

# 2015-16 Full Year Results

19 MAY 2016



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# 2015/16 financial performance

OPERATING  
PROFIT

£4.1bn

RETURN ON  
EQUITY

12.3%

CAPITAL  
INVESTMENT

£3.9bn

ASSET  
GROWTH\*

4%

EARNINGS PER SHARE

63.5p

DIVIDEND PER SHARE

43.34p

\* Regulatory asset base growth calculated at constant currency  
Adjusted results, excluding exceptional items and remeasurements

# UK Electricity Transmission

<b>10.2%</b> Base return	+	<b>210bps</b> Totex incentive	+	<b>80bps</b> Other incentives	+	<b>80bps</b> Additional allowances	=	ACHIEVED RETURN	<b>13.9%</b>
									<u>FY15 14.0%</u>

## OPERATING PROFIT

**£1.2bn** -5%

FY15 £1.2bn

## CAPITAL INVESTMENT

**£1.1bn**

FY15 £1.1bn

## REGULATED ASSET VALUE

**£11.8bn**

FY15 £11.3bn

Adjusted results, excluding exceptional items and remeasurements

# UK Gas Transmission

$$\begin{array}{r}
 10.0\% \\
 \text{Base return}
 \end{array}
 +
 \begin{array}{r}
 (20)\text{bps} \\
 \text{Totex incentive}
 \end{array}
 +
 \begin{array}{r}
 120\text{bps} \\
 \text{Other incentives}
 \end{array}
 +
 \begin{array}{r}
 150\text{bps} \\
 \text{Additional allowances}
 \end{array}
 =
 \begin{array}{r}
 \text{ACHIEVED} \\
 \text{RETURN}
 \end{array}
 \begin{array}{r}
 12.5\% \\
 \hline
 \text{FY15 } 14.2\%
 \end{array}$$

## OPERATING PROFIT

£486m +11%

FY15 £437m

## CAPITAL INVESTMENT

£186m

FY15 £184m

## REGULATED ASSET VALUE

£5.6bn

FY15 £5.6bn

Adjusted results, excluding exceptional items and remeasurements

# UK Gas Distribution

$$\begin{array}{r}
 9.9\% \\
 \text{Base return}
 \end{array}
 +
 \begin{array}{r}
 200\text{bps} \\
 \text{Totex incentive}
 \end{array}
 +
 \begin{array}{r}
 100\text{bps} \\
 \text{Other incentives}
 \end{array}
 +
 \begin{array}{r}
 10\text{bps} \\
 \text{Additional allowances}
 \end{array}
 =
 \begin{array}{r}
 \text{ACHIEVED} \\
 \text{RETURN}
 \end{array}
 \begin{array}{r}
 13.0\% \\
 \hline
 \text{FY15 } 12.9\%
 \end{array}$$

## OPERATING PROFIT

£878m +6%

FY15 £826m

## CAPITAL INVESTMENT

£549m

FY15 £498m

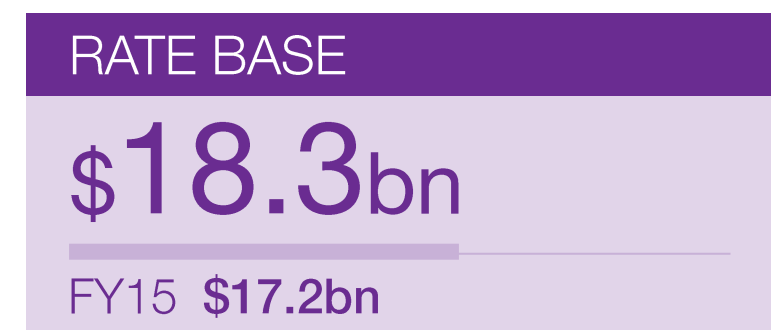
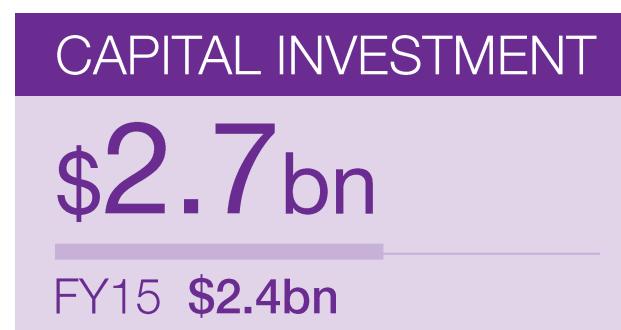
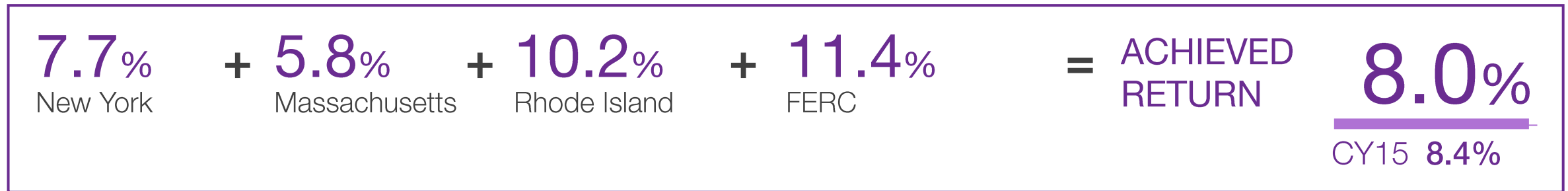
## REGULATED ASSET VALUE

£8.7bn

FY15 £8.5bn

Adjusted results, excluding exceptional items and remeasurements

# US Regulated



Operating profit calculated at constant currency

Adjusted results, excluding exceptional items and remeasurements

# Other Activities & JVs

OTHER ACTIVITIES	£162m	£72m	£123m	£56m
	Metering	Grain LNG	IFA	Property

JVs	£50m	£11m
	BritNed	Millennium

OPERATING PROFIT	£374m
	FY15 £191m

POST TAX SHARE	£59m
	FY15 £47m

TOTAL INVESTMENT	£271m*
	FY15 £220m

\* Excludes £63m equity contribution to St. William property joint venture  
 Operating profit and investment calculated at constant currency  
 Adjusted results, excluding exceptional items and remeasurements



# Interest, tax and earnings

## FINANCE COSTS

£1,013m

6% lower than 2015

- Effective interest rate of 3.8%
- Innovative financing at low interest rates

## EFFECTIVE TAX RATE

24.0%

at £(753)m

- Tax rate 20bps lower than 2015
- Tax charge £58m higher than 2015

## EARNINGS

£2,386m

PY £2,189m

- 3,755m weighted average shares
- 63.5p/share

Adjusted results, excluding exceptional items and remeasurements  
Finance costs are calculated at constant currency

# Cash flow and net debt

£m

Period ended 31 March 2016

Operating profit	4,096
Depreciation & amortisation	1,614
Pensions	(327)
Working capital & other	339
<b>Net operating cash flow</b>	<b>5,722</b>
<b>Net debt</b>	<b>(25,325)</b>

RCF / NET DEBT

**11.5%**

FFO / NET DEBT

**16.7%**

INTEREST COVER

**5.5x**

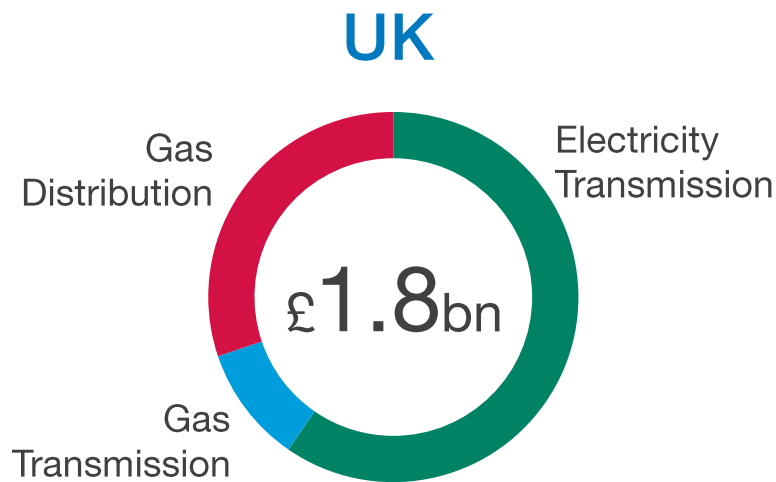
Adjusted results, excluding exceptional items and remeasurements

Credit metrics reported using Moody's methodology

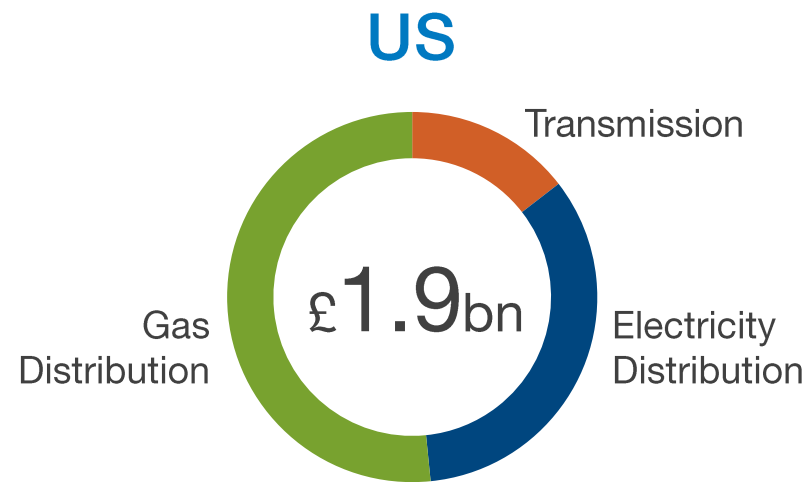
# Debt financing



# Growth through balanced investments



3% RAV growth



7.5%\* rate base growth



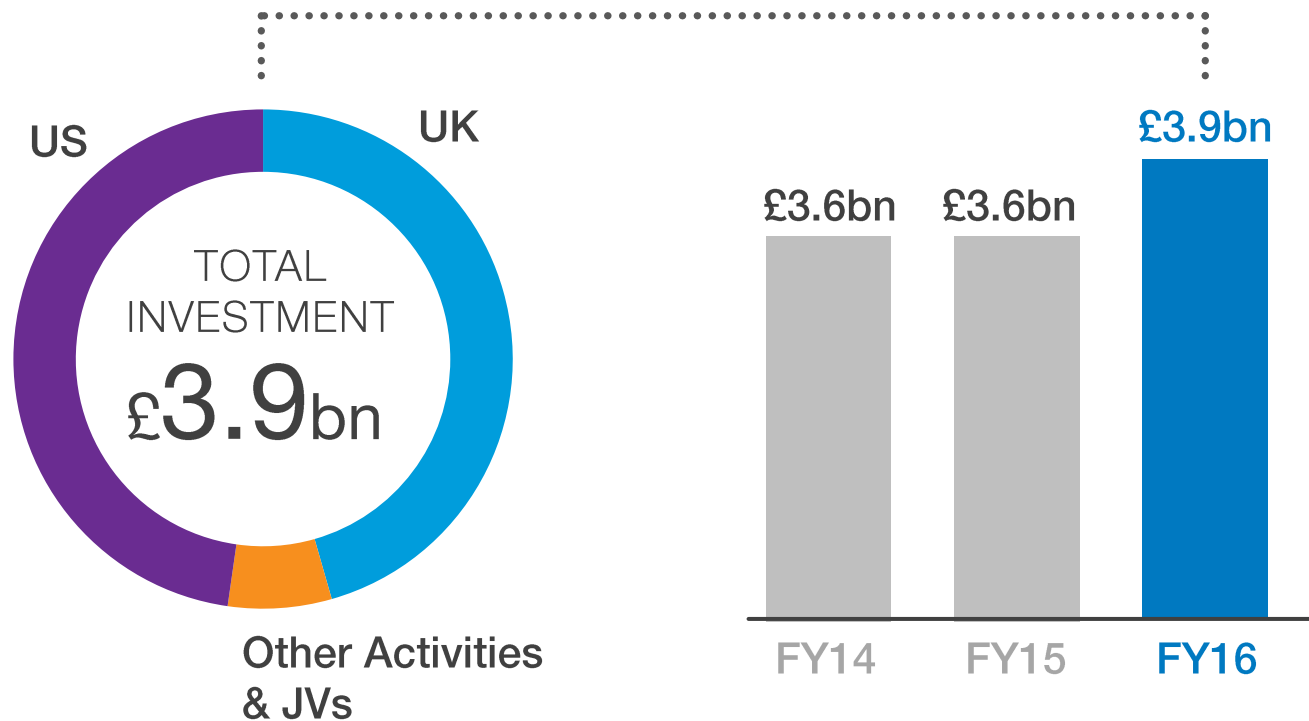
Investment started on new interconnectors

\* Excluding movements in working capital

\*\* Excludes £63m equity contribution to St. William property joint venture

US rate based growth is calculated at constant currency

# Sustained investment



- Expect to sustain this level of investment over the coming years
- Targeting asset growth of 5-7%\*

\* Assuming 3% UK inflation

At constant currency

# Summary

OPERATING PROFIT

£4.1bn

EPS

63.5p

RETURN ON EQUITY

12.3%

VALUE ADDED

£1.8bn

ASSET GROWTH\*

4%

CAPITAL INVESTMENT

£3.9bn

\* Regulated asset base growth calculated at constant currency  
Adjusted results, excluding exceptional items and remeasurements  
Value added is calculated at constant currency

# 2015-16 Full Year Results

Q&A

