

Full Year Results 2021/22

London, 19 May 2022



Cautionary statement

This presentation contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include information with respect to National Grid's (the Company) financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as 'aims', 'anticipates', 'expects', 'should', 'intends', 'plans', 'believes', 'outlook', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. This presentation also references climate-related targets and climate-related risks which differ from conventional financial risks in that they are complex, novel and tend to involve projection over long term scenarios which are subject to significant uncertainty and change. These forward-looking statements are not guarantees of National Grid's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements or targets. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control, predict or estimate precisely, such as changes in laws or regulations, including any arising as a result of the United Kingdom's exit from the European Union, announcements from and decisions by governmental bodies or regulators, including those relating to the RII0-T2 and RII0-ED2 price controls; the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of its activities; network failure or interruption (including any that result in safety and/or environmental events), the inability to carry out critical non network operations and damage to infrastructure, due to adverse weather conditions including the impact of major storms as well as the results of climate change, due to counterparties being unable to deliver physical commodities, or due to the failure of or unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; failure to adequately forecast and respond to disruptions in energy supply; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, as well as against targets and standards designed to deliver net zero; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. Other factors that could cause actual results to differ materially from those described in this presentation include fluctuations in exchange rates, interest rates and commodity price indices; 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, including as a result of the COVID-19 pandemic, and whether aspects of its activities are contestable; the funding requirements and performance of National Grid's pension schemes and other post-retirement benefit schemes; the failure to attract, develop and retain employees with the necessary competencies, including leadership and business capabilities, and any significant disputes arising with National Grid's employees or the breach of laws or regulations by its employees; the failure to respond to market developments, including competition for onshore transmission; the threats and opportunities presented by emerging technology; the failure by the Company to respond to, or meet its own commitments as a leader in relation to, climate change development activities relating to energy transition, including the integration of distributed energy resources; and the need to grow the Company's business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including the integration of WPD, the sale of the Company's Rhode Island gas and electricity business and the announced sale of a 60% stake in its UK gas transmission and metering business. 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 236 to 239 of National Grid's most recent Annual Report and Accounts, as updated by the Company's unaudited half-year financial information for the six months ended 30 September 2021. In addition, new factors emerge from time to time and National Grid cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this presentation.

national**grid**

Highlights

John Pettigrew

Chief Executive



The Energy Transition Company

Green investment in the decarbonisation of energy systems

c.£24bn¹

from FY2022 - 2026

more than 70%
of our 5 year framework

One of the FTSE's
biggest investors
**in the delivery
of net zero**

Investing for the
clean energy future

£30-35bn

capital investment FY2022-26

6-8%

group asset growth CAGR²

5-7%

EPS CAGR²

Whilst maintaining a strong balance sheet and aim to grow dividend per share growth in line with CPIH

c.£24bn

Green capex aligned to EU Taxonomy¹

1. Capital expenditure considered to be aligned with the principles of the EU Taxonomy Legislation at the date of reporting, and includes most electricity investment, including connecting clean sources of generation such as renewables and nuclear, as well as investment which reduces emissions in our gas networks.

2. Compound annual growth rate FY2022-26. Based upon GBP/USD FX rate of 1.3; long run CPIH and RPI inflation assumptions, and scrip uptake of 25%, as well as completion of sale of Rhode Island business and 60% majority interest in UK Gas Transmission and Metering

Our strategic vision

Enabling the energy transition for all

- COP26 Principal Partner
- Our strategy further underpinned by
 - British Energy Security Strategy
 - US Infrastructure Investment and Jobs Act



PRINCIPAL PARTNER
**COP26
PRESIDENCY
UK 2022**
DELIVERING THE
GLASGOW CLIMATE PACT

Delivering for customers efficiently

- \$1.3bn in energy efficiency measures in Massachusetts over last 3 years
- Returning £200m from interconnector business to customers early
- £400m cost efficiency programme



Repositioning of our portfolio

Greater visibility and certainty of long term growth

- WPD acquired and integration progressing
- UK Gas Transmission and Metering
 - Sale of 60% expected to complete in Q3 FY23
 - Consortium option on the remaining 40%
- Rhode Island sale expected to complete in Q1 FY23

Other transactions

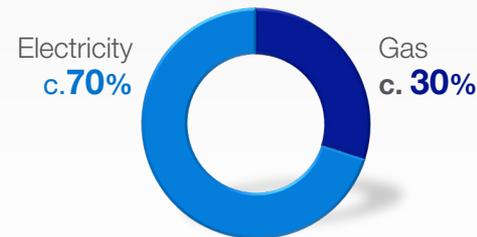
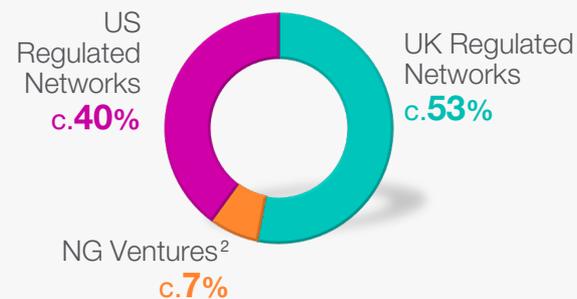
- Sale of our 50% stake in St William JV
- Preparing for new Future System Operator

1. Calculated as proportion of actual FY22 asset base post completion of acquisition of Western Power Distribution, and sale of Rhode Island business and 60% majority interest in UK Gas Transmission and Metering

2. Includes 'Other activities'

National Grid asset base

Post-transactions¹



Financial performance highlights

Strong delivery in 2022

Underlying operating profit

£3,992m **↑11%**

FY21: **£3,600m**

Underlying EPS

65.3p **↑10%**

FY21: **59.1p**

Return on Equity

11.4% **↑80bps**

FY21: **10.6%**

Capital investment

£6,739m **↑19%**

FY21: **£5,680m**

Asset growth

8.7% **↑310 bps**

FY21: **5.6%**

Dividend growth
in line with policy

50.97p **↑3.7%**

FY21: **49.16p**

Pro forma underlying 2020/21 figures include adjustments for an estimate of the underlying post-tax contribution from WPD for an equivalent 9.5 month period, as if we had owned that business in the prior year, including estimated incremental finance costs to acquire WPD. In addition, the current year beneficial earnings impact of not depreciating our Rhode Island business has also been applied in these comparative amounts

Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than \$100m), timing and the contribution from UK gas transmission and metering, which are classified as a discontinued operation for accounting purposes

Capital investment includes investment in JVs and NG Partners Investments (excluding equity contributions to St William property JV)

Operating profit and capital investment calculated at constant currency

Safety and reliability

Safety

- Another good year of safety performance
 - Lost Time Injury Frequency rate: 0.13
- Slight increase in minor incidents

Reliability

- Over 99.9% availability across regulated networks
- Excellent performance despite challenging storms in UK and US



Progress on operational priorities

Underlying operational delivery

- Achieved RoE 8.8%
 - 99% of allowed return
- \$2.6bn investment
 - Rate base growth of 7.6%
 - 237 miles gas pipeline replaced, reducing methane emissions

Regulatory progress

- 3-year rate plan for KEDNY / KEDLI extended by an additional year
- 3-year rate plan for Niagara Mohawk
- Progressing clean energy policy
 - Co-authored Future of Heat report

New York Regulatory Overview

KEDNY/ KEDLI (2020-23*)

Allowed return on equity	8.8%
CAPEX (backdated to 2020)	c.\$3.3bn

NIMO Gas & Electric (2021-24)

Allowed return on equity	9.0%
CAPEX	c.\$3.3bn

Progress on operational priorities

Underlying operational delivery

- Achieved RoE 8.3%
 - 80 basis points above prior year
- \$2.1bn investment
 - Rate base growth of 6.7%
 - Replacing ageing infrastructure

Regulatory progress

- DPU 20-80 proposal filed on Future of Gas
 - Clean Energy Vision sets out plan for fossil free gas and electric networks to deliver net zero

New England Regulatory Overview

Massachusetts Gas (2021-26)

Allowed return on equity **9.7%**

CAPEX (2020/21 prices) **c.\$1.3bn**

Massachusetts Electric (2019-24)

Allowed return on equity **9.6%**

CAPEX (2019/20 prices) **c.\$1.5bn**

Progress on operational priorities

Successful start to RIIO-T2

- Achieved RoE: 7.7%
 - 140bps outperformance
- £1.2bn capital investment
 - Commenced LPT2 tunnel boring
 - Hinkley T-pylon construction
- Provisional approval for two subsea ‘Green Link’ interconnectors between Scotland and North of England
- 16 major projects identified in ESO’s latest Network Options Assessment

Sustained investment growth in Electricity Transmission

£8bn investment breakdown



£4.5bn

to maintain the reliability of the network

£1.5bn

to connect new customers

>£2bn

to expand the network to facilitate Net Zero

Progress on operational priorities

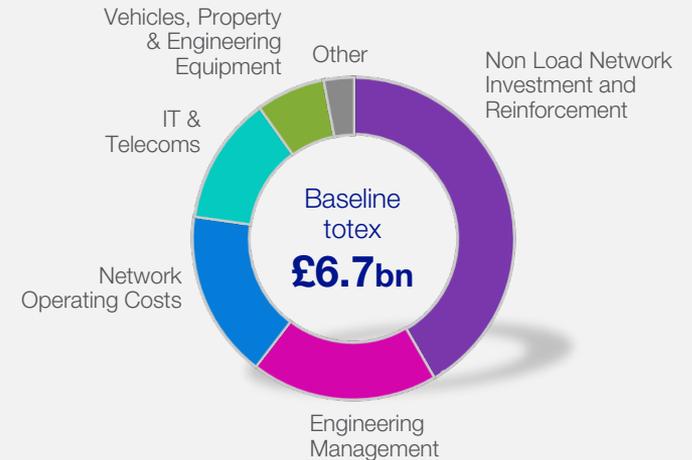
Continuing to perform in RIIO-ED1

- Achieved RoE: 13.6%
 - 400bps above allowed level
- £899m capital investment¹

ED2 business plan submission²

- Proposed totex of £6.7bn enabling connections for
 - 1.5m new EV's, 600,000 heat pumps and 2.6GW of renewables
 - Supporting our most vulnerable customers
- More than £700m of embedded efficiencies
 - More than 20% increase in investment

RIIO-ED2 proposed baseline totex



1. Capital Investment for 9.5 months of WPD

2. Draft determinations expected in June and final determinations in December

Progress on operational priorities

Capital expenditure: £452m

- Viking Link to complete in FY24
- Isle of Grain LNG Phase 4 construction

Interconnector progress

- IFA2 first full year of operation
- North Sea Link commissioned early
- 1GW restored to IFA, remaining 1GW by end 2022

Investment in joint ventures: £461m

- Community Offshore Wind JV seabed success
- Started operation of 200MW Prairie Wolf Solar project



Progress on operational priorities

Strong start to RIIO-T2

- Achieved RoE of 7.8%
 - 120bps outperformance
- Capital investment of £261m
 - £57m above prior year



Financial Performance

Andy Agg
Chief Financial Officer



Financial performance highlights

Strong delivery in 2022

Underlying operating profit

£3,992m **↑11%**

FY21: **£3,600m**

Underlying EPS

65.3p **↑10%**

FY21: **59.1p**

Cost efficiency
programme delivery

c.£140m

Target over 3 years: **£400m**

Return on Equity

11.4% **↑80bps**

FY21: **10.6%**

Dividend growth
in line with policy

50.97p **↑3.7%**

FY21: **49.16p**

Capital investment

£6,739m **↑19%**

FY21: **£5,680m**

Pro forma underlying 2020/21 figures include adjustments for an estimate of the underlying post-tax contribution from WPD for an equivalent 9.5 month period, as if we had owned that business in the prior year, including estimated incremental finance costs to acquire WPD. In addition, the current year beneficial earnings impact of not depreciating our Rhode Island business has also been applied in these comparative amounts. Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than \$100m), timing and the contribution from UK gas transmission and metering, which are classified as a discontinued operation for accounting purposes.

Capital investment includes investment in JVs and NG Partners Investments (excluding equity contributions to St William property JV)

Operating profit and capital investment calculated at constant currency

Investment driving asset growth

Capital investment¹

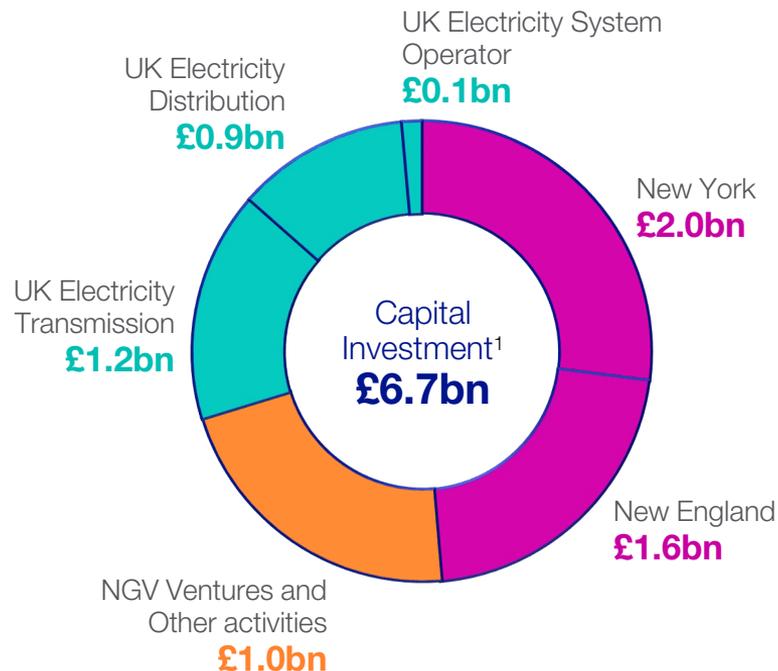
£6,739m **↑19%**

FY21: **£5,680m**

Asset growth²

8.7% **↑310bps**

FY21: **5.6%**



FY21 Proforma figures displayed for comparative purposes. Includes estimate of 9.5 months of WPD capital investment

1. Capital investment from continuing operations, at constant currency, including investment in JV's and NG Partners Investments (excluding equity contributions to St William property JV)

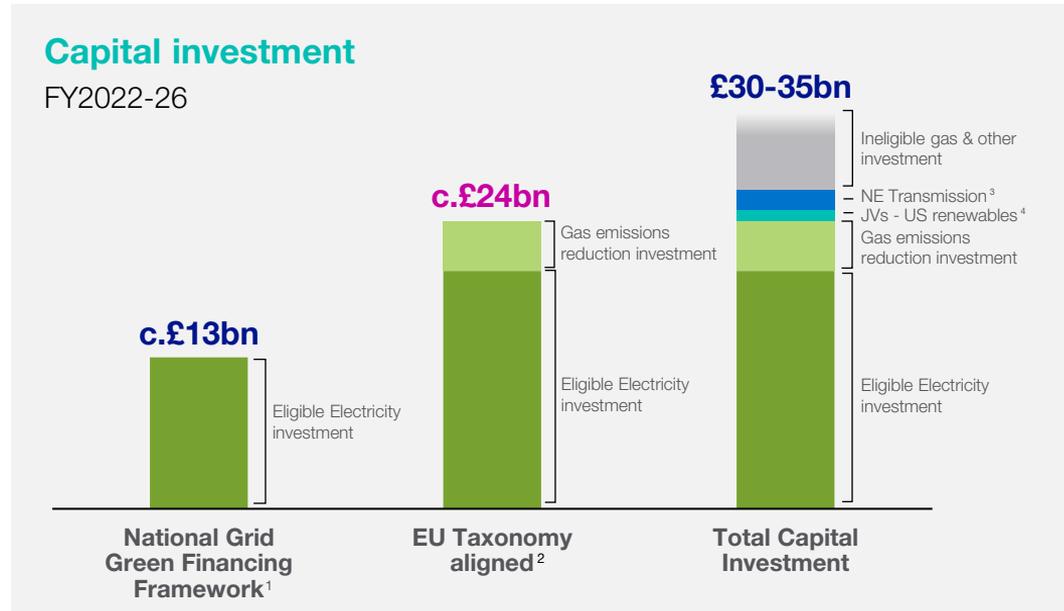
2. Asset growth includes UK Gas Transmission & Metering

Investing to decarbonise energy systems

c.£24bn²
from FY2022 - 2026

£14bn
in the UK

£10bn
in the US



1. Capital expenditure that meets the criteria in National Grid's Green Financing Framework. This framework is used to issue Green Financing Instruments and further detail on the framework can be found here: <https://www.nationalgrid.com/investors/debt-investors/green-financing>

2. Capital expenditure considered to be aligned with the principles of the EU Taxonomy Legislation at the date of reporting and includes most electricity investment, including connecting clean sources of generation such as renewables and nuclear, as well as investment which reduces emissions in our gas networks.

3. Estimated investment in New England transmission excluded as it does not meet the EU Taxonomy criterion of over 67% of newly enabled generation capacity being below the 100 gCO₂e/kWh threshold over a rolling five year period, on the basis that there have been no new connections to the New England transmission network within the past five years.

4. Estimated investment in US onshore and offshore renewables joint ventures. EU Taxonomy excludes investment in joint ventures

UK Electricity Distribution

Return on equity Outperformance

300bps

Customer incentives

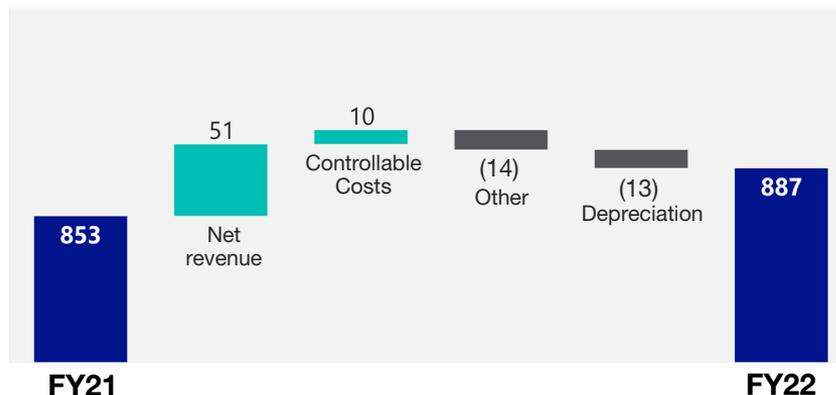
100bps

Totex performance

Achieved
return on equity

13.6%

Underlying operating profit vs FY21 proforma (£m)



Capital
investment

£899m

FY21 Proforma: **£854m**

Regulated
asset value

£9.3bn

At acquisition¹: **£8.5bn**

- Greater spend on network reinforcement and connections
- Improved customer experience incentives

1. Estimated rate base on acquisition (14 June 2021)

Underlying results, excluding timing, exceptional items and remeasurements.

Pro forma underlying 2020/21 figures include adjustments for an estimate of the underlying post-tax contribution from WPD for an equivalent 9.5 month period, as if we had owned that business in the prior year, including estimated incremental finance costs to acquire WPD. In addition, the current year beneficial earnings impact of not depreciating our Rhode Island business has also been applied in these comparative amounts

UK Electricity Transmission

Return on equity Outperformance

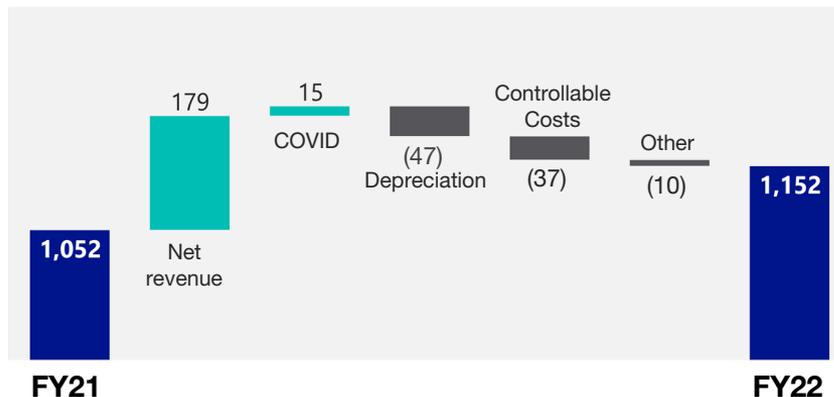
140bps

Totex incentive

Achieved
return on equity

7.7%

Underlying operating profit (£m)



Capital
investment

£1.2bn

FY21: £984m

Regulated
asset value

£15.5bn

FY21: £14.3bn

- Higher base revenues in the first year of RIIO-T2
- Partially offset by lower returns

Electricity System Operator

Underlying operating profit

£54m

FY21: £70m

US Regulated – New York

Return on equity

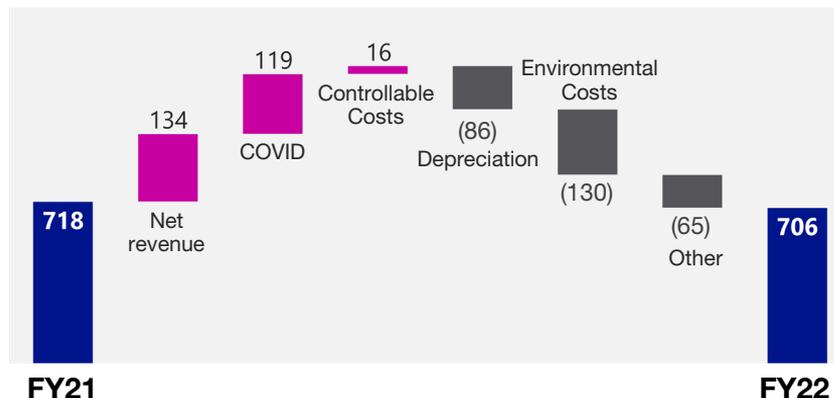
99%

of our allowed
baseline return

Achieved
return on equity

8.8%

Underlying operating profit (£m)



Capital
investment

£2.0bn

FY21: **£1.7bn**

Rate base

\$17.0bn

FY21: **\$15.8bn**

- Increase in environmental reserves
- Higher depreciation
- Partially offset by rate case increases and bad debt reductions

Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than \$100m) and timing
Operating profit and capital investment presented at constant currency

US Regulated – New England

Return on equity

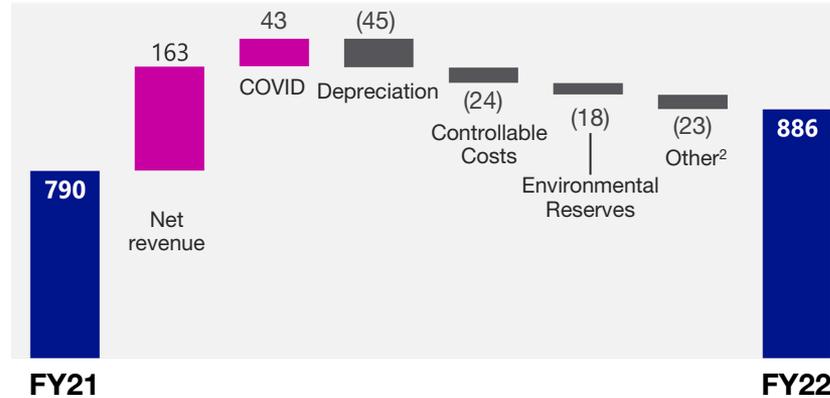
85%

of our allowed
baseline return

Achieved
return on equity

8.3%

Underlying operating profit vs FY21 proforma¹ (£m)



Capital
investment

£1.6bn

FY21: **£1.4bn**

Rate base

\$12.2bn

FY21: **\$11.4bn**

- Higher rates under new rate settlement
- Resumed collection activities for outstanding receivables

Underlying results from continuing operations excluding exceptional items, remeasurements, major storm costs (when greater than \$100m) and timing

Operating profit and capital investment presented at constant currency

1. FY21 Operating Profit has been restated on proforma basis with the current year beneficial earnings impact of not depreciating our Rhode Island business also applied in the FY21 comparative amounts

2. Other includes non COVID bad debts and property taxes

NG Ventures

Operating profit (£m)	Year ended	
	31 March 2022	31 March 2021
Genco	33	37
Grain LNG	113	104
Interconnectors	135	60
NG Renewables	11	(9)
Other	(6)	(7)
	286	185
Post tax share of JVs (£m)		
Interconnectors ¹	91	26
Millennium	22	22
Other	9	8
	122	56
Total NGV	408	241

1 Includes BritNed and Nemo.

2. Underlying operating profit in FY 2021/22 only includes amount earned up to regulatory cap

Operating profit, share of joint venture profit after tax and investment presented at constant exchange rates.

Underlying results, excluding timing, exceptional items and remeasurements.

Operating profit and post tax share of JVs:

- First time contribution from NSL and full year from IFA2
- £200m from interconnector business to be repaid to consumers²
- Higher development income in US Onshore renewables

Capital investment

£913m

FY21: £530m

Other activities

Operating profit (£m)	Year ended	
	31 March 2022	31 March 2021
Property	40	22
NG Partners	66	1
Corporate & other	(85)	(91)
	21	(68)

Post tax share of JVs (£m)

St William	11	5
NG Partners	15	5
	26	10

Increase in operating profit:

- Fair value gains in National Grid Partners
- Release of historical unclaimed dividends

Capital investment¹
£103m

FY21: £66m

Operating profit, share of joint venture profit after tax and investment presented at actual exchange rates.

Underlying results, excluding timing, exceptional items and remeasurements.

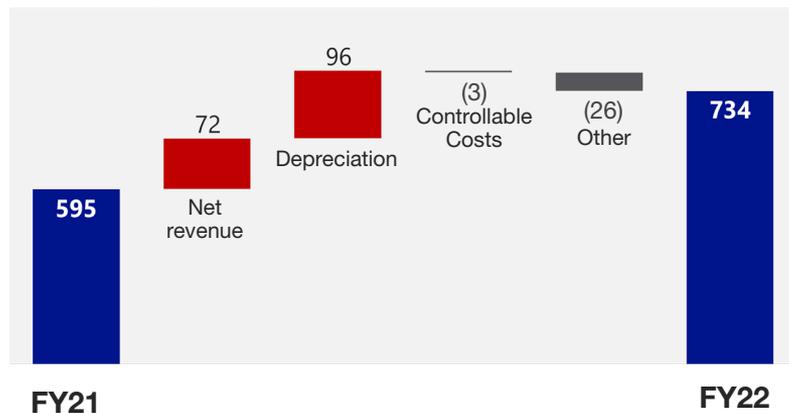
1. Capital investment includes investment in JVs (excluding equity contributions to St William property JV) and investment in NG Partners.

Discontinued operations¹

UK Gas Transmission & Metering

- Achieved RoE: 7.8%

Operating profit (£m)



Operating profit **£139m** higher than prior year

- Higher base revenues
- Cessation of depreciation on classification as held for sale

Operating profit excluding timing, exceptional items and remeasurements

1. 100% of UK Gas Transmission & Metering to be treated as a discontinued operation until the sale of the 60% stake to the Macquarie consortium completes

Capital investment

£261m

£57m higher than prior year

Interest, tax and earnings

Finance costs

£1.1bn

4% higher than FY21³

- Higher impact from interest on index linked debt
- Partly offset by pension interest and a property tax refund

Underlying effective tax rate¹

24.3%

Underlying tax charge: **£708m**

- 260 bps higher than prior year
- UK rate change and US state deferred tax remeasurement due to Rhode Island sale

Underlying earnings²

£2,350m

FY21³: **£2,081m**

- 65.3p/share – 10% up on prior year compared to proforma basis

1. Excluding joint ventures and associates.

2. Underlying results attributable to equity shareholders.

3. Pro forma underlying 2020/21 figures include adjustments for an estimate of the underlying post-tax contribution from WPD for an equivalent 9.5 month period, as if we had owned that business in the prior year, including estimated incremental finance costs to acquire WPD. In addition, the current year beneficial earnings impact of not depreciating our Rhode Island business has also been applied in these comparative amounts

Underlying results, excluding timing, major storms, exceptional items and remeasurements.

Cash flow and net debt

Cash generated from operations¹

£5.8bn

FY21: **£4.0bn**

Net cash outflow²

£1.6bn

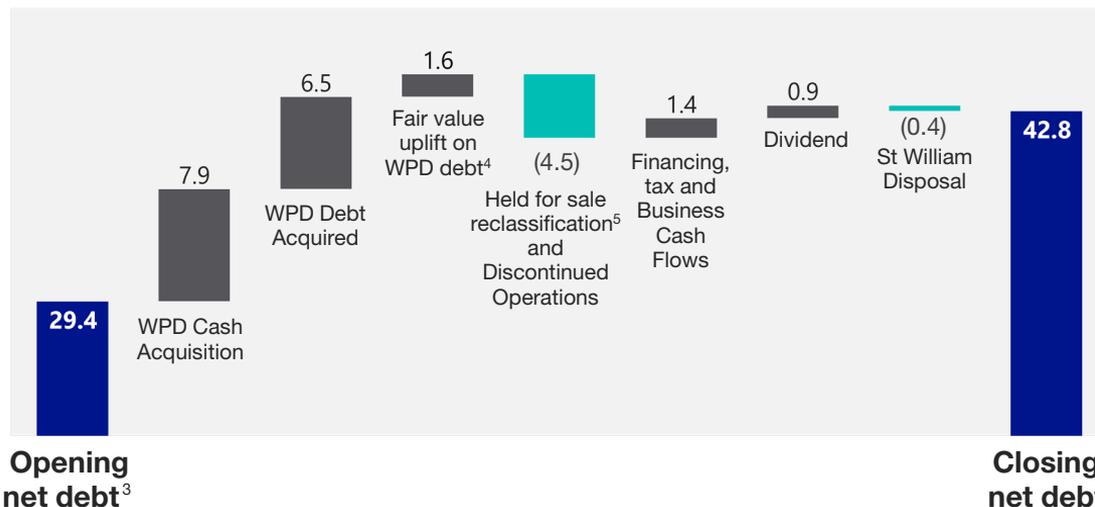
FY21: **£2.9bn**

Net Debt³

£42.8bn

FY21: **£29.4bn**

Net debt (£bn)



RCF / Net debt

8.9%

1. From continuing operations

2. Net cashflow from continuing operations, excluding acquisitions of WPD and other investing and financing transactions with nil impact on net debt

3. FY21 net debt presented at constant currency

4. Non-cash fair value acquisition accounting adjustment

5. NGG debt reclassified as 'held for sale' is £(4.1)bn – cash inflow from discontinued operations £(0.4)bn

Inflation and supply chain

- Impact on UK regulated revenues broadly offset by RPI linked debt in FY22
- Controllable costs held flat
- Similar inflation impacts expected for FY23
- Improved earnings momentum in medium term as inflation moderates
- No material impact to our supply chain to date



5-year outlook and guidance

FY22-26					
Capital investment	£30-35bn – c.£24bn green ¹ , aligning to EU taxonomy				
	<table border="0"> <tr> <td>c.£8bn UK Electricity Transmission</td> <td>c.£5bn Western Power Distribution</td> </tr> <tr> <td>c.£17bn US Regulated Businesses</td> <td>c.£2-3bn NG Ventures</td> </tr> </table>	c.£8bn UK Electricity Transmission	c.£5bn Western Power Distribution	c.£17bn US Regulated Businesses	c.£2-3bn NG Ventures
c.£8bn UK Electricity Transmission	c.£5bn Western Power Distribution				
c.£17bn US Regulated Businesses	c.£2-3bn NG Ventures				
Group asset growth	6-8% CAGR ²				
Gearing	Settles slightly above 70% Credit metrics within current rating band				
EPS	5-7% CAGR ² , a strong first year				
Dividend	Aim to grow dividend per share in line with CPIH				
FY23	<ul style="list-style-type: none"> Underlying operating profit growth Returning c.£150m to customers Broadly flat EPS profile				

1. Aligned to EU Taxonomy

2. Compound annual growth rate FY2022-26. Based upon GBP/USD FX rate of 1.3; long run CPIH and RPI inflation assumptions, and scrip uptake of 25%, as well as completion of sale of Rhode Island business and 60% majority interest in UK Gas Transmission and Metering

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Priorities & Outlook

John Pettigrew
Chief Executive





Delivering our vision:

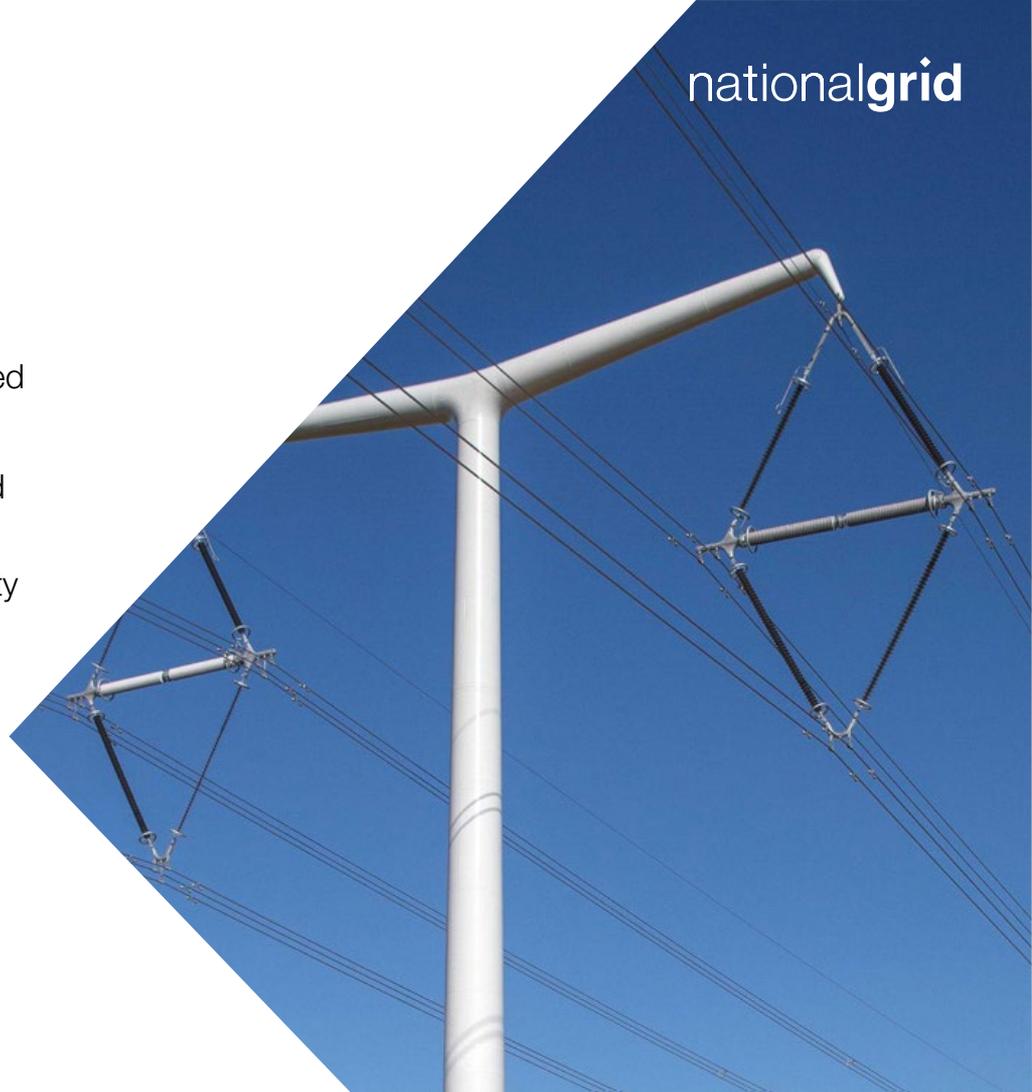
- We are a leader in pioneering smart, low carbon energy networks
- Developing resilient and efficient transmission grids is at our core
- Completing our pivot to electricity will bring us certainty of growth

The heart of a
**clean, fair and
affordable energy future**

nationalgrid

Growth opportunities further underpinned

- New policies and increased clean energy targets
 - British Energy Security Strategy (BESS) announced
 - UK Energy Bill announced in Queen's Speech
 - US Infrastructure Investment and Jobs Act signed into law
- Coupled with pivot to electricity provide greater certainty of medium term growth



UK Focus

- Continue to deliver world class network reliability
- 60% sale of UK Gas Transmission & Metering expected in 3rd quarter of FY23
- WPD integration and RIIO-ED2 process
- Progress plans to support BESS ambitions
 - East Coast transmission projects
- Support development of Holistic Network Design onshore and offshore network

**A critical year
to create the right regulatory
and planning framework**



US Focus

- Infrastructure Investment and Jobs Act focused
 - Grid modernization and resilience
 - Electric transportation infrastructure
 - Northeast Hydrogen Hub
- Massachusetts regulatory decisions
 - Electric grid modernization
 - Advanced metering infrastructure
 - Phase 3 Electric vehicle proposal
 - DPU Future of Gas proceedings
- New York Long Island transmission project bid outcome expected by end of 2022



Clean Energy Vision

Utilising our existing networks
to enable clean gas
by 2050

4 key pillars

- 01 Increase energy efficiency
- 02 Eliminate fossil fuels by from our gas networks by 2050
- 03 Maximise customer benefits of pairing electric and clean gas solutions
- 04 Support targeted electrification of heating



Investor Event
New York
19th July 2022

Strengthening our Responsible Business commitments

**Responsible
Business Report**

7th June 2022

Investor Event

28th June 2022

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Summary

- Our pivot to electricity is nearly complete
- Focus on Massachusetts and RIIO-ED2 rate settlements
- Working with regulators and politicians to define 2050 clean energy roadmaps
- **£24 billion**¹ of green investment to decarbonise energy systems in our **five year** framework



1. Capital expenditure considered to be aligned with the principles of the EU Taxonomy Legislation at the date of reporting, and includes most electricity investment, including connecting clean sources of generation such as renewables and nuclear, as well as investment which reduces emissions in our gas networks

Q&A



In the event we do not have time for all questions, we will respond **by email** as soon as possible

Appendices

Investment driving asset growth

£6.7bn Group Capital Investment¹

UK Electricity
Transmission

£1.2bn ↑ 21%

UK Electricity
Distribution

£0.9bn ↑ 5%

UK Electricity
System Operator

£0.1bn ↑ 23%

New York
Regulated

£2.0bn ↑ 13%

New England
Regulated

£1.6bn ↑ 9%

NG Ventures, JVs
and Other activities

£0.9bn ↑ 72%

Regulated Asset Value as at 31 March 2022²

UK Electricity
Transmission

£15.5bn ↑ 8%

UK Electricity
Distribution

£9.3bn ↑ 9%

UK Electricity
System Operator

£0.3bn ↑ 23%

New York
Regulated

\$17.0bn ↑ 8%

New England
Regulated

\$12.2bn ↑ 7%

8.7% Group Asset Growth

¹ Capital investment in continuing operations

² Prior year includes opening balance adjustments

UK Electricity Transmission operating profit

For the year ended 31 March (£m)	2022	2021
Revenue	2,035	1,974
Pass through costs	(152)	(151)
Net revenue	1,883	1,823
Depreciation & amortisation	(508)	(461)
Regulated controllable costs	(227)	(192)
Pensions	(26)	(32)
Other costs	(55)	(44)
Total UK Electricity Transmission operating profit	1,067	1,094

Adjusted results, excluding exceptional items and remeasurements

UK Electricity System Operator operating profit

For the year ended 31 March (£m)	2022	2021
Revenue	3,455	2,018
Pass through costs	(3,215)	(1,911)
Net revenue	240	107
Depreciation & amortisation	(83)	(46)
Regulated controllable costs	(129)	(99)
Pensions	(16)	(13)
Other costs	(5)	(9)
Total UK Electricity System Operator operating profit	7	(60)

Adjusted results, excluding exceptional items and remeasurements

UK Electricity Distribution operating profit

For the 9.5 months ended 31 March (£m)	2022
Revenue	1,482
Pass through costs	(125)
Net revenue	1,357
Depreciation & amortisation	(158)
Regulated controllable costs	(180)
Pensions	(24)
Other costs	(86)
Total UK Electricity Distribution operating profit	909

Adjusted results, excluding exceptional items and remeasurements

New England operating profit

For the year ended 31 March (£m)	2022	2021
Revenue	4,550	4,191
Pass through costs	(2,050)	(1,774)
Net revenue	2,500	2,417
Depreciation & amortisation	(365)	(387)
Regulated controllable costs	(813)	(806)
Pensions & OPEBs	(40)	(43)
Bad debts	(45)	(126)
Other costs	(494)	(447)
Total New England operating profit	743	608

At constant currency

Adjusted results, excluding exceptional items and remeasurements

OPEBs = other post employment benefits

New York operating profit

For the year ended 31 March (£m)	2022	2021
Revenue	5,561	4,580
Pass through costs	(2,161)	(1,461)
Net revenue	3,400	3,119
Depreciation & amortisation	(537)	(451)
Regulated controllable costs	(963)	(976)
Pensions & OPEBs	(44)	(47)
Bad debts	(87)	(197)
Other costs	(989)	(787)
Total New York operating profit	780	661

At constant currency

Adjusted results, excluding exceptional items and remeasurements

OPEBs = other post employment benefits

NGV and Other Activities operating profit

For the year ended 31 March (£m)	2022	2021
Revenue	101	74
Depreciation & amortisation	(29)	(7)
Operating costs	(26)	(16)
IFA operating profit	46	51

For the year ended 31 March (£m)	2022	2021
Revenue	69	13
Depreciation & amortisation	(9)	-
Operating costs	(15)	(4)
IFA2 operating profit	45	9

For the year ended 31 March (£m)	2022	2021
Revenue	64	-
Depreciation & amortisation	(9)	-
Operating costs	(11)	-
NSL operating profit	44	-

For the year ended 31 March (£m)	2022	2021
Revenue	262	232
Depreciation & amortisation	(55)	(55)
Operating costs	(94)	(73)
Grain LNG operating profit	113	104

For the year ended 31 March (£m)	2022	2021
Revenue	82	54
Depreciation & amortisation	(2)	(3)
Operating costs	(40)	(29)
Property operating profit	40	22

Adjusted results, excluding exceptional items and remeasurements

UK Gas Transmission and metering operating profit

For the year ended 31 March (£m)	2022	2021
Revenue	1,374	1,122
Pass through costs	(397)	(233)
Net revenue	977	889
Depreciation & amortisation	(91)	(187)
Regulated controllable costs	(160)	(157)
Pensions	(17)	(18)
Other costs	(55)	(28)
Total UK Gas Transmission & Metering operating profit	654	499

Adjusted results, excluding exceptional items and remeasurements

Exchange rates

For the year ended 31 March (£m)	2022	2021
Closing \$ / £ rate	1.31	1.38
Average \$ / £ rate for the period	1.35	1.34

For the year ended 31 March (£m)	2021
Impact on underlying operating profit ¹	(8)
Impact on interest ¹	4
Impact on timing	1
Net impact on earnings¹	(3)
Impact on closing net debt ²	(828)
Impact on book value of assets ²	630

1. Currency impact calculated by applying the average 2021/22 rate to 2020/21 results

2. Currency impact calculated by applying the closing March 2022 rate to March 2021 balances

Adjusted results, excluding exceptional items and remeasurements

Pensions & other post employment benefit obligations (IAS 19 data)

At 31 March 2022 (£m)	UK			US		Total
	ESPS	NGUK PS	WPD	Pensions	OPEBs ¹	
Fair value of plan assets	3,430	5,779	7,656	7,263	2,885	27,013
Present value of liabilities	(2,797)	(5,260)	(6,218)	(6,779)	(2,884)	(23,938)
Net asset/(liability)	633	519	1,438	484	1	3,075
Taxation	(158)	(130)	(359)	(128)	-	(775)
Net asset/(liability) net of taxation	475	389	1,079	356	1	2,300
Discount rates	2.80%	2.80%	2.80%	3.65%	3.65%	

At 31 March 2021 (£m)	UK			US		Total
	ESPS	NGUK PS	WPD	Pensions	OPEBs ¹	
Fair value of assets	3,370	11,310	-	6,909	2,799	24,388
Present value of liabilities	(3,007)	(10,638)	-	(6,931)	(3,097)	(23,673)
Net asset/(liability)	363	672	-	(22)	(298)	715
Taxation	(69)	(128)	-	14	90	(93)
Net asset/(liability) net of taxation	294	544	-	(8)	(208)	622
Discount rates	2.0%	2.0%	-	3.25%	3.25%	

1. OPEBs = Other post employment benefits

Timing impacts

£m	UK Electricity Transmission	UK Electricity System Operator	UK Electricity Distribution	New York	New England	Continuing operations	Discontinued: UK Gas Transmission	Total
2021/2022 Opening balance	(10)	(60)	-	467	(265)	132	(80)	52
Opening balance restatement adjustment	10	(20)	-	(2)	(1)	(13)	4	(9)
Over / (under) recovery	(85)	(47)	22	126	(32)	(16)	(80)	(96)
2021/2022 Closing balance to (recover)/ return	(85)	(127)	22	591	(298)	103	(156)	(53)
2020/2021 Opening balance	(52)	70	-	479	(254)	243	16	259
Over / (under) recovery	42	(130)	-	(12)	(11)	(111)	(96)	(207)
2020/2021 Closing balance to (recover)/ return	(10)	(60)	-	467	(265)	132	(80)	52
Year on year timing variance	(127)	83	22	138	(21)	95	16	111

2021/22 opening balance restatement adjustment reflects finalisation of timing balances

All USD balances stated using the average 2021/22 rate of \$1.3483 to £1

2021/22 closing timing balance as at 31 March 2022 at spot rate (\$1.3144) - £45m

2020/21 closing timing balance as at 31 March 2021 at spot rate (\$1.3787) - £48m

UK Transmission

Regulated asset values ('RAV') and returns

	UK Electricity Transmission	UK Gas Transmission
Regulator	Ofgem	Ofgem
RAV	£15,486m	£6,561m
Base allowed real return (assumed CoD 2.05%)	3.04% (‘vanilla’ WACC)	3.04% (‘vanilla’ WACC)
Allowed RoE (nominal)	6.3%	6.6%
Achieved RoE (nominal)	7.7%	7.8%
Equity / debt (assumed)	45 / 55	40 / 60
Totex capitalisation rate (baseline, TO)	78%	65%
Sharing factors (shareholder retention at RoE)	33% plus incentive schemes	39% plus incentive schemes

UK Electricity Distribution

Regulated asset values ('RAV') and returns

	UK Electricity Distribution
Regulator	Ofgem
RAV	£9,250m
Base allowed real return (assumed CoD 0.76%)	2.73%
	('vanilla' WACC)
Allowed RoE (nominal)	9.6%
Achieved RoE (nominal)	13.6%
Equity / debt (assumed)	35 / 65
Totex capitalisation rate (TO)	80%
Sharing factors (shareholder retention at RoE)	70%
	plus incentive schemes

New York jurisdiction

Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity

as at 31 March 2022

*Returns are those for the fiscal year ended
31 March 2022*

	Long Island (KEDLI)	Downstate New York (KEDNY)	Upstate New York (NMPC Gas)	Upstate New York (NMPC Electric)
Regulator	New York PSC	New York PSC	New York PSC	New York PSC
Rate base	\$3,369m	\$5,429m	\$1,584m	\$6,603m
Base allowed return	8.80% (RoE)	8.80% (RoE)	9.00% (RoE)	9.00% (RoE)
Achieved return	11.0%	8.1%	8.1%	8.5%
Equity / debt (assumed)	48 / 52	48 / 52	48 / 52	48 / 52
Sharing factors (shareholder retention at RoE)	100% to 9.3% 50% to 9.8% 25% to 10.3% 10% above 10.3%	100% to 9.3% 50% to 9.8% 25% to 10.3% 10% above 10.3%	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%	100% to 9.5% 50% to 10.0% 25% to 10.5% 10% above 10.5%
Last rate case filing	New Rates Effective 1 April 2020	New Rates Effective 1 April 2020	New Rates Effective 1 July 2021	New Rates Effective 1 July 2021

New England jurisdiction

Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity

as at 31 March 2022

Returns are those for the fiscal year ended
31 March 2022

	Massachusetts Electric ¹	Massachusetts Gas ²	Narragansett Distribution Electric	Narragansett Distribution Gas
Regulator	Massachusetts DPU	Massachusetts DPU	Rhode Island PUC	Rhode Island PUC
Rate base	\$3,049m	\$3,820m	\$983m	\$1,218m
Base allowed return	9.6% (RoE)	9.6% ³ (RoE)	9.3% (RoE)	9.3% (RoE)
Achieved return	7.1%	6.9%	8.4%	8.4%
Equity / debt (assumed)	53 / 47	53 / 47	51 / 49	51 / 49
Sharing factors (shareholder retention at RoE)	100% to 11.6% 25% above 11.6%	100% to 11.7% 25% above 11.7%	100% to 9.275% 50% to 10.275% 25% above 10.275%	100% to 9.275% 50% to 10.275% 25% above 10.275%
Last rate case filing	Effective from October 2019	Effective from October 2021	Effective from September 2018	Effective from September 2018

1. Includes Nantucket Electric. The rate base includes transmission assets

2. Massachusetts Gas currently comprises two separate entities: Boston Gas and Colonial Gas. Base allowed and achieved RoE's are weighted averages (using rate base)

3. 9.6% allowed return in MA Gas is a blended allowed return which assumes an allowed of 9.5% for April – Sep (old rate case) and 9.7% ROE for October-March (new rate case)

FERC jurisdiction

Regulated asset base ('Rate base') and returns

Rate bases are reported by regulatory entity

as at 31 March 2022

*Returns are those for the fiscal year ended
31 March 2022*

	New England Power	Narragansett Electric (Transmission)	Canadian Interconnector¹
Regulator	FERC	FERC	FERC
Rate base	\$2,260m	\$788m	\$46m ²
Base allowed return	10.6% (RoE)	10.6% (RoE)	11.1% (RoE)
Achieved return	10.9%	12.5%	11.1%
Equity / debt (assumed)	63 / 37	50 / 50	74 / 26
Sharing factors (shareholder retention at RoE)	100%	100%	100%
Last rate case filing	Annual filing with over/under adjustment	Monthly formula rates	Annual filing with over/under adjustment

1. Interconnector equity/debt ratio was adjusted from 100/0 to 65/35 effective July 2021 which gives a blended rate of 74/26

2. The \$46m includes LNG

Value Added

For the year ended 31 March (£m)	2022	2021 ² (constant currency)	change
UK RAV	31,593	29,352	2,241
US rate base	22,178	20,687	1,491
NG Ventures and other business assets	5,226	4,920	306
Other balances	1,827	1,581	246
Total group regulated assets and other balances	60,824	56,540	4,284
Goodwill and acquired intangible license	11,848	11,848	-
Net debt	(48,043)	(46,670)	(1,373)
Equity	24,629	21,718	2,911
Other net debt adjustments ¹			-
Dividend paid during the year			922
Value Added			3,833
Value Added per share (pence)			106.5p

1. Value added excludes movements on derivatives designated in cash flow hedging arrangements where there is no corresponding movement in total assets and other balances

2. 2021 figures include the acquisition of WPD

Group Return on Equity

For the year ended 31 March (£m)	2022	2021
Regulated financial performance	3,684	3,381
IFRS operating profit for non-regulated companies	480	301
Share of post tax results of joint ventures	148	66
Non-controlling interest	(1)	(1)
Adjusted Group interest charge	(1,191)	(882)
Adjusted Group tax charge	(718)	(591)
Adjusted Group profit after tax for RoE	2,402	2,274
Opening rate base/RAV	41,043	39,552
Opening other	4,864	3,985
Opening goodwill	5,266	5,295
Opening capital employed	51,173	48,831
Opening net debt	(30,072)	(27,398)
Opening Equity	21,101	21,433
Group RoE¹ – nominal (adjusted group profit after tax / group equity value)	11.4%	10.6%

1. Group RoE methodology amended in 2021/22 to calculate accretion charge on inflation-linked debt at long-run inflation rates.

Weighted average number of shares

For the year ended 31 March	2022	2021
Number of shares (millions):		
Current period opening shares	3,549	3,508
Scrip dividend shares (weighted issue)	43	10
Other share movements (weighted from issuance/repurchase)	7	5
Weighted average number of shares	3,599	3,523
Underlying earnings (£m)	2,350	1,492
Underlying EPS (restated)	65.3p	42.4

Underlying results excluding exceptional items, remeasurements, timing and major storms

Interest cover

For the year ended 31 March (£m)	2022	2021
Interest expense (income statement)	1,146	977
Exclude P&L pension charge	-	(38)
Hybrid interest reclassified as dividend	(38)	(38)
Capitalised interest	152	131
Pensions interest adjustment	11	22
Unwinding of discounts on provisions	(73)	(78)
Interest in discontinued operations	218	-
Adjusted interest expense	1,416	976
Net cash inflow from operating activities	5,490	4,483
Interest income on financial instruments	40	16
Interest paid on financial instruments	(1,053)	(835)
Dividends received	166	80
Working capital adjustment	(361)	(312)
<i>add back</i> excess employer pension contributions	99	116
<i>add back</i> Hybrid interest reclassified as dividend	38	38
<i>add back</i> Accretions	241	-
Difference in net interest expense in income statement to cash flow	(177)	(138)
Difference in current tax in income statement to cash flow	72	(67)
<i>add back</i> current tax related to prior years	(35)	8
Net cash inflow from discontinued operations	668	-
Funds from operations (FFO)	5,188	3,389
Interest cover:		
(Funds from operations + adjusted interest expense) / adjusted interest expense	4.7x	4.5x

Appendix 21
RCF:Debt

For the year ended 31 March (£m)	2022	2021
Funds from operations (FFO)	5,188	3,389
Hybrid interest reclassified as dividend	(38)	(38)
Ordinary dividends paid to shareholders	(922)	(1,413)
Retained cash flow (RCF)	4,228	1,938
Borrowings	45,465	32,339
Less		
50% hybrid debt	(1,027)	(1,032)
Cash & cash equivalents	(190)	(157)
Financial and other investments	(2,292)	(1,768)
Underfunded pension obligations	326	467
Collateral - cash received under collateral agreements	-	(582)
Adjusted net debt (discontinued operations)	5,234	-
Adjusted Net Debt	47,516	29,267
RCF / adjusted net debt	8.9%	6.6%

UK Electricity Transmission net revenue

For the year ended 31 March (£m)	2022
Revenue	2,035
Net timing adjustment	85
Pass through costs	(152)
Net revenue adjusted for timing	1,968

Incentives (excluding totex), Annual & Interim Pricing and pass-through costs	£m
Deferred for future (recovery)/return:	
Incentives	8
Annual & Interim Pricing	(39)
Pass Through Costs	109
Collection/(return) of prior year deferrals	7
Net timing adjustment	85

UK Electricity Transmission operating profit

For the year ended 31 March (£m)	2022
Net Revenue adjusted for timing	1,968
Depreciation & Amortisation	(508)
Regulated Controllable costs, pensions and other costs	(308)
Total UK Electricity Transmission operating profit adjusted for timing	1,152
Timing adjustment – over/(under) recoveries	(85)
Total UK Electricity Transmission operating profit: headline	1,067

	£m
Ofgem annual iteration revenue	1,717
+ inflate to forecast pcfm inflation	88
Ofgem model net revenue	1,805
- Model non controllable costs	(82)
+ Uplift to actual inflation	58
+ Excluded service income and T1 MOD	128
Ofgem net revenue	1,909
+ Incentives	8
+ Other	51
Underlying Revenue	1,968

UK Electricity System Operator net revenue

For the year ended 31 March (£m)	2022
Revenue	3,455
Net timing adjustment	47
Pass through costs	(3,215)
Net revenue adjusted for timing	287

Incentives (excluding totex), Annual & Interim Pricing and pass-through costs	£m
Deferred for future (recovery)/return:	
Incentives	6
Annual & Interim Pricing	42
Pass Through Costs	4
Collection/(return) of prior year deferrals	(5)
Net timing adjustment	47

UK ESO operating profit

For the year ended 31 March (£m)	2022
Net Revenue adjusted for timing	287
Depreciation & Amortisation	(83)
Regulated Controllable costs, pensions and other costs	(150)
Total UK ESO operating profit adjusted for timing	54
Timing adjustment – over/(under) recoveries	(47)
Total UK Electricity Transmission operating profit: headline	7

	£m
Ofgem annual iteration revenue	255
+ inflate to forecast pcfm inflation	14
Ofgem model net revenue	269
- Model non controllable costs and bad debt	(5)
+ Uplift to actual inflation	8
+ MOD	16
SO net revenue excluding timing and incentives	288
+ Incentives	10
- Other	(11)
Underlying Revenue	287

UK Electricity Distribution net revenue

For the year ended 31 March (£m)	2022
Revenue	1,482
Net timing adjustment	(22)
Pass through costs	(125)
Net revenue adjusted for timing	1,335

Incentives (excluding totex), Annual & Interim Pricing and pass-through costs	£m
Deferred for future recovery/(return):	
Incentives	66
Annual & Interim Pricing	(82)
Pass Through Costs	(6)
(Collection)/return of prior year deferrals	-
Net timing adjustment	(22)

UK Gas Transmission (incl Metering) net revenue

For the year ended 31 March (£m)	2022
Revenue	1,374
Net timing adjustment	80
Pass through costs	(397)
Net revenue adjusted for timing	1,057

Incentives (excluding totex), Annual & Interim Pricing and pass-through costs	£m
Deferred for future recovery/(return):	
Incentives	14
Annual & Interim Pricing	34
Cost True Up	147
Collection/(return) of prior year deferrals	(115)
Net timing adjustment	80

UK Gas Transmission (incl Metering) operating profit

For the year ended 31 March (£m) 2022

Net Revenue adjusted for timing		
Transmission Owner (GTO) excluding incentives	724	→
System Operator (GSO) excluding incentives	121	→
Metering (excluding incentives)	212	1,057
Depreciation & Amortisation		
Gas Transmission Owner	(68)	
Gas System Operator	(14)	
Metering	(9)	(91)
Regulated Controllable costs, pensions and other costs		
Gas Transmission Owner	(125)	
Gas System Operator	(54)	
Metering	(53)	(232)
Total UK Gas Transmission operating profit adjusted for timing		
Gas Transmission Owner	531	
Gas System Operator	53	
Metering & Other	150	
Total UK Gas Transmission & Metering operating profit adjusted for timing	734	
Timing adjustment – over/(under) recoveries		(80)
Total UK Gas Transmission & Metering operating profit: headline	654	

	£m	
	GTO	GSO
Ofgem annual iteration revenue	799	197
+ Inflate to forecast PCFM inflation	42	10
Ofgem model net revenue	841	207
- Model non controllable costs and bad debt	(166)	(97)
+ Uplift to actual inflation	19	5
+ T1 MOD	2	(4)
Net revenue excluding timing and incentives	696	111
+ Incentives	5	9
+ Other	23	1
Underlying Revenue	724	121

Reconciliation of adjusted EPS to statutory EPS

(including and excluding timing and major storm costs)

For the year ended 31 March (pence)	2022
Underlying EPS from continuing operations	65.3
Timing and major storm costs	(3.9)
Adjusted EPS from continuing operations	61.4
Exceptional items after tax from continuing operations	(8.9)
Remeasurements after tax from continuing operations	8.1
EPS from continuing operations	60.6
Statutory EPS from discontinuing operations	4.8
Statutory EPS	65.4

Adjusted US NE GAAP earnings

Growth in earnings driven by

- Rate base growth of 6.7%
- An increase in our achieved return on equity to 8.3% (FY21: 7.5%)

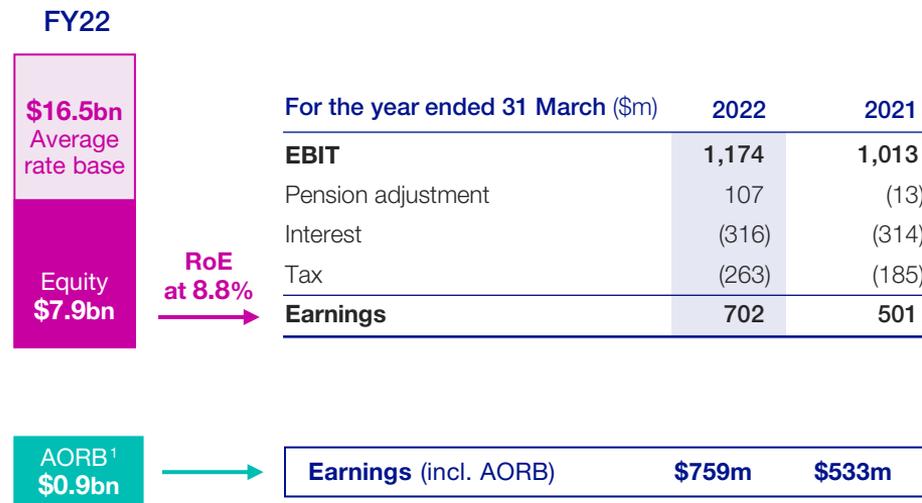


1. Assets outside rate base

Adjusted US NY GAAP earnings

Growth in earnings driven by

- Rate base growth of 7.6%
- An increase in our achieved return on equity to 8.8% (FY21: 6.7%)



1. Assets outside rate base