

# National Grid's Investment Proposition

"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."

CEO, John Pettigrew

## HY25 Investor Relations

### 5-year framework FY25-29

#### Capital investment



**c.£51bn**  
Green<sup>1</sup>,

aligned to EU taxonomy

**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 a FY24 baseline)

#### Underlying EPS

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

#### Credit metrics

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>

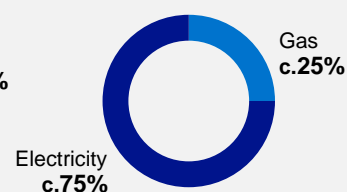
### Geographic and regulatory diversity

#### FY24 asset base<sup>6</sup>

#### Geographical split



#### Energy split



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. Until at least the end of the RIIO-T3 period.
4. 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.
5. Calculated as proportion of closing FY24 asset base and no longer includes UK Gas Transmission and Metering.

### HY25 Highlights

#### 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.

**Successfully completed the £7 billion rights issue** positioned our balance sheet to deliver growth at pace.

**Record £4.6bn capital investment** increased investment on major capital projects.

**Good HY25 financial results** across our regulated businesses, reflecting higher regulated revenues.




**ASTI progress** construction is already underway for 5 of our 17 ASTI projects.

**Regulatory progress** agreed new rates for Massachusetts Electric (MECO) and Downstate NY gas (KEDNY/KEDLI).

# Increased clarity on investment plans

## UK Electricity Transmission

## US Regulated

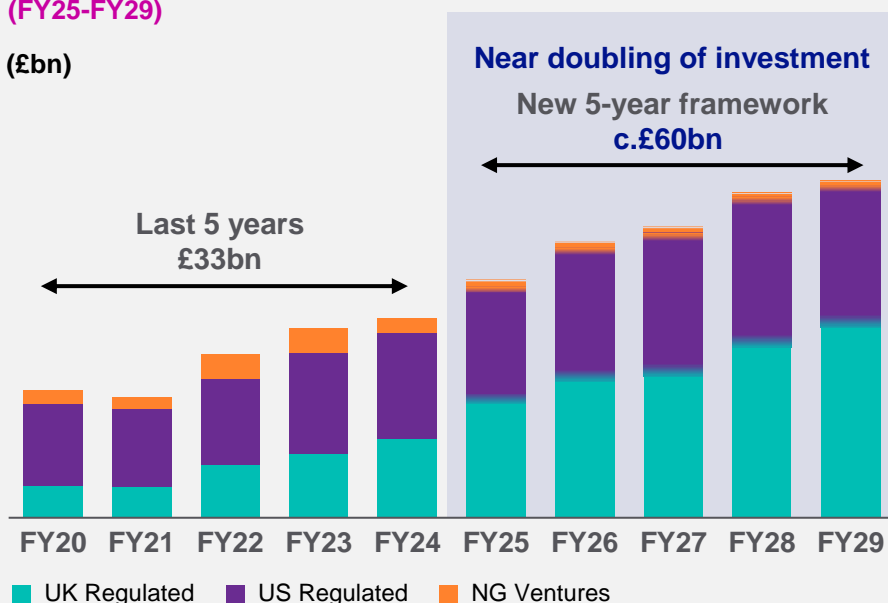
<p><b>Scale</b></p> 	<p><b>17 Accelerated Strategic Transmission Investment (ASTI) projects in licence</b></p> <p>“Beyond 2030” Electricity System Operator report</p> <p><b>RIIO-T3 business plan development</b></p>	<p><b>Downstate NY KEDNY/KEDLI rate plan</b></p> <ul style="list-style-type: none"> <li>• c.\$5bn capex over 3 years</li> </ul> <p><b>Upstate NY Niagara Mohawk (NiMo) rate filing</b></p> <p><b>\$4bn “Upstate Upgrade”</b></p> <p><b>Massachusetts Electric (MECO) rate plan</b> agreed includes enhanced recovery mechanisms</p> <p><b>Electric Sector Modernization Plan (ESMP)</b> \$2bn over 5 years</p>
<p><b>Profile</b></p> 	<p><b>ASTI progress</b></p> <ul style="list-style-type: none"> <li>• 6 Wave 1 projects <b>under construction</b> by the end of the year</li> <li>• 11 Wave 2 projects in earlier stages of development</li> <li>• Well progressed on supply chain, expect to secure all Tier 1 supply chain contractors by early part of 2025</li> </ul> <p><b>UK policy progress</b></p> <ul style="list-style-type: none"> <li>• ESO sold to government</li> <li>• NESO &amp; Mission Control established</li> </ul>	<p><b>Supply chain progress</b></p> <ul style="list-style-type: none"> <li>• Issued procurement and construction Request for Proposal for our \$2.1bn CLCPA<sup>1</sup> phase 2 transmission project</li> </ul> <p>Good visibility of investment in electric distribution and leak prone pipe replacement programme</p>
<p><b>Regulation</b></p> 	<p><b>New Ofgem duties:</b> growth and net zero</p> <p><b>Ofgem RIIO-T3 SSMD<sup>2</sup></b></p> <p><b>Ofgem strategy update:</b> “enabling infrastructure for net zero at pace”</p>	<p><b>New rates for:</b></p> <ul style="list-style-type: none"> <li>• Downstate NY gas (KEDNY/KEDLI)</li> <li>• Massachusetts Electric (MECO) includes enhanced recovery mechanisms</li> </ul>

1. Climate Leadership and Community Protection Act 2. Sector specific methodology decision (SSMD) published by Ofgem

# Driving a significant step-up in investment & growth

**c.£60bn capital investment (FY25-FY29)**

(£bn)



**c.85%**  
**Green investment**  
aligned to EU taxonomy

**c.10%**  
**group asset growth**  
CAGR FY25-29

**c.£100bn**  
**Group assets**  
by FY29<sup>1</sup>

1. Assuming average CPIH inflation of 2.5%

**An attractive proposition of growth and yield**

# 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

## Group highlights

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

## NGV highlights

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

## 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



# 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 ESO<sup>1</sup>

### 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.



# Strong track record of delivery

**Expertise**  
in large infrastructure

**Organisation**  
set up to deliver



Track record of outperformance and delivery against regulatory frameworks

## 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



## A new and exciting phase of growth

### 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**



# ESG and Responsible Business Charter

Our refreshed [Responsible Business Charter](#), continues to articulate what ‘responsibility’ means for us. Following extensive stakeholder engagement, in September 2023 we updated our Charter to focus on 3 core pillars: Our Environment, Our Customers and Communities, and Our People. These pillars are underpinned by our Responsible Business fundamentals and previous pillars of Economy and Governance are now embedded within these new focused areas.

## Performance Highlights

Our Environment	Our Communities & Communities	Our People
<ul style="list-style-type: none"> <li>• Building on our role as a Principal Partner of COP26, we participated in COP27 last year</li> <li>• Continue to advocate for Clean Energy Vision</li> <li>• Viking Link interconnector completed – taking total capacity across our portfolio to 7.8 GW</li> <li>• Maintained our CDP Climate Change ‘A list’ rating for the 8<sup>th</sup> consecutive year</li> </ul>	<ul style="list-style-type: none"> <li>• Reliability of over 99.99% across our networks</li> <li>• Connected 3,030 MW of renewable energy across our UK and US transmission and distribution networks</li> <li>• £513m cost efficiency savings, exceeding the £400m FY24 target</li> </ul>	<ul style="list-style-type: none"> <li>• ‘Stand Up For Safety’ campaign launched as a core element of our new safety strategy</li> <li>• We are a Living Wage Foundation employer in the UK; and in the US all colleagues are paid above the statutory minimum</li> <li>• Diversity, equity and inclusion remains top of our priorities, as demonstrated by our executive remuneration policy which includes a focus on ESG</li> </ul>


## Our Clean Energy Vision

National Grid’s vision is to fully eliminate fossil fuels from our US energy networks, enabling our customers and communities to meet their heating needs without using fossil fuels by 2050, if not sooner. Please visit: [www.nationalgrid.com/us/fossilfree](http://www.nationalgrid.com/us/fossilfree)

### Video: Our vision for fossil-free heat

Our vision for fossil-free heat addresses climate change while ensuring affordable, reliable service to all our customers. Watch this video to learn more about how we plan to make our vision of a clean energy future a reality.

[Watch the video](#)



Our vision for fossil-free heat

## Awards and recognition

To be held account against our environmental, societal and governance business commitments, National Grid is proud to share reporting data and have our sustainable efforts analysed.

Proud to be one of The Times Top 50 Employers for Gender Equality 2023

Recognised as a Top 50 employer for gender equality in 2024 by The Times

Bloomberg Gender-Equality Index 2023

Became a constituent of the 2024 Bloomberg Gender-Equality Index for the third year running

CDP

Achieved an ‘A grading’ rating (the highest) for our response to climate change for the eighth consecutive year and achieved a ‘B-’ grading for our CDP Water disclosure

SUSTAINALYTICS\*  
a Morningstar company  
RATED

Awarded score of 16.3/100 (Low Risk) in relation to experiencing material impacts from ESG and a strong score for management of impacts

MSCI ESG RATINGS AAA

‘AAA’ (highest score) for the seventh consecutive year

FTSE4Good

Remained a constituent of the FTSE4Good Index

ISS ESG Prime

Prime rating (C+), industry-leading score

National Grid  
Top 10 Globally for gender equality in 2022  
EQUILEAP

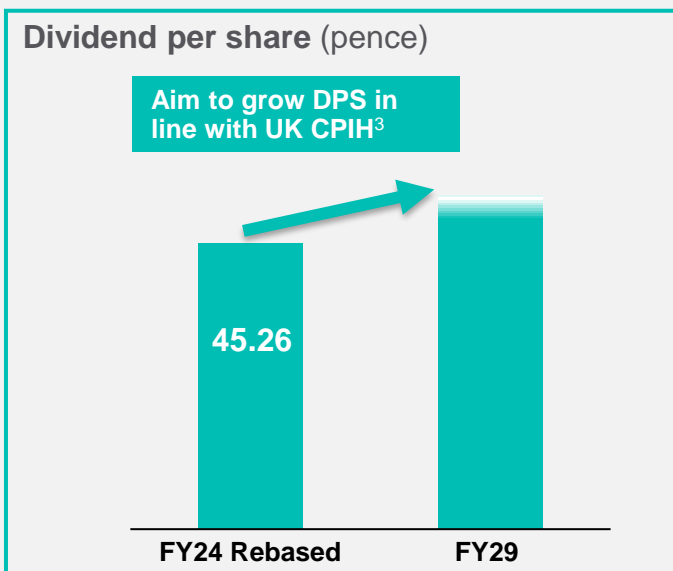
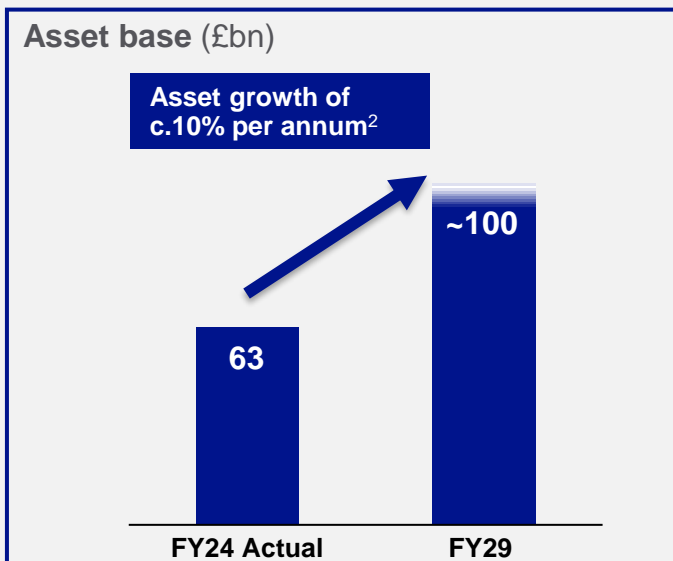
Equileap  
Ranked 2nd in the UK and 4th globally for gender equality by Equileap

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# Delivering an attractive combination of growth + yield



## 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.

# Comprehensive financing plan

## A strong investment grade balance sheet positioned to deliver an unprecedented step up in capital investment

Equity
<ul style="list-style-type: none"> <li>Raised £7bn to support increased investment levels</li> </ul>
Debt
<ul style="list-style-type: none"> <li>Issuance of senior debt across the Group</li> <li>Expect to use hybrid debt later in 5 year framework to maintain balance sheet strength and investment flexibility</li> </ul>
Credit Metrics
<ul style="list-style-type: none"> <li>Committed to strong investment grade credit rating</li> <li>Credit metrics above current rating thresholds<sup>1</sup>: FFO/net debt &gt;10% and RCF/net debt &gt;7%</li> </ul>
Portfolio
<ul style="list-style-type: none"> <li>Announced intention to sell Grain LNG and NG Renewables</li> </ul>
Dividend
<ul style="list-style-type: none"> <li>Maintained progressive level of total dividend &amp; policy of aim to grow dividend per share in line with CPIH</li> <li>Scrip dividend maintained given high asset growth</li> </ul>

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

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. 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).

## Further information

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