

“After the first six months of 2014/15 National Grid remains on track to deliver another year of strong overall returns and asset growth. We continue to provide good value and strong reliability for customers while keeping our element of bills as low as possible.”

Highlights

Positive first half performance

- Overall performance in the first six months in line with Group expectations for the full year
- UK: continued delivery of good operational performance and capital programme efficiencies
- US: strong growth and completion of major financial system upgrade balanced by increased gas mains repair costs following the exceptionally cold winter of 2013/14
- Interim dividend of 14.71p per share in line with policy

Financial results for continuing operations

- Adjusted operating profit¹ 2% higher at £1,611m
- Adjusted earnings per share¹ 16% higher at 23.4p principally due to lower financing costs

Solid outlook for operating performance, asset growth and earnings

- On track to deliver another year of strong overall returns and dividend growth
- Investment of £3.1bn to £3.3bn expected to drive regulated asset growth of around 5% this year
- Continued share repurchase programme to minimise scrip dilution
- Attractive £1.5bn RPI-linked loan facility agreed with the European Investment Bank
- Joint venture agreed with the Berkeley Group to unlock value from London property portfolio

Group financial summary

(£m at actual exchange rate)

Half year ended 30 September

Adjusted Performance ¹ (unaudited)	2014	2013	% change
Operating profit	1,611	1,572	2
Profit before tax	1,137	979	16
Earnings	883	761	16
Earnings per share	23.4p	20.2p	16

Notes

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

Business review

UK

- Restructuring of the UK businesses is now complete and settled
- Under RIIO, continued focus on efficiencies and developing innovative solutions
- UK stakeholder engagement scores are above those of other Transmission and Gas Distribution operators
- Good progress towards full year returns

US

- Completed the installation of our new financial systems; now fully integrated
- Delivering strong growth in regulated assets, especially in gas distribution
- Increased gas mains repairs as a result of the extreme cold winter

2014/15 priorities ... on track

UK Electricity Transmission	Significant investment program
UK Gas Transmission	Several important upgrades required
UK Gas Distribution	Challenge to improve customer service
US Regulated	Sustain asset growth and returns

Conclusion and outlook

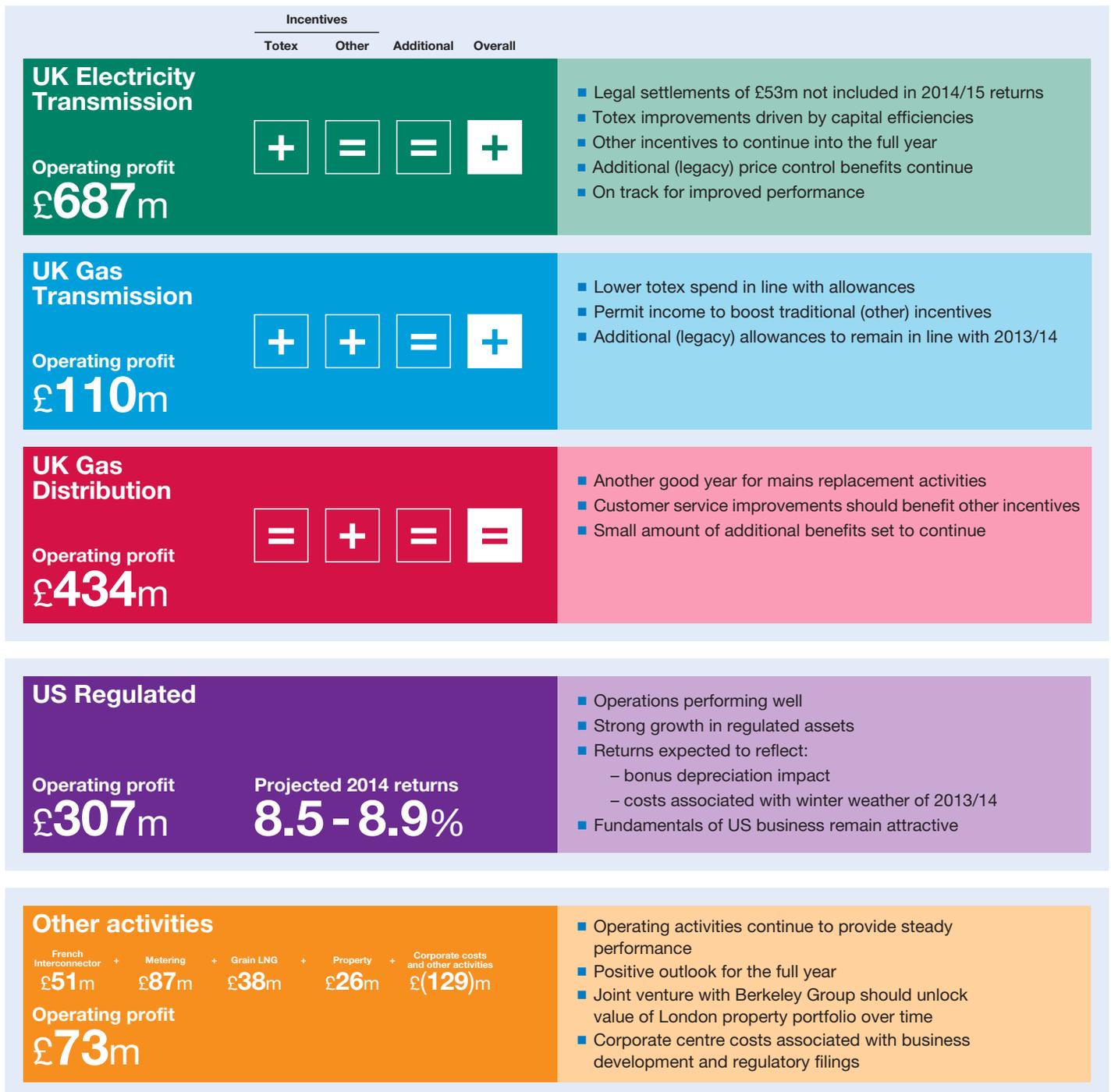
- Solid first half
- On track for another year of asset growth and strong returns while supporting the dividend

“Our UK businesses continue to deliver strong performance within their clear, long-term, regulatory arrangements. We expect to deliver overall improvements in both totex and revenue incentive outcomes this year compared to 2013/14. In the US, the outlook for additional asset growth is increasingly positive and we are taking further action to drive operating cost efficiencies, file for incremental allowances where possible and prepare for future regulatory filings in Massachusetts and New York.

Our attractive combination of performance, investment and financing discipline should, again, deliver good asset growth this year along with a healthy balance sheet. This provides strong support for our policy of sustainable dividend growth, at least in line with RPI inflation, for the foreseeable future.”

Steve Holliday, Chief Executive

Business performance in detail



Note: Adjusted performance, excluding exceptional items and remeasurements. All numbers include impact of timing.

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' on pages 167 to 169 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.

Further information

John Dawson

Director of Investor Relations
 T +44 (0)20 7004 3170
 M +44 (0)7810 831944
john.dawson@nationalgrid.com

George Laskaris

US Investor Relations Director
 T +1 929 324 4170
 M +1 917 375 0989
george.laskaris@nationalgrid.com

Andy Mead

Senior Investor Relations Officer
 T +44 (0)20 7004 3166
 M +44 (0)7752 890787
andy.mead@nationalgrid.com

Victoria Davies

Investor Relations Officer
 T +44 (0)20 7004 3171
 +44 (0)7771 973447
victoria.davies@nationalgrid.com

Tom Hull

Investor Relations Manager
 M +1 917 524 4099
tom.hull@nationalgrid.com

Caroline Dawson

Investor Relations Manager
 T +44 (0)20 7004 3169
 M +44 (0)7789 273241
caroline.dawson@nationalgrid.com

Mike Ioanilli

Investor Relations Manager
 T +44 (0)20 7004 3006
 M +44 (0)7789 878784
michael.ioanilli@nationalgrid.com



Download our Investor Relations app free from the App Store



@nationalgridR

National Grid plc
 1-3 Strand
 London WC2N 5EH
 United Kingdom
www.nationalgrid.com