Trading Statement

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SSE PLC
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SSE plc

UPDATE BEFORE END OF FINANCIAL YEAR

27 March 2020

SSE plc's financial year ends on 31 March 2020, and prior to the publication of full year results, SSE is providing the following update, in accordance with its published financial calendar.

SSE's over-riding priority at this time is to play its part in supporting the safe and reliable supply of electricity, at local, regional and national level, on which the people and organisations whose work is critical to the Covid-19 response depend.

SSE is in regular dialogue with government authorities and other stakeholders across the UK and Ireland, and has taken a wide range of practical steps in line with government guidance on tackling Covid-19. These are designed to enable it to deliver on its core responsibilities and carry out essential operations while protecting employees and supporting customers during this difficult time.

2019/20

SSE expects that its adjusted earnings per share will be at the lower end of the expected 83p to 88p range indicated in January 2020; this is before any Covid-19-impacts that may become apparent and need to be reflected in the financial statements for the year.

The Covid-19 outbreak started in the UK and Ireland late in SSE's financial year and the wider economic impact of it in the UK and Ireland has not so far had any material impact on SSE's financial results for 2019/20; and so the Board still intends to recommend a full-year dividend of 80 pence per share for 2019/20.

It will, however, continue to monitor the impact of Covid-19 on the wider economy and SSE. If the economic impact results in significant adverse effects on SSE's

businesses, the Board's responses may include reconsidering the timing of dividend payments, should it be in the long-term interests of the company.

In terms of liquidity, SSE has £1.5bn of committed bank facilities comprising: a £200m bilateral facility with Bank of China maturing in October 2024; and the £1.3bn Revolving Credit Facility, for which SSE recently exercised an option to extend for one year, taking the maturity to March 2025. Of these facilities, £75m is currently drawn. To cover debt maturities later in the year, SSE will continue to monitor closely capital markets and look to issue new debt when appropriate.

See additional notes below for further commentary on 2019/20.

2020/21

It is much too early to forecast with accuracy the human, social and economic impact of Covid-19 in the coming months; or its impact on companies such as SSE. SSE has a robust business model, but like other companies is operating in an unprecedented situation and is continuing to plan for a range of scenarios in the coming months.

In line with the five-year dividend plan set out in May 2018, SSE's target for 2020/21 remains a full-year dividend of 80 pence per share plus RPI inflation. As stated above, however, it is much too early to forecast the impact of Covid-19 on the UK and Irish economies and therefore on SSE's businesses. As a result, the Board's final decision on the quantum and timing of dividend payments in relation to 2020/21 will be taken in light of the extent of the impact of the wider economic situation on SSE's businesses. This final decision will also have regard to the associated expectations of all of SSE's key stakeholder groups; and be in line with its commitment to promote the success of the company for the long-term.

In addition, SSE will be reviewing carefully its operational expenditure plans; and also its capital expenditure plans for projects which have not yet reached financial close.

PUBLICATION OF FULL-YEAR RESULTS FOR 2019/20

On 26 March, the FCA issued a statement of policy recognising the unprecedented challenges faced by companies and their auditors in preparing audited financial information as a result of the coronavirus pandemic. As stated above, SSE has put in place a wide range of practical steps in line with government guidance on tackling the spread of Covid-19, and these are naturally having practical impacts on the audit process, such as travel and access to key offices.

SSE has therefore agreed with its auditors, EY, that these practical steps they are both taking in relation to Covid-19 mean it will take longer to prepare and audit SSE's financial statements for 2019/20. As a result, SSE now aims to publish these in the second half of June, with a planned date to be confirmed as soon as possible.

Gregor Alexander, Finance Director, SSE plc, said:

"In common with everyone else, our over-riding priority is supporting efforts to contain and delay the spread of Covid-19 - helping communities, customers and

colleagues through this exceptionally difficult time. Across SSE, people are responding with commitment, professionalism and sheer hard work that the Board is proud to be associated with.

"Our long-term focus continues to be on supporting the transition to a net zero economy and this is reflected in the substantive progress made in recent months by our core, low-carbon networks and renewables businesses. That focus on decarbonisation will continue, and we will continue to work closely with our key stakeholder groups, including suppliers, contractors and partners.

"Covid-19 is having an exceptional human, social and economic impact and dealing with that must be our over-riding priority. Nevertheless, as a clean infrastructure company with first class assets and practical solutions to the critical problem of climate change and achievement of net zero emissions, we remain confident about the long-term opportunities for SSE."

ADDITIONAL NOTES ON SSE'S EXPECTED FINANCIAL OUTLOOK FOR 2019/20

For 2019/20, SSE expects that:

- **Adjusted operating profit for its core businesses will show**
  - **a high single-digit percentage year-on-year decrease for SSEN Transmission, SSEN Distribution and investment in SGN,** primarily due to the reasons outlined in SSE's pre-close statement in September 2019, with lower than expected Distribution Use of System electricity volumes and a greater number of network faults; and
  - **a year-on-year increase of around 25% for SSE Renewables,** mainly due to a full year of output from Beatrice offshore wind farm. Total renewable generation output is expected to be close to 11.4TWh, including over 0.6TWh of constrained-off generation;
- **Capital and investment expenditure** attributable to SSE will be slightly higher than forecast at £1.5bn;
- **Net debt and hybrid capital** will be around £10.7bn on 31 March 2020, which reflects the stage of projects in development and movements in foreign exchange rates;
- **Adjusted finance charges** will be as expected at around £465m, including the impact of IFRS16 (accounting for leases); and
- The **adjusted current tax rate** will be around 12%; and
- The **weighted average number of shares** for 2019/20 is expected to be just under 1,033 million.

* Adjusted EPS was most recently defined in SSE's Interim Results Statement in November 2019 and exclude the Energy Services business sold on 15 January 2020 and the Gas Production assets which continue to be held for sale.

ENQUIRIES

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