

Creating value through the energy transition

Preliminary results for the year ended
31 December 2023

15 February 2024

Disclaimer

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All adjusted figures are before exceptional items and certain re-measurements. Adjusted operating profit includes share of joint ventures and associates after interest and taxation. A reconciliation of different operating profit measures is provided in the Group Financial Review in the Preliminary Results announcement.

Creating value through the energy transition



Chris O'Shea
Group Chief Executive



A clear strategy to create value through the energy transition



A strong 2023 performance

- **Improved operational performance** across the Group to underpin long-term **sustainable profitability**
- Strong earnings and **cash generation**
- **Material cash returns** to shareholders in year
- Commenced delivery of our disciplined **green-focused growth and investment strategy**



1. Colleague engagement methodology changed from a percentage of favourable colleagues to a net promoter score, expressed as a score out of 10.

Relentless focus on value creation



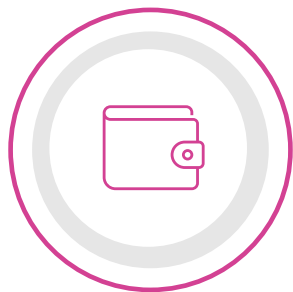
Russell O'Brien

Group Chief Financial Officer



Brigg Energy Park

Relentless focus on value creation



01

Sustainable earnings



02

Maintain a strong balance sheet



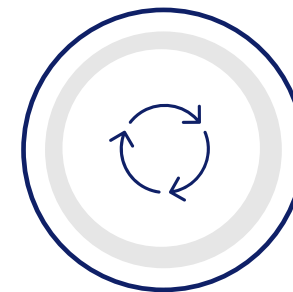
03

Progressive dividend



04

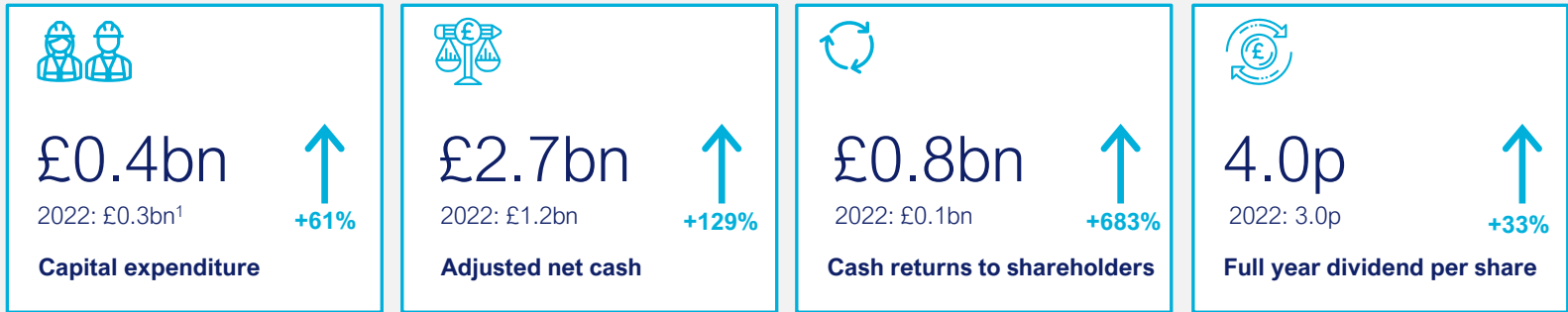
Investing for value



05

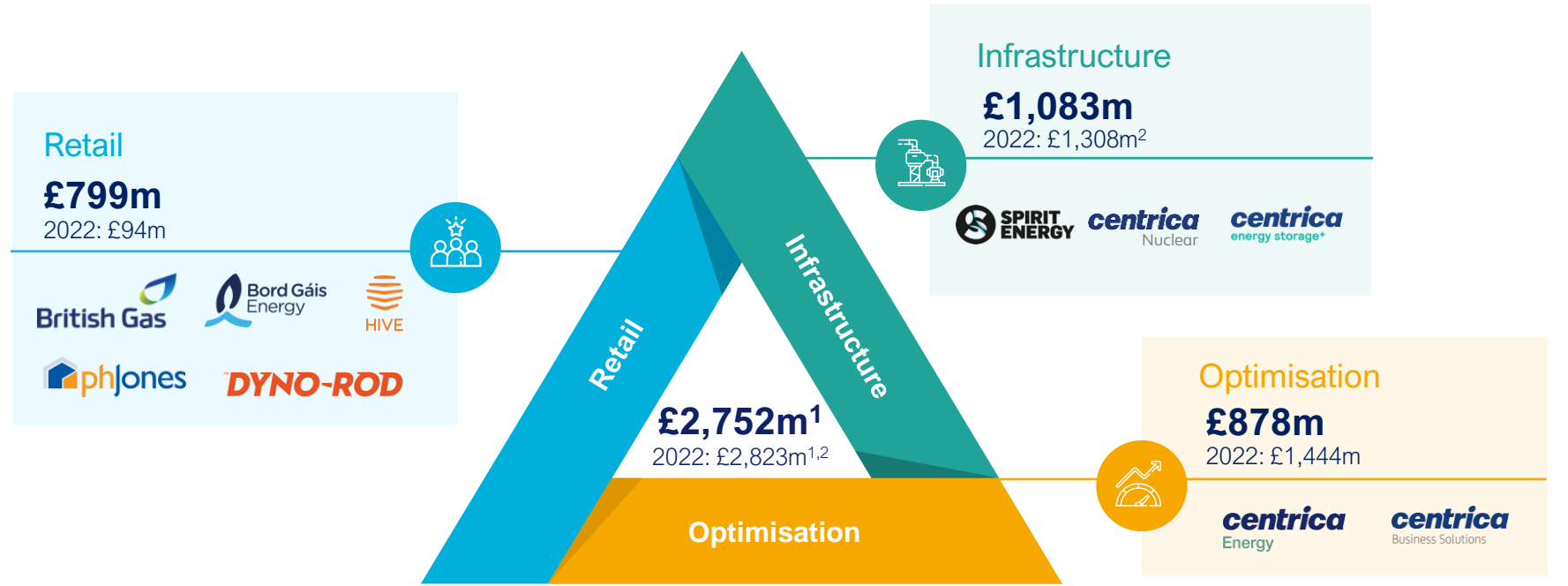
Returning surplus capital

Strong financial performance against a favourable backdrop



1. Excluding disposed Spirit Energy Norway assets.

Robust operating profit delivery from our balanced portfolio



Segmental adjusted operating profit split included on slide 27

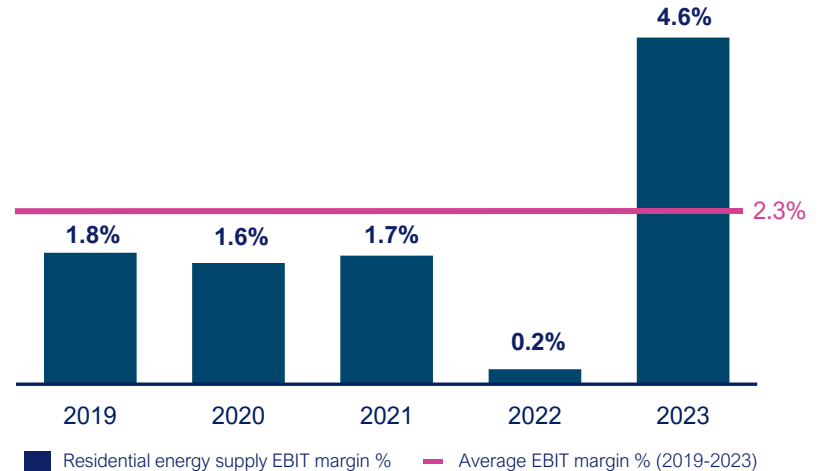
1. Total adjusted operating profit also includes £(8)m of colleague profit share (2022: £(23)m).
 2. 2022 excludes Spirit Energy Norway disposed assets adjusted operating profit of £485m.

Resilient margins in British Gas Energy

British Gas Energy 2023 operating profit

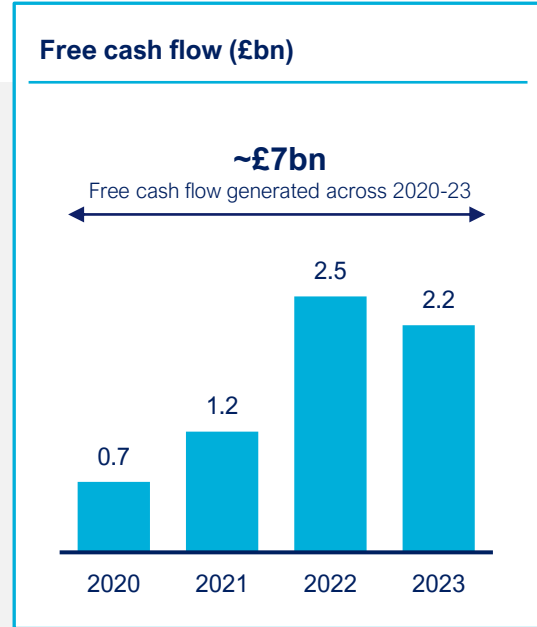
- Price cap does not allow for perfect matching of revenues and costs within the same period
- British Gas Energy operating profit up £679m to £751m
- Material one-off recovery of ~£500m through the price cap in H1 relating to prior period costs
- Continued investment in customer service and support
- Bad debt up by £244m to £541m across residential and small business

British Gas residential energy supply margin



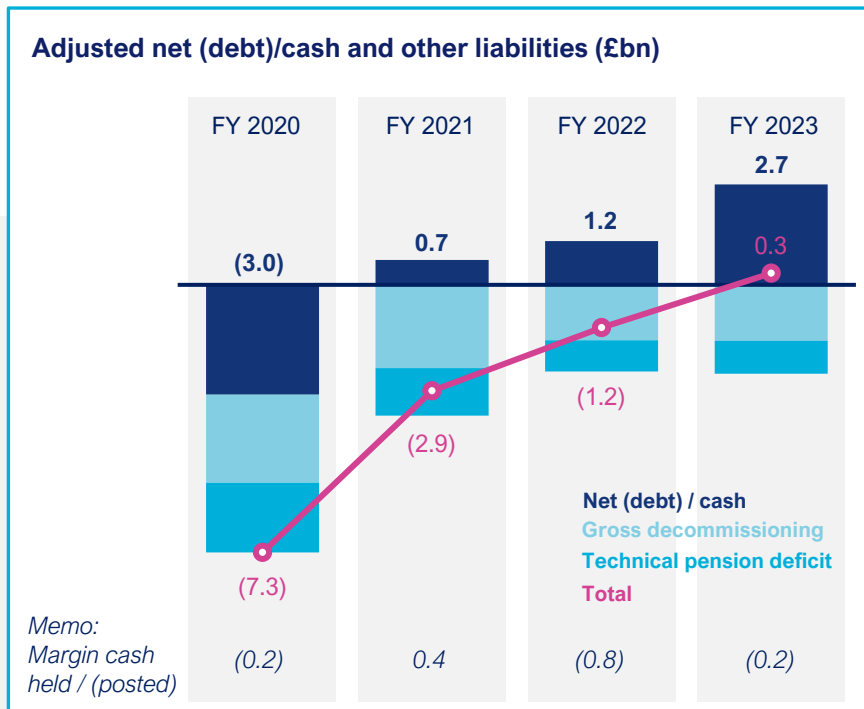
Cash generative portfolio continues to deliver

Year ended 31 December (£m)	2023
Adjusted EBITDA	3,085
Dividends received	220
Tax ¹	(803)
Working capital	244
Decommissioning spend	(173)
Capex	(415)
Other	49
Free cash flow	2,207



1. When including payments made under the Electricity Generator Levy, total tax paid was £1,129m.

A strong investment grade balance sheet...



MOODY'S

Baa2

With stable outlook

S&P Global

Ratings

BBB

With stable outlook

Strong investment grade credit ratings

Balance sheet strength underpinning our strategy and delivery of **value creation** through the energy transition

... providing flexibility to pursue our disciplined green-focused investment plan

	Customers	Renewables	Flexibility		Regulated infrastructure
Opportunities	Customer technology	New generation assets	Batteries	Gas peaking generation	
Pre-productive time period	<1 month	~1-2 years	~2 years		Dependent on model
Capital deployment	Balanced across a range of technologies to de-risk the portfolio and optimise returns Partnering and financing structure dependent on opportunity				
Minimum expected return (IRR¹)	8%+	6-9%+	7-10%+		Dependent on model

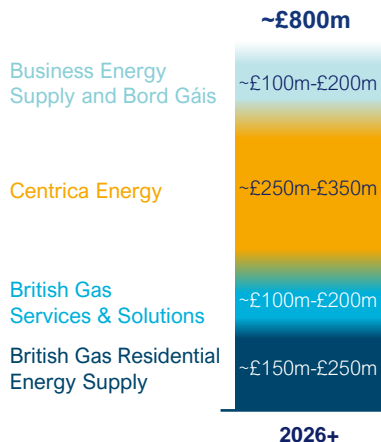
Group portfolio benefit Targeting up to ~2% additional Group portfolio benefit, including from optimisation activities

Investing for value and growth, with capex building to £600m-£800m p.a. to 2028

1. Nominal post-tax unlevered IRR.

Remain on track to deliver medium-term sustainable operating profit and cash flow ambitions

Medium-term sustainable operating profit



Material medium-term Infrastructure cash flows



Infrastructure

- 1.2GW Nuclear capacity¹
- 242bcf gas reserves¹
- 54bcf gas storage capacity



2024 outlook

- Further operational improvements
- No repeat of one-off 2023 benefits in British Gas Energy
- Continued investment in customer service and system migration
- Less elevated commodity prices and reduced market volatility
- Spirit Energy and Nuclear largely protected from further commodity price falls by hedging
- Usual wide range of factors that could impact performance
 - Weather, competitive backdrop, regulation, economy, asset performance, commodity prices and volatility

1. Represents our 20% share of Nuclear capacity and our 69% interest in Spirit Energy.

Delivering against our refreshed strategy



Chris O'Shea
Group Chief Executive



Engaged colleagues supporting our customers and communities

Investing in...

...our colleagues

7.7/10

Colleague engagement approaching top quartile



...our brand & communities



PROUD PARTNER



Paralympics GB



Principal Partner



OFFICIAL SPONSOR

...our customers

£140m

Direct customer support since the start of 2022

+700

Customer service agents recruited to support over winter



>1m

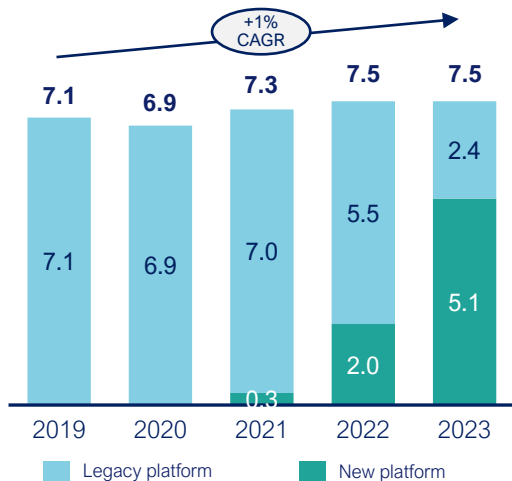
Occasions we have helped customers struggling with bills



An improving customer experience in British Gas Energy

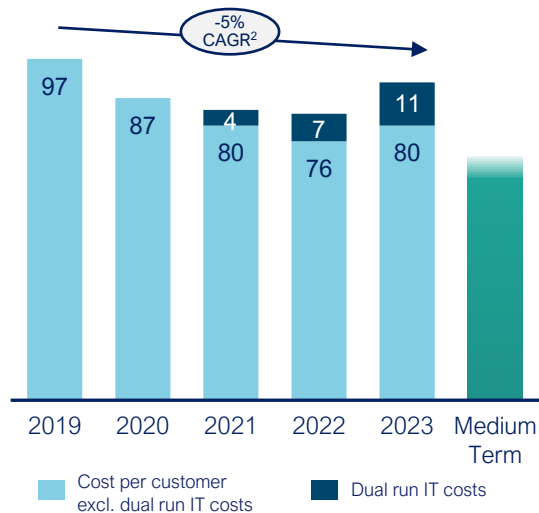
Good progress on customer migration

British Gas Energy residential customers (m)

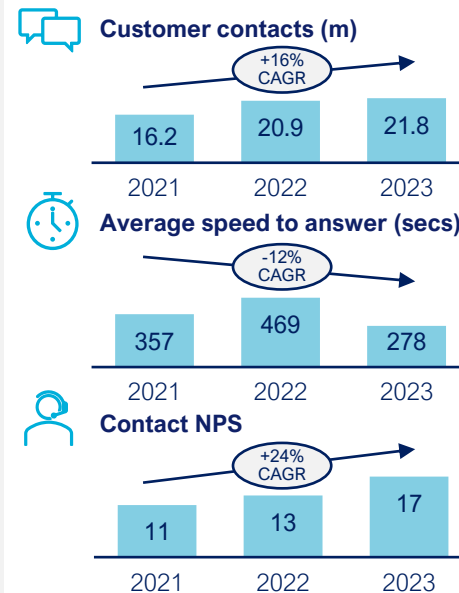


Investing in the customer

Cost per residential energy customer¹ (£)



Delivering a better customer experience³



1. Excluding bad debt.
 2. Excluding dual run IT costs.
 3. Residential energy supply only.

Improved operations to support growth in Services & Solutions



Unique workforce of ~7,000 engineers

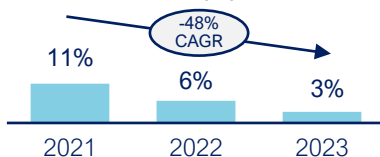


Award winning in-house training academies

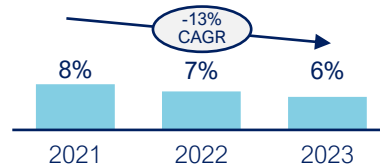
Improved operational foundations...



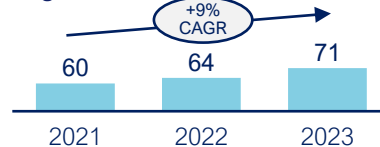
Reschedule rate (%)



Complaints per customer (%)



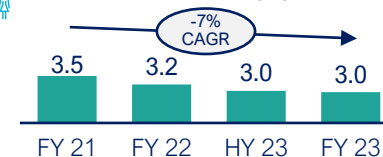
Engineer NPS



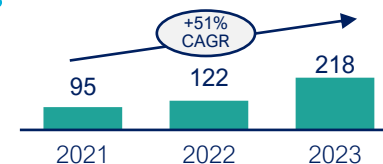
...provide us with capacity to grow



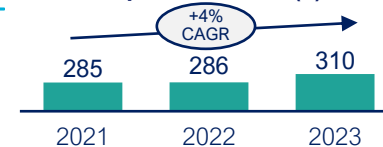
Customer numbers¹ (m)



On-demand jobs (000's)

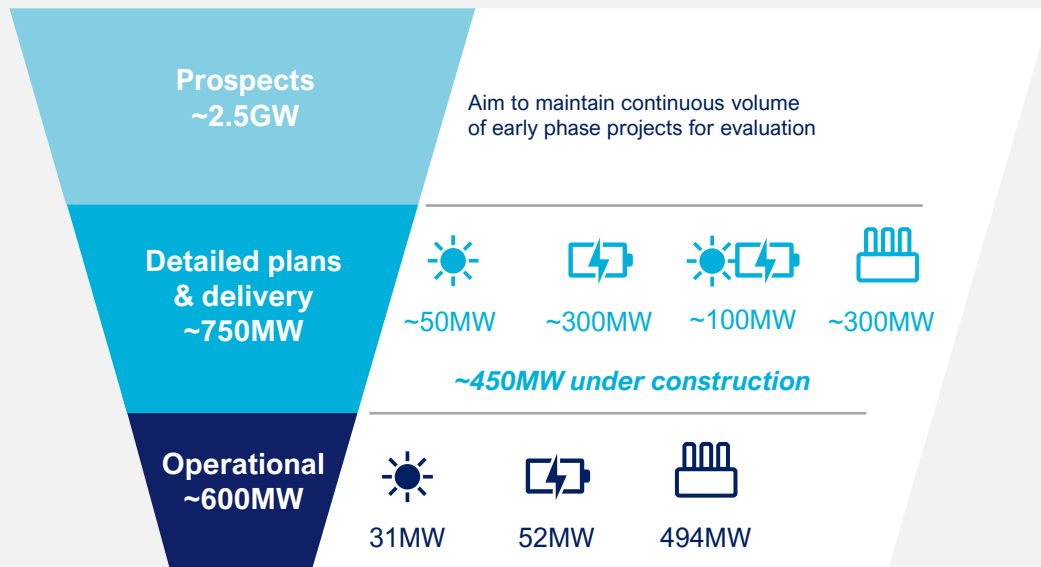


Revenue per customer¹ (£)



1. Defined as single households having a contract or on-demand job with British Gas Services & Solutions.

Developing an attractive pipeline of clean flexible power assets



Infrastructure assets playing an important role in energy resilience



centrica
Nuclear

- **Heysham 1 & Hartlepool lives extended** by 2 years to March 2026
- Ambition to further extend AGR¹ station lives, subject to inspections and regulatory approvals
- Any new nuclear investment dependent on regulatory framework



centrica
energy storage+

- **Rough gas storage capacity doubled** to 54bcf, with third party exemption until 2030
- Pathway for up to £2bn investment in Rough over the long term
- Potential 200bcf hydrogen storage capacity



SPiRiT ENERGY

- **Field life extended beyond 2030**
- **Carbon storage licence** awarded for Morecambe Bay in May 2023
- Potential to be one of the UK's largest carbon storage hubs

1. AGR – Advanced gas cooled reactors (Heysham 1, Hartlepool, Heysham 2 and Torness).

A compelling investment case creating value through the energy transition



A uniquely integrated energy company

A balanced portfolio with leading market positions, where each component complements, de-risks and adds value to others



Sustainable profitability

~£800m of sustainable operating profit from Retail and Optimisation, with additional strong medium-term cash flow from existing Infrastructure



A green-focused growth & investment strategy

Creating value for shareholders and delivering net zero for Centrica and our customers



Balance sheet strength

Strong liquidity and a robust balance sheet, with Net Debt/EBITDA <1x over the medium term



Material self-funded investment to add value and strengthen

Capex building to £600m-£800m p.a. to 2028 with average returns of 7-10%+ and further Group portfolio benefit, including from optimisation



Capital discipline

Protect the balance sheet, invest for value and return surplus capital



Compelling shareholder returns

Progressive dividend policy, trending towards 2x earnings cover over time

Appendix



Group Financials

Year ended 31 December (£m)	2023	2022
Adjusted revenue	33,374	33,637
Adjusted gross margin	5,217	5,439
Adjusted operating costs	(2,674)	(2,223)
Adjusted operating profit ¹	2,752	3,308
Net finance cost	(39)	(143)
Group tax charge (incl. JV tax)	(912)	(1,077)
Group effective tax rate	33%	34%
Adjusted earnings	1,859	2,050
Adjusted EPS	33.4p	34.9p
<i>Adjusted EPS excluding disposed Spirit Energy assets</i>	<i>33.4p</i>	<i>34.2p</i>

1. Includes share of profits from JVs and associates, net of interest and taxation, of £209m in 2023 and £92m in 2022.

Revenue

Year ended 31 December (£m)	2023	2022
British Gas Services & Solutions	1,597	1,527
British Gas Energy	17,742	13,096
Bord Gáis Energy	1,815	1,771
Centrica Business Solutions	3,522	3,000
Centrica Energy	7,732	14,441
Upstream	2,935	3,351
Group revenue included in business performance	35,343	37,186
Inter-group revenue	(1,969)	(3,549)
Total Group revenue	33,374	33,637

Adjusted gross margin

Year ended 31 December (£m)	2023	2022
British Gas Services & Solutions	616	504
British Gas Energy	2,141	1,114
Bord Gáis Energy	139	160
Centrica Business Solutions	309	238
Centrica Energy	1,016	1,558
Upstream	999	1,874
Profit share	(3)	(9)
Group adjusted gross margin	5,217	5,439

Adjusted EBITDA

Year ended 31 December (£m)	2023	2022
British Gas Services & Solutions	101	38
British Gas Energy	808	154
Bord Gáis Energy	21	52
Centrica Business Solutions	141	89
Centrica Energy	822	1,446
Upstream	1,155	2,182
Other	37	32
Total Group adjusted EBITDA	3,085	3,993

Adjusted Operating Profit

Year ended 31 December (£m)	2023	2022
British Gas Services & Solutions	47	(9)
British Gas Energy	751	72
<i>Residential energy supply</i>	726	23
<i>Business energy supply</i>	25	49
Bord Gáis Energy	1	31
Centrica Business Solutions	104	44
Centrica Energy	774	1,400
<i>Core CE activities</i>	809	1,381
<i>Legacy gas contract</i>	(35)	19
Upstream	1,083	1,308
<i>Spirit Energy (retained)</i>	235	245
<i>Centrica Energy Storage+</i>	312	339
<i>Nuclear</i>	536	724
Profit share	(8)	(23)
Adjusted operating profit (excl. disposed Spirit Energy assets)	2,752	2,823
<i>Spirit Energy disposed assets</i>	-	485
Adjusted operating profit	2,752	3,308

Adjusted operating profit includes share of profits from JVs and associates, net of interest and taxation, of £209m in 2023 and £92m in 2022.

Remeasurements and exceptional items

Exceptional items and statutory profit

Year ended 31 December (£m)	2023
Adjusted operating profit	2,752
Re-measurements – Energy supply	506
Re-measurements – Infrastructure assets and Centrica Energy (incl. share of associates)	3,066
Onerous energy supply contract provision unwind	833
Impairment of power assets and Rough gas storage asset	(645)
Statutory operating profit	6,512

Closing Net Cash

Year ended 31 December (£m)	2023	2022
Adjusted EBITDA	3,085	3,993
Dividends received	220	60
Tax	(803)	(574)
Working capital / other	244	(596)
Decommissioning spend	(173)	(98)
Capex (excl. Spirit Norway)	(415)	(258)
Capex (Spirit Norway)	-	(119)
Disposals	55	103
Exceptional cash flows	(6)	(24)
Free cash flow	2,207	2,487

Year ended 31 December (£m)	2023	2022
Free cash flow	2,207	2,487
Net interest	(19)	(126)
Pension deficit payments	(180)	(214)
Movements in margin cash ¹	585	(1,173)
Share buybacks ²	(613)	(43)
Dividends - Centrica shareholders	(186)	(59)
Dividends - Spirit Energy minority shareholder	(17)	(273)
Other cash flows affecting net debt	6	(5)
Adjusted cash flow affecting net cash	1,783	594
Opening net cash (as at 1 January)	1,199	680
Adjusted cash flow movements	1,783	594
Non-cash movements ³	(238)	(75)
Closing net cash	2,744	1,199

1. As at 31 December 2023, margin cash posted was £240m.

2. As at 14 February 2024, we had bought back £727m of shares since the start of the share buyback programme.

3. 2023 non-cash movements includes £(158)m relating to new leases and the re-measurement of existing leases.

Net investment

Year ended 31 December (£m)	2023	2022
British Gas Services & Solutions	(50)	(34)
British Gas Energy	-	(6)
Bord Gáis Energy	(72)	(38)
Centrica Business Solutions	(114)	(35)
Centrica Energy	(47)	(10)
Upstream	(101)	(123)
Other ¹	(31)	(12)
Capex (excl. Spirit Norway)	(415)	(258)
<i>Spirit Norway capex</i>	-	(119)
Total capex	(415)	(377)
Net Disposals	55	103
Total Group net investment	(360)	(274)

1. Other includes Corporate Functions.

Free cash flow

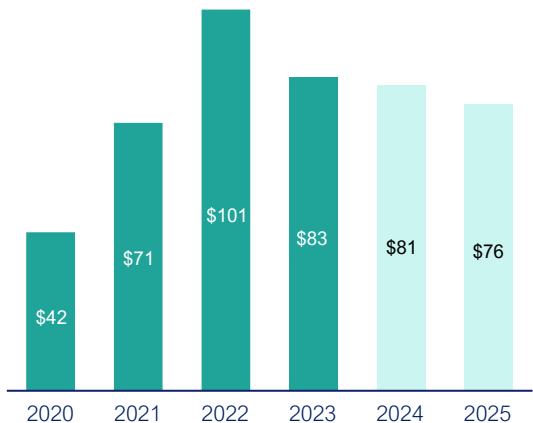
Year ended 31 December (£m)	2023	2022
British Gas Services & Solutions	64	(19)
British Gas Energy	302	1,283
Bord Gáis Energy	(146)	81
Centrica Business Solutions	220	(48)
Centrica Energy	1,354	199
Upstream	1,236	1,539
Other	(20)	26
Segmental free cash flow excluding tax	3,010	3,061
Taxes paid	(803)	(574)
Total free cash flow	2,207	2,487

Spirit Energy and Nuclear Hedging positions

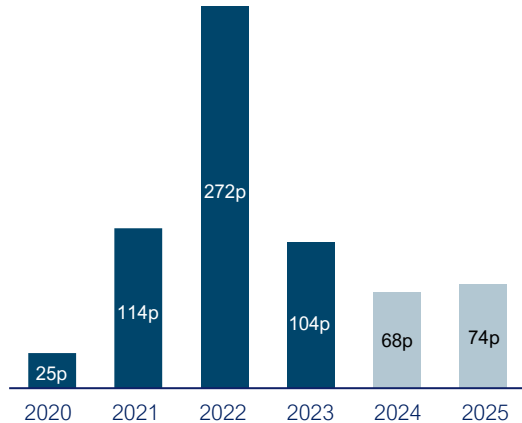
	2024		2025	
	Volume hedged	Average hedged price	Volume hedged	Average hedged price
Spirit Energy	443mmth	174p/th	197mmth	139p/th
Nuclear	5.4TWh	£153/MWh	1.7TWh	£110/MWh

Market commodity prices

Average Brent oil prices
(\$/bbl)



Average UK NBP gas prices
(p/th)



Average UK baseload power prices
(£/MWh)

