

National Grid's Half year results

2024/25

Investor Relations | November 2024



“Over the last six months, the exciting momentum within National Grid has continued as we deliver an unprecedented step up in capital investment. We successfully completed the £7 billion Rights Issue, underpinning our ability to deliver our five-year, £60 billion investment plan at pace. Delivery is well underway with investment increasing to a record £4.6 billion in the first half of this year. In the UK, work on our 17 major onshore and offshore transmission projects is moving forward, in consultation with our communities and stakeholders, and we are well progressed in securing the supply chain for all these projects. In the US, we’ve made good progress on our \$4 billion Upstate Upgrade in New York, and delivered further gas mains replacement and network reinforcement across our communities.

We’ve been encouraged by policy and regulatory progress on both sides of the Atlantic. In the UK, we sold the Electricity System Operator to government, and Ofgem’s publication of the sector specific methodology decision marked the next step in the RIIO-T3 regulatory process. In the US, we have new rates for our downstate New York gas business, and for our Massachusetts Electric business, giving us greater visibility on investment plans.

National Grid is delivering a new and exciting phase of growth with an attractive investor proposition underpinned by high quality asset growth, strong earnings growth and an inflation protected dividend. We remain focused on playing our role in the energy transition and the responsible delivery of the new infrastructure required to enable the digital, electrified economies of the future.”

John Pettigrew, Chief Executive

Group financial summary half year ended 30 September 2024

Underlying results

Operating profit

£2,046m ↑ 15%

HY24: £1,785m

Underlying EPS

28.1p ↑ 8%

HY24: 25.9p

DPS in line with policy

15.84p

35% of FY24 rebased dividend

Capital investment

£4,603m ↑ 19%

HY24: £3,877m

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 (UK Electricity Transmission and UK Electricity Distribution).

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 results from continuing operations excluding exceptional items, remeasurements, deferrable major storm costs (when greater than \$100m), timing, and the impact of deferred tax in UK regulated businesses (UK Electricity Transmission and UK Electricity Distribution).

A reconciliation of the Rebased FY24 DPS is provided on page 63 of the Results Statement.

Operational highlights

US highlights

- MA Electric Sector Modernization Plan approved
- 227 miles of leak prone pipe replaced across Massachusetts and NY
- KEDNY/KEDLI new rates approved
- MECO rate filing approved c.\$100m revenue increase
- Transmission project progress as part of NY \$4bn 'Upstate upgrade'
 - CLCPA Phase 1 & 2
 - Smart Path Connect

UK highlights

- Major capital projects progress
 - First 5 ASTI projects under construction
 - London Power Tunnels 2 on track for 2026 completion
- 3.7GW of capacity released from connections queue in UKED
- Sale of ESO and remaining 20% stake in UK Gas Transmission
- Regulation – RIIO-T3
 - SSMD published in July
 - Business plan submission in December

NGV highlights

- NGR and Grain LNG classified as held for sale
- Progress on Propel NY Energy transmission project

Group highlights

Successfully completed **£7 billion** Rights Issue
A record £4.6 billion capital investment
Good underlying operational performance
 across our regulated businesses

5-year framework FY25-29

c. £60bn
 FY25-29
 Capital investment

c. £51bn green¹
 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% CAGR² from FY24 baseline

Underlying EPS

6-8% CAGR³ from FY25 baseline

Credit Metrics

Committed to strong investment grade credit rating
 credit metrics above current rating thresholds⁴

Dividend

Aim to grow dividend per share in line
 with UK CPIH⁵

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, UK CPIH of 2.5%, and long run US CPI. Assumed sale of ESO, Grain LNG, and National Grid Renewables before 2029. 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, UK CPIH of 2.5%, long run US CPI and interest rate assumptions and scrip uptake of 25%. Assumed sale of ESO, Grain LNG, and National Grid Renewables before 2029. 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 RIIO-T3 period

5. Aim to increase the FY25 DPS by UK CPIH from a rebased FY24 DPS of 45.26 pence, taking account of the new shares issued following the Rights Issue.

Backed by a comprehensive financing plan

Equity

- Raised £7bn to support increased investment levels

Debt

- Issuance of senior debt across the Group
- Expect to use hybrid debt later in 5 year framework to maintain balance sheet strength and investment flexibility

Credit Metrics

- Committed to strong investment grade credit rating
- Credit metrics above current rating thresholds¹: FFO/net debt >10% and RCF/net debt >7%

Portfolio

- Announced intention to sell Grain LNG and NG Renewables

Dividend

- Maintained progressive level of total dividend & policy of aim to grow dividend per share in line with CPIH
- Scrip dividend maintained given high asset growth

1. Until at least the end of the RIIO-T3 period.

Starting from a position of strength

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

Updated strategy

- Pureplay networks business

New era of growth

- £60bn capital investment over the next 5 years
- Successfully completed £7bn Rights Issue



Financial performance segmental summary

New York

Operating profit

£288m ↑ 150%

HY24: £115m

Higher rates

Non-repeat of environmental charge in prior year

Partially offset by higher depreciation

New England

Operating profit

£237m ↑ 12%

HY24: £211m

Higher revenue from PBR + gas capital tracker

Partially offset by higher controllable costs + depreciation

UK Electricity Transmission

Operating profit

£724m ↑ 10%

HY24: £656m

Higher allowed revenues

Lower controllable costs

UK Electricity Distribution

Operating profit

£573m ↑ 2%

HY24: £563m

Increased revenues

Partially offset by higher controllable costs + depreciation

JVs post tax share

£60m ↑ 3%

HY24: £58m

UK ESO¹

Operating profit

£115m ↑ 238%

HY24: £34m

NGV and Other

Operating profit

£109m ↓ 47%

HY24: £206m

Lower revenues from NSL cap increase in the prior year

Lower US ventures profitability

Note: Underlying results from continuing operations excluding exceptional items, remeasurements, deferrable major storm costs (when greater than \$100m), timing and deferred tax in 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. This document also references climate-related targets and climate-related risks which differ from conventional financial risks in that they are complex, novel and tend to involve projection over long-term scenarios which are subject to significant uncertainty and change. 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 or targets. 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 changes in laws or regulations and decisions by governmental bodies or regulators, including those relating to current and upcoming price controls in the UK and rate cases in the US, as well as the future of system operation in the UK; 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, or due to counterparties being unable to deliver physical commodities; reliability of and access to IT systems, including due to the failure of or unauthorised access to or deliberate breaches of National Grid's 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, as well as against targets and standards designed to support its role in the energy transition; 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 announcement 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 and business capabilities, and any significant disputes arising with National Grid's employees or breaches 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 announced intended sales of its US onshore renewables business and its UK Grain LNG terminal. 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, as updated by the principal risks and uncertainties statement on page 56 of the Company's half year results statement 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.

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