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Half Year Results 2023/24

London, 9 November 2023



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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 225 to 228 of National Grid's most recent Annual Report and Accounts, as updated by the principal risks and uncertainties statement on page 60 of this presentation. 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.

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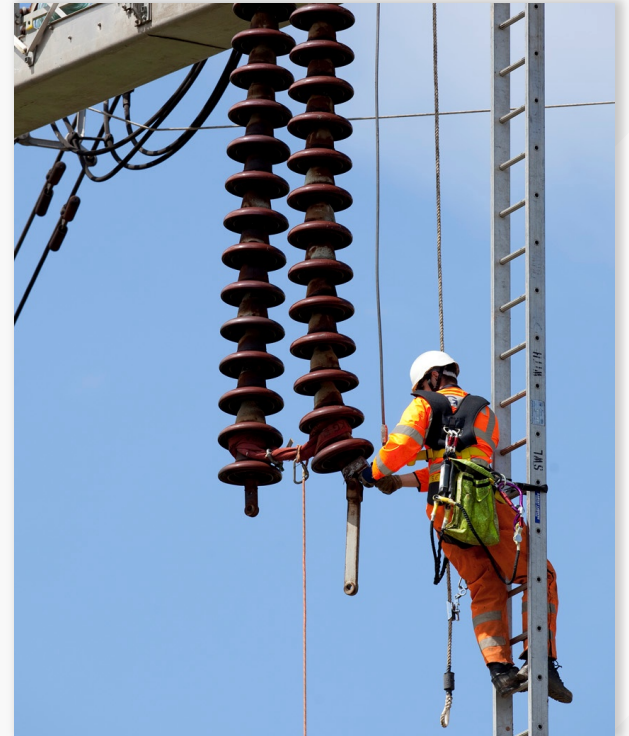
Highlights



Delivering net zero

UK

- Accelerated Strategic Transmission Investment (ASTI)
 - 17 major projects in our Electricity Transmission licence
- Government endorsement of key policies we're advocating for
 - Strategic Spatial Energy Plan - what needs to be built, where, and when
 - Fast-track planning processes for nationally significant projects
 - “Connect or move” connections reform



Delivering net zero

US

- Electric Sector Modernization Plan submitted in Massachusetts
- Propel NY Energy transmission project approved
- Federal funding for Twin States Clean Energy Link
- New York Community Offshore Wind JV bid success



Updated 5-year financial framework

FY2022 - 2026	
Capital investment <div style="border: 1px solid white; padding: 5px; margin-top: 10px;"> One of the FTSE's biggest investors in the delivery of net zero </div>	c.£42bn – c.£32bn green¹ c.£11bn UK Electricity Transmission c.£12bn New York Regulated c.£6bn UK Electricity Distribution c.£9bn New England Regulated c.£3-4bn NG Ventures
Group asset growth	8-10% CAGR²
Credit metrics	Credit metrics maintained within current rating thresholds Net debt to RAV in the low 70% range
Underlying EPS	6-8% CAGR²
Dividend	Aim to grow dividend per share in line with CPIH

- Modestly enhanced asset growth and underlying EPS, within the existing ranges

1. Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks.

2. Compound annual growth rate FY2022-26 from a FY21 baseline. Forward years based on assumed USD FX rate of 1.2, long run CPIH and RPI inflation assumptions, and scrip uptake of 25%. Reflects sale of Rhode Island (NECO) business and sale of 60% stake in UK Gas Transmission & Metering (UK GT&M). Assumes remaining 40% equity interest of UK GT&M treated as held for sale.

Financial performance highlights

Underlying operating profit

£1,796m ↓ 14%

HY23: £2,097m

Underlying EPS

23.8p ↓ 27%

HY23: 32.4p

Solid underlying performance across the business

Prior year helped by a number of one-offs as we completed transactions

Regulated capital investment

£3,529m ↑ 10%

HY23: £3,221m

Capital investment

£3,868m ↑ 2%

HY23: £3,798m

DPS in line with policy¹

19.40p ↑ 8.7%

HY23: 17.84p

Underlying results from continuing operations excluding exceptional items, remeasurements, timing and the contribution from UK Gas Transmission and Metering, which is classified as a discontinued operation for accounting purposes.

Capital investment includes investment in JVs and NG Partners investments.

Operating profit and capital investment calculated at constant currency.

1. Represents 35% of the total dividend per share of 55.44p in respect of the last financial year to 31 March 2023, in line with the Group's dividend policy.

Reliability and safety

Reliability

- Strong performance across UK and US networks

Winter Outlook

- ESO forecasts electricity capacity margin of 7.4%, slightly higher than last year
- Toolkit for periods of tightness
 - System notices
 - Demand Flexibility Service

Safety

- Lost Time Injury Frequency rate 0.09 vs 0.11 in FY23



Progress on operational priorities

Good start to RIIO-ED2

- £608m capital investment, up 4%
- Higher spend on **new customer connections**, including Hinkley Point nuclear station
- **>40,000** domestic connections of low carbon technologies
- Connections reform with plans to release **10GW** grid capacity
 - Accelerating renewable generation connections

RIIO-ED2 Price Control

30%¹ step up in annual investment from ED1

Targeting **100-125bps** of outperformance²

£100m Group synergies³ over 3 years



1. 30% nominal increase vs ED1 annual spend.

2. Targeted Return on Equity operational outperformance through totex efficiency, synergy benefits and incentive performance.

3. 1/3 from UK Electricity Distribution, 2/3 from across the Group.

Progress on operational priorities



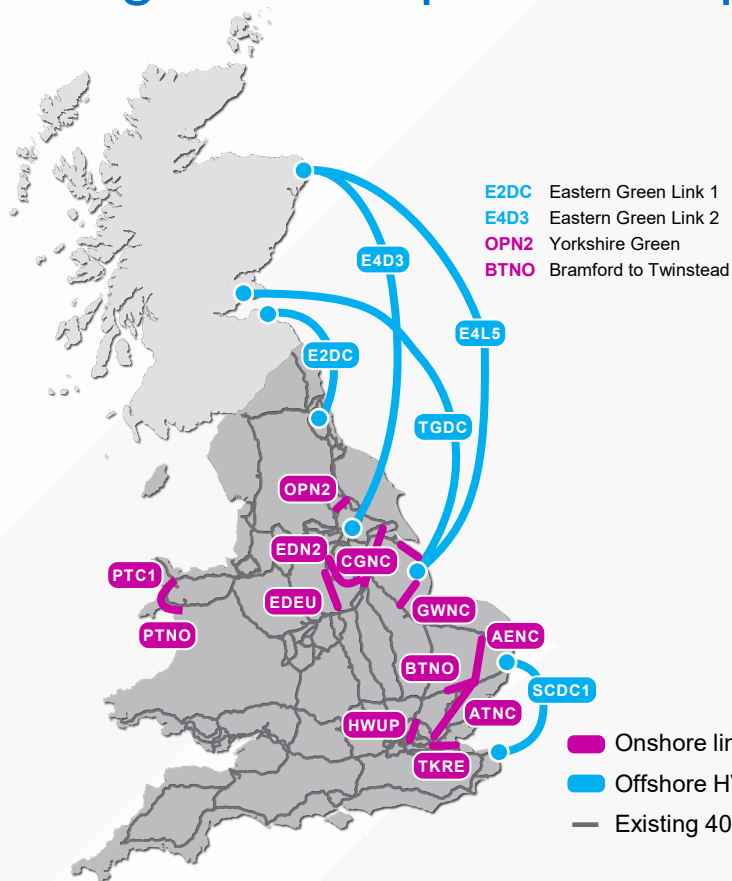
Record capital investment

- £800m capital investment, up 27%
- **3GW** of new **customer connections** including
 - Dogger Bank – world's largest offshore wind farm
 - Lark Green – first transmission connected solar farm

Project milestones

- Tunnel boring completed at London Power Tunnels
- All 116 T-Pylons installed at Hinkley-Seabank Connection Project

Progress on operational priorities



- Standing up Strategic Infrastructure – 320 colleagues
- 17 major ASTI projects within our Ofgem licence
 - 12 onshore
 - 5 offshore
- Eastern Green Link 1 & 2 progress
 - Preferred suppliers for HVDC cable & converter stations
 - English planning consents received
- Enterprise Partnership model tender launched
- Yorkshire Green and Bramford to Twinstead consenting progress
- ASTI investment of c.£3bn included in 5-year outlook

Progress on operational priorities

Underlying operational delivery

- £1.3bn capital investment, up 5% on the prior year¹
 - Smart Path Connect FERC transmission project
 - 148 miles of gas pipeline replaced
- Progressing CLCPA Phase 1 & 2 transmission projects
 - c.\$2.9bn investment enabling renewable generation capacity

Regulatory progress

- KEDNY-KEDLI rate filing progressing well
 - Anticipate Joint Proposal early next year
 - New rates from April 2024



1. At constant currency.

Progress on operational priorities

Regulatory progress

- Electric Sector Modernization Plan
 - \$2bn proposal for investment over 5 years
- Annual Performance Based Rate adjustments approved

Underlying operational delivery

- £789m capital investment, up 9%¹
 - Higher customer connections
 - Grid Modernization
- FERC 1000 Tewksbury Substation upgrades completed



1. At constant currency and excluding the Rhode Island (NECO) business.

Progress on operational priorities

Underlying operational delivery

- £326m capital investment
 - Isle of Grain LNG Phase 4 progress
 - Viking Link interconnector cable laying complete
- £205m lower versus the prior period¹
 - Sellindge converter station rebuild complete

Interconnectors

- Viking Link to Denmark expected to be online by end of December

National Grid Renewables

- Start-up of 274MW Yellowbud solar project



1. At constant currency.

Interest, tax and earnings

Finance costs¹

£711m

£10m lower than HY23

- Lower inflation on index-linked debt and lower bridge financing
- Partly offset by impact of higher interest rates

Underlying effective tax rate²

24.7%

Underlying tax charge: **£268m**

- 500bps higher than prior year
- FY24 expected underlying effective tax rate² of 26%

Underlying earnings³

£875m

HY23: **£1,182m**

- Underlying EPS of 23.8p

1. Net finance costs at constant currency excluding discontinued operations.

2. Underlying effective tax rate excluding joint ventures and associates.

3. Underlying results attributable to equity shareholders at actual currency.

Underlying results, excluding timing, exceptional items and remeasurements.

Cash flow and net debt

Cash generated
from operations¹

£3.1bn

HY23: £2.4bn

Net cash outflow²

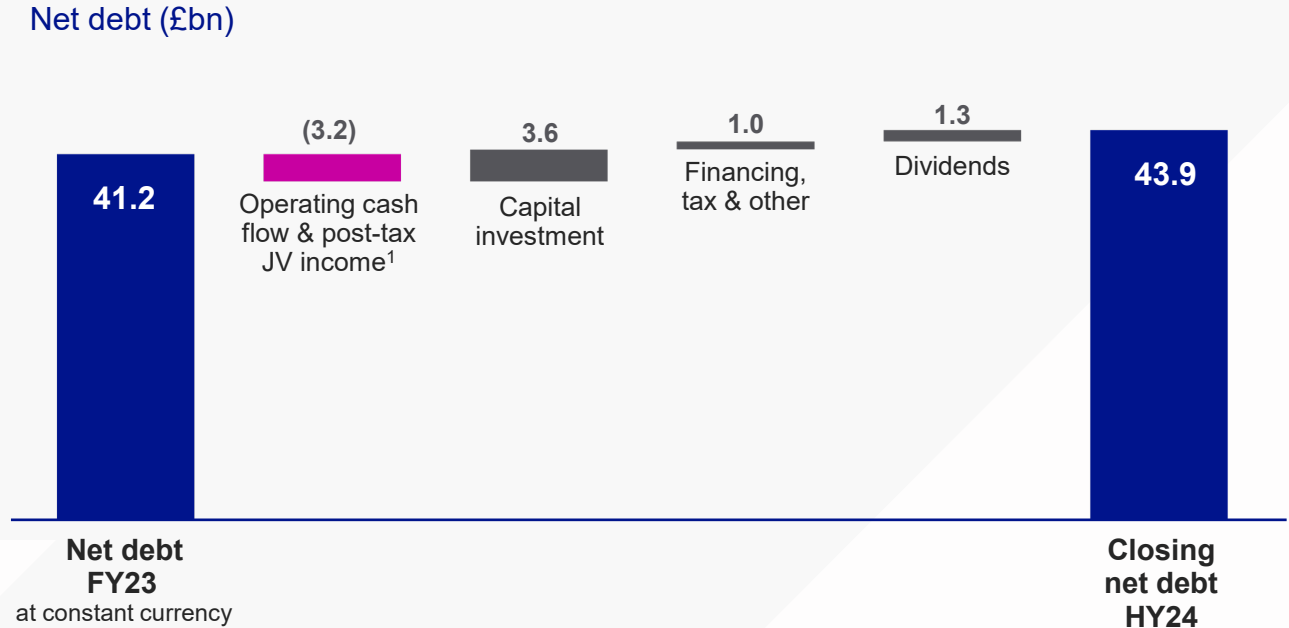
£2.6bn

HY23: £3.1bn

Net debt³

£43.9bn

FY23: £41.0bn



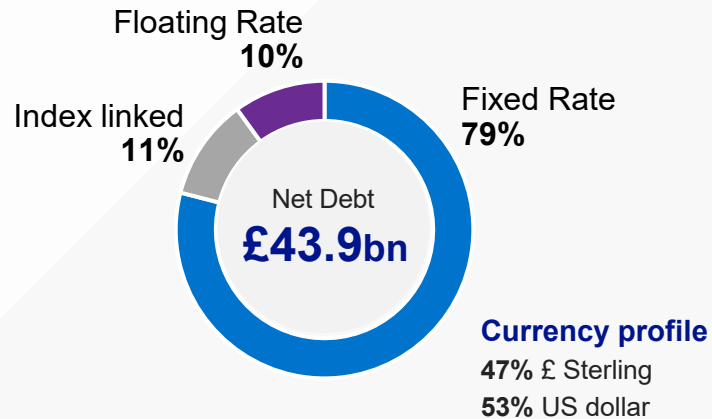
1. From continuing operations.

2. Net cashflow from continuing operations, excluding NECO proceeds and other investing and financing transactions.

3. Net debt excludes debt classified as 'Held for Sale'.

Debt structure

Net debt profile at 30 September 2023 (£bn)



Note: Net debt includes 100% of hybrid debt, borrowings, associated derivatives and cash and current financial investments. Interest rate profile and currency profile are post derivatives. Currency profile reflects ultimate liability, not currency of issue. Excludes net debt classified as 'Held for Sale'.

- Around 70% of our debt sits in the regulated operating companies
 - High degree of regulatory protection
 - Debt book average maturity of around 11 years
- Strong access to debt capital markets
 - c.£3bn bond issuances to date in FY24

Financing National Grid's Operations

Debt issuance

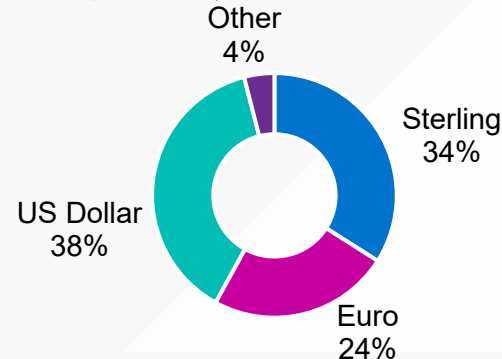
- External debt is raised by our operating companies, intermediate holding companies and by the group parent company, National Grid plc
- With the vast majority of our debt being raised in the capital markets, NG, NGNA, NGET and NGED have access to various funding programmes.
- Derivatives are used to manage any mismatch between currency of issuance and funding requirement.
- As at half year end, the Group had access to £8.0bn of revolving credit facilities (RCFs). We also maintain some long-term bank borrowings.
- The UK Electricity System Operator also maintains a £550m RCF.

Issuance programmes

	National Grid plc (NG)	National Grid North America (NGNA)	National Grid Electricity Transmission (NGET)	National Grid Electricity Distribution (NGED)
EMTN	EUR 20bn ¹	EUR 8bn	EUR 20bn ¹	GBP 6bn
SEC Shelf	Yes			
ECP	USD 4bn	EUR 4bn	USD 2.5bn	
US CP	USD 4bn	USD 4bn	USD 2.5bn	

Currency profile of issuance²

(as at 30 September 2023)



1: This is a joint EMTN programme for NG and NGET

2: Gross borrowings excluding associated derivatives and cash and investments

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Priorities & Outlook



UK priorities

Policy focus

Energy Act 2023

- Independent System Operator & Planner
- Introduce onshore competition
- Net zero duty for Ofgem

Key policy reforms

- National Policy Statements
- Community benefits
- Nationally Significant Infrastructure Projects process
- Electricity Networks Commissioner report
- Strategic Spatial Energy Plan

Connections process reform

- Move from “first come, first served” to “connect or move”
- UK Electricity Transmission to deliver 40GW of capacity for ready to connect projects
- Grid Guide to Connections investor event in early 2024

UK priorities

Operational focus

UK Electricity Transmission

- Ofgem engagement ahead of Sector Specific Methodology consultation for RIIO-T3
- Select enterprise partners for ASTI projects to ensure supply chain is in place

UK Electricity Distribution

- Deliver strong first year under RIIO-ED2



US priorities

Regulatory & policy focus

Regulatory focus

- Progress NY KEDNY-KEDLI settlement
 - New rates from April 2024
- NY Niagara Mohawk rate case – filing next summer
- Massachusetts Electric Sector Modernization Plan
 - Outlines investments to help meet 2050 Clean Energy and Climate Plan targets
 - Filing expected January 2024
- Massachusetts Electric rate filing to be submitted November 2023

Our Clean Energy Vision

- Progress clean heat standard in NY & Massachusetts
 - Enabling more renewable natural gas blending into distribution networks



US priorities

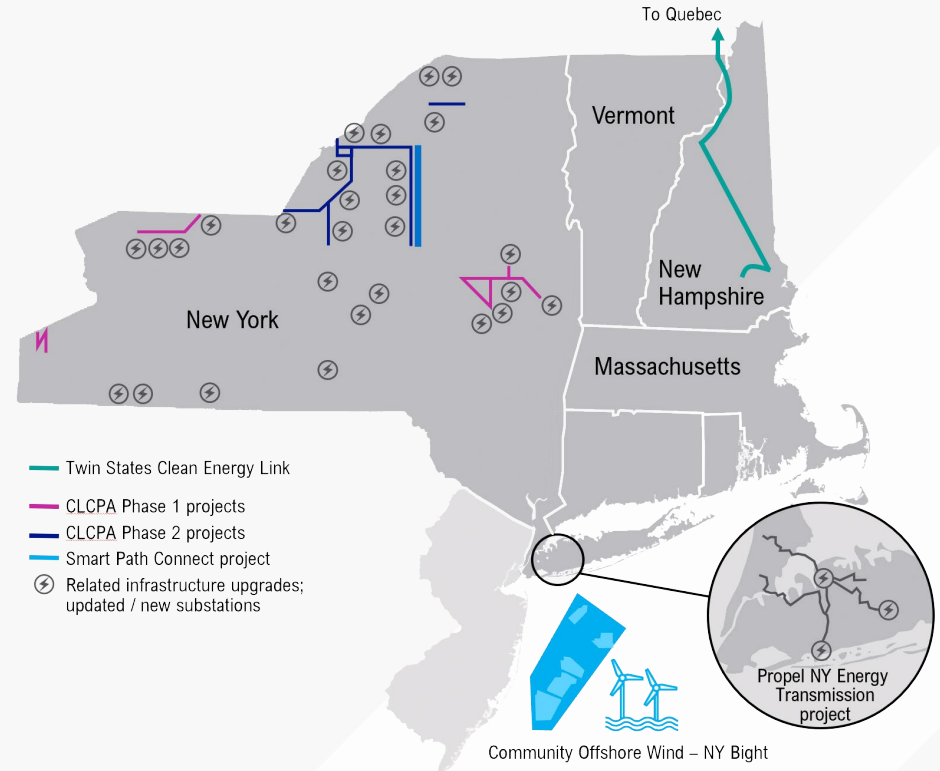
Operational focus

Progressing our large scale transmission projects

- \$550m Smart Path Connect
- \$2.9bn CLCPA Phase 1 & 2 funding
- Further develop 1.2GW Twin States Clean Energy Link

Developing Community Offshore Wind JV

- Progress negotiations with NYSERDA on provisional 1.3GW offtake award
- New Jersey offtake solicitation outcomes expected second half FY24



Illustrative.

A Responsible Business

The heart of a
**clean, fair and
affordable energy future**

Our refreshed **Responsible Business Charter**

- Group near-term emissions aligned to a 1.5°C pathway, verified by SBTi¹
 - Reduce scope 1 and 2 emissions by 60% by 2030²
 - Reducing scope 3 emissions by 37.5% by 2034²

1. SBTi: Science Based Targets initiative

2. From a 2018/19 baseline

Green Financing Approach

Green Bonds issued to date:

£2.9bn

across NG plc, NGET and NIMO¹

- **Green Financing Framework** – updated July 2021. The framework is aligned with the ICMA Green Bond Principles (2021) and Green Loan Principles (2021). Projects are also expected to be aligned as closely as possible with the EU Taxonomy Regulation and the EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation
- **ISS-ESG** provided a second party opinion on our updated framework
- Our latest **Green Financing Report** (GFR) was published in June 2023

Source: <https://www.nationalgrid.com/investors/debt-investors/green-financing>
1: Niagara Mohawk Power Corporation (NIMO)

Green Financing Reference



July 2021 Framework



Second Party Opinion



June 2023 Green Financing Report



provided Limited Assurance on allocation and select impact metrics on the GFRs

Summary

Exciting new phase of capital delivery

- 6 months of significant progress
- Gaining clarity on opportunities ahead
- Policy reform momentum

Delivering for the **energy transition today**

Ready to meet the **opportunities of tomorrow**



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Q&A

