2015-16 Full Year Results
19 MAY 2016
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2015/16 financial performance

- Operating Profit: £4.1bn
- Return on Equity: 12.3%
- Capital Investment: £3.9bn
- Asset Growth*: 4%

Earnings per Share: 63.5p
Dividend per Share: 43.34p

* Regulatory asset base growth calculated at constant currency
Adjusted results, excluding exceptional items and remeasurements
UK Electricity Transmission

10.2% Base return + 210bps Totex incentive + 80bps Other incentives + 80bps Additional allowances = ACHIEVED RETURN 13.9%

FY15 14.0%

OPERATING PROFIT

£1.2bn  -5%

FY15 £1.2bn

CAPITAL INVESTMENT

£1.1bn

FY15 £1.1bn

REGULATED ASSET VALUE

£11.8bn

FY15 £11.3bn

Adjusted results, excluding exceptional items and remeasurements
UK Gas Transmission

10.0% Base return + (20)bps Totex incentive + 120bps Other incentives + 150bps Additional allowances = ACHIEVED RETURN 12.5%

FY15 14.2%

OPERATING PROFIT

£486m +11%

FY15 £437m

CAPITAL INVESTMENT

£186m

FY15 £184m

REGULATED ASSET VALUE

£5.6bn

FY15 £5.6bn

Adjusted results, excluding exceptional items and remeasurements
UK Gas Distribution

9.9% Base return + 200bps Totex incentive + 100bps Other incentives + 10bps Additional allowances = ACHIEVED RETURN 13.0%
FY15 12.9%

OPERATING PROFIT
£878m +6% FY15 £826m

CAPITAL INVESTMENT
£549m FY15 £498m

REGULATED ASSET VALUE
£8.7bn FY15 £8.5bn

Adjusted results, excluding exceptional items and remeasurements
US Regulated

7.7% New York + 5.8% Massachusetts + 10.2% Rhode Island + 11.4% FERC = ACHIEVED RETURN 8.0%

Operating profit calculated at constant currency
Adjusted results, excluding exceptional items and remeasurements
# Other Activities & JVs

<table>
<thead>
<tr>
<th>OTHER ACTIVITIES</th>
<th>£162m</th>
<th>£72m</th>
<th>£123m</th>
<th>£56m</th>
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<tbody>
<tr>
<td>Metering</td>
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<td>Grain LNG</td>
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<td>IFA</td>
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<tr>
<td>Property</td>
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<table>
<thead>
<tr>
<th>OPERATING PROFIT</th>
<th>£374m</th>
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<tr>
<td>FY15</td>
<td>£191m</td>
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<table>
<thead>
<tr>
<th>JVs</th>
<th>£50m</th>
<th>£11m</th>
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<tbody>
<tr>
<td>BritNed</td>
<td></td>
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<tr>
<td>Millennium</td>
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<tr>
<th>POST TAX SHARE</th>
<th>£59m</th>
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<tr>
<td>FY15</td>
<td>£47m</td>
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<tr>
<th>TOTAL INVESTMENT</th>
<th>£271m*</th>
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<tr>
<td>FY15</td>
<td>£220m</td>
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</table>

* Excludes £63m equity contribution to St. William property joint venture
  Operating profit and investment calculated at constant currency
  Adjusted results, excluding exceptional items and remeasurements
Interest, tax and earnings

**FINANCE COSTS**
£1,013m
6% lower than 2015

- Effective interest rate of 3.8%
- Innovative financing at low interest rates

**EFFECTIVE TAX RATE**
24.0%
at (£753)m

- Tax rate 20bps lower than 2015
- Tax charge £58m higher than 2015

**EARNINGS**
£2,386m
PY £2,189m

- 3,755m weighted average shares
- 63.5p/share

Adjusted results, excluding exceptional items and remeasurements
Finance costs are calculated at constant currency
## Cash flow and net debt

<table>
<thead>
<tr>
<th>£m</th>
<th></th>
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<tbody>
<tr>
<td>Period ended 31 March 2016</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>4,096</td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>1,614</td>
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<tr>
<td>Pensions</td>
<td>(327)</td>
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<tr>
<td>Working capital &amp; other</td>
<td>339</td>
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<tr>
<td><strong>Net operating cash flow</strong></td>
<td><strong>5,722</strong></td>
</tr>
<tr>
<td>Net debt</td>
<td>(25,325)</td>
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- **RCF / NET DEBT** 11.5%
- **FFO / NET DEBT** 16.7%
- **INTEREST COVER** 5.5x

Adjusted results, excluding exceptional items and remeasurements
Credit metrics reported using Moody’s methodology
Debt financing
Growth through balanced investments

UK
- Gas Distribution: £1.8bn
- Gas Transmission
- Electricity Transmission

3% RAV growth

US
- Gas Distribution
- Gas Transmission
- Electricity Distribution
- Transmission
- £1.9bn

7.5%* rate base growth

Other & JV
- Investment started on new interconnectors
- £271m**

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* Excluding movements in working capital
** Excludes £63m equity contribution to St. William property joint venture
US rate based growth is calculated at constant currency
Sustained investment

- Expect to sustain this level of investment over the coming years
- Targeting asset growth of 5-7%*

* Assuming 3% UK inflation
At constant currency
Summary

**OPERATING PROFIT**
£4.1bn

**EPS**
63.5p

**RETURN ON EQUITY**
12.3%

**VALUE ADDED**
£1.8bn

**ASSET GROWTH**
4%

**CAPITAL INVESTMENT**
£3.9bn

* Regulated asset base growth calculated at constant currency
Adjusted results, excluding exceptional items and remeasurements
Value added is calculated at constant currency