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Half Year Results
2022/23

London, 10 November 2022

Cautionary statement

These slides 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 document 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 current energy crisis, 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 these slides 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, 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 its UK Electricity Distribution business, and the 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 253 to 256 of National Grid's most recent Annual Report and Accounts, as updated by the principal risks and uncertainties statement on page 54 of the Half Year 2023 results announcement. 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 these announcements.

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Highlights

John Pettigrew
Chief Executive

Upgraded 5-year outlook

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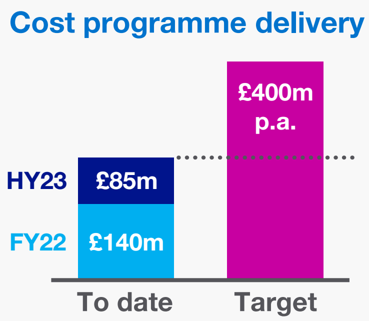
FY2022 - 2026	
Capital investment One of the FTSE's **biggest investors** **in the delivery of net zero**	**Up to £40bn** – **c.£29bn green**[1]**,** aligning to EU taxonomy **c.£9bn** UK Electricity Transmission **c.£12bn** New York Regulated **c.£6bn** UK Electricity Distribution **c.£9bn** New England Regulated **c.£3-4bn** NG Ventures
Group asset growth	**8-10% CAGR**[2]
Credit metrics	Credit metrics within current rating thresholds Net debt to RAV c.**70%** once transactions complete
Underlying EPS	**6-8% CAGR**[2]
Dividend	Aim to **grow dividend per share** in line with CPIH

1. Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks.
2. Compound annual growth rate FY2022-26. Forward years based on assumed USD FX rate of 1.2; long run CPIH and RPI inflation assumptions based on October forward curves, and scrip uptake of 25%. Reflects sale of Rhode Island and assumes the completion of sale of 60% stake in UK Gas Transmission & Metering (UK GT&M) at end of 2022. Assumes 40% equity interest of UK GT&M included in continuing operations from start of 2023.

Delivering for our customers and communities

Our 3-year cost efficiency programme is on track

- £85m of savings in HY23, £225m to date
- As we look to deliver asset growth of c.30%



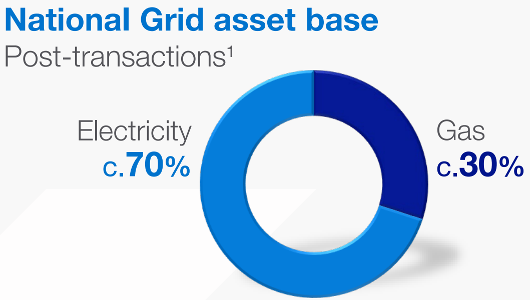
Acting now to support communities

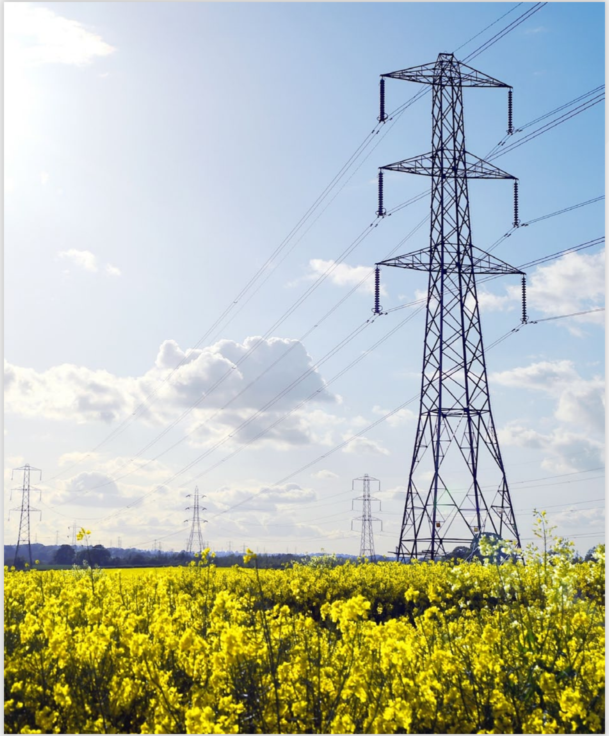
- Donating £65m for families most in need of support
- Accelerated return of £200m of interconnector revenues

Strategic progress

Repositioning our portfolio

- Rhode Island sale complete
- Completion of sale of 60% stake in UK Gas Transmission & Metering on track
  - Additional option for 40% stake
- National Grid Electricity Distribution integration progressing well





1. Illustrative. 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.

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Financial performance highlights

Strong delivery in H1 2023

Underlying operating profit

£2,117m ⬆ **44%**

HY22: **£1,470m**

Underlying EPS

32.4p ⬆ **42%**

HY22: **22.8p**

FY23

- Underlying EPS expected to be in the middle of new 6-8% CAGR range

Capital investment

£3,883m ⬆ **26%**

HY22: **£3,092m**

Dividend growth in line with policy

17.84p ⬆ **3.7%**

HY22: **17.21p**

Underlying results from continuing operations excluding exceptional items, remeasurements, timing and the contribution from UK Gas Transmission and Metering, which is 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

- Lost Time Injury Frequency rate: 0.12
- Safety critical area of focus with updated strategy implemented across the Group

Reliability

- Excellent performance despite US storms and volatility in UK electricity markets

Winter Outlooks

- ESO base scenario forecasts a capacity margin of 6.3%
- GSO base scenario forecasts peak capacity of over 600mcm per day

UK Electricity Distribution

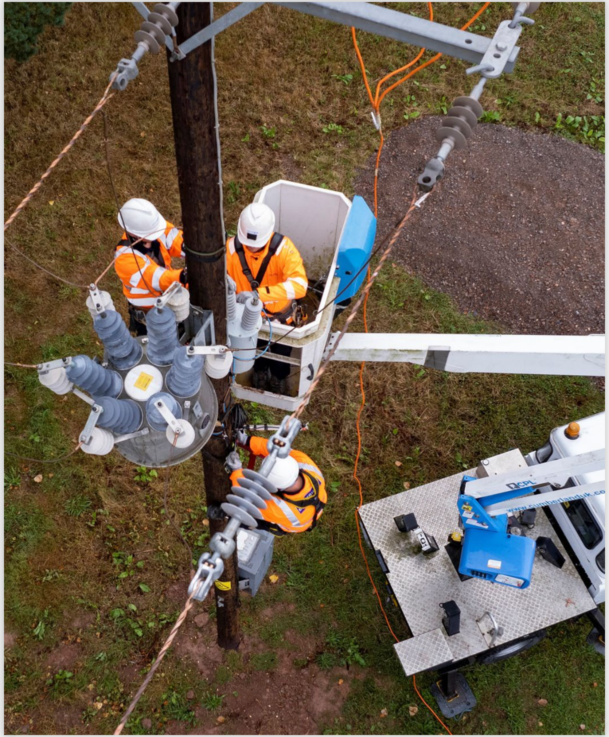
Strong performance since acquisition

- £584m capital investment
  - 10% increase in new customer connections

RIIO-ED2 price control

Four key areas of focus ahead of Final Determination

1. Streamlining the number of **uncertainty mechanisms**
2. Advocating for a **symmetrical incentives package**
3. Challenging the proposed **19% reduction to Totex**
4. Securing a **fair financing package**



UK Electricity Transmission

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Continued RIIO-T2 progress

- £629m capital investment
  - Continuation of £1bn London Power Tunnels 2 project
  - East Coast reinforcement programme
- Continued progress on Hinkley C Connection project
  - On track for completion by end of 2024
- ESO published first Holistic Network Design
  - Coordinated onshore and offshore network plan to enable Government's target of 50GW of offshore wind

UK Gas Transmission & Metering

Discontinued Operation

- Announced sale of 60% stake to Macquarie-led consortium

RIIO-T2 performance

- Capital investment of £174m
  - £43m above prior year
  - Higher spend on asset health

US

Our Clean Energy Vision

Utilising our existing networks to enable a fossil-free future by 2050

Targeted hybrid approach

- Utilises existing gas networks
- Provides continued security of supply
- Enables customer choice
- Keeps customer bills lower than an all-electric alternative

US Regulated – New York

Underlying operational delivery

- £1.2bn capital investment
  - Increased resilience and storm hardening spend
  - Smart Path Connect Transmission project
  - 123 miles of gas pipeline replaced

Regulatory progress

- CLCPA[1] Phase 1 filing approved
  - $600m on projects to enable incremental renewable generation capacity
- Anticipate response on CLCPA[1] Phase 2 filing by end of 2022
  - Additional c.$2bn of investment

New York
Regulatory Overview

KEDNY / KEDLI
(2020-23)

Allowed return on equity	**8.8%**
Capex	**c.$3.3bn**

NIMO Gas & Electric
(2021-24)

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

1. Climate Leadership and Community Protection Act.

US Regulated – New England

A successful regulatory period

- Annual rate adjustments effective October
- Approval for 5-year heat pump demonstration project
- Approval of $300m as part of our Grid Modernization Plan filing

Underlying operational delivery

- £862m capital investment
  - Increased electricity asset condition work
  - 71 miles of gas pipeline replaced
  - Partially offset by sale of Rhode Island

New England
Regulatory Overview

Massachusetts Gas
(2021-26)

Allowed return on equity	**9.7%**
Capex	**c.$1.3bn**

Massachusetts Electric
(2019-24)

Allowed return on equity	**9.6%**
Capex	**c.$1.5bn**

NG Ventures

Capital investment: £478m

- Sellindge converter station rebuild
- Grain LNG Phase 4 construction
- 73% of Viking Link interconnector cable now laid
- US solar projects – over 670MW under construction

Multi Purpose Interconnectors

- Progressing case for further network integration with industry and regulators

Offshore Wind

- Community Offshore Wind JV with RWE expected to submit bid in next NY State offtake solicitation

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Financial Performance

Andy Agg

Chief Financial Officer

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A strong, resilient business model

Currency exposure

- c.70% of our US assets hedged with USD debt
- c.5¢ move in average USD:GBP impacts EPS by +/-1p on an annualised basis

Inflation impact

- Broadly neutral impact on near term earnings
- Earnings improve when inflation moderates
  - Higher UK RAV, index-linked interest reduces

Interest rates

- OpCos broadly match leverage to regulatory frameworks
- HoldCo debt[1] c.£12bn
  - New guidance reflects higher future funding costs

1. Excluding bridge facility

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Upgraded 5 year outlook and guidance

FY2022 - 2026	
Capital investment One of the FTSE's **biggest investors in the delivery of net zero**	**Up to £40bn** – **c.£29bn green**[1]**,** aligning to EU taxonomy **c.£9bn** UK Electricity Transmission **c.£12bn** New York Regulated **c.£6bn** UK Electricity Distribution **c.£9bn** New England Regulated **c.£3-4bn** NG Ventures
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UK Electricity Distribution

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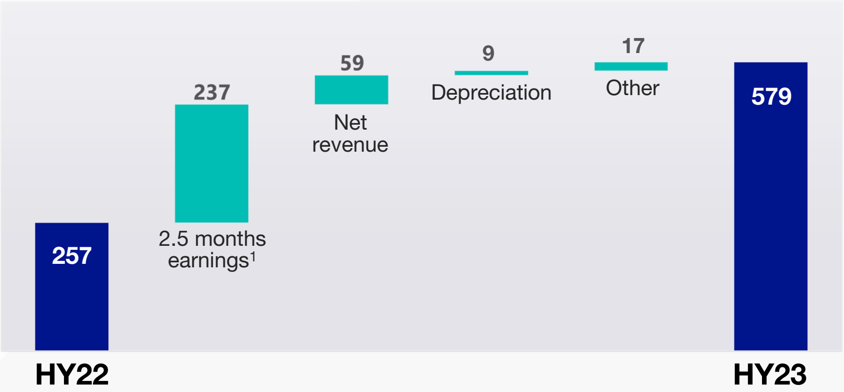
Underlying Operating Profit (£m)



9.01 out of **10**
Industry leading, customer satisfaction score

99.995%
Network reliability

Underlying Operating Profit
£579m

HY22: **£257m**

- Additional 2.5 months of contribution
- Higher indexed revenues
- Small gain on smart metering disposal

Capital investment
£584m

HY22: **£315m**

- Additional 2.5 months
- Higher customer connections, driven by low carbon technologies

Underlying results, excluding timing, exceptional items and remeasurements.

1. Additional 2.5 months of earnings following ownership of the business for the full 6 month period.

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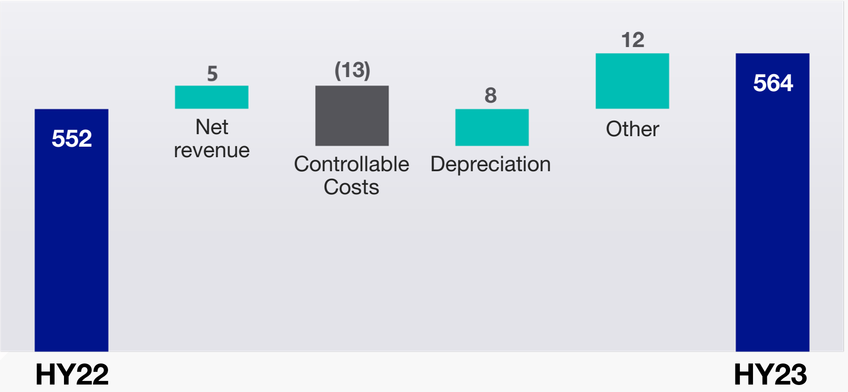
UK Electricity Transmission

Underlying Operating Profit (£m)



Electricity System Operator

Underlying Operating Profit

£52m

HY22: **£49m**

Underlying Operating Profit

£564m

HY22: **£552m**

- Higher revenue indexation
- Offset by £69m return to Western Link

Capital investment

£629m

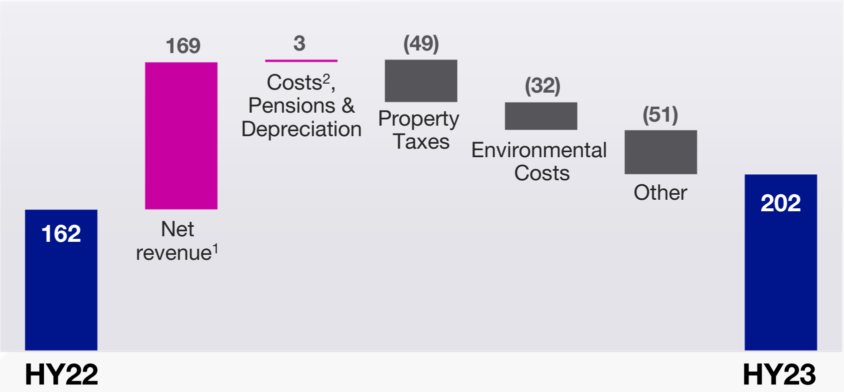
HY22: **£587m**

- Resilience spend and new connections
- Progress on LPT2 and Hinkley C connection projects

Underlying results, excluding timing, exceptional items and remeasurements.

US Regulated – New York

Underlying Operating Profit (£m)



Underlying Operating Profit
£202m

HY22: **£162m**

- Higher revenues through rate settlements
- Covid cost recovery
- Partly offset by higher environmental provisions

Capital investment
£1,242m

HY22: **£978m**

- £150m attributable to non-cash lease additions

Underlying results from continuing operations excluding exceptional items, remeasurements, and timing.
Operating profit and capital investment presented at constant currency.
1. Net revenue includes covid cost recoveries.
2. Controllable costs.

US New England

US Regulated – New England

Underlying Operating Profit (£m)

Underlying Operating Profit

£316m

HY22: **£284m**

- New rate settlements
- Partly offset by Rhode Island sale

Capital investment

£862m

HY22: **£804m**

- £147m increased investment
- Partly offset by Rhode Island sale

Underlying results from continuing operations excluding exceptional items, remeasurements, and timing.
Operating profit and capital investment presented at constant currency.
1. Controllable costs.

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NG Ventures

Operating Profit (£m)	6 months ended 30 Sept 2022	6 months ended 30 Sept 2021
Grain LNG	77	58
Interconnectors	166	65
US Ventures	25	30
Business Development & Other	(9)	(2)
	259	**151**

Post tax share of JVs (£m)		
Interconnectors[1]	40	30
Millennium	14	13
Other	18	4
	72	**47**
Total NGV	**331**	**198**

Operating Profit:

- Increased profit at Isle of Grain LNG
- Full contribution from North Sea Link interconnector
- IFA1 insurance proceeds

Capital investment

£478m

HY22: **£297m**

1. Includes BritNed and Nemo.

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

Underlying results, excluding timing, exceptional items and remeasurements.

Other

Other activities

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Operating Profit (£m)	6 months ended 30 Sept 2022	30 Sept 2021
Property	227	17
NG Partners	(17)	33
Corporate & other	(65)	(35)
	145	**15**

Post tax share of JVs (£m)	30 Sept 2022	30 Sept 2021
St William	-	5
NG Partners	(2)	9
	(2)	**14**

Operating Profit:

- Property sales as part of St William JV transaction
- Slightly offset by NG Partners fair value movements

Capital investment[1]

£46m

HY22: **£46m**

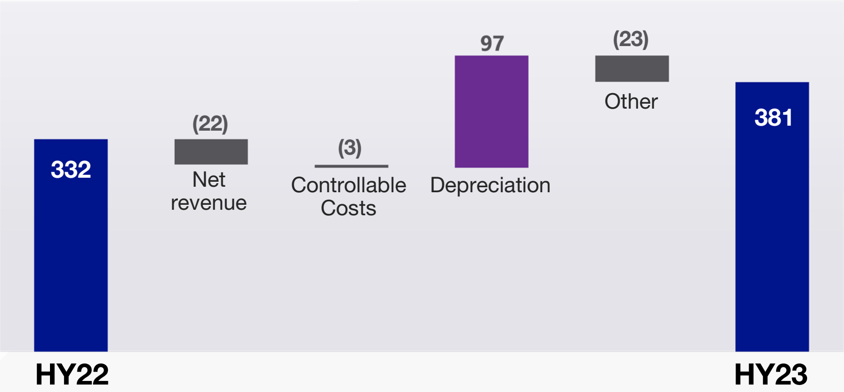
Operating profit, share of joint venture profit after tax and investment presented at constant exchange rates.
Underlying results, excluding timing, exceptional items and remeasurements.

1. Capital investment includes investment in NG Partners.

Discontinued operations[1]

UK Gas Transmission & Metering

Underlying Operating Profit (£m)



Underlying Operating Profit

£381m

HY22: **£332m**

- Cessation of depreciation as business 'Held for Sale'

Capital investment

£174m

HY22: **£131m**

- Increased spend on asset health and cyber

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-led consortium completes.

Interest, tax and earnings

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Finance costs[1]

£732m

43% higher than HY22

- Higher index-linked debt interest costs
- Additional 2.5 months UK Electricity Distribution and bridge financing

Underlying effective tax rate[2]

19.7%

Underlying tax charge: **£273m**

- 70bps higher than prior year
- FY23 expected underlying effective tax rate[2] of 22%

Underlying earnings[3]

£1,182m

HY22: **£812m**

- Underlying EPS of 32.4p, 42% up on prior year

1. Net finance costs at constant currency excluding discontinued operations.
2. Underlying effective tax rate excluding joint ventures and associates.
3. Underlying results attributable to equity shareholders at actual currency.

Underlying results, excluding timing, exceptional items and remeasurements.

Cash flow and net debt

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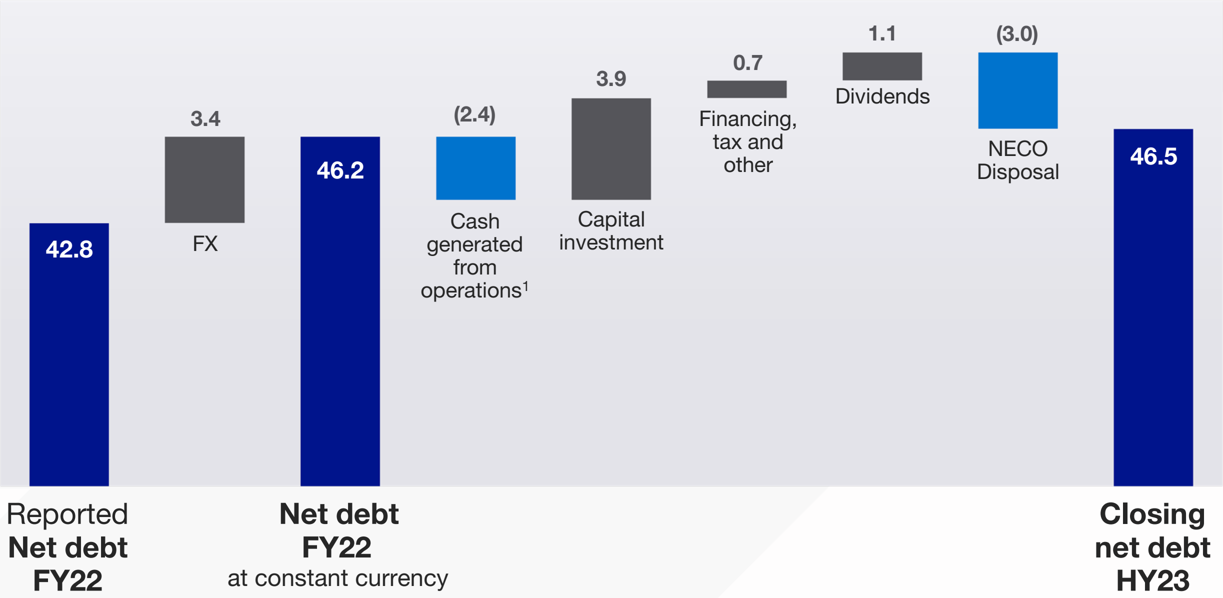
Cash generated from operations[1]
£2.4bn
HY22: **£2.0bn**

Net cash outflow[2]
£3.1bn
HY22: **£1.6bn**

Net Debt[3]
£46.5bn
FY22: **£46.2bn**

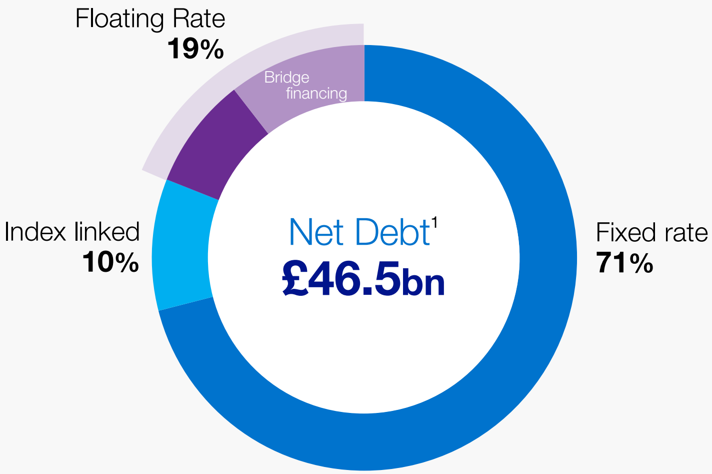
Net debt (£bn)



1. From continuing operations.
2. Net cashflow from continuing operations, excluding NECO proceeds and other investing and financing transactions.
3. Net debt excludes debt classified as ‘Held for Sale’.

Debt structure

Net Debt[1]
£46.5bn
FY22: **£42.8bn**[2]



Currency profile[3]
51% £ sterling **48%** US dollar **1%** Euro

- Post transactions floating rate debt to settle around 10%
- Remain comfortable with our funding requirements
- Raise c.£5-6bn per annum
  – £4bn of bond financing complete in H1 2023

1. Net debt excludes debt classified as 'Held for Sale'.
2. FY22 net debt at constant currency was £46.2bn.
3. Ultimate liability, not currency of issue.

Summary

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Strong and resilient business model

- Upgraded 5-year financial framework
  - Record capital investment for H1
  - Up to £40bn of investment through to FY26
- FY23 underlying EPS guidance
  - Middle of new 6-8% range

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

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Priorities & Outlook

John Pettigrew

Chief Executive

UK priorities

Enabling the clean energy of tomorrow

- One of the UK's biggest investors in delivering net zero

Regulatory focus

- Agree RIIO-ED2 settlement
- Agree the onshore transmission framework
  - To enable Government offshore wind target of 50GW
  - Potential investment of £14bn for 19 major projects
- Support Ofgem's RIIO-T3 initial engagement process

UK priorities

What we need from Ofgem and Government

1. **Clarity and commitment** on the 19 projects identified
2. **Anticipatory investment framework** to mitigate connection queues and costs
3. **Planning process reform** to reduce delivery timelines
4. **Clear long term economic benefits** for communities where infrastructure is built
5. **A financial framework** that fairly represents proportionate risk and reward

US priorities

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State relationships and policy

- Focused on strengthening relations in New York and Massachusetts

Continued regulatory focus

- Massachusetts regulatory decisions anticipated by end of 2022
  - $400m of Advanced Metering Infrastructure funding
  - $275m Phase 3 EV proposal
- New KEDNY and KEDLI rate agreements
  - Expect to file next Spring for rates effective in 2024

US priorities

Progressing our Clean Energy Vision

- Advocate for a hybrid solution
- New York and Massachusetts to set policy recommendations for role of gas

Federal policy

- Infrastructure Investment and Jobs act
- Inflation Reduction Act
  - Incentivising >$1tn of clean energy investment
  - Supports our Clean Energy Vision and NGV's North East Hydrogen Hub project

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Strengthening our **Responsible Business commitments**

The heart of a
clean, fair and affordable energy future

Our **Responsible Business Charter**

- Annual progress reported via Responsible Business Report
- Next iteration of the Charter to be **released in early 2023**

Summary

Significant progress and strong financial performance

- Upgraded guidance demonstrates Group's financial resilience
- Progressing the energy transition at pace to:
  - Bring customer bills down
  - Increase energy security
  - Achieve net zero
- Opportunities reinforce National Grid's vital role in making the energy transition happen

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Appendices

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Pensions & other post employment benefit obligations (IAS 19 data)

	UK			US		
At 30 September 2022 (£m)	**ESPS**	**NGUK PS**	**NGED DB**	**Pensions**	**OPEBs**[1]	**Total**
Fair value of plan assets	2,664	4,538	5,628	6,360	2,632	**21,822**
Present value of liabilities	(1,992)	(4,011)	(4,509)	(5,956)	(2,719)	**(19,187)**
Net asset/(liability)	672	527	1,119	404	(87)	**2,635**
Taxation	(168)	(132)	(280)	(102)	21	**(661)**
Net asset/(liability) net of taxation	**504**	**395**	**839**	**302**	**(66)**	**1,974**
Discount rates	5.35%	5.35%	5.35%	5.35%	5.35%	

	UK			US		
At 31 March 2022 (£m)	**ESPS**	**NGUK PS**	**NGED DB**	**Pensions**	**OPEBs**[1]	**Total**
Fair value of plan assets	3,430	5,779	7,656	7,263	2,885	**27,013**
Present value of liabilities	(2,797)	(5,260)	(6,218)	(6,779)	(2,884)	**(23,938)**
Net asset/(liability)	633	519	1,438	484	1	**3,075**
Taxation	(158)	(130)	(359)	(128)	-	**(775)**
Net asset/(liability) net of taxation	**475**	**389**	**1,079**	**356**	**1**	**2,300**
Discount rates	2.80%	2.80%	2.80%	3.65%	3.65%	

1. OPEBs = Other post employment benefits.

Timing impacts

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£m	UK Electricity Transmission	UK Electricity System Operator	UK Electricity Distribution	New York	New England	Continuing operations	Discontinued: UK Gas Transmission	Total
31 March 2022 closing balance	(85)	(127)	22	660	(333)	137	(156)	(19)
Opening balance restatement adjustment	-	-	4	1	(12)	(7)	(3)	(10)
Over/(under) recovery	(65)	95	(48)	(220)	(123)	(361)	(41)	(402)
Rhode island disposal	-	-	-	-	*(17)*	(17)	-	(17)
30 September 2022 closing balance to (recover)/return	(150)	(32)	(22)	441	(485)	(248)	(200)	(448)
1 April 2021 opening balance	-	(80)	-	519	(297)	142	(76)	66
Over/(under) recovery	(2)	14	24	(22)	(139)	(125)	(80)	(205)
30 September 2021 Closing balance to (recover)/return	(2)	(66)	24	497	(436)	17	(156)	(139)
Year on year timing variance	(63)	81	(72)	(198)	16	(236)	39	(197)

2021/22 opening balance restatement adjustment reflects finalisation of timing balances.

All USD balances stated using the average 2021/22 rate of $1.2071 to £1.

2021/22 closing timing balance (continuing) as at 30 September 2022 at spot rate ($1.1170): -$252m.

2020/21 closing timing balance (continuing) as at 30 September 2021 at spot rate ($1.3480): $10m.

Weighted average number of shares

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For the half year ended 30 September	2022	2021
Number of shares (millions):		
Current period opening shares	3,645	3,549
Scrip dividend shares (weighted issue)	2	18
Other share movements (weighted from issuance / repurchase)	4	2
Weighted average number of shares	**3,651**	**3,569**
Underlying earnings (£m)	1,182	812
Underlying EPS	32.4p	22.8p