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Debt Investor Update

Full Year Results 2021/22

Alexandra Lewis, Group Treasurer

Cautionary statement

This presentation 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 (the Company) 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. This presentation also references climate-related targets and climate-related risks which differ from conventional financial risks in that they are complex, novel and tend to involve projection over long term scenarios which are subject to significant uncertainty and change. These forward-looking statements are not guarantees of National Grid's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements or targets. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control, predict or estimate precisely, such as changes in laws or regulations, including any arising as a result of the United Kingdom's exit from the European Union, announcements from and decisions by governmental bodies or regulators, including those relating to the RIIO-T2 and RIIO-ED2 price controls; the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of its activities; network failure or interruption (including any that result in safety and/or environmental events), the inability to carry out critical non network operations and damage to infrastructure, due to adverse weather conditions including the impact of major storms as well as the results of climate change, due to counterparties being unable to deliver physical commodities, or due to the failure of or unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; failure to adequately forecast and respond to disruptions in energy supply; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, as well as against targets and standards designed to deliver net zero; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. Other factors that could cause actual results to differ materially from those described in this presentation include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in National Grid's borrowing and debt arrangements, funding costs and access to financing; regulatory requirements for the Company to maintain financial resources in certain parts of its business and restrictions on some subsidiaries' transactions such as paying dividends, lending or levying charges; the delayed timing of recoveries and payments in National Grid's regulated businesses, including as a result of the COVID-19 pandemic, and whether aspects of its activities are contestable; the funding requirements and performance of National Grid's pension schemes and other post-retirement benefit schemes; the failure to attract, develop and retain employees with the necessary competencies, including leadership and business capabilities, and any significant disputes arising with National Grid's employees or the breach of laws or regulations by its employees; the failure to respond to market developments, including competition for onshore transmission; the threats and opportunities presented by emerging technology; the failure by the Company to respond to, or meet its own commitments as a leader in relation to, climate change development activities relating to energy transition, including the integration of distributed energy resources; and the need to grow the Company's business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including the integration of WPD, the sale of the Company's Rhode Island gas and electricity business and the announced sale of a 60% stake in its UK gas transmission and metering business. For further details regarding these and other assumptions, risks and uncertainties that may impact National Grid, please read the Strategic Report section and the 'Risk factors' on pages 236 to 239 of National Grid's most recent Annual Report and Accounts, as updated by the Company's unaudited half-year financial information for the six months ended 30 September 2021. In addition, new factors emerge from time to time and National Grid cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this presentation.

The Energy Transition Company

Green investment in the decarbonisation of energy systems

c.£24bn[1]

from FY2022 - 2026

more than 70%
of our 5 year framework

One of the FTSE's biggest investors
in the delivery of net zero

Investing for the
clean energy future

£30-35bn
capital investment FY2022-26

c.£24bn
Green capex aligned to EU Taxonomy[1]

6-8%
group asset growth CAGR[2]

5-7%
EPS CAGR[2]

Whilst maintaining a strong balance sheet and aim to grow dividend per share growth in line with CPIH

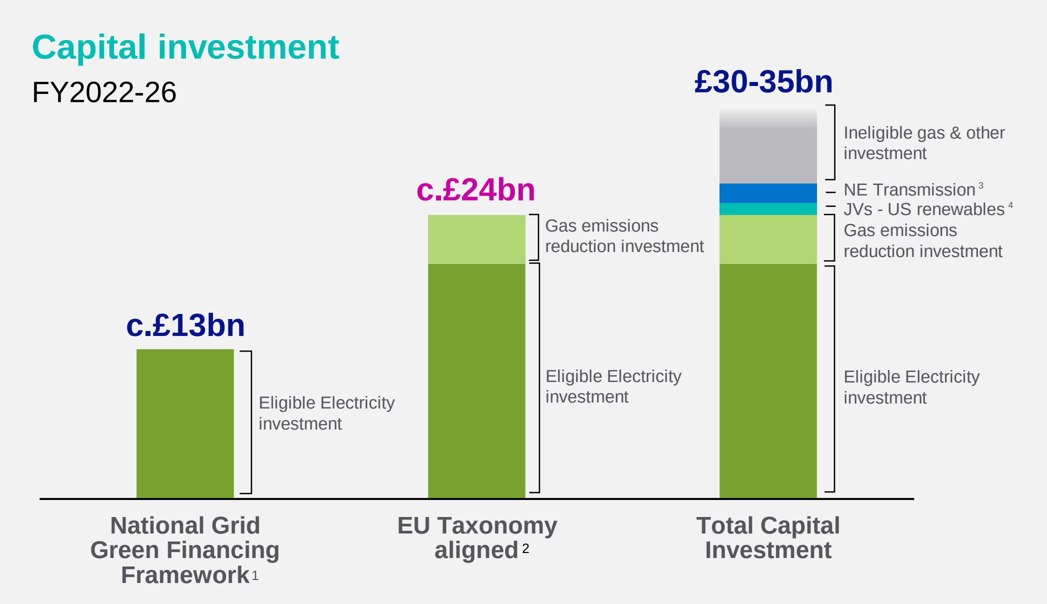
1. Capital expenditure considered to be aligned with the principles of the EU Taxonomy Legislation at the date of reporting, and includes most electricity investment, including connecting clean sources of generation such as renewables and nuclear, as well as investment which reduces emissions in our gas networks.
2. Compound annual growth rate FY2022-26. Based upon GBP/USD FX rate of 1.3; long run CPIH and RPI inflation assumptions, and scrip uptake of 25%, as well as completion of sale of Rhode Island business and 60% majority interest in UK Gas Transmission and Metering

Investing to decarbonise energy systems

c.£24bn[2]
from FY2022 - 2026

£14bn in the UK

£10bn in the US



1. Capital expenditure that meets the criteria in National Grid's Green Financing Framework. This framework is used to issue Green Financing Instruments and further detail on the framework can be found here: https://www.nationalgrid.com/investors/debt-investors/green-financing
2. Capital expenditure considered to be aligned with the principles of the EU Taxonomy Legislation at the date of reporting and includes most electricity investment, including connecting clean sources of generation such as renewables and nuclear, as well as investment which reduces emissions in our gas networks.
3. Estimated investment in New England transmission excluded as it does not meet the EU Taxonomy criterion of over 67% of newly enabled generation capacity being below the 100 gCO_2e/kWh threshold over a rolling five year period, on the basis that there have been no new connections to the New England transmission network within the past five years.
4. Estimated investment in US onshore and offshore renewables joint ventures. EU Taxonomy excludes investment in joint ventures

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Our strategic vision

Enabling the energy transition for all

- COP26 Principal Partner
- Our strategy further underpinned by
  - British Energy Security Strategy
  - US Infrastructure Investment and Jobs Act

PRINCIPAL PARTNER
COP26 PRESIDENCY
UK 2022
DELIVERING THE GLASGOW CLIMATE PACT

Delivering for customers efficiently

- $1.3bn in energy efficiency measures in Massachusetts over last 3 years
- Returning £200m from interconnector business to customers early
- £400m cost efficiency programme

Repositioning of our portfolio

Greater visibility and certainty of long term growth

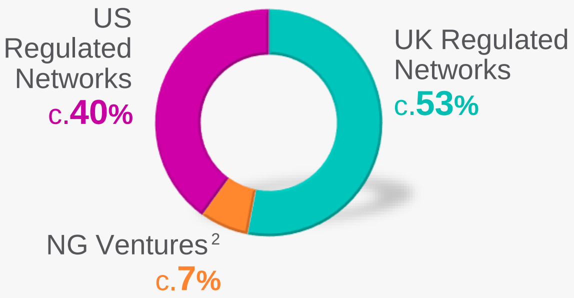
- WPD acquired and integration progressing
- UK Gas Transmission and Metering
  - Sale of 60% expected to complete in Q3 FY23
  - Consortium option on the remaining 40%
- Rhode Island sale expected to complete in Q1 FY23

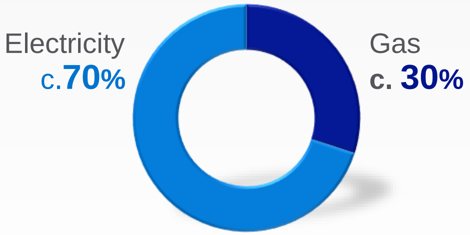
Other transactions

- Sale of our 50% stake in St William JV
- Preparing for new Future System Operator

National Grid asset base

Post-transactions[1]





1. Calculated as proportion of actual FY22 asset base post completion of acquisition of Western Power Distribution, and sale of Rhode Island business and 60% majority interest in UK Gas Transmission and Metering
2. Includes 'Other activities'

Financial performance highlights

Strong delivery in 2022

Underlying operating profit

£3,992m ⬆11%

FY21: **£3,600m**

Underlying EPS

65.3p ⬆10%

FY21: **59.1p**

Return on Equity

11.4% ⬆80bps

FY21: **10.6%**

Capital investment

£6,739m ⬆19%

FY21: **£5,680m**

Asset growth

8.7% ⬆310 bps

FY21: **5.6%**

Cost efficiency programme delivery

c.£140m

Target over 3 years: **£400m**

Pro forma underlying 2020/21 figures include adjustments for an estimate of the underlying post-tax contribution from WPD for an equivalent 9.5 month period, as if we had owned that business in the prior year, including estimated incremental finance costs to acquire WPD. In addition, the current year beneficial earnings impact of not depreciating our Rhode Island business has also been applied in these comparative amounts

Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than $100m), timing and the contribution from UK gas transmission and metering, which are classified as a discontinued operation for accounting purposes

Capital investment includes investment in JVs and NG Partners Investments (excluding equity contributions to St William property JV)

Operating profit and capital investment calculated at constant currency

Safety and reliability

Safety

- Another good year of safety performance
  - Lost Time Injury Frequency rate: 0.13
- Slight increase in minor incidents

Reliability

- Over 99.9% availability across regulated networks
- Excellent performance despite challenging storms in UK and US

Progress on operational priorities

Underlying operational delivery

- Achieved RoE 8.8%
  - 99% of allowed return
- $2.6bn investment
  - Rate base growth of 7.6%
  - 237 miles gas pipeline replaced, reducing methane emissions

Regulatory progress

- 3-year rate plan for KEDNY / KEDLI extended by an additional year
- 3-year rate plan for Niagara Mohawk
- Progressing clean energy policy
  - Co-authored Future of Heat report

New York
Regulatory Overview

KEDNY/ KEDLI
(2020-23*)

Allowed return on equity	**8.8%**
CAPEX (backdated to 2020)	**c.$3.3bn**

NIMO Gas & Electric
(2021-24)

Allowed return on equity	**9.0%**
CAPEX	**c.$3.3bn**

Progress on operational priorities

Underlying operational delivery

- Achieved RoE 8.3%
  - 80 basis points above prior year
- $2.1bn investment
  - Rate base growth of 6.7%
  - Replacing ageing infrastructure

Regulatory progress

- DPU 20-80 proposal filed on Future of Gas
  - Clean Energy Vision sets out plan for fossil free gas and electric networks to deliver net zero

New England
Regulatory Overview

Massachusetts Gas
(2021-26)

Allowed return on equity	**9.7%**
CAPEX (2020/21 prices)	**c.$1.3bn**

Massachusetts Electric
(2019-24)

Allowed return on equity	**9.6%**
CAPEX (2019/20 prices)	**c.$1.5bn**

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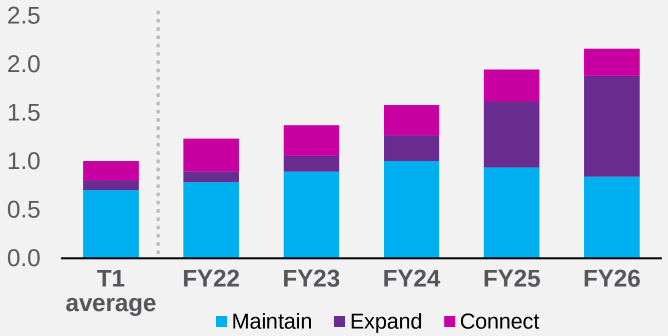
Progress on operational priorities

Successful start to RIIO-T2

- Achieved RoE: 7.7%
  - 140bps outperformance
- £1.2bn capital investment
  - Commenced LPT2 tunnel boring
  - Hinkley T-pylon construction
- Provisional approval for two subsea ‘Green Link’ interconnectors between Scotland and North of England
- 16 major projects identified in ESO’s latest Network Options Assessment

Sustained investment growth in Electricity Transmission

£8bn investment breakdown



£4.5bn
to maintain the reliability of the network

£1.5bn
to connect new customers

>£2bn
to expand the network to facilitate Net Zero

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Progress on operational priorities

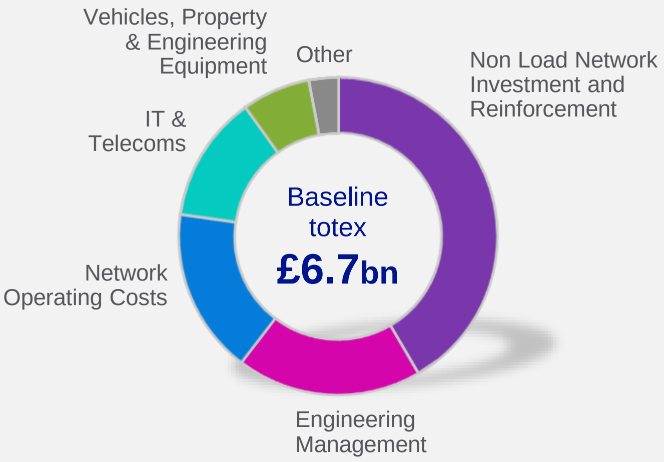
Continuing to perform in RIIO-ED1

- Achieved RoE: 13.6%
  – 400bps above allowed level
- £899m capital investment[1]

ED2 business plan submission[2]

- Proposed totex of £6.7bn enabling connections for
  – 1.5m new EV's, 600,000 heat pumps and 2.6GW of renewables
  – Supporting our most vulnerable customers
- More than £700m of embedded efficiencies
  – More than 20% increase in investment

RIIO-ED2 proposed baseline totex



1. Capital Investment for 9.5 months of WPD
2. Draft determinations expected in June and final determinations in December

Progress on operational priorities

Capital expenditure: £452m

- Viking Link to complete in FY24
- Isle of Grain LNG Phase 4 construction

Interconnector progress

- IFA2 first full year of operation
- North Sea Link commissioned early
- 1GW restored to IFA, remaining 1GW by end 2022

Investment in joint ventures: £461m

- Community Offshore Wind JV seabed success
- Started operation of 200MW Prairie Wolf Solar project

Progress on operational priorities

Strong start to RIIO-T2

- Achieved RoE of 7.8%
  - 120bps outperformance
- Capital investment of £261m
  - £57m above prior year

Investment driving asset growth

Capital investment[1]

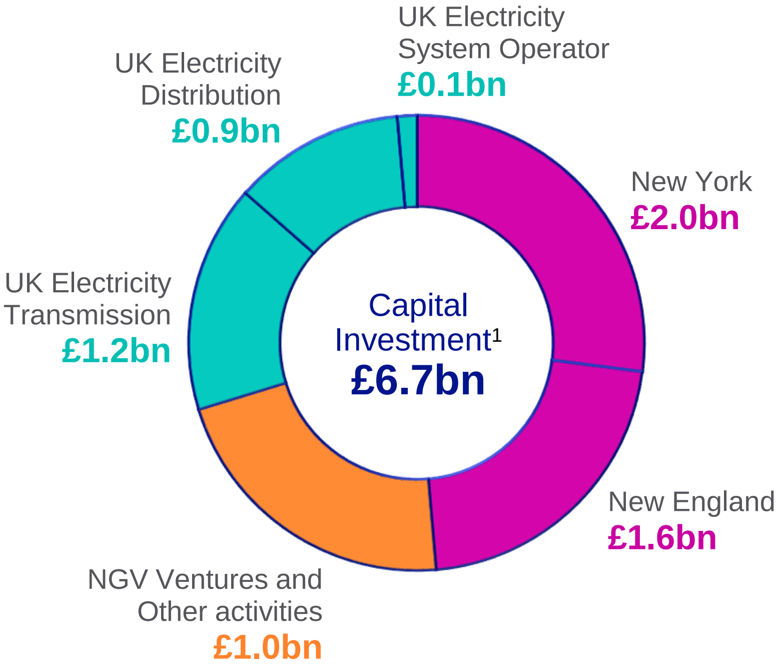
£6,739m ⬆**19%**

FY21: **£5,680m**

Asset growth[2]

8.7% ⬆**310bps**

FY21: **5.6%**



FY21 Proforma figures displayed for comparative purposes. Includes estimate of 9.5 months of WPD capital investment

1. Capital investment from continuing operations, at constant currency, including investment in JV's and NG Partners Investments (excluding equity contributions to St William property JV)
2. Asset growth includes UK Gas Transmission & Metering

Interest, tax and earnings

Finance costs

£1.1bn

4% higher than FY21[3]

- Higher impact from interest on index linked debt
- Partly offset by pension interest and a property tax refund

Underlying effective tax rate[1]

24.3%

Underlying tax charge**: £708m**

- 260 bps higher than prior year
- UK rate change and US state deferred tax remeasurement due to Rhode Island sale

Underlying earnings[2]

£2,350m

FY21[3] : **£2,081m**

- 65.3p/share – 10% up on prior year compared to proforma basis

1. Excluding joint ventures and associates.
2. Underlying results attributable to equity shareholders.
3. Pro forma underlying 2020/21 figures include adjustments for an estimate of the underlying post-tax contribution from WPD for an equivalent 9.5 month period, as if we had owned that business in the prior year, including estimated incremental finance costs to acquire WPD. In addition, the current year beneficial earnings impact of not depreciating our Rhode Island business has also been applied in these comparative amounts

Underlying results, excluding timing, major storms, exceptional items and remeasurements.

Cash flow and net debt

Cash generated from operations[1]

£5.8bn

FY21: **£4.0bn**

Net cash outflow[2]

£1.6bn

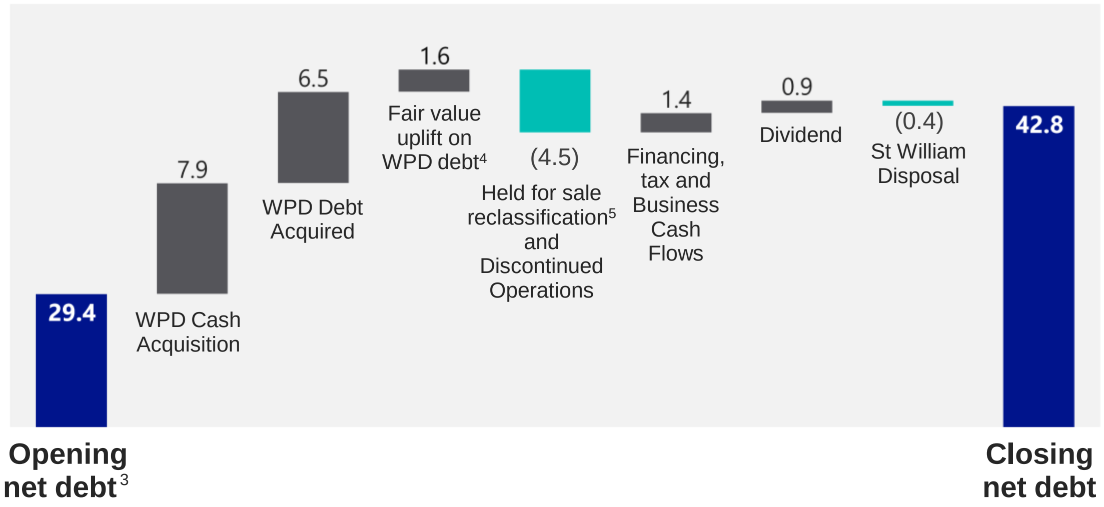
FY21: **£2.9bn**

Net Debt[3]

£42.8bn

FY21: **£29.4bn**

Net debt (£bn)



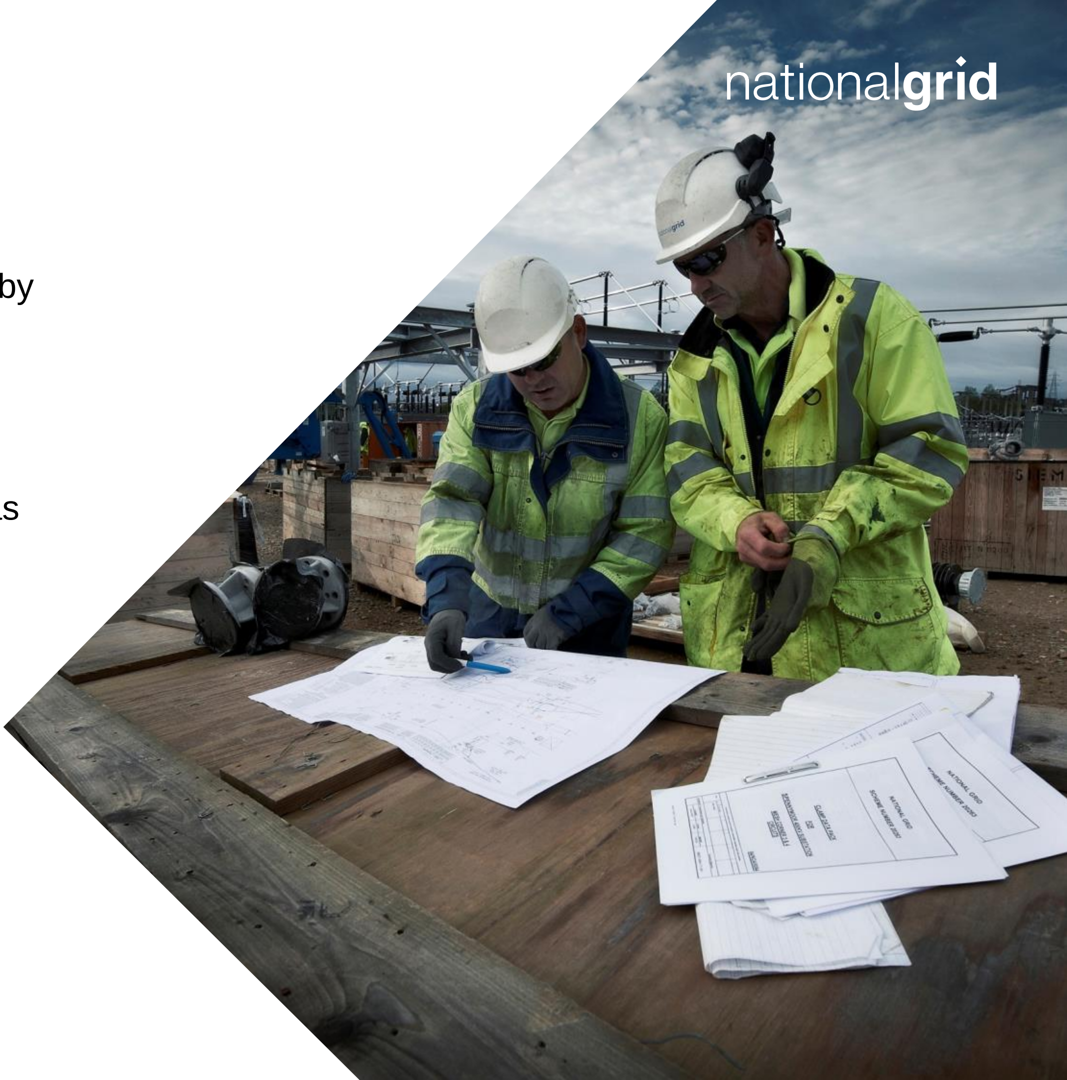
RCF / Net debt

8.9%

1. From continuing operations
2. Net cashflow from continuing operations, excluding acquisitions of WPD and other investing and financing transactions with nil impact on net debt
3. FY21 net debt presented at constant currency
4. Non-cash fair value acquisition accounting adjustment
5. NGG debt reclassified as 'held for sale' is £(4.1)bn – cash inflow from discontinued operations £(0.4)bn

Inflation and supply chain

- Impact on UK regulated revenues broadly offset by RPI linked debt in FY22
- Controllable costs held flat
- Similar inflation impacts expected for FY23
- Improved earnings momentum in medium term as inflation moderates
- No material impact to our supply chain to date



5-year outlook and guidance

FY22-26		
Capital investment	**£30-35bn** – **c.£24bn green**[1], aligning to EU taxonomy	
	c.£8bn UK Electricity Transmission	**c.£5bn** Western Power Distribution
	c.£17bn US Regulated Businesses	**c.£2-3bn** NG Ventures
Group asset growth	**6-8% CAGR**[2]	
Gearing	Settles slightly above 70% Credit metrics within current rating band	
EPS	**5-7% CAGR**[2], a strong first year	
Dividend	Aim to grow dividend per share in line with CPIH	
FY23	• Underlying operating profit growth • Returning c.£150m to customers Broadly **flat EPS profile**	

1. Aligned to EU Taxonomy
2. Compound annual growth rate FY2022-26. Based upon GBP/USD FX rate of 1.3; long run CPIH and RPI inflation assumptions, and scrip uptake of 25%, as well as completion of sale of Rhode Island business and 60% majority interest in UK Gas Transmission and Metering

Delivering our vision:

- We are a leader in pioneering smart, low carbon energy networks
- Developing resilient and efficient transmission grids is at our core
- Completing our pivot to electricity will bring us certainty of growth

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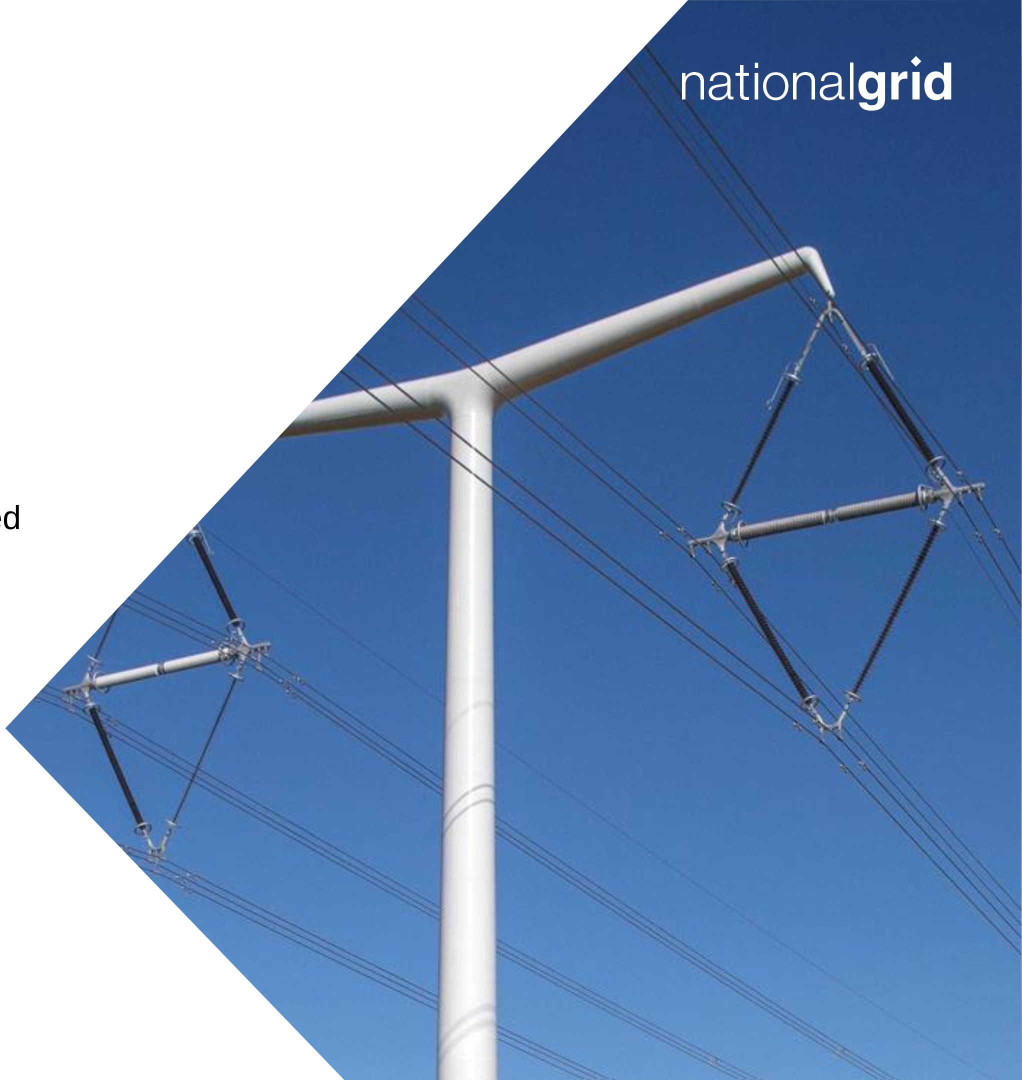
Growth opportunities further underpinned

- New policies and increased clean energy targets
  - British Energy Security Strategy (BESS) announced
  - UK Energy Bill announced in Queen’s Speech
  - US Infrastructure Investment and Jobs Act signed into law
- Coupled with pivot to electricity provide greater certainty of medium term growth



UK Focus

- Continue to deliver world class network reliability
- 60% sale of UK Gas Transmission & Metering expected in 3rd quarter of FY23
- WPD integration and RIIO-ED2 process
- Progress plans to support BESS ambitions
  - East Coast transmission projects
- Support development of Holistic Network Design onshore and offshore network

A critical year
to create the right regulatory and planning framework

US Focus

- Infrastructure Investment and Jobs Act focused
  - Grid modernization and resilience
  - Electric transportation infrastructure
  - Northeast Hydrogen Hub
- Massachusetts regulatory decisions
  - Electric grid modernization
  - Advanced metering infrastructure
  - Phase 3 Electric vehicle proposal
  - DPU Future of Gas proceedings
- New York Long Island transmission project bid outcome expected by end of 2022

Clean Energy Vision

Utilising our existing networks to enable clean gas
by 2050

4 key pillars

01 Increase energy efficiency

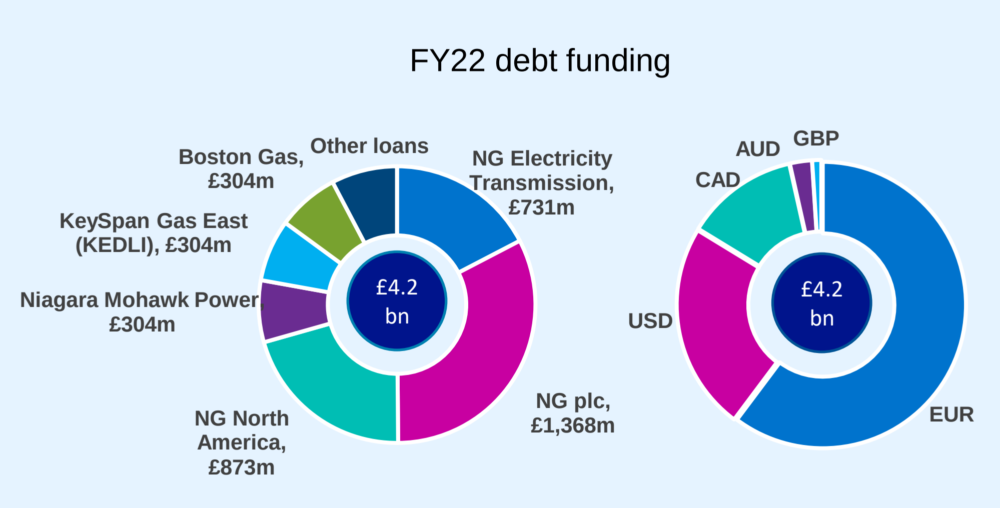
02 Eliminate fossil fuels by from our gas networks by 2050

03 Maximise customer benefits of pairing electric and clean gas solutions

04 Support targeted electrification of heating

Debt Funding

- FY22 debt funding totalled £4.2bn across the group. Benchmark bonds issued in EUR, USD and CAD.
- NG plc issued a €850m 8yr green bond in August 2021
  - Proceeds allocated to projects in NG Ventures and New England
  - Majority of allocation will be for Renewable Energy and Energy Efficiency categories
  - Green Financing Report to be published in June 2022 as part of the Responsible Business Report



- FY23 debt funding expected to be **c.£5bn** (excluding any bridge take-out)
  - c.50% at HoldCo (NG plc / NGNA)
  - c.25% at UK OpCo (NGET / WPD)
  - c.25% at US OpCo

- Access to committed facilities:
  - £6.0bn of general liquidity facilities
  - The UK Electricity System Operator also maintains £550m of committed facilities
  - WPD has £845m of committed facilities
  - **All undrawn as at 31 March 2022**

£4.2bn is post swap amount, using $ / £ rate at 1.31

Summary

- Our pivot to electricity is nearly complete
- Focus on Massachusetts and RIIO-ED2 rate settlements
- Working with regulators and politicians to define 2050 clean energy roadmaps
- **£24 billion**[1] of green investment to decarbonise energy systems in our five year framework

1. Capital expenditure considered to be aligned with the principles of the EU Taxonomy Legislation at the date of reporting. and includes most electricity investment, including connecting clean sources of generation such as renewables and nuclear, as well as investment which reduces emissions in our gas networks

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Q & A

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Appendices

UK Electricity Distribution

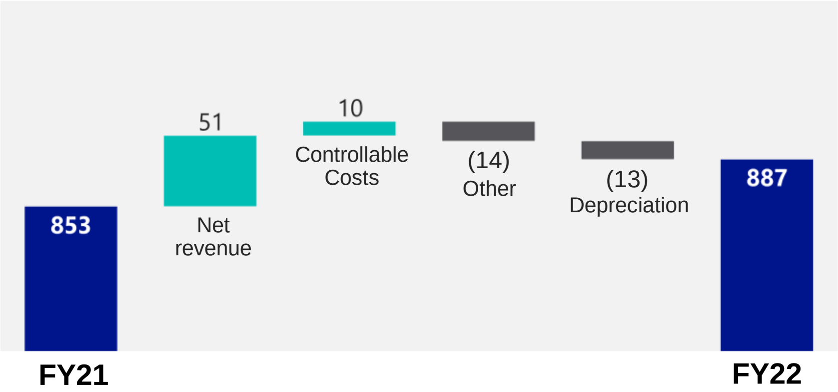
Return on equity Outperformance

300bps
Customer incentives

100bps
Totex performance

Achieved return on equity
13.6%

Underlying operating profit vs FY21 proforma (£m)



- Greater spend on network reinforcement and connections
- Improved customer experience incentives

Capital investment
£899m
FY21 Proforma: **£854m**

Regulated asset value
£9.3bn
At acquisition[1]: **£8.5bn**

1. Estimated rate base on acquisition (14 June 2021)

Underlying results, excluding timing, exceptional items and remeasurements.

Pro forma underlying 2020/21 figures include adjustments for an estimate of the underlying post-tax contribution from WPD for an equivalent 9.5 month period, as if we had owned that business in the prior year, including estimated incremental finance costs to acquire WPD. In addition, the current year beneficial earnings impact of not depreciating our Rhode Island business has also been applied in these comparative amounts

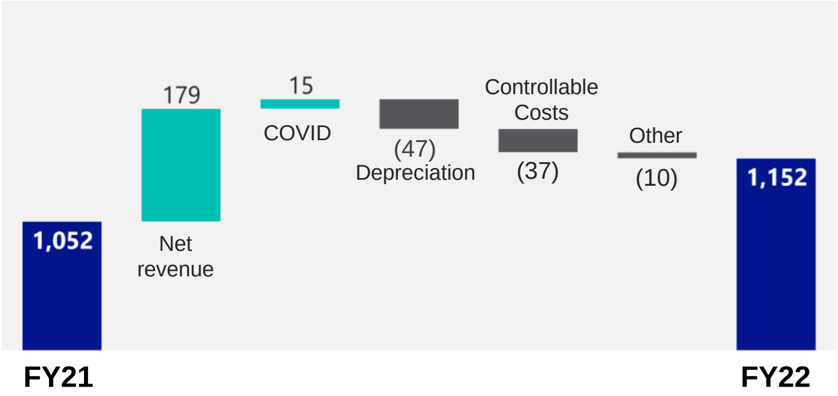
UK Electricity Transmission

Return on equity Outperformance

140bps
Totex incentive

Achieved return on equity
7.7%

Underlying operating profit (£m)



- Higher base revenues in the first year of RIIO-T2
- Partially offset by lower returns

Capital investment
£1.2bn
FY21: **£984m**

Regulated asset value
£15.5bn
FY21: **£14.3bn**

Electricity System Operator
Underlying operating profit
£54m
FY21: **£70m**

Underlying results, excluding timing, exceptional items and remeasurements.

US Regulated – New York

Return on equity

99%
of our allowed baseline return

Achieved return on equity
8.8%

Underlying operating profit (£m)

- Increase in environmental reserves
- Higher depreciation
- Partially offset by rate case increases and bad debt reductions

Capital investment
£2.0bn
FY21: **£1.7bn**

Rate base
$17.0bn
FY21: **$15.8bn**

Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than $100m) and timing
Operating profit and capital investment presented at constant currency

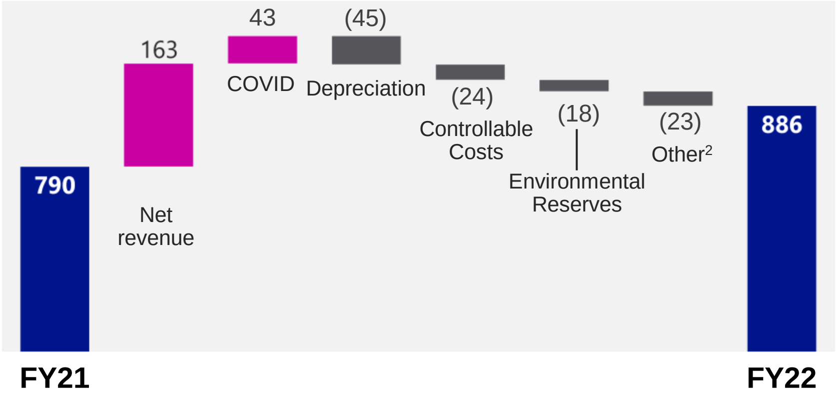
US Regulated – New England

Return on equity

85% of our allowed baseline return

Achieved return on equity
8.3%

Underlying operating profit vs FY21 proforma[1] (£m)



Capital investment
£1.6bn
FY21: **£1.4bn**

Rate base
$12.2bn
FY21: **$11.4bn**

- Higher rates under new rate settlement
- Resumed collection activities for outstanding receivables

Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than $100m) and timing
Operating profit and capital investment presented at constant currency
1. FY21 Operating Profit has been restated on proforma basis with the current year beneficial earnings impact of not depreciating our Rhode Island business also applied in the FY21 comparative amounts
2. Other includes non COVID bad debts and property taxes

NG Ventures

Operating profit (£m)	Year ended 31 March 2022	31 March 2021
Genco	33	37
Grain LNG	113	104
Interconnectors	135	60
NG Renewables	11	(9)
Other	(6)	(7)
	286	**185**

Post tax share of JVs (£m)		
Interconnectors[1]	91	26
Millennium	22	22
Other	9	8
	122	**56**
Total NGV	**408**	**241**

Operating profit and post tax share of JVs:

- First time contribution from NSL and full year from IFA2
- £200m from interconnector business to be repaid to consumers[2]
- Higher development income in US Onshore renewables

Capital investment

£913m

FY21: **£530m**

1 Includes BritNed and Nemo.

2. Underlying operating profit in FY 2021/22 only includes amount earned up to regulatory cap

Operating profit, share of joint venture profit after tax and investment presented at constant exchange rates.

Underlying results, excluding timing, exceptional items and remeasurements.

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Other activities

Operating profit (£m)	Year ended 31 March 2022	31 March 2021
Property	40	22
NG Partners	66	1
Corporate & other	(85)	(91)
	21	**(68)**

Post tax share of JVs (£m)	31 March 2022	31 March 2021
St William	11	5
NG Partners	15	5
	26	**10**

Increase in operating profit:

- Fair value gains in National Grid Partners
- Release of historical unclaimed dividends

Capital investment[1]

£103m

FY21: **£66m**

Operating profit, share of joint venture profit after tax and investment presented at actual exchange rates.

Underlying results, excluding timing, exceptional items and remeasurements.

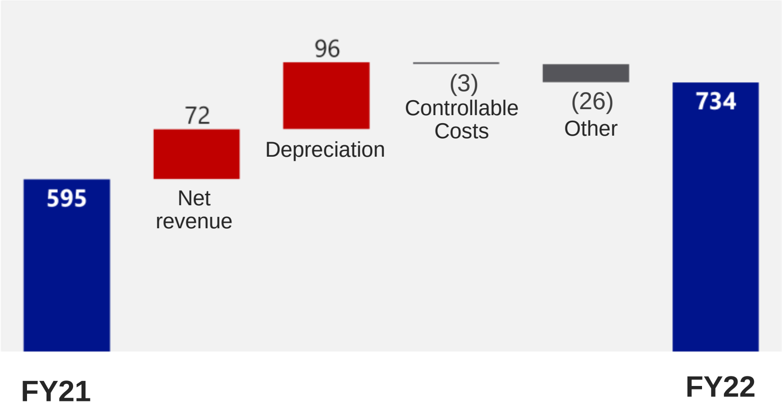
1. Capital investment includes investment in JVs (excluding equity contributions to St William property JV) and investment in NG Partners.

Discontinued operations[1]

UK Gas Transmission & Metering

- **Achieved RoE:** 7.8%

Operating profit (£m)



Operating profit **£139m** higher than prior year

- Higher base revenues
- Cessation of depreciation on classification as held for sale

Capital investment

£261m

£57m higher than prior year

Operating profit excluding timing, exceptional items and remeasurements

1. 100% of UK Gas Transmission & Metering to be treated as a discontinued operation until the sale of the 60% stake to the Macquarie consortium completes