

TIME TO POWER CHANGE



SSE.LN Nov 2021

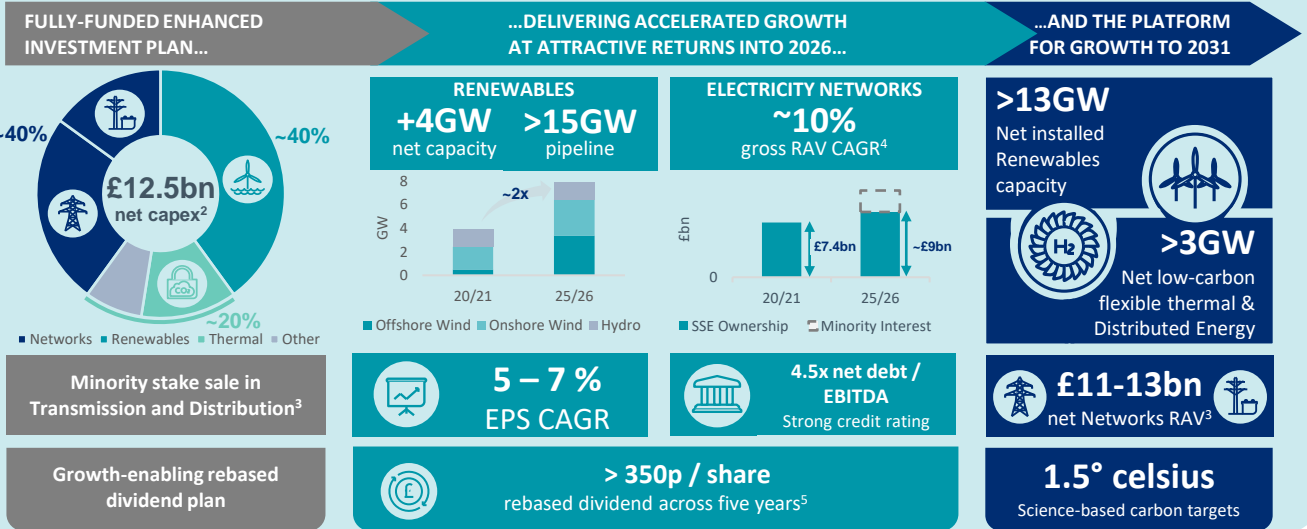
SSE'S INVESTMENT CASE

- UK-listed integrated energy group with regulated electricity networks and renewable energy assets supported by complementary businesses - all focused on the delivery of the electricity infrastructure needed in the transition to net zero
- Commitment to both environmental and social sustainability through 1.5 degree science based carbon targets and leading Just Transition strategy
- Existing Renewables portfolio of c.4GW, secured pipeline of c.11GW, currently leading the construction of more offshore wind than anyone else in the world and developing options to enter new international markets
- Transmission and Distribution networks RAV in GB of £7.4bn, expected to be fastest growing in Europe

OUTLOOK TO FY26 AND BEYOND

- Fully-funded £12.5bn capital investment plan across the five years to FY26 representing a £1bn pa increase on previous plan
- 5-7% adjusted EPS CAGR¹, after assumed minority Networks divestment
- Renewables EBITDA CAGR of 11-12%, delivery of c.4GW capacity additions with secured pipeline increasing to >15GW
- Networks RAV growth of c.10% (gross) across FY21 – FY26, and proposed 25% divestment of the Networks businesses
- Attractive growth options and returns across the energy value chain, including CCS, Hydrogen and Storage
- Growth-enabling dividend plan, rebased to 60p in FY24; 5%+ growth in FY25 & 26; aiming for mid-single digit growth thereafter

NET ZERO ACCELERATION PROGRAMME



ATTRACTIVE TARGET RETURNS⁶

Common capabilities across the Group drive favourable returns

Offshore wind



At least 10%

Equity returns on Joint Venture projects, excluding developer profits

Electricity networks



7-9%

Return on equity (RoE)⁷

Onshore wind



100-400 bps

Spread to WACC on unlevered projects⁸

Future CCS/Hydrogen

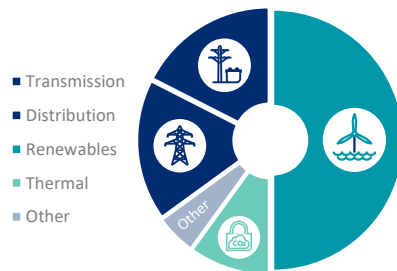


300-500 bps

Spread to WACC on unlevered projects⁸

BALANCED EBITDA MIX

Average expected adj. EBITDA split across FY21 – FY26



~60% of EBITDA underpinned by index-linked revenue streams

UPDATED BUSINESS GOALS TO 2030

- Cut carbon intensity by 80%**
Reduce Scope 1 carbon intensity by 80% by 2030, compared to 2017/18 levels, to 61gCO₂e/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



¹ Relative to FY21 adjusted EPS of 87.5p

² All capex includes investments in development pipeline and is net of project finance devex refunds

³ After modelling assumption of 25% minority interest disposal of Transmission and Distribution during FY24

⁴ Underlying business, assumes 2% CPI inflation p.a. Distribution based on RIIO-ED2 Draft Business plan submission, subject to final submission and Ofgem determination

⁵ Dividend rebased at 60p in 23/24, targeting at least 5% annual growth thereafter to March 2026

⁶ All returns indicated are post tax nominal returns

⁷ Assumes CPI inflation of 2% p.a. and actual gearing ratio of 65%

⁸ Spreads to WACC reflect balance of merchant risk and construction risk specific to each project

SSE IS LEADING THE NET ZERO TRANSITION

Currently leading the construction of more offshore wind than anyone else in the world and expanding overseas, delivering electricity networks needed for net zero and pioneering carbon capture, hydrogen and battery technologies to deliver system flexibility



The UK is leading the charge on net zero globally...

40 GW offshore wind target by 2030

16 – 20 GW onshore wind target by 2030²

+20 GW low-carbon flexibility needed by 2030 to ensure security of supply³



FULLY DECARBONISED UK POWER SYSTEM BY 2035

>£4bn/year sector investment in GB¹



Electricity Networks
Over 20% of planned GB investment



Offshore wind
Enabling delivery of over 25% of UK's offshore wind target



Onshore wind
Targeting up to 20% of Scotland's onshore wind additions



Pumped storage
Coire Glas would increase UK's pumped storage capacity by 50%



Distributed energy
Developing options for GW-scale battery pipeline

CCS/Hydrogen

Developing options for '1st of a kind' CCUS and hydrogen projects



...and SSE focused on accelerating investment in the infrastructure needed for the UK and internationally

RENEWABLES PIPELINE⁴

High-quality pipeline options with significant opportunities for growth

TECH	IN CONSTRUCTION	CONSENTED	REQUIRING CONSENT	SECURED PIPELINE	FUTURE PROSPECTS
	MW	MW	MW	MW	MW
	458	370	355	1,183	550
		1,500		1,500	75
	1,967	696	5,392	8,055	9,600
TOTAL	2.4GW	2.6GW	5.7GW	~11GW	>10GW

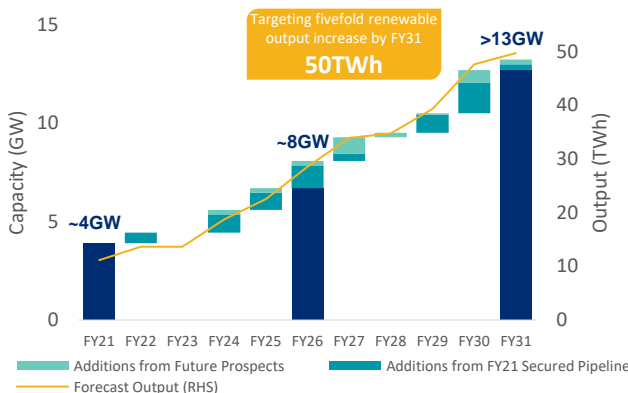
NETWORKS GROWTH DRIVERS⁵

Regulated electricity networks are key enablers of net zero

GROWTH DRIVER	FY21	FY26e	FY31e
Fcast Connected Generation (GW)	c9	c14	c23
Fcast EV charging capacity (GW)	<0.8	>4	>10
Fcast heat pump capacity (GW)	<0.3	>2	>5

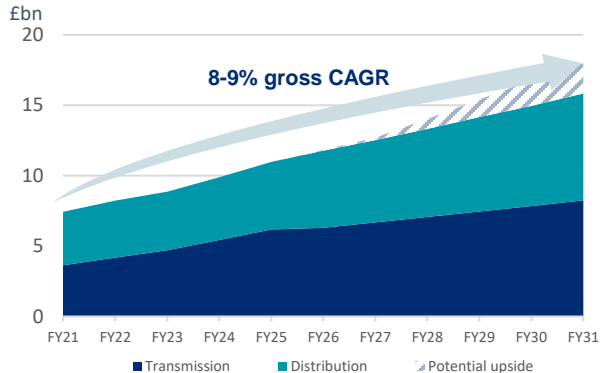
RENEWABLES GROWTH FORECAST⁶

Leading capacity and output growth across the next decade



NETWORKS RAV GROWTH FORECAST⁷

Exceptional RAV growth expected throughout the decade



STRONG BALANCE SHEET AND INVESTMENT GRADE CREDIT RATING

SSE adj. net debt at Sept 30 2021

Fixed
Floating



Target adj. net debt/EBITDA:
Around 4.5x

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

¹Includes current draft RIIO-ED2 plans

²Scottish Government draft Onshore Wind Policy Statement targets 8-12 GW of installed onshore wind capacity additions by 2030

³Smart Systems and Flexibility Plan 2021, needed to achieve offshore target

⁴As at 16th February 2022

⁵ See slides 55 & 57, SSE Interim Results and Strategic Update 17 November.

⁶ See slide 44, SSE Interim Results and Strategic Update 17 November

⁷ See slide 53, SSE Interim Results and Strategic Update 17 November, Assumes 25% minority interest disposal of Transmission and Distribution during FY24. Distribution based on RIIO-ED2 Draft Business plan submission, subject to final submission and Ofgem determination. Including ~£200m transfer from Transmission. Transmission includes an assumed c£1bn of totex allowed under uncertainty mechanisms. Inflation assumption 3% RPI/2% CPIH.

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