

national**grid**

Full Year Results 2020/21

London, 20 May 2021



Cautionary statement

This presentation 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 (the Company) 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. These forward-looking statements are not guarantees of National Grid's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements. 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 the implementation of the RII0-2 price controls as well as increased economic uncertainty following the COVID-19 pandemic; 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. Other factors that could cause actual results to differ materially from those described in this presentation include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in National Grid's borrowing and debt arrangements, funding costs and access to financing; regulatory requirements for the Company to maintain financial resources in certain parts of its business and restrictions on some subsidiaries' transactions such as paying dividends, lending or levying charges; the delayed timing of recoveries and payments in National Grid's regulated businesses and whether aspects of its activities are contestable; the funding requirements and performance of National Grid's pension schemes and other post-retirement benefit schemes; the failure to attract, develop and retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with National Grid's employees or the breach of laws or regulations by its employees; the failure to respond to market developments, including competition for onshore transmission; the threats and opportunities presented by emerging technology; the failure by the Company to respond to, or meet its own commitments as a leader in relation to, climate change development activities relating to energy transition, including the integration of distributed energy resources; and the need to grow the Company's business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including the acquisition of WPD, the sale of the Company's Rhode Island gas and electricity business and the proposed sale of a majority stake in its UK gas transmission business. For further details regarding these and other assumptions, risks and uncertainties that may impact National Grid, please read the Strategic Report section and the 'Risk factors' on pages 227 to 230 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 2020 published on 12 November 2020. In addition, new factors emerge from time to time and National Grid cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this presentation.

national**grid**

Highlights

John Pettigrew
Chief Executive



Financial performance highlights

Solid delivery in 2021

Underlying operating profit

£3,283m ↓3%

FY20: **£3,389m**

Underlying EPS

54.2p ↓7%

FY20: **58.2p**

Return on Equity

10.6% ↓140bps

FY20: **12.0%**

Capital investment

£5,047m ↓4%

FY20: **£5,257m**

Asset growth

5.6% ↓340bps

FY20: **9.0%**

Dividend growth
in line with policy

49.16p ↑1.2%

FY20: **48.57p**

Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than \$100m) and timing
Capital investment includes investment in JVs (excluding equity contributions to St William property JV in FY20)
Operating profit and capital investment calculated at constant currency

Safety and reliability

Safety

- Reduction in lost time injury frequency rates
- UK best ever year of safety performance
- NG Ventures small rise in minor incidents

Reliability

- Excellent reliability across UK regulated networks
- ESO adapted to meet resilience challenges from low demand and high renewables generation
- Highest gas demand in a decade managed without incident or disruption
- Excellent US reliability, despite significant increase in storms



Progress on operational priorities

Underlying operational delivery

- Achieved ROE 7.2%
- ROE 8.6% adjusting for impact of COVID, non-deferrable storm costs and impact of rate case delays
 - 92% of allowed return
- Investment increased to \$4.3bn
 - 350 miles gas pipeline replacement
 - Over half way through 20,000 mile replacement programme

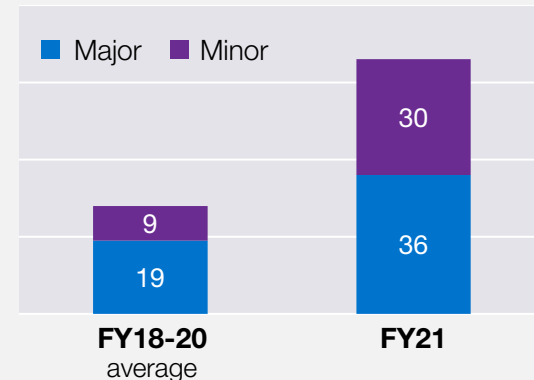
Regulatory progress

- KEDNY / KEDLI joint proposal reached
- Niagara Mohawk rate filing outcome expected in summer
- Filed for new rates in Massachusetts Gas
- Selected as partner for Northern New York Priority Transmission Project

Working to minimise storm impacts

- Upgrading infrastructure
- New technology improving resilience
- Cost recovery mechanisms and incentives for future rate cases

Number of Storms



Progress on operational priorities

Successful end to RIIO-1

- >£12.5bn invested over 8 years¹
- 12.6% achieved ROE
 - Within target range of 200-300bp outperformance
- Invested £1.2bn in FY21
 - Hinkley-Seabank connection
 - London Power Tunnels 2

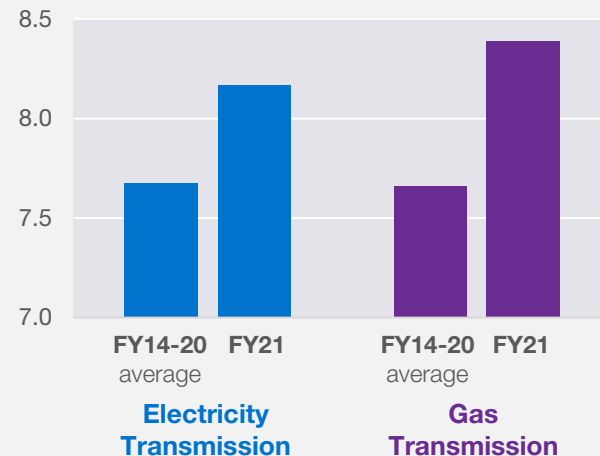
Delivering innovative solutions

- Smart Wires supporting renewable generation connections
- FutureGrid project to test repurposing gas transmission network for hydrogen

RIIO-T2 broad acceptance of final determination

- CMA appeal on cost of equity and outperformance wedge

Highest customer satisfaction scores in T1



over **£850m**

in savings for customers over RIIO-1¹

¹ Electricity transmission, gas transmission and gas distribution up until point of sale.

Progress on operational priorities

Interconnector progress

- IFA2 commissioned
- North Sea Link & Viking Link on track

Multi-purpose interconnectors

- Collaboration with Elia and TenneT

Growth in US onshore renewables

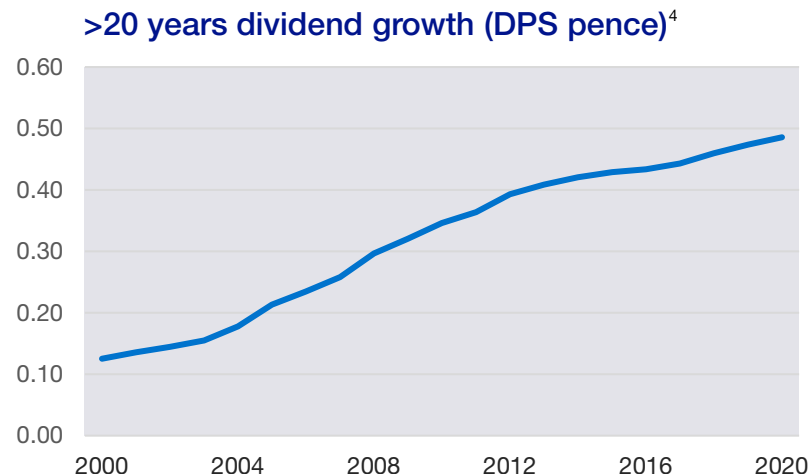
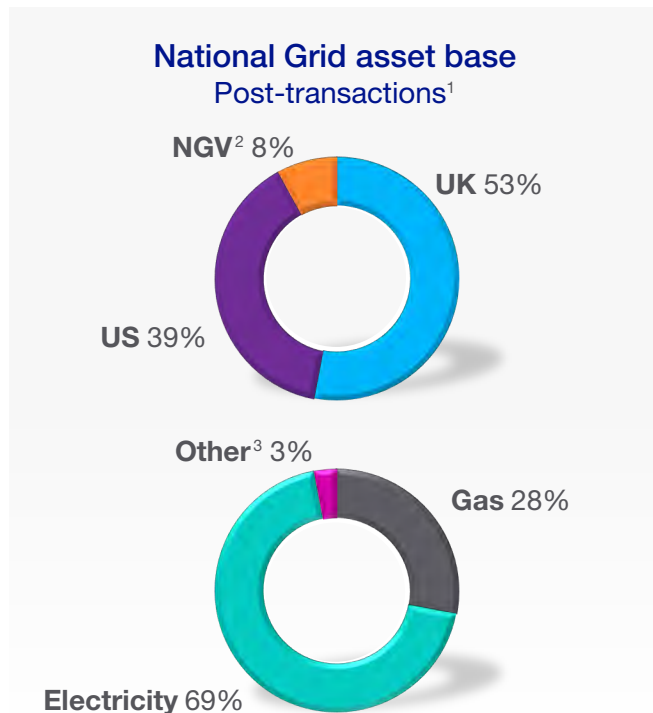
- >400MW operational
- 600MW under construction

Other

- Lower profitability from fewer land development sales



The right portfolio



+10%
Annualised total shareholder return
over past 10 years

¹ Calculated as proportion of FY20 asset base post completion of acquisition of Western Power Distribution, and sale of Rhode Island business and majority stake in UK Gas Transmission

² National Grid Ventures and Other

³ Includes US Service Co, NG Partners, Property and UK Other Assets (Corporate).

⁴ 2000-2010 DPS adjusted for 2010 Rights Issue, excludes special dividends

New 5 year outlook

Investing for the
clean energy future

£30-35bn
capital investment to 2026

6-8%
group asset CAGR¹

Strong balance sheet and
credit ratings maintained

Growing
sustainable value

5-7%
EPS CAGR¹

Underpinning **dividend growth**
in line with CPIH

¹ Compound annual growth rate FY21-26

Outlook assumes purchase of Western Power Distribution; sale of Rhode Island business and majority stake in UK Gas Transmission; 2% p.a. inflation rate; GBP/USD FX rate of 1.3; and scrip uptake of 25%

Financial Performance

Andy Agg
Chief Financial Officer



COVID update

- Continuing to deliver the service customers expect
- £355m adverse impact compared to guidance of £400m
 - Now recognised recoverability of £59m bad debt costs
- Net impact of £296m on operating profit
 - £120m residual bad debts
 - £78m revenue shortfall
 - £28m net direct costs
 - £70m delay in new rates for KEDNY and KEDLI
- Cash impact of £600m
- Expect to recover majority of costs over time



Financial performance highlights

Underlying operating profit

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FY20: **£3,389m**

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Capital investment includes investment in JVs (excluding equity contributions to St William property JV in FY20).
Operating profit and capital investment presented at constant currency

UK Electricity Transmission

Return on equity

240bps

Totex incentive

30bps

Other incentives

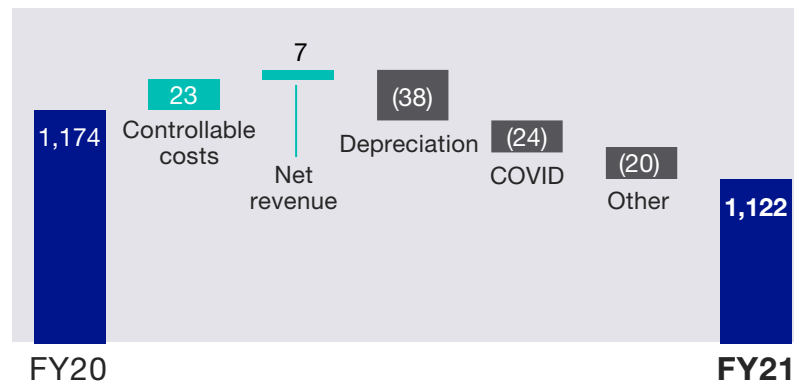
100bps

Additional allowances

Achieved
return on equity

13.9%

Underlying operating profit (£m)



Capital investment

£1,072m

FY20: **£1,043m**

Regulated asset value

£14.6bn

FY20: **£14.1bn**

- Exceeded £100m efficiency savings target
- Capital investment higher than FY20
- RAV growth of 3.1%

Underlying results, excluding timing, exceptional items and remeasurements.

UK Gas Transmission

Return on equity

(90)bps

Totex incentive

90bps

Other incentives

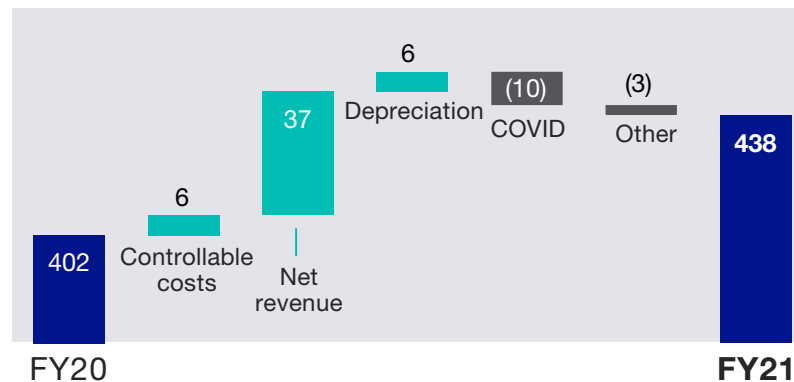
(40)bps

Additional allowances

Achieved
return on equity

9.6%

Underlying operating profit (£m)



Capital investment

£176m

FY20: **£249m**

Regulated asset value

£6.3bn

FY20: **£6.3bn**

- Higher revenues and further efficiency savings
- Lower capex reflecting several large projects reaching completion

Underlying results, excluding timing, exceptional items and remeasurements.

US Regulated

FY21

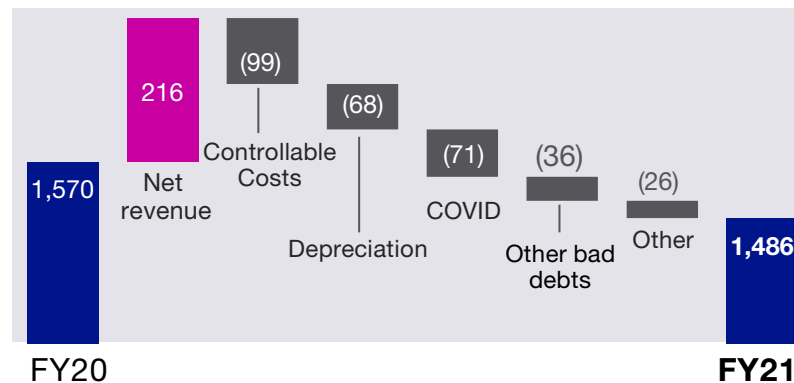
Return on equity excluding COVID, non-deferrable storm costs and impact of rate case delays

8.6%

Achieved return on equity

7.2%

Underlying operating profit (£m)



Capital investment

\$4.3bn

FY20: **\$4.2bn**

Rate base

\$27.6bn

FY20: **\$25.6bn**

Assets outside rate base

\$3.2bn

FY20: **\$2.7bn**

- Higher net revenues from new rate cases
- Higher controllable costs
- Higher depreciation
- COVID impact

Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than \$100m) and timing
Operating profit and capital investment presented at constant currency

NG Ventures

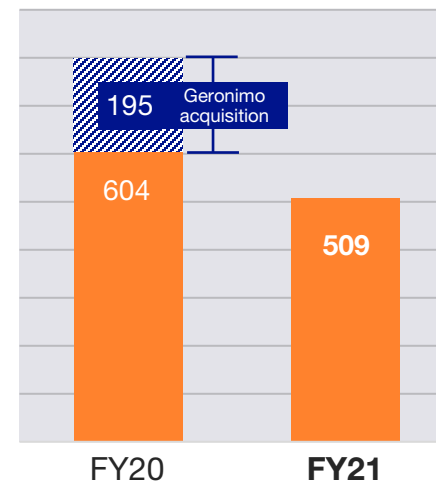
	Year ended	
	31 March 2021	31 March 2020
Operating profit (£m)		
Metering	154	158
Grain LNG	104	78
Interconnectors	60	61
Other	(20)	(28)
	298	269
Post tax share of JVs (£m)		
Interconnectors ¹	26	29
Millennium	22	22
Other	8	16
	56	67
Total NGV	354	336

¹ Includes BritNed and Nemo.

Operating profit, share of joint venture profit after tax and investment presented at constant exchange rates.

Underlying results, excluding timing, exceptional items and remeasurements.

Capital investment (£m)



- Lower investment as interconnector projects near completion

Other activities

	Year ended	
	31 March 2021	31 March 2020
Operating profit (£m)		
Property	22	63
Corporate & other	(83)	(90)
	(61)	(27)

Post tax share of JVs (£m)

St William	5	18
Other	5	3
	10	21

- Operating profit lower, reflecting fewer property sales
- Total capex includes NG Partners, property and corporate

Capital investment¹

£67m

FY20: **£70m**

- NG Partners investment of £38m

Operating profit, share of joint venture profit after tax and investment presented at actual exchange rates. Underlying results, excluding timing, exceptional items and remeasurements.

1 Capital investment includes investment in JVs (excluding equity contributions to St William property JV) and investment in NG Partners.

Interest, tax and earnings

Finance costs

£942m

8% lower than FY20³

- Lower RPI and borrowing rates
- Effective interest rate of 3.2%

Underlying effective tax rate¹

21.2%

Underlying tax charge: **£(496)m**

- 130 bps higher than prior year
- Smaller impact from tax credits relating to prior years

Underlying earnings²

£1,910m

FY20: **£2,014m**

- 3,523m weighted average shares
- 54.2p/share

1 Excluding joint ventures and associates.

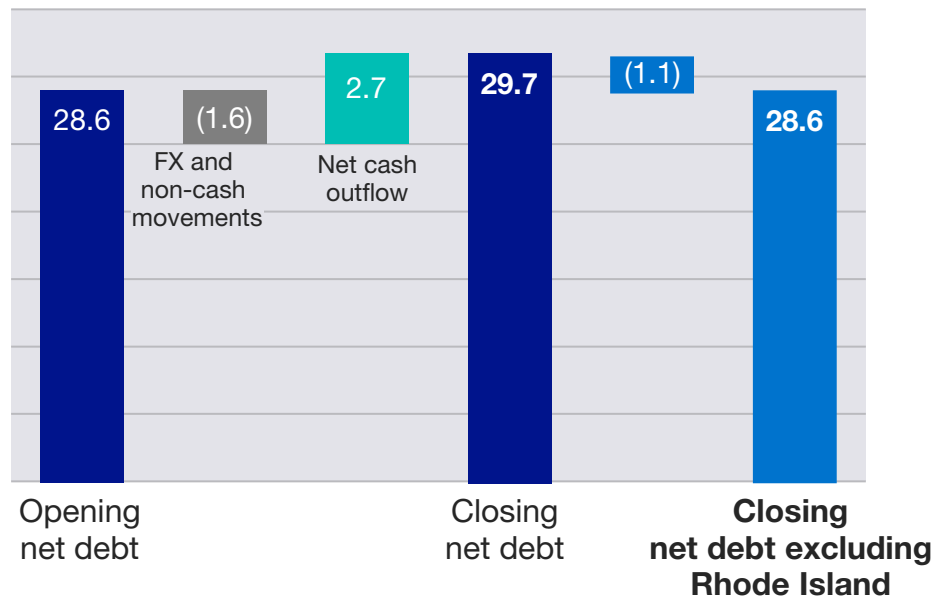
2 Underlying results attributable to equity shareholders.

3 At constant currency

Underlying results, excluding timing, exceptional items and remeasurements.

Cash flow and net debt

Net debt (£bn)



- £4.6bn operating cash flow
 - Increased storm costs, lower US collections and reduced UK revenues
- Raised over £5.6bn of senior debt during the year
- COVID impact on FY21 rating metrics
- Comfortably positioned within rating band going forward

RCF / Net debt
6.6%

FFO / Net debt
11.7%

FY22 guidance

FY22 guidance

based on current business

Segmental guidance set out in results statement

EPS growth towards or above top end of

5-7% range

Transaction timing impacts to earnings outlook

WPD acquisition

- Earnings included from point of deal completion
- Guidance with HY22 results

Gas Transmission majority stake divestment

- Expect to launch sales process second half FY22
- Full contribution removed from underlying earnings once classified as discontinued operation

Rhode Island divestment

- Earnings included up to point of sale completion

Taken together, still expect FY22 EPS growth towards or above top end of **5-7% range**

Longer term guidance

5 year outlook					
Capital investment	£30-35bn				
	<table border="0"> <tr> <td>c.£8bn UK Electricity Transmission</td> <td>c.£4-5bn Western Power Distribution</td> </tr> <tr> <td>c.£17bn US Regulated Businesses</td> <td>c.£2-3bn NG Ventures</td> </tr> </table>	c.£8bn UK Electricity Transmission	c.£4-5bn Western Power Distribution	c.£17bn US Regulated Businesses	c.£2-3bn NG Ventures
c.£8bn UK Electricity Transmission	c.£4-5bn Western Power Distribution				
c.£17bn US Regulated Businesses	c.£2-3bn NG Ventures				
Group asset growth	6-8% CAGR¹				
Gearing	Peaks in FY22, settles above 70% Credit metrics comfortably within current rating band				
EPS	5-7% CAGR¹ at or above top end in early years				
Dividend	Growth in line with CPIH				

¹ Compound annual growth rate FY21-26

Outlook assumes purchase of Western Power Distribution; sale of Rhode Island business and majority stake in UK Gas Transmission; 2% p.a. inflation rate; GBP/USD FX rate of 1.3; and scrip uptake of 25%

Summary

- Resilient in face of COVID
- Delivered £5bn investment in critical infrastructure in FY21
- Solid underlying performance
- Enhanced long term growth profile
- New 5-year outlook



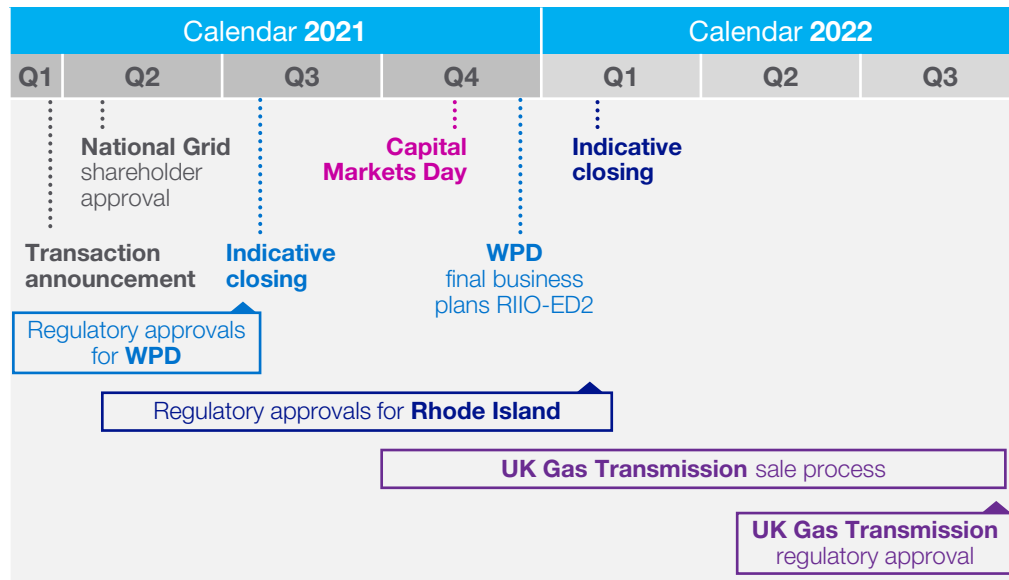
Priorities & Outlook

John Pettigrew
Chief Executive



Strategic repositioning

Overall timeline summary



Timing of key steps

WPD

- Shareholders approved acquisition of WPD last month
- Notification to the CMA accepted
- Expected completion by July

Rhode Island

- Regulatory clearances by the end of the CY

UK Gas Transmission

- Expect to launch process for sale of a majority stake in second half of 2021

Maintaining regulatory progress

UK Networks

- RIIO-T2: appeal to the CMA on cost of equity and outperformance wedge
- RIIO-ED2: we look to submit a business plan that
 - Supports innovation
 - Delivers efficiently for our customers
 - Delivers fair returns for our investors

US Networks

- Multi-year settlement filed for upstate New York Niagara Mohawk (NIMO)
 - Investment to support affordable decarbonised heating
 - Maintain customer affordability
- 5-year rate plan filed for Massachusetts Gas
 - Performance Based Rate Mechanism linking revenue increases to inflation
 - Innovative proposals to decarbonise our natural gas networks

Expected regulatory timeline



In the US

- Pathways to a Carbon-Neutral New York City joint report
 - Critical need for continued investment in gas networks
- Future of Heat with the Massachusetts regulator
 - Developing gas distribution roadmaps to help state achieve 2050 net zero target

In the UK

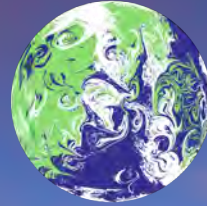
We are expecting:

- Transport decarbonisation plan
- Publication of UK's hydrogen strategy
- BEIS's consultation on net zero governance
- Offshore transmission review

The heart of
the energy transition

nationalgrid

nationalgrid

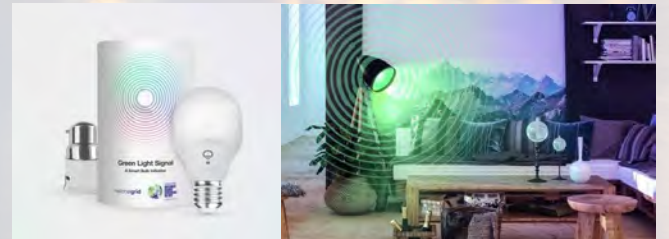


PRINCIPAL PARTNER
**UN CLIMATE
CHANGE
CONFERENCE
UK 2021**

IN PARTNERSHIP WITH ITALY

Principal partner at UN COP26

- Ambition to enable the energy transition for all
- Using our voice to influence climate change action



Green Light Signal Smart Bulb

Strengthening our Responsible Business commitments

Responsible Business Charter
launched in 2020

Publication of our first
Responsible Business Report
this summer, tracking our progress
to the goals we set out

Environment

Communities

People

Economy

Governance

**New Scope 3
Emissions Target**

aligned to the
**Science Based
Target initiative**

reduce Scope 3 carbon
emissions

37.5%

by 2034 from a 2019 baseline

nationalgrid

Summary

- A defining year ahead
 - Strategic pivot towards electricity
 - Continued regulatory progress
 - Furthering net zero roadmaps
 - Calling for further climate change action at COP26
- Geographic and regulatory diversity - stability and a platform for growth
- Attractive asset growth driving sustainable long-term earnings growth
- Maintaining and underpinning our dividend policy



Q&A



By text

use the [‘Text Q&A’](#) tab below



By live video link

share your name, company and email address with our producer via the [‘Video Q&A’](#) tab below



In the event we do not have time for all questions, we will respond [by email](#) as soon as possible



Appendices

UK Electricity Transmission operating profit

For the year ended 31 March (£m)	2021	2020
Revenue	3,992	3,702
Pass through costs	(2,062)	(1,528)
Net revenue	1,930	2,174
Depreciation & amortisation	(507)	(469)
Regulated controllable costs	(291)	(306)
Pensions	(45)	(48)
Other costs	(53)	(31)
Total UK Electricity Transmission operating profit	1,034	1,320

Adjusted results, excluding exceptional items and remeasurements

UK Gas Transmission operating profit

For the year ended 31 March (£m)	2021	2020
Revenue	904	927
Pass through costs	(233)	(242)
Net revenue	671	685
Depreciation & amortisation	(165)	(171)
Regulated controllable costs	(122)	(127)
Pensions	(18)	(19)
Other costs	(24)	(20)
Total UK Gas Transmission operating profit	342	348

Adjusted results, excluding exceptional items and remeasurements

US Regulated operating profit

For the year ended 31 March (£m)	2021	2020
Revenue	9,195	9,205
Pass through costs	(3,253)	(3,460)
Net revenue	5,942	5,745
Depreciation & amortisation	(888)	(855)
Regulated controllable costs	(1,905)	(1,871)
Pensions & OPEBs	(97)	(95)
Bad debts	(325)	(231)
Other costs	(1,414)	(1,296)
Total US Regulated operating profit	1,313	1,397

At constant currency

Adjusted results, excluding exceptional items and remeasurements

OPEBs = other post employment benefits

NGV and Other Activities operating profit

For the year ended 31 March (£m)	2021	2020
Revenue	236	257
Depreciation & amortisation	(30)	(38)
Operating costs	(52)	(61)
Metering operating profit	154	158
Revenue	232	242
Depreciation & amortisation	(60)	(83)
Operating costs	(68)	(81)
Grain LNG operating profit	104	78
Revenue	72	62
Depreciation & amortisation	(7)	(6)
Operating costs	(14)	5
French interconnector operating profit	51	61
Revenue	36	76
Depreciation & amortisation	(3)	(4)
Operating costs	(11)	(9)
Property operating profit	22	63

Adjusted results, excluding exceptional items and remeasurements

Metering including Smart Metering

Exchange rates

For the year ended 31 March (£m)	2021	2020
Closing \$ / £ rate	1.38	1.24
Average \$ / £ rate for the period	1.34	1.29

For the year ended 31 March (£m)	2020
Impact on operating profit ¹	(55)
Impact on interest ¹	30
Impact on tax, JVs and minority interests ¹	6
Net impact on earnings¹	(19)
Impact on closing net debt ²	1,604
Impact on book value of assets ²	(1,324)

1 Currency impact calculated by applying the average 2020/21 rate to 2019/20 results

2 Currency impact calculated by applying the closing March 2021 rate to March 2020 balances

Adjusted results, excluding exceptional items and remeasurements

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

At 31 March 2021 (£m)	UK		US		Total
	ESPS	NGUK PS	Pensions	OPEBs ¹	
Fair value of assets	3,370	11,310	6,909	2,799	24,388
Present value of liabilities	(3,007)	(10,638)	(6,931)	(3,097)	(23,673)
Net (liability) / asset	363	672	(22)	(298)	715
Taxation	(69)	(128)	14	90	(93)
Net (liability) / asset net of taxation	294	544	(8)	(208)	622
Discount rates	2.00%	2.00%	3.25%	3.25%	

¹ OPEBs = other post employment benefits

Timing impacts

£m	UK Electricity Transmission	UK Gas Transmission	US Regulated	Total
2020/21 Opening balance	19	5	223	247
2020/21 Opening balance restatement adjustment	(1)	11	4	14
2020/21 over / (under) recovery	(88)	(96)	(23)	(207)
2020/21 Closing balance	(70)	(80)	204	54
2019/20 Opening balance	(127)	59	452	393
2019/20 over / (under) recovery	146	(54)	(229)	(137)
2019/20 Closing balance	19	5	223	247
Year on year timing variance	(234)	(42)	206	(70)

2019/20 opening balance restatement reflects finalisation of timing balances

All USD balances stated using the average 20/21 rate of \$1.341 to £1

2020/21 closing timing balance as at 31 March 2021 at closing rate (\$1.378 to £1): £48m

2019/20 closing timing balance as at 31 March 2020 at closing rate (\$1.242 to £1): £264m

UK Transmission

Regulated asset values ('RAV') and returns

	UK Electricity Transmission	UK Gas Transmission
Regulator	Ofgem	Ofgem
RAV	£14,565m	£6,307m
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)	13.9%	9.6%
Equity / debt (assumed)	40 / 60	37.5 / 62.5
Totex capitalisation rate (TO)	85%	64%
Sharing factors (shareholder retention at RoE)	47%	44%
	plus incentive schemes	plus incentive schemes

CoD = Cost of Debt

New York jurisdiction

Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity
as at 31 March 2021

Returns are those for the fiscal year ended
31 March 2021

	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	\$3,158m	\$4,958m	\$1,467m	\$6,206m
Base allowed return	9.00% (RoE)	9.00% (RoE)	9.00% (RoE)	9.00% (RoE)
Achieved return	8.2%	6.1%	7.2%	6.3%
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 January 2017 ¹	Effective from January 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 2021

Massachusetts and Rhode Island jurisdiction

Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity
as at 31 March 2021

Returns are those for the fiscal year ended
31 March 2021

	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	\$3,033m	\$3,521m	\$950m	\$1,082m
Base allowed return	9.6% (RoE)	9.5% (RoE)	9.3% (RoE)	9.3% (RoE)
Achieved return	5.3%	5.7%	10.0%	6.9%
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)

FERC jurisdiction

Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity
as at 31 March 2021

Returns are those for the fiscal year ended
31 March 2021

	New England Power	Narragansett Electric (Transmission)	Other (incl Canadian interconnector)¹	Long Island Generation²
Regulator	FERC	FERC	FERC	FERC
Rate base	\$1,970m	\$787m	\$58m	\$440m
Base allowed return	10.6% (RoE)	10.6% (RoE)	13.0% (RoE)	9.9% (RoE)
Achieved return	11.0%	11.1%	13.0%	12.2%
Equity / debt (assumed)	64 / 36	50 / 50	100 / 0	48 / 52
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

Value Added

For the year ended 31 March (£m)	2021	2020 (constant currency)	change
UK RAV	20,872	20,431	441
US rate base	20,041	18,598	1,443
NG Ventures and other business assets	4,458	3,942	516
Other balances	1,478	731	747
Total group regulated assets and other balances	46,849	43,702	3,147
Goodwill	5,150	5,150	-
Net debt	(29,665)	(26,988)	(2,677)
Equity	22,334	21,864	470
Other net debt adjustments ¹			(75)
Dividend paid during the year			1,413
Value Added			1,808
Value Added per share (pence)			51.3p

¹ Value added excludes movements on derivatives designated in cash flow hedging arrangements where there is no corresponding movement in total assets and other balances

Group Return on Equity

For the year ended 31 March (£m)	2021	2020
Regulated financial performance	3,418	3,546
IFRS operating profit for non-regulated companies	264	269
Share of post tax results of joint ventures	66	88
Non-controlling interest	(1)	(1)
Adjusted Group interest charge	(882)	(1,069)
Adjusted Group tax charge	(591)	(550)
Adjusted Group profit after tax for RoE	2,274	2,283
Opening rate base/RAV	39,552	37,459
Opening other	3,984	3,304
Restatement of Goodwill	(482)	(503)
Opening goodwill	5,777	5,938
Opening capital employed	48,831	46,198
Opening net debt ²	(27,398)	(27,194)
Opening Equity	21,433	19,004
Group RoE – nominal (adjusted group profit after tax / group equity value)	10.6%	12.0%

Opening goodwill in has been restated by \$647m, related to historical acquisition accounting amendments in the US.

Adjusted results, excluding exceptional items and remeasurements

Weighted average number of shares

For the year ended 31 March	2021	2020
Number of shares (millions):		
Current period opening shares	3,508	3,410
Scrip dividend shares (weighted issue)	10	47
Other share movements (weighted from issuance/repurchase)	5	4
Weighted average number of shares	3,523	3,461
Underlying earnings (£m)	1,910	2,014
Underlying EPS (restated)	54.2p	58.2p

Adjusted results, excluding exceptional items and remeasurements

Interest cover

For the year ended 31 March (£m)	2021	2020
Interest expense (income statement)	977	1,119
Hybrid interest reclassified as dividend	(38)	(39)
Capitalised interest	131	122
Pensions interest adjustment	(16)	16
Interest on lease rentals adjustment	-	-
Unwinding of discounts on provisions	(78)	(77)
Other interest adjustments	-	-
Adjusted interest expense	976	1,141
Net cash inflow from operating activities	4,461	4,715
Interest income on financial instruments	16	73
Interest paid on financial instruments	(835)	(957)
Dividends received	80	75
Working capital adjustment	(312)	(269)
<i>add back</i> excess employer pension contributions	116	176
<i>add back</i> Hybrid interest reclassified as dividend	38	39
<i>add back</i> lease rentals	-	-
Difference in net interest expense in income statement to cash flow	(138)	(187)
Difference in current tax in income statement to cash flow	(67)	67
<i>add back</i> current tax related to prior years	8	(45)
Net cash inflow from discontinued operations	-	(97)
Other Fair value adjustments	22	-
Funds from operations (FFO)	3,389	3,590
Interest cover:		
(Funds from operations + adjusted interest expense) / adjusted interest expense	4.5x	4.1x

RCF:Debt

For the year ended 31 March (£m)	2021	2020
Funds from operations (FFO)	3,389	3,590
Hybrid interest reclassified as dividend	(38)	(39)
Ordinary dividends paid to shareholders	(1,413)	(892)
Retained cash flow (RCF)	1,938	2,659
Borrowings	32,339	30,794
<i>Less</i>		
50% hybrid debt	(1,032)	(1,054)
Cash & cash equivalents	(157)	(73)
Restricted cash	-	-
Financial and other investments	(1,768)	(1,278)
Underfunded pension obligations	467	1,442
Operating leases adjustment	-	-
Derivative asset removed from debt	-	(116)
Currency swaps	-	203
Nuclear decommissioning liabilities reclassified as debt	-	6
Collateral - cash received under collateral agreements	(582)	(785)
Accrued interest removed from short-term debt	-	(246)
Adjusted Net Debt (includes pension deficit)	29,267	28,893
RCF / adjusted net debt	6.6%	9.2%

UK Electricity Transmission net revenue

For the year ended 31 March (£m)	2021
Revenue	4,168
Net timing adjustment	(88)
Pass through costs	
BSIS costs	(1,911)
Electricity Transmission pass through costs	(151)
	<u>(2,062)</u>
Net revenue adjusted for timing	2,018

	£m
Incentives (excluding totex), true ups (non-controllable costs, pensions etc.) and revenue over/under recoveries	
Deferred for future recovery/(return):	
Incentives	(24)
True ups	(38)
Revenue under/(over) recovery	(62)
(Collection)/return of prior year deferrals	36
Net timing adjustment	(88)

UK Electricity Transmission operating profit

For the year ended 31 March (£m) 2021

Net Revenue adjusted for timing

Transmission Owner (ETO) excluding incentives	1,724	
ETO incentives	26	
System Operator (ESO) including incentives	231	
Other (including legal settlements)	37	
		2,018
Depreciation & Amortisation		
Electricity Transmission Owner	(461)	
Electricity System Operator	(46)	
		(507)
Regulated Controllable costs, pensions and other costs		
Electricity Transmission Owner	(268)	
Electricity System Operator	(121)	
		(389)

Total UK Electricity Transmission operating profit adjusted for timing

Electricity Transmission Owner	1,052	
Electricity System Operator	64	
Other	6	
Total UK Electricity Transmission operating profit adjusted for timing		1,122
Timing adjustment		(88)
Total UK Electricity Transmission operating profit: headline		1,034

	£m
Ofgem annual iteration TO revenue	1,190
- model non-controllable costs	(88)
+ inflate to actual 19/20 prices	400
Ofgem model net revenue	1,502
+ network innovation allowance, contributions, pensions true up and other	24
+ excluded services income	198
TO net revenue excluding timing and incentives	1,724

UK Gas Transmission net revenue

<u>For the year ended 31 March (£m)</u>	<u>2021</u>
Revenue	1,096
Net timing adjustment	(96)
Pass through costs	
Gas Transmission Owner (GTO) pass through costs	(150)
Gas System Operator (GSO) pass through costs	(83)
	<u>(233)</u>
Net revenue adjusted for timing	<u>767</u>

	£m
Incentives (excluding totex), true ups (non-controllable costs, pensions etc.) and revenue over/under recoveries	
Deferred for future recovery/(return):	
Incentives	(19)
True ups	64
Revenue under/(over) recovery	(121)
(Collection)/return of prior year deferrals	(20)
Net timing adjustment	<u>(96)</u>

UK Gas Transmission operating profit

For the year ended 31 March (£m) 2020

Net Revenue adjusted for timing

Transmission Owner (GTO) excluding incentives	634	
GTO incentives	5	
System Operator (GSO) excluding incentives	108	
GSO incentives (excluding revenue drivers)	21	
Other including LNG Storage	(1)	
		767
Depreciation & Amortisation		
Gas Transmission Owner	(141)	
Gas System Operator	(24)	
		(165)
Regulated Controllable costs, pensions and other costs		
Gas Transmission Owner	(114)	
Gas System Operator	(50)	
Other		(164)
Total UK Gas Transmission operating profit adjusted for timing		438
Gas Transmission Owner	384	
Gas System Operator	55	
LNG Storage & Other	(1)	
Total UK Gas Transmission operating profit adjusted for timing		438
Timing adjustment		(96)
Total UK Gas Transmission operating profit: headline		342

	£m
Ofgem annual iteration TO revenue	555
- model non-controllable costs	(110)
+ inflate to actual 19/20 prices	162
Ofgem model net revenue	607
+ network innovation allowance, contributions, pensions true up and other	17
+ excluded services income	10
TO net revenue excluding timing and incentives	634

	£m
Ofgem annual iteration SO revenue	79
+ inflate to actual 19/20 prices	29
Ofgem model net revenue	108
SO net revenue excluding timing and incentives	108

Reconciliation of adjusted EPS to statutory EPS

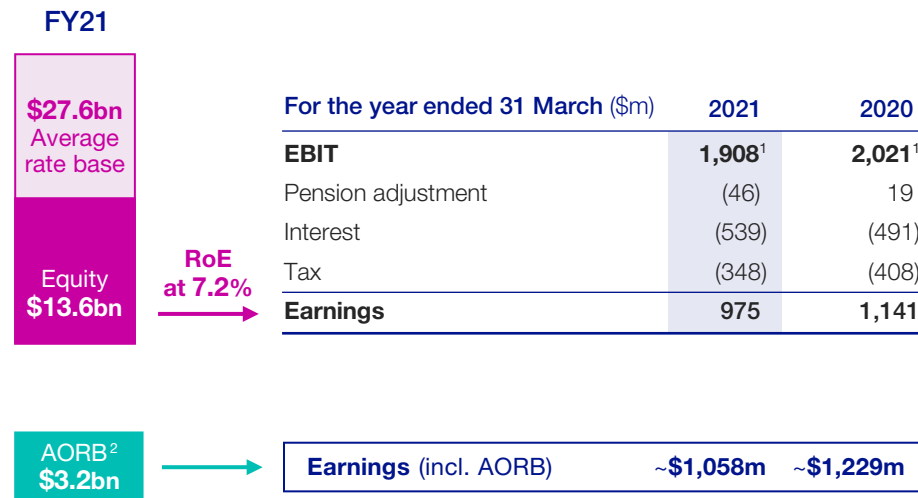
(including and excluding timing and major storm costs)

For the year ended 31 March (pence)	2021	2020
Underlying EPS from continuing operations	54.2	58.2
Timing and major storm costs	(7.8)	(3.0)
Adjusted EPS from continuing operations	46.4	55.2
Exceptional items after tax from continuing operations	(1.6)	(14.2)
Remeasurements after tax from continuing operations	1.8	(4.2)
EPS from continuing operations	46.6	36.8
Statutory EPS from discontinuing operations		(0.3)
Statutory EPS	46.6	36.5

Adjusted US GAAP earnings

Growth in earnings driven by

- Rate base growth of 8%
- An decrease in our achieved return on equity to 7.2% (FY20: 9.3%)



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