SSE plc Preliminary Full-year Results to 31 March 2024

"Powering Sustainable Growth"

Alistair Phillips-Davies

1. **TITLE SLIDE – POWERING SUSTAINABLE GROWTH**

- Good morning and thank you for joining us for our Full-year Results presentation.
- I am joined by Chief Commercial Officer Martin Pibworth and Barry O'Regan, our Chief Financial Officer.
- We'll be delighted to take you questions after we present the results of what was a good year of delivery as we continue to power sustainable growth across the Group.

2. **KEEPING PEOPLE SAFE**

- First, I'd like to acknowledge the people behind today's results.
- SSE's ongoing success depends on the employees and contractors who deliver our strategy.
  Keeping them safe is our top priority and we were deeply saddened by the loss of Richard Ellis, the employee of a contractor, who died in an offsite incident in October last year. Our thoughts remain with Richard's family, friends and colleagues.
- Our workforce is growing significantly to deliver our construction programme, and we are redoubling efforts to ensure everyone on an SSE site gets home safe.
- As part of this, we recently opened Scotland's first immersive safety training centre. It will serve up to 7,000 colleagues and contractors per year over the next three years, before being opened to wider industry, and it reinforces the importance of embedding a strong safety culture across our activities.

3. **AGENDA – PART 1: OVERVIEW**

- Before we get into the detailed financial and operational review, I would like to take a few minutes to give a brief overview of the past year and tell you why we remain confident about our future growth prospects.

4. **A YEAR OF POWERING SUSTAINABLE GROWTH**

- This year has demonstrated three defining features of SSE:
  - Our track record of powering growth and delivering major projects.
  - The resilience of our business model in a range of market conditions.
  - And the continued strengthening of our growth prospects, with multiple high-quality options to deploy capital where we can generate most value for shareholders and society.
- As you will see, delivering the fully-funded £20.5bn Net Zero Acceleration Programme Plus (NZAP Plus as we like to call it) has been at the forefront of the last year.
- And as we execute on this plan we're also delivering increasingly high-quality sustainable earnings that reflect the premium nature of our portfolio.

5. **DELIVERING ON THE FIVE-YEAR PLAN**

- And you can see this in the strong EPS growth we are delivering which is going from just under 95p in 2022 to 158.5p today and then onwards to 175-200p in 2027.
- That's a run rate of between 13-16% compound earnings growth per annum.

- The upweighted investment in regulatory networks that we announced in November means that 55% of the capex plan is now allocated to the significant growth we see in those businesses, particularly Transmission, which is one of the fastest growing networks in the world.
- This investment provides real equity returns that are stable relative to inflation, and the regulatory mechanic means we receive an up-front "fast money" earnings benefit from this increased investment – which also happens to be absolutely vital to the energy transition and the UK's economic prospects.
- And crucially we have largely locked in the supply chain, de-risking delivery.
- In Renewables, we have selectively progressed organic projects across a range of technologies that provide strong risk-adjusted returns in line with our hurdle rates.
- As I say, this is high-quality, sustainable growth.
- The majority of earnings are protected from market volatility, and a larger proportion of debt is locked in at fixed rates.
- We have an optimised business mix that means earnings are resilient to a range of scenarios.
- And, as you'll hear from Barry shortly, we have every confidence we'll meet our 2027 earnings guidance and go on to create even more high-quality growth after that.

***6.* SSE PLC: BUILDING A BETTER WORLD OF ENERGY**

- That confidence and growth is underpinned by our unique value proposition.
- SSE is at the heart of the energy transition, which is one of the great structural growth opportunities of our time.
- Renewables, flexibility and networks will be the three key pillars of the future energy system.
- And across these essential technologies we have a premium portfolio of projects giving us a wealth of options to deploy capital in attractive markets and at good returns.
- As you can see, with networks and renewables in particular, we have two powerful growth engines that will deliver high-quality earnings for many years to come.
- And, alongside this, we have a pipeline of options to harness the value of flexibility as this comes to the fore.
- All this means SSE is in the right place at the right time with the right business model to deliver strong growth, maintain a robust balance sheet and create significant value for shareholders and society.
- It's a very exciting time to be in energy and I believe SSE is uniquely placed to thrive.
- I'll now turn to Barry to give an overview of the financial results …

7. AGENDA – PART 2: FINANCIAL RESULTS TO 31 MARCH 2024

Barry O'Regan

- Thank you Alistair, and good morning everyone.
- Over the next few slides I'll take you through what was a very resilient financial performance by the Group in the last year, enabling us to invest in the strong growth options we have across the portfolio.
- I'll then move on to the outlook for the year ahead, before explaining our confidence in delivering our 175-200p adjusted EPS range, as our pipeline of projects converts into high-quality sustainable earnings.
- Let me start with a summary of the 2023/24 financial year.

8. FINANCIAL RESULTS – OVERVIEW

- The Group delivered adjusted operating profit of £2.4bn, 4% lower than the prior year.
- This solid performance again shows the resilience of our business model – coming as it did despite the impact of reduced market volatility and inflationary pressure, which combined with unfavourable weather, is reflected in the individual performance of our businesses.
- And with around 90% of the capex invested in Networks and Renewables, it was especially pleasing to see those businesses grow earnings by £200m – a collective increase of 16% year-on-year.
- Adjusted operating profits in our regulated networks businesses reduced by £63m during the period – mainly due to timing factors which I will outline in the coming slides – with our market-based businesses proving their resilience despite the continued normalisation of power prices.
- This strong performance in challenging conditions meant that adjusted EPS was 158.5p, delivering on the upper end of the guidance provided in our pre-close statement.
- And – as Alistair has said – we continued to make progress on the delivery of our flagship projects, by investing £2.5bn this year, sowing the seeds for strong earnings growth to 2027 and beyond.

9. FINANCIAL RESULTS – ADJUSTED AND REPORTED

- SSE's long-standing hedging approach has proved a great asset over the past two years – providing stability and confidence in future earnings.
- And the remeasurement of these hedges – which are unrelated to current financial year performance – has created a positive fair value movement mainly due to falling forward commodity prices.
- These same falling prices are also reflected through the impairment in Triton Power, recognised in the interim results as well as in Gas Storage – both of which follow a period of strong operational cash flows.
- And finally, we have taken an impairment on our non-core investment in Neos Networks, which reflects the wide range of reasonable possible valuations given difficult trading conditions.
- These non-cash adjustments, mean that reported operating profit is almost £200m higher than the adjusted numbers we focus on as the truest indicator of underlying business performance.

10. FINANCIAL RESULTS – SSEN TRANSMISSION

- Turning to SSEN Transmission's performance, headline adjusted operating profit increased by 13% to £419m.
- However, when normalised for the minority sale in November 2022, this is equivalent to an underlying earnings growth of 38% from the prior year.
- This was mainly driven by increases in allowed revenues under RIIO-T2, as the business starts to deliver on its long-term investment programme, combined with a positive timing impact from tariffs.
- Partially offsetting this are additional costs from a higher headcount, as well as higher depreciation charges as the business ramps up its substantial growth programme.

11. FINANCIAL RESULTS – SSEN DISTRIBUTION

- SSEN Distribution’s operating profit was down 29% year-on-year to £272m.
- As we have flagged before, this is a result of inflation in the cost base not being reflected in the tariffs for the regulatory year, which were set back in December 2021.
- Clearly this is a timing difference that will reverse and allow for significant earnings growth in FY25, as tariffs catch up with the cost inflation seen over the past two years.

12. FINANCIAL RESULTS – SSE RENEWABLES

- In Renewables, we were delighted to announce Seagreen reaching full commercial operations during the year, resulting in a 527MW net capacity increase to the fleet, and I am even more delighted to see those earnings coming through and helping to drive the uplift in operating profits for offshore wind.
- Onshore, the Scottish fleet was impacted by reduced wind speeds, which when combined with ten named storms, resulted in 6% lower output year-on-year.
- However, the fleet did benefit from a higher hedge price going into the year which more than offset this impact.
- Together, these factors meant that SSE Renewables’ operating profit increased by 48% year-on-year to £833m.
- And we see substantial future earnings growth coming as we continue to deliver our Renewables pipeline.

13. FINANCIAL RESULTS – SSE THERMAL

- Following a highly volatile year for the Thermal and Gas Storage business in FY23, we expected that earnings from these businesses would begin to normalise.
- And this has happened with Thermal delivering operating profits of £819m in the period.
- We know that flexibility has played a critical role supporting both the GB and Ireland energy systems this year, and it will continue to be a valuable part of the future energy system.
- As Martin will cover, this is reflected in the recent strong capacity market auction results for future delivery years.
- So – whilst we do expect earnings to continue to normalise from the levels seen over the past few years – we remain confident in achieving strong remuneration from these businesses in the future, when compared to historic levels.

14. FINANCIAL RESULTS – CUSTOMERS

- In our customer business we are seeing supply profitability return to the level we would expect in more normal trading conditions, as we price competitively and extend our offerings in the GB and Irish markets.
- The business also saw benefit from increased income from wind farms contracted to Airtricity. This profit continues to support Group investment in renewable asset delivery.
- In GB and Ireland we continue to price responsibly and support customers as best we can, by passing on tariff reductions, establishing a £15m customer support fund in GB and recently launching a 5m euro community fund in Ireland, supporting homes and businesses
- The future strength of this business can only be a good thing for society, whilst reinforcing the value customers offer to our portfolio.

15. **FINANCIAL RESULTS – OTHER BUSINESSES**

- I won't go through all of the numbers on this slide, which are relatively small in the context of the wider Group.
- In summary though, lower SSE Energy Markets profitability reflects lower optimisation opportunities in a less volatile energy price environment, while continued investment in our SSE Enterprise and Neos Networks businesses, mean they continue to incur small planned losses.

16. **FINANCIAL RESULTS – NET INCOME**

- And finally below the line, finance charges fell reflecting in part the interest on construction projects being capitalised, and the tax rate was stable although we expect this to fall in future years, as I will come on to.
- Dividends remain an important part of rewarding our shareholders, and in line with the dividend plan set out this time last year, we are proposing a full-year dividend of 60 pence per share.

17. FINANCIAL RESULTS – BALANCE SHEET

- The strength of SSE's balance sheet is key to our ability to ramp up investment in high-quality, long-term infrastructure as we deliver on the NZAP Plus.
- Adjusted net debt increased to £9.4bn at March 2024 with 93% held at fixed rates, which provide stability and predictability.
- This represents a Net Debt to EBITDA ratio of only 3.0 times, well below our target range of 3.5 – 4 times.
- We continue to expect to be below this ceiling looking out to 2027, meaning that the £20.5bn NZAP Plus investment is comfortably funded within existing means.
- And this is recognised by our strong investment grade credit ratings.

18. **FINANCIAL RESULTS – LOOKING FORWARD TO FY25**

- Before I hand over to Martin, let me spend a moment on the outlook for this financial year as well as an update on earnings progress to 2027.
- Given some of the timing differences seen in our regulatory businesses – and the continued normalisation of power prices over the last few months – we have set out here some of the moving parts we expect for each business in the forthcoming year.
- The most significant are in Distribution and Thermal.
- In Distribution, operating profit is expected to more than double as tariffs catch-up to recover the cost inflation over the last few years.
- In Thermal and Gas Storage, profitability is expected to fall significantly year-on-year as a result of lower power prices, though, as I've said, profits are expected to remain above historical averages before the energy crisis.
- But even in a low-case volatility scenario with limited extrinsic value, we would expect this business to achieve at least £200m operating profit, with significant upside potential.
- Across the other businesses, timing differences in Transmission mean profits are expected to be lower, whereas in Renewables we expect that higher hedged prices, combined with capacity additions from Viking and Dogger Bank adding to a full - years contribution from Seagreen, will drive a material increase in expected operating profits year-on-year.
- As ever, final performance will be dependent upon market conditions, plant availability and weather, with the seasonality of earnings preventing more specific earnings guidance at present.

- Therefore, consistent with the approach we have taken in the past, we will look to give specific guidance later in the financial year.

19. UPDATE ON MEDIUM TERM GUIDANCE

- As with any long-term plan, the expectations and assumptions for each component will change over time, to reflect an ever-evolving environment.
- And the normalisation of market prices – and increased investment opportunities – mean we have rolled forward our medium-term operating profit guidance for each individual business.
- You'll notice the average operating profits we expect are now higher in Transmission, fully reflecting the £2.5bn additional investment announced in November, and lower in Renewables and Thermal – updated to reflect the prevailing market environment.
- And whilst our assumption on cost of debt before capitalisation remains unchanged, the average adjusted effective tax rate has significantly decreased, which reflects both the upweighted investment plan and the extension of capital allowances announced after our Interim Results.
- The profit guidance for individual businesses will naturally change over time, however our overall outlook reflects a diverse and resilient business mix, with increasingly high-quality earnings, that is capable of evolving to deliver in a range of different market scenarios.
- Our main focus, is on delivering our 2027 targets, and as I will spell out in the next slide, we remain very confident of delivering the EPS growth we originally set out.

20. **REITERATING FY27 EARNINGS GROWTH**

- Our confidence in that 175 – 200p guidance, is based on the strength and resilience of our growth, given the significant and achievable investment we see across networks and renewables.
- In networks, we have already secured with Ofgem, capital programmes which will see SSE's annual capex more than triple vs today, generating significant "fast money" revenues upfront, alongside significant long term RAV growth
- When combined with a doubling of renewables output across the plan – and the reduction in tax rate from the extension of capital allowances – we are sure these drivers will offset any impact on the merchant elements of our businesses from the prevailing energy commodity price environment.
- Where we end up in that range will depend on our ability to unlock further growth, whether through additional regulatory investment or through renewables projects that have yet to take a final investment decision. And don't forget that our 6.5GW flexible fleet stands ready to provide additional value should prices rise or volatility continues.
- First and foremost though, we will maintain our capital discipline. As I said in my first results presentation back in November: SSE will always choose value over volume.
- So, in closing, I'll just reiterate that we have every reason to believe our diverse, yet balanced, mix of businesses, will deliver our 175 – 200p EPS range for 2027.
- I'll now pass you over to Martin to talk through operational performance for our energy businesses...

21. AGENDA – PART 3: OPERATING REVIEW

Martin Pibworth

22. OPERATING REVIEW – A BALANCED BUSINESS MIX

- Thank you, Barry.
- 2024 has been dubbed the year of elections and while politics can sometimes accentuate differences there is widespread acceptance of one fact: Electricity is the future, and society is going to need a lot of it.
- Almost every industry over the long term will need to increase their electricity demand, whether they are looking to decarbonise, grow or evolve.
- Whether it's through the steady long-term decarbonisation of heat and transport, or the rapid near-term expansion of data centres to support the growth in artificial intelligence or cloud-based applications, demand for our core product is only getting stronger.
- And we are seeing for ourselves this increased demand for Green electricity from corporates, which we hope to convert into contracts that will support our existing pipeline as well as leading to new projects.
- So, given its inevitability under every future energy scenario, the structural shift to electrification is a significant growth opportunity.
- And it is one which SSE is uniquely placed to benefit from given our market presence, optionality across the value chain, ability to deploy capital at good returns and focus on delivering high-quality sustainable growth.
- Basically, we can and will go wherever the value moves to within the energy transition.

23. OPERATING REVIEW – MAXIMISING VALUE

- And this is due to our business mix.
- As Alistair and Barry have both said, this is a highly resilient business that is deliberately designed to weather all scenarios.
- The portfolio is already adapting well to what is a calmer pricing environment after recent volatility.
- Of course, for the unregulated businesses there will always be uncertainty over wholesale prices, which we mitigate – in part – through the renewables hedging activity you can see here.
- We have also updated our assumed long-term power price for unhedged merchant renewables, which is now £65/MWh but as Barry covered, this is not materially impacting our 2027 EPS targets.
- It is also worth noting that these power prices are set against a gas price at a three-year low; and contain a UK carbon price which we believe is unsustainably dislocated from the EU equivalent; a fundamental unlikely to persist.
- Furthermore, this power price does not include other income streams for our renewable assets which have become more favourable, such as the value of green certificates, ancillary services or, indeed, capacity mechanism payments.
- Turning to Thermal, as Barry has outlined, while power prices are normalising, market dynamics mean we expect profitability to remain above historical averages.
- Lower prices mean we naturally see lower “intrinsic” value in selling power when compared to the previous two years, but this is partly compensated by greater revenues from the fleet’s reactive or “extrinsic” role, as it flexes to capture value from short-term demand.
- And while it may not be as visible, market volatility remains high – even at these lower price levels.
- In Ireland, the higher price environment has continued, with flexibility at a premium, and our assets well positioned to help provide security of supply.

- In both GB and Ireland earnings will continue to be supported by capacity market auctions, which achieved record levels this year.
- This reflects the ongoing medium-term concern over security of supply. And these strong auction results provide a stable underpin for our Thermal profitability outlook.
- In summary, the diverse and complementary revenue streams offered by the market-facing businesses will continue to add value in a range of scenarios.

24. OPERATING REVIEW – RENEWABLES OUTPUT

- Let's now turn to Renewables.
- We've consistently said that individual period-on-period wind speed variations matter less than long term averages when it comes to value creation.
- Scotland saw lower wind speeds than prior year and the 10 named storms over the key winter months provided our business with a number of logistical challenges.
- Whilst onshore wind volumes were negatively impacted, our team rose to the challenge by maintaining high levels of availability despite the difficult operational conditions.
- For offshore, whilst the business also saw the impact of lower wind speeds, the overall performance was assisted by an uplift in our generating capacity which meant that overall volumes were up year-on-year.
- With 2.8GW under construction, combined with a full year of operation from Seagreen, we expect that overall renewables volumes will double from the current financial year's output through the next few years.
- And whilst a number of these construction projects will run merchant in the period to 2027, this is just a timing issue as auction successes mean that around 50% of this volume will be contracted under long-term, fixed-price contracts, delivering high-quality predictable earnings.

25. OPERATING REVIEW – RENEWABLES DELIVERY

- In the last year we made excellent progress towards our 2027 targets.
- Seagreen reached commercial operations in October and performance so far has been ahead of expectations.
- Meanwhile, work at Viking on Shetland has also gone very well with commercial operations expected this summer, ahead of schedule and budget.
- It will be one of Europe's highest yielding onshore wind farms and is fully contracted through attractively priced CfD contracts.
- Along with Dogger Bank, these high-quality, nationally significant projects give us a clear pathway to adding around 4.5GW of capacity to our renewables portfolio over the next three years.
- Meanwhile in Southern Europe, we are advancing projects with construction of the 64MW Jubera onshore wind farm in Spain now under way, following on the heels of Chaintrix in France.
- We expect to take FID on several further projects over the next twelve months as we build out with discipline our 2.3GW secured pipeline of onshore wind and solar projects across Southern Europe.

26. OPERATING REVIEW – DOGGER BANK IN FOCUS

- So, as you can see, we are building multiple large-scale, complex projects and the experience we have in delivering them is a real differentiator.
- Progress on projects like these isn't always linear, as we have seen recently at Dogger Bank, where we are building the world's largest wind farm.

- We have made real progress on that site over the last 12 months, with:
    - All 95 monopiles and transition pieces installed;
    - Around 70% of the inter-array cables in place; and
    - 16 turbines either part or fully installed.
- We have had a number of short-term delays caused by vessel availability, poor weather conditions and minor snagging issues which have prevented us from making the progress we originally expected.
- But the installation vessel is back on site with an expected run rate of around 10 turbines a month over the summer months.
- And with the offshore HVDC substation fully commissioned, these turbines will start exporting power and generating revenue as they are installed and commissioned.
- With project contingencies and the benefit of a 15-year index-linked CfD contract in place, we still expect this project will deliver full value in line with the mid-teens equity returns we anticipated at FID.
- The key point is that whilst Dogger Bank is clearly a complex project, we have an experienced project team who are targeting the first half of the 2025 calendar year for delivering its full capacity of 1,200MW.
- When combined with a load factor approaching 60%, this single phase will generate around 6TWh of clean electricity each year.

27. **OPERATING REVIEW – RENEWABLES GROWTH**

- And the pipeline of projects that will keep this renewable growth engine running beyond 2027, keeps growing and converting.
- As well as our 605MW of UK CfD awards in September, we are progressing Arklow's route to market in Ireland and continue to make additions while applying the capital discipline that Barry has already focused on.
- Seagreen 1A is eligible to bid for a CfD in the coming allocation round and we expect a decision on Berwick Bank's planning consent this year. We believe ultimately that both prospects will be contracted into the UK auction mechanisms, and we are conscious of achieving appropriate value for these organic options.
- In onshore wind, Yellow River in Ireland is on track for summer completion and our JV with Bord na Mona has opened up the potential for up to 800MW of onshore wind over the next decade with a credible, delivery-focused semi-state partner.
- Further afield, we have developed an early-stage opportunity to deliver over 900MW of solar PV in Poland; and we continue to closely monitor developments in Japan where the Government has recently launched its Round 3 offshore auction.
- These opportunities all benefit from the strong local teams and partnership arrangements we have on the ground.
- Our international activity remains disciplined, focused on growing from the footholds we have created in a highly selective, measured way, while competing in attractive auctions with local partners.

28. OPERATING REVIEW – FLEXIBILITY DELIVERY

- Let's now turn to flexibility, which is one of the key building blocks of the future energy system.
- Policy has not moved as quickly as we'd like in this area, but progress is inevitable and we are set to benefit across a range of technologies.
- We've already highlighted how the capacity mechanism is beginning to reward the value of availability.

- This year we have seen significant delivery in our battery portfolio with our first commercial operations at our 50MW project at Salisbury.
- But this is just the start. We have a strong battery pipeline, including 620MW already in the construction phase across Ferrybridge, Monk Fryston and Fiddlers Ferry.
- Meanwhile, final commissioning is under way at our 55MW joint venture energy-from-waste facility at Slough. Commercial operations are expected this summer, ahead of schedule.
- We are also moving closer to a final investment decision on 450MW of HVO new build capacity in Ireland at Tarbert and Platin, which will provide vital security of supply in that market.
- And we are continuing to progress exploration work at Coire Glas.
- After much encouragement from us the UK Government is now actively consulting on a cap and floor mechanism that would provide vital revenue stabilisation for long duration storage projects like this.
- The Commons Science and Technology Committee has also recently been encouraging them to quote 'get on with it'.
- Similarly, we remain well positioned in the cluster sequencing processes through Peterhead in the Scottish cluster, with options for Keadby through the East Coast or Viking clusters.
- Ultimately, we have a range of exciting options in a range of technologies – all with robust industrial logic consistent with national net zero ambitions.
- I'll now hand over to Alistair ….

Alistair Phillips-Davies

29. OPERATING REVIEW – DISTRIBUTION

- Thank you, Martin.
- Let's now turn to our networks businesses, starting with the transformation under way in Distribution, which has a crucial role in enabling increased electrification and digitalisation of the economy.
- As a result of digital and load growth we expect to see an increase in investment that stretches out for at least two decades – similar to the growth that is currently being seen by Transmission, which I will come onto shortly.
- The Regulator is beginning to understand the need to adapt the connections regime in parallel and we are pleased with how it is starting to work with us to embed strategic, 'net zero first' investment into the regulatory framework.
- This is encouraging from both a societal and business perspective and we expect to use the Uncertainty Mechanism process extensively as growth comes through ahead of ED3.
- Building more generation capacity is not the only solution to meeting electricity demand, and we continue to lead the way on delivering demand-side system flexibility, securing 700MW of flexibility this year.
- And to maximise these opportunities there is an extensive business transformation under way as we optimise data and processes ahead of future price controls.
- Ultimately, we aim to unlock future value in Distribution by building a smarter, more agile, and more technologically advanced business that can thrive at the heart of net zero.

30. OPERATING REVIEW – TRANSMISSION DELIVERY

- Like Distribution, Transmission stood up to the 10 named storms well, with continued strong performance in the Energy Not Supplied Incentive.
- Excellent project delivery continues, with flagship RIIO-T2 projects making strong progress.
- The pioneering HVDC link to Shetland is in place and in testing, despite difficult subsea conditions, with a view to energisation during the summer.
- Similarly, all circuits on the first phase of our 400kV Northeast Scotland reinforcement are now energised.
- We are well on course to deliver our RIIO-T2 goal of connecting 10GW of renewables and powering >10m homes with green power by 2026.

31. OPERATING REVIEW – ASTI AND LOTI IN FOCUS
- And this record of delivery is a good launchpad for the next significant step up in growth.
- The Large Onshore Transmission Investments and Accelerated Strategic Transmission Investment – or LOTI and ASTI programmes as they are known – will see around £20bn of critical grid upgrades delivered.
- These are all must-build transmission projects – no matter the energy scenario considered – and delivery is already included in our licence conditions.
- And as I said earlier, crucially, we have largely locked in the supply chain to support this high-quality growth.
- LOTI will connect the rest of the main Scottish Island groups with the mainland for the first time ever with construction programmes due to start in 2024.
- There remain some final consents required from the Scottish Government for Argyll and Skye and more pace is needed here, but the regulatory need is clear and we remain confident of positive news soon.
- The eight ASTI projects also all have a clear regulatory need and – with the onshore projects at various stages of pre-planning – we are currently undertaking one of the largest public consultation processes ever seen in Scotland.
- The importance of this consultation cannot be overstated.
- While the need for the projects is overwhelming, we must ensure they are delivered in a way which is sensitive to the views of local communities and minimises impact.
- At the end of last year we were pleased to announce a range of changes to our plans following feedback received during consultation and we will continue to listen and adapt plans where we can to best balance the needs of all stakeholders.
- With community benefit now being brought forward by Government, exciting investments in manufacturing facilities are likely to be unlocked.
- Offshore, our ASTI projects are all progressing well too and the EGL2 subsea link that will connect Peterhead to Drax has now been approved for over £4bn of spend.
- We have also made good progress on EGL2 in the year with marine licences and other key contracts secured as we target completion in 2029.

32. OPERATING REVIEW – NETWORKS GROWTH
- And this is all high-quality growth which, when combined with Distribution, means we are looking at >15% networks RAV CAGR across the NZAP Plus.
- With their steady regulatory earnings and high-performing infrastructure, electricity networks have long been the sleeping giant of the energy system, but the impending surge in demand for them has changed all that.
- The world is increasingly appreciating the crucial role they will play in the future.

- Transmission is leading the way with operational excellence and growth prospects, but we expect Distribution to follow suit with its own transformational investment needs.
- Together they are key enablers of net zero and engines of growth for SSE, delivering sustainable index-linked earnings into the 2030s and beyond.
- Indeed, we have already seen the potential for more than £5bn of additional investment in Transmission being flagged under the system operator's "Beyond 2030 plans" with a second Shetland link at the heart of this.
- This is, I am sure you'll agree, a world class growth opportunity.

33. AGENDA – PART 4: SUMMARY

Alistair Phillips-Davies

34. SSE PLC: BUILDING A BETTER WORLD OF ENERGY

- And it's one of many.
- SSE is facing a structural, generational growth opportunity and we upweighted our capex plans in November to harness it.
- And the plan as summarised on this page is our roadmap for powering sustainable growth.
- It is a fully-funded plan with the three pillars of renewables, flexibility and networks at its heart.
- It is agile, able to pivot capital to those technologies that provide the best balance between risk and returns.
- And it is based on a business mix that gives us natural resilience to a range of scenarios.
- Our investments show a laser-like focus on the Paris Agreement and our clear science-based targets have helped support a record low year for our carbon emissions.
- And Barry outlined earlier, these continued investments in essential infrastructure will grow EPS to between 13-16% compound annual growth rate, as existing capital projects are delivered over the coming years.
- Finally, with annual dividend growth of between 5-10% to 2027, this plan also balances our commitments to shareholders with our ambition to invest more in the assets that will be needed to reach net zero.
- And whilst today is mainly focused on medium-term growth, we are a long-term business with an eye on the future.
- We have remarkable growth in our core regulated networks businesses, a renewables pipeline with world-class opportunities in attractive markets and a range of flexibility options.
- We are on track to deliver sustainable value to 2027 and beyond.

35. POWERING SUSTAINABLE GROWTH

- So, to conclude, SSE has put itself in the right place, with the right assets at the right time.
- As you've seen today, we have a strong record of delivery, with the balance sheet strength to pivot or upweight investment into attractive opportunities whenever they present themselves.

- The resilience of the SSE Group and our high-quality assets give us the ability to create sustainable long-term value.
- And the wealth of organic options and capabilities in highly attractive markets means we have lots of opportunities for disciplined investment in future growth.
- It is, I'm sure you'll agree, a massive opportunity and a compelling growth story.
- Thank you, and we'd be delighted to take your questions.
- Over to you operator.

ENDS