NG.Debt

Investor Relations | 18th May 2023

**Net debt**
At 31st March 2023
£41bn

**Baa1/BBB+**
Strong overall investment grade rating for the Group is supported by expected cash flow metrics consistent with rating agency targets.

<table>
<thead>
<tr>
<th>Moody's RCF / Adjusted Debt</th>
<th>9.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody's FFO Interest Cover</td>
<td>3.8x</td>
</tr>
<tr>
<td>Gearing (RAV / rate base)</td>
<td>71%</td>
</tr>
<tr>
<td>Committed Facilities</td>
<td>£8.0bn</td>
</tr>
<tr>
<td>Average debt maturity</td>
<td>~11 years</td>
</tr>
</tbody>
</table>

**Current credit rating thresholds**
- Moody’s RCF / Adjusted Net Debt > 7%
- S&P FFO / Adjusted Net Debt > 10%

**FY 21/22 metrics**
- FFO Interest Cover 4.7x
- RCF/Adjusted Debt 8.9%

1. NG calculation, applying Moody’s methodology. RCF includes discontinued cash flow contribution from UK Gas Transmission & Metering
2. 69% excluding 50% of hybrid debt
3. Available for liquidity purposes
4. As per NG’s reported results in May 2022

**Debt issuance**
External debt is raised by our operating companies, intermediate holding companies and by the Group parent company, National Grid plc. In FY24, National Grid expects to issue c. £5-6bn of long-term debt 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 inflation-linked debt, interest rate swaps and forward rate agreements.

**Exchange rates**
US Dollar borrowings and derivatives are employed to maintain net US dollar debt liabilities as a partial currency hedge of our investment in US businesses. As a result, net debt varies with GBP/USD exchange rates.

**Currency profile – Net Debt**
Ultimate liability, not currency of issue (at 31st March 2023)

- £ Sterling 50%
- $ US Dollar 50%

FY22: 47% US Dollar, 53% Sterling

**Interest rate profile – Net Debt**
(at 31st March 2023)

- Floating rate 10%
- Inflation-linked 11%
- Fixed rate 79%

FY22: 64% fixed rate, 11% Inflation linked, 25% floating rate

*Net debt includes borrowings, associated derivatives and cash and current financial investments.
FY22 net debt excluded NGG and NECO
Credit ratings – companies with bond debt

We have credit ratings from at least two agencies for all of our companies with external debt outstanding. All entities are on a stable outlook.

Weighted average long term debt maturity

<table>
<thead>
<tr>
<th>Company</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Grid plc / NGG Finance</td>
<td>7</td>
</tr>
<tr>
<td>National Grid Electricity Transmission</td>
<td>12</td>
</tr>
<tr>
<td>National Grid Electricity Distribution</td>
<td>12</td>
</tr>
<tr>
<td>US Group</td>
<td>12</td>
</tr>
</tbody>
</table>

2022/23 Debt Issuance

We issued £7.1bn of long-term senior debt during 2022/23

- National Grid plc £3.2bn
- US Operating Companies £1.9bn
- National Grid Electricity Transmission £0.9bn
- National Grid Electricity Distribution Group £0.9bn
- National Grid North America £0.2bn

Currency profile of outstanding debt

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

Note: Gross borrowings at 31st March 2023 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. 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. Furthermore, this document, which is provided for information only, does not constitute summary financial statements and does not contain sufficient information to allow for 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 ‘Internal control and risk factors’ section on pages 236 to 239 of National Grid’s most recent Annual Report and Accounts for the year ended 31 March 2021, as updated by National Grid’s unaudited half-year financial information for the six months ended 30 September 2021, published on 18 November 2021. Copies of the most recent Annual Report and Accounts are available online at 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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