

# Half Year Results

2019/20

Investor Relations | November 2019



## “ ... delivered solid financial performance ... ”

"In the first half of this year we have delivered solid financial performance and continued to deliver strong organic growth at the top end of the 5 – 7% range. We also made good progress on our strategic priorities, including a multi-year, forward rate case in Massachusetts Electric, submitting our draft business plans for RIIO-2 in the UK and completed our acquisition of Geronimo.

Today's announcement that we are increasing the Group's own emissions reduction target from 80% to net zero by 2050 underlines our commitment to lead the industry towards a cleaner energy future. This objective will be supported by work in other areas, such as offering further energy efficiency programmes for our US customers, proposals for renewable natural gas and hydrogen blending programmes."

### Group financial summary half year ended 30 September 2019

#### Unaudited underlying results<sup>1</sup>

**£1.3bn**  
OPERATING PROFIT  
(HY19: £1.3bn) **↑1%**

**20.0p**  
EARNINGS PER SHARE  
(HY19: 19.7p) **↑2%**

**16.57p**  
DIVIDEND PER SHARE  
(HY19: 16.08p)

**£2.7bn**  
CAPITAL INVESTMENT  
(HY19: £2.1bn) **↑28%**

(£m at actual exchange rates)

### Highlights

- New target to achieve net zero for own emissions by 2050
- Regulatory progress in US and UK
  - Multi-year agreement for Massachusetts Electric
  - Draft RIIO-2 business plans submitted
  - Welcomed Ofgem's "minded-to" position on Hinkley-Seabank to move away from Competition Proxy Model
- Cost efficiency programme on track: £50m in the UK and \$30m in the US in 2019/20
- Construction of three interconnectors on track
- Completed US acquisition of Geronimo
- Received £2bn proceeds for sale of final Cadent stake

### Outlook

"In the second half, we are progressing our priorities across the Group, including addressing the gas supply constraint in downstate New York, alongside efficiently delivering our capital plans."

#### US

- Significant capital investment driving strong organic growth
- New rates improving profitability
- Mass Electric 5-year inflation-linked agreement

#### UK

- Consistent capital investment
- Cost efficiency programme on track
- Helpful stakeholder feedback on draft RIIO-2 business plans

#### NG Ventures

- Interconnector construction progressing well
- Completion of US Geronimo acquisition

1. 'Underlying' represents statutory results excluding exceptional items, remeasurements, timing and major storm costs. This and a number of other terms and performance measures used in this document are not defined within accounting standards and may be applied differently by other organisations.

## Business performance in detail and priorities in the second half

### UK Electricity Transmission

**£583m** +5%  
OPERATING PROFIT  
HY19 £556m

RoE outlook vs FY19



- Submitting final RIIO-2 business plan to Ofgem in December
- Driving customer benefits through delivering digital ambition
- Delivering committed cost savings for FY20

### UK Gas Transmission

**£66m** -27%  
OPERATING PROFIT  
HY19 £91m

RoE outlook vs FY19



- Submitting final RIIO-2 business plan to Ofgem in December
- Continuing work on Feeder 9 project
- Delivering committed cost savings for FY20

### US Regulated

**£525m** +22%  
OPERATING PROFIT  
HY19 £431m

Targeting ROE >95%  
of the allowed



- Addressing downstate New York gas constraint
- Delivering fair and progressive regulatory outcomes
- Delivering an enhanced customer experience

### NG Ventures

**£128m**  
OPERATING PROFIT  
HY19 £131m

JVs post tax share

**£25m**  
HY19 £31m

- Continuing to successfully deliver interconnector projects
- Developing Geronimo renewables pipeline

### Other activities

**£(1)m**  
OPERATING RESULT  
HY19 £76m

JVs post tax share

**£12m**  
HY19 £(6)m

- Ongoing development of St William property sites
- Further sales of excess land sites to St William and third parties

**NOTE:** 'Underlying' represents statutory results excluding exceptional items, remeasurements, timing and major storm costs. Presented at actual exchange rates.

#### 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](http://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.

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