SSE PLC
Q3 2021/22 TRADING STATEMENT

8 FEBRUARY 2022

- **Upgrading 2021/22 adjusted earnings per share to at least 90 pence**
- **Reporting early progress with SSE's Net Zero Acceleration Programme**
- **Announcing a refreshed set of net zero-linked business goals for 2030**

This Trading Statement upgrades SSE's financial outlook for the 2021/22 financial year and sets out the Group's key strategic developments and operational performance in the quarter ended 31 December 2021.

FINANCIAL OUTLOOK

SSE is upgrading its expectations for full-year 2021/22 adjusted earnings per share to at least 90 pence from at least 83 pence. This reflects the strength and stability provided by SSE's balanced mix of regulated and market facing businesses, including good financial performance from flexible thermal and hydro plant which is more than offsetting lower than planned renewables output.

SSE intends to recommend a full-year dividend of 81p per share plus RPI for 2021/22 and continues to target an RPI linked dividend in 2022/23, followed by a rebase to 60p in 2023/24 and at least 5% increases in 2024/25 and 2025/26.

SSE remains on track to report full year 2021/22 capex in excess of £2bn. Net debt is expected to be around £9bn at 31 March 2022, assuming the proceeds from the disposal of SSE's 33.3% stake in SGN are received prior to the year-end.

STRATEGIC DELIVERY

- **Transmission growth:** On 31 January National Grid Electricity System Operator (NGESO) published this year's Networks Options Assessment (NOA), which indicated the need for more than £5bn of investment in electricity transmission infrastructure in the North of Scotland to maintain a pathway for net zero. These investments and the clear need to accelerate reinforcements to unlock ScotWind start to provide a clear line of sight on and tangible progress towards SSE RAV growth forecasts. SSE's Net Zero Acceleration Programme (NZAP) set out a target range for SSEN Transmission's gross RAV of £8-10bn by 2031 with a path for gross RAV to reach £12bn by 2031 in the event of an acceleration of reinforcement expenditure.

- **ScotWind success:** With its JV partners Marubeni and Copenhagen Infrastructure Partners (CIP), SSE successfully bid for the E1 East site in the ScotWind seabed leasing auction. This was SSE's preferred site, being well located for both grid connection and transmission charges, with a potential capacity of at least 2.6GW / 1GW net. This takes SSE's current secured pipeline to around 11GW with further opportunities in development to grow this to the sustained 15GW target.

- **International opportunities:** SSE Renewables is set to take part in the New York Bight seabed auction on 23 February, where six leases are available. SSE also announced plans to enter bids into the upcoming tenders for the 1.4GW Hollandse Kust (west) Wind Farm Zone in the Netherlands, taking place in the first half of 2022.

- **Capex progress:** Good progress is being made on SSE's £12.5bn investment and capital expenditure plan. In November, financial close was reached on Dogger Bank C; and construction continues at Dogger Bank A&B offshore wind farms as well as Viking onshore wind farm. First power on Seagreen offshore wind farm is targeted for Q2 of calendar year 2022 and is expected to commence full commercial operation in January 2023.

- **Flexible generation:** SSE sees lower carbon, flexible generation as vital to a smooth transition to net zero. Commissioning is currently under way at SSE Thermal's high-efficiency 893MW CCGT plant at Keadby 2 and this will be followed by a performance validation period before handover in Q4 of calendar year 2022. SSE has also partnered with Equinor on two new carbon capture projects – Keadby 3 and Peterhead – which have been formally submitted to the UK Government's Cluster Sequencing Process.

- **New leadership:** Stephen Wheeler took up his post as Managing Director, SSE Renewables on 1 January 2022. Stephen has a wealth of experience in generation and renewables within SSE and he was part of the successful management team that grew the Airtricity renewable energy platform before SSE acquired it in 2008. He previously spent over 10 years working with ABB and Siemens internationally.

REFRESHED 2030 BUSINESS GOALS

SSE today announces a refresh of its four core business goals for 2030, aligned to the UN's Sustainable Development Goals and linked to executive remuneration. The four goals increase SSE's climate ambition in line with its NZAP and reflect the extent to which SSE has already delivered against its previous goals established in 2019. The refreshed goals are to reduce Scope 1 carbon intensity by 80%; build a renewable energy portfolio to generate at least 50TWh; enable 20TWh of renewable generation, 2m electric vehicles and 1m heat pumps on its transmission and distribution networks; and finally, champion a just energy transition throughout. Further details on these goals can be found on sse.com.

Gregor Alexander, Finance Director, said:

"SSE's performance in the year so far gives us renewed confidence about delivery of good financial results for the full year. When coupled with the progress made on our capex plans in recent months, it also highlights the value we are creating for all stakeholders from continued execution of our net zero-aligned strategy.

"The significant bolstering of SSE Renewables' pipeline, the increased visibility we have over opportunities for greater growth in SSEN Transmission and the balance provided by SSE Thermal through a turbulent trading period have demonstrated yet again the value of SSE's integrated business mix and its capacity for delivering sustainable shareholder returns over the long term.

"Today's Trading Statement demonstrates SSE's Net Zero Acceleration Programme in action and the milestones reached since reporting our interim results move us closer to delivering the refreshed 2030 goals that will accelerate growth, drive shareholder returns and play a critical role in keeping global warming to a 1.5C pathway."

APPENDIX - OPERATIONAL PERFORMANCE

SSE RENEWABLES

Electricity output from renewable sources in which SSE has an ownership interest across the UK and Ireland (excluding pumped storage) was 1.4TWh, or 19%, below plan in the 9 months to 31 December, largely due to the summer months being exceptionally still and dry across the UK and Ireland. This shortfall represents 13% of the annual forecast total output.

	Actual output for 9 months to 31 Dec 2021	% of planned output	Planned output for 9 months to 31 Dec 2021	Actual output for 9 months to 31 Dec 2020
Onshore wind generation output – GWh inc. constrained off output	2,791	79%	3,554	3,149
Offshore wind generation output – GWh inc. constrained off output	1,099	83%	1,323	1,326
Conventional hydro generation output – GWh	2,030	84%	2,427	2,571
Total renewables output (excl. pumped storage) - GWh	**5,920**	**81%**	**7,304**	**7,046**
Pumped storage generation output – GWh	156	-	-	156
Total renewables output - GWh	**6,076**	**-**	**7,304**	**7,202**

1. Wind output based on SSE's contractual share and includes 268 GWh of onshore and 118GWh of offshore compensated constrained off generation in the nine months to 31 December 2021, and 443GWh of compensated constrained off onshore generation in the same period in 2020.

SSEN DISTRIBUTION

In late November, 135,000 homes in SSEN's SHEPD licence area in the North of Scotland were impacted by Storm Arwen. In response to this once-in-a-generation weather event, SSEN mobilised more than 1,000 employees who worked through extreme conditions to restore supply to customers. The storm was treated as an "Exceptional Event" by Ofgem, and as such the related outages are not reflected below.

	9 months to 31 December 2021	9 months to 31 December 2020
Customer minutes lost (SHEPD) – average per customer	41	38
Customer minutes lost (SEPD) – average per customer	33	33
Customer interruptions (SHEPD) – per 100 customers	39	45
Customer interruptions (SEPD) – per 100 customers	33	35
Electricity transported through SSEN Distribution - TWh	27	26

SSE THERMAL

Electricity output from SSE's gas-fired generation plant for the nine months to 31 December 2021 was around 14% lower than in the same period in 2020, reflecting plant availability and market conditions. Flexible thermal generation continues to play a key part in the GB and Irish energy markets as we transition to net zero, with its role now focused on creating value by providing vital balancing services to enable a renewables-led system. Its profitability is therefore less dependent on the volume of its output and financial performance for the year is expected to be ahead of plan.

	9 months to 31 December 2021	9 months to 31 December 2020
Gas-fired generation output (GB)– GWh	8,670	11,334
Gas-fired generation output (ROI)– GWh	2,517	1,702
Total gas-fired generation output – GWh	**11,187**	**13,036**

1. Output includes 642GWh of oil-fired generation in the nine months to 31 December 2021 and 242GWh of oil-fired generation in the same period in 2020, primarily island diesels and older Irish plant.
2. In September 2021 SSE's offtake agreement for 100% of output from its Seabank CCGT JV expired, with output following that date only recognised to the extent of its 50% equity share.
3. SSE announced the sale of its stake in Ferrybridge and Skelton Grange multifuel assets on 13 October 2020, the output of these is not included above.

NOTIFICATION OF CLOSED PERIOD

SSE expects to issue a Notification of Closed Period statement on 29 March ahead of publication of its Preliminary Full-year Results for 2021/22 on 25 May 2022.

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