

NG.Debt

Investor Relations | May 2018

Net debt
at 31 March 2018

£23bn

Moody's interest cover for 17/18 was 4.4x, comfortably above our minimum target of 3x, which we believe is consistent with single A range credit ratings for our main UK/US operating companies.

FFO / Adjusted Debt 16.4%	RCF / Adjusted Debt (continuing) 10.6%	Committed Facilities¹ at 31 March 2018	Average debt maturity
FFO Interest Cover 4.4x	Gearing (RAV / rate base) 64%	£5.4bn	~11 years
<p>Group credit rating metrics within current ratings of the Group</p> <ul style="list-style-type: none"> • FFO interest > 3x • RCF/adjusted debt > 9% <p>This year our RCF:Debt metric was calculated excluding the impact of residual cash flows following the UK Gas Distribution sale (now Cadent). Including these cashflows the metric was 9.7%</p>		<p>FY16/17 reported metrics were:</p> <ul style="list-style-type: none"> • FFO/Adjusted Debt 23.3% • FFO Interest Cover 5.0x • RCF/Adjusted Debt 14.9% • Gearing (RAV / rate base) 65%² 	

1. Available for liquidity purposes

2. Adjusted for NGGD disposal

Debt issuance

On average, National Grid expects to issue £2-3bn of long-term debt each year, to fund capital expenditure and to refinance maturing debt.

External debt is raised by our operating companies, intermediate holding companies and by the Group parent company, National Grid plc. The vast majority of our debt is raised in the capital markets. We also maintain some long-term bank borrowings.

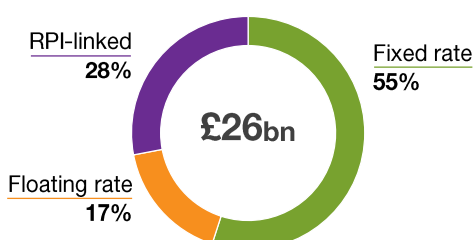
We can access multiple debt markets at any one time. As a result we benefit from flexibility, with access to the best value funding available. Debt can also be issued in any one of multiple currencies. Derivatives are used to manage the ultimate liability into sterling or US dollars.

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.

Interest rate profile

Borrowings and associated financing derivatives¹
(at 31 March 2018)



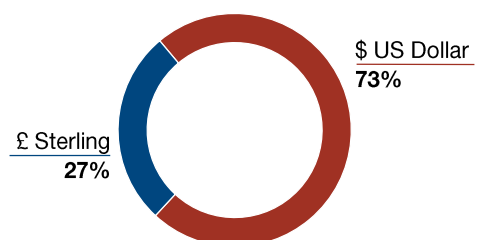
1. Excludes cash and investments

Exchange rates

As a partial currency hedge of our investment in US businesses, US Dollar borrowings and derivatives are employed to maintain net US dollar debt liabilities at approximately \$25bn (as at 31 March 2018). As a result, net debt varies with GBP/USD exchange rates.

Currency profile

Ultimate liability, not currency of issue² (at 31 March 2018)

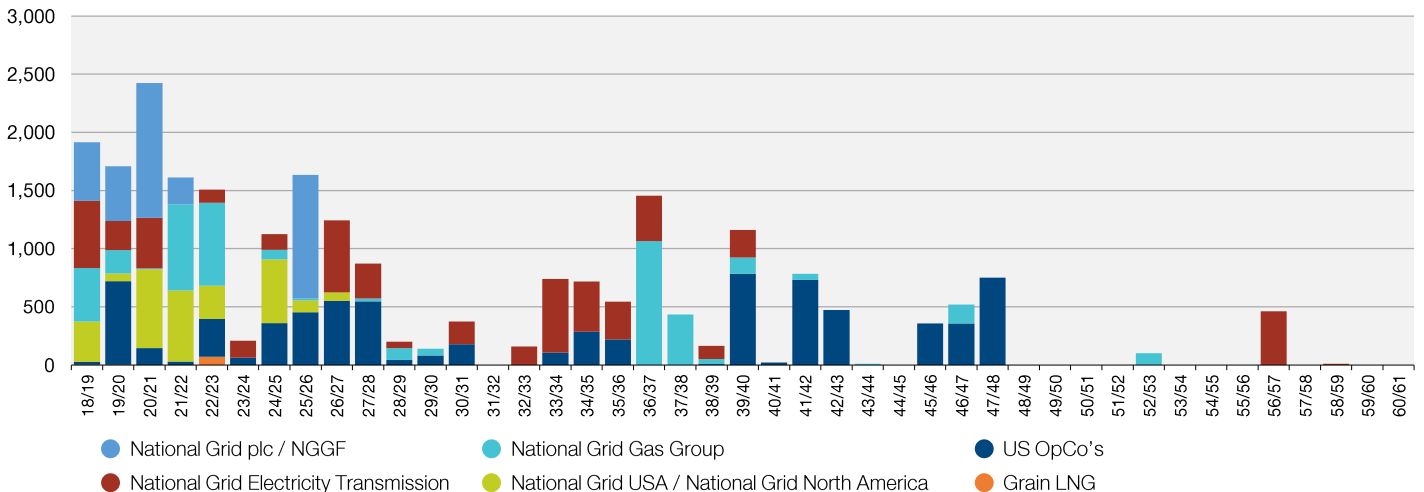


2. Includes associated financing derivatives and excludes cash and investments

National Grid long term debt maturity profile

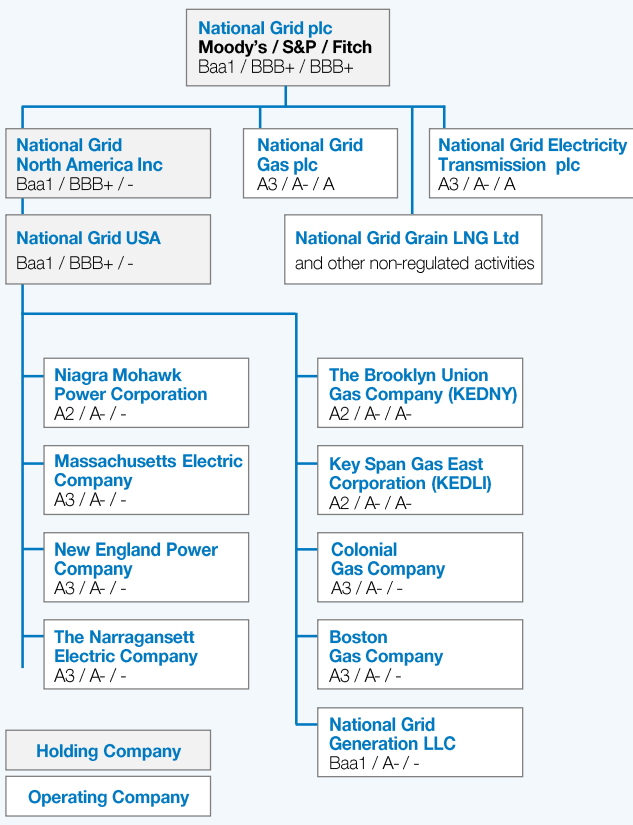
Data as at 31 March 2018, GBP/USD exchange rate 1.4033, Hybrid bond maturities to first call date

£m equivalent



Group debt issuing companies credit ratings

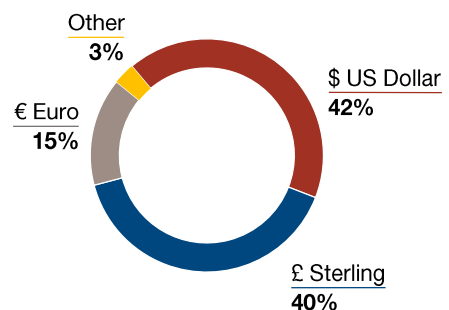
We have credit ratings from at least two agencies for all of our current debt issuing companies.



Weighted average long term debt maturity

	Years
National Grid plc and NGG Finance	4
National Grid Gas Group	12
National Grid Electricity Transmission	13
US Group	12

Currency profile of issuance



Note: Gross borrowings at 31 March 2018 excluding associated derivatives and cash and investments

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. 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 'Risk factors' section on pages 180 to 183 of National Grid's most recent Annual Report and Accounts as updated by National Grid's unaudited half-year financial information for the six months ended 30 September 2017 published on 9 November 2017. Copies of the most recent Annual Report and Accounts and full-year financial information are available online at www.nationalgrid.com or from Link Asset Services. 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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