National Grid plc (NGG)

Updated June 16th, 2026 by Prakash Kolli

Key Metrics

Current Price:	$82	**5 Year CAGR Estimate:**	9.7%	**Market Cap:**	$80.66B
Fair Value Price:	$91	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	05/29/26
% Fair Value:	90%	**5 Year Valuation Multiple Estimate:**	2.2%	**Dividend Payment Date:**	07/23/26
Dividend Yield:	4.1%	**5 Year Price Target**	$111	**Years Of Dividend Growth:**	3
Dividend Risk Score:	D	**Sector:**	Utilities	**Rating:**	Hold

Overview & Current Events

National Grid plc is a diversified electricity and natural gas utility operating in the UK and the US. In the UK, National Grid owns and operates the electric transmission network. In the US, the company serves 7.1 million electricity and natural gas customers in Massachusetts and New York. National Grid acquired Keyspan in 2007, entering the US market. Divestitures were UK natural gas distribution (2019), Rhode Island electricity (2022), UK natural gas transmission (2024), and UK ESO (2024). Today, the utility operates in five business segments: UK Electricity Transmission, UK Electricity Distribution, and New York Regulated, New England Regulated, National Grid Ventures (NGV) & Other. The stock trades on the LSE and as an ADR on the NYSE. The utility had revenue of over $23.7B in FY2026[1].

National Grid reported fiscal full-year 2026 results on May 14th, 2026. Companywide underlying (non-GAAP continuing operations) operating profit (CC) rose 9% to $7,617M from $7,001M, and earnings per share increased 8% to $5.25 from $4.85 in comparable periods. Underlying operating profits rose due to contributions from a strong overall performance in the US and UK, offset by lower profits in NGV. Underlying operating profit for UK Electricity Transmission rose 18% to $2,255M from $1,915M and UK Electricity Distribution was up 3% to $1,660M from $1,614M on more revenue resulting from higher regulated asset values and cost controls on a year-over-year basis. US Regulated operating profit decreased 1% in New England to $1,161M from $1,168M due to higher costs, property taxes, and depreciation, offset by more revenue from a greater asset base; and increased 25% to $2,292M from $1,833M in New York in the prior year on asset base growth, offset by higher costs, property taxes, and depreciation. Underlying operating profits for NGV decreased 14% to $438M from $510M in comparable periods on the sale of Grain LNG, offset by interconnector performance.

Growth on a Per-Share Basis

Year[2]	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	$3.85	$3.65	$3.20	$6.81	$2.95	$3.85	$3.82	$4.60	$4.05	$5.25	***$6.07***	***$7.39***
DPS	$2.99	$3.08	$3.09	$3.09	$3.14	$3.44	$3.12	$3.45	$3.51	$3.25	***$3.38***	***$4.11***
Shares[3]	703	695	693	695	680	696	729	732	941	989	***999***	***1050***

National Grid's restructuring and divestments have made it more profitable with a better growth profile. The utility is now a pure play business in gas and electricity transmission and distribution. Despite the adverse effects of the RIIO-2 price control mechanism, the firm is performing well, with higher revenue, UK regulated asset values, US asset base, and capital investment. However, the utility is submitting its RIIO-3 business plan, which will likely affect returns. In the US, rate increases are driving revenue and operating profit on a robust capital investment plan.

We are forecasting a 4% average annual increase in earnings per share and dividends, supported by a robust capital investment plan. However, this may be low if the utility successfully executes its plan. The dividend, which is paid semi-annually, has grown in GBP but has been volatile for the US ADR after accounting for currency exchange rates. The payout ratio has been elevated, but has recently come down on growing EPS.

[1] National Grid plc reports its results in GBP. This report will use USD at the prevailing exchange rate.
[2] National Grid's fiscal year ends in March, and it reports one year ahead. The values in the tables are in fiscal year.
[3] ADR share count in millions. One ADR equals five ordinary shares.

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Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
Avg. P/E	19.7	17.4	18.4	7.0	21.2	15.3	17.5	14.5	13.5	15.5	***13.4***	***15.0***
Avg. Yld.	4.9%	4.8%	5.1%	4.9%	6.5%	4.9%	4.7%	5.2%	5.7%	4.0%	***4.1%***	***3.7%***

National Grid's stock price has decreased since our last report. Our fair value estimate is a price-to-earnings ratio of 15 times earnings, below the long-term average and accounting for RIIO-3 uncertainties. We set our FY 2027 earnings estimate to match analyst consensus. Our fair value estimate is $91 per share. Our 5-year price target is $111 per share.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	78%	84%	96%	45%	106%	89%	82%	75%	87%	62%	***56%***	***56%***

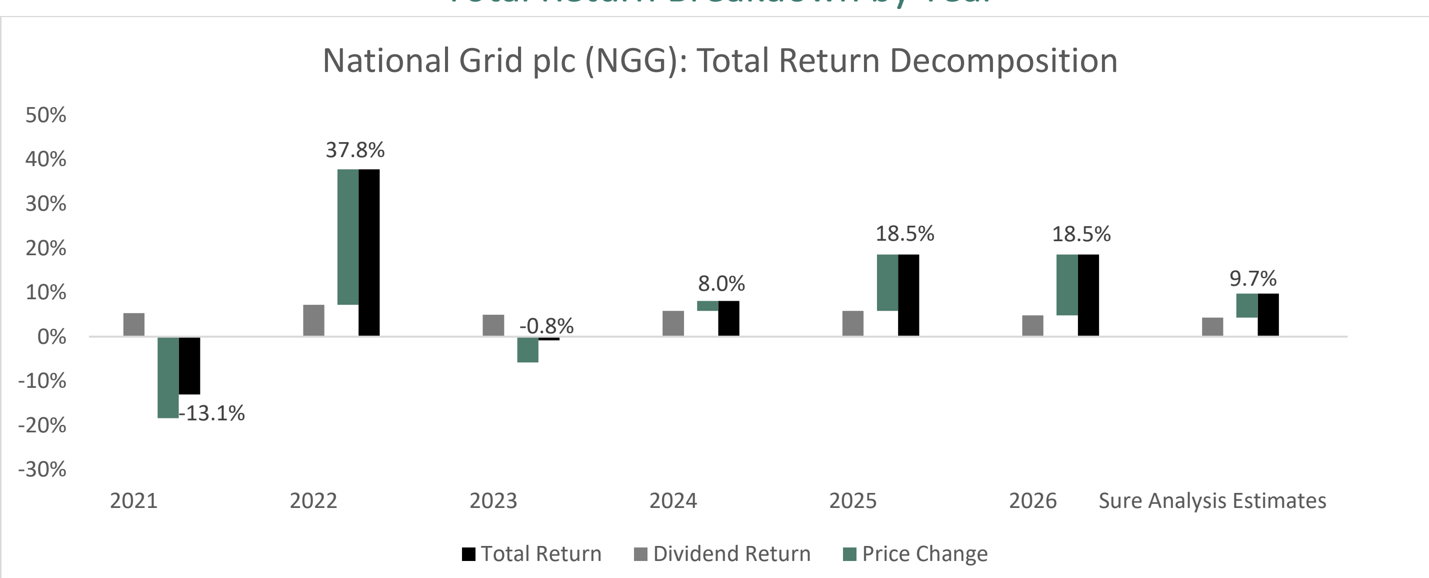
In the UK, National Grid owns and operates the electric and natural gas transmission network, essentially giving it a monopoly. In the US, the utility has the advantages of most regulated utilities, namely a monopoly in its service areas. That said, National Grid has a lower rate of return in the UK after April 2021 because of RIIO-2. It is unlikely that efficiency incentives and inflation adjustments will make up the decline. There is also a risk of nationalization of transmission assets. In the US, National Grid faces risks from challenging regulatory environments that could lead to low returns. Furthermore, US regulators do not allow inflation adjustments or efficiency incentives.

Long-term debt at the end of FY 2026 was $59,218M offset by $503M in cash, equivalents, and short-term investments. Interest coverage is ~3.39X, and the leverage ratio is elevated at about 6.27X.

Final Thoughts & Recommendation

At present, we forecast a 9.7% annualized total return through FY 2032, driven by a 4.1% dividend yield, 4.0% EPS growth, and 2.2% P/E multiple expansion. The utility has repositioned itself by divesting less profitable businesses and focusing on regulated transmission and distribution networks in the UK and US. It has a robust capital investment plan to increase returns. The primary interest here is the excellent dividend yield supported by rising operating profits and now lower payout. We expect the dividend distribution to continue rising in GBP, but currency fluctuations will affect the USD value. Our rating for this ADR is a hold.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	20299	19611	18492	19323	25212	26132	24949	23444	23702
Gross Profit	16521	15477	15193	16210	16879	15728	18293	13949	13072
Gross Margin	81.4%	78.9%	82.2%	83.9%	66.9%	60.2%	73.3%	59.5%	55.2%
D&A Exp.	2037	2085	2086	2186	2501	2394	2590	2775	3011
Operating Profit	4611	4520	4207	3799	5662	5887	6865	5928	6608
Op. Margin	22.7%	23.0%	22.8%	19.7%	22.5%	22.5%	27.5%	25.3%	27.9%
Net Profit	4725	1984	1608	2144	3216	9407	2878	3609	4346
Net Margin	23.3%	10.1%	8.7%	11.1%	12.8%	36.0%	11.5%	15.4%	18.3%
Free Cash Flow	788	495	-359	-428	995	7	-646	-5052	-5819
Income Tax	-1183	445	610	578	1720	1057	1044	1047	1258

Balance Sheet Metrics

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	82390	82123	82989	92390	124608	114806	124135	137777	142790
Cash & Equivalents	461	329	90	216	250	202	692	8946	3729
Acc. Receivable	2346	2477	1919	2066	3495	2506	3158	3191	3281
Inventories	478	483	679	603	516	916	922	719	737
Goodwill & Int.	8890	9069	9312	8290	16819	16659	16615	16904	17533
Total Liabilities	55975	56860	58764	65092	93270	78193	86397	88953	90926
Accounts Payable	2771	3136	2728	2976	4089	4024	3517	3827	4449
Long-Term Debt	36935	37120	37183	41970	58989	52353	58445	57858	60370
Total Equity	26393	25237	24198	27269	31307	36583	37707	48794	51824
LTD/E Ratio	1.40	1.47	1.54	1.54	1.88	1.43	1.55	1.26	1.19

Profitability & Per Share Metrics

Year	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Assets	5.7%	2.4%	1.9%	2.4%	3.0%	7.9%	2.4%	2.8%	3.1%
Return on Equity	18.2%	7.7%	6.5%	8.3%	11.0%	27.7%	7.7%	8.3%	8.6%
ROIC	7.6%	3.2%	2.6%	3.3%	4.0%	10.5%	3.1%	3.5%	3.9%
Shares Out.	693	695	680	708	723	735	807	946	994
Revenue/Share	29.20	28.83	26.58	27.29	34.86	35.54	30.91	24.79	23.84
FCF/Share	1.13	0.73	-0.52	-0.60	1.38	0.01	-0.80	-5.34	-5.85

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.