

Investor Update

Proposed acquisition of Western Power Distribution (WPD) and Strategic Portfolio Repositioning

Investor Relations | March 2021

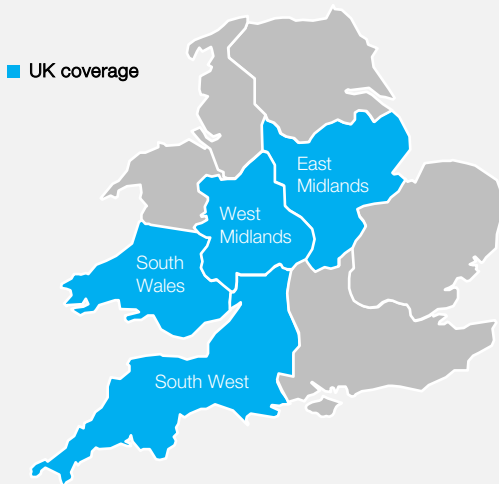


“These transactions will be transformational for our UK portfolio. The acquisition of WPD is a one-off opportunity to acquire a significant scale position in UK electricity distribution. Western Power Distribution has a high quality, fast growing asset base and an excellent track record of customer satisfaction, operational performance, and financial returns. We have received a premium valuation for our Rhode Island business and I am confident that we will also deliver attractive shareholder value from the sale of the UK Gas Transmission business in due course.”

John Pettigrew
Chief Executive of National Grid

Acquisition of Western Power Distribution

- UK's largest electricity distribution network operator (DNO)



- Equity value of £7.8bn
- 6,500 employees
- 7.9 million customers
- £8.8bn estimated RAV (FY22)
- 5% annual RAV CAGR¹ delivered for ED1 period

1. Regulated asset base compound annual growth rate based on Ofgem publication

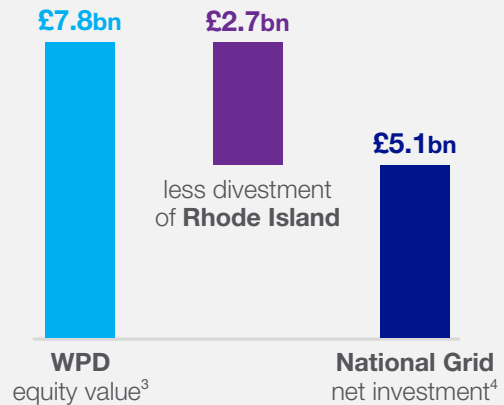
Sale of our Rhode Island business

- Electric and gas distribution business regulated by Rhode Island Public Utilities Commission; electric transmission business regulated by the FERC
- \$2.6bn rate base as at March 2020
\$1.8bn distribution, \$788m transmission
- Equity value of \$3.8bn (£2.7bn²)
- Net debt of \$1.4bn (£1.0bn) as at 31 March 2020

2. Assumed GBP/USD FX rate of 1.39.

Funding overview (equity basis)

National Grid Contribution



3. Subject to customary closing adjustments

4. Rhode Island is conditional upon WPD completing, but WPD is not conditional on Rhode Island completing

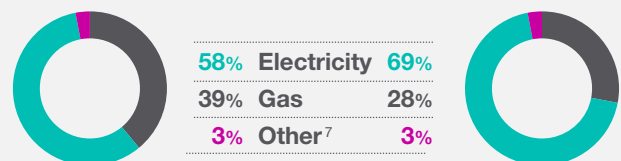
Intention to sell a majority stake in our UK Gas Transmission business, including gas metering

- £6.4bn March 2022 RAV⁵
- £356m FY20 profit before tax⁶
- Plan to launch a sale in 2H 2021

5. RAVe: estimated regulated asset value

6. National Grid Gas plc

Electricity-oriented portfolio with regulatory diversity



7. Includes US Service Co, NG Partners, Property and UK Other Assets (Corporate)

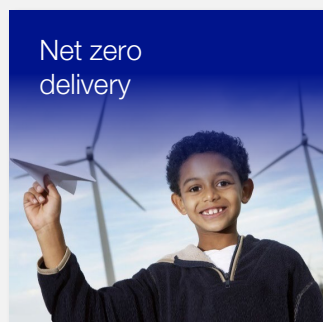
A strong strategic fit



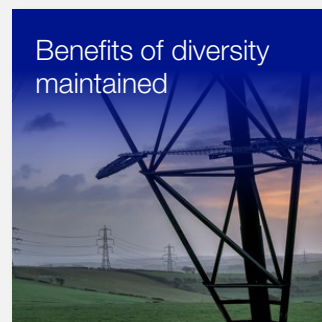
Strong electricity demand growth



Improved growth outlook



Net zero delivery



Benefits of diversity maintained

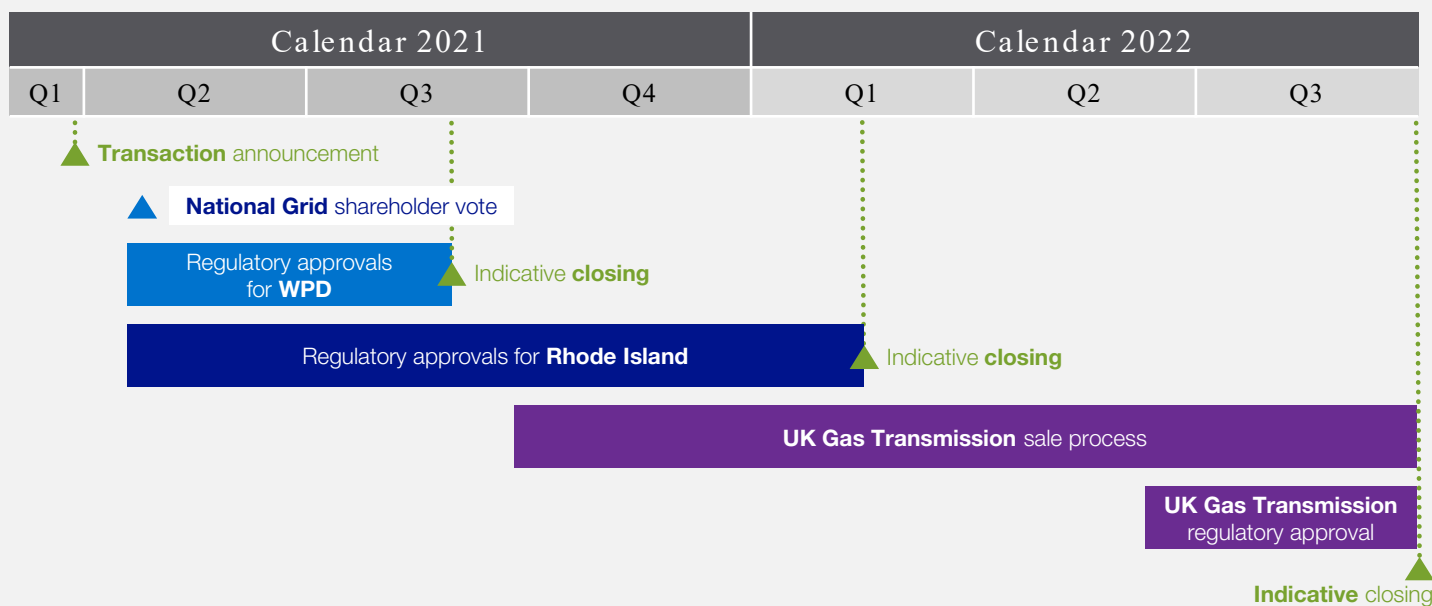
Attractive financial returns for shareholders

- Strong growth profile of WPD and potential for outperformance
- Expected strong cash flow and returns greater than cost of capital
- Valuation of WPD based on conservative assumptions for future regulatory returns
- Achieved premium valuation for Rhode Island business
- Confidence in value of UK Gas Transmission business

Following completion of three deals

- › Superior growth opportunity – enabling 5-7% range for longer
- › Improves earnings growth and dividend cover
- › Further underpins recently updated dividend policy
- › Earnings accretive
- › Expect metrics to remain consistent with current ratings

Overall timeline summary



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