

NG.Half Year Results 2016/17

Investor Relations | November 2016

“...significant progress on key priorities...”

“We have delivered good results and made significant progress on key priorities while continuing to deliver a safe and reliable service to our customers in the UK and the US. First half earnings per share were in line with a strong prior year, with our regulated businesses delivering a solid performance . . .

. . . Looking further out we are focused on evolving National Grid to enable us to play a leading role in shaping the future of energy networks.”

John Pettigrew
Chief Executive

Group financial summary

Half year ended 30 September

Adjusted Results¹ (unaudited)
(£m at actual exchange rates)

OPERATING PROFIT
£1.9bn

PROFIT BEFORE TAX
£1.4bn

EARNINGS PER SHARE
28.2p

Highlights

Good performance in the first half of the year

- Adjusted earnings per share of 28.2p, in line with last year
- Operating profit of £1.9bn, up 1% includes favourable timing & FX
- Capital investment of £2.2bn, up 12% (6% at constant currency)
- New rates for Massachusetts Electric with allowed RoE of 9.9%
- 3-year Joint Proposal filed for downstate New York gas businesses
- Solid operational performance in UK, generating savings for customers
- UK Gas Distribution majority sale on track
- Strong balance sheet maintained
- Interim dividend of 15.17p per share, in line with policy

UK Regulated Investment and innovation delivering customer savings

US Regulated Increased investment and continued drive for efficiency

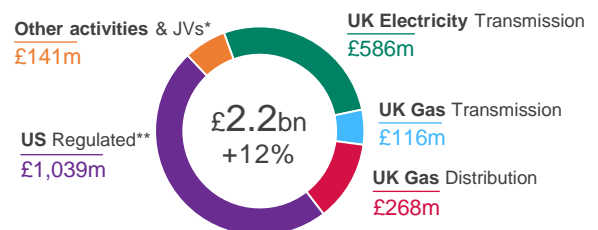
US Rate filings Positive rate case outcome in Massachusetts & progress in New York

Majority sale of UK Gas Distribution On track, expected to complete in early 2017



Capital Investment¹

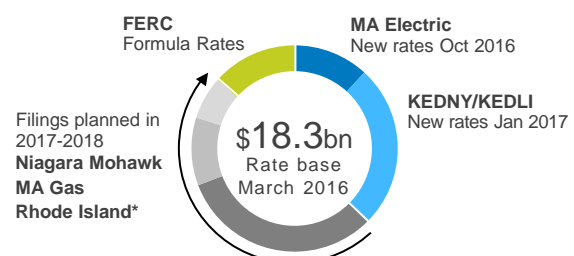
Continued to make significant investment across the UK and the US in the first six months of 2016/17



* including investment in joint ventures, excluding St William
** 2015 adjusted for reclassification of cost between US Regulated and Other activities (£32m)

Updating US rates through regular filings

- Systems and process established for regular filings
- Regular filings to minimise customer bill impact



- ~40% of rate base to have updated rates in FY2017 and ~50% of rate base to be filed in FY2018
- Remainder subject to FERC regulation

*under consideration

Outlook

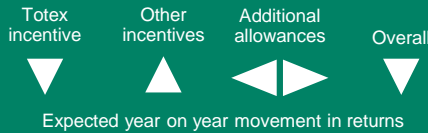
- Overall Group performance is anticipated to remain in line with the expectations set out in May 2016
- Capital investment expected to increase compared to 2015/16, driven by gas distribution in the US and asset health investments in the UK, together with further investment in electricity interconnector activities

1. 'Adjusted results' and a number of other terms and performance measures used in this document are not defined within accounting standards and may be applied differently by other organisations. Prior year EPS has been adjusted to reflect the addition of shares issued as scrip dividends

Business performance in detail

UK Electricity Transmission

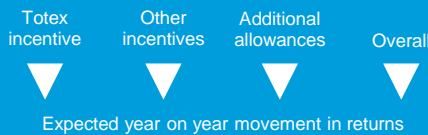
OPERATING PROFIT
£697m +14%
 HY16 £610m



- Higher H1 operating profit primarily driven by favourable timing and net revenue increases
- Overall returns expected to be good, albeit slightly lower due to reduced totex incentive

UK Gas Transmission

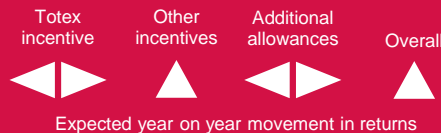
OPERATING PROFIT
£159m flat
 HY16 £159m



- Consistent operating profit despite lower year-on-year timing
- FY17 returns: Additional allowances will be lower ~100bps, as expected; increased spend on asset health

UK Gas Distribution

OPERATING PROFIT
£403m -6%
 HY16 £428m



- H1 operating profit down mostly due to unfavourable timing
- Sustained Totex performance expected for FY17
- Good incentive performance continues

US Regulated

OPERATING PROFIT
£435m +12%
 HY16 £389m

Expect returns around
8%

- H1 operating profit up primarily due to FX and favourable timing
- Expect returns around 8% in FY17
- Transitioning returns to fiscal year to align with broader business

Other activities & JVs

OPERATING PROFIT
£157m
 HY16 £293m

METERING £86m	GRAIN LNG £35m
IFA £35m	PROPERTY £44m

JVs POST TAX SHARE

£31m
 HY16 £29m

BritNed £28m	Millenium £6m
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- A solid start to the year
- Performance returning to more normal levels after a very strong first half in 2015/16
- Consistent performance from Grain and Metering

NOTE: Adjusted performance, excluding exceptional items and remeasurements. All numbers include impact of timing and calculated at constant currency

Important notice

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include information with respect to National Grid's financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as 'aims', 'anticipates', 'expects', 'should', 'intends', 'plans', 'believes', 'outlook', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. Furthermore, this document, which is provided for information only, does not constitute summary financial statements and does not contain sufficient information to allow for as full an understanding of the results and state of affairs of National Grid, including the principal risks and uncertainties facing National Grid, as would be provided by the full Annual Report and Accounts, including in particular the Strategic Report section and the 'Risk factors' section on pages 183 to 186 of National Grid's most recent Annual Report and Accounts. Copies of the most recent Annual Report and Accounts are available online at www.nationalgrid.com or from Capita Registrars. Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward looking statements, which speak only as of the date of this document. The content of any website references herein do not form part of this document.

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