

National Grid
Full Year Results 2025/26

Video Webcast

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Transcript

nationalgrid

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Zoë Yujnovich:

Good afternoon, everyone, and welcome. Thank you to those joining us in the room and online. I've been looking forward to presenting to you today. As Chief Executive my ambition is clear: to build on National Grid's strong foundations, sharpen execution and advance us as a world-class business. Strong execution is the foundation of confidence – for customers, regulators, governments, and investors. And we must continue to transform our business as the external environment changes at pace.

Let me start with our full-year results. These strong results demonstrate the momentum we're building. We delivered a step up in capital investment of more than 20% to £11.6 billion, driving asset growth of 10.9%. Underlying operating profit, increased to £5.7 billion, reflecting strong operational delivery. This supported 8% growth in underlying earnings per share at constant currency, in line with our guidance. We also grew our dividend per share by 3.8%, in line with UK CPIH inflation.

These results show we are delivering on our commitments. They also provide the reference point for the observations I've made since arriving, and the strategic priorities we are now driving forward. Since becoming Chief Executive last autumn, I've spent significant time across our UK and US operations, and with colleagues at every level of the organisation. I have engaged to listen and learn, and to reinforce that safety remains one of our foundational values. These conversations will ensure that whatever changes we make, are grounded in today's realities and informed by broad input. I have also spent time with our external stakeholders – customers, suppliers, strategic partners and with many of you. I've invested significant time with Regulators and Governments on both sides of the Atlantic. It's through working together that we can navigate the trade-offs between affordability, security of supply, resilience, and sustainability. All of this underscores for me that National Grid has strong foundations and is differentiated from our peers.

Our portfolio is well diversified across geographies, regulatory frameworks and energy mix. We have clear visibility on investment and growth, deep engineering capability and regulatory expertise. Our colleagues understand the critical role we play in the energy system and take that responsibility

seriously. These strengths underpin our long-standing track record as one of the most reliable and resilient companies in the sector. My focus now is on ensuring the way we work reflects the scale, complexity and opportunities ahead. I am guided by what has served me well throughout my career: a belief that every organisation can, and must, improve its performance. As a first step, I strengthened the executive leadership team and took actions to improve decision-making and clarify accountabilities. This has included creating a new growth forum to provide more effective challenge on capital and bringing together the T3 capital execution under one team. From there, I have mobilised the organisation.

We brought together our senior leaders and top talent to rigorously test our ambition against not just best-in-class peers, but also leaders in other industries. This work focused on identifying the levers that will de-risk our plans to create the capacity to absorb uncertainties and outperform where opportunities emerge. I will share some practical examples of these later. We have also moved quickly to enhance delivery through specific actions, like streamlining our governance processes and deepening our performance rigour. These early quick wins were targeted at improving ways of working, and reinforcing a more dynamic, action-oriented culture. We are a large company – 33,000 strong, and so I am also realistic that agility is not built in a day. This work has culminated in a refreshed strategic framework, now rolled out across the business to sharpen focus and support consistent execution. This is not a change in direction, but instead provides a coherent structure under which we are unifying our efforts.

This progress gave Andy and I the confidence to set out our updated 5-year framework in March. We will invest at least £70 billion, our largest-ever capital investment programme, supporting annual asset growth of 10%, upgraded underlying EPS growth of 8-to-10%, and our progressive dividend offering. Before I walk through our strategic framework, it's worth stepping back to look at the market forces reshaping our industry and the opportunity that drew me to National Grid. We are operating in an energy system that is fundamentally changing. The drivers of that change are interconnected, reinforcing one another, and unfolding at different speeds. Taken together, they create powerful tailwinds for our business. At the

heart of this is the shift in supply mix. In the UK, a key driver today is the change in generation mix. Our role is to connect 35 GW of new generation to our transmission network in the next five years alone.

The sheer magnitude of it – transforming a legacy grid that flows north-to-south, into a mesh system that connects massive windfarms, distributed generation and battery resources – is an enormous feat. In the US, we have a different picture. Continued investment is vital to ensuring reliability across our networks, whilst demand is growing rapidly due to reshoring and data centre demand. The scale of work underway in our Upstate New York transmission assets is emblematic of how the system is evolving. Natural gas also remains an important part of the energy mix for resilience and affordability, which underscores the criticality of our gas system. Demand is also evolving across our jurisdictions and will lead to a second wave of growth. AI and electrification are driving a step-change in power demand. New large-load customers, like data centres and industrials, want connection solutions that are faster, more certain and more resilient, which is changing the competitive landscape.

In the UK, we are ready to connect 19 GW of new demand over the next five years, representing a fourfold increase compared to the previous price control period. In the US, peak demand is projected to rise by more than 15% by 2029, requiring grid expansion to be delivered around five times faster than in the past two decades. So, what does this all mean? Customer expectations for reliability, security of supply and system performance are rising. And in periods of greater geopolitical volatility this is further amplified. Taken together, these structural shifts are expected to drive substantial growth in electricity demand across our markets over the next decade. Gas demand is expected to remain broadly stable, but investment remains essential to reliably meet periods of peak demand. Affordability is a defining challenge for the whole energy system today. Our role is to deliver well-planned, well-executed network investments that lower costs across the system.

So, our opportunity is defined by the visibility of the growth we have and what is likely to emerge. It is an opportunity underpinned by powerful, long-

term tailwinds driven by structural market growth. In all scenarios, grids will be at the centre of these trends, enabling the most efficient market formations. And the critical question, which I'll come to next, is how we translate these tailwinds into disciplined delivery and sustainable value.

That market context is exactly why we've refreshed our strategic framework. To sharpen our focus on the actions that create value today, while positioning National Grid to capture the growth ahead. Starting first with our mission: we bring energy to power possibilities. Our job is to unlock the full range of possibilities that energy can drive. That mission is grounded in our values, which have not changed: doing the right thing, making it happen and finding a better way. These values are not separate from the strategy; they are how we deliver it. From there, the framework has two core components: the "Brilliant Basics" and the "Big Shifts". The Brilliant Basics are the foundations of our business, where we are focused on delivering world-class performance. This is where the overwhelming majority of our organisation is focused. Calling them "basics" does not mean they are simple, nor static. Quite the opposite. These areas require relentless improvement, disciplined execution and the thoughtful deployment of proven technology.

Done well, this continuous improvement compounds into a step change in performance. Capital is about best-in-class delivery of our largest-ever investment programme. This is non-negotiable and central to our value creation story. It requires industry-leading capability in planning, assurance, supply chain readiness and execution discipline. Across our Assets, it is about getting the very best from our existing capital employed – improving reliability and resilience, extending asset life, and using data and insight to optimise performance and investment over time. For Customers, it is about providing consistently strong experiences – from reliability and service, through to faster, more predictable connections and transparent proactive communication. And in our functions, the priority is to enhance control and oversight while reducing friction in how we operate, so the organisation can move with greater pace and clarity. These Brilliant Basics de-risk the plan in front of us. But the market forces I described earlier require more than incremental improvement.

They also require us to transform how we lead, how we innovate, and how we shape our external environment. They require three big shifts. The first is leadership, people and our performance culture. Delivering our strategy at pace requires absolute clarity of accountability, stronger performance management, and investment in leadership. That's why we have aligned organisational performance management to our new strategic framework, running a red thread from our business objectives to individual goals. The second is technology and innovation. The complexity of the energy system we are building cannot be managed in traditional ways. We must use technology, including digital, data and AI, much more systematically. This will enable us to improve productivity, get more out of our networks, accelerate delivery and improve customer experience. We have a number of examples of this across our business, which I will cover shortly. The third is our external positioning and policy advocacy.

As system needs evolve, existing policy and regulatory frameworks must too. We will be deliberate in shaping outcomes that support affordability, resilience and growth. That means prioritising where we engage, taking clearer positions, and building coalitions to shape the debate on both sides of the Atlantic. A good example of this is the regulatory engagement we are currently undertaking on ED3. As we seek to get the right blend of investment and flexibility to deliver affordable solutions. So, put simply: the Brilliant Basics de-risk today's plan; the Big Shifts position National Grid to lead the next phase of the energy evolution. And executing this will enable us to build a platform for exploring longer-term growth opportunities over time. But let me first bring our delivery to life, by covering our five-year plans in both the UK and the US. Starting with the UK, where we have clear visibility over our largest-ever investment programme, which is driving a step-change in growth over the next five years.

As the biggest FTSE-listed investor in the UK we are driving economic growth. Both through the scale and long-term visibility of our investment, and the network capacity we create. We plan to invest around £40 billion across our UK regulated businesses, reflecting both the magnitude of the energy transition and the critical role our infrastructure plays in enabling it. We are reshaping the backbone of the UK energy system: nearly doubling

the amount of power that can flow across the network. Across Transmission and Distribution we are building major new substations and delivering around 7,500 kilometres of new or upgraded network infrastructure – equivalent to the distance from London to New York, and over half-way back again. It also means building the workforce to deliver it, where over the next five years we expect to recruit around 6,000 full-time employees in the UK, which includes 2,000 Graduates and Apprentices.

And of course there is also a multiplier effect to our investment, across our contractors, supply chain and into the broader economy. Much of this investment is already underpinned by clear and stable regulatory frameworks. RIIO-T3 gives us the mandate and visibility to invest at scale in transmission, and in distribution we are now engaging on ED3, where the direction of travel provides confidence in our growth. The focus of our investment is very clear: enabling a fundamental shift in how the system operates. In transmission, we expect to invest around £31 billion, a 150% increase over our previous five-year investment, including connecting up to 35GW of new generation and 19GW of new demand. In distribution, we are investing around £9 billion to build more flexible, intelligent networks, enabling electric vehicles, heat pumps, distributed generation and new demand. All while maintaining reliability and performance at a local level.

This translates into UK regulated asset value growth of more than 60% over the next five years, to over £60 billion, creating a strong platform for sustained earnings growth. Alongside our onshore regulated networks, our 7.8GW interconnector portfolio is the largest in the world. It plays a critical role in linking the UK to neighbouring European markets. Which is improving security of supply, enabling the two-way flow of lower-cost energy, and supporting resilience. So, the UK opportunity is clear. Well-established regulatory frameworks, delivering a step-change in both supply and demand connectivity, and building long-term value for all stakeholders. Turning now to the US, where we see a different, but equally compelling growth story. We plan to invest around £29 billion across our New York and New England businesses over the next five years. This reflects both the size of the opportunity and the regulatory construct we operate within.

Our regular rate case cycle is typically every three to five years. This provides clear visibility on our investment plans and allows us to adapt to evolving system needs, policy and regulatory priorities, and emerging growth opportunities. In New York, we expect to invest around £17 billion over the next 5 years, around 30% higher than the previous period, and in New England around £12 billion, an increase of approximately 50%. This step-up is driven by ongoing investment to maintain our resilience across gas and electric. As well as increased demand connections, with expected demand growth at around three times previous levels. But it's not just about data-intensive load growth. The planned Micron chip fabrication facility in central New York is a good example of the US commitment to reshoring manufacturing. So, the underlying fundamentals of the US Northeast are very encouraging for future investment. At the same time, we are strengthening and modernising our networks across both electricity and gas.

In electricity, this includes transmission upgrades, new connections and accelerating the deployment of smart metres. In gas, our local distribution business continues to play a critical role in system resilience, safety and affordability. Which is supported by our ongoing investment in pipeline replacement and network modernisation. And, as in the UK, our investment translates into clear long-term value creation. Across our US businesses, we expect to grow our regulated asset base by around 50% over the next five years, to more than £45 billion. So, the US story is one of scale, resilience and growth in every part of our business, with a portfolio that is well positioned to deliver sustainable value over the long term. So, if that is the scale of the growth opportunity ahead, let me now explain what makes me confident in our delivery. There is already good progress in our capital portfolio today, with key projects well underway on both sides of the Atlantic.

We have two-thirds of our £70 billion investment covered by regulatory agreements. And delivery mechanisms secured for three-quarters of it, including 100% of the primary supply chain for our ASTI projects. In the last 6 months, we have contracted £2.5 billion for the Eastern Green Link 3 & 4 cable and convertors, and a further £1 billion on Phase 2 of our CLCPA programme in New York. Our assets continue to deliver world class

reliability and resilience, including '99 point 9,9,9,9,9 reliability in our UK Transmission business. While in Massachusetts, we now have 34% of customers covered by FLISR – that's a self-healing network technology that restores customer power within a couple of minutes of an outage. Over the last 6 months, customers in Massachusetts have in aggregate avoided more than 15 million minutes of power outages because of this technology. We are also using advanced satellite and AI-based vegetation management tools to help reduce outages proactively as well.

Both of these initiatives are allowing us to demonstrate the significant value of our investments in prevention rather than response, which enhances our reliability and is important as we engage on future rate cases. And for the third consecutive year, we received awards from the Edison Electric Institute for our storm response. I'm not surprised about this when I see the dedication of our teams doing everything they can to restore customers quickly during these most challenging periods. We are also using advanced technology in our customer processes. For example, by migrating to a new contact centre digital platform in the US, we've consolidated millions of call interactions across fragmented systems into a single cloud platform. And finally, underpinning all of this, we have a solid operational backbone in our functions. Our core processes, systems and teams provide strong controls whilst, supporting the businesses in consistent delivery.

So, it is from here that we are now focusing on how we go further, sharpening performance and lifting ourselves towards best-in-class across each of these areas. Let me begin with how we are sharpening performance on capital. From the early engineering and planning stages all the way through to execution, we are systemically optimising our delivery plans. This will improve cost and schedule performance across the portfolio. And there are two key areas we've focused on: Firstly, project assurance. Our new capital control tower is already delivering benefits in the early stages of project development, using agentic capabilities to assess optioneering and documentation at each stage gate. It gives project managers real-time feedback enhancing regulatory recovery and allowing them to adjust early, before changes become more costly when in construction. When you have delivered as many projects as we have, there are inevitably learnings along

the way. The control tower is making those lessons available much faster to leaders across all of our projects, from large to small, informing our full £70 billion plan and giving us confidence in its robustness.

We are also capturing synergies across our portfolio. For example, bringing together ASTI and non-ASTI delivery from UK Electricity Transmission into a centralised delivery function. This is improving supply chain coordination, optimising scheduling and accelerating our learnings as we build world class capability and systems. Secondly, capital optimisation. AI will also help generate robust project plans and test thousands of delivery scenarios. It will help us to plan system access outages, continuously optimising schedules as conditions evolve across the portfolio, not just on individual projects. This means we can make better integrated decisions and drive faster, more predictable and lower cost delivery. System access outages are increasingly difficult to secure, and being able to optimise our access needs is essential. Another key lever is standardisation. By using more consistent equipment and designs, we can reduce engineering cycle times, simplify procurement and lower unit costs. We have standardised our HVDC cable designs, aligning with European standards to make procurement faster and to give us access to a wider range of suppliers.

We're also moving to fewer substation designs and enabling more modularisation of our equipment. Taken together, these actions strengthen our resilience to cost pressures and position us to outperform against our regulatory incentives. Turning next to our assets, where our focus is on improving maintenance and operations, and unlocking more of the latent design capacity of our assets. One early focus is our front-line field operations, where there is a clear opportunity to improve productivity through technology, better use of data, and more effective management. As a case study, in our New York Gas business we have piloted a set of operational improvements. First, reducing the administrative burden on supervisors, simplifying processes and using AI to free up their time so they can focus on driving performance and removing obstacles in the field. Second, improving planning and scheduling, ensuring crews are deployed more effectively, using analytics and AI to optimise routes and increase utilisation.

This has improved productivity through a 30% reduction in crew travel time. And finally, strengthening performance management, using clearer, more integrated metrics to give real-time visibility of productivity. Across our networks, we see opportunities to mature our asset management capabilities. We will drive greater performance through better intelligence, using technology to manage risks and implementing consistent standards. This drives value on several fronts. It allows us to sustain our industry-leading reliability as the system becomes more complex, and at the same time improves productivity and reduces the cost to serve. In terms of our customers, we are committed to improving our service in response to their rapidly changing expectations. We are now serving a broader and more diverse range of customers than ever before, from households through to large industrial and technology customers, each with different needs. So, our focus is on how we evolve our offering to meet those needs with more speed and transparency.

In the US, we have rolled out advanced smart metres to over 2 million of our customers. By combining these with a market-leading digital customer platform we will deliver a step change in customer service. This gives customers the tools to understand and manage consumption, and gives us powerful real-time data on exactly how energy is being used. Which allows us to both use our networks more flexibly and save customers money. Alongside that, we are modernising our contact centres. Using new platforms and digital tools to improve first-call resolution, reduce wait times and lower the cost to serve. And we are already seeing the results, with an 18% increase in our after-call customer satisfaction score across our US contact centres over the past year. We are also improving how we connect and partner with our customers, particularly as demand grows and becomes more complex. This is especially true for large load data centre and industrial customers, as well as generators. Where expectations on timing, certainty and engagement are fundamentally different.

Over recent months, we've increased our direct engagement with these customers to better understand their needs, and their frustrations. This has reinforced the importance of pace, clarity and predictability in how we operate. In response, we are clarifying and elevating ownership of our

customer relationships, as well as continuing to focus on reducing the time to connect. The connections reform programme in the UK is an important opportunity for the industry. We are fully committed to playing a leading role in improving how it works for customers. So, this is about evolving our model: from a one-size-fits-all approach, to a more responsive service that better meets the needs of different customer groups. And to bring to life what we are doing across capital, asset and customer, we have a short video to share with you.

Some super examples there and I look forward to highlighting more of these in future updates. Now I want to spend some time on one of the three big shifts, technology and innovation. As I believe it is an overlooked strength of our business, and one I will be spending more time amplifying and scaling across the organisation. You have already heard how we are deploying technology across capital, assets, and customers. Where it is improving planning, enhancing operations and strengthening customer outcomes. But I also want to explain how we are driving innovation as well. This is where we prioritise and scale new ideas, not just for incremental improvement, but to create step-changes in performance and open up future growth opportunities. One of the ways we do this is through National Grid Partners, our corporate venture capital and innovation arm. Here we both invest in, and help scale, startups at the intersection of energy and emerging tech.

And we have many success stories across the 50+ companies we have invested in since 2018. In many cases we have been the first to deploy innovative new technologies that we have then been able to learn from. Some examples, GridCare is a tool that identifies where flexibility can unlock additional capacity on our networks. Which delivers faster connections of new large industrial and AI load. This has the potential to reduce time-to-power for customers and enhance our credibility as a responsive partner. In our first collaboration, GridCare identified 650MW of connection capacity on our network in New York for large, flexible loads. This in turn reduces the customer connection time and costs. Another National Grid Partners backed company, Emerald AI, is a flexibility management platform for AI infrastructure that we are trialling. It can make large data centres flex their load when the network needs it. In our recent trial, in partnership with

Nvidia, it achieved up to 40% reductions in data centre load demand, without any performance loss.

And LineVision's Dynamic Line Rating sensors are allowing us to get more capacity out of our existing network. Following a successful deployment in Upstate New York – one of the first in the US – we are now rolling them out on our UK network. With our Dynamic Line Rating programme expected to save UK customers up to £50m over the next five years. National Grid Partners backed technologies therefore support more capacity on our networks, quicker connections and underpin improved affordability for customers. To drive further innovation leadership, we will look to accelerate the progression from successful pilots into enterprise-wide deployment. This will support us in evolving from being a traditional infrastructure operator to a true technology-enabled system orchestrator, able to manage a more complex, more dynamic energy system, while creating new value over time. This will be an area you will hear much more from us on, as we continue to develop and scale our approach.

To bring some of what we are already doing to life, we have a final video to share.

So, a clear demonstration of the innovation that is happening at National Grid. But let me now talk about how we think about our longer-term growth optionality. As I said at the start, our growth visibility over the next five years is sector-leading, driven by investment in our regulated networks. The strength of our pipeline means my focus is as much on executing what is in front of us today, as it is on positioning the business for what comes next. Delivering the Brilliant Basics and transforming our capabilities gives us the platform to do both. It allows us to sustain strong growth across our businesses, while creating additional growth options in parallel. Within our regulated networks, that includes continuing to shape the policy and regulatory environment, not just for the next price control, but for the longer term. It also means working closely with partners across the system to meet evolving expectations.

Large load customers will be an increasingly important driver of growth, whether through data centres, industrial electrification or new technologies.

How we attract, connect and serve these customers will be critical. It's clear that the energy landscape is changing rapidly, creating new opportunities to accelerate growth. We will therefore be open to exploring opportunities through our NGV business, where we can leverage our capabilities in planning, building and operating major infrastructure. So, our approach to growth is clear. Our investors value us for our long-duration, predictable cash flows and low-risk returns. And maintaining these characteristics remains fundamental to how we assess any new opportunities. So, with that, let me hand you over to Andy who will bring to life the outcome of our strategy through our full-year results, and talk through our five-year framework and the resilience of our business model.

Andy Agg:

Thank you, Zoë, and good afternoon, everyone. I'd like to highlight that as usual we're presenting our results on an underlying basis, and at constant currency. I want to start by expanding on what Zoë has said about the strong foundations from which we will deliver our new strategic frame. Over the last 5 years we have ramped up capital delivery, driven by increased spend in each of our regulated networks, including UK Electricity Transmission where our capital investment this year was almost 4 times the level we delivered 5 years ago. This step up in capex has been supported by regulatory outcomes across our Group which are designed to deliver the network investment our regulators, customers and investors value. This has enabled the Group to deliver strong earnings growth and our progressive dividend policy. The scale of what we have already delivered is significant, and combined with the regulatory visibility of growth, it provides a very strong position to build upon.

Now, turning to our financial performance and highlights across the business units. Starting with UK Electricity Transmission, where underlying operating profit was £1.7 billion, £254 million higher than last year. This was driven by higher revenues reflecting higher allowances and indexation, alongside delivering flat controllable costs. Capital investment of £4.4 billion was up 46% versus the prior year, delivering RAV growth of 16% to £23.8 billion. Investment included: a more than doubling of capex on our ASTI projects, including HVDC capacity reservation payments for Eastern Green Link 4 and SeaLink, alongside the continued ramp up of our Wave 1 projects. Higher

customer connections investment; and project spend on the Uxbridge Moor substation which will connect data centre customers to the west of London, and our new state-of-the-art control centre in the Midlands. We've achieved an 8.2% return on equity, 100 basis points ahead of baseline allowance, with 109 basis points on average across the price control.

This outperformance drives value not just for shareholders, but also our consumers. Over the 5 years of RIIO-T2 our operational outperformance has delivered nearly £1 billion in direct consumer savings.

In March, we accepted the RIIO-T3 price control which will run to March 2031. The price control includes key improvements to de-risking our capital delivery including agreeing allowances in parallel with supply chain engagement as well as adjustments to cost sharing mechanisms. We're confident that the T3 package enables delivery of an overall return on equity above 9% on average across the price control through a combination of operating and ongoing financial performance. This operational outperformance is expected to be delivered through a balance of totex efficiencies as well as more powerful Output Delivery Incentives, or ODIs, in T3. These include new incentives for on-time delivery and innovation, as well as reducing constraint costs. ODI performance will be recognised as it is delivered, reflecting that: the innovation incentive is awarded in years 2 & 4; and performance against the new on-time delivery incentive will ramp up over the price control as projects are delivered.

We're focused on delivering a strong first year of T3, including starting construction on four of our Wave 2 projects, as well as submitting all remaining planning applications.

Moving to UK Electricity Distribution. Underlying operating profit was £1.2 billion, £35 million higher than the prior year, reflecting: an increase in net revenue from higher totex allowances, indexation and incentive performance; alongside lower storm costs; partly offset by increased depreciation. Capital investment was £1.6 billion, 13% higher than last year, with increased investment in asset replacement and reinforcement work. Reflecting this, the RAV grew 7% to £13.1 billion. This year we also reached an important milestone by delivering our £100 million group synergies

target, 6 months ahead of schedule, from areas such as procurement and operations. We saw improved ROE this year, achieving 8.1%, including 50 basis points of outperformance, in line with our guidance. Looking ahead, in December we'll submit our Business Plan for ED3, including the investment levels we believe are needed across our UK distribution networks.

Moving now to the US. Our New York business achieved a 9.0% return on equity, 96% of its allowance and 30 basis points higher than last year. Underlying operating profit was £1.7 billion, £342 million higher than the prior year. This reflects higher net revenues, including: a catch up for previously unremunerated costs; alongside updated rates reflecting growing investment in our networks. This was partly offset by: higher storms costs; property taxes; and increased depreciation. Capital investment grew 11% to £3.4 billion, driven by higher electric spend on our Upstate Upgrade projects, including the completion of the Smart Path Connect transmission project, on time and on budget. Our increased investment delivered rate base growth of 10% to \$25.4 billion. On the regulatory front, this year we agreed our new Niagara Mohawk electric and gas rate case, with an allowed RoE of 9.5%. This rate case enables us to maintain reliable, resilient and cost-effective energy for more than 2 million customers. And Downstate we'll file new rate proposals for our gas businesses, KEDNY and KEDLI before the summer.

Turning to New England, where we achieved above our target, delivering a return on equity of 9.2%, 96% of the allowed return. Underlying operating profit of £866 million, was broadly flat, reflecting: updated rates in our Massachusetts Electric business through our capital tracker mechanism; Offset by: the impact of customer refunds following the recent FERC ruling on New England transmission operators; higher depreciation; and capital-related opex. Capital investment was £2 billion, 24% higher, driven by: Electric investment from increased system capacity work, as well as the continued roll out of our fault detection and restoration technology, FLISR, and advanced metering infrastructure for customers. With this, the rate base grew 12% to \$13.6 billion.

Looking ahead, we expect to agree the Massachusetts Gas rate case later this year and will begin rolling out the digital customer service platform in the US. Moving to National Grid Ventures, where underlying operating profit, including joint ventures, was £401 million, £52 million lower than the prior year. A higher overall contribution from our interconnector portfolio was more than offset by lower profit from Grain LNG, following the sale in November 2025. Capital investment was £109 million, down 70% reflecting: lower capital expenditure in the business following the sales of National Grid Renewables and Grain LNG.

Moving now to cash flow. Cash generated from continuing operations was £7.9 billion, up 15% compared to the prior year driven by operational performance across our regulated businesses, and working capital inflows. Net cash outflow, at £6.0 billion, was broadly in line with the prior year, reflecting both higher operational performance and increased capital investment. Combined with disposal proceeds from the sale of National Grid renewables and Grain LNG, we saw an increase in net debt of £2.8 billion to £44.2 billion at actual exchange rates. Net finance costs were £1.3 billion, £37 million lower than the prior year, with: the impact of higher refinancing costs, where we have issued £4.2 billion of debt during the year; more than offset by higher capitalised interest reflecting the continued ramp up of our major projects.

So then turning to the 5-year frame and our full year 2027 guidance, where, as usual, more detailed disclosure is provided in our results statement. In March we set out our new 5-year financial framework which will see us invest at least £70 billion. We have significant visibility of our growth, with around two-thirds of this already covered by regulatory agreements. Our investment will drive: asset growth of around 10% per annum, an underlying EPS CAGR of 8 to 10%; and continued growth in our dividend per share in line with CPIH inflation. Under this framework, we expect to maintain comfortable headroom against our current rating thresholds in line with our commitment to deliver a strong overall investment grade credit rating. With asset and earnings growth now more aligned, this supports shareholder returns and balance sheet capacity. Looking beyond the next 5 years, we see

continued balance sheet strength and retain the full suite of funding options, including significant levels of unused hybrid debt capacity.

We will be relentlessly focused on efficiency including keeping controllable costs well below the level of inflation, while growing our asset base by nearly 60%.

Turning then to FY27, the first year of the new framework, where we expect capital investment to grow 10% to nearly £13 billion. We expect to deliver underlying EPS growth of 13 to 15%, from our FY26 baseline of 78p. This reflects higher allowed revenue as we step up delivery from RIIO T2 into T3. Our 5-year frame and investment case are underpinned by the visibility and resilience of our business model. Even in volatile macro conditions like today, given ongoing geopolitical events, that stability doesn't change. It's built into how we operate, how we deliver our capital projects and how we finance the business — allowing us to deliver predictable growth over the long term. Our regulatory frameworks protect us from risks outside our control, and we work hard to manage those risks we can influence. More broadly in the UK businesses, inflation protections across our regulated asset base provide a strong natural hedge and underpin real equity returns as we continue to invest at scale.

In the US, around 90% of our supply chain is domestically sourced, which reduces exposure to global pricing and tariffs. We have a proven track record of managing inflation by using alternative suppliers and pacing discretionary spend. Our businesses have limited exposure to wholesale energy prices. In the US, we procure energy for our customers, and we receive full recovery for these costs. And our financing strategy is designed to ensure stability. Leverage is broadly matched to our regulatory frameworks across our operating companies to enable the efficient recovery of debt costs through our regulatory mechanisms. We're also deliberate in managing our currency exposure. We hedge around 70% of our US gross assets with dollar-denominated debt. From an earnings perspective, that means a five cent move in the dollar–sterling exchange rate across a year translates to around a 1p impact on EPS, limiting volatility for shareholders.

Together, all of this supports our confidence in delivering within the ranges set out in our 5-year financial framework.

And underpins our differentiated investment case that supports our aim to deliver double-digit investor returns. Thanks for listening and I will now hand back to Zoë.

Zoë Yujnovich:

Thank you Andy. So, let me leave you with three key messages. First, National Grid has strong foundations and the visibility to deliver our upgraded capital investment programme of at least £70 billion. Second, we are sharpening performance across the business to de-risk execution and drive efficiency. The Brilliant Basics are how we build credibility and deliver at scale and pace. Third, we are transforming our capabilities across people, technology and policy. These are targeted, high-impact shifts that respond directly to structural change in our markets and strengthen our position for the future. Together, this is how we continue to move National Grid towards being a truly world-class business and build an enhanced platform for growth. And by delivering our strategy, we create value for all our stakeholders – through a more affordable, secure, reliable, and sustainable energy system. All of which underpins our investment case. For investors, National Grid offers a genuinely differentiated investment case – combining high-visibility growth with a resilient business model.

In terms of growth, our confidence is rooted in the visibility of our investment programme. We expect to deliver 8–10% underlying earnings growth over the next five years, aligned with our asset growth of around 10%, providing a clear and predictable trajectory. That growth is driven by multiple structural tailwinds, including network resilience and modernisation, the connection of low-carbon generation, and the expansion of our networks to support electrification and rapidly growing demand, including from AI and data centres, and reshoring. Importantly, this investment is going into critical infrastructure assets, generating long-duration cashflows with low-risk, attractive returns. Alongside that growth, our business model is highly resilient. Our strong regulatory capabilities, proven delivery track record, disciplined balance sheet, and resilience to macro volatility provides a unique stability, even as the system becomes

more complex. The combination of these two elements matters. Visible, asset-backed growth drives earnings expansion.

Resilience ensures consistency, minimises volatility, and supports sustainable returns. Taken together, our strategy will deliver a compelling financial outcome: strong underlying EPS growth and a progressive dividend, which is designed to deliver attractive, consistent double-digit returns for our shareholders. Let me finish by simply adding how excited I am to be the CEO of National Grid. To be leading a company with a mission as important as this one – doing a job on which millions depend at a time of great change – its a challenge and a privilege. Andy and I are now happy to take your questions, and I will hand over to Angela, who will moderate the Q&A session.

Angela Broad:

All right. Just before we move to Q&A, I wanted to take a moment to introduce Andrew Downey who is going to be covering for me as interim IR director whilst I'm out on maternity leave. Andrew, it is great to have you on the team and you are all left in very good hands. I'm also pleased to say that a number of our UK-based group exec are with us today and so let me briefly introduce them. Justine Campbell, Alice Delahunty, Emma Hardaker-Jones, Nicola Medalova, Cordi O'Hara, Steve Smith, and Carl Trowell.

So let's get to your questions. If you could raise your hand in the room and we'll bring a mic over to you and for the benefit of those on the webcast, please could you state your name and institution. For those of us joining us online, please use the tab at the bottom of the webcast to submit a written question.

All of today's materials are available on our website and of course for any questions that you've got after the presentation, please do feel free to reach out to the IR team. Right. Maybe we'll start with some questions in the room if I go first to Pavan.

Pavan Mahbubani:

Thank you, Angela, and thank you Zoë and Andy for the presentations. Pavan Mahbubani from JP Morgan. Zoë, my questions are both for you. Can I start with over the last six months, how you think about National Grid's portfolio mix? So I'm thinking US, UK, gas, electricity, regulated,

unregulated. How do you think about that mix and what do you think are the strengths and maybe opportunities there? And my second question builds on that in terms of the building optionality for disciplined growth. Can you share a bit more colour on what opportunities you think you're well positioned for and what that growth could look like in terms of technologies, businesses, and would that be organic or would you consider M&A in that mix as well? Thank you.

Zoë Yujnovich:

Thanks, Pavan, and I'll take both of the questions to kick us off. So yeah, firstly as you know, there's been a lot of portfolio streamlining that's been done over recent years and so the portfolio that we now have is something we really like, both the geographic diversity, the exposure to transmission distribution, but also the broader energy mix in the US around gas and electric. So the portfolio that we have today is very strong. I think the other thing I'd say is that because we have such a significant amount of our business under regulatory frameworks, we've also got a lot of visibility and confidence around what the growth provides us into the future, which perhaps bleeds into the second question that you've got.

The first thing I think important to highlight is the biggest priority that we have is delivering on the £70 billion of investment ahead. And so that is primarily the greatest focus of the entire executive team to ensure that we nail the delivery ahead of us. That said, of course, we can see that the markets are changing and so we've said that we would be open to considering in our NGV portfolio some opportunities where perhaps we have some competitive strengths to bring to bear. Some examples that you might think of is offshore hybrid interconnectors, which would build on an existing portfolio, of course, that we have. We also have continued to look at competitive transmission in the US and of course as we get closer to some of our data centre developers really understanding how we might provide innovative solutions to some of our new partners.

Angela Broad:

Okay. Thank you very much. Maybe if we go to Jenny next.

Jenny Ping:

Hi, thanks very much. It's Jenny Ping from Citi. Thank you for outlining the strategic framework and how you look at Grid from an outsider new perspective and all of the discussions around AI. I just wondered how that

translates into numbers in terms of, you know, your 8 to 10% EPS growth that you see as we stand today. Is that a relatively conservative number based on all the opportunities that you see, especially on the cost side with the implementation of AI? And whether you can sort of help us to quantify some of the opportunities, even though they're further down the line, but obviously an opportunity. Thank you.

Zoë Yujnovich:

Yeah. Thanks, Jenny. I think it's important to say that firstly, we've got a really good history and track record of being able to predict and forecast the results of our business. And so we build on a really strong foundation. There's a couple of things that then I think important to highlight. Some of the examples that we have shared with you will actually give us some capacity to absorb what could be uncertainties on the horizon so it gives us greater confidence and it de-risks our projections of the future plan. The other thing I think worth noting is that in some cases, the regulatory framework may mean that some of the efficiencies that we drive as a business will be provided to customers and so they may get the benefit more so than we may see in our forward forecast, but it's the right thing to do and in an affordability context, we all know pleasing the customer pleases the regulators and the political context, which helps us to sharpen and improve the next regulatory discussions that we have.

And then finally, there's the potential that some of the additional work that we're doing helps us to deliver upside. Now, of course, Andy and I only just updated the five-year frame in March and so I think it's fair to say its too early to say how that may play forward, but of course, we'll continue to do as National Grid has in its past, be really diligent about making sure that we continue to have that discipline in how we forecast going forward.

Angela Broad:

Thanks, Jenny. Maybe if we go next to Ajay.

Ajay Patel:

Hi, Ajay Patel at Goldman Sachs, and thank you very much for the presentation today. I have two. If you we look at that 8 to 10% EPS growth rate, is there any chance you could put that in the context of the ROE that you look to achieve over this plan on average and maybe frame some of the outperformance levers in the context of that to help us understand the proposition on that side. And then secondly, I noticed on the presentation

you mentioned the words “at least” 70 billion. So in the event that the opportunity arises and there is the ability to invest more, how would you think about capital allocation and funding to, just to understand your mindset on that? Thank you.

Zoë Yujnovich: Yeah, thanks Ajay. Why don't you take the first one, Andy, around the 8 to 10% growth rate, ROE and our performance levers and then I can come back to the second one around the at least 70 billion.

Andy Agg: Thanks. And thanks Ajay for the question. Yeah, I think when we think about the financial frame, we don't think about driving profitability and then think about returns separately. They're part and parcel of the overall outcome. But I think we can always look to challenge ourselves on ROE and we tend to measure that at an operating company basis because the regulatory frameworks work differently across the UK versus the US. I think we've consistently looked to deliver north of 95% of our allowed returns in the US. You'll have seen in our presentation today, we've successfully maintained that again in New York and actually we've seen progressive improvements in New England, and we're really pleased that we've hit that in New England. So that's obviously what we expect to be doing as we go forward over the five years.

In the UK as we did back in March, we've guided for the five years of T3 to be delivering north of 9%, including operating and financial performance. And of course, we guide to the remaining two years of ED2 where we expect to be up towards 100 basis points of outperformance, by the last year. But obviously too early to start talking about ED3 that will come as we work through and understand much more about how the ED3 framework will land. That's sort of how we're thinking about returns.

Zoë Yujnovich: And maybe on the 70, the question around the at least 70 billion in March as Andy and I looked to extend the forecast, we of course extended the frame to full year 2031 and we also had at that point the visibility around what came in under the RIIO-T3 negotiations, the 31 billion that was put under the RIIO-T3 framework. And I think we also see that there are multiple drivers behind our capital growth. Some of it's around offshore assets around different generation, some of it's around data centres, some of it's

around the resilience of the existing system. And so when you take those things in concert, we've got a lot of resilience around how we see that capital being deployed and hence we were confident that the number would be at least 70 billion. Anything you would like to add there?

Andy Agg: No. I think that's a good summary.

Angela Broad: Maybe could we go to Alex next?

Alexander Wheeler: It's Alexander Wheeler, RBC. Two questions from me please, although given Andy just said too early to start talking about ED3, one of these may be slightly redundant but I will ask it anyway. I guess just on ED3, I'm just interested in whether there was anything specific that you may be pushing for perhaps that either wasn't reflected in ED2 or is a learning from going through the T3 process. And then my second question is just on power demand in your respective geographies. You talked about it a little bit in your presentation. I'd just be interested in what you're seeing as the key drivers in the UK and the US and whether they are fundamentally different.

Zoë Yujnovich: Yeah, thank you. Why don't I just frame a little bit of ED3, but then it'd be useful for you Andy to talk through both the learnings and I think how we see that playing out, and then I'll come back to power demand. I think we do expect next week actually on the 21st of May, we expect the government to release the sector specific methodology around ED3. We've got Cordi who's sitting here in the room who has helped to influence, the way in which we look at the scenarios for which ED3 frames. And so we're quite confident in the 9 billion that we have allocated into the forward investment programme as being the right balance between where we need to do investments in primary backbone infrastructure and where we may be able to leverage further demand or flex around how customer take up of things like EV or heat pumps will actually be adapted as the programme rolls forward.

And maybe Andy you can talk about the learnings.

Andy Agg: Sure. And thanks, Alex. I think my comment earlier was trying to get too precise at this stage. SSMD is also still quite an early step in the process. But I think that the type of things we'll be looking out for is Ofgem have

previously said they want to see T3 as a foundation from a financial perspective and look to build on that. So we'd be absolutely looking for a bit more clarity around things like will they roll forward semi-nominal cost of debt? What were the sort of framing around returns? We'd expect T3 returns to be the launchpad for that, but we'll have to wait and see. I think where will they look for levers around speed of cash, you know, as they did in T3, what will that look like in distribution?

But I think if I broaden out from the pure financial frame, I think some of the other learnings from ED2, as you asked are, we've seen that things like the real price effects mechanisms and we've talked about that in previous years, that's clearly something we want to work with Ofgem to try and improve and refocus that. That mechanism has worked very well for us in transmission to keep the costs in balance, not so well in distribution, so that's where we want to see progress. And of course, the other learning from transmission is the importance of output incentives, ODIs, and I think how we calibrate those with Ofgem to get the right incentives that really drive customer value, but then can reward, the company if we're successful in doing that.

So that's just sort of the framing that we'll be looking for.

Zoë Yujnovich:

And coming back to your second question on power demand, I think the best way to bring it to life is probably through our UK connections process because what we have seen if you take RII0-T3, we've got 19 gigawatts of demand that comes onto the system in the next five years, of which about 10 gigawatts sits in the data centres or AI growth. So that kind of gives you a bit of a sense of how that's growing. When we look at the broader funnel around the demand queue, if you want to call it that on demand, it stands at about 75 gigawatts. And so I think we've been quite prudent in our assessment of what we think is realistic that'll come into the next sort of five year frame undoubtedly as we look to some of the technologies where we can identify greater pockets of opportunity and through Alice and her team, we've got four AI growth zones in the UK that we're focusing on where we've been able to identify 500 megawatts of capacity as a priority place for

which data centres can connect and we've been doing a lot of work around what we call our connection accelerator scheme.

The best example probably to bring to life is in Blyth where we've got a data centre with Blackstone and QTS where we've been working through eight projects through a pilot to see how we can enhance that power speed of connection and seeing some really good early insights around how we can try and enhance and visibly deliver accelerated connection times.

Angela Broad: Maybe if we could go next to Charles.

Charles Swabey: Charles Swabey, HSBC. I have one on cost inflation particularly for the key methods such as copper. And could you give us an indication how the current prices compare to the assumptions in the investment plan and then an idea of percentage of investments which are effectively locked in and then for the portion which isn't, can you give us a just a sort of reminder on the cost recovery mechanisms there? Thank you.

Andy Agg: Yeah, sure. I think highest level, I'd start with one of the stats I think we covered this afternoon, which is effectively, if you look at our supply chain positioning, we're already three quarters contracted across the five year frame. And that includes obviously, the commodities within that. Given the situation in the Middle East, we recognise that there will be, potential impacts on supply chain, but at this point, that remains our firm position on the three quarters is contracted. Beyond that, as I touched on the previous question around real price effects is we do have the ability and the way those operate to, where allowances will flex if you start to see unusual or significant movements in some of those underlying costs.

And as I said before, that's worked very well for us in transmission where it has provided a good hedge for us as we've gone through T2 and we'd expect that to continue as we go into T3.

Angela Broad: Good, thanks. Let's go next to Mark.

Mark Freshney: Hey, thank you. Mark Freshney, UBS. I have two questions for, actually for Alice and Carl. So Alice just on maintenance of the existing assets, I mean, there was a big backlog, you know, an underspend in RIIO-T2 that Ofgem

expressed surprise at for the whole industry. Can you talk about the process to catch up there and deal with the existing assets. And secondly for Carl, I mean, you talk about framework agreements and securing supply chain but contractors are notoriously bad at, equipment and people not showing up at the last minute. So can you talk about the steps that you've got to ensure that the supply chain does actually do what they've told you they're going to do?

Zoë Yujnovich:

Mark, if you don't mind, I'm going to have a go taking these. And then there'll be the opportunity as we mingle a little bit later if you'd like to follow up in additional depth, you'd be welcome and would encourage you to do that.

The first thing I think worth saying around reliability is clearly when you have a business as Alice is running around that world class 99 point, and I keep saying you can't say five nines because you might write that down as a five and then a nine and you need to write that down as literally five nines, that there really is world class benchmark. So you have to start from a position of saying that the delivery of our system is exceptional. And the second thing, of course, we must continue to recognise as the system becomes more complex, how do we get visibility on the vulnerabilities on the underlying asset base?

And so we've been talking about what are we doing from a reliability point of view and how do we make sure we've got a right grip of how not just we're maintaining, but how do we operate the assets and the right envelope that we operate within our existing installed capacity. Post the recent North Hyde incident, Ofgem did an asset health audit, you'll see those results published on their website and they confirmed that after they looked across the ET business that they were very pleased to see the strength of the practises for which we deploy within the ET business. So I think of course, this is the kind of space like safety, you never rest on your laurels, you always make sure you're on your toes and no doubt when I go and visit the team in ET, they are absolutely steadfastly focused on ensuring asset health is foundational to all that we do.

I think then maybe if I may, and again, you'd be welcome to speak to Carl a little later. Yeah, capital of course, there's a lot of, we've got six of our wave one ASTI projects currently in execution and so we are absolutely at that place where the rubber hits the road in terms of not just navigated the optioneering, the planning, but now we've worked with the partnerships that we have in place around both the supply chain but also the execution of those in the field. Now that's one of those things that dare I say, it's a bit of a daily grind. It's a little bit like what you described in our Greenpoint facility around making sure we have the right visibility of productivity. We understand what's on the critical path and every single day when people show up for work, they're deployed to the right workfront and getting the right work done that we're expecting.

And so I think there's a lot of learnings that we have both within our capital that we can transfer from our history as well in operating our complex assets.

Angela Broad: Great. Thank you, Zoë. I'm going to move to this side of the room and we'll go to Harry next.

Harry Wyburd: Hi, thank you. It's Harry Wyburd from BNP Paribas. So it's one question, but I'm sorry, it's quite a long one for Zoë. So I think that's the most mentions of performance I've heard in an earnings presentation for any company for a long time. And I guess we've always thought about National Grid as a return on capital company, which you've heavily emphasised as well today, but sitting here also makes you wonder whether, is National Grid an operational outperformance company or an operational improvement company or a cost improvement company? So given the amount of, you know, statements in the presentation about sharpening performance, et cetera, what's your internal KPI for performance sharpening? So is it qualitative? Is it quantitative? Might we have a part of the earnings bridge each year, which is, you know, cost improvements like some of your peers do, which is quite significant.

So that's part one. And then the other part to it is, it's quite a unique situation. You've come into the industry as an outsider at a very senior level, right? And you can bring some outside perspective into an industry which,

on the whole promotes internally. So if you come to an organisation with that operational focus, what can you do to make sure you get paid for it? Not you personally, obviously, but the company gets paid for it. Is this something you're going to speak with, to your counterparts at Ofgem about is the sharing correct? Is it right that if you work incredibly hard to make this organisation more efficient, that most of that goes to customers and if that's the case then, you know, is that where you should be spending your time or is there an opportunity you think maybe through ED3 to say, I think I can really transform this organisation. Can I keep a bit more of the fruit of my labour and give it to shareholders?

Zoë Yujnovich:

Two great questions. Let me just start by the performance that we need to deliver is across capital, asset, customer, and the functional competitiveness, the way in which we do our work, the way in which we manage control and execution. And so it's across each of those that we really have to keep our focus and the reason we have to do that, of course we have a huge capital programme ahead of us. And so we're doing a lot of work and you saw the examples between the capital control tower or just how now we've got a strategic infrastructure group because of the large ASTI projects that we're delivering in the UK, which is allowing us to get those learnings to some of the smaller projects that we would have delivered separately in the past. And so we're now able to bring a completely different mindset.

We talked about, for example, the Great Grid Partnership upgrade, we're now doing the same approach in New England. We're doing the same under ET because we've recognised that that actually helps you to deliver productivity. We've also talked about things like how do we improve the optioneering? How do we make sure that we have smaller numbers of design so that we can be much faster or modularised or work with our partners to actually deliver much stronger capital execution at the outset. So the focus on our performance is very much one across that entire domain, delivering the capital programme that we have ahead of us, making sure that we ensure reliability or get the best out of our capital installed today and then of course making sure that our customer outcomes are equally improved because of the business that we have in the US in particular where

we, of course, have the ownership of the end customer, which is different than we have here in the UK.

Why do we do that? Well, because it's a little bit in answer to your second question about how do we get rewarded for it. If at the end of the day, the work that we're delivering drives an efficiency and that the customers are paying less, in time that gives us the visibility of what it is that's driving our business and helps us to come back as we negotiate the next rate case to understand what is the right split of reward between what we get benefits from and what ultimately is translated to our customer. And so I think some of that may lag a little bit of time, but if we do the right thing particularly today when affordability is absolutely pressing on everyone's minds, it makes sure that we deliver that today and then we can factor that into the way we think about the next regulatory discussion.

And of course, if there's a high trust that we do the right thing, we're using our money in a way that's efficient and deployed as world-class, then we will have the licence to continue to invest in the future in a number of different areas of our business. So I think the two are very much connected in terms of how we create arguably our own weather to provide the right conditions for the best regulatory discussions. What, what did I miss, Andy, anything that you'd like to add?

Andy Agg: No, I think that's a really good summary. I think it's the nature of the sector we're in and it's what regulation is designed to incentivise, that incentivises us both in the short term, long term to drive efficiency, both in our capital delivery and our operating performance. We share that benefit between consumers and shareholders and as you say, that's the credibility then which you have when you're negotiating the next regulatory price control or rate case.

Angela Broad: Thanks, Andy and Zoë. I'm going to go to one from the web because it's a little bit related with our Ofgem relationship and then I'll go next to deeper after that in the room. So this question is from Sarah Lester at Morgan Stanley. She asks on UK regulation, do you anticipate any impact on National Grid's business from the recent broadening of Ofgem's powers?

Zoë Yujnovich: Thanks, Sarah, for the great question. Yeah, I think that we see actually it's very helpful to see Ofgem wrestling through there are three key things that came out of the recent report that was issued so that they continue to focus on net zero. They also make sure that there is economic prosperity or that the stimulation of demand on the system is a focus and that they continue to protect the vulnerable customers. And actually we see that those three things are absolutely central to what we too need to make sure that we're delivering. So in many respects, when we think previously about how do we balance between the investments that we're making towards generation, what are we putting in towards the demand or the data centres I think having our regulator having that full ownership end to end around what drives the right economic prosperity here in the UK actually is a very positive outcome in my opinion.

Angela Broad: Thank you, Zoë. Deepa.

Deepa Venkateswaran: Hi. Deepa Venkateswaran from Bernstein, I have two questions. So Zoë, the first question to you in six months, you seem to have done a lot. Could you highlight maybe the biggest change you've done internally in the company and hopefully we'll see the results of that in the coming years. So maybe one biggest thing. And another question on ED3 again if I look at the £9 billion, yes, it is a step up, but it's 12.5% increase over the last five year plan. Some of your peers including you know, someone who's recently made an acquisition, they're talking about Totex increases of 30 to 40%. We've also recently seen, you know, solar panels sales in the UK going up, EV sales going up. So are you undercooking on ED3 or are you assuming that flexibility allowances will probably push you over that 9 billion?

Zoë Yujnovich: Super. Thanks, Deepa. Why don't I take the first one and then you can take the second one on ED3 and our assumptions. You asked for one big thing and I hope this isn't a cheat, but I'm gonna tell you the one big thing is that basically asked everyone and everyone on my team to take a look at the plans and the area of accountability that they have and to test against the ambition for the future and making sure that that was benchmarked against best in class to then test where we stood today and that we were really clear about which levers we needed to move to take ourselves to where we

are today to that benchmark view of best practise for the future. And we have done that consistently. It's the reason why capital, asset, customer functions, we've done that and we also took a look at how we were doing that in external policy and advocacy, technology and innovation and in our leadership and people and culture.

So it was one process but across seven domains that gave us the confidence that now we've been able to get what we call quick wins. Much of what you saw in the sharpening our performance is people having done that process at the very back end of last year have now mobilised and have started to get much of that work in place over the last six months.

ED3?

Andy Agg: Yeah. Thanks, Deepa. I think two things I'll say. And one Zoë touched on and answered to a previous question actually, which is, you know, we're working very closely with Ofgem in what is the appropriate rate of capital investment into the distribution networks. I think recognising the need for primary reinforcement, you know, the top end of the network, but recognising that we need to stay ahead of, you know, the rollout of sort of low carbon technologies, but do it on an appropriately phased basis. And I think that's the dialogue we're having and I think, you know, we're trying to reflect that in our projections and I think you'll see some of that when our business plans come out later in the year. The other thing simply is a timing thing, which is remember our five year frame includes the last two years of ED2 as well as the first three years of ED3.

So it's not quite like for like in terms of, you know, the way you might be doing the maths. Yeah.

Angela Broad: Great. Thank you. Why don't we go next to James.

James Brand: James Brand from Deutsche Bank. Couple questions. So first on demand you said you thought there could be 19 gigawatts as a kind of central case of extra UK demand over the next five years. That's pretty huge and I don't recall, I'll admit in exactly what was factored into the last four year forward capacity option, but I don't think the capacity auction was kind of set up for

massive increases in demand like that. So I guess the question is, do you think the UK market is set up for that kind of demand growth and is it something that people should really be thinking very hard about to make sure that we start building new gas or whatever to prepare for it? And then secondly on demand, you mentioned the 10 gigawatts of data centres, could that's very useful to have that estimate.

Could you just flesh out a little bit more about maybe kind of if we think, you know, in the next 5 years or 10 years, what are kind of reasonable ranges and, and how you think about assessing how, you know, what's likely to go ahead, because there's kind of huge speculation around this in the markets and how much data centres we'll actually see being built. So it's very interesting, would be interesting to just hear your thoughts on that. And then second question was, I guess is the third question that's because that was kind of a two parter is for T3 there's obviously been some big changes in terms of the incentives on Totex being weakened quite a bit, but the incentives around delivery on time being very significantly strengthened and you also mentioned the ODIs, which my impression is they have been significantly strengthened as well.

So is there any kind of indication you could give us in terms of like a rough split of how the operational performance might look in this coming period whereas in the past it's been very dominated by Totex. Thank you.

Zoë Yujnovich: Okay. Well, how about James, I'll try and take the second question around the 10 gigawatts and the range that we may have around that. Perhaps Andy, if you'd like to touch on the T3 Totex and perhaps also maybe the supply side of the 35 gigawatts and I think the capacity auctions and how they've matched.

Andy Agg: Sure.

Zoë Yujnovich: So on the second one I think it's fair to say that of the 19 gigawatts of demand, that 10 gigawatts that we have in data centres, when you go out and talk to all of the data centre companies or those that are trying to buy into the data centre sort of capacity, there is so much more demand than what we have based in our current plan for the next five years. And I think

that was what I was trying to get at before where we've got, you know, 10 gigawatts in data centre demand, but the queue of the demand stands much closer to 75 gigawatts. Now, you could debate how much of the 75 gigawatts is real or how much of that maybe is distributed in multiple queues, but there's no question and I think we all sort of experience this a little bit in our own world.

There's that kind of aha moment about just how much, you know, AI can do for you and as you think through that, whilst there will be efficiencies in chips, the extension of the power that's required just continues to go up and now the big factor around that is going to be pace. How quickly can you get connections onto power whilst there will be some data centres who will build with sort of behind the metre generation and you do find particularly in the US, I would say, much of the data centres will come with their own generation, which I think sort of answers a little bit of your question around how do we get enough capacity, and then they'll eventually get into the grid connection, which is the most efficient way for the data centres to run the reliability that they need. So I think you know, can there be more capacity?

Well, as we've been it's one of the reasons why we brought the technology question to the fore. If we can continue through things like GridCARE, find 650 megawatts in our US system, how do we continue to leverage that as Alice has done here to find four pockets of AI growth zones with 500 megawatts that can be delivered before 2030, then I think what we'll start to do combined with the connection acceleration scheme, find ways to get the data centres through the system faster as well as being able to find capacity without having to build more and more infrastructure to deliver that. And I think that then helps to create the right zones for which data centres will develop and deliver Andy?

Andy Agg:

Yeah. Thanks, James. I mean, on T3, just as we said earlier the way we're thinking about our performance opportunity for us is a little bit different, as you said from T2. T2, you're right. It was very predominantly driven by Totex performance, particularly in the capital delivery space. I think we've guided to probably be more evenly split between some Totex performance still, but also as you say, from output incentives. Although as I said in my

presentation, we would expect that to build over time as some of them are time linked, you know, output delivery date linked and so forth. And I think in total, we've said that we'd expect probably a similar level of total operational outperformance to what we've delivered in T2.

I, think in, to some extent, your first and second questions are a little bit linked actually in terms of, you know, is there really capacity for this? Because I think you have to take a step back at first and say, our role is to create the capability and the capacity to add this to the network. It's clearly not our job to make sure that the generation actually turns up. That is obviously others, people in the energy system. So, you know, the same investment that we'll be delivering over T3 is also designed to increase generation capacity by 35 gigawatts as well. So yes, you're right, you need future auction rounds to be successful to ensure that generation comes forward on top of what's already being delivered today.

And then as Zoë said, you're also looking at some of the areas where is there pockets of capacity within the network today that our reinforcement allows you to access, which doesn't necessarily require new generation at the peak, but it allows better utilisation of some of that capacity that exists today. So it's a slightly more complex, but I know as we said at the start, we've got some other people in the room, including Alice Delahunty from our Transmission Business who will be, I'm sure, happy to take you through that in a bit more detail.

Angela Broad: Thanks, Andy. Can we go next to Marcin?

Marcin Wojtal : Yes, thank you. It's Marcin Wojtal from Bank of America. I have a question on your US business. It sounds like you're very positive on the outlook for the US, but I'm just wondering as part of that review that you've been conducting in recent months, have you perhaps considered any new ways of increasing engagement with your US investor base, perhaps something going over and beyond the ADR programme, perhaps a full US listing at some point in the future? And my second question is on the point that was made in the outlook statement regarding financial leverage. So you mentioned that regulatory gearing will be at high 60% by the end of the

business plan but then you say that you retain that there'll be balance sheet strength extending beyond that.

So what do you specifically mean by that comment on balance sheet strength extending that? Do you mean that this is the peak for leverage and thereafter it actually comes down?

Zoë Yujnovich:

I'm sure Andy would love to answer both of those questions.

Andy Agg:

Sure. Yeah, well, thanks, Marcin, and let me take them in the order you asked them. I think the first thing I'd say is we're very pleased with our US investor engagement as part of our total investor engagement programme. And actually, we have a, you know, for a UK listed business, a very high level of US investors are in the stock. So, of course, we need to continue to deliver on all the execution that we've talked about today but we've got a successful ADR programme and at this point we're very comfortable with the listing that we have at this point in time. On the leverage point, I think what we've guided to, as you said, is over the five year frame we would expect leverage, which has been obviously reduced as a result of the equity raise two years ago to increment back up.

And as you said, 61% that today we expect that to gradually move back up to the high 60s towards the end of the frame. But my comment is, you know, leverage is just one measure. When we think about the strength of the balance sheet, we look much more at the whole suite of credit metrics, which is what really the agencies focus on. So our commentary on the strength of the balance sheet is about, you know, where we believe that the level of comfort will be in those other metrics RCF, FFO, and so forth and signalling that, you know, based on our forecast today, we see ourselves with a good level of headroom, even at the point we exit the five year frame. And then the commentary around hybrid debt is obviously that's often one of the first tools that you might be asked about and to turn to and to make the point that we're not expecting to issue hybrid debt within the five year frame and therefore by the end of FY31, we will have significant levels of unused capacity.

Angela Broad: Thank you, Andy. Looks like we've got Ahmed in the room, and then we'll probably close on one question from the web.

Ahmed Farman: Hi, Ahmed from Jefferies. A few questions from my side. I wanted to come back to ED3 next week. I was wondering if you could give us more context on the debate about the cash advancing measures if there is sort of, you know, give a sense of the debate, whether that debate is more focused on depreciation or capitalisation allowances and if you are expecting a much clearer position from Ofgem next week. So that's the first one. The second one is on ED2 the 50 basis points outperformance that you're over the next two years trying to get to 100 basis points. Can you give us a sense of the visibility and the confidence around it and the discussion we have had around performance and delivery, even if there's any scope or upside to this target?

And just finally, you mentioned pacing investments as inflation, as I understand, as an inflation managing tool in the US. How easy or sort of what's the process of sort of implementing if you were to use that tool in the US? Is there a complex regulatory process around it, or is that quite quick to sort of use that tool to sort of use as a lever for inflation protection?

Zoë Yujnovich: Do you want to have a go at the first two and maybe touch on the third and then I can add.

Andy Agg: Sure. Yeah, thanks, Ahmed. In terms of the ED3 questions, I think I just go back to what I said briefly earlier on, which is I wouldn't want to start second guessing what we will and won't see next week. I think it's still quite early in the overall process. I think in terms of, you know, cash measures, some of the ones you listed, you know, will they look to things like asset lives, will they look to capitalisation rates as in transmission? I think it's clear that asset, you know, capitalisation rates has a slightly muted impact on a distribution business, which is why I think they've had depreciation rates in the mix, so to speak. But I think it's too early to say. Will we get a very clear steer? Which direction or will they still keep sort of all those options on the table?

We'll have to wait and see. I think, you know, hopefully we've been very clear in our guidance on our performance opportunities in ED over the remaining years of ED2. We guided off the back of the challenges last year with the real price effects mechanism I touched on earlier to deliver the 50 basis points, and we've done that this year. A lot of that has come from some of the ODI incentives that, you know, particularly in the distribution system operator side. We've guided to around 70 basis points next year, getting up to the 100 basis points by the last year of ED2. So hopefully we've given good visibility. That will come from a mix of things, as always continued delivery against incentives, continued cost efficiency as well. Obviously, we will still face that drag from Real Price Effects. It's a sector wide challenge. It's not going to go away until we get to look to the suit solve that through ED3.

I mean, in terms of the pacing of investment point in the US, I think it's something we've always looked to do, which is, you know, be clearly, you know, transparently with our regulators work on what's the appropriate level of investment and I think you know, whereas in the UK you have a firm five year price control in the US you tend to have sort of tracking mechanisms and other things which true up CapEx over a period of time and that does give you just a little bit more discretion potentially around the pace that which you need to deploy that CapEx. So I don't think there's anything new there.

I think we're just reaffirming that that approach remains available to us in the US.

Angela Broad: Good. I think that is all of the questions in the room. So maybe if we could close on one final question from the web from Dominic Nash at Barclays and this one is sticking in the US. He says, "You've been exiting gas in the UK but remain, retain sizable gas networks in the US. How should we think about the long-term role of US gas within National Grid as electrification and decarbonisation accelerate, particularly in terms of future investment in capital allocation?"

Zoë Yujnovich: Yeah, thanks, Dominic. I think firstly, like I said earlier, we like the portfolio that we have. We certainly see perhaps on both sides, but particularly in the

US where we have our gas LDCs, continued recognition of the role that they play in providing stability to the system that was certainly amplified in the recent storms that we had. Storm Fern is an example where we really recognised that gas became very critical in making sure that we could balance and supply the system with the energy that it needed. I think that one of the things that we just want to sort of, of course, make sure we don't have any direct exposure to the gas volatility nor the gas price. As you know, in the US business, of course, we do have to purchase the gas on behalf of our customers, but that's a pass-through mechanism so we don't have the direct access to volatility.

So, I think at the moment we like the business we have. We see that the investment that we have in the gas business is essential. We do a lot of the leak prone pipe replacements, which is also part of the programme that we have underway and we see that that investment is going to be still critical for some period of time to come.

Angela Broad: Very good. Thank you, Zoë. And I think that is all of the questions that we've got. So, Zoë, I'll hand it back to you to.

Zoë Yujnovich: Thank you very much. A few things just in closing. Firstly, thank you very much for joining us today and thank you very much for your investment in us. It means a lot and I think it helps us to continue to deliver the incredible work that our teams do for the countries for which we're operating within. I look forward to seeing many of you on the road in the coming weeks and maybe if I can with just a couple of takeaways. The first really excited for the work programme that we have ahead of us very visible asset-backed growth and resilient sustainable returns. Maybe if I could finish by saying a big thank you to Angela who won't be with us for a period of time as she takes her well-deserved maternity leave, but thank you very much, Angela, for all that you've done in this community and in helping prepare us for today. Thank you for being here today. We never were quite sure, but we're really pleased to have Angela here and best of luck for your maternity leave.

Angela Broad: Thank you very much.

Zoë Yujnovich: With that, thank you very much.