

NG Half Year Results 2017/18

Investor Relations | November 2017

“...focus on efficiency and innovation...”

“We have delivered a solid financial performance in line with our expectations, made further progress to evolve our business and maintained a world class, safe and reliable service. Our focus on efficiency and innovation has reduced costs and generated increased savings for bill-payers...”

“...We are confident that our strategy continues to create value for shareholders, delivering an attractive yield, and asset growth in the 5% to 7% range”

John Pettigrew
Chief Executive

Group financial summary (excluding timing)

Half year ended 30 September

Adjusted Results¹ (unaudited)
(£m at actual exchange rates)

OPERATING PROFIT
£1.4bn

DIVIDEND PER SHARE
15.49p

EARNINGS PER SHARE
20.4p

Financial highlights

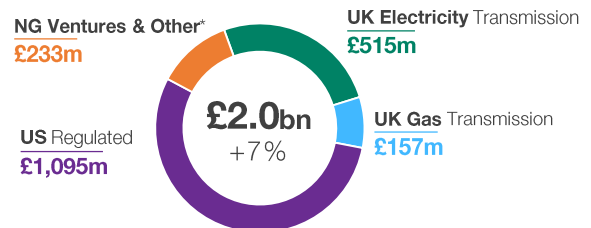
- Adjusted operating profit, excluding timing up 4% to £1.4bn (statutory operating profit at £1.3bn)
- Adjusted EPS of 18.5p, including adverse timing of 1.9p (statutory EPS of 19.5p)
- Capital investment of £2.0bn, up 7% (4% at constant currency)
- Interim dividend of 15.49p per share, up 2.1%, in line with policy
- £3.6bn from Gas Distribution sale returned via special dividend and ongoing share buybacks
- Strong balance sheet maintained
- Full year outlook reiterated; financial performance weighted to the second half due to US seasonality

Operational highlights

- Good progress against key priorities
- Continued strong momentum in the US
- Niagara Mohawk rate case filing at settlement stage
- Massachusetts Gas and Rhode Island filings imminent
- Continued solid performance in the UK Regulated business
- Electricity System Operator separation framework agreed
- UK Interconnector projects to Norway, Belgium and France progressing well

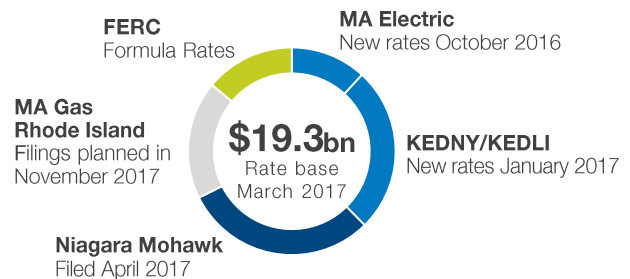
Capital Investment²

Continued to make significant investment across the UK and the US in the first six months of 2017/18



* including investment in joint ventures, excluding St. William (£8m)

Regular US rate filings to support improved performance



- ~70% of US Rate Base to be operating under new rates by April 2018
- Targeting 90% of allowed returns in 2017/18

Outlook

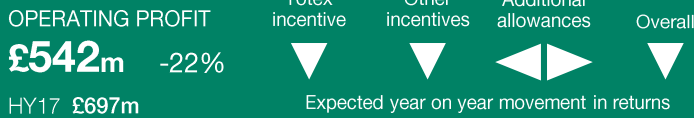
- Overall Group performance is anticipated to remain in line with the expectations set out at the full year results announcement in May 2017.
- Capital investment is expected to increase to over £4 billion driven by increased workload agreed under the new rate agreements in the US, together with higher asset health investment in our UK Transmission businesses and further investment in NG Ventures and Other.

1. 'Adjusted results' are given on an adjusted basis for our continuing operations, at actual exchange rates. This and a number of other terms and performance measures used in this document are not defined within accounting standards and may be applied differently by other organisations.

2. Capital investment includes investment in JVs, excluding equity contributions to St. William property JV

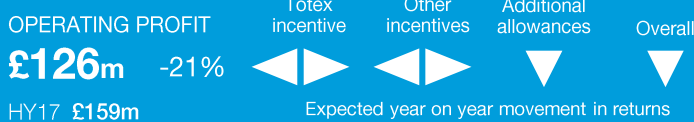
Business performance in detail

UK Electricity Transmission



- H1 operating profit decrease due to expected price control model adjustments (MOD) and timing
- Reduced other incentive opportunity from BSIS
- Expect continued good level of returns outperformance

UK Gas Transmission



- H1 operating profit decrease due to adverse timing not wholly offset by MOD increases to revenue
- Returns to be around the allowed level as legacy allowances end
- Avonmouth MOD adjustment of £85m expected in FY2018/19 - no impact on returns and RAV

US Regulated



- H1 operating profit flat; Increased revenue from new rates and favourable currency offset by adverse timing
- IFRS operating profit excluding timing expected to increase 7% per year on average for the medium term from 2016/17
- US profitability significantly weighted to H2

NG Ventures



- FY2017/18 operating profit contribution from NGV is expected to be in line with last year

Other activities



- Lower Cadent contribution due to the expected reduction in base allowed revenues and adverse timing
- £15m shareholder loan interest income recognised through the interest line rather than the JV line

NOTE: Adjusted performance, excluding exceptional items and remeasurements. All numbers include impact of timing and calculated at constant currency

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 half-year financial information are available online at www.nationalgrid.com or from Capita Registrars. 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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