

Pre-Close Update ahead of 2019/20 Full Year Results

02 Apr 2020

National Grid provides a pre-close update ahead of its Full Year 2019/20 results. Financial performance for the full-year, before any COVID-19 impacts, is expected to be in line with prior guidance.

Following updated guidance from various regulatory authorities on challenges that companies and their auditors currently face in preparing audited financial information as a result of the COVID-19 pandemic, National Grid has reviewed its reporting timetable and we now aim to publish full year results in mid-June, with a planned date to be confirmed in due course.

Our people and our customers

Our primary focus is on our people, our customers and operations as we look to manage the impact from the COVID-19 outbreak, and meet our obligations to provide essential services to our customers. Our teams have swiftly and successfully implemented our business continuity plans, which are working well across our businesses. This is enabling us to assess impacts on our capital delivery programmes day by day to maintain safe working environments for our teams. We continue to work closely with regulators and governments across our operations to ensure our customers and communities have access to the energy they need through this time. In the US, we have filed to defer some rate increases that were scheduled to come into effect on 1 April.

COVID-19

At this stage we have not seen a material impact on our financial performance as a result of COVID-19, however we are starting to see some delays and disruption to our capital programme. In progressing our capital programme, working closely with our regulators and other relevant authorities in each of our jurisdictions, we will prioritise the health and safety of our employees, customers and communities. In the US, we have suspended debt collection and customer termination activities across our jurisdictions, which is resulting in near term lower customer collections, and could result in increasing levels of bad debt and associated provisions. Whilst this uncertainty persists, we will continue to monitor the situation closely.

Our balance sheet remains strong with GBP5.5bn of undrawn committed bank facilities.

FY19/20

We expect to deliver underlying earnings for FY20, before any COVID-19 impacts, in line with the technical guidance provided at our half year results last November.

In determining the final dividend for 2019/20 the Board will, as always, take into account expected business performance and regulatory developments, including an assessment of the impact of COVID-19.

Update to Technical Guidance for 2019/20

Compared to our previous guidance, we expect higher operating costs in our US business due to further storm remediation costs, however, these are expected to be offset by stronger NGV performance and lower net finance costs, partly due to lower costs on RPI-linked debt. As a result, our expectation for underlying earnings per share for the Group is in line with our previous guidance, before taking account of any COVID-19 impacts.

Notes:

'Underlying' represents statutory results excluding exceptional items, remeasurements, timing and major storm costs.

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Notes for editors

Notes to Editors:

National Grid is pivotal to the energy systems in the UK and the north eastern United States. We aim to serve customers well and efficiently, supporting the communities in which we operate and making possible the energy systems of the future.

National Grid in the UK:

- We own and operate the electricity transmission network in England and Wales, with day-to-day responsibility for balancing supply and demand. We also operate, but do not own, the Scottish networks. Our networks comprise approximately 7,200 kilometres (4,474 miles) of overhead line, 1,500 kilometres (932 miles) of underground cable and 342 substations.
- We own and operate the gas National Transmission System in Great Britain, with day-to-day responsibility for balancing supply and demand. Our network comprises approximately 7,660 kilometres (4,760 miles) of high-pressure pipe and 618 above-ground installations.
- As Great Britain's System Operator (SO) we make sure gas and electricity is transported safely and efficiently from where it is produced to where it is consumed. From April 2019, Electricity System Operator (ESO) is a new standalone business within National Grid, legally separate from all other parts of the National Grid Group. This will provide the right environment to deliver a balanced and impartial ESO that can realise real benefits for consumers as we transition to a more decentralised, decarbonised electricity system.
- Other UK activities mainly relate to businesses operating in competitive markets outside of our core regulated businesses; including interconnectors, gas metering activities and a liquefied natural gas (LNG) importation terminal – all of which are now part of National Grid Ventures. National Grid Property is responsible for the management, clean-up and disposal of surplus sites in the UK. Most of these are former gas works.

Find out more about the energy challenge and how National Grid is helping find solutions to some of the challenges we face at <https://www.nationalgrid.com/group/news>

National Grid undertakes no obligation to update any of the information contained in this release, which speaks only as at the date of this release, unless required by law or regulation.

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