One of the world’s largest publicly listed utilities focused on transmission and distribution of electricity and gas. We play a vital role in connecting millions of people to the energy they use safely, reliably and efficiently.

**Investment proposition**

We aim to be a low risk business, focused on generating shareholder value through both dividends and asset growth by investing in essential assets under primarily regulated market conditions, to service long-term sustainable consumer-led demands.

**Strong strategic progress in 2018/19**

- £4.5bn of capital invested delivering strong organic asset growth of 7.2%
- Sale of Cadent to complete with £2bn in proceeds expected in June
- Good US regulatory progress, with all operating companies under refreshed rates
- Launched new cost efficiency programmes in both UK and US
- Significant progress on interconnector portfolio
- Major milestone achieved for Property business with transfer of Fulham site to St William

**Growing portfolio of high quality assets**

Assets by segment as at 31 March 2019

- UK Electricity Transmission 34%
- US Regulated 44%
- NG Ventures & Other 7%
- UK Gas Transmission 15%
- Total Group £40.1bn

**Dividend policy to grow DPS at least in line with RPI Inflation**

<table>
<thead>
<tr>
<th>Year</th>
<th>p/share</th>
</tr>
</thead>
<tbody>
<tr>
<td>14/15</td>
<td>42.87p</td>
</tr>
<tr>
<td>15/16</td>
<td>43.34p</td>
</tr>
<tr>
<td>16/17</td>
<td>44.27p</td>
</tr>
<tr>
<td>17/18</td>
<td>45.93p</td>
</tr>
<tr>
<td>18/19</td>
<td>47.34p</td>
</tr>
</tbody>
</table>

*Excludes 84.375p special interim dividend related to sale of UK Gas Distribution (NGGD)

**Strong and efficient balance sheet**

- Appropriate level of debt funding for strong credit ratings, with gearing around 65%
- Target retained cash flow (RCF) to net debt above 9%
- Strong single A credit rating for UK operating companies and majority of US operating companies; NG plc rated BBB+
- Scrip dividend option provides flexibility for growth
Good regulatory progress in 2018/19

**US returns**

**Return on equity**
- 8.6% New York
- 7.6% Massachusetts
- 7.7% Rhode Island
- 11.5% FERC

**Capital investment**
- FY18: $3,458m

**Rate base**
- FY18: $22.9bn

**Regulation**
- 80% of distribution rate base operating under updated rates
- ~50/50 debt:equity regulatory capital structure
- Nominal returns provide a faster cash return

**Strong rate base growth of 9.2% in FY19**
- Consistent achieved return on equity; 93% of allowed
- Launched cost efficiency programme, to save costs $30m in FY20 and $50m in FY21
- First cycle of refreshing rate plans successfully complete
- Rhode Island and Massachusetts Gas filings completed in FY19
- New rates filed for Massachusetts Electric and KEDNY/KEDLI

**US investment drivers**
- mandated gas pipe replacement programmes
- electric investments for network resiliency, storm hardening and grid modernisation
- decarbonisation of energy

**2018/19 RoE/Rate base ($m)**

**US returns**

- **8.6%** New York
- **7.6%** Massachusetts
- **7.7%** Rhode Island
- **11.5%** FERC

**Capital investment**
- **$3,458m**
  - FY18: **$3,290m**

**Rate base**
- **$22.9bn**
  - FY18: **$20.9bn**

**Assets outside rate base**
- **$2.5bn**
  - FY18: **$2.5bn**

**Underlying operating profit**
- **£1.6bn**
  - FY18: **£1.7bn**

**FY19 US Regulated capital investment**

**Jurisdictional split**
- FERC
  - Rhode Island
  - Massachusetts
  - New York
  - **$3.5bn**
  - FY18: **$3.3bn**

**US investment drivers**
- mandated gas pipe replacement programmes
- electric investments for network resiliency, storm hardening and grid modernisation
- decarbonisation of energy

**Regulation**
- 80% of distribution rate base operating under updated rates
- ~50/50 debt:equity regulatory capital structure
- Nominal returns provide a faster cash return

**Strong rate base growth of 9.2% in FY19**
- Consistent achieved return on equity; 93% of allowed
- Launched cost efficiency programme, to save costs $30m in FY20 and $50m in FY21
- First cycle of refreshing rate plans successfully complete
- Rhode Island and Massachusetts Gas filings completed in FY19
- New rates filed for Massachusetts Electric and KEDNY/KEDLI

**National Grid Ventures & Other**

**Capital investment**
- **£623m**
  - FY18: **£518m**

**Total contribution**
- **£440m**
  - FY18: **£275m**

**NG Ventures & Other**

**Operating profit**
- **£153m**
  - Metering
- **£74m**
  - Grain LNG
- **£64m**
  - Interconnectors
- **£181m**
  - Property

**Joint Ventures**

**Post-tax share**
- **£29m**
  - Interconnectors
- **£18m**
  - Millennium
- **£7m**
  - Other

**Operating profit**
- **£400m**
  - FY18: **£231m**

**Joint Ventures**

**Post-tax share**
- **£40m**
  - FY18: **£44m**

**NG Ventures & Other**

- NGV includes long term assets with a low risk profile and stable cash flows
- 5GW of electricity interconnection between UK and Europe, with a further 2.4GW under construction
- Geronimo Energy acquisition to provide US renewable generation opportunities
- St. William joint venture with Berkley Group to unlock land value
Continued solid performance in the UK in 2018/19

UK RoE Combined
12.4%
FY18: 12.1%

Electricity Transmission

<table>
<thead>
<tr>
<th>Return on equity</th>
<th>Other key financial metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.2%</td>
<td>Capital investment</td>
</tr>
<tr>
<td></td>
<td>£925m FY18: £999m</td>
</tr>
<tr>
<td>230bps</td>
<td>Regulated asset value</td>
</tr>
<tr>
<td></td>
<td>£13.5bn FY18: £13.0bn</td>
</tr>
<tr>
<td>50bps</td>
<td>Underlying operating profit</td>
</tr>
<tr>
<td></td>
<td>£1,092m FY18: £1,055m</td>
</tr>
<tr>
<td>70bps</td>
<td>Achieved return</td>
</tr>
<tr>
<td></td>
<td>13.7% FY18: 13.1%</td>
</tr>
</tbody>
</table>

Gas Transmission

<table>
<thead>
<tr>
<th>Return on equity</th>
<th>Other key financial metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.0%</td>
<td>Capital investment</td>
</tr>
<tr>
<td></td>
<td>£308m FY18: £310m</td>
</tr>
<tr>
<td>(110)bps</td>
<td>Regulated asset value</td>
</tr>
<tr>
<td></td>
<td>£6.2bn FY18: £6.0bn</td>
</tr>
<tr>
<td>120bps</td>
<td>Other incentives</td>
</tr>
<tr>
<td>(60)bps</td>
<td>Additional allowances</td>
</tr>
<tr>
<td>Achieved return</td>
<td>9.5% FY18: 10.0%</td>
</tr>
</tbody>
</table>

Regulation
- Single regulatory body - Ofgem
- RIIO price control provides regulatory clarity through to 2021
- Incentives to promote innovative and efficient capital investments benefitting customers and shareholders
- Cost allowances and revenues linked to RPI
- Remunerated in part through RPI asset indexation

Good performance in the UK in FY19
- Achieved outperformance of 230bps through innovation and efficiency
- Focus on customer savings; almost £640m generated to date under RIIO
- Continued investment in maintaining the network
- Launched cost efficiency programme, to save costs £50m in FY20 and £100m in FY21

Environmental performance and priorities

Climate change
- 70% reduction in GHG emissions by 2030
- 80% reduction by 2050
- 68% reduction achieved in FY19

Responsible resource use
- Divert 100% of construction waste from landfill and send zero office waste to landfill by 2020

Caring for our environment
- Recognise and enhance the value of our natural assets on at least 50 sites by 2020
High-quality growth drives shareholder value

FY20-FY21 forecast capital investment by segment

- US Regulated capital investment funded through rate agreements, forecast around $3.5bn p.a. to 2021
- UK regulated business forecast ~£1.3bn p.a. to 2021
- NG Ventures driven by interconnector programme

Strong and efficient balance sheet

Gearing and debt profile as at 31 March 2019

Key measures to deliver shareholder value

<table>
<thead>
<tr>
<th>Total Group 18/19 performance¹</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>£3.4bn</td>
</tr>
<tr>
<td>EPS</td>
<td>58.9p</td>
</tr>
<tr>
<td>Group return on equity</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group return on equity (RoE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.8%</td>
</tr>
<tr>
<td>12.3%</td>
</tr>
<tr>
<td>11.7%</td>
</tr>
<tr>
<td>12.3%</td>
</tr>
<tr>
<td>11.8%</td>
</tr>
</tbody>
</table>

Value added (at constant currency)
Captures total return per share created on an operational basis

- Net asset growth
  - £3.0bn
- Dividend
cash cost net of scrip and share buybacks
  - £1.2bn
- Growth in net debt
  - £2.1bn
- Value added
  - 61.2p/share

¹ Underlying results excluding exceptional items, remeasurements, timing and major storm costs

Strong and efficient balance sheet

Fixed Rate 65%
Net Debt £26.5bn
Floating rate 9%
RPI linked 26%
Equity 34%
Regulated Assets & Invested capital £40.1bn

Net debt includes borrowings, associated derivatives and cash and current financial investments

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 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. Furthermore, this document, which is provided for information only, does not constitute summary financial statements and does not contain sufficient information to allow for as full an understanding of the results and state of affairs of National Grid, including the principal risks and uncertainties facing National Grid, as would be provided by the full Annual Report and Accounts, including in particular the Strategic Report section and the ‘Risk factors’ section on pages 212 to 215 of National Grid’s most recent Annual Report and Accounts for the year ended 31 March 2019 as updated by National Grid’s unaudited half-year financial information for the six months ended 30 September 2019, published on 14 November 2019. Copies of the most recent Annual Report and Accounts are available online at www.nationalgrid.com or from Link Asset Services. Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward looking statements, which speak only as of the date of this document. The content of any website references herein do not form part of this document.

Further information
Aarti Singhal
Director of Investor Relations
T +44 (0) 20 7004 3170
M +44 (0) 7889 492447
aarti.singhal@nationalgrid.com

Jon Clay
Investor Relations Officer
T +44 (0) 20 7004 3460
M +44 (0) 7899 928247
jonathan.clay@nationalgrid.com

James Flanagan
Investor Relations Manager (US)
T +44 (0) 20 7004 3129
M +44 (0) 7970 778 952
james.flanagan@nationalgrid.com

Peter Kennedy
Investor Relations Assistant Manager
T +44 (0) 20 7004 3169
M +44 (0) 7986 200034
peter.kennedy@nationalgrid.com

Nick Ashworth
Senior Investor Relations Officer
T +44 (0) 20 7004 3166
M +44 (0) 7814 355590
nicholas.ashworth@nationalgrid.com

©Grid_Media

National Grid plc
1-3 Strand
London WC2N 5EH
United Kingdom

nationalgrid.com

©Grid_Media