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

**Total Group 18/19 performance**

<table>
<thead>
<tr>
<th>7.2%</th>
<th>58.9p</th>
<th>11.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset growth</td>
<td>EPS</td>
<td>Group return on equity</td>
</tr>
</tbody>
</table>

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

**Growing portfolio of high quality assets**

**Assets by segment as at 31 March 2019**

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

- Power and heat networks at the heart of the energy system
- Targeting annual asset growth of 5-7%*
- Dividend policy underpinned by regulatory agreements
- Robust balance sheet and strong financial discipline
- Protection from generation and supply exposure/margins

*Assuming long run UK RPI Inflation of 3%

**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

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

| 42.87p | 43.34p | 44.27p* | 45.93p | 47.34p |
| 14/15 | 15/16 | 16/17 | 17/18 | 18/19 |

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

*At actual currency

2018/19 RoE/Rate base ($m)

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Rate base ($bn) FY18</th>
<th>Rate base ($bn) FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhode Island Gas</td>
<td>11.5%</td>
<td>11.5%</td>
</tr>
<tr>
<td>KEDLI</td>
<td>9.9%</td>
<td>9.9%</td>
</tr>
<tr>
<td>NiMo Gas</td>
<td>9.8%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Mass Elec</td>
<td>7.8%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Mass Gas</td>
<td>7.4%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Rhode Island Gas</td>
<td>6.2%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>

$0

**$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

National Grid Ventures & Other

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

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

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

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

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

**Joint Ventures**

- 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>10.0% Base return</td>
</tr>
<tr>
<td>230bps</td>
<td>£925m FY18: £999m</td>
</tr>
<tr>
<td>50bps</td>
<td>£13.5bn FY18: £13.0bn</td>
</tr>
<tr>
<td>70bps</td>
<td>£1,092m FY18: £1,055m</td>
</tr>
<tr>
<td>Achieved return</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>£308m FY18: £310m</td>
</tr>
<tr>
<td>(110)bps Totex</td>
<td>£6.2bn FY18: £6.0bn</td>
</tr>
<tr>
<td>Other incentives</td>
<td>£341m FY18: £505m</td>
</tr>
</tbody>
</table>

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

Timeline on RIIO-T2

- CY2019: Draft business plans submitted
- Formal business plan submission
- Draft determination
- Statutory licence consultation
- Final determination
- RIIO-T2 starts

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

- Equity 34%
- Debt 66%
- RPI linked 26%
- Floating rate 9%

Net Debt £26.5bn

Fixed Rate 65%

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

Key measures to deliver shareholder value

Total Group 18/19 performance

<table>
<thead>
<tr>
<th></th>
<th>2018/19</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>

Group return on equity (RoE)

<table>
<thead>
<tr>
<th>14/15</th>
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<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
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<tr>
<td>11.8%</td>
<td>12.3%</td>
<td>11.7%</td>
<td>12.3%</td>
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</tbody>
</table>

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

- Net asset growth £3.0bn
- Dividend £1.2bn
- Growth in net debt £2.1bn
- Value added 61.2p

Key measures to deliver shareholder value

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