Good morning everyone and welcome.

The results we’re presenting this morning are in line with our Q3 and pre-close statements, but clearly disappointing. So today, we’ll set out how we’re:

• taking forward our strategic focus on regulated networks and renewables;
• enabling SSE’s key businesses to fulfil their huge opportunities;
• creating value through the low carbon transition; and
• delivering our five-year dividend plan.

And in doing all of this, we’re making a major contribution to the UK economy, including £8.9bn in the last year alone.

4. DELIVERING AGAINST OUR STRATEGIC PRIORITIES

Our strategic priority is to create value from developing and operating, as well as owning, energy assets and businesses - and we’re making significant progress through:

• Delivering the £1bn Caithness-Moray link on time and on budget;
•Finishing the Stronelairg wind farm six months early - and on budget;
• Commissioning of all the turbines offshore at Beatrice – which is on time and under budget;
• Creating SSE Renewables as part of a wider refocusing of our businesses;
• Making progress on the new approach to hedging commodity price exposures;
• Disposing of a stake in telecoms and preparing to dispose of gas production;
• Appointing Katie Bickerstaffe with a mandate to secure the best future for Energy Services; and
• Adopting four business goals for 2030 to tackle climate change and support sustainable development.

Most importantly of all, we’re making progress with our first priority - safety.

5. GIVING PEOPLE A SAFETY LICENCE

In the year to March we achieved our best-ever safety performance, with our Total Recordable Injury Rate down to 0.16 per 100,000 hours worked.

But our ultimate goal remains injury-free working - and the licence we give to everyone who works for SSE remains: “if it’s not safe, we don’t do it”.

I’ll now hand over to Gregor to take you through the main financial points.

6. GREGOR ALEXANDER

Thank you, Alistair, and good morning

7. RESULTS TO 31 MARCH 2019 – OVERVIEW
Our financial results mainly reflect the EPM loss highlighted last September. Excluding Energy Services, which remains held for sale, adjusted PBT is down 38%, and adjusted operating profit for the group is down 27%.

Adjusted net finance costs for the year have increased by around 10% to £411.9m, reflecting higher net debt during the year and higher JV interest costs. The lower corporation tax charge for the year on SSE’s underlying profits, was more than eliminated by tax credits from earlier years, resulting in a net current tax credit of £6.8m.

At 67.1 pence, adjusted EPS is within the range set out in our Q3 and pre-close statements.

Gains on sale and fair value uplift totalling over £1bn demonstrate our ability to create and unlock value from developing and operating - as well as owning - assets; and they helped deliver a 59% increase in reported profit before tax, to just over £1.37bn.

And we’ve delivered on our full-year dividend of 97.5 pence per share, the first year in our five-year dividend plan.

8. RESULTS TO 31 MAY 2019 - EXCEPTIONAL ITEMS

Exceptional items include the £1bn gains from the sales of stakes in renewable and telecoms assets and fair value uplift. This reflects our capability in developing and operating quality assets.

In addition, there were net exceptional charges of £57m including contract impairments and transaction costs in Energy Services.

9. RESULTS TO 31 MARCH 2019 – REMEASUREMENTS
The adverse IFRS 9 operating derivatives movement of £328.2m arose mainly from a deterioration in the fair value of forward gas contracts. As we’ve said before, this may be indicative of a direction of travel - but there are limitations to IFRS 9 if using it to assess SSE’s commodity exposure. That’s why it’s consistently excluded from our adjusted financial measures.

The negative IFRS 9 financing derivatives movement of £44.8m in the year reflects the net impact of rate movements on cross currency and interest rate swaps.

10. RESULTS TO 31 MARCH 2019 - ENERGY SERVICES (HELD FOR DISPOSAL)

Energy Services remains held for disposal. Its adjusted operating profit of £89.6m reflects, amongst other things, the impact of Government-mandated price caps and lower customer numbers.

In GB household supply, the adjusted operating profit margin was 2.4%, compared to 6.8% the year before. Profit margins are expected to fall below 2% this year, and the business is expected to remain cash-flow positive before working capital.

I’ll now look at the retail businesses remaining within SSE.

11. RESULTS TO 31 MARCH 2019 – OTHER RETAIL BUSINESSES

Business Energy is an important route to market for low-carbon energy; Airtricity complements generation in Ireland; and Enterprise is our vehicle for new energy businesses.

Across these businesses adjusted operating profit was similar to last year at £122m. Business Energy operating profit was down almost 20% due to a combination of lower volumes and higher costs.
including Supplier of Last Resort mutualisation charges. There was, however, better performance in Airtricity and another encouraging year in Enterprise.

12. RESULTS TO 31 MARCH 2019 – WHOLESALE BUSINESSES

Across the Wholesale businesses, adjusted operating profit fell by 71%, mainly reflecting the impact of the losses in EPM.

At £284.9m, the adjusted loss for EPM was lower than first forecast following action taken since September. In the current year, we still expect EPM to report an adjusted operating loss of around £115m, but with the potential variation around this now reduced to +/- £15m. The large majority of this loss is likely to be apparent in our half-year results in November. From 2020, EPM should earn a small profit through service provision.

Renewables contributed £455.9m, down 4% on the back of a lower achieved price. Based on normal weather and plant performance, Renewables should contribute around £525m in this new financial year, including £26m we hope to secure in suspended capacity market income.

Thermal generation made an adjusted operating loss of £22.3m, mainly due to ‘in the money’ power purchase agreements coming to an end. It’s well-known that the economics of coal-fired generation are challenged, and within the Thermal results, losses at Fiddler’s Ferry were £40m.

Looking ahead to this new financial year, we hope to secure suspended Capacity Market income of £122m which, with good plant performance, should help Thermal generation to contribute around £150m.
Across our generation portfolio, carbon intensity per kWh of power produced fell to 284g/equivalent. Our goal is to reduce it to around 150g by 2030.

Gas Production adjusted operating profit was up almost 44%, mostly due to lower depreciation, higher achieved price and no exploratory write-offs, partially offset by lower volumes in the year.

The Glendronach gas discovery was clearly good news, but this business is not consistent with our focus on decarbonisation and we’re actively preparing for the disposal of our gas production investments.

At £5.7m, the adjusted operating loss for Gas Storage was slightly less than the year before.

13. ENHANCING VISIBILITY THROUGH A NEW APPROACH TO HEDGING

We’ve summarised the significant progress in implementing our new hedging approach in the statement published on our website this morning. In this we’ve had the support of Tony Cocker in his role as Chair of the new Board-level Energy Markets Committee, and Tony is here with us this morning.

In terms of our hedging position at 31 March 2019, the main point is that across hydro and wind in GB, we are 100% hedged for the two years to March 2021.

For this year, the contracted hedge price is £39 per MWh for wind and £43 for hydro; for next year these increase to £46 and £48 respectively for the next financial year.
Our goal is to provide more transparency and increase visibility for investors, and we believe this morning’s statement is an important step forward in doing that.

14. RESULTS TO 31 MARCH 2019 – NETWORKS BUSINESSES

Across the three Networks businesses, adjusted operating profit increased almost 9% to £830.2m.

- In Transmission, phasing of income recovery helped deliver a 29% increase, to £252.1m. In this new financial year, Transmission’s contribution is likely to be just over £200m, due to phasing of expenditure and costs.
- In Distribution, adjusted operating profit was similar to the previous year, at £401.3m, with lower distributed volumes offset by lower non-controllable costs. It’s likely to be around £400m again this year.
- In SGN operating profit was up 7% to £176.8m, mainly due to an expected increase in regulatory income. This year it’s likely to be closer to £200m.

In Electricity Distribution, we continue to target good performance across the various incentives. At £11m for the year, estimated incentive income was disappointing, due to the impact of the heatwave and other high-impact weather events. The income itself will be received in the financial year starting next April.

We believe that the public interest is best served by private ownership and independent regulation of energy networks; but last week's paper by the Labour Party sparked off a lot of speculation about the value that shareholders would secure in a networks nationalisation scenario. And the first thing to say is nationalisation is exactly that – a possible scenario.

In dealing with this scenario, we have four clear priorities:
• First, getting on with decarbonisation through connecting renewables in Transmission and advancing the DSO agenda in Distribution;
• Second, focusing on continuous improvement across customer service;
• Third, engaging extensively with Labour Party stakeholders; and
• Fourth, keeping on top of all practical options to safeguard shareholder value.

15. RESULTS TO 31 MARCH 2019 – FOCUSING SSE ON REGULATED NETWORKS AND RENEWABLES

Alistair will say more about Transmission and Distribution later, but it’s clear why SSE’s strategy is centred on its low-carbon regulated networks and renewables businesses.

We have an excellent portfolio of assets; and in the year to March, total adjusted operating profit for these businesses was just under £1.3bn – and that was despite lower than expected output from renewables over the summer.

This gives us a strong base from which to take forward our strategic focus on developing, operating and owning assets in regulated networks and renewables.

16. CREATING VALUE FROM ASSET DEVELOPMENT AND OPERATION

This strategic focus is delivering results. In the five years to March 2019, we’ve actively disposed of over £3bn of assets with gains on sale including fair value uplift of around £1.8bn. This is a considered response to changing capital markets - and to the increased appetite that potential financial partners have for working with leading developers and operators like SSE.
Looking ahead, we expect to seek new partners for the Seagreen offshore wind farm development should it be successful in securing a CfD.

When it comes to future proceeds, we’ll continue to look at several options, or combinations of options, including:

- Debt management;
- Returning value to shareholders through share buy backs; and
- Creating value through future investment.

We plan to return a total of around £200m to shareholders by way of an on-market share buy back. As a result of the programme announced on 28 March, we’ve now completed £50m of this and expect to complete the remainder in this financial year.

In addition, as announced in May 2018, we’ll now be buying back shares if Scrip take up of the full-year dividend exceeds 20%.

17. INVESTING TO EARN RETURNS

In the year to March, we invested over £1.4bn across the SSE group. This excludes the investment in assets that were subsequently sold. Over 70% of the total was on regulated networks and renewables, with a further 13% on thermal generation, including multi-fuel.

Our construction teams continue to do a fantastic job in turning this investment into world class assets which will support the low-carbon transition, value creation and the dividend for many years to come.

We’re still expecting capital and investment spend to total around £6bn across the five years to March 2023, including around £1.5bn in this new financial year, concentrated predominantly in our core networks and renewables businesses.
18. FINANCING SSE FOR THE FUTURE

SSE has raised £5.8bn of funding over the past five years, including hybrid capital and long term loans. This includes our second Green Bond, issued in August for an all-in funding cost of around 2.6% and with a nine-year maturity.

In March, we also refinanced our £1.3bn Revolving Credit Facility, with an extended maturity date – and a positive link to our environmental, social, environmental and governance performance.

Between 2020 and 2024 we have around £6bn to refinance, starting with a €600m bond maturity in June next year.

At 31 March, our adjusted net debt and hybrid capital stood at £9.4bn, benefiting from the substantial proceeds of the sales mentioned earlier. Excluding hybrids, our average debt maturity is now 7 years, which reflects where value in fund-raising is now best secured.

Our average cost of debt is now 3.7%. Net finance costs will go up in this financial year due to JV interest costs from Beatrice and lower capitalised interest.

Adjusted net debt is currently expected to reach £10bn at March 2020. Proceeds from asset and business sell-downs and disposals will continue to be used as one of the options for debt management. We will, however, also continue to take opportunities for investments and acquisitions, so, although we will manage debt carefully, levels may shift at times to support value creation.

19. FOCUSING ON FINANCIAL STRENGTH
In December both Moody's and Standard and Poor's decided to downgrade SSE's credit rating one notch. We believe our new credit ratings are still amongst the strongest held by private sector utilities across Europe.

As a long-term business, we believe SSE should maintain a strong balance sheet. With its high-quality portfolio of assets and increasing focus on regulated energy networks and renewable sources of energy, its new credit rating metrics are sustainable and consistent with an ability to secure funding from debt investors at competitive rates.

20. DELIVERING THE FIVE-YEAR DIVIDEND PLAN

In a complex operating environment, we’re clearly focused on creating value from the development and operation, as well as ownership, of world class assets in order to deliver our five-year dividend plan to 2023.

So, after meeting year one of our five-year dividend plan, we expect to recommend a full-year dividend of 80 pence per share in 2020. That 80p will not be affected by the position regarding Energy Services; and it will be followed by three years of annual RPI growth through to 2023. This should deliver a total payout of at least £4.25 per share over the five-year period to March 2023.

I’ll now hand you back to Alistair.

21. ALISTAIR PHILLIPS-DAVIES, CHIEF EXECUTIVE

Thanks Gregor. I’ll start with a few words about Energy Services.

22. IDENTIFYING THE RIGHT FUTURE FOR ENERGY SERVICES
Since November, we’ve explored all available ownership options for this business, and we’ve announced this morning that Katie Bickerstaffe will become its Executive Chair, with Gordon Boyd as Finance Director, with a mandate to deliver a new future for it outside the SSE group. This is likely to take the form of a listing by the second half of 2020 or alternative new ownership.

Taking account of the interests of customers, employees and shareholders, we continue to believe the best future for the Energy Services business is outside SSE and we’re delighted that Katie is going to lead the work to deliver it.

In doing so she’ll work with the existing management team, led by Stephen Forbes and Tony Keeling. They’ve already begun to transform the business to reduce operating costs and stabilise customer numbers to help facilitate longer-term growth.

[PAUSE]

I’ll now look at the strategy and opportunities for the remaining SSE group.

23. SECURING GROWTH OPPORTUNITIES THROUGH THE LOW-CARBON TRANSITION

Last November, we called for the UK to aim for net zero emissions by 2050 – and in its Report three weeks ago, the Committee on Climate Change agreed. The Committee said the foundations are in place throughout the UK - and policies required to deliver a net zero economy are already active or in development. Amongst other things, the Committee pointed to the need for:

- a quadrupling of low- carbon electricity;
- low carbon heating; and
- the complete adoption of electric vehicles.
At SSE, we’ve adopted four clear goals to 2030, linked with the UN Sustainable Development Goals, and supporting the objective of a net zero economy. These are:

- Cutting our generation carbon intensity in half compared to 2018 levels;
- Helping accommodate 10m EVs on electricity networks;
- Developing and building renewables to treble annual output to over 30TWh; and
- Leading the way on Fair Tax and the Real Living Wage.

These goals reflect our strategic focus on developing, operating and owning regulated networks and renewables - and show we’re very well-placed to: create value through the low-carbon transition; and deliver our five-year dividend plan.

The reality is that the opportunities for an electricity company focused on low carbon have never been greater. And that starts with Renewables.

**24. SSE RENEWABLES – EXCELING IN DEVELOPMENT AND CONSTRUCTION**

Significant global reductions in the cost of deployment make renewable energy the primary route to driving low-carbon electricity in much of the world, and a key part of our growth story.

We have a strong heritage and track record in renewables. As we create a specialised and focussed SSE Renewables business, led by Jim Smith, we’re starting from a very strong position.

We’re expert developers. In the last five years, excluding Beatrice, we’ve developed over 1GW of renewable capacity and generated proceeds of around £1.4bn from onshore wind sales. To put this in
context our total renewables capex, including maintenance and development expenditure, was £1.5bn over the same period.

And we’re proven constructors. The successful construction of Stronelaig six months ahead of schedule, and the fact Beatrice is coming in under budget, demonstrates our expertise here.

25. OPPORTUNITIES TO TRANSFER RENEWABLES SKILLS

These project development and construction capabilities may be transferable to other markets, and we’re actively looking at opportunities. There’s a large addressable market for growth in other developed economies and renewable energy markets. But we’re not rushing into this, and strict capital discipline will be a feature of any decisions.

26. 8GW OF FUTURE WIND DEVELOPMENT OPPORTUNITIES

And there’s no doubt that our focus is the wealth of opportunities we have in the UK and Ireland

The Climate Change Committee has emphasised the importance of zero carbon electricity; and we’re now entering a new phase of development and commercial focus. We have an on- and offshore wind development pipeline of over 8GW, with the potential for it to lead to new assets from as early as 2022.

This includes an onshore wind pipeline of over 1GW of potential new-build projects, including Viking. We’re keen to create value from our development and construction skills in onshore wind through exploring merchant opportunities and Power Purchase Agreement options to unlock the potential of our pipeline and create value; and we believe we’ve demonstrated the development and construction capabilities to realise that potential.
27. 8GW OF FUTURE WIND DEVELOPMENT OPPORTUNITIES

Opportunities are even greater offshore, where we have a development pipeline of over 7GW. Offshore wind has blown nuclear away on cost and the Government has committed to a chain of CfD auctions over the next decade. So whilst the next CfD auction is important, we will not sacrifice our discipline.

The likes of Seagreen, Dogger Bank and the Greater Gabbard extension add up to the best seabed options in the UK and we’re keen to add to them. We’re continuing to engage with the Crown Estate and Crown Estate Scotland on their separate processes for leasing seabed for new offshore wind developments.

In short, we have the biggest pipeline of offshore wind farm developments in what is currently the biggest offshore wind market in the world, and we are creating more options.

And on top of this, we’re encouraged by the improving prospects for offshore wind in Ireland, with our Arklow Bank development receiving encouraging endorsement from a wide range of stakeholders.

Overall, we believe our [8]GW wind energy pipeline means we could double renewable energy output to over 20TWh in 2025, which would be a huge step towards our goal of trebling it by 2030.

28. DELIVERING FLEXIBILITY AND EFFICIENCY IN THERMAL ENERGY

SSE's flexible gas-fired power stations will play a key part in the transition to a low-carbon economy. In National Grid’s Balancing Mechanism they’ve also earned annual operating profit of between £30m and £60m in the each of the past three years, demonstrating that flexibility is an important complementary earnings stream.
Work is now well under way on the first-of-a-kind, high efficiency gas-fired generation plant at Keadby 2. In return for an investment of £350m, we’ll get 840MW of state-of-the-art thermal capacity expected to be delivered in 2022.

Ferrybridge Multifuel 2 is nearing completion too, and we’ll take a final investment decision on a new multi-fuel plant in Slough this financial year.

If the transition to a low-carbon economy is to be completed, it will require efficient, flexible thermal generation plant. As a company, we’ve advocated net zero emissions in the UK by 2050. For this reason, we remain very interested in the long-term potential in carbon capture.

29. TAKING FORWARD CUSTOMER BUSINESSES

**Business Energy** is in a good position to price and hedge most customer requirements at a time when there is a clear trend towards end users seeking those sorts of solutions. It’s clearly linked to the core business of electricity generation and is an important part of SSE.

In Ireland, **Airtricity** continues to perform well in competitive markets, where a vertically integrated business remains optimal in the context of ISEM. Irish markets differ from those in Great Britain and Airtricity plays a positive role in our portfolio.

**Enterprise** is our vehicle for new businesses to create platforms for growth and value; and I’m encouraged by the prospects for Distributed Energy and Telecoms.
The Distributed Energy business is mainly focusing on electric vehicles and local heat and electricity networks. It’s an important option for us in fast changing markets.

The sale of a 50% stake in our Telecoms business to Infracapital showed the value held in a business that we have grown over the past few years. It’s one of the UK’s leading connectivity suppliers, and the deal with Infracapital should help drive more growth.

30. LEADING THE TRANSFORMATION IN ELECTRICITY DISTRIBUTION

As Gregor said, our Transmission and Distribution businesses are clearly under scrutiny through Labour’s policy to nationalise the country’s energy networks. We have to respond to this in a responsible, objective and progressive way.

And in Electricity Distribution, we have a progressive business that’s central to delivering an electrified low-carbon economy. With electrification likely to be a key mode for decarbonising heat, and with transport decarbonisation focused on electric vehicles, there’s a clear potential for RAV growth over the long term.

And we’re leading the transformation, shown by our central role in the Local Energy Oxfordshire – or LEO – project. It’s exploring how the growth in small-scale renewables, electric vehicles, battery storage and demand-side response can be supported by local, flexible, electricity grids - thereby creating opportunities for communities and market providers.

LEO is a glimpse of the future – a future in which we believe our distribution businesses can play a significant role.

31. REACHING THE PERFORMANCE FRONTIER IN ELECTRICITY DISTRIBUTION
Within Distribution, our overriding business priority is to move to the performance frontier by delivering significant change and modernisation of our operations, infrastructure and work practices to meet the needs of customers. To do this, we have:

- Implemented a new internal operating model focused on delivering under RIIO1, but also ready for RIIO2;
- Targeted the regulatory incentives, especially on customer supply interruptions, customer satisfaction and stakeholder engagement;
- Delivered our major programme of capital investment as efficiently as possible; and
- Built increased capability for the transition to a smart, flexible electricity system through trialling innovative technologies and alternative network solutions.

These will remain the priorities for the rest of RIIO1, alongside preparing for RIIO2.

32. DELIVERING OPPORTUNITIES FOR GROWTH FOR TRANSMISSION

Through critical network upgrades and customer connections, our growing Transmission business provides infrastructure needed to connect renewable energy and transport it across the electricity system. In the last 12 months, the capacity of renewables connected to our network grew to over 6GW.

The completion of the new Caithness-Moray link on time and under budget has helped to take the RAV of Transmission to around £3.3bn. The business has a pipeline of planned capital investment of over £600m, which - once depreciation is included - means it remains on track to increase its RAV to around £3.6bn by the end of the current Price Control in March 2021.
33. **POWERFUL CASE FOR FUTURE RAV GROWTH**

We believe our RIIO-T2 business plan will make a powerful case for an additional £1.5bn to £3.5bn of potential investment in new infrastructure, with the north-east of Scotland a key focus for future development. We believe this powerful case for investment could ultimately contribute to a Transmission RAV of around £5bn by the end of RIIO-T2 in 2026.

Any new islands links would be in addition to this, and our work to connect Scotland’s main island groups is continuing. The Orkney, Western Isles and Shetland needs cases have all been submitted and are all being progressed. Together, the three links could provide an investment opportunity of around £1.5bn.

Regrettably, it appears that Ofgem’s controversial Competition Proxy Model is their preferred approach for financial delivery of these projects. We continue to engage on the issue and will take whatever steps we can to safeguard the interests of customers and investors.

With an enviable track-record of major project delivery and a solid pipeline of further development, Transmission continues to be a valuable business - with the capability to deliver what customers need and the clear potential for future growth.

34. **PREPARING FOR RIIO 2**

In addition to finalising our RIIO-T2 business plan, we’re engaging constructively with Ofgem over the RIIO framework itself. The consultation on Ofgem’s sector-specific methodology for RIIO-T2 was released in December 2018 and Ofgem is expected to issue its view on this shortly.
The consultation’s low cost of equity has been widely criticised and so has the proposed narrowing of incentives – but there’s a long way to go in the process and we’re arguing for a balanced settlement that provides:

- A sustainable cost of equity that better reflects the country’s decarbonisation ambitions, investment required, and associated risks;
- An output incentive package that enables the outcomes that our customers and stakeholders have asked for; and
- A strong Totex Incentive Mechanism, particularly through the sharing factor, that drives the continued focus on efficiency improvements.

We’re confident that Ofgem can deliver an equitable outcome and we’ll continue to engage constructively with them and other stakeholders as the RIIO2 process moves forward, helping to ensure the evidence base is robust; the outcomes are clear; and the views of customers, stakeholders and investors are fully considered.

35. CREATING VALUE THROUGH THE LOW- CARBON TRANSMISSION

This morning, we’ve set out how we’re creating value through the low- carbon transition from developing and operating, as well as owning, energy assets and businesses.

As I said earlier, the opportunities for an electricity company focused on low- carbon have never been greater. We have:

- An on- and offshore wind energy pipeline of over 8GW that can help the UK and Ireland achieve their decarbonisation goals;
- Efficient and flexible thermal generation plant that will support the transition to a low- carbon electricity system;
• An electricity distribution business that is central to delivering an electrified, low-carbon economy; and
• A transmission business with a powerful case for new investment to take its RAV to £5bn by 2026.

This adds up to a wealth of future opportunities, for what is an adaptable business, with huge experience and the right capabilities.

36. CREATING VALUE THROUGH THE LOW-CARBON TRANSITION

We’ve set ourselves up for success as a networks- and renewables-focused business creating value through the transition to the low-carbon economy.

It’s our blend of opportunities and capabilities that will help create that value – and deliver our five-year dividend plan.

Gregor, Martin and I will now take your questions.

ENDS