National Grid’s Investment Proposition

As one of the world’s largest public utilities focused on the transmission and distribution of electricity and gas, we play a vital role in connecting people to the energy they use, and are positioned to be at the heart of the energy transition.

HY24 Investor Relations

Updated 5-year framework FY22-26

<table>
<thead>
<tr>
<th>Capital investment</th>
<th>FY22-26 Capital investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>c.£42bn</td>
<td></td>
</tr>
<tr>
<td>c.£32bn Green1</td>
<td></td>
</tr>
<tr>
<td>c.£11bn</td>
<td>UK Electricity Transmission</td>
</tr>
<tr>
<td>c.£8bn</td>
<td>UK Electricity Distribution</td>
</tr>
<tr>
<td>c.£12bn</td>
<td>c.£9bn</td>
</tr>
<tr>
<td>New York Regulated</td>
<td>New England Regulated</td>
</tr>
<tr>
<td>c.£3-4bn</td>
<td>NG Ventures</td>
</tr>
</tbody>
</table>

Geographic and regulatory diversity

Asset base post strategic repositioning 1

- **Geographical split**
  - US c.42%
  - UK c.49%
  - NGV and Other c.9%

- **Energy split**
  - Gas c.25%
  - Electricity c.75%

HY24 Highlights

**Group financial summary** half year ended 30 September 2023

<table>
<thead>
<tr>
<th>Operating profit</th>
<th>Underlying EPS</th>
<th>Interim dividend1</th>
<th>Capital investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1,796m</td>
<td>23.8p</td>
<td>19.40p</td>
<td>£3,868m</td>
</tr>
<tr>
<td>£2,097m</td>
<td>32.4p</td>
<td>17.84p</td>
<td>£3,798m</td>
</tr>
</tbody>
</table>

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.

Operating profit and capital investment calculated at constant currency. Capital investment includes investment in JVs and NG Partners investments.

1. Represents 35% of the total dividend per share of 55.44p in respect of the last financial year to 31 March 2023, in line with the Group’s dividend policy.


Credit metrics maintained within current rating thresholds

Dividend

- Aim to grow dividend per share in line with UK CPIH

1. Capital investment includes investment in JVs and NG Partners investments.

1. Includes c.£2bn Accelerated Strategic Transmission Investment (ASTI), as part of best current view in £bn investment of mid-high teens for 17 projects.

4. Calculated as proportion of actual FY23 asset base post completion of acquisition of Western Power Distribution, and sale of Rhode Island (NECO) business and no longer includes UK Gas Transmission and Metering.

1. Calculated as proportion of actual FY23 asset base post completion of acquisition of Western Power Distribution, and sale of Rhode Island (NECO) business.

2. Represents 35% of the total dividend per share of 55.44p in respect of the last financial year to 31 March 2023, in line with the Group’s dividend policy.

3. Compound annual growth rate FY2022-26 from a FY21 baseline. Forward years based on assumed USD FX rate of 1.2; long run RPI inflation assumptions and scrip uptake of 25%. Reflects sale of Rhode Island (NECO) and 60% stake in UK Gas Transmission & Metering (UK GT&M). Assumes remaining 40% equity interest of UK GT&M treated as held for sale.

4. Represents 35% of the total dividend per share of 55.44p in respect of the last financial year to 31 March 2023, in line with the Group’s dividend policy.

5. In the UK, we completed tunnel boring at LPT2, and erection of all 116 T-pylons at our Hinkley-Seabank Connection project. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.

6. In line with expectations, reflecting higher regulated revenues. The prior period was higher given several one-off items, including St William Property Sales, 2 x months contribution from our now sold Rhode Island (NECO) business, and insurance proceeds received for IFA 1.

7. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.

8. In the UK, we completed tunnel boring at LPT2, and erection of all 116 T-pylons at our Hinkley-Seabank Connection project. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.

9. In line with expectations, reflecting higher regulated revenues. The prior period was higher given several one-off items, including St William Property Sales, 2 x months contribution from our now sold Rhode Island (NECO) business, and insurance proceeds received for IFA 1.

10. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.

11. In line with expectations, reflecting higher regulated revenues. The prior period was higher given several one-off items, including St William Property Sales, 2 x months contribution from our now sold Rhode Island (NECO) business, and insurance proceeds received for IFA 1.

12. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.

13. In line with expectations, reflecting higher regulated revenues. The prior period was higher given several one-off items, including St William Property Sales, 2 x months contribution from our now sold Rhode Island (NECO) business, and insurance proceeds received for IFA 1.

14. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.

15. In line with expectations, reflecting higher regulated revenues. The prior period was higher given several one-off items, including St William Property Sales, 2 x months contribution from our now sold Rhode Island (NECO) business, and insurance proceeds received for IFA 1.

16. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.

17. In line with expectations, reflecting higher regulated revenues. The prior period was higher given several one-off items, including St William Property Sales, 2 x months contribution from our now sold Rhode Island (NECO) business, and insurance proceeds received for IFA 1.

18. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.

19. In line with expectations, reflecting higher regulated revenues. The prior period was higher given several one-off items, including St William Property Sales, 2 x months contribution from our now sold Rhode Island (NECO) business, and insurance proceeds received for IFA 1.

20. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.
# Financial performance

## Underlying Segmental Summary – HY24

### UK Electricity Transmission
- **Operating profit**
  - FY23: £564m
  - HY23: £556m
- Higher allowed returns and revenue indexation
- Non-recurrence of £93m Western Link return

### UK Electricity Distribution
- **Operating profit**
  - FY23: £579m
  - HY23: £563m
- Higher revenues from RAV indexation
- Lower incentive revenues at start of RIIO-ED2
- Non-recurrence of prior year gain on sale of Smart Metering business

### NGV and Other
- **Operating profit**
  - FY23: £403m
  - HY23: £206m
- Higher revenues from NSL cap adjustment, and good performance at Grain LNG
- Offset by non-recurrence of St William property sales and IFA1 insurance proceeds in prior year

### New York
- **Operating profit**
  - FY23: £195m
  - HY23: £119m
- Higher rates and continued delivery of cost efficiencies
- Offset by higher depreciation and recoverable bad debts
- Pension buy-out gain in prior period

### New England
- **Operating profit**
  - FY23: £251m
  - HY23: £218m
- Higher rates
  - Offset by higher recoverable storm costs and commodity bad debts
  - HY23 figure excludes contribution from the now sold Rhode Island business

### UK ESO
- **Operating profit**
  - FY23: £52m
  - HY23: £34m

### JVs post tax share
- **Operating profit**
  - FY23: £69m
  - HY23: £59m

### Note:
- Underlying results from continuing operations excluding exceptional items, re-measurements and timing. Operating profit presented at constant currency.
- 1. Electricity System Operator now classified as Held for Sale.

## Net debt profile

- **Net Debt**: £43.9bn
- **Floating Rate**: 10%
- **Index linked**: 11%
- **Net Debt Currency profile**: 47% £ Sterling, 53% 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.

## Regulatory Overview

### UK: Electricity Transmission
- Targeting 100 basis points of operational outperformance per year on average across RIIO-T2

#### RIIO-T2
- (2021-26)
- **Allowed return on equity**: 4.91%
- **Gearing**: 55%
- **Capex**: £9bn
- **Sharing Factor (Totex)**: 33%

#### RIIO-ED2
- (2023-28)
- **Allowed return on equity**: 5.28%
- **Gearing**: 60%
- **Core baseline Totex (20/21 prices)**: £5.9bn
- **Sharing Factor (Totex)**: 50%

### UK: Electricity Distribution
- Targeting 100-125 basis points of operational outperformance per year on average across RIIO-ED2

#### RIEDNY-KEDLI
- (2020-23)
- **Allowed return on equity**: 8.8%
- **Equity to Debt**: 48:52

#### RIIO-ED2
- (2023-28)
- **Allowed return on equity**: 9.0%
- **Equity to Debt**: 48:52

### Note:
- 1. Allowed ROE FY24 (real) which is updated each year with changes to the risk-free rate
- 2. KEDNY-KEDLI rate filing made in April 2023
- 3. Backdated to 2020 and includes 1 year extension to 2024
- 4. To March 2023
- 5. Not including leak prone pipe investments which are recovered under separate mechanisms

### US: New York
- Rate agreements for KEDNY-KEDLI and NIMO approved in 2021 and 2022 respectively

#### KEDNY-KEDLI
- (2020-23)
- **Allowed return on equity**: 8.8%
- **Equity to Debt**: 48:52
- **Capex**: £3.3bn

#### NIMO Gas & Electric
- (2021-24)
- **Allowed return on equity**: 9.0%
- **Equity to Debt**: 48:52
- **Capex**: £3.3bn

### US: New England
- Rate agreements for Massachusetts Gas and Electric include a Performance Based Rate Mechanism

#### Mass Gas
- (2021-26)
- **Allowed return on equity**: 9.7%
- **Equity to Debt**: 53:47
- **Capex**: £1.3bn

#### Mass Electric
- (2019-24)
- **Allowed return on equity**: 9.6%
- **Equity to Debt**: 53:47
- **Capex**: £1.5bn

## Note:
- Underlying results from continuing operations excluding exceptional items, re-measurements and timing. Operating profit presented at constant currency.
- 1. Electricity System Operator now classified as Held for Sale.
The Energy Transition Company

As one of the world’s largest publicly listed utilities, we are facing some of the biggest energy challenges in history and have an important role to play in delivering the clean energy transition. To help us overcome these challenges and facilitate a positive energy transition we are driving industry-leading innovation.

01 Deliver for our customers efficiently

Delivering against our responsible business commitments, we are working to support a clean, fair and affordable energy future where nobody is left behind.

We are providing financial and practical assistance to our customers and communities:

- In the UK we are working to return £300m from our interconnector business to customers early
- £400m 3-year cost efficiency programme target achieved early. £426m of savings delivered, benefiting consumers today and long into the future

CASE STUDY

£65 million energy support fund

In November 2022, we pledged £50 million in the UK and $17 million in the US to provide assistance to some of the hardest-hit households this winter and next.

In the UK, we have now allocated nearly £39 million of our energy support fund to help 30,000 households through the energy crisis.

In the US we have launched our customer assistance programme, contributing $10 million so far, to help support vulnerable households.

And for this upcoming Winter, £19m will be available to support those most vulnerable in the UK and US.

02 Enabling the energy transition for all

We have revised our near-term emissions reductions targets, aligning the Group to a 1.5C degrees pathway, verified by SBTi. We remain committed to delivering net-zero by 2050.

Scope 1 & 2 by 60%* by 2030

Scope 3 by 37.5%* by 2034

Scope 1, 2 & 3 to NET ZERO by 2050

* From a 2018/19 baseline

We have reduced our Scope 1 & 2 emissions by almost 70% to date vs 1990 through investment, technology development and repurposing our energy market focus.

Over the next 5 years we’re committed to investing:

c.£32bn of green capex¹ into the decarbonisation of energy systems.

Green Capital Investment

FY2022-26

03 Grow our organisational capability

Following our strategic pivot towards electricity in the UK, we believe our investment will be at the heart of the energy transition and it provides greater certainty of medium-term growth.

04 Empower our people for great performance

We are building diverse and inclusive teams that reflect the communities we serve, attracting the best talent and recognising great achievements.

We are helping create thousands of green jobs alongside development opportunities for young and underrepresented people, developing the right skills now and in the future to accelerate the energy transition.

We are supporting women return to work through our STEM Returners partnership. These professionals are often subjected to barriers and unconscious bias when returning to a STEM career after a period of absence.

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. 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 gCO2e/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.

ESG and Responsible Business Charter

Our refreshed Responsible Business Charter, continues to articulate what ‘responsibility’ means for us. Following extensive stakeholder engagement, in September 2023 we updated our Charter to focus on 3 core pillars; Our Environment, Our Customers, and Communities, and Our People. These pillars are underpinned by our Responsible Business fundamentals, and previous pillars of Economy and Governance are now embedded within these new focused areas.

Performance Highlights

<table>
<thead>
<tr>
<th>Our Environment</th>
<th>Our Communities &amp; Communities</th>
<th>Our People</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Building on our role as a Principal Partner of COP26, we participated in COP27 last year</td>
<td>• Reliability of over 99.99% across our networks</td>
<td>• ‘Stand Up For Safety’ campaign launched as a core element of our new safety strategy</td>
</tr>
<tr>
<td>• Clean Energy Vision for our US networks launched</td>
<td>• £65m energy support fund for families most in need of support across US and UK</td>
<td>• We are a Living Wage Foundation employer in the UK and in the US all colleagues are paid above the statutory minimum</td>
</tr>
<tr>
<td>• Viking Link interconnector progress – taking total capacity across our portfolio to 7.3GW once complete</td>
<td>• In the UK we are working to return £300m from our interconnector business to customers early</td>
<td>• Diversity, equity and inclusion remains top of our priorities, as demonstrated by our updated executive remuneration policy which increases focus on ESG</td>
</tr>
<tr>
<td>• Maintained our CDP Climate Change ‘A list’ rating for the 7th consecutive year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For additional details on our 2022/23 ESG performance please refer to our Responsible Business Report.

Our 'Grid Guide to’ ESG Investor Series

A National Grid investor series containing a selection of podcasts and virtual sessions on relevant Environmental, Social and Governance topics and themes. You can browse our latest content by visiting our dedicated Environmental, Social and Governance webpage.

Grid Guide to... Enabling EVs and modernising our networks in Massachusetts

March 2023: Our New England business President, Steven Weerner is joined by his colleagues, Jake Navarro – Director of Clean Transportation and Bill Jones – Director of Grid Modernisation to discuss our recently approved funding for electric vehicle infrastructure and network modernisation. Listen now to find out more details, including what this means for the state’s climate ambitions, our customers and communities.

Our Clean Energy Vision

National Grid’s vision is to fully eliminate fossil fuels from our US energy networks, enabling our customers and communities to meet their heating needs without using fossil fuels by 2050, if not sooner. Please visit: www.nationalgrid.com/us/fossilfree

Video: Our vision for fossil-free heat

Our vision for fossil-free heat addresses climate change while ensuring affordable, reliable service to all our customers. Watch this video to learn more about how we plan to make our vision of a clean energy future a reality.
Awards and recognition

To be held account against our environmental, societal and governance business commitments, National Grid is proud to share reporting data and have its sustainable efforts analysed.

*Copyright ©2021 Sustainalytics. All rights reserved. This (publication/ article/ section) contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers.

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 business, 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 full 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 223 to 228 of National Grid’s most recent Annual Report and Accounts for the year ended 31 March 2023, as updated by National Grid’s unaudited half-year financial information for the following six month period. Copies of the most recent Annual Report and Accounts are available online at www.nationalgrid.com or from Equity iLink. 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.

Further information

Nick Ashworth
Director of Investor Relations
M +44 (0) 7814 355 590
nicholas.ashworth@nationalgrid.com

Angela Broad
Senior Investor Relations Officer
M +44 (0) 7825 351 918
angela.broad@nationalgrid.com

James Flanagan
Investor Relations Manager (US)
M +44 (0) 7970 778 952
james.flanagan2@nationalgrid.com

Alexandra Bateman
Investor Relations Manager
M +44 (0) 7970 479 571
Alexandra.bateman@nationalgrid.com

Daniel Evans
Investor Relations Analyst
M +44 (0) 7593 598 877
Daniel.evans1@nationalgrid.com

National Grid plc
1-3 Strand
London WC2N 5EH
United Kingdom

nationalgrid.com/investors