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 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 and the creation of a future system operator; 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 other supplies, 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; inflation; 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 sale of a stake in its UK Gas Transmission and Metering business, and joint ventures. 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 National Grid's unaudited half-year financial information for the six months ended 30 September 2022 published on 10 November 2022. 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.
Delivering as a Responsible Business

Significant progress

Record capital investment

Portfolio positioned for growth

Continued support to our customers and communities

Accelerating the energy transition

- 17 major transmission projects awarded by Ofgem
- $3.8bn approved in the US outside of rate cases
Record capital investment
£7.7bn

World’s first T-Pylons energised

1.4 GW Viking Link interconnector
75% cable laid

>4,200 miles of gas pipeline replaced to date
avoiding 134,000mt CO₂e

Broke ground on $600m NY Smart Path Connect project

Rewiring London at London Power Tunnels
>90% tunnel boring complete

Twice as many EV connections in the past two years than all other years combined, in UK Electricity Distribution
Repositioned for growth

Strategic pivot complete
- WPD, now National Grid Electricity Distribution, acquired June 2021
- Rhode Island business sale completed May 2022
- UK Gas Transmission and Metering
  - 60% sale completed January 2023
  - Consortium option on remaining 40%

Business Units positioned for delivery
- Progressing Electricity System Operator separation
- New Strategic Infrastructure business unit

Portfolio

| c.70% Electricity | c.30% Gas |
Helping our Customers and Communities

- Early return of £100m of interconnector revenues
  - In addition to the £200m already committed
- £24m of our UK Energy Support fund allocated
- $6m Customer Assistance Programme launched in US
- Project C day of service
  - 11,000 hours of volunteered
## Financial performance highlights

### Good delivery in 2023

<table>
<thead>
<tr>
<th>Category</th>
<th>FY22:</th>
<th>% Change</th>
<th>FY21:</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Underlying operating profit</strong></td>
<td>£4,582m</td>
<td>↑10%</td>
<td>£4,171m</td>
<td></td>
</tr>
<tr>
<td><strong>Capital investment</strong></td>
<td>£7,740m</td>
<td>↑8%</td>
<td>£7,188m</td>
<td></td>
</tr>
<tr>
<td><strong>Underlying EPS</strong></td>
<td>69.7p</td>
<td>↑7%</td>
<td>65.3p</td>
<td></td>
</tr>
<tr>
<td><strong>Return on Equity</strong></td>
<td>11.0%</td>
<td>↓40bps</td>
<td>11.4%</td>
<td></td>
</tr>
<tr>
<td><strong>Asset growth</strong></td>
<td>11.4%↑270bps</td>
<td></td>
<td>8.7%</td>
<td></td>
</tr>
<tr>
<td><strong>Dividend growth</strong></td>
<td>55.44p↑8.77%</td>
<td></td>
<td>50.97p</td>
<td></td>
</tr>
</tbody>
</table>

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 NECO, JVs and NG Partners Investments.

Asset growth excludes impact of disposal of NECO and UK Gas Transmission and Metering.

Return on Equity includes NECO and Gas Transmission and Metering for the period owned in 2022/23.

Operating profit and capital investment calculated at constant currency.
Safety and reliability

**Safety**
- Lost Time Injury Frequency rate: 0.11 vs 0.13 in FY22

**Reliability**
- Over 99.9% availability across regulated networks
- Excellent performance across UK and US
  - Winter storm Elliott in the US
  - Hottest temperatures on record in the UK
  - ESO comprehensive winter preparedness plans
Progress on operational priorities

Underlying operational delivery
- Achieved RoE 8.6%
  - 96% of allowed return
- $3.0bn capital expenditure
  - Rate base growth of 9.9%

Policy and regulatory progress
- $2.8bn approved for Transmission investment to enable >2GW renewable generation
- Climate Action Council scoping plan
  - Importance of decarbonised gas networks
  - Continued leak prone pipe replacement investment
Progress on operational priorities

Underlying operational delivery
• Achieved RoE 8.3%
  – 30bps improvement\(^1\)
• $2.0bn capital expenditure
  – Rate base growth\(^2\) of 6.3%

Regulatory progress
Funding approved for:
• $336m Grid Modernisation
• $487m Advanced Metering Infrastructure
• $206m approved for >30,000 EV charge points

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\(^1\) Excluding Rhode Island (NECO) business
\(^2\) Rate base growth excludes the impact of the Rhode Island (NECO) disposal
Second year of RIIO-T2
- Achieved RoE 7.5% – 120bps outperformance
- £1.3bn capital expenditure

Regulatory and policy progress
- 17 major transmission projects awarded by Ofgem
- UK Government’s ‘Powering up Britain’ package
  - Networks as key enabler of the energy transition
  - Planning processes to be streamlined
  - Community benefits consultation
Progress on operational priorities

**Strong final year of RIIO-ED1**
- Achieved RoE: 13.2%
  - 360bps above allowed level
  - 8.99/10 Customer Satisfaction Score
- £1.2bn capital expenditure

**RIIO-ED2 price control**
- Average allowed return of 5.23% real
- c.£5.9bn totex allowance
Progress on operational priorities

Capital investment

£906m

Interconnectors

• Viking Link: 75% cable laid, commissioning December 2023
• North Sea Link first full year of operations
• IFA returned to full service

Operational progress

• Record year of utilisation at Isle of Grain LNG
• Community Offshore Wind JV submitted offtake proposals
Interest, tax and earnings

Finance costs
£1.5bn
33% higher than FY22

• Higher impact from inflation on index linked debt
• Refinancing of the underlying portfolio
• Partly offset by higher non-treasury income

Underlying effective tax rate¹
23.1%
Underlying tax charge: £709m

• 120 bps lower than prior year
• Lower US state deferred tax remeasurement due to Rhode Island sale
• Larger proportion of UK property sales with a lower effective tax rate

Underlying earnings²
£2,549m
FY22: £2,350m

• 69.7p/share – up 7%
• In line with guidance

1. Excluding joint ventures and associates.
2. Underlying results attributable to equity shareholders.

Finance costs presented at constant currency; underlying earnings presented at actual currency
Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than $100m) and timing

Excluding joint ventures and associates.
Underlying results attributable to equity shareholders.
Finance costs presented at constant currency; underlying earnings presented at actual currency
Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than $100m) and timing
Cash generated from operations¹

£6.4bn
FY22: £5.8bn

Net cash outflow²

£3.1bn
FY22: £1.6bn

Net Debt³

£41.0bn
FY22: £44.1bn

1. From continuing operations
2. Net cashflow from continuing operations, excluding acquisition of WPD, disposal proceeds from NECO and GT and other investing and financing transactions with nil impact on net debt
3. FY22 net debt presented at constant currency
Debt structure

Net debt profile at 31 March 2023 (£bn)

- **Net Debt**: £41bn
  - **Floating Rate**: 10%
  - **Index linked**: 11%
  - **Fixed Rate**: 79%

**Currency profile**
- 50% £ Sterling
- 50% US dollar

**Note:** Net debt includes 100% of hybrid debt, borrowings, associated derivatives and cash and current financial investments. Interest rate profile and currency profile are post derivatives. Currency profile reflects ultimate liability, not currency of issue.

- Around 70% of our debt sits in the regulated operating companies
  - High degree of regulatory protection
  - Debt book average maturity of 11 years
- Strong access to debt capital markets
  - £7bn bond issuances in FY23
  - Expect to issue £5-6bn in FY24
FY24 Guidance

**Full Year 2024 expectations**

- Another good year of expected earnings growth within our 5 year 6-8% CAGR

**...offset by Capital Allowances impact**

- Now expect underlying EPS to be modestly lower year-on-year
- 6 to 7 pence per share impact on underlying EPS for FY24
  - would be removed from FY27 if legislation ends in March 2026

**Capital allowances impact**

*is economically neutral*

**Capital allowances impact (illustrative)**

- **UK Regulated Revenues**
  - Revenue allowance reduced to reflect lower cash tax

- **Total UK tax charge**
  - Total tax charge unchanged, movement between current and deferred
5 Year Outlook reconfirmed

<table>
<thead>
<tr>
<th>FY2022 - 2026</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital investment</strong></td>
<td></td>
</tr>
<tr>
<td>Up to £40bn – c.£29bn green(^1), aligning to EU taxonomy</td>
<td></td>
</tr>
<tr>
<td>c.£9bn UK Electricity Transmission</td>
<td>c.£12bn New York Regulated</td>
</tr>
<tr>
<td>c.£6bn UK Electricity Distribution</td>
<td>c.£9bn New England Regulated</td>
</tr>
<tr>
<td>c.£3-4bn NG Ventures</td>
<td></td>
</tr>
<tr>
<td><strong>Group asset growth</strong></td>
<td>8-10% CAGR(^2)</td>
</tr>
<tr>
<td><strong>Credit metrics</strong></td>
<td>Credit metrics maintained within current rating thresholds</td>
</tr>
<tr>
<td>Net debt to RAV in low 70% range</td>
<td></td>
</tr>
<tr>
<td><strong>Underlying EPS</strong></td>
<td>6-8% CAGR(^2)</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>Aim to grow dividend per share in line with CPIH</td>
</tr>
<tr>
<td><strong>FY24</strong></td>
<td></td>
</tr>
<tr>
<td>• Underlying EPS expected to be modestly lower(^3) than our reported underlying FY23 EPS</td>
<td></td>
</tr>
</tbody>
</table>

1. Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks.
2. Compound annual growth rate FY2022-26 from a FY21 baseline. Forward years based on assumed USD FX rate of 1.2; long run CPIH and RPI inflation assumptions and scrip uptake of 25%. Reflects sale of Rhode Island (NECO) and UK Gas Transmission & Metering (UK GT&M). Assumes 40% equity interest of UK GT&M treated as held for sale from 1 February 2023.
3. For 2023/24, we expect underlying EPS to be modestly below 2022/23 levels following the UK Government’s change to the capital allowances regime from 1 April 2023. We expect this to change to have a 6-7p per share impact on EPS, albeit no economic impact over the long-term. Without this change, underlying EPS was forecast to grow within our 6-8% CAGR range between 2022/23 and 2023/24, assuming an exchange rate of £1:$1.20.
Financing National Grid’s Operations

Debt issuance

- External debt is raised by our operating companies, intermediate holding companies and by the group parent company, National Grid plc.
- With the vast majority of our debt being raised in the capital markets, NG plc, NGNA, NGET and NGED have access to various funding programmes.
- Derivatives are used to manage any mismatch between currency of issuance and funding requirement.
- As at the year end, the Group had access to £6.5bn of revolving credit facilities (RCFs). Earlier this month, the Group completed the refinancing of its facilities, which now stand at £8.0bn. We also maintain some long-term bank borrowings.
- The UK Electricity System Operator also maintains a £550m RCF.

**Issuance programmes**

<table>
<thead>
<tr>
<th>Issuance programme</th>
<th>National Grid plc (NG)</th>
<th>National Grid North America (NGNA)</th>
<th>National Grid Electricity Transmission (NGET)</th>
<th>National Grid Electricity Distribution (NGED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMTN</td>
<td>EUR 20bn¹</td>
<td>EUR 8bn</td>
<td>EUR 20bn¹</td>
<td>GBP 6bn</td>
</tr>
<tr>
<td>SEC Shelf</td>
<td></td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECP</td>
<td>USD 4bn</td>
<td>EUR 4bn</td>
<td>USD 2.5bn</td>
<td></td>
</tr>
<tr>
<td>US CP</td>
<td>USD 4bn</td>
<td>USD 4bn</td>
<td>USD 2.5bn</td>
<td></td>
</tr>
</tbody>
</table>

**Currency profile of issuance²**

(as at 31 March 2023)

- US Dollar: 37%
- Euro: 25%
- Sterling: 34%
- Other: 4%

1: This is a joint EMTN programme for NG and NGET
2: Gross borrowings excluding associated derivatives and cash and investments
Green Financing Approach

Green Bonds issued to date: £2.9bn across NG plc, NGET and NIMO¹

• **Green Financing Framework** – updated July 2021. The framework is aligned with the ICMA Green Bond Principles (2021) and Green Loan Principles (2021). Projects are also expected to be aligned as closely as possible with the EU Taxonomy Regulation and the EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation.

• **ISS-ESG** provided a second party opinion on our updated framework.

• Our latest **Green Financing Report** (GFR) was published in June 2022 as part of our Responsible Business Report.

• In September 2022 S&P Global Ratings assigned National Grid plc an **ESG evaluation score of 83/100**.

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¹: Niagara Mohawk Power Corporation (NIMO)

Source: [https://www.nationalgrid.com/investors/debt-investors/green-financing](https://www.nationalgrid.com/investors/debt-investors/green-financing)
Priorities & Outlook
UK Priorities

Advocating for regulatory and policy change

1. Streamline planning and consenting

2. New regulatory and governance frameworks
   – Expand Ofgem’s mandate to include net zero
   – Enable anticipatory investment at scale
   – Competition legislation
   – Create the Future System Operator

3. Transform the grid connections process

4. Community benefits framework

5. Regulatory support for supply chain capacity and green skills investment
UK Priorities

Strategic Infrastructure Business Unit
• Programmatic approach to ASTI major projects
• Develop new contractual framework with supply chain

Reduce connection wait times
• UK Electricity Transmission optimising connection offer process
• ESO initiatives for pipeline management

UK Electricity Distribution delivering value
• Strong start to RIIO-ED2
• Investor Event 6th July 2023
US Priorities

Policy
• Clean Energy Vision advocacy
• Working with policymakers on pathways to decarbonisation
• Federal and state permitting and siting reform

Regulatory
• Transmission projects
  – CLCPA Phase 1 & 2 transmission projects
  – NY Propel Project
  – Twin States Clean Energy Link
• New rates filed for KEDNY-KEDLI in Downstate NY
• Preparing to file Massachusetts Electric rate case in October

Delivering hybrid clean energy solutions
• Pipeline replacement for decarbonised gas
• $2.1bn in energy efficiency measures
• Northeast Hydrogen Hub
Summary

Record capital investment

Strategic pivot complete

- WPD acquisition complete
- Sale of Rhode Island complete
- Sale of majority stake in UK Gas Transmission complete

Strong visibility of growth

Delivering a clean, fair, and affordable energy transition for all