

# NG.Debt

Investor Relations | May 2021



Net debt<sup>1</sup>  
at 31 March 2021  
**£28.6bn**

**BBB+/Baa1**

Strong overall investment grade rating for the Group is supported by expected cash flow metrics consistent with rating agency targets.

<b>FFO / Adjusted Debt<sup>2</sup></b> <b>11.7%</b>	<b>Moody's RCF / Adjusted Debt<sup>2</sup></b> <b>6.6%</b>	<b>Committed Facilities<sup>4</sup> at 31 March 2021</b>	<b>Average debt maturity</b>
<b>FFO Interest Cover</b> <b>4.5x</b>	<b>Gearing (RAV / rate base)<sup>2,3</sup></b> <b>65%</b>	<b>£6bn</b>	<b>~12 years</b>
<b>Current credit rating thresholds:</b> <ul style="list-style-type: none"> <li>• FFO / Adjusted Net Debt &gt; 10%</li> <li>• RCF / Adjusted Net Debt &gt; 7%</li> </ul> <small>*The retained cash flow to adjusted debt metric this year has been impacted by a below average scrip dividend uptake, increased COVID-19 costs, timing outflows and high levels of storm costs.</small>		<b>FY19/20 metrics were:</b> <ul style="list-style-type: none"> <li>• S&amp;P FFO/Adjusted Debt 12.3%</li> <li>• Moody's FFO Interest Cover 4.1x</li> <li>• Moody's RCF/Adjusted Debt 9.2%</li> <li>• Gearing (RAV / rate base) 63%</li> </ul>	

1. Excludes £1.1bn of net debt in The Narragansett Electric Company (NECO) which was reclassified as held for sale on 31 March 2021.

2. Calculated before reclassification of NECO debt

3. 63% including benefit of hybrid debt

4. Available for liquidity purposes

## Debt issuance

External debt is raised by our operating companies, intermediate holding companies and by the Group parent company, National Grid plc. On average, National Grid issues £3-4bn of long-term debt each year, to fund capital expenditure and to refinance maturing debt.

The vast majority of our debt is raised in the capital markets but we also maintain some long-term bank borrowings. We can access multiple debt markets at any one time and as a result, we benefit from flexibility, with access to the best value funding available. Debt is issued in multiple currencies with derivatives used to manage the ultimate liability into sterling or US dollars.

## Interest rates

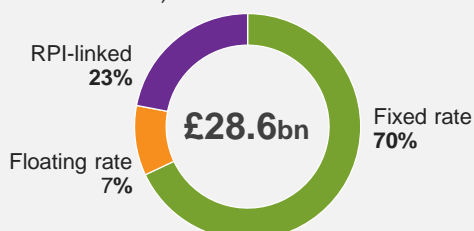
We seek to minimise the total interest rate charges to the Group, whilst maintaining a balanced and diversified portfolio of interest rate exposures. We manage our interest rate exposures by utilising fixed, floating and RPI-linked debt, interest rate swaps and forward rate agreements.

## Exchange rates

As a partial currency hedge of our investment in US businesses, US Dollar borrowings and derivatives are employed to maintain net US dollar debt liabilities, approximately \$20bn at 31 March 2021. As a result, net debt varies with GBP/USD exchange rates.

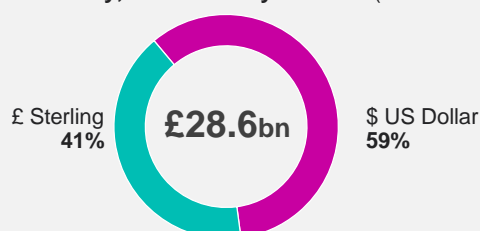
## Interest rate profile – Net Debt\*

(at 31 March 2021)



## Currency profile – Net Debt\*

Ultimate liability, not currency of issue (at 31 March 2021)



FY20: 65% fixed rate, 25% RPI, 10% floating rate

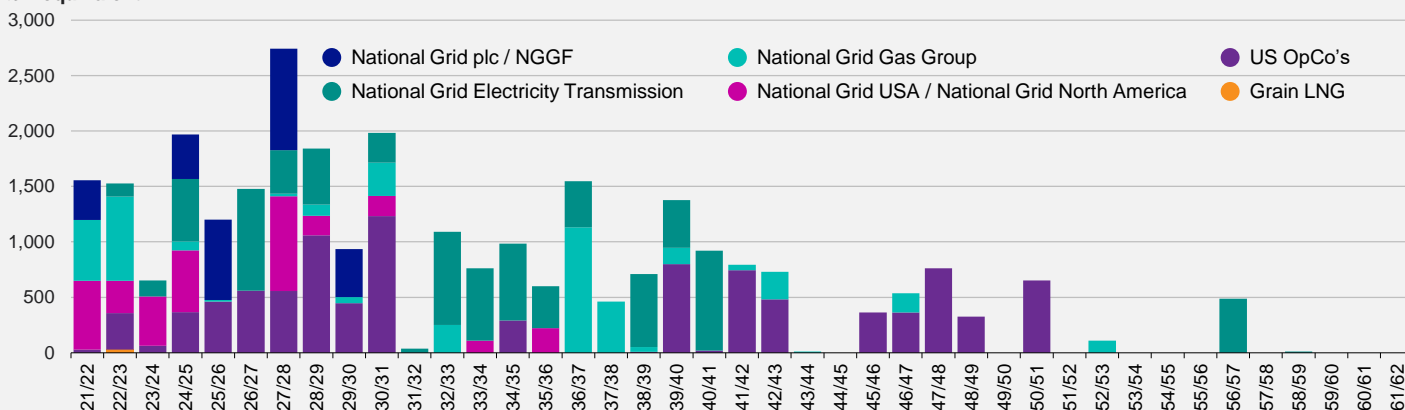
\*Net debt includes borrowings, associated derivatives and cash and current financial investments. This figure excludes NECO net debt that has been reclassified to "held for sale"

FY20: 56% US Dollar, 44% Sterling

# National Grid long term debt maturity profile

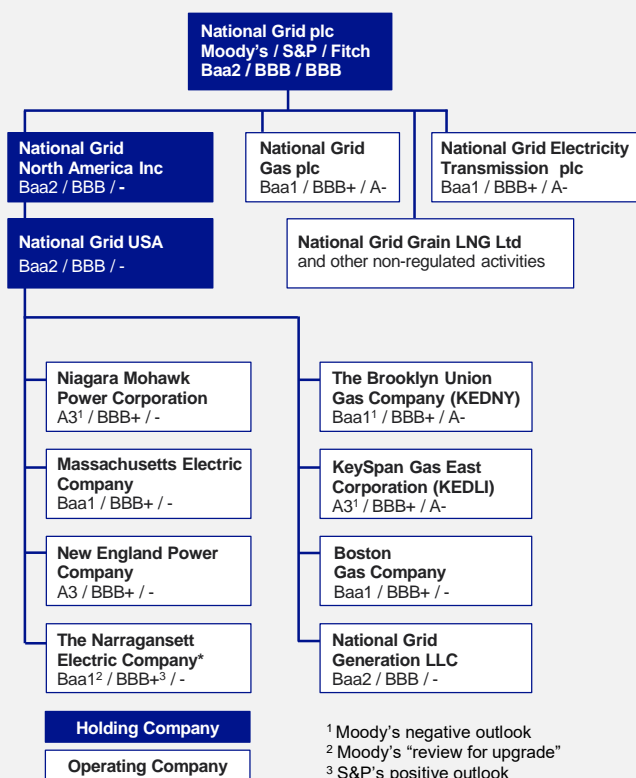
Data as at 31 March 2021, GBP/USD closing exchange rate 1.3787, Hybrid bond maturities to first call date

£m equivalent



## Group debt issuing companies credit ratings

We have credit ratings from at least two agencies for all of our current debt issuing companies. All entities are on a stable outlook with Moody's unless specified.



## Weighted average long term debt maturity

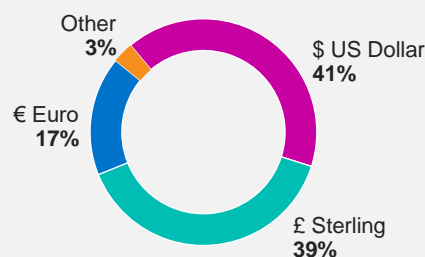
	Years
National Grid plc and NGG Finance	6
National Grid Gas Group	11
National Grid Electricity Transmission	14
US Group	12

## 2020/21 Debt Issuance

We issued £5.6bn of long term senior debt during 2020/21

- US Operating Companies: £1.9bn
- National Grid North America: £0.2bn
- National Grid Electricity Transmission: £2.1bn
- National Grid Gas: £0.5bn
- National Grid plc: £0.9bn

## Currency profile of issuance



**Note:** Gross borrowings at 31 March 2021 excluding associated derivatives and cash and investments

## 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 227 to 230 of National Grid's most recent Annual Report and Accounts for the year ended 31 March 2020 as updated by National Grid's unaudited half-year financial information for the six months ended 30 September 2021, published on 12 November 2020. Copies of the most recent Annual Report and Accounts are available online at [www.nationalgrid.com](http://www.nationalgrid.com) or from Equiniti Limited. 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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