

# Half Year Results

2018/19

Investor Relations | November 2018

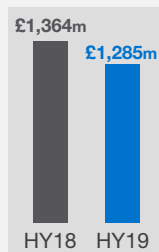


## Strong strategic progress

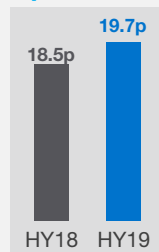
- Decision to exercise the options on our remaining 39% stake in Cadent
- Completed full refresh of rates for US distribution companies
- Started significant cost efficiency programme in the UK
- Taken final investment decision on Viking interconnector to Denmark

## Solid financial performance

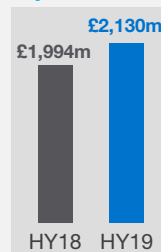
Underlying operating profit  
**down 6%**



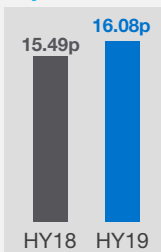
Underlying earnings per share  
**up 6%**



Capital investment  
**up 7%**



Dividend growth in line with policy  
**up 3.8%**



Underlying results from continuing operations, excluding exceptional items, remeasurements, timing and major storms  
Operating profit and capital investment calculated at constant currency

## Cadent – sale of remaining 39% share

- Sale completion in June 2019
- Will complete exit of UK gas distribution
- Created significant value for shareholders – £4bn returned to shareholders last year
- Cash proceeds of £2bn to be reinvested in the business

## Creating a more agile organisation

- Comprehensive review of UK cost base to ensure we are well positioned for the future
- Expect to deliver at least £100m of opex savings from FY21
- Continue to expect 200-300 bps of outperformance over RIIO-T1

## Good regulatory progress in the US

- All distribution businesses now under refreshed rate plans – full refresh provides solid foundation to deliver capex and strong returns
- Clarity on tax reform impact
- Negotiations continue with two Massachusetts unions

## New rates agreed in Rhode Island and Massachusetts Gas

### Rhode Island Gas and Electric rates

#### Summary of outcome

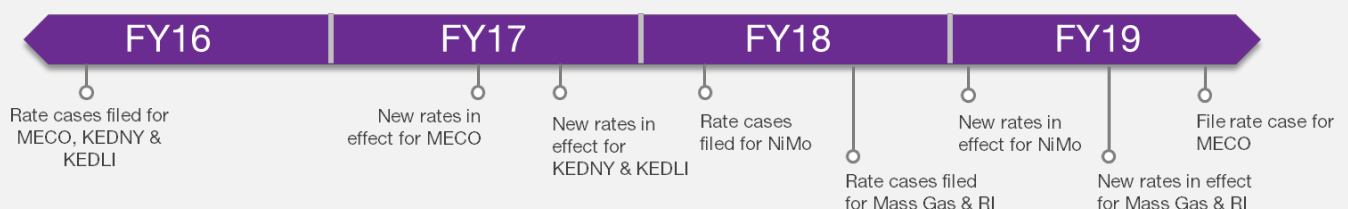
- 3 year rate plan from September 2018
- RoE of 9.3%
- \$240m annual capex allowance
- Upside only incentives of 7-20 bps

### Massachusetts Gas rates

#### Summary of outcome

- RoE of 9.5%
- \$413m annual capex allowance
- New rates effective from October 2018

## Progress on US regulatory filings



## UK Electricity Transmission

**£556m**

UNDERLYING  
OPERATING PROFIT  
HY18 £540m

## UK Gas Transmission

**£91m**

UNDERLYING  
OPERATING PROFIT  
HY18 £144m

## US Regulated

**£431m**

UNDERLYING  
OPERATING PROFIT  
HY18 £522m

## NG Ventures

**£131m**

OPERATING PROFIT  
HY18 £132m

JVs post tax share

**£31m**

HY18 £24m

## Other activities

**£76m**

OPERATING PROFIT  
HY18 £26m

JVs post tax share

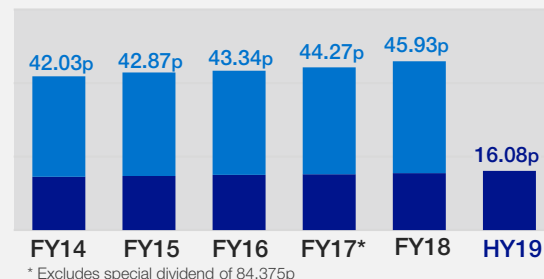
**£(6)m**

HY18 £(4)m

## Dividend and scrip

- Aim to grow DPS at least in line with UK RPI inflation
- Scrip option to be offered

Dividend per share



## Wide range of growth drivers

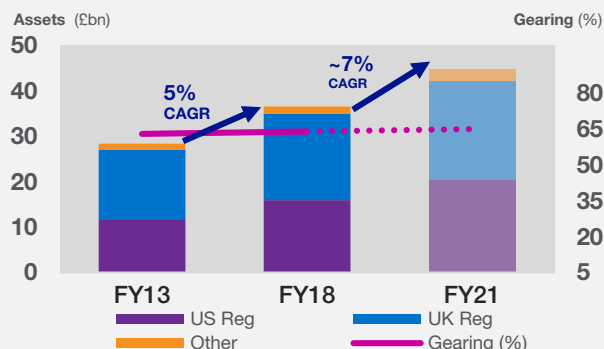
- Asset health investments and new opportunities to meet changing customer needs

>£12bn of investment over the next 3 years



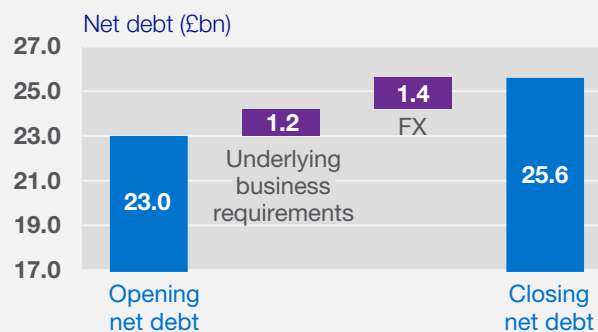
## Efficiently funding growth

- Forecast to maintain gearing at around 65% over the medium-term
  - consistent with strong credit rating



## Net debt

- Net debt guidance maintained
- Ongoing business requirements to increase net debt in FY19 by approximately £2.5bn, excluding FX impact



## 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 193 to 196 of National Grid's most recent Annual Report and Accounts for the year ended 31 March 2018 as updated by National Grid's unaudited half-year financial information for the six months ended 30 September 2018, published on 8 November 2018. 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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