SSE PLC
Q3 2020/21 TRADING STATEMENT

2 FEBRUARY 2021

This Trading Statement reiterates SSE's financial outlook for the 2020/21 financial year and sets out the Group's key strategic developments and operational performance in the quarter ended 31 December 2020.

FINANCIAL OUTLOOK

SSE updated the market on its expectations for full-year 2020/21 adjusted earnings per share on 4 December 2020 and still expects that it will be in the 85 pence to 90 pence range, based on the following assumptions:

- Normal weather conditions prevailing for the final three months of the year. For the nine months to 31 December 2020, renewables output was just over 5% below plan.
- The impact of coronavirus on full-year operating profit being towards the middle of the £150m to £250m range originally estimated in SSE's Full-year Results in June 2020.

SSE intends to recommend a full-year dividend of 80p per share plus RPI for 2020/21 and continues to target annual RPI increases to 2023 as set out in its five-year dividend plan.

KEY DEVELOPMENTS

- SSE continues to prioritise the safe and reliable supply of electricity during the latest phase of the coronavirus pandemic. The majority of employees continue to work from home, while steps taken earlier in the pandemic to establish safe ways of working for operational employees unable to work from home have helped limit the impact of the return to national lockdowns on SSE’s day-to-day operations and construction activity.

- Good progress is being made on SSE's five-year, £7.5bn investment and capital expenditure plan. In November, financial close was reached on Dogger Bank A and B ahead of the 10% stake sale; and construction continues at Viking onshore and Seagreen offshore wind farms.

- SSE continues to participate in seabed auction processes in order to deliver on plans to treble renewables output by 2030 and achieve a run rate of at least 1GW (net) of new assets a year during the second half of the decade. This includes pre-qualification in January 2021 as part of a consortium for the Danish Thor offshore wind tender as SSE seeks to bring its expertise in the renewables value chain to international markets, where it sees value.

- The Group is on track to realise in excess of £2bn from a disposals programme that is creating value and furthering SSE’s strategic focus on net zero. The completion of the sale of its Multifuel assets for £995m and the sale of its gas exploration and production assets in December underlined SSE’s ESG credentials and focus, whilst taking expected proceeds from agreed or completed disposals to over £1.5bn. SSE has appointed banks to review options for divestment of all or part of its stake in SGN and will decide on approach and timings before the end of this financial year.

- SSE welcomed the positive change in totex in Ofgem's Final Determinations for the RIIO-T2 price control period but was disappointed that the financial parameters did not reflect the evidence put before Ofgem. SSE continues to engage constructively with the regulator to secure an ambitious, fair and balanced price control settlement that is acceptable to all stakeholders.

- SSE welcomed positive signals on energy policy from the UK Government, notably in the Prime Ministerial Ten-point Plan, the Energy White Paper and the National Infrastructure strategy.
- SSE is also encouraged by the UK Government's renewed commitment to effective long-term carbon pricing. However, until the new UK ETS is introduced SSE will temporarily adjust its approach to the forward hedging of its thermal generation output for periods beyond March 2021. This is likely to mean SSE will suspend forward hedging and instead will commit generation plant nearer to delivery. This is not expected to have a material impact on profits.
- In November, SSE was confirmed as a principal partner of the COP26 summit and looks forward to working with the UK and other governments to deliver meaningful action and a more ambitious climate change agreement. It also joined the Race to Zero campaign, pledging to reach net zero emissions, both direct and indirect, by 2050 at the latest, putting its operations in line with the ambition to limit global warming to 1.5°C.

Gregor Alexander, Finance Director, said:

"With solid operational performance and strong strategic execution, SSE is well positioned as we move towards the end of our financial year. Our robust business model is mitigating the impact of coronavirus, our disposal programme is proceeding at pace and at Dogger Bank we have shown yet again that we can develop opportunities and create value from world-class assets.
"With a number of uncertainties lifting and an increasingly supportive policy environment which further underpins our clear strategic focus on the transition to net zero, SSE is on a strong strategic footing for the rest of 2020/21 and beyond."

OPERATIONAL PERFORMANCE

SSE RENEWABLES

Output of electricity from renewable sources in which SSE has an ownership interest across the UK and Ireland (excluding pumped storage) was 402 GWh, or just over 5%, below plan in the 9 months to 31 December, mainly due to wind resource. This represents less than 4% of the annual forecast total output.

	Actual output for 9 months to 31 December 2020	**Planned output for 9 months to 31 December 2020**	**Actual output for 9 months to 31 December 2019**
Onshore wind generation output – GWh inc. constrained off output	3,149	3,511	3,334
Offshore wind generation output – GWh inc. constrained off output	1,326	1,448	1,487
Conventional hydro generation output – GWh	2,571	2,489	2,294
Total renewables output (excl. pumped storage) - GWh	**7,046**	**7,448**	**7,115**
Pumped storage generation output – GWh	156	-	127
Total renewables output - GWh	**7,202**		**7,242**

Wind output based on SSE's contractual share and includes 443GWh of compensated constrained off onshore generation in the nine months to 31 December 2020 and 308GWh in the same period in 2019.

SSEN DISTRIBUTION

	9 months to 31 December 2020	9 months to 31 December 2019
Customer minutes lost (SHEPD) – average per customer	38	38
Customer minutes lost (SEPD) – average per customer	33	35
Customer interruptions (SHEPD) – per 100 customers	45	43
Customer interruptions (SEPD) – per 100 customers	35	37
Electricity transported through SSEN Distribution - TWh	26	28

SSE THERMAL

Output of electricity from SSE's gas-fired generation plant for the nine months to 31 December was almost 8% higher than in the same period in 2019 (from around 16% higher at 30 September 2020). Flexible thermal generation continues to play a key part in the GB and Irish energy markets as we transition to net zero, with output dependent on market conditions and plant availability.

	9 months to 31 December 2020	9 months to 31 December 2019
Gas-fired generation output – GWh	13,036	12,091

Output includes 242GWh of oil-fired generation in the nine months to 31 December 2020 and 168GWh of oil-fired generation in the same period in 2019, primarily island diesels and older Irish plant.
SSE announced the sale of its stake in Ferrybridge and Skelton Grange multifuel assets on 13 October 2020 with output excluded from both 2019 and 2020 above.
SSE closed its last remaining coal-fired power station in March 2020 with output in the nine months to 31 December 2019 excluded above.

NOTIFICATION OF CLOSED PERIOD

SSE expects to issue a Notification of Closed Period statement on 30 March ahead of publication of its Preliminary Full-year Results for 2020/21 on 26 May 2020.

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Alternative Performance Measures
Adjusted Earnings Per Share (EPS): The definitions SSE uses for adjusted measures are consistently applied and explained in the Alternative Performance Measure section from page 164 of the SSE plc Annual Report 2020.

ENDS