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# SSE PLC

## Q3 TRADING STATEMENT

20 JANUARY 2023

- **2022/23 adjusted earnings per share expectations updated to more than 150 pence.**
- **Update reflects the strength of the Group's diverse business mix, which continues to create value, alongside the increased certainty from strong operational performance and supportive market conditions.**
- **SSE remains on course to deliver record investment in excess of £2.5bn this year, backed by its strong balance sheet and credit ratings, with clear visibility of further investment opportunities that support the transition to net zero.**

This Trading Statement updates SSE's financial outlook, outlines operational performance for the third quarter ending 31 December 2022 and highlights recent strategic progress made in the delivery of the Group's Net Zero Acceleration Programme ("NZAP").

### FINANCIAL OUTLOOK

SSE is updating its current expectations for full-year 2022/23 adjusted earnings per share to more than 150 pence from the previous guidance of at least 120 pence. This update reflects the strength and stability of its balanced mix of regulated and market-facing businesses with continuing good availability and supportive market conditions leading to flexible generation plant and gas storage optimisation significantly offsetting lower than planned renewables output and hedge buy-back costs. It also reflects a narrower range of probable financial outcomes with the decrease in risk from recent falls in forward power and gas prices and further clarity over the Electricity Generator Levy both reducing uncertainty in the financial outlook as the year has progressed.

With market volatility expected to continue in the near term, uncertainties such as plant availability, weather conditions, and the extent to which market conditions lead to further optimisation of flexible generation plant, will determine the final full-year outturn. SSE will provide an update on performance for the final months of the year in its Notification of Closed Period statement.

In line with the Group's five-year dividend plan, announced as part of its NZAP in November 2021, SSE intends to recommend a full-year dividend of 85.7p per share plus RPI for 2022/23 followed by a rebase to 60p in 2023/24 to support the Group's significant investment and growth plans. The dividend is then expected to increase by at least 5% per annum in 2024/25 and 2025/26.

SSE remains on course to deliver record investment in 2022/23, with capital expenditure (including acquisitions) still expected to be in excess of £2.5bn. Investment opportunities associated with net zero continue to accelerate, not least in SSE's regulated networks businesses. December's Accelerated Strategic Transmission Investment (ASTI) framework announcement clears the way for SSEN Transmission to build the assets required to support 50GW of offshore wind by 2030 and work continues on agreeing a final settlement for SSEN Distribution to implement its £3.6bn RIIO-ED2 business plan following Ofgem's recent final determination, which saw baseline allowances for SSEN Distribution increasing by £300m from draft determinations, representing a 21% increase in allowed expenditure compared to an equivalent period in RIIO-ED1.

The Group's balance sheet continues to strengthen and, following the completion of a minority stake sale of SSEN Transmission in November 2022, the net debt to EBITDA ratio is anticipated to be well below the target 4.5 times for this financial year. At 18 January 2023, c.23% of available liquidity had been utilised on cash collateral for forward commodity contracts.

**Gregor Alexander, Finance Director, said:**

*"Our fully funded £12.5bn Net Zero Acceleration Programme is progressing at pace as we build the renewables, networks and flexible energy assets needed for a cleaner, more secure energy system.*

*"SSE is performing well in a shifting and volatile energy landscape, underlining the strength of our balanced business mix and the quality of our assets, and we are well placed to deliver a strong financial performance for the full year.*

*"We are responding to the cost of living and energy crises by investing record amounts and remain committed to investing additional profit we make into critical low-carbon electricity infrastructure. By doing so, we are creating lasting value for SSE's stakeholders, and society as a whole."*

## **Q3 PERFORMANCE & OPERATIONAL UPDATE**

### **SSE Renewables**

Output of electricity from renewable sources in which SSE has an ownership interest across the UK and Ireland was 0.76TWh, or around 10%, below plan in the nine months to 31 December 2022 but 0.94TWh higher than the equivalent period last year. The third quarter has continued to see periods of unseasonably calm and dry weather with delays to the Seagreen project also contributing to the shortfall against plan.

Construction on Seagreen continues, alongside Dogger Bank and Viking, with Seagreen still expected to be completed in summer 2023 assuming normal weather and planned vessel availability.

	Actual output for 9 months to 31 December 2022	% of planned output	Planned output for 9 months to 31 December 2022	Actual output for 9 months to 31 December 2021
Onshore wind generation output – GWh inc. constrained off output	3,458	96%	3,586	2,791
Offshore wind generation output – GWh inc. constrained off output	1,328	78%	1,692	1,099
Conventional hydro generation output – GWh	2,074	88%	2,345	2,030
<b>Total renewables output (excl. pumped storage) – GWh</b>	<b>6,860</b>	<b>90%</b>	<b>7,623</b>	<b>5,920</b>
Pumped storage generation output – GWh	205	-	-	156
<b>Total renewables output – GWh</b>	<b>7,065</b>	<b>-</b>	<b>-</b>	<b>6,076</b>

1. Output based on equity share and in the nine months to 31 December 2022 includes 341GWh of onshore and 97GWh of offshore compensated constrained off generation. The same period in 2021 included 268GWh of onshore, and 118GWh offshore, compensated constrained off generation.
2. Planned output is consistent with the 11.4TWh outlook for 2022/23 as stated in May 2022, which included 0.9TWh of planned output from Seagreen during the period.

## SSE Thermal

Flexible thermal generation continues to play a key part in the transition to net zero, creating value by optimising output and forward trading to reflect market conditions and providing the fast response services required in an increasingly intermittent renewables-led system. Strong availability across the existing fleet during the last quarter, combined with market conditions, has meant output of electricity from SSE's gas-fired generation plant for the nine months to 31 December 2022 was 27% higher than the same period last year as SSE's fleet helped ensure security of supply for customers.

Meanwhile, commissioning of Keadby 2 CCGT is due to recommence on 22 January with the performance validation period continuing to be expected to complete on 11 February 2023.

	9 months to 31 December 2022	9 months to 31 December 2021
Gas-fired generation output (GB) – GWh	13,232	8,670
Gas-fired generation output (ROI) – GWh	1,018	2,517
<b>Total gas-fired generation output – GWh</b>	<b>14,250</b>	<b>11,187</b>

1. Output includes 311GWh of oil-fired generation in the nine months to 31 December 2022 and 642GWh of oil-fired generation in the same period in 2021, primarily 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. Output in GB includes 1,012GWh of output from the Triton Power portfolio from acquisition on 1 September 2022. The output primarily relates to the Saltend CCGT.

4. Output in Ireland in the nine months to 31 December 2022 was impacted by unavailability at Great Island CCGT, which returned to service in July 2022, and Tarbert oil-fired plant.
5. Output in GB excludes 649GWh of commissioning output in 2022 from Keadby 2 CCGT, with the plant's performance validation period expected to complete on 11 February 2023.

## NOTIFICATION OF CLOSED PERIOD

SSE expects to issue a Notification of Closed Period statement on 30 March 2023 ahead of publication of its Preliminary Full-year Results for 2022/23 on 24 May 2023.

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