

# National Grid's Full year results

2023/24

Investor Relations | May 2024



"Today is a defining moment for National Grid as we announce £60 billion of investment, cementing our position as a leader in the energy transition in the UK and US northeast.

On both sides of the Atlantic, governments and regulators are moving with increased urgency to attract the levels of investment required to meet their decarbonisation targets. As economies become increasingly digital, electrified and decarbonised, the need for energy infrastructure has rarely been more pressing. Our investment will unlock significant economic growth and support over 60,000 more jobs, while also decarbonising our energy systems, bolster security of supply, and reduce consumer bills in the long term. Our strong track record of infrastructure delivery, positive engagement with our regulators and wider stakeholders, alongside clarity on the scale and profile of our capital investment positions us to take advantage of the significant growth opportunities we see ahead."

**John Pettigrew, Chief Executive**

## Group financial summary full year ended 31 March 2024

Underlying results

Operating profit

**£4,773m ↑6%**

FY23: **£4,518m**

Underlying EPS

**78.0p ↑6%**

FY23: **73.6p**

Dividend growth

**58.52p ↑5.55%**

FY23: **55.44p**

Capital investment

**£8,235m ↑11%**

FY23: **£7,430m**

Underlying results from continuing operations excluding exceptional items, remeasurements, deferrable major storm costs (when greater than \$100m), timing, the contribution from UK Gas Transmission and Metering, which are classified as a discontinued operation for accounting purposes, and the impact of deferred tax in UK regulated businesses (NGET and NGED).

Operating profit, underlying EPS and capital investment calculated at constant currency. Capital investment includes investment in JVs and capital prepayments and no longer includes investments in NG Partners. Comparatives have been restated.

Underlying EPS restated to reflect change in definition to remove the impact of deferred tax in UK regulated businesses (NGET and NGED).

## Operational highlights

### US highlights

- \$2bn MA Electric Sector Modernization Plan filed
- 337 miles of leak prone pipe replaced across Massachusetts and NY
- Agreed new rates in KEDNY/KEDLI
- Transmission project progress as part of NY \$4bn 'Upstate upgrade'
  - CLCPA Phase 1 & 2
  - Smart Path Connect

### UK highlights

- Major capital projects progress
  - Eastern Green Link 1 & 2 contracts awarded
  - All T-pylons installed on Hinkley project
  - Plans to release 10 GW of grid capacity to our distribution network
- Connected 3GW
  - Dogger Bank, the world's largest wind farm
  - Lark Green – 1<sup>st</sup> transmission scale solar project

### NGV highlights

- Viking Link online, world's longest interconnector at 765km
- 7.8GW interconnector portfolio

## Group highlights

**A record £8.2bn** capital investment

**£513m** cumulative Group efficiency savings reached, exceeding our £400m FY24 target

**Near-term emission reduction targets** aligned to a 1.5°C pathway and **verified by SBTi**

## Updated 5-year framework FY25-29

**c.£60bn**  
FY25-29  
Capital investment

**c.£51bn green<sup>1</sup>**  
aligned to EU taxonomy

### Capital investment

**c.£23bn**

UK Electricity Transmission

**c.£8bn**

UK Electricity Distribution

**c.£17bn**

New York Regulated

**c.£11bn**

New England Regulated

**c.£1bn**

NG Ventures

### Group asset growth

**c.10% CAGR<sup>2</sup>** from FY24 baseline

### Underlying EPS

**6-8% CAGR<sup>3</sup>** from FY25 baseline

### Gearing

Committed to strong investment grade credit rating

Credit metrics above current rating thresholds<sup>4</sup>

### Dividend

Aim to grow dividend per share in line with UK CPIH<sup>5</sup>

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

2. Group asset compound annual growth rate from a FY24 baseline. Forward years based on assumed USD FX rate of 1.25; and long run UK CPIH and US CPI. Assumes sale of ESO, Grain LNG, and National Grid Renewables before 2029. Assumes remaining 20% stake in UK Gas Transmission treated as a discontinued operation and therefore does not contribute to group asset growth.

3. EPS compound annual growth rate from a FY25 baseline. Forward years based on assumed USD FX rate of 1.25; long run UK CPIH, US CPI and interest rate assumptions and scrip uptake of 25%. Assumes sale of ESO, Grain LNG and National Grid Renewables before 2029. Assumes remaining 20% stake in UK Gas Transmission treated as a discontinued operation and therefore does not contribute to underlying EPS.

4. Until at least the end of the RIIIO-T3 period

5. Once adjusted for the share issue, policy maintained with aim to grow the dividend in line with CPIH inflation each year

## A comprehensive financing plan

### Investing c.£60 billion

c.85% of this is green investment

#### Debt

- Continued issuance of senior debt across the Group
- Expect to use hybrid debt later in 5 year frame

#### Credit metrics

- Above current rating thresholds

#### Portfolio

- Refocused NG Ventures

#### Dividend

- Aim to grow dividend in line with CPIH<sup>1</sup>

### £7bn Rights Issue

Fully-underwritten 7 for every 24 shares, total new shares of 1,085m

#### Timeline



## High growth pureplay networks

Streamlined portfolio focused on **regulated** and **competitive, onshore** and **offshore networks**

#### Refocused NG Ventures

- Interconnectors; 7.8GW UK portfolio
- Offshore Hybrid Assets (OHA's)
- US competitive electricity transmission

#### Crystallising value

- National Grid Renewables
- Grain LNG



1. Aim to increase the FY25 DPS by UK CPIH following the rebase of the FY24 DPS of 58.52 pence, after taking account of the new shares issued following the Rights Issue.

## Financial performance segmental summary

### New York

Operating profit

**£1,016m** ↑21%

FY23: **£842m**

Higher rates and continued delivery of cost efficiencies  
Early recoveries on Smart Path Connect

### New England

Operating profit

**£802m** ↑9%

FY23: **£736m**

Higher rates  
Partly offset by higher depreciation and other costs  
FY23 figure excludes contribution from the now sold Rhode Island business

### UK Electricity Transmission

Operating profit

**£1,314m** ↑19%

FY23: **£1,107m**

Higher allowed returns and revenue indexation  
Non-recurrence of £147m Western Link return

### UK Electricity Distribution

Operating profit

**£1,152m** ↓6%

FY23: **£1,230m**

Shift from RIIO-ED1 to ED2  
Lower incentive revenues at start of RIIO-ED2

### JVs post tax share

**£101m** ↓47%

FY23: **£189m**

### UK ESO<sup>1</sup>

Operating profit

**£80m** ↑158%

FY23: **£31m**

### NGV and Other

Operating profit

**£409m** ↓21%

FY23: **£520m**

Higher revenues from NSL cap increase  
Offset by non-recurrence of St William property sales and IFA1 insurance proceeds in prior year

**Note:** Underlying results from continuing operations excluding exceptional items, remeasurements, timing and deferred tax on UK ET and UK ED. Operating profit and JVs post tax share presented at constant currency.

1. Electricity System Operator classified as Held for Sale.

#### 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 (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. 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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 226 to 231 of National Grid's Annual Report and Accounts for the year ended 31 March 2024, which is published today. 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 document. This document is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities. 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