SSE PLC
Q3 TRADING STATEMENT

8 FEBRUARY 2024

- **Reaffirming FY24 adjusted earnings per share guidance of more than 150p.**
- **Focus on delivery throughout challenging weather and operational conditions which saw ten named storms, with lower-than-planned renewables output over the quarter.**
- **Positive UK Government policy announcements further underlining the strength of the Group's high-quality networks, renewables and flexibility project pipeline.**

This Trading Statement sets out SSE's financial outlook, outlines operational performance for the third quarter ending 31 December 2023, and updates on strategic delivery of the Net Zero Acceleration Programme ("NZAP") Plus.

TRADING UPDATE

SSE reaffirms FY24 adjusted earnings per share guidance of more than 150 pence, noting a narrower range of probable financial outcomes for the full-year following lower than planned renewables output over the quarter.

SSE Renewables output over the first three quarters was around 15% below plan, or 10% below plan relative to full year, having been impacted by a combination of mixed weather conditions, short-term plant outages and rephasing of flexible hydro output into the fourth quarter. January has seen continued mixed weather conditions for the renewables fleet.

In SSE Thermal, performance continues to reflect lower spark spreads and market volatility when compared to the same period last year. However, the business is still expected to deliver its guidance of more than £750m adjusted operating profit, including more than £75m from Gas Storage, for FY24.

The Group's final full-year earnings outturn remains subject to factors such as plant availability, supportive market conditions and normal weather across the remainder of the fourth quarter. SSE will provide an update on performance for the final months of the year in its Notification of Closed Period statement.

The Group remains on course to deliver adjusted investment and capital expenditure of around £2.5bn in FY24.

OPERATIONAL AND STRATEGIC DELIVERY

Progress continues with the delivery of SSE's £20.5bn NZAP Plus investment plan despite operational challenges during the quarter.

Delivery of the SSEN Transmission investment programme continues to make good progress. Enabling work is now under way on the Eastern Green Link 2, the HVDC link from Peterhead to

Yorkshire. SSEN Transmission also successfully issued a £500m 20-year green bond at a fixed coupon of 5.5%, which will be used to help finance critical national infrastructure projects.

Good progress has been made by SSE Renewables at Viking in Shetland and at Yellow River in Ireland, where the first turbine has now been installed, as well as installation of the HVDC transmission system, cabling and foundations at Dogger Bank A.

However, turbine installation on Dogger Bank A has been affected by challenging weather conditions with vessel availability and supply chain delays further impacting progress. Following notification of further vessel unavailability over the coming weeks there is an increasing possibility that full operations will not be achieved until 2025, although this is not expected to materially change project returns. The business is working closely with its supply chain partners to improve current turbine installation rates, with a further update on progress to be provided in May with publication of FY24 Results.

In SSEN Distribution, the business demonstrated its operational effectiveness through ten named storms, two of which were classified as exceptional events. In December, power was restored to 99% of customers within 48 hours during Storm Gerrit, despite 90mph winds impacting the North of Scotland. In January, Storm Henk impacted 60,000 customers in the South of England, with the teams outperforming estimates to restore all supplies within 48 hours.

AN INCREASINGLY SUPPORTIVE POLICY ENVIRONMENT

The quarter saw continued improvement in the long-term policy and regulatory environment underpinning SSE’s net zero-focused strategy and the benefits of the Group’s high-quality pipeline across networks, renewables and flexibility. This included:

- Publication by Ofgem of its Sector Specific Methodology Consultation for the RIIO-3 framework which has the potential to integrate the ASTI success into a progressive price control framework;
- Significant increases to the Administrative Strike Price for Allocation Round 6 of the Contracts for Difference framework, where SSE has potential projects including its recently consented Cloiche onshore wind farm as well as Berwick Bank should timely planning consent be received; and
- Progress in developing the routes to market for CCS, hydrogen and, in particular, long duration energy storage projects, where a long-awaited government consultation response confirmed it is minded to introduce a cap and floor revenue stabilisation mechanism.

Barry O’Regan, Chief Financial Officer, said:

“Whilst the quarter has seen the business navigate some short-term challenges, we reiterate and continue to focus on the delivery of our 2027 financial and operational growth targets established in the NZAP Plus.

“The strength of our balanced business mix and the growth opportunity it provides is aligned with a policy environment which increasingly recognises the essential role renewables, electricity networks and flexible power will play in the energy system of the future. Our long-term strategy remains unchanged and will deliver sustainable value for shareholders and society."

OPERATIONAL PERFORMANCE

SSE Renewables

SSE Renewables output was 1.3TWh or around 15% behind plan for the nine months to 31 December 2023, largely due to exceptionally still and dry weather conditions but also reflecting short-term plant outages and rephasing of flexible hydro output into the fourth quarter. This represents a 10% shortfall relative to planned output for the full year.

	Output for 9 months to 31 Dec 2023	***% of planned output***	**Plan for 9 months to 31 Dec 2023**	**Output for 9 months to 31 Dec 2022**
Onshore wind – GWh	3,109	*87*	3,574	3,458
Offshore wind – GWh	2,056	*82*	2,495	1,328
Conventional hydro – GWh	1,947	*83*	2,341	2,074
Total SSE Renewables (ex. pumped storage) – GWh	**7,112**	***85***	**8,410**	**6,860**
Pumped storage – GWh	224	-	-	205
Total SSE Renewables – GWh	**7,336**	**-**	**-**	**7,065**

Note: Output based on equity share and in the nine months to 31 Dec 2023 includes 418GWh of onshore and 382GWh of offshore compensated constrained off generation. The same period in 2022 includes 341GWh of onshore, and 97GWh of offshore, compensated constrained off generation.

SSE Thermal

Output of electricity from SSE's gas-fired generation plant for the nine months to 31 December 2023 was 24% down on the same period last year. This reflects lower spark spreads and an increase in planned and unplanned outages which have been partially offset by additional capacity from Keadby 2 and the Triton Power acquisition.

	9 months to 31 Dec 2023	**9 months to 31 Dec 2022**
Gas-fired generation output (GB) – GWh	9,563	13,232
Gas-fired generation output (ROI) – GWh	1,234	1,018
Total gas-fired generation output – GWh	**10,797**	**14,250**

Notes: Output is based on equity share except Marchwood where 100% of volumes are included due to the contractual arrangement. Output includes 86GWh of oil-fired generation in the nine months to 31 Dec 2023 and 311GWh in the same period in 2022. GB output in 2022 excludes 649GWh of pre-commissioning output from Keadby 2 CCGT which commissioned in March 2023.

Flexible thermal generation creates value by providing vital balancing services which underpin a renewables-led system, and its outturn profitability is therefore less dependent on the volume of output.

NOTIFICATION OF CLOSED PERIOD

SSE expects to issue a Notification of Closed Period statement towards the end of March 2024 ahead of publication of its Preliminary Full-year Results for FY24 on 22 May 2024.

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