

# National Grid's Investment Proposition

"Announcing £60 billion of investment, cements our position as a leader in the energy transition in the UK and US Northeast.

Our strong track record of infrastructure delivery positions us to take advantage of the significant growth opportunities we see ahead."

FY24 Investor Relations

CEO, John Pettigrew

## NEW 5-year framework FY25-29

### Capital investment



**c.£51bn**  
Green<sup>1</sup>,  
aligned to EU taxonomy

**c.£23bn**  
UK Electricity Transmission

**c.£8bn**  
UK Electricity Distribution

**c.£17bn**  
New York  
Regulated

**c.£11bn**  
New England  
Regulated

**c.£1bn**  
NG Ventures

### Group asset growth

**c.10% CAGR<sup>2</sup>**

### Underlying EPS

**6-8% CAGR<sup>3</sup>**

### Credit metrics

Committed to strong investment grade credit rating  
Credit metrics above current rating thresholds<sup>4</sup>

### Dividend

Aim to grow dividend per share in line with UK CPIH<sup>5</sup>

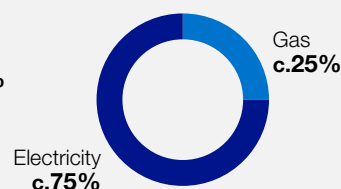
## Geographic and regulatory diversity

### FY24 asset base<sup>6</sup>

#### Geographical split



#### Energy split



1. Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks.
2. Group asset compound annual growth rate from a FY24 baseline. Forward years based on assumed USD FX rate of 1.25; and long run UK CPIH and US CPI. Assumes sale of ESO, Grain LNG, and National Grid Renewables before 2029. Assumes remaining 20% stake in UK Gas Transmission treated as a discontinued operation and therefore does not contribute to group asset growth.
3. EPS compound annual growth rate from a FY25 baseline. Forward years based on assumed USD FX rate of 1.25; long run UK CPIH, US CPI and interest rate assumptions and scrip uptake of 25%. Assumes sale of ESO, Grain LNG and National Grid Renewables before 2029. Assumes remaining 20% stake in UK Gas Transmission treated as a discontinued operation and therefore does not contribute to underlying EPS.
4. Until at least the end of the RIIO-T3 period.
5. Aim to increase the FY25 DPS by UK CPIH following the rebase of the FY24 DPS of 58.52 pence, after taking account of the new shares issued following the Rights Issue.
6. Calculated as proportion of closing FY24 asset base and no longer includes UK Gas Transmission and Metering.

## FY24 Highlights

### Group financial summary full year ended 31 March 2024

Underlying results

#### Operating profit

**£4,773m** **↑6%**

FY23: **£4,518m**

#### Underlying EPS

**78.0p** **↑6%**

FY23: **73.6p**

#### Dividend growth

**58.52p** **↑5.55%**

FY23: **55.44p**

#### Capital investment

**£8,235m** **↑11%**

FY23: **£7,430m**

Underlying results from continuing operations excluding exceptional items, remeasurements, deferrable major storm costs (when greater than \$100m), timing, the contribution from UK Gas Transmission and Metering, which are classified as a discontinued operation for accounting purposes, and the impact of deferred tax in UK regulated businesses (NGET and NGED).

Operating profit, underlying EPS and capital investment calculated at constant currency. Capital investment includes investment in JVs and capital prepayments and no longer includes investments in NG Partners. Comparatives have been restated.

Underlying EPS restated to reflect change in definition to remove the impact of deferred tax in UK regulated businesses (NGET and NGED).

**A refocused strategy on energy networks:** Investing around £60 billion over the next 5 years, almost entirely into energy networks, backed by a comprehensive financing plan, including the intended sale of our UK Grain LNG terminal and US renewables businesses.

**Record Group capital investment:** £8.2bn 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.

**Good FY24 financial results** a little higher than expectations, reflecting higher regulated revenues.




**ASTI progress** Joint construction projects signed for Eastern Link 1 and 2 with preferred suppliers selected for HVDC cable and converter stations. Launched the 'Great Grid Partnership' with seven industry partners to help deliver network design and construction works on nine major projects.

**Updated Responsible Business commitments** New SBTi aligned near-term emissions targets, including a new aim to reduce Scope 1 and 2 emissions by 60% by 2030 from a 2018/19 baseline, whilst remaining committed to reduce Scope 3 emissions by 37.5% by 2034.

# Increased clarity on investment plans

## UK Electricity Transmission

## US Regulated

<b>Scale</b> 	<b>17 Accelerated Strategic Transmission Investment (ASTI) projects in licence</b> <ul style="list-style-type: none"> <li>• Mid-high teens £billions</li> </ul> <b>“Beyond 2030” Electricity System Operator report</b> <b>RIIO-T3 business plan development</b>	<b>Downstate NY KEDNY/KEDLI rate plan</b> <ul style="list-style-type: none"> <li>• c.\$5bn capex over 3 years</li> </ul> <b>Upstate NY Niagara Mohawk (NiMo) upcoming rate filing</b> <b>\$4bn “Upstate Upgrade”</b> <b>Massachusetts Electric (MECO) rate filing</b> <b>Electric Sector Modernization Plan (ESMP): \$2bn over 5 years</b>
<b>Profile</b> 	<b>ASTI supply chain progress</b> <ul style="list-style-type: none"> <li>• Eastern Green Links 1 &amp; 2 contracts awarded</li> <li>• c.£9bn enterprise partnership model</li> </ul> <b>Planning &amp; consenting progress</b> <b>UK policy progress</b> <ul style="list-style-type: none"> <li>• Updated energy National Policy Statements</li> <li>• Transmission Acceleration Action Plan</li> </ul>	<b>Supply chain progress</b> <ul style="list-style-type: none"> <li>• Engineering contracts for \$2.9bn CLCPA<sup>1</sup> transmission projects</li> </ul> <p>Good visibility of investment in electric distribution and leak prone pipe replacement programme</p>
<b>Regulation</b> 	<b>New Ofgem duties:</b> growth and net zero <b>Ofgem RIIO-T3 SSMC<sup>2</sup>:</b> introduction of investability <b>Ofgem strategy update:</b> “enabling infrastructure for net zero at pace”	<b>KEDNY/KEDLI</b> <ul style="list-style-type: none"> <li>• 9.35% allowed return on equity (up 55bps)</li> </ul> <b>NiMo rate filing</b> <b>MECO &amp; ESMP rate filing</b> <ul style="list-style-type: none"> <li>• Productive discussions with Regulator (DPU)</li> </ul>

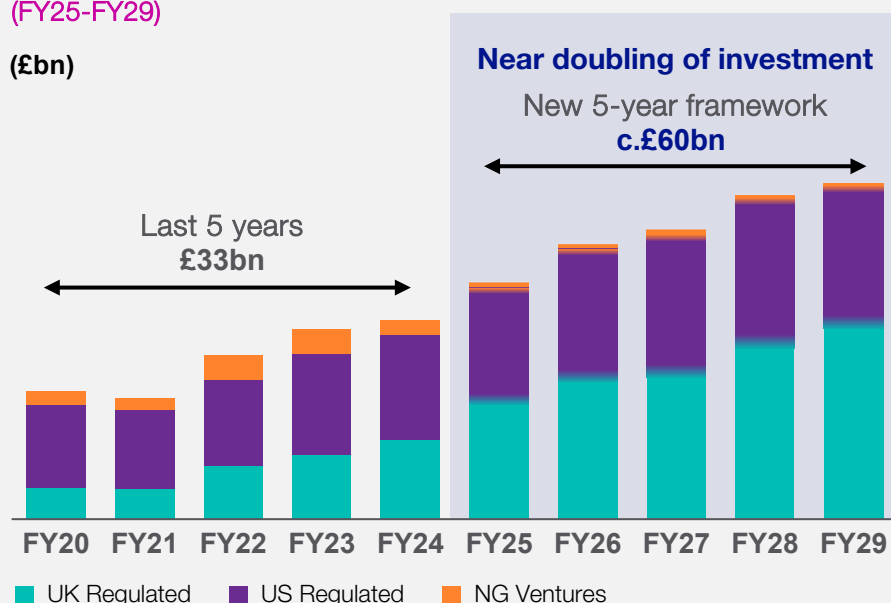
1. Climate Leadership and Community Protection Act

2. Sector specific methodology consultation (SSMC) to be published by Ofgem

# Driving a significant step-up in investment & growth

**c.£60bn capital investment**  
(FY25-FY29)

(£bn)



**c.85%**  
**Green investment**  
aligned to EU taxonomy

**c.10%**  
**group asset growth**  
CAGR FY25-29

**c.£100bn**  
**Group assets**  
by FY29<sup>1</sup>

1. Assuming average CPIH inflation of 2.5%

**An attractive proposition of growth and yield**

# Strong track record of delivery

**Expertise**  
in large infrastructure



**Organisation**  
set up to deliver



**Exceeded cost**  
**efficiency target**  
**£513m**

**Target by end**  
**of FY24:**  
**£400m**

Track record of outperformance and delivery against regulatory frameworks

## High growth pureplay networks

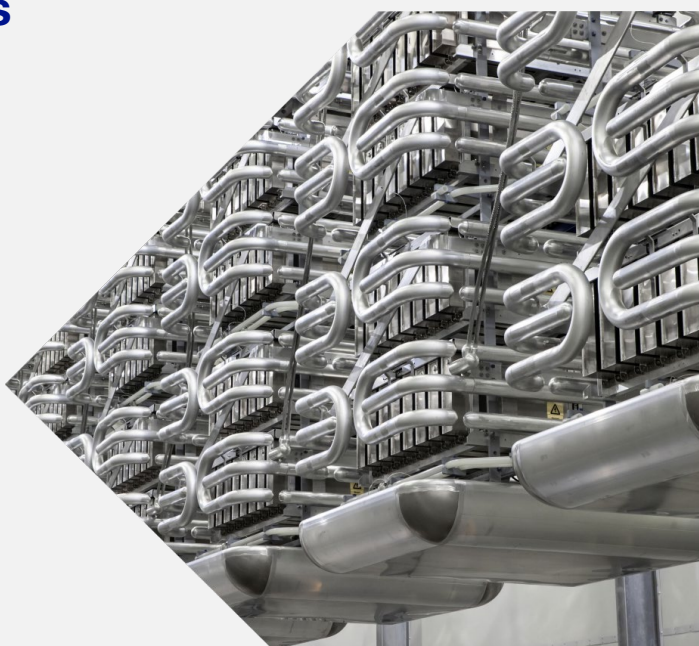
**Streamlined portfolio** focused on  
**regulated** and **competitive, onshore** and  
**offshore networks**

### Refocused NG Ventures

- UK Interconnectors and Offshore Hybrid Assets
- US competitive electricity transmission

### Crystallising value

- National Grid Renewables
- Grain LNG



## A new and exciting phase of growth

**A significant step up**  
**in investment and growth**

Acceleration of the **energy transition**

**c.£60bn investment** through to 2029

**Pureplay networks** business

**Driving long-term value growth**  
**and shareholder returns**





# Backed by a comprehensive financing plan

## A strong investment grade balance sheet

## positioned to deliver an unprecedented step up in capital investment

Equity	<ul style="list-style-type: none"><li>• Raise of £7bn supports increased investment levels</li><li>• 7 new shares for every 24 existing shares. Issue price of 645 pence</li></ul>
Debt	<ul style="list-style-type: none"><li>• Continued issuance of senior debt across the Group</li><li>• Expect to use hybrid debt later in 5 year framework to maintain balance sheet strength and investment flexibility</li></ul>
Credit metrics	<ul style="list-style-type: none"><li>• Committed to strong investment grade credit rating</li><li>• Credit metrics above current rating thresholds<sup>1</sup>: FFO/net debt &gt;10% and RCF/net debt &gt;7%</li></ul>
Portfolio	<ul style="list-style-type: none"><li>• Announcing sale process for Grain LNG and NG Renewables</li></ul>
Dividend	<ul style="list-style-type: none"><li>• Continued progressive dividend policy, maintaining total level of dividend. Grow DPS in line with CPIH</li><li>• Implies a DPS rebase from FY25<sup>2</sup><ul style="list-style-type: none"><li>• Scrip dividend maintained given high asset growth</li></ul></li></ul>

1. Until at least the end of the RIIO-T3 period.

2. Aim to increase the FY25 DPS by UK CPIH following the rebase of the FY24 DPS of 58.52 pence, after taking account of the new shares issued following the Rights Issue.

## New 5-year financial framework

FY2025 - 2029	
Capital investment	<b>c.£60bn – c.£51bn green<sup>1</sup></b> <b>c.£23bn</b> UK Electricity Transmission <b>c.£17bn</b> New York Regulated <b>c.£8bn</b> UK Electricity Distribution <b>c.£11bn</b> New England Regulated <b>c.£1bn</b> NG Ventures
Group asset growth	<b>c.10% CAGR</b> (from a FY24 baseline) <sup>2</sup>
Credit metrics	Committed to strong investment grade credit rating Credit metrics above current rating thresholds <sup>3</sup>
Underlying EPS	<b>6-8% CAGR</b> (from a FY25 baseline) <sup>4</sup>
Dividend	Aim to <b>grow dividend per share</b> in line with CPIH <sup>5</sup>

1. Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks.

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# 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

### Our Environment

- Building on our role as a Principal Partner of COP26, we participated in COP27 last year
- Continue to advocate for Clean Energy Vision
- Viking Link interconnector completed – taking total capacity across our portfolio to 7.8GW
- Maintained our CDP Climate Change ‘A list’ rating for the 8<sup>th</sup> consecutive year

### Our Communities & Communities

- Reliability of over 99.99% across our networks
- Connected 3,030 MW of renewable energy across our UK and US transmission and distribution networks
- £513m cost efficiency savings, exceeding the £400m FY24 target

### Our People

- ‘Stand Up For Safety’ campaign launched as a core element of our new safety strategy
- We are a Living Wage Foundation employer in the UK; and in the US all colleagues are paid above the statutory minimum
- Diversity, equity and inclusion remains top of our priorities, as demonstrated by our executive remuneration policy which includes a focus on ESG

## 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...Accelerating UK Connections - Investor Event

On 8th February, we hosted an investor event live from our London office, focussing on connections to our UK Electricity Transmission and Distribution networks. The presentation was followed by a live Q&A.

[Watch webinar >](#)[Access materials >](#)

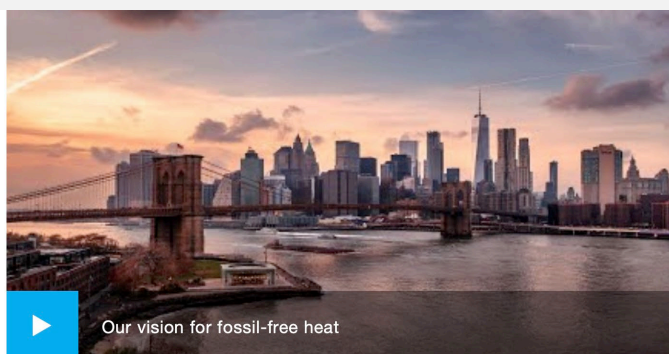
## Our Clean Energy Vision

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](http://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.

[Watch the video](#)

Our vision for fossil-free heat

# 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 our sustainable efforts analysed.



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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 (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 and decisions by governmental bodies or regulators, including those relating to current and upcoming price controls in the UK and rate cases in the US, as well as the future of system operation in the UK; 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, 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, or due to counterparties being unable to deliver physical commodities; reliability of and access to IT systems, including or due to the failure of or unauthorised access to or deliberate breaches of National Grid's 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 support its role in the energy transition; 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 document 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 breaches 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, its strategic infrastructure projects and joint ventures and the separation and transfer of the ESO to the public sector. 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 226 to 231 of National Grid's Annual Report and Accounts for the year ended 31 March 2024, which is published today. 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 document. This document is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities. 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