

US Performance Reporting

Investor Relations | July 2020



Adjusted US GAAP earnings

Adjusted US GAAP earnings measure aids comparability with other US utilities, capturing performance against rate plans and rate base growth.

	Year ended 31 March 2020
Underlying IFRS op profit¹	2,106
Environmental reserves	(94)
Storms and other ²	81
US GAAP op profit	2,093
Levelisation and other	(72)
EBIT	2,021
Pension interest	19
Interest	(491)
Tax	(408)
Earnings	1,141
Earnings (incl. AORB)	~\$1,229m

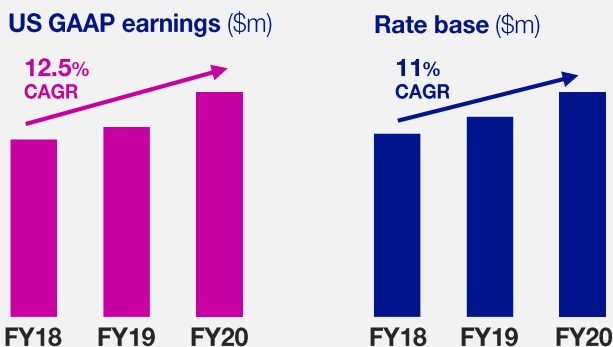
\$24.3bn Average rate base
Equity \$12.3bn RoE at 9.3%
AORB³ \$2.7bn

- Significant adjustments between IFRS and US GAAP relate to pensions, environmental and storm costs
- Under US GAAP certain costs are deferred to the balance sheet until we receive the associated revenue
- Under IFRS, costs are expensed immediately
- 50:50 regulatory gearing assumption

To aid comparison with other US utilities, include:

- Assets outside rate base which earn a non-cash post-tax return of ~\$88m
- Group gearing of 63%, which would increase post-tax interest charge by ~\$100m

1 Underlying IFRS operating profit for the US Regulated business in USD, translated from £1,636m at a rate of \$1.29 to £1
 2 Includes an adjustment reflecting our expectation for future recovery of COVID-19 related bad and doubtful debt costs
 3 Assets outside rate base - excluding working capital



- Achieved adjusted US GAAP earnings CAGR of 12.5% between FY18 and FY20
 - reflect average asset growth of 11%
 - 40 bps improvement in RoE
- Sustainable future earnings growth driven by continued asset growth and earning returns close to the allowed levels

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