

# WE POWER CHANGE



SSE.LN December 2022

## A RESILIENT AND COMPLIMENTARY MIX OF REGULATED AND MARKET-BASED BUSINESSES...

- Focused on low carbon electricity infrastructure, decarbonising generation and enabling electrification
- Transmission and Distribution gross RAV >£9bn
  - Double digit RAV growth p.a. forecast over the decade
- Renewables portfolio of c.4GW (hydro, wind)
  - Doubling capacity through >13GW secured pipeline
- Flexible Thermal portfolio of 5.3GW, with c.40% of UK's onshore underground gas storage capacity
- Dividend rebased to 60p for FY24, with >5% growth p.a. to FY26 and scrip dividend capped at 25%
- 1.5 degree science based carbon targets and leading Just Transition strategy

High % indexed revenues



Increasing regulated revenue streams

Low % Indexed debt book



Average maturity of debt book 6.5 years

High level of liquidity



Minimal long-term debt refinancing

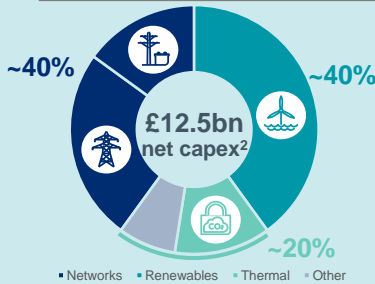
## ...DRIVEN BY AN AMBITIOUS FULLY FUNDED STRATEGY INTO 2026...

### NET ZERO ACCELERATION PROGRAMME

FULLY-FUNDED ENHANCED INVESTMENT PLAN...

...DELIVERING ACCELERATED GROWTH AT ATTRACTIVE RETURNS INTO 2026...

...AND THE PLATFORM FOR GROWTH TO 2031

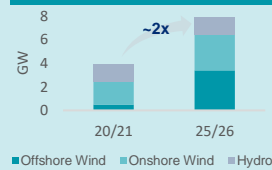


• Networks • Renewables • Thermal • Other

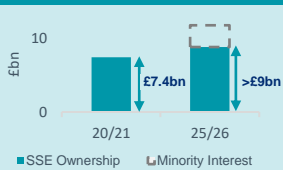
Minority stake sale in Transmission and Distribution<sup>3</sup>

Growth-enabling rebased dividend plan

**RENEWABLES**  
+4GW net capacity >13GW pipeline



**ELECTRICITY NETWORKS**  
>10% gross RAV CAGR<sup>4</sup>



>13GW Net installed Renewables capacity

>3GW Net low-carbon flexible thermal & Distributed Energy

>£14bn net Networks RAV<sup>3</sup>

1.5° celsius Science-based carbon targets

7 - 10% Adj. EPS CAGR

4.5x net debt / EBITDA Strong credit rating

> 350p / share rebased dividend across five years<sup>5</sup>

## ...WITH LEADING CAPABILITIES AND OPTIONS FOR THE FUTURE ENERGY SYSTEM

Government policy increasingly focused on energy trilemma

Security, Affordability, Decarbonisation

Electricity networks

Offshore wind

Onshore wind

Flexible hydro

Distributed energy

CCS and Hydrogen

### FUTURE ENERGY SYSTEM

- Energy independence
- Renewables led
- Efficient networks
- Critical flexibility
- Storage capacity
- Greening demand
- Lowest cost for consumers

<sup>1</sup> Relative to FY21 adjusted EPS of 87.5p

<sup>2</sup> All capex includes investments in development pipeline, acquisitions and is net of project finance devex refunds

<sup>3</sup> After modelling assumption of 25% minority interest disposal of Transmission and Distribution during FY24

<sup>4</sup> Underlying business. Transmission inflation aligned with Ofgem ET2 PCFM (30 November 2021). Distribution based on RIIO-ED2 Final Business plan, subject to Ofgem determination

<sup>5</sup> Dividend rebased at 60p in 23/24, targeting at least 5% annual growth thereafter to March 2026 and with a scrip dividend option capped at 25%

<sup>6</sup> All return targets are on a post-tax nominal basis

<sup>7</sup> Assumes CPI inflation of 2% p.a. and actual gearing ratio of 55%

<sup>8</sup> Spreads to WACC reflect balance of merchant risk and construction risk specific to each project

<sup>9</sup> Estimated average from FY21 - FY26 <sup>10</sup>As at 30 September 2022

## BUSINESS GOALS TO 2030

### Cut carbon intensity by 80%

Reduce Scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO<sub>2</sub>e/kWh



### Increase renewable energy output fivefold

Build a renewable energy portfolio that generates at least 50TWh of electricity a year by 2030



### Enable low-carbon generation and demand

Enable at least 20GW renewable generation and facilitate c. 2m EVs and 1m heat pumps



### Champion a fair and just energy transition

Be a global leader for the just transition to net zero, with a guarantee of fair work and commitment to paying fair tax and sharing economic value



## EXCELLENCE IN ESG PERFORMANCE

<b>MSCI</b> ESG RATINGS AAA Oct22	<b>SUSTAINALYTICS</b> Mar22	<b>WDI</b> Jan22
Top 11% global utilities	Top 11% sub-industry	Top 10% participants
<b>Moody's</b> Oct22	<b>S&amp;P</b> Now a Part of S&P Global Oct22	<b>CDP</b> Feb22
Scored as "advanced"	86 <sup>th</sup> percentile group	A-list, climate

## RENEWABLES PIPELINE<sup>1</sup>

### High-quality pipeline options with significant opportunities for growth

(Includes **European Platform Acquisition**, completed 1 September 2022)

TECH	IN CONSTRUCTION	LATE-STAGE DEVELOPMENT	EARLY-STAGE DEVELOPMENT	SECURED PIPELINE	FUTURE PROSPECTS
	MW	MW	MW	MW	MW
	562	676	2,233	3,471	3,750
		1,500		1,500	75
	1,967	245	6,592	8,804	>7,000
<b>TOTAL</b>	<b>2.5GW</b>	<b>2.4GW</b>	<b>8.9GW</b>	<b>13.8GW</b>	<b>&gt;10GW</b>

## SSE THERMAL – DELIVERING FLEXIBILITY

### Portfolio of 5.3GW CCGT capacity providing critical system balancing

With around 40% of the UK's onshore underground gas storage capacity

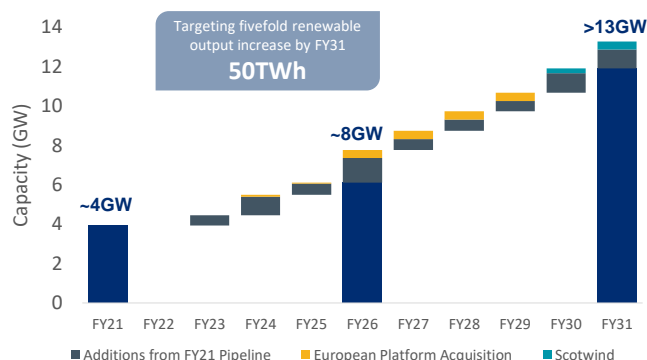
**Keadby 2 Power Station (893 MW) in commissioning**  
Expected to be cleanest and most efficient CCGT in Europe

Own and operate five of the most flexible and efficient gas fired power stations in UK and Ireland

**Gas storage providing much needed market liquidity**  
Helping to ensure security of gas supply

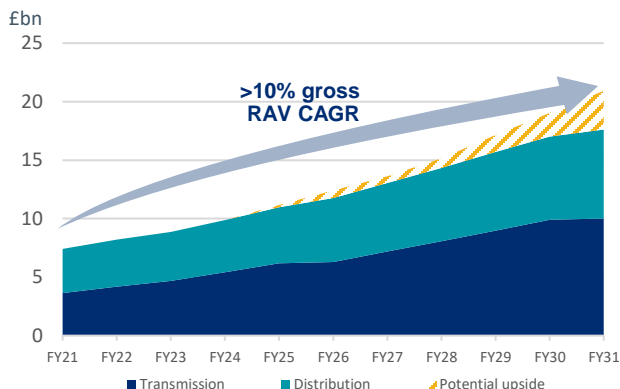
## RENEWABLES GROWTH FORECAST

### Leading capacity and output growth across the next decade



## NETWORKS RAV GROWTH FORECAST<sup>2</sup>

### Exceptional RAV growth expected throughout the decade



## STRONG BALANCE SHEET AND INVESTMENT GRADE CREDIT RATING

Adj. net debt/EBITDA

Target: 4.5x

FY22: 4.0x

Ratings agency	Rating	Core metric	Threshold	Outlook
S&P	BBB+	FFO/Net debt	Around 18%	Stable
Moody's	Baa1	RCF/Net debt	Trending towards low teens	Stable

<sup>1</sup> As at 30 September 2022

<sup>2</sup> Reflects gross forecast (25% minority interest disposal of Transmission and Distribution assumed to take place during FY24). Distribution based on RIIO-ED2 Draft Business plan, subject to Ofgem Final Determinations. Including ~£200m transfer from Transmission. Transmission assumes buildout of all Networks Options Assessment projects and Pumped Storage connections by FY31

<sup>3</sup> Note: All returns indicated are post tax nominal returns

<sup>4</sup> Assumes CPI inflation of 2% p.a. and gearing ratio of 65%

<sup>5</sup> Spreads to WACC reflect balance of merchant risk and construction risk specific to each project

This financial report contains forward-looking statements about financial and operational matters. Because they relate to future events and are subject to future circumstances, these forward-looking statements are subject to risks, uncertainties and other factors. As a result, actual financial results, operational performance and other future developments could differ materially from those envisaged by the forward-looking statements. SSE plc gives no express or implied warranty as to the impartiality, accuracy, completeness or correctness of the information, opinions or statements expressed herein. Neither SSE plc nor its affiliates assume liability of any kind for any damage or loss arising from any use of this document or its contents. This document does not constitute an offer or invitation to underwrite, subscribe for, or otherwise acquire or dispose of any SSE shares or other securities and the information contained herein cannot be relied upon as a guide to future performance.

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