	**20,813**	**2,930**
Other net debt adjustments [1]			(1,782)
Dividend paid during the year			892
Value Added			2,040
Value Added per share (pence)			58.9p

[1] Value added excludes £2.0bn Cadent proceeds and excludes movements on derivatives designated in cash flow hedging arrangements where there is no corresponding movement in total assets and other balances

Appendix 13

Group Return on Equity

For the year ended 31 March (£m)	2020	2019
Regulated financial performance	3,546	3,318
IFRS operating profit for non-regulated companies[1]	269	424
Share of post tax results of joint ventures	88	40
Non-controlling interest	(1)	(3)
Adjusted Group interest charge	(1,069)	(1,037)
Adjusted Group tax charge	(550)	(522)
Adjusted Group profit after tax for RoE	**2,283**	**2,220**
Opening rate base/RAV	37,459	35,045
Opening other	3,304	2,298
Opening goodwill	5,938	5,852
Opening capital employed	46,701	43,195
Opening net debt[2]	(27,194)	(24,345)
Opening Equity	**19,507**	**18,850**
Group RoE – nominal (adjusted group profit after tax / group equity value)	**11.7%**	**11.8%**

1 Adjusted to remove element of corporate centre costs included in regulated financial performance

2 At average exchange rate for the year. Opening net debt for the year ended 31 March 2020 includes the impact of IFRS16

Adjusted results, excluding exceptional items and remeasurements

Appendix 14

Weighted average number of shares

For the year ended 31 March	2020	2019
Number of shares (millions):		
Current period opening shares	3,410	
Scrip dividend shares (weighted issue)	47	
Other share movements (weighted from issuance/repurchase)	4	
Weighted average number of shares	**3,461**	**3,386**
Underlying earnings (£m)	2,014	1,995
Underlying EPS (restated)	58.2p	58.9p

Adjusted results, excluding exceptional items and remeasurements

Interest cover

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For the year ended 31 March (£m)	2020	2019
Interest expense (income statement)	**1,119**	1,066
Hybrid interest reclassified as dividend	(39)	(51)
Capitalised interest	122	135
Pensions interest adjustment	16	(4)
Interest on lease rentals adjustment	-	11
Unwinding of discounts on provisions	(77)	(74)
Other interest adjustments	**-**	1
Adjusted interest expense	**1,141**	1,084
Net cash inflow from operating activities	**4,715**	4,389
Interest income on financial instruments	73	68
Interest paid on financial instruments	(957)	(914)
Dividends received	75	201
Working capital adjustment	(269)	(40)
add back excess employer pension contributions	176	260
add back Hybrid interest reclassified as dividend	39	51
add back lease rentals	-	34
Difference in net interest expense in income statement to cash flow	(187)	(186)
Difference in current tax in income statement to cash flow	67	(13)
add back current tax related to prior years	(45)	(52)
Net cash inflow from discontinued operations	(97)	(71)
Funds from operations (FFO)	**3,590**	3,727
Interest cover:		
(Funds from operations + adjusted interest expense) / adjusted interest expense	**4.1x**	4.4x

RCF:Debt

nationalgrid

For the year ended 31 March (£m)	2020	2019
Funds from operations (FFO)	3,590	3,727
Hybrid interest reclassified as dividend	(39)	(51)
Ordinary dividends paid to shareholders	(892)	(1,160)
Retained cash flow (RCF)	**2,659**	**2,516**
Borrowings	30,794	28,730
Less		
50% hybrid debt	(1,054)	(1,039)
Cash & cash equivalents	(73)	(252)
Restricted cash	-	-
Financial and other investments	(1,278)	(1,311)
Underfunded pension obligations	1,442	845
Operating leases adjustment	-	248
Derivative asset removed from debt	(116)	141
Currency swaps	203	38
Nuclear decommissioning liabilities reclassified as debt	6	18
Collateral - cash received under collateral agreements	(785)	(558)
Accrued interest removed from short-term debt	(246)	(223)
Adjusted Net Debt (includes pension deficit)	**28,893**	**26,637**
RCF / adjusted net debt	**9.2%**	**9.4%**

UK Electricity Transmission net revenue

For the year ended 31 March (£m)		2020
Revenue		**3,702**
Net timing adjustment		(146)
Pass through costs		
BSIS costs	(1,312)	
Electricity Transmission pass through costs	(216)	
		(1,528)
Net revenue adjusted for timing		**2,028**

	£m
Incentives (excluding totex), true ups (non-controllable costs, pensions etc.) and revenue over/under recoveries	
Deferred for future recovery/(return):	
Incentives	17
True ups	1
Revenue under/(over) recovery	(86)
(Collection)/return of prior year deferrals	(78)
Net timing adjustment	**(146)**

UK Electricity Transmission operating profit

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For the year ended 31 March (£m)		2020
Net Revenue adjusted for timing		
Transmission Owner (ETO) excluding incentives	1,706	
ETO incentives	18	
System Operator (ESO) including incentives	300	
Other (including legal settlements)	4	
		2,028
Depreciation & Amortisation		
Electricity Transmission Owner	(432)	
Electricity System Operator	(37)	
		(469)
Regulated Controllable costs, pensions and other costs		
Electricity Transmission Owner	(268)	
Electricity System Operator	(117)	
		(385)
Total UK Electricity Transmission operating profit adjusted for timing		
Electricity Transmission Owner	1,024	
Electricity System Operator	146	
Other	4	
Total UK Electricity Transmission operating profit adjusted for timing		**1,174**
Timing adjustment		**146**
Total UK Electricity Transmission operating profit: headline		**1,320**

	£m
Ofgem annual iteration TO revenue	1,207
- model non-controllable costs	(88)
+ inflate to actual 19/20 prices	388
Ofgem model net revenue	**1,507**
+ network innovation allowance, contributions, pensions true up and other	(3)
+ excluded services income	202
TO net revenue excluding timing and incentives	**1,706**

UK Gas Transmission net revenue

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For the year ended 31 March (£m)		2020
Revenue		**927**
Net timing adjustment		**54**
Pass through costs		
Gas Transmission Owner (GTO) pass through costs	(151)	
Gas System Operator (GSO) pass through costs	(91)	
		(242)
Net revenue adjusted for timing		**739**

	£m
Incentives (excluding totex), true ups (non-controllable costs, pensions etc.) and revenue over/under recoveries	
Deferred for future recovery/(return):	
Incentives	28
True ups	(57)
Revenue under/(over) recovery	41
(Collection)/return of prior year deferrals	42
Net timing adjustment	**54**

Appendix 20

UK Gas Transmission operating profit

For the year ended 31 March (£m)		2020
Net Revenue adjusted for timing		
Transmission Owner (GTO) excluding incentives	560	
GTO incentives	5	
System Operator (GSO) excluding incentives	140	
GSO incentives (excluding revenue drivers)	25	
Other including LNG Storage	9	
		739
Depreciation & Amortisation		
Gas Transmission Owner	(149)	
Gas System Operator	(22)	
		(171)
Regulated Controllable costs, pensions and other costs		
Gas Transmission Owner	(109)	
Gas System Operator	(57)	
Other	-	
		(166)
Total UK Gas Transmission operating profit adjusted for timing		
Gas Transmission Owner	307	
Gas System Operator	86	
LNG Storage & Other	9	
Total UK Gas Transmission operating profit adjusted for timing		402
Timing adjustment		(54)
Total UK Gas Transmission operating profit: headline		348

	£m
Ofgem annual iteration TO revenue	510
- model non-controllable costs	(110)
+ inflate to actual 19/20 prices	139
Ofgem model net revenue	**539**
+ network innovation allowance, contributions, pensions true up and other	5
+ excluded services income	16
TO net revenue excluding timing and incentives	**560**

	£m
Ofgem annual iteration SO revenue	104
+ inflate to actual 19/20 prices	36
Ofgem model net revenue	**140**
SO net revenue excluding timing and incentives	**140**

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Reconciliation of adjusted EPS to statutory EPS

(including and excluding timing and major storm costs)

For the year ended 31 March (pence)	2020	2019
Underlying EPS from continuing operations	**58.2**	58.9
Timing and major storm costs	(3.0)	0.1
Adjusted EPS from continuing operations	**55.2**	59.0
Exceptional items after tax from continuing operations	(14.2)	(14.2)
Remeasurements after tax from continuing operations	(4.2)	(0.5)
EPS from continuing operations	**36.8**	44.3
Statutory EPS from discontinuing operations	(0.3)	0.3
Statutory EPS	**36.5**	44.6

Appendix 22

Volume exposure

		Generation capacity	Industrial & Commercial	Volume	Fixed	Residential	Volume	Fixed	Total
UK Transmission	Electricity	15%	52%	97%[1]	3%	33%	100%	0%	100%
	Gas	0%	64%	35%	65%	36%	36%	64%	100%
US Distribution	Electricity	0%	38%	38%	62%	62%	72%	28%	100%
	Gas	0%	25%	80%	20%	75%	70%	30%	100%

		Fixed	Variable
US FERC	Transmission	0%	100%
	Generation	99%	1%

UK allowed revenue 100% decoupled. US distribution allowed revenue 95% decoupled. US FERC 100% decoupled based on formula rates

For all decoupled revenues any cash recovery that differs from allowances is reconciled through regulatory adjustments and recovered in future periods

UK electricity transmission revenue collected from suppliers with half hourly metered customers is dependent on their demand over the winter triad period. Revenue collected from suppliers with non-half hourly metered customers is dependent on daily consumption. Charges are reset annually each April.

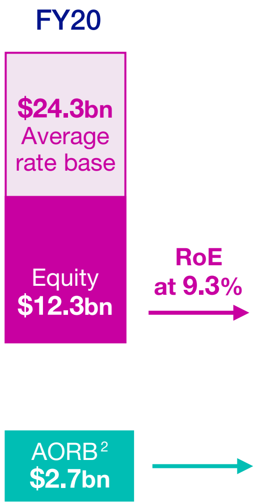
UK Gas transmission charges reset every April and October and based on most recent demand forecasts

[1] Blend of non-half hourly and half hourly charges

Adjusted US GAAP earnings

Growth in earnings driven by

- Rate base growth of 12%
- An increase in our achieved return on equity to 9.3% (FY19: 8.8%)



For the year ended 31 March ($m)	2020	2019
EBIT	**2,021[1]**	**1,864**
Pension adjustment	19	(95)
Interest	(491)	(457)
Tax	(408)	(345)
Earnings	**1,141**	**967**

Earnings (incl. AORB)	**~$1,229m**	**~$1,040m**

[1] Includes an adjustment reflecting our expectation for future recovery of COVID-19 related bad and doubtful debt costs

[2] Assets outside rate base excluding working capital