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

<table>
<thead>
<tr>
<th></th>
<th>HY18</th>
<th>HY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying operating profit</td>
<td>£1,364m</td>
<td>£1,285m</td>
</tr>
<tr>
<td>Underlying earnings per share</td>
<td>18.5p</td>
<td>19.7p</td>
</tr>
<tr>
<td>Capital investment</td>
<td>£1,994m</td>
<td>£2,130m</td>
</tr>
<tr>
<td>Dividend growth in line with policy</td>
<td>15.49p</td>
<td>16.08p</td>
</tr>
</tbody>
</table>

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

- FY16
  - Rate cases filed for MECO, KEDNY & KEDLI
  - New rates in effect for MECO
- FY17
  - New rates in effect for KEDNY & KEDLI
- FY18
  - Rate cases filed for NiMo
  - New rates in effect for NiMo
- FY19
  - Rate cases filed for Mass Gas & RI
  - New rates in effect for Mass Gas & RI
  - File rate case for MECO
**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**

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**Dividend and scrip**

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

**Dividend per share**

- FY14 42.03p
- FY15 42.87p
- FY16 43.34p
- FY17* 44.27p
- FY18 45.93p
- HY19 16.08p

* Excludes special dividend of 84.375p

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**Wide range of growth drivers**

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

**>£12bn of investment over the next 3 years**

- 20% Asset growth

**Investment over the medium term**

- >£4bn per annum

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**Efficiently funding growth**

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

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**Net debt**

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

**Net debt (£bn)**

- Opening net debt 23.0
- Underlying business requirements FX 1.4
- Closing net debt 25.6

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**Further information**

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