

SSE plc

TRADING STATEMENT

16 July 2020

HEADLINES

This trading statement:

- sets out key developments since publication of SSE's Preliminary Full-year Results Statement on 17 June;
- provides an update on performance of SSE's businesses for the first quarter of this financial year; and
- reiterates that SSE continues to target delivery of its five-year dividend plan to 2022/23.

Alistair Phillips-Davies, Chief Executive of SSE, said:

"Throughout the first quarter of 2020/21, our key workers continued to support the national coronavirus response by supporting the safe and reliable supply of electricity. Whilst the wider economic implication of the coronavirus continues to impact on the business, we've been investing in the green economic recovery and progressing our £7.5 billion capex plan of low-carbon investments, primarily in renewables and electricity networks.

"At the same time, we are delivering the comprehensive financial plan we set out last month at our full year results, continuing work on our disposal programme and successfully issuing over £1bn in hybrid bonds. Although the key months of our financial year are still ahead of us, the steps we are taking leave us well placed to deliver on our financial objectives of promoting the long-term success of the company and paying dividends."

FINANCIAL OUTLOOK FOR 2020/21

As set out in its Preliminary Full-Year Results Statement in June, SSE expects the impact of coronavirus on the wider economy to have adverse, albeit temporary, effects on several of its businesses during 2020/21 with the greater impacts likely to be experienced in the first six months of the year. Coronavirus impacts on operating profit for the first three months of trading are in line with our expectations, with the total for 2020/21 still anticipated to be in the range of £150m to £250m before mitigation. SSE continues to keep this assessment under review and will provide guidance on adjusted earnings per share later in the financial year.

SSE's dividend provides income for people's pensions and savings and is particularly vital given the economic consequences of the coronavirus pandemic. SSE continues to target delivery of the five-year dividend plan to 2022/23, including an 80p + RPI full-year dividend for 2020/21. It intends to declare a 24.4p interim dividend in November 2020 for payment in March 2021, based on an estimated RPI of 1.5%.

KEY DEVELOPMENTS SINCE 17 JUNE

Since SSE published its Preliminary Full-Year Results Statement on 17 June, key developments include:

- Successful issuance of new hybrid capital securities with an all-in funding cost of just under 3.8% per annum, the c.£1,060m proceeds of which are intended to replace SSE's hybrids issued in 2015 (at an all-in rate of 4.02%);

- The publication of Ofgem’s Draft Determination for the RIIO-T2 price control period. SSE believes that, without changes during the consultation period, the draft settlement risks failing to deliver on net zero, inadequately reflecting stakeholder and customer needs, and falling short in attracting the significant investment required.
- Progressing the processes to secure project finance and sell an equity stake in Dogger Bank offshore wind project, which will be the largest in the world once complete;
- Positive engagement with UK and Scottish Governments on SSE’s ‘greenprint’ of proposals to drive a green economic recovery (refer to sse.com for more details); and
- Publication of SSE’s Annual Report and Accounts for 2019/20.

OPERATIONAL PERFORMANCE

SSE Renewables

Output of electricity from renewable sources in which SSE has an ownership interest across the UK and Ireland was 364 GWh, or around 15%, below plan in the quarter to 30 June, mainly due to weather conditions. This represents around 3% of the annual forecast total output.

	Actual output for 3 months to 30 June 2020	Planned output for 3 months to 30 June 2020	Actual output for 3 months to 30 June 2019
Onshore wind generation output – GWh inc. constrained off output	878	1,036	941
Offshore wind generation output – GWh inc. constrained off output	410	467	407
Conventional hydro generation output – GWh	674	774	482
Pumped storage generation output – GWh	26	75	49
Total renewables output - GWh	1,988	2,352	1,879

Wind output based on SSE’s contractual share and includes 132GWh of compensated constrained off onshore generation in the three months to 30 June 2020 and 85GWh of almost all onshore in the same period in 2019.

SSEN Distribution

	3 months to 30 June 2020	3 months to 30 June 2019
Customer minutes lost (SHEPD) – average per customer	10	12
Customer minutes lost (SEPD) – average per customer	10	10
Customer interruptions (SHEPD) – per 100 customers	14	12
Customer interruptions (SEPD) – per 100 customers	12	10
Electricity transported through SSEN Distribution - TWh	7.7	8.8

SSE Thermal

	3 months to 30 June 2020	3 months to 30 June 2019
Gas -fired (inc multi-fuel) generation output – GWh	4,260	3,810

Includes 70GWh of oil fired generation, primarily island diesels and older Irish plant.

ANNUAL GENERAL MEETING

SSE's Annual General Meeting will be held at Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ on Wednesday 12 August 2020 at 11:00.

The safety of employees, shareholders and the public is SSE's primary concern and, after careful consideration of the ongoing coronavirus pandemic and associated social distancing measures, and with reference to the proposed Corporate Governance and Insolvency Bill, the Board has taken the decision that shareholders will not be invited to attend the AGM. This year's AGM will be held with only the minimum number of shareholders present as required to form a quorum under the Company's Articles of Association, who will be officers or employees of the Company.

However, the Board is committed to shareholder participation and engagement and more information on how to vote electronically or by proxy, as well how to submit questions for a pre-recorded Board Q&A, is available at: <https://www.sse.com/investors/shareholder-services/agm-2020/>.

NOTIFICATION OF CLOSE PERIOD

SSE will issue a further business update with its Notification of Close Period statement by 30 September 2020.

ENQUIRIES

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