ALISTAIR PHILLIPS-DAVIES
CHIEF EXECUTIVE
CREATING VALUE THROUGH THE TRANSITION TO NET ZERO

• On track to achieve key financial goals; positive updates on adjusted EPS
• Close to completing sale of Energy Services
• Focusing on core businesses
• Building on Renewables’ CfD auction success
• Transmission set to submit strong RIIO T2 business plan
ENCOURAGING PROGRESS ON SAFETY

**Total Recordable Injury Rate**

- HY19: 0.20
- HY20: 0.13

**Total Recordable Injuries**

- HY19: 51
- HY20: 35

Trailing 12 months, per 100,000 hours worked

Trailing 12 months, combined SSE employees and contractors

*If it’s not safe, we don’t do it*
# OUTLOOK FOR THE YEAR TO 31 MARCH 2020

<table>
<thead>
<tr>
<th>FY20 Forecast</th>
<th>Capacity Market Payments</th>
<th>FY20 Expected EPS range</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 Sep</td>
<td>Notification of Close Period (excl. Gas Production)</td>
<td>uncertain</td>
</tr>
<tr>
<td></td>
<td><em>Adjustment for Gas Production hedging contracts now retained</em></td>
<td></td>
</tr>
<tr>
<td>13 Nov</td>
<td>Interim Results (excl. Gas Production Assets)</td>
<td>✓</td>
</tr>
</tbody>
</table>

- Reduced impact on adjusted EPS from planned Gas Production disposal
- European Commission State Aid approval for GB Capacity Market
- As at early November, renewables energy output slightly ahead of plan

*hedging contracts retained and reported in Adj. EPS
## OVERVIEW

- FY20 EPM operating loss expected to be between £125-£130m
- HY20 EPM operating loss of £113.1m

<table>
<thead>
<tr>
<th>Continuing operations</th>
<th>HY20</th>
<th>HY19</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Operating Profit - £m</td>
<td>491.9</td>
<td>431.3</td>
<td>+14%</td>
</tr>
<tr>
<td>Adjusted Profit Before Tax - £m</td>
<td>263.4</td>
<td>229.4</td>
<td>+15%</td>
</tr>
<tr>
<td>Adjusted current tax charge</td>
<td>31.6</td>
<td>15.9</td>
<td>+99%</td>
</tr>
<tr>
<td>Adjusted EPS - pence</td>
<td>18.0</td>
<td>16.4</td>
<td>+10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Held for sale</th>
<th>HY20</th>
<th>HY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas Production Assets - £m</td>
<td>(15.3)</td>
<td>19.3</td>
</tr>
<tr>
<td>SSE Energy Services - £m</td>
<td>(7.4)</td>
<td>(62.1)</td>
</tr>
</tbody>
</table>
**RESULTS TO 30 SEPTEMBER 2019**

**EXCEPTIONAL ITEMS**

<table>
<thead>
<tr>
<th>Exceptional Items - £m</th>
<th>Exceptional Items (cont)</th>
<th>Exceptional Items (disc)</th>
<th>Exceptional Items Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiddler’s Ferry Coal Plant</td>
<td>(98.7)</td>
<td></td>
<td>(98.7)</td>
</tr>
<tr>
<td>SSE Energy Services related costs and impairment</td>
<td>(52.5)</td>
<td>(489.1)</td>
<td>(541.6)</td>
</tr>
<tr>
<td>IT transformation</td>
<td>(41.2)</td>
<td></td>
<td>(41.2)</td>
</tr>
<tr>
<td>Other</td>
<td>6.4</td>
<td></td>
<td>6.4</td>
</tr>
<tr>
<td>Total exceptional items</td>
<td>(186.0)</td>
<td>(489.1)</td>
<td>(675.1)</td>
</tr>
</tbody>
</table>

- Intend to close Fiddler’s Ferry coal fired power station by end of March 2020
- Secured best ownership option for Energy Services
- Less than 10% total exceptional items are cash
## RESULTS TO 30 SEPTEMBER 2019

### REMEASUREMENTS

<table>
<thead>
<tr>
<th>Remeasurements - £m</th>
<th>HY20</th>
<th>HY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating derivatives</td>
<td>154.6</td>
<td>(565.4)</td>
</tr>
<tr>
<td>Financing derivatives</td>
<td>(69.9)</td>
<td>39.6</td>
</tr>
<tr>
<td>Total remeasurements</td>
<td>84.7</td>
<td>(525.8)</td>
</tr>
</tbody>
</table>

- Operating derivatives: improvement in out-of-the-money fair value forward gas contracts
- Financing derivatives: net impact of rate movements on cross currency and interest rate swaps
FOCUSING ON CORE OF NETWORKS AND RENEWABLES

- Core electricity networks and renewables business contributed Adj. EBIT £410.8m in HY20
- Important common features
  - Regulated returns/contracted income
  - Common skills across project development, construction and operations
  - Increasingly important role in drive to net zero

**Core EBIT (£m)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Renewable Generation</th>
<th>Electricity Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>HY18</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HY19</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HY20</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Chart:**

- HY18: 300, 300
- HY19: 300, 300
- HY20: 300, 300
### SSE’s Regulated Networks Businesses

#### Adjusted EBIT (£m)

<table>
<thead>
<tr>
<th></th>
<th>HY20</th>
<th>HY19</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission</td>
<td>110.1</td>
<td>127.4</td>
<td>-13.6%</td>
</tr>
<tr>
<td>Distribution</td>
<td>150.8</td>
<td>166.9</td>
<td>-9.6%</td>
</tr>
<tr>
<td>Gas Distribution</td>
<td>102.1</td>
<td>85.4</td>
<td>+19.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>363.0</td>
<td>379.7</td>
<td>-4.4%</td>
</tr>
</tbody>
</table>

#### RAV Growth

<table>
<thead>
<tr>
<th></th>
<th>HY17</th>
<th>FY17</th>
<th>HY18</th>
<th>FY18</th>
<th>HY19</th>
<th>FY19</th>
<th>HY20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RAV</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transmission</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SGN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

£bn
RESULTS TO 30 SEPTEMBER 2019
SSEN TRANSMISSION

<table>
<thead>
<tr>
<th>Adjusted EBIT (£m)</th>
<th>HY20</th>
<th>HY19</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Transmission</td>
<td>110.1</td>
<td>127.4</td>
<td>-13.6%</td>
</tr>
</tbody>
</table>

**Movement**
- Reduction due to phasing of totex and income recovery and increased depreciation

**A Network for Net Zero**
- Business plan submission - December 2019
- Totex now closer to £2.4bn
- Potential Transmission RAV of >£5bn by 2026
- Positive stakeholder reaction
RESULTS TO 30 SEPTEMBER 2019
SSEN DISTRIBUTION

<table>
<thead>
<tr>
<th>Adjusted EBIT (£m)</th>
<th>HY20</th>
<th>HY19</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Distribution</td>
<td>150.8</td>
<td>166.9</td>
<td>-9.6%</td>
</tr>
</tbody>
</table>

Movement
• Increased costs associated with supplying Shetland
• High number of Network faults in the North and South
• Volumes distributed lower than expected

RIIO-ED2
• Process underway with Ofgem open letter published August 2019
RESULTS TO 30 SEPTEMBER 2019

INVESTMENT IN SGN

### Adjusted EBIT (£m)

<table>
<thead>
<tr>
<th></th>
<th>HY20</th>
<th>HY19</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas Distribution</td>
<td>102.1</td>
<td>85.4</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

**Movement**

- Increases in allowed revenue and other income

**RIIO-GD2**

- Business plan submission - December 2019
RESULTS TO 30 SEPTEMBER 2019
SSE RENEWABLES

<table>
<thead>
<tr>
<th>Adjusted EBIT (£m)</th>
<th>HY20</th>
<th>HY19</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total SSE Renewables</td>
<td>149.9</td>
<td>78.4</td>
<td>+91%</td>
</tr>
</tbody>
</table>

Movement
- Net increase in wind energy capacity in operation
- More favourable weather conditions for electricity output

CfD auction results
Expect equity investment net of sell-downs and project finance of between £1.0-1.5bn
RESULTS TO 30 SEPTEMBER 2019
FLEXIBLE THERMAL GENERATION

Adjusted EBIT (£m)   | HY20 | HY19  
---------------------|------|------
SSE Thermal          | 57.8 | (3.5) |

**Movement**
- Capacity Market reinstated following positive EC state aid decision
- Earnings from capacity market
  - HY19 includes around £29m from Apr-Sep18
  - HY20 includes around £110 including reimbursement from Oct18-Sept19
## RESULTS TO 30 SEPTEMBER 2019

### OTHER BUSINESSES

<table>
<thead>
<tr>
<th>Adjusted EBIT (£m)</th>
<th>HY20</th>
<th>HY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Energy</td>
<td>2.9</td>
<td>41.6</td>
</tr>
<tr>
<td>SSE Airtricity</td>
<td>16.4</td>
<td>12.0</td>
</tr>
<tr>
<td>SSE Enterprise</td>
<td>8.2</td>
<td>13.7</td>
</tr>
<tr>
<td>Gas Storage</td>
<td>(20.7)</td>
<td>(3.7)</td>
</tr>
<tr>
<td>Energy Portfolio Management</td>
<td>(113.1)</td>
<td>(85.9)</td>
</tr>
</tbody>
</table>

- Operating Gas Storage on a merchant basis, small profit expected FY20
- FY20 EPM loss expected to be between £125-130m
### AN IMPROVING POSITION ON SSE’S PENSION SCHEMES

<table>
<thead>
<tr>
<th>Pension Asset/(Liability) - £m</th>
<th>Sept 2019</th>
<th>Mar 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scottish Hydro Electric Pension Scheme (SHEP)</td>
<td>587.1</td>
<td>537.7</td>
</tr>
<tr>
<td>Southern Electric Pension Scheme (SEP)</td>
<td>(183.2)</td>
<td>(250.6)</td>
</tr>
<tr>
<td>Combined Asset/(Liability)</td>
<td>403.9</td>
<td>287.1</td>
</tr>
</tbody>
</table>

- Net accounting surplus achieved across SSE’s two pension schemes
- SHEP contributions holiday agreed with Trustees
INVESTING TO EARN RETURNS
A WEALTH OF OPPORTUNITIES

**FY20**
- On course to invest around £1.4bn in FY20

---

**Capex forecast for FY20**

- **£1.4bn**
  - Networks
  - Renewables
  - Other

---

**CfD auctions**
- Equity investment of £1.0-1.5bn (net of sell-downs and project finance)
- More detail will be provided as each project reaches financial close

**Revised capex plan**
- SSE will set out its revised Group capex plan by May 2020
• Recycling capital from mature investments into new opportunities
• Investors keen to have positions in high quality assets
• Transactions since April 2014 delivered:
  • Over £3bn consideration received; and
  • c. £1.8bn gain on sale (inc. fair value uplift)
SUPPORTING NET ZERO WITH GREEN BONDS

- SSE is UK corporate sector’s largest issuer of Green Bonds
- Third Green Bond issued in September 2019

<table>
<thead>
<tr>
<th>Green Bond</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>£350m</td>
</tr>
<tr>
<td>Maturity date</td>
<td>September 2035</td>
</tr>
<tr>
<td>Coupon</td>
<td>2.25%</td>
</tr>
</tbody>
</table>
FINANCING SSE FOR THE FUTURE
MANAGING NET DEBT

<table>
<thead>
<tr>
<th></th>
<th>HY20</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted net debt and hybrid capital - £m</td>
<td>10,339</td>
<td>9,437</td>
</tr>
<tr>
<td>Average debt maturity, excl. hybrid capital</td>
<td>7.0 years</td>
<td>7.0 years</td>
</tr>
<tr>
<td>Average cost of debt at period end, incl. hybrid capital</td>
<td>3.60%</td>
<td>3.70%</td>
</tr>
</tbody>
</table>

- FY20 adjusted net debt expected to be c£10.4bn*
- Adjusted net finance costs expected to be just over £450m in FY20#

*includes Energy Services proceeds; excludes Gas Production assets proceeds
#excludes impact of IFRS 16
<table>
<thead>
<tr>
<th>Credit rating agency</th>
<th>Date of issue</th>
<th>Rating</th>
<th>Current criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard and Poor’s</td>
<td>September 2019</td>
<td>BBB+</td>
<td>About 18% FFO/Net Debt</td>
</tr>
<tr>
<td></td>
<td></td>
<td>outlook stable</td>
<td></td>
</tr>
<tr>
<td>Moody’s</td>
<td>September 2019</td>
<td>Baa1</td>
<td>RCF/Net Debt around 11% in 2018/19 and 2019/20, then trending towards the ‘Low-teens’</td>
</tr>
<tr>
<td></td>
<td></td>
<td>stable outlook</td>
<td></td>
</tr>
</tbody>
</table>
DELIVERING THE FIVE YEAR DIVIDEND PLAN

- **2018/19**: Full-year dividend of 97.5 pence per share
- **2019/20**: Full-year dividend of 80.0* pence per share
- **2020/21**: Annual increase in full-year dividend of at least RPI
- **2021/22**: Annual increase in full-year dividend of at least RPI
- **2022/23**: Annual increase in full-year dividend of at least RPI

*Intend to recommend

**Likely to be around £4.25**

**Forecast**
ALISTAIR PHILLIPS-DAVIES
CHIEF EXECUTIVE
Positive long-term policy developments for SSE
• Net zero legislation in UK
• Climate Action Plan in Ireland

UN Climate Change Conference in Glasgow 2020
• Urging government to enable further and faster decarbonisation
• Fulfilling huge potential of renewables

Great opportunities emerging for SSE
• Taking carbon out of electricity at heart of strategy
• Supporting transition to net zero emissions
Maintained MSCI ESG ‘AAA’ rating

11 point increase from last year

Responded to all three surveys – scores expected end 2019

Included on index for second year running

Remained a constituent on the FTSE4Good Index Series

SSE positioning itself to be attractive to ESG-minded investors
FOCUSING SSE ON CORE AND COMPLEMENTARY BUSINESSES

- Hoping for successful completion of Energy Services sale to OVO in early 2020
- Major milestone in reshaping SSE to focus on regulated electricity networks and renewables
- Core businesses supported by strong complementary businesses
MARTIN PIBWORTH
ENERGY DIRECTOR
TAKING FORWARD OUR CUSTOMER BUSINESSES

**BUSINESS ENERGY**
- Route to market for the output from generation businesses

**AIRTRICITY**
- Benefits of vertically-integrated model substantial

**ENTERPRISE**
- Electric Vehicle charging
- Local heat and energy networks
In transition to net zero, back up generation is required

- SSE has some of most flexible and efficient gas-fired power stations
- Providing flexibility to electricity system is an important source of earnings
- Keadby 2 set to be cleanest, one of the most efficient CCGTs in the world
- Exploring emerging technologies to provide pathway to decarbonisation
• Important transitionary role in waste management in move towards circular economy
• FM2 in testing ahead of full commissioning
• Following completion of Slough, SSE’s multi-fuel plant will in a typical year
  o Prevent over 1m tonnes of waste; and
  o Generate over 600GWh of electricity
COMMITTED TO DECARBONISATION

[Graph showing carbon intensity of SSE's electricity generation compared to 2020 and 2030 targets, with a downward trend indicating progress towards targets.]
ALISTAIR PHILLIPS-DAVIES
CHIEF EXECUTIVE
Beatrice completion confirmed capability in partnering to develop and operate offshore wind farms

Development capability and procurement and partnership skills means SSER can compete successfully in auctions

Wind energy pipeline is progressing with ability to build more on- and offshore wind

Skills, scale and future pipeline visible to stakeholders, creating future opportunities
SSE RENEWABLES
CREATING VALUE OFFSHORE THROUGH CfD ALLOCATION ROUND 3

- SSE believes UK government will robustly defend its position with aim of securing a positive resolution to Judicial Review
- SSER’s place in market enhanced by securing 15-year CfD contracts for 2.2GW
- Strike prices strengthen case for enhanced UK Government ambition for offshore wind above 30GW by 2030
- Prices fully consistent with securing sustainable returns on investment

<table>
<thead>
<tr>
<th>MW (SSE Share)</th>
<th>SSE Ownership</th>
<th>Price £/MWh</th>
<th>Delivery Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dogger Bank Creyke Beck A</td>
<td>600</td>
<td>50%</td>
<td>39.65</td>
</tr>
<tr>
<td>Dogger Bank Creyke Beck B</td>
<td>600</td>
<td>50%</td>
<td>41.61</td>
</tr>
<tr>
<td>Dogger Bank Creyke Teeside A</td>
<td>600</td>
<td>50%</td>
<td>41.61</td>
</tr>
<tr>
<td>Seagreen</td>
<td>454</td>
<td>100%</td>
<td>41.61</td>
</tr>
<tr>
<td>Total</td>
<td>2,254</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Remaining 50% Doggerbank owned by Equinor
- In 2012 prices which will be inflated by CPI
**SSE RENEWABLES**

**DOGGER BANK WIND FARMS**

- World’s biggest offshore wind farm – 3 x 1,200MW*
- World’s most powerful wind turbine – 12MW
- Each project expected to generate >5,000GWh annually
- Financial investment decision later in 2020

**Timeline**

- Initiate supplier Tender process
- CfD Awarded
- CfD signed
- Appoint preferred Tier 1 suppliers
- Commence onshore works
- CfD milestone 1
- FID expected late 2020 & 2021
- Offshore works commence

**CfD delivery year:**
- 2023/24 – Creyke Beck A
- 2024/25 – Creyke Beck B/Teeside A

*50% share, JV partner Equinor*
SSE RENEWABLES
SEAGREEN WIND FARM

• CfD for 450MW; plan to build full 1,075MW*
• Expected to generate c5,000GWh annually
• Equity stake sell-down planned
• Final investment decision in first half of 2020

Timeline

Initiate supplier Tender process → CfD Awarded → CfD signed → Appoint preferred Tier 1 suppliers

Commence onshore works → Equity sell-down and project finance → FID expected 2020 → Offshore works commence

CfD delivery year: 2024/25

*100% ownership
### OPTIONS FOR SUBSIDY-FREE ONSHORE WIND

#### OPERATIONAL

<table>
<thead>
<tr>
<th>Onshore</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>GB Onshore</td>
<td>1,247</td>
</tr>
<tr>
<td>NI Onshore</td>
<td>141</td>
</tr>
<tr>
<td>ROI Onshore</td>
<td>567</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,955</td>
</tr>
</tbody>
</table>

#### WORKING TO DELIVER

- **Viking (Island Wind)**: 457 MW
- **Consented**: Central to progress is Ofgem’s consultation on the new transmission link for Shetland

#### CONSENTERED

- **Strathy South**: 133 MW
- **Gordonbush Extension**: 38 MW
- **Tangy**: 49 MW
- **Other**: 28 MW
- **Total**: 248 MW

#### REQUIRING CONSENT

- **Strathy South**: 133 MW
- **Gordonbush Extension**: 38 MW
- **Tangy**: 49 MW
- **Other extensions**: 186 MW
- **Total**: 540 MW

---

**SSE RENEWABLES**

**OPTIONS FOR SUBSIDY-FREE ONSHORE WIND**

2GW

Over 1 GW
**SSE RENEWABLES**

**PROGRESSING THE PIPELINE**

<table>
<thead>
<tr>
<th>OFFSHORE</th>
<th>OPERATIONAL</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Gabbard</td>
<td>252</td>
<td></td>
</tr>
<tr>
<td>Walney</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td>Beatrice</td>
<td>235</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>579</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CFD AWARDED</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dogger Bank Teeside A</td>
<td>600</td>
</tr>
<tr>
<td>Dogger Bank Creyke Beck A</td>
<td>600</td>
</tr>
<tr>
<td>Dogger Bank Creyke Beck B</td>
<td>600</td>
</tr>
<tr>
<td>Seagreen Phase 1*</td>
<td>454</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,254</strong></td>
</tr>
</tbody>
</table>

*Intending to build 1,075MW

<table>
<thead>
<tr>
<th>CONSENTED</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arklow Bank (ROI)</td>
<td>800</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REQUIRING CONSENT</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seagreen – Ph2/3</td>
<td>Up to 3,200</td>
</tr>
<tr>
<td>Greater Gabbard Ext.</td>
<td>Up to 250</td>
</tr>
</tbody>
</table>

**0.6GW**

- Expect to participate in future The Crown Estate and Crown Estate Scotland seabed leasing
- UK and Irish focus, continue to look actively at opportunities in other addressable markets in other developed economies

**Over 7GW**
## SSE RENEWABLES

HYDRO: CREATING VALUE FROM ‘NATURE’S BATTERIES’

<table>
<thead>
<tr>
<th></th>
<th>HY20</th>
<th>HY19</th>
<th>HY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional Hydro Capacity – MW</td>
<td>1,159</td>
<td>1,150</td>
<td>1,150</td>
</tr>
<tr>
<td>Pumped Storage Capacity - MW</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Conventional Hydro Output – GWh</td>
<td>1,301</td>
<td>1,040</td>
<td>1,132</td>
</tr>
<tr>
<td>Pumped Storage Output – GWh</td>
<td>112</td>
<td>111</td>
<td>132</td>
</tr>
</tbody>
</table>

- Operationally best in class
- High levels of availability
- Pro-active long-term capital investment programme
- Option for new 600MW pumped storage at Coire Glas
SSE’s regulated networks businesses are important enablers of decarbonisation

- Interests of customers and achievement of 'net zero' best served by independently regulated private companies

- Working with all stakeholders to make case for private provision and safeguard shareholder value
SSEN DISTRIBUTION
OPPORTUNITIES IN ELECTRIFYING TRANSPORT AND HEAT

Electric Vehicles
Demand Side Response
Batteries

Peak Demand Forecast (Scenarios)

Source: National Grid FES Scenarios
SSEN DISTRIBUTION
FOCUSING ON PERFORMANCE

• Delivering significant change and modernisation
• Major investment programme
• Focusing on regulatory incentives, with good start to year
• Leading on innovation needed for DSO role
We believe the price control needs to:
• Build on ED1 progress
• Enable a proactive approach to investment
• Provide strong incentives
• Deliver regulatory settlement fair for consumers and investors
**PLANNING A NETWORK FOR NET ZERO**

**SSEN TRANSMISSION**

**RIIO-T1**
- £500m investment remaining under RIIO-1

**RIIO-T2**
- Closer to £2.4bn Totex in RIIO-T2

**£3.6bn** expected RAV by March 2021

**£500m** investment remaining under RIIO-1

**£3.6bn** expected RAV by March 2021

**£5bn** potential RAV by March 2026
## SSEN TRANSMISSION

### WORKING WITH STAKEHOLDERS ON ISLAND LINKS

<table>
<thead>
<tr>
<th>Island group</th>
<th>Capacity</th>
<th>Cost</th>
<th>Regulatory conditionality</th>
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</thead>
<tbody>
<tr>
<td>Shetland</td>
<td>600MW</td>
<td>£650m</td>
<td>457MW of committed generation (main anchor project)</td>
</tr>
<tr>
<td>Western Isles</td>
<td>600MW</td>
<td>£600m</td>
<td>369MW of committed generation (main two anchor projects)</td>
</tr>
<tr>
<td>Orkney</td>
<td>220MW</td>
<td>£300m</td>
<td>135MW of committed generation (combination of many small projects)</td>
</tr>
</tbody>
</table>
BUILDING A POWERFUL CASE FOR FUTURE RAV GROWTH

RAV Forecast

<table>
<thead>
<tr>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
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</thead>
<tbody>
<tr>
<td>£bn</td>
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<td>8</td>
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</tbody>
</table>

- Transmission
- Distribution
- SGN
On track to meet FY20 forecasts subject to normal weather
SSE Energy Services sale to OVO Group expected to complete early 2020
Focusing on core businesses
Building on CfD auction success in offshore wind
Set to submit strong stakeholder-led RIIO T2 business plan
DELIVERING THE FIVE YEAR DIVIDEND PLAN

2018/19: Full-year dividend of 97.5 pence per share
2019/20: Full-year dividend of 80.0* pence per share
2020/21: Annual increase in full-year dividend of at least RPI
2021/22: Annual increase in full-year dividend of at least RPI
2022/23: Annual increase in full-year dividend of at least RPI

*Intend to recommend

Likely to be around £4.25
Forecast
QUESTIONS

Please use handheld mics in the seats in front