

nationalgrid

Half Year Results 2024/25

London, 7 November 2024



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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 presentation.

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Highlights

John Pettigrew
Chief Executive



Starting from a position of strength

Updated strategy

- **Pureplay** networks business

New era of growth

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

Capital delivery

- Record **capital investment**
- **UK:** Construction underway on 5 ASTI¹ projects
- **US:** Progress on \$4bn Upstate Upgrade



1. Accelerated Strategic Transmission Investment

Policy and regulatory progress

UK

Policy

- ESO sold to UK Government
- NESO & Mission Control established
- 2030 Clean Power Plan
- Planning reform in King's Speech
- Investment Summit – growth at the heart of regulation & industrial strategy

Regulation

- RIIO-T3 sector specific methodology decision published

Finalised sale of final 20% stake in UK Gas Transmission

US

Policy

- Need for long-term holistic energy planning recognised by policymakers

Regulation

- New rates for
 - Downstate NY gas (KEDNY/KEDLI)
 - Massachusetts Electric (MECO)



Financial highlights

Underlying operating profit

£2,046m ↑ **15%**

HY24: £1,785m

Capital investment

£4,603m ↑ **19%**

HY24: £3,877m

Underlying EPS

28.1p ↑ **8%**

HY24: 25.9p

DPS in line with policy

15.84p

35% of FY24 rebased dividend

Good underlying operational performance across our regulated businesses

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).

Comparative underlying EPS restated to reflect change in definition to remove the impact of deferred tax in UK regulated businesses (UK Electricity Transmission and UK Electricity Distribution) and for the impact of the bonus element of the Rights Issue.

Capital investment includes capital prepayments but excludes NG Partners additions. Comparatives have been restated.

Underlying operating profit, underlying EPS and capital investment calculated at constant currency.

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

Reliability and safety

Reliability

- Strong performance across UK and US networks despite storms

Winter outlook

- NESO forecasts winter electricity capacity margin of 8.8%
 - Slightly higher than last year

Safety

- Lost Time Injury Frequency Rate 0.1



Operational progress

Capital investment of £647m, up 6%

- Increased **customer connections**, asset health and network reinforcements

ClearViewConnect online tool

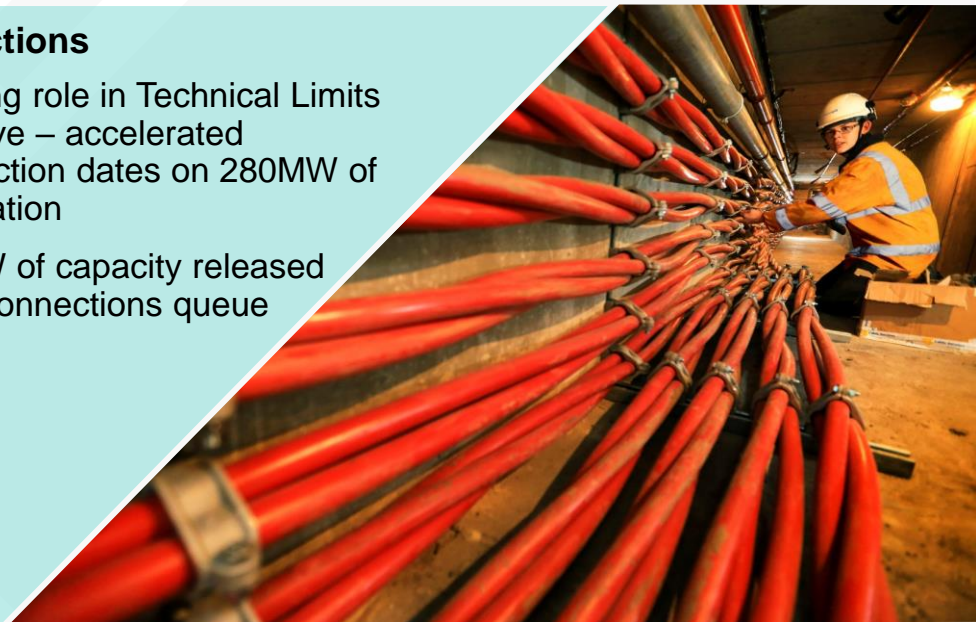
- Visibility of grid supply point capacity
- Helps developers find quickest and cheapest connection point

Regulatory – ED3

- Responding to Ofgem's framework consultation

Connections

- Leading role in Technical Limits Initiative – accelerated connection dates on 280MW of generation
- 3.7GW of capacity released from connections queue



Operational progress

Capital investment of £1.3bn, up 43%

- **2.3GW** of new **customer connections**
- **London Power Tunnels** – energised 2.5km circuit
- Transmission-scale data centre connection requests in South East

Regulation – T3

- **SSMD** published in July
- **Business plan** submission in December

Policy

- NESO to implement 2-stage **connections reform** process



Operational progress

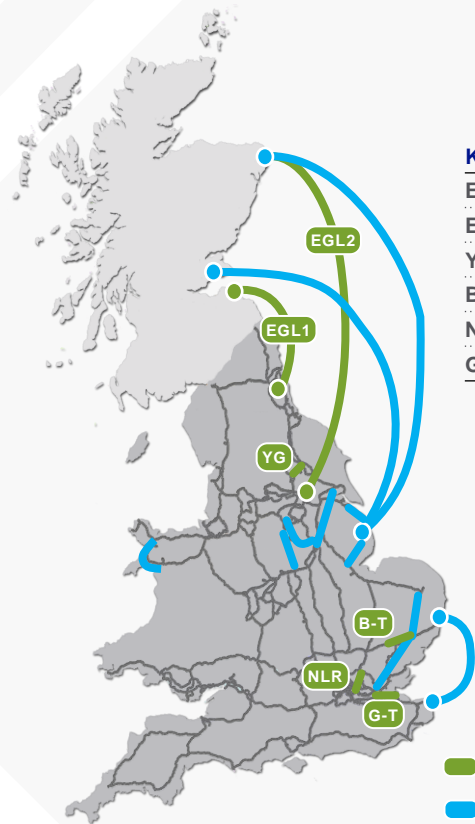
ASTI progress

Wave 1

- First 5 projects **under construction**
 - Eastern Green Links 1 & 2
 - Yorkshire Green
 - North London Reinforcement
 - Bramford to Twinstead.
- Grain to Tilbury – under construction later this year

Wave 2

- 11 projects in earlier stages of development
- Progressing through **consenting and securing supply chain**
- **Early construction funding** requests on Eastern Green Links 3 & 4, and Sea Link



Key Wave 1 projects

EGL1 Eastern Green Link 1

EGL2 Eastern Green Link 2

YG Yorkshire Green

B-T Bramford to Twinstead

NLR North London Reinforcement

G-T Grain to Tilbury

■ Wave 1 projects

■ Wave 2 projects

— Existing 400kV transmission lines

Operational progress

£1.6bn capital investment, up 29% on the prior year¹

- **\$4bn Upstate Upgrade**

- Smart Path Connect project
- CLCPA Phase 1 & 2

- 161 miles of gas pipeline replaced

Regulatory progress

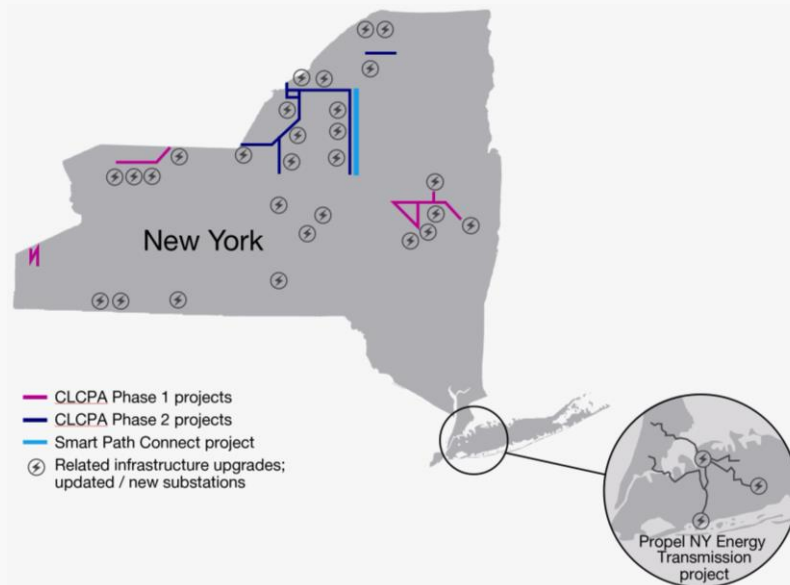
- KEDNY-KEDLI 3-year rate case approved – 9.35% ROE
 - **c.\$5bn capital investment**

- Niagara Mohawk rate filing progressing

Policy progress

- New York State Energy Planning Board reconvened

\$4bn Upstate Upgrade Electricity Transmission Projects



¹. At constant currency.

Operational progress

£814m capital investment, up 7%¹

- Grid modernization and storm hardening
- Asset health work
- 66 miles of gas pipeline replaced

Regulatory progress

- MECO rate filing approved – 9.35% ROE
 - c.\$100m revenue increases
 - Enhanced recovery mechanisms
- Electric Sector Modernization Plan **strategic roadmap approved**

Policy progress

- Proposed energy and climate bill – accelerated siting and permitting for clean energy infrastructure



1. At constant currency.

Operational progress

Underlying operational delivery

- £279m capital investment
- Progress on **Propel NY Energy** transmission project
- **Grain LNG** 4th phase expansion on track

Portfolio

- Commenced sales process on National Grid Renewables



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Financial Performance

Andy Agg

Chief Financial Officer



Financial performance highlights

Underlying operating profit

£2,046m ↑ 15%

HY24: £1,785m

Underlying EPS

28.1p ↑ 8%

HY24: 25.9p

Capital investment

£4,603m ↑ 19%

HY24: £3,877m

DPS in line with policy

15.84p

35% of FY24 rebased dividend

**Good underlying
operational
performance
across our regulated
businesses**

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).

Comparative underlying EPS restated to reflect change in definition to remove the impact of deferred tax in UK regulated businesses (UK Electricity Transmission and UK Electricity Distribution) and for the impact of the bonus element of the Rights Issue.

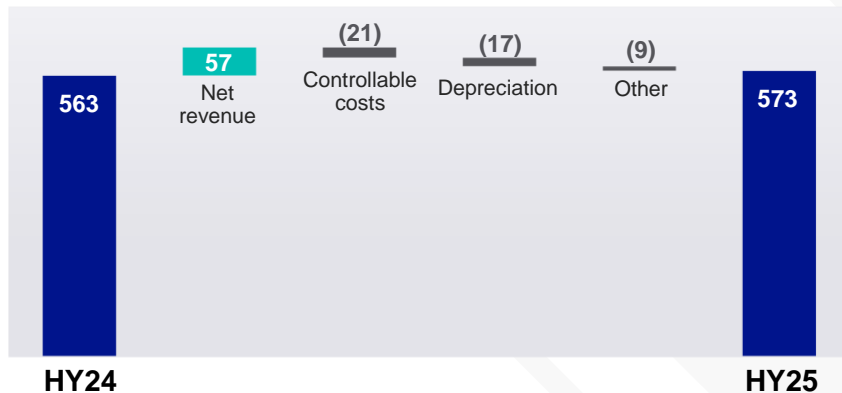
Capital investment includes capital prepayments. Comparatives have been restated.

Underlying operating profit, underlying EPS and capital investment calculated at constant currency.

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

UK Electricity Distribution

Underlying operating profit (£m)



Underlying operating profit
£573m

HY24: **£563m**

- Increased revenues
- Partially offset by
- Higher controllable costs
 - Higher depreciation

Capital investment
£647m

HY24: **£608m**

- Reinforcement work
- Asset replacement

Delivered **£58m** of synergies against **£100m** FY26 target

Underlying results, excluding timing, exceptional items, remeasurements, and the impact of deferred tax in UK regulated businesses (UK Electricity Transmission and UK Electricity Distribution).

UK Electricity Transmission

Underlying operating profit (£m)



Underlying operating profit
£724m

HY24: **£656m**

- Higher allowed revenues
- Lower controllable costs

Capital investment
£1,290m

HY24: **£899m**

- Customer connections
- ASTI projects step-up: EGL1, Yorkshire Green and North London reinforcement projects

Electricity System Operator

Underlying operating profit

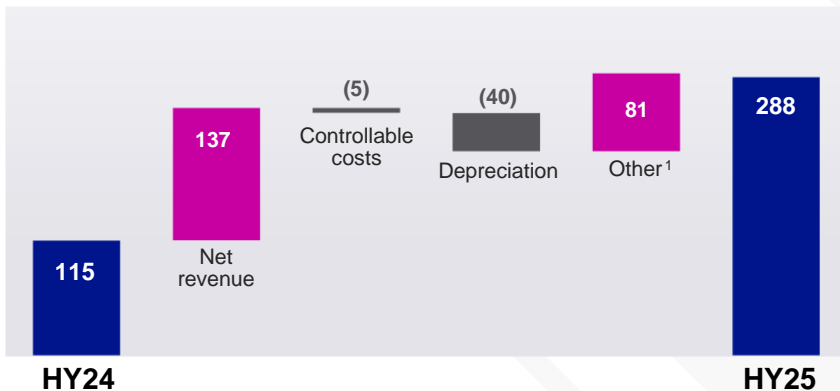
£115m

HY24: **£34m**

Underlying results, excluding timing, exceptional items, remeasurements, and the impact of deferred tax in UK regulated businesses (UK Electricity Transmission and UK Electricity Distribution).
Prior year capital investment restated.

US Regulated – New York

Underlying operating profit (£m)



Underlying operating profit

£288m

HY24: £115m

- Higher revenues driven by rate increases
- Non-repeat of environmental charge in prior year

Partially offset by

- Higher depreciation

Capital investment

£1,569m

HY24: £1,217m

- Smart Path Connect and CLCPA transmission projects
- Increased gas capex reflecting additional allowances approved in downstate rate case

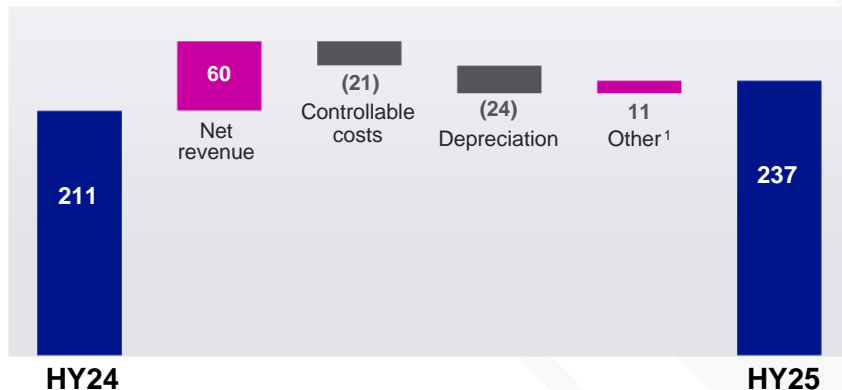
Underlying results from continuing operations excluding exceptional items, remeasurements, and timing.

Operating profit and capital investment presented at constant currency.

1. 'Other' includes lower year-on-year environmental costs of £128m, partially offset by other items, including higher storm activity.

US Regulated – New England

Underlying operating profit (£m)



Underlying operating profit

£237m

HY24: £211m

Higher revenues

- Performance based rates mechanism
- Gas capital tracker

Partially offset by

- Higher depreciation
- Higher controllable costs

Capital investment

£814m

HY24: £764m

- Electric distribution asset condition work
- Leak prone pipeline replacement

Underlying results from continuing operations excluding exceptional items, remeasurements, and timing. Operating profit and capital investment presented at constant currency.

1. 'Other' includes lower storm costs.

NG Ventures

	6 months ended	
	30 Sept 2024	30 Sept 2023
Operating profit (£m)		
Interconnectors	128	139
Grain LNG	68	79
Smart Metering	-	13
US Ventures	(28)	(2)
Business Development & Other	(21)	(10)
	147	219
Post tax share of JVs (£m)		
Interconnectors ¹	36	38
NG Renewables	17	14
Transco	5	5
Other	2	1
	60	58
Total NGV	207	277

1. Includes BritNed and Nemo.

Operating profit, share of joint venture profit after tax and capital investment presented at constant currency. Underlying results, excluding exceptional items and remeasurements.

Prior year capital investment restated.

Capital investment includes equity contributions to joint ventures and associates during the period

Operating profit & post tax share of JVs

- One-off benefit to the North Sea Link interconnector in the prior period
- Lower US Ventures profitability

Capital investment

£279m

HY24: £312m

Other activities

Operating profit (£m)	6 months ended	
	30 Sept 2024	30 Sept 2023
Property	26	6
NG Partners	(26)	4
Corporate & Other	(38)	(23)
Total Other	(38)	(13)

Operating profit

- Fair value changes in National Grid Partners
- Offset by higher property sales

Capital
investment

£4m

HY24: £2m

Operating profit presented at constant currency.
Underlying results, excluding exceptional items and remeasurements.

Interest, tax and earnings

Finance costs

£670m

HY24: **£698m**

- Lower average net debt reflecting rights issue proceeds

Underlying effective tax rate¹

11.9%

Underlying tax charge: **£164m**

- 180 bps higher than prior year³
- Principally due to a change in the profit mix

Underlying earnings²

£1,271m

HY24: **£1,033m³**

- 28.1p per share

1. Excluding joint ventures and associates.

2. Underlying results attributable to equity shareholders.

3. Comparatives restated to exclude the impact of deferred tax in the UK regulated businesses (UK Electricity Transmission and UK Electricity Distribution).

Finance costs, underlying earnings, and underlying EPS presented at constant currency.

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 the UK regulated businesses (UK Electricity Transmission and UK Electricity Distribution).

Cash flow and net debt

Cash generated from operations¹

£2.7bn

HY24: £3.1bn

Net cash inflow²

£3.5bn

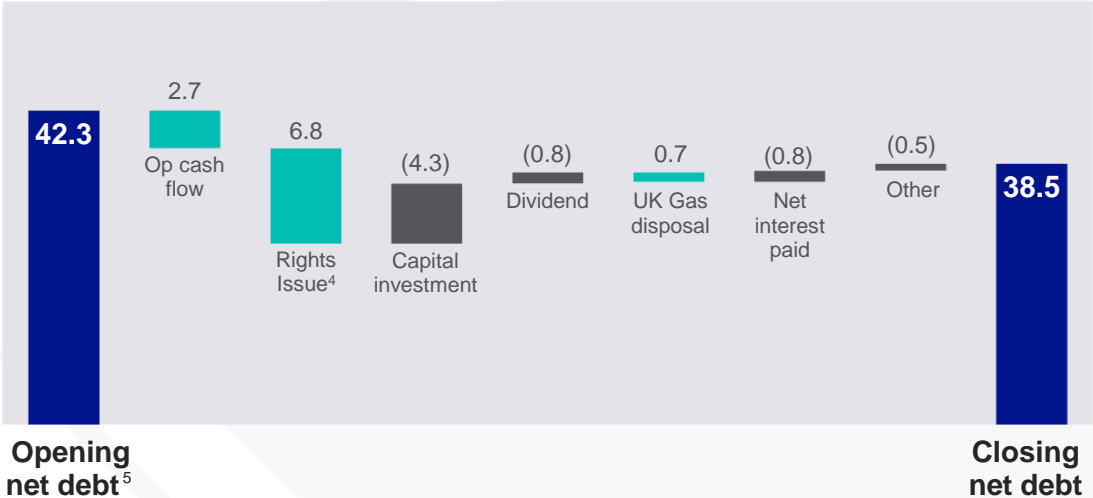
HY24: £(2.6)bn

Net debt³

£38.5bn

FY24: £43.6bn

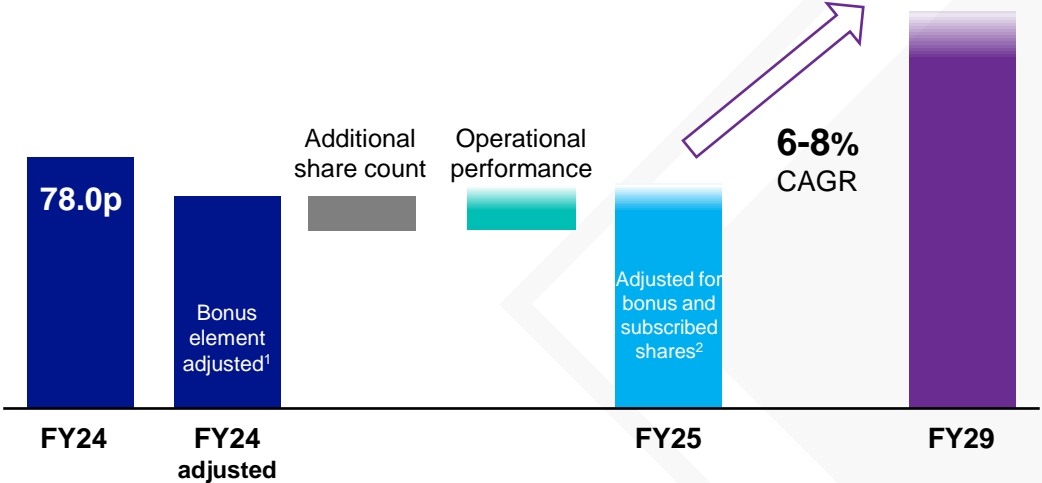
Net debt (£bn)



1. From continuing operations.
 2. Net cashflow from continuing operations, excluding UK Gas Transmission and other investing and financing transactions with nil impact on net debt.
 3. FY24 net debt presented at actual currency.
 4. £7bn, excluding transaction costs.
 5. FY24 net debt presented at constant currency.

FY25 Guidance

Underlying EPS (illustrative)



Continued strong underlying business performance across the group

- Operating profit growth c.10%
- Lower financing costs

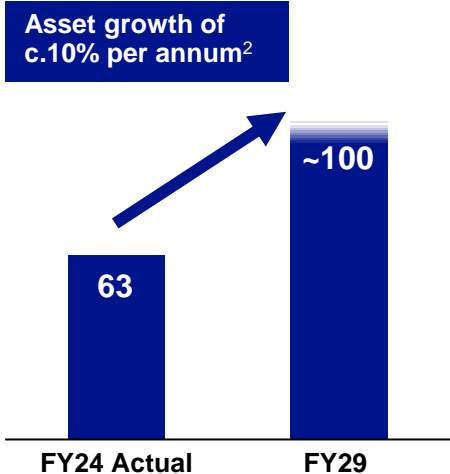
From FY25

- 6-8% underlying EPS CAGR to FY29

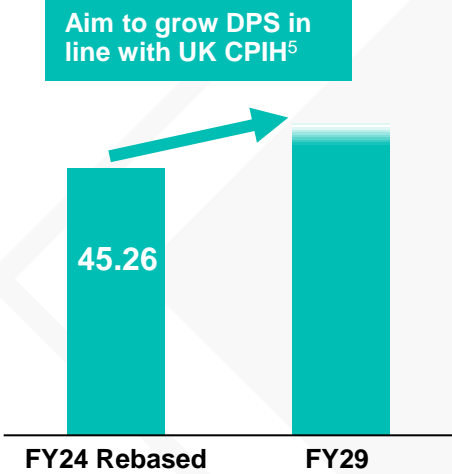
1. FY24 underlying EPS adjusted for the bonus element of the rights issue, as presented in our May 2024 results materials
 2. FY25 underlying EPS adjusted for the effect of the bonus shares plus the pro-rated number of fully subscribed shares from the Rights Issue.

Delivering an attractive combination of growth and yield

Asset base
(£bn)



Dividend per share
(pence)



FY2025 - 2029	
Capital investment	
	c.£60bn – of which c.£51bn green ¹
Group asset growth	
	c.10% CAGR (from a FY24 baseline) ²
Credit metrics	
	Committed to strong investment grade credit rating Credit metrics above current rating thresholds ³
Underlying EPS	
	6-8% CAGR (from a FY25 baseline) ⁴
Dividend	
	Aim to grow dividend per share in line with CPIH ⁵

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. Until at least the end of the RIIO-T3 period.
4. 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.
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 (A reconciliation of the Rebased FY24 DPS is provided on page 63 of the Results Statement).

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Priorities & Outlook

John Pettigrew
Chief Executive



US priorities

Regulatory focus

- New York Niagara Mohawk rate case – settlement in spring
- Massachusetts Electric enhanced recovery – earn closer to the allowed return
- Massachusetts Electric Sector Modernization Plan – focused on agreeing cost and recovery mechanisms

Policy priorities

- New York
 - State Energy Plan – comprehensive roadmap
 - NY PSC filing for transportation and building electrification investment
- Massachusetts
 - Climate Compliance Plan – investments required to decarbonise gas network



 US capital investment – FY25-29

c.£28bn

NY: £17bn

NE: £11bn

UK priorities

Capital delivery

- 6 ASTI projects under construction by year end
- Secure tier 1 supply chain for all **17 ASTI** projects
 - Including HVDC and converter station contracts
- Finalise **£59bn** HVDC framework
- Continued progress on **Hinkley** and **London Power Tunnels**
- **4.5GW** of clean energy connections

Regulatory focus

- RIIO-T3 business plan to be submitted in December



 UK capital investment – FY25-29

c.£31bn

UKET: £23bn

UKED: £8bn

UK priorities

Policy Focus

- Continue to engage on Government’s Clean Power Plan
- Advocating for
 - Planning reform – including fast-track consenting
 - Community benefits framework
 - Developing green energy skills pipeline in workforce



New era of growth underway



Executing our strategy

Major projects delivery underway

Policy and regulatory momentum

Low-risk, high-quality asset growth

Strong earnings growth

Inflation-protected dividend

**Delivering long-term value
and returns for shareholders**

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Q&A



By phone

Call the conference lines:

UK-Wide: +44 (0) 33 0551 0200

UK Toll Free: 0808 109 0700

Quote “**National Grid Half Year**”
when prompted by the operator



By text

use the ‘**Ask a question**’ tab below



In the event we do not have time for all questions,
we will respond **by email** as soon as possible



Appendices

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

As at 30 September 2024 (£m)	UK			US		Total
	ESPS	NGUK PS	NGED DB	Pensions	OPEBs ¹	
Fair value of plan assets	2,310	4,208	4,978	5,178	2,573	19,247
Present value of liabilities	(1,909)	(3,815)	(4,468)	(4,789)	(2,391)	(17,372)
Net asset	401	393	510	389	182	1,875
Taxation	(100)	(98)	(128)	(102)	(48)	(476)
Net asset net of taxation	301	295	382	287	134	1,399
Discount rates	5.02%	5.02%	5.02%	4.90%	4.90%	

As at 31 March 2024 (£m)	UK			US		Total
	ESPS	NGUK PS	NGED DB	Pensions	OPEBs ¹	
Fair value of plan assets	2,368	4,327	5,087	5,320	2,631	19,733
Present value of liabilities	(1,963)	(3,942)	(4,616)	(4,912)	(2,486)	(17,919)
Net asset	405	385	471	408	145	1,814
Taxation	(101)	(96)	(118)	(107)	(38)	(460)
Net asset net of taxation	304	289	353	301	107	1,354
Discount rates	4.87%	4.87%	4.87%	5.15%	5.15%	

1. OPEBs = Other post employment benefits

Timing impacts

£m	UK Electricity Transmission	UK Electricity System Operator	UK Electricity Distribution	New York	New England	Total continuing operations
31 March 2024 Closing Balance	150	877	(283)	647	(441)	950
Opening balance restatement adjustment	4	64	(5)	-	-	63
Over / (under) recovery	(82)	(479)	191	(318)	(148)	(836)
30 September 2024 Closing Balance to (recover) / return	72	462	(97)	329	(589)	177
1 April 2023 Opening Balance	(217)	78	(119)	676	(381)	37
Over / (under) recovery	183	409	(87)	(145)	(243)	117
30 September 2023 Closing Balance to (recover) / return	(34)	487	(206)	531	(624)	154
Year on year timing variance	(265)	(888)	278	(173)	95	(953)

2023/24 opening balance restatement adjustment reflects finalisation of timing balances.

All USD balances stated using the average 2023/24 rate of \$1.2963 to £1.

2023/24 closing timing balance (continuing) as at 30 September 2024 at spot rate (\$1.3375): £199 million

2022/23 closing timing balance (continuing) as at 30 September 2023 at spot rate (\$1.2200): £154 million.

Weighted average number of shares

For the half year ended 30 September	2024	2023
Number of shares (millions):		
Current period opening shares	3,720	3,677
IFRS 'bonus shares' (Rights Issue)	302	299
Rights Issue 'fully subscribed shares' (pro rated)	471	-
Scrip dividend shares (weighted issue)	30	2
Other share movements (weighted from issuance / repurchase)	3	3
Weighted average number of shares	4,526	3,981
Underlying earnings ¹ (£m)	1,271	1,033
Underlying EPS	28.1p	25.9p

1. Prior year underlying earnings have been restated to exclude deferred tax for National Grid Electricity Transmission and National Grid Electricity Distribution

Accelerated Strategic Transmission Investment

Key	Name
Wave 1 projects	
EGL1	Eastern Green Link 1
EGL2	Eastern Green Link 2
YG	Yorkshire Green
B-T	Bramford to Twinstead
NLR	North London Reinforcement
G-T	Grain to Tilbury
Wave 2 projects	
EGL3	Eastern Green Link 3
EGL4	Eastern Green Link 4
SL	Sea Link
N-TN	Norwich to Tilbury (North)
N-TS	Norwich to Tilbury (South)
H-M	North Humber to High Marnham
G-W	Grimsby to Walpole
C-W	Chesterfield to Willington
B-M	Brinsworth to High Marnham
PT2	Pentir to Trawsfynydd (Second Circuit)
PT1	Pentir to Trawsfynydd (Cable Replacement)

