

STATEMENT OF SSE'S REPORTABLE SEGMENTS

As stated in its Preliminary Results in May 2019, SSE is committed to giving greater visibility of assets and earnings for investors and building stronger platforms for success for each of its businesses while also supporting financial and strategic partnering. During 2018/19 a review took place of how SSE is organised and operated, to help maximize individual businesses' contributions to SSE's long-term goals and its dividend plan to 2023.

This review resulted in the establishment, in 2019/20, of a revised operating structure for SSE which has led to changes in its reportable operating segments that will be reflected in its Financial Statements for the financial year 2019/20 onwards, including its Interim Results Statement for the six months to 30 September 2019, to be published on 13 November 2019.

Segments

The segments for which SSE will provide financial results from 2019/20 onwards are as follows:

- **SSEN Transmission:** economically-regulated high voltage transmission of electricity;
- **SSEN Distribution:** economically-regulated lower voltage distribution of electricity;
- **Investment in SGN plc:** economically-regulated lower pressure distribution of natural gas;
- **SSE Renewables:** generation of electricity from renewable sources;
- **Thermal Generation:** generation of electricity from thermal power stations and provision of ancillary services;
- **Gas Storage:** provision and operation of gas storage facilities;
- **Business Energy:** supply of electricity and gas to business and public sector customers in GB;
- **SSE Airtricity:** supply of electricity, gas and related services to household, business and public sector customers across Ireland;
- **Energy Portfolio Management:** optimization of SSE's energy-related commodity requirements, in line with the statements on SSE's approach to hedging published in November 2018 and May 2019;
- **Investment in gas production:** processing of gas and oil from the UKCS. SSE is making good progress with the planned disposal of its interests in gas production; and in light of this, its Gas Production segment is likely to be deemed to be held for sale in SSE's financial statements; and
- **SSE Enterprise:** provision of energy infrastructure and services for business and public sector customers.

Energy Services

SSE will also provide financial results for SSE Energy Services which remains held for sale, having been treated as discontinued operations in SSE's Financial Statements for 2018/19. Previously, reported as two separate businesses (GB household supply; and related household services), SSE Energy Services will now be reported as one operation.

Focus on the core

SSE's vision is to be a leading energy company in a low carbon world, with a focus on creating value from regulated electricity networks and renewable sources of energy. It is networks and renewables that constitute most of the value in SSE, illustrated by adjusted operating profit for the six months to September 2018 and the 12 months to March 2019 for segments on which SSE will present financial results for 2019/20 onwards:

SSE Group Business-by-business segmental adjusted EBIT analysis	Sep-2018 £m	Mar-2019 £m
SSEN Transmission	127.4	252.1
SSEN Distribution	<u>166.9</u>	<u>401.3</u>
Electricity Networks Total	294.3	653.4
Investment in SGN	<u>85.4</u>	<u>176.8</u>
Economically-regulated networks total	379.7	830.2
SSE Renewables	78.4*	455.9
Thermal Generation	(3.5)	(22.3)
Gas Storage	<u>(3.7)</u>	<u>(5.7)</u>
Thermal Energy Total	(7.2)	(28.0)
Business Energy (GB)	41.6	51.6
SSE Airtricity (NI and Ire)	<u>12.0</u>	<u>38.6</u>
Customer Solutions Total	53.6	90.2
Energy Portfolio Management	(85.9)	(284.9)
Investment in Gas Production**	19.3	48.9
Enterprise	13.7	31.8
Corporate Unallocated	(1.0)	(6.5)
Total Adjusted Operating Profit	450.6	1,137.6
Adjusted Net Finance Costs	(201.9)	(411.9)
Adjusted PBT (excluding Energy Services)	248.7	725.7
Held for Disposal:		
SSE Energy Services	62.1	89.6

*Reflects fair value depreciation restatement September 2018 of £2.3m

** Is likely to be deemed held for sale in SSE's 19/20 financial statements