This Performance Summary is sent to you in place of the full SSE plc Annual Report and Notice of Annual General Meeting 2019, which are both available at sse.com. For information on how to vote on the resolutions being proposed at the AGM on 18 July 2019, shareholders should refer to the instructions on the back page. The Annual Report 2019 comprises: SSE’s Strategic Report; Directors’ Report; Directors’ Remuneration Report; Directors’ Remuneration Policy; and Financial Statements. In addition to recording SSE’s financial and operational performance in 2018/19, the Annual Report gives context on how the business is changing to seize the opportunities presented by decarbonisation.

**SSE Reporting Centre**

SSE has launched a new online Reporting Centre. It contains the full Annual Report 2019 in interactive form, and has been designed to increase shareholder accessibility to useful information surrounding the Company and performance. The SSE Reporting Centre can be accessed at:

[sse.com/investors/reportsandresults](http://sse.com/investors/reportsandresults)
SSE’s financial performance for 2018/19 fell well short of what we anticipated at the start of the financial year, and that was clearly disappointing. Nevertheless, the Board believes the response to the issues faced has been pragmatic, comprehensive and appropriate, and there were a number of significant positives in the year including outstanding safety performance, excellence in project delivery and creation of significant value through well-timed disposals.

SSE is a robust and resilient company. Across its core businesses it is making material operational and strategic progress. It is also undergoing rapid evolution. A keener focus has been placed on SSE’s low-carbon renewable generation and regulated networks businesses and greater visibility has been given to the assets that create sustainable value. This shift in focus reflects a socially-responsible strategy that supports a clear financial objective.

A healthy business culture
An ethos of “doing the right thing” is at the very heart of SSE’s ethical business culture and this is embodied in the vision, purpose and strategy set by the Board. This ethos is guided by a set of well-established values that have safety at their core. Good safety behaviour is heavily promoted and measured and while performance improved markedly in 2018/19, it continues to be monitored closely by the Board given the inherent hazards faced by the electricity industry and the potential impact on stakeholders.

Transparency is vital to a healthy culture, and I am proud that SSE continues to stand out among FTSE 100 companies when it comes to disclosure of material issues like our response to the gender pay gap, payment of Fair Tax, allocation of Green Bond proceeds and SSE’s contribution to the UK and Irish economies.

A socially-responsible strategy
Doing the right thing also underpins a strategy of creating value for not just shareholders, but for society more widely, from developing, operating and owning energy and related infrastructure and services in a sustainable way.

Developing, operating and owning these assets provides the foundation for the better world of energy that we strive for. We are part-way through a capital and investment spending programme of around £6bn for the five years to March 2023, giving an annual average of £1.2bn across the period. But it is important to note that transactions in 2018/19 show SSE is not fixed on asset ownership; the development risk that SSE is able to manage attracts a premium and, when the market is right, capital recycling is a key part of our strategy for growth. Likewise, full ownership is not seen as a prerequisite for shareholder or societal value and we have a strong record of working with others to deliver mutually beneficial partnering, in which SSE’s skills as an operator play a critical part.

This strategy is played out amid the twists and turns of an uncertain political and regulatory environment. Ofgem’s proposals for the next network price controls (RIIO2), the debate around the role of the state ownership in the sector, the suspension of the GB Capacity Market, price caps in both domestic retail and CFD auctions for low-carbon generation and, of course, Brexit, have all posed challenges for SSE. As a public listed company working in the public interest we must engage in an open and constructive way with government and regulators. This extends to responding, in an objective, progressive and responsible way, to the Labour Party’s proposals to renationalise electricity networks.

A clear financial objective
The progress we have seen in 2018/19 is testament to the talent, skills and values of the people at SSE. There is a collective belief that a strategy that sets out to seize the opportunities presented by decarbonisation, while helping to solve the problem of climate change, remains the best way to achieve SSE’s primary financial objective of delivering on our five-year dividend plan, and this is underlined by the 97.5p full-year dividend we are recommending for 2018/19. This will be the first step in delivering our five-year dividend plan to 2023.

Richard Gillingwater CBE
Chair, SSE plc Board

“Doing the right thing underpins a strategy of creating value for not just shareholders, but for society.”
Our strategy – of creating value for shareholders and society from developing, operating and owning energy and related infrastructure and services in a sustainable way – is in step with the opportunities created by the transition to a low-carbon economy. We stand ready to play our part in building a better world of energy; we see our purpose as part of the solution to climate change.

Our commitment to remunerating shareholders for their investment is unwavering but the industry is changing, and SSE is changing with it. Change brings challenges, and SSE had its share of those in 2018/19, but I am encouraged by the promise that change holds, and the progress made in delivery of our strategic objectives.

A world of opportunities
The opportunities afforded by decarbonisation are being driven by a number of key trends such as electrification of heat and transport in the energy system; carbon pricing, legally-binding carbon targets and associated support mechanisms; a wave of innovation that is making the technological enablers of decarbonisation more affordable; and an inflow of capital into the sector, which is increasingly drawn to lower-emission assets and technologies. SSE’s strategy mirrors these trends and “goes with the grain” of investor and societal expectations.

Delivering on our strategy
The unexpected operating loss relating to our Energy Portfolio Management division had a significant impact on financial performance in 2018/19, but we saw a number of major achievements and delivery milestones that contributed to the Group’s purpose of providing the energy needed today while building a better world of energy for tomorrow. We also met our commitment to shareholders by delivering on the first step in a five-year dividend plan.

For the year to 31 March 2019, investment and capital expenditure totalled £1.4bn and this included £684m in the electricity networks that are enablers of low-carbon, renewables technologies. A notable high point was the completion of the single biggest project undertaken by SSE to date, the £1bn Caithness-Moray transmission link that came in on time and on budget. This has us on course to take net Regulated Asset Value (RAV) of SSE regulated networks businesses (including SGN) to £10bn by 2023. Meanwhile, we made good progress in the transition from Distribution Networks Operator to Distribution System Operator and continued to improve performance and customer service.

Around £326m investment in renewable energy saw delivery of the 228MW Stronelairg onshore wind farm and the recent completion of Beatrice offshore wind farm, in which SSE has a 235MW share. The sale of stakes in both Stronelairg and Dunmaglass wind farms (£635m) in the year – like the sales of stakes in Clyde wind farm (£202m), SSE Telecoms (£215m), and the full sale of Indigo Pipelines (£70m) – showed that a strategy of developing and operating, as well as owning, quality assets creates sustainable value.

While our strategic focus is on renewables and networks, our commitment to securing the right future for SSE Energy Services is clear and a new management team is now in place with a mandate to secure for it the best future outside the SSE Group through a listing or new, alternative ownership.

Priorities for 2019 and beyond
SSE’s long-term future lies in developing, operating and owning world-class low-carbon assets. Partnering will increasingly become a feature of this as we seek to draw on new sources of capital and technical expertise. And we will look beyond our home markets for opportunities in jurisdictions where SSE’s skills and experience can create lasting value for shareholders. I believe the changes we have made have given our businesses the best platforms for success. Their management teams will be empowered to develop their own business plans, and accountable for their delivery.

There is no doubt that 2018/19 presented challenges, but SSE has emerged from them with a clear purpose and a strategy that will seize the opportunities presented by decarbonisation and continue to create sustainable value for shareholders and society. We stand ready to play our part in building a better world of energy; we see our purpose as part of the solution to climate change.

“A world of opportunities

“Our strategy is increasingly drawn to lower-emission assets and technologies. SSE’s strategy mirrors these trends and “goes with the grain” of investor and societal expectations.

Alistair Phillips-Davies
Chief Executive

“We stand ready to play our part ... we see our purpose as part of the solution to climate change.”
OUR VISION, PURPOSE AND STRATEGY

Strategic overview

Focusing on the core

SSE’s core, low-carbon businesses are the engine rooms of its strategic delivery. Earnings derived from renewable sources of energy and regulated energy networks account for the majority of Group operating profit, and it is these businesses that are best placed to seize the opportunities presented by decarbonisation and electrification.

Changes to SSE’s business structure implemented from 1 April 2019 have created strong focus for individual business units and clear visibility of value. In particular, SSE is consolidating the development and operation of all its renewable energy assets under single management in a business to be known as SSE Renewables. This new model also gives greater focus to the specific requirements of SSE’s Distribution and Transmission networks businesses, which are vital low-carbon enablers.

These low-carbon renewables and networks businesses are supported by thermal generation plant that provides vital flexibility complementing the variability of renewables output during the low-carbon transition, and retail operations that provide key energy services for customers and secure valuable routes to market for SSE’s generation fleet.

Developing, operating, owning

At the very heart of SSE’s strategy is a commitment to developing, operating and owning the assets that create lasting value and are vital to the low-carbon transition. It has world-class assets, a coveted pipeline of opportunities, and skills and sector experience in project development, procurement, construction management, operations, customer service and finance that enhance value for both shareholders and society.

An increased investment appetite for low-carbon electricity assets presents opportunities to form new financial partnerships and create value from successful development and operation of assets. This fits with a strategy of developing and operating, but not always wholly owning assets. Timely capital recycling will continue to be an important feature to realise value from development while retaining key stakes so SSE can add value from operations and retain options for future growth.

Growth could also come from areas beyond SSE’s home markets in Great Britain and the island of Ireland, where new or adapted technologies might provide opportunities for growth subject to SSE’s strict capital discipline.

Earnings composition (£m) in 2018/19

<table>
<thead>
<tr>
<th>Earnings Composition (£m) in 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networks</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>136.9</td>
</tr>
</tbody>
</table>

Investment and capital expenditure 2018-19

£1.42bn
SSE’s vision is to be a leading energy company in a low-carbon world. Its purpose is to provide the energy needed today while building a better world of energy for tomorrow. And its strategy is to create value for shareholders and society from developing, operating and owning energy and related infrastructure in a sustainable way. This strategy, which is underpinned by a commitment to strong financial management, is built on four pillars.

**STRATEGIC PILLAR #3**

**Creating value**

A strategy of developing, operating and owning creates value for shareholders. A dividend commitment built on world-class assets, growth options and the skills and experience SSE has in low-carbon technologies fairly remunerates shareholders for their continued investment. As was seen in 2018/19, successful transactions can also create substantial value to finance further investment for growth and discretionary share buybacks, or contribute to the management of net debt.

The same strategy also creates real, lasting value for society. SSE makes a significant contribution to the economies it operates in by paying the right amount of tax, at the right time, in the right place. SSE also makes significant economic contribution to the countries in which it operates by sustaining and creating quality jobs, paying fair wages, committing to tax transparency, supporting indigenous supply chains, providing community investment funds and delivering infrastructure to support the transition to a low-carbon economy.

**Delivering the five-year dividend plan**

<table>
<thead>
<tr>
<th>Dividend per share pence</th>
<th>FY23e</th>
<th>FY22e</th>
<th>FY21e</th>
<th>FY20e</th>
<th>FY19</th>
<th>FY18</th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
<th>FY14</th>
<th>FY13</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>83.2</td>
<td>84.2</td>
<td>85.0</td>
<td>85.6</td>
<td>86.0</td>
<td>86.4</td>
<td>86.7</td>
<td>88.4</td>
<td>89.4</td>
<td>91.3</td>
<td>94.7</td>
<td>97.5</td>
</tr>
</tbody>
</table>

* 2019 – recommended; 2020 – intend to recommend.

**STRATEGIC PILLAR #4**

**Being sustainable**

A sustainable company is one that offers profitable solutions to the world’s problems. In support of its vision, purpose and strategy, SSE has adopted four fundamental business goals for 2030 which are directly aligned to the United Nations’ Sustainable Development Goals.

Through its goals, the UN has created a blueprint for a sustainable world – and it is one that SSE is putting at the forefront of its business, with a strategy that is geared to delivering decarbonisation and to enabling the Group to realise its vision of being a leading energy company in a low-carbon world.

- **Climate action**: Reduce the carbon intensity of electricity generated by 50% by 2030, compared to 2018 levels, to around 150g/kWh.
- **Affordable and clean energy**: Develop and build by 2030 enough renewable energy to treble renewable output to 30TWh a year.
- **Industry, innovation and infrastructure**: Build electricity network flexibility and infrastructure that helps accommodate 10m electric vehicles in GB by 2030.
- **Decent work and economic growth**: Be the leading company in the UK and Ireland championing Fair Tax and a Real Living Wage.
## SSE plc Performance Summary 2019

### Performance Indicators

SSE uses a number of financial and non-financial measures to track progress against its strategy to create value from developing, operating and owning energy-related assets and businesses.

#### Progress during the year

In 2018/19, SSE’s financial results were materially affected by the unexpected adjusted operating loss in relation to its Energy Portfolio Management activities. This was disappointing and regrettable. Nevertheless, SSE delivered a full-year dividend of 97.5 pence per share, and made good progress in its programme of investment and capital expenditure in support of future value creation. This is already reflected in the Regulatory Asset Value (RAV) of its energy networks and in its capacity for generating renewable electricity.

In operational terms, SSE secured a 20% reduction in the Total Recordable Injury Rate and reduced the carbon intensity of the electricity it generated by 7%.

An important part of Executive Directors’ remuneration relates to SSE’s financial and non-financial performance, and the impact of this is set out in the Remuneration Report within the Annual Report 2019 and at sse.com.

### Economic contribution in UK/Ireland

<table>
<thead>
<tr>
<th>Year</th>
<th>UK (£bn)</th>
<th>Ireland (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>£8.9bn</td>
<td>€899m</td>
</tr>
<tr>
<td>2018</td>
<td>£8.6bn</td>
<td>€806m</td>
</tr>
<tr>
<td>2017</td>
<td>£9.3bn</td>
<td>€779m</td>
</tr>
</tbody>
</table>

#### Strategic relevance:
SSE depends on a healthy and thriving economy to enable its business success, which is why it calculates the value it adds to UK and Irish GDP each year.

#### Performance:
SSE has added a total of £75.4bn and €6.8bn (in 2018/19 prices) of value to the UK and Irish economies since 2011/12.

### Total recordable injury rate per 100,000 hours worked (employees and contractors combined)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>0.16</td>
</tr>
<tr>
<td>2018</td>
<td>0.20</td>
</tr>
<tr>
<td>2017</td>
<td>0.22</td>
</tr>
</tbody>
</table>

#### Strategic relevance:
Safety is SSE’s number one core value, and everybody in the company operates to the safety license of ‘if it’s not safe, we don’t do it’.

#### Performance:
2018/19 is SSE’s best ever safety performance making significant progress in achieving its target of halving its TRIR by 2020/21 since 2017/18.

### Taxes paid in the UK/Ireland

<table>
<thead>
<tr>
<th>Year</th>
<th>UK (£m)</th>
<th>Ireland (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>£404m</td>
<td>€14.6m</td>
</tr>
<tr>
<td>2018</td>
<td>£484m</td>
<td>€22.6m</td>
</tr>
<tr>
<td>2017</td>
<td>£385m</td>
<td>€16.5m</td>
</tr>
</tbody>
</table>

#### Strategic relevance:
Taxes support the public services everyone relies on. When companies do well, they should share their success with society through the payment of taxes.

#### Performance:
Total taxes paid reduced significantly in 2018/19. This was driven by lower profits earned yet capital allowances received as a result of significant ongoing investment.

### Renewable output (inc. pumped storage) (GWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>GWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>9,779</td>
</tr>
<tr>
<td>2018</td>
<td>9,428</td>
</tr>
<tr>
<td>2017</td>
<td>7,959</td>
</tr>
</tbody>
</table>

#### Strategic relevance:
Renewables are core to SSE’s business strategy which is centred around the low-carbon transition.

#### Performance:
2018/19 was a record year for SSE Renewables, with output increasing to 9,780GWh. This was mainly driven by an increase in average generation capacity as Stronelairg and Beatrice began to operate.

### Jobs supported in UK and Ireland

<table>
<thead>
<tr>
<th>Year</th>
<th>UK</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>105,250</td>
<td>108,440</td>
</tr>
<tr>
<td>2018</td>
<td>103,520</td>
<td>108,440</td>
</tr>
<tr>
<td>2017</td>
<td>108,440</td>
<td>108,440</td>
</tr>
</tbody>
</table>

#### Strategic relevance:
SSE relies on the people that work for it in order to operate, with its activities supporting jobs in both urban and rural areas.

#### Performance:
Across its operations in the UK and Ireland, SSE supports 101,170 and 4,080 jobs respectively.

### Carbon intensity of electricity generated (gCO2e per kWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>UK</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>284</td>
<td>305</td>
</tr>
<tr>
<td>2018</td>
<td>305</td>
<td>302</td>
</tr>
<tr>
<td>2017</td>
<td>302</td>
<td>302</td>
</tr>
</tbody>
</table>

#### Strategic relevance:
As a significant generator of electricity, SSE has a responsibility to reduce its carbon intensity in line with climate science.

#### Performance:
The carbon intensity of the electricity generated reduced by 7% this year, contributing to the company’s target to halve its carbon intensity by 2030.
### Dividend Per Share (pence)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted</th>
<th>Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>97.5</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>94.7</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>91.3</td>
<td></td>
</tr>
</tbody>
</table>

**Strategic relevance:** The first financial objective of SSE’s strategy is to remunerate shareholders’ investment through the payment of dividends.

**Performance:** In 2018/19, SSE delivered on the first step in its five-year dividend plan.

### Adjusted and Reported Earnings Per Share (£m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted</th>
<th>Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>671.2</td>
<td>135.2</td>
</tr>
<tr>
<td>2018</td>
<td>64.3</td>
<td>98.8</td>
</tr>
<tr>
<td>2017</td>
<td>104.3</td>
<td>144.4</td>
</tr>
</tbody>
</table>

**Strategic relevance:** In order to provide a meaningful measure of underlying financial performance over the medium-term, SSE focuses on adjusted EPS.

**Performance:** SSE’s Earnings Per Share of 67.1p reflects mainly the loss incurred by Energy Portfolio Management.

### Adjusted and Reported profit before tax (£m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted</th>
<th>Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>725.7</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>1,370.6</td>
</tr>
<tr>
<td>2017</td>
<td>1,276.5</td>
<td>1,599.4</td>
</tr>
</tbody>
</table>

**Strategic relevance:** SSE’s objective is to earn a sustainable level of profit over the medium term.

**Performance:** Adjusted PBT reflects the operating loss incurred by Energy Portfolio Management.

### Adjusted and Reported operating profit by segment (£m)

**Strategic relevance:** The Wholesale, Networks and Retail segmental structure reflects how SSE’s businesses were managed in 2018/19.

**Performance:** The majority of SSE’s Operating Profit is derived from renewable energy and regulated electricity networks.

### Adjusted and Reported capital and investment expenditure (£m)

**Strategic relevance:** SSE applies strict financial discipline that supports investment in assets that provide returns that are greater than the cost of capital.

**Performance:** Investment Expenditure in 2018/19 of £1.42bn included more than £1bn investment in renewable energy and regulated electricity networks.

### Adjusted and Reported EBITDA (£m)

**Strategic relevance:** Extracting interest, tax, depreciation and amortisation from earnings provides a useful measure of SSE’s operational performance.

**Performance:** Adjusted EBITDA for the core renewable energy and regulated electricity networks businesses was more than £1.5bn, or 83% of Group total.

### Investment and capital expenditure by segment (£m)

**Strategic relevance:** The main focus of SSE’s investment and capital expenditure is on low-carbon renewable energy and regulated electricity networks.

**Performance:** SSE is one year into a five-year, £6bn spending programme, 70% of which is expected to be devoted to renewables and networks.

### Regulated Asset Value (£m)

**Strategic relevance:** SSE has an ownership interest in five economically-regulated networks, each of which has a Regulated Asset Value or RAV.

**Performance:** Completion of the Caithness-Moray link helped take Transmission RAV to more than £3.25bn.

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The AGM will be held at the Perth Concert Hall, Mill Street, Perth PH1 5HZ at 12.30 pm on Thursday 18 July 2019.

Full details of the resolutions being proposed at the AGM, together with explanatory notes and information on shareholders’ rights to attend and vote, are set out in the SSE plc Notice of Annual General Meeting 2019. You should refer to the SSE plc Notice of Annual General Meeting 2019, and the SSE Annual Report 2019 before voting on the resolutions.

SSE’s Board of Directors

Richard Gillingwater CBE
Chair

Alistair Phillips-Davies
Chief Executive

Gregor Alexander
Finance Director

Martin Pibworth
Energy Director

Crawford Gillies
Senior Independent Director

Dame Sue Bruce DBE
Non-Executive Director

Tony Cocker
Non-Executive Director

Peter Lynas
Non-Executive Director

Helen Mahy CBE
Non-Executive Director

Melanie Smith
Non-Executive Director

Corporate governance
An overview of corporate governance within SSE, including details of our compliance with the UK Corporate Governance Code 2016, can be found in the Directors’ Report within the Annual Report 2019. Full biographies for each Director can also be found in the report and at sse.com/investors/reportsandresults.

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Email: info@sse.com
sse.com
Twitter: www.twitter.com/sse @SSE
Registered in Scotland No. SC117119

HOW TO VOTE ONLINE*

To vote online, please visit sse.com and follow the 2019 AGM links on the homepage. You will be asked to enter your Investor Code (printed on the letter from the Chair which accompanies this Performance Summary) and agree to terms and conditions. All voting instructions should be made as soon as possible and be no later than 12.30 pm on Tuesday 16 July 2019.

* In order to make voting easier and to reduce SSE’s environmental impact, paper proxy voting cards are only sent to shareholders who have asked to receive a hard copy of the Annual Report 2019 unless instructed otherwise.

You can change how we communicate with you by contacting the Company’s Share Registrar.

Shareholder enquiries: The Company’s register of members is maintained by our appointed Registrar, Link Asset Services. Shareholders with queries relating to their shareholdings should contact Link directly: Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Telephone: 0345 143 4005.