



centrica

Energising a greener, fairer future

Interim results for the period ended
30 June 2024

25 July 2024

Whitegate Power Station, Ireland

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Further when considering the information contained in, or referred to in this presentation, please note that profit and inventory from Rough operations are reported under Centrica Energy Storage Limited, also referred to as Centrica Energy Storage+, for presentational purposes only. Centrica Energy Storage Limited does not produce, supply or trade gas, except to the extent necessary for the efficient operation of the storage facility. In accordance with the Gas Act 1986, such production, supply and trading of gas is carried out wholly independently of Centrica Energy Storage Limited by other Centrica group companies. Certain figures shown in this presentation were rounded in accordance with standard business rounding principles and therefore there may be discrepancies.

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 Interim Results announcement.



Energising a greener,
fairer future



Financial resilience
underpinning value
creation



Continued delivery
against our strategic
priorities

centrica



Chris O'Shea
Group Chief Executive





Good H1 performance from our balanced portfolio

- Good first half result against a more normalised external environment
- Highly engaged colleagues supporting better retention, with focus now on improving customer acquisitions
- Strong operational performance across the Group, providing the platform for growth
- Delivering value from our projects in execution and growing our portfolio of long-term options
- Balance sheet strength supports interim dividend increase and £200m share buyback extension



8.1 / 10

H1 2023: 7.4

Colleague engagement



10.2m

December 2023: 10.3m

Total customers



12.8p

H1 2023: 25.8p

Adjusted basic EPS



1.5p

H1 2023: 1.33p

Interim dividend per share



A better, more focused business today, ready for the future

The energy system will become more electrified and complex

By 2050¹...



Electricity demand to almost triple

Increasing EV, heating and data centre usage



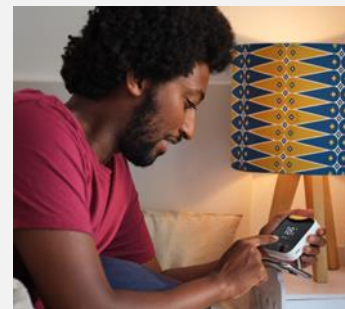
Greater home energy management engagement

Increased demand for innovative energy propositions



Intermittent generation over two-thirds of total capacity

Increasing need for reliable backup generation





Our portfolio is set up to benefit from these structural trends

Infrastructure

We make it

~1.4GW of operational/in-development flexible and renewable power generation

~83bcf gas production¹

1.2GW² nuclear generation capacity

We store it

Over half of the UK's gas storage

Optimisation

We move it

World-class asset-backed trading and logistics business

~16GW pan-European virtual power plant

Global LNG portfolio

Leading energy risk management and procurement capability

Retail

We sell it

#1 UK residential energy supplier, #2 in Ireland

Largest UK SME³ energy supplier

Supply ~30TWh electricity & ~300bcf gas p.a

We mend it

Largest UK home heating services provider

Unique ~7,000 engineers nationwide

Award winning in-house training academies

1. FY2023

2. Representing our 20% share of existing UK nuclear capacity

3. Small and medium enterprise



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Russell O'Brien

Group Chief Financial Officer





Good financial performance in a more normalised environment



£1.1bn

H1 2023: £2.3bn

Adjusted EBITDA



£1.0bn

H1 2023: £2.1bn

Adjusted operating profit



12.8p

H1 2023: 25.8p

Adjusted basic EPS



1.5p

H1 2023: 1.33p

Interim dividend per share



£0.2bn

H1 2023: £0.2bn

Capital expenditure



£0.8bn

H1 2023: £1.4bn

Free cash flow



£3.2bn

Dec 2023: £2.7bn

Adjusted net cash

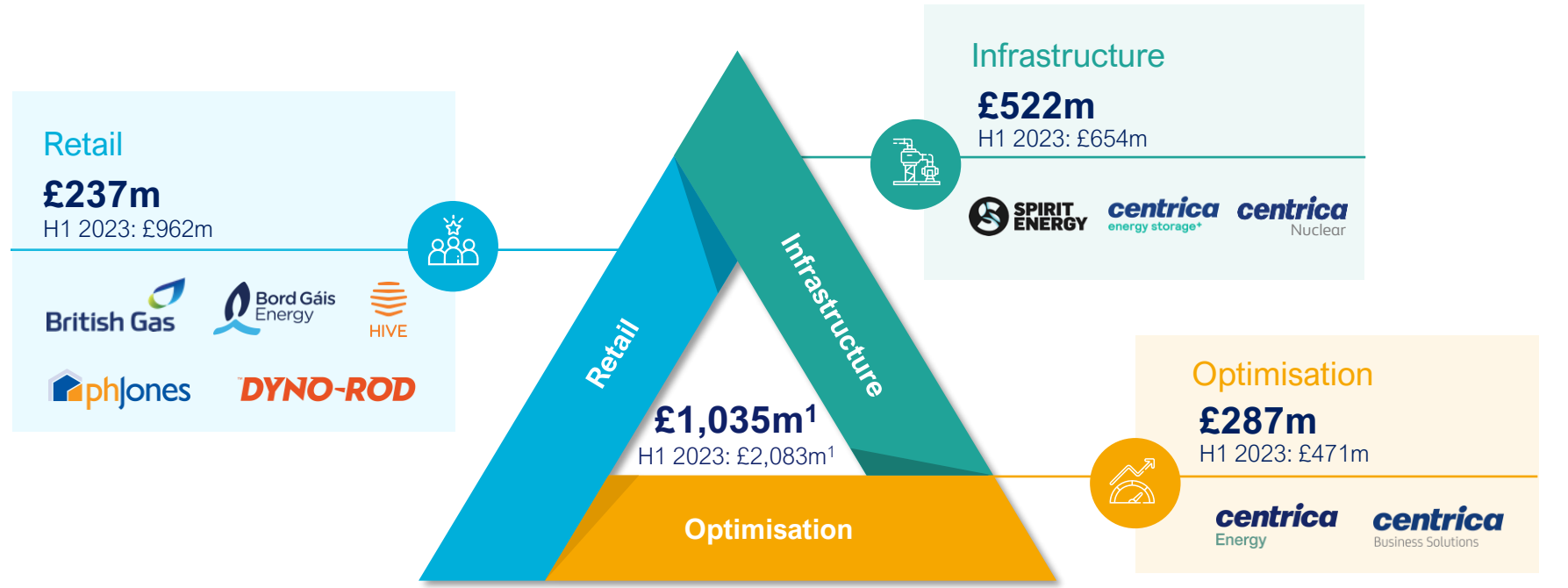


£0.2bn

Total since 2022: £1.2bn

Share buyback extension

Material operating profit contributions across our portfolio



Segmental adjusted operating profit split included on slide 27

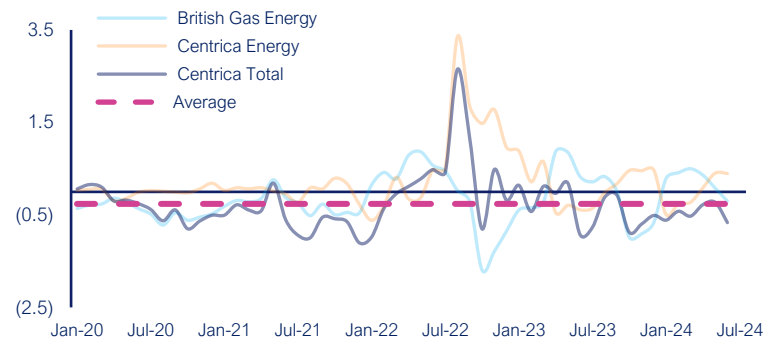
1. Total adjusted operating profit also includes £(11)m of colleague profit share (H1 2023: £(4)m)



Cash generation remains strong

Six months ended 30 June (£m)	2024
Adjusted EBITDA	1,134
Dividends received	240
Tax	(323)
Working capital	16
Decommissioning spend	(31)
Capex	(221)
Other	1
Free cash flow	816

Working capital and margin cash (£bn)¹



We operate with **negative working capital** on average

Pre-tax FCF conversion² of 108% since 2020

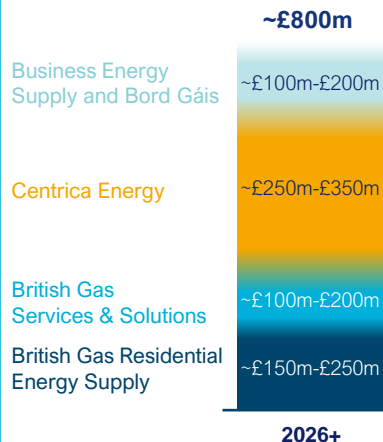
1. Includes balance sheet items; current trade and other receivables and contract-related assets, current trade and other payables and contract-related liabilities, inventories, insurance contract liabilities, initial margin included within these balances, and variation margin included in derivative assets and liabilities

2. Pre-tax free cash flow from continuing operations as a proportion of adjusted operating profit



Delivering sustainable operating profit ahead of schedule

Medium-term sustainable operating profit



Material medium-term Infrastructure cash flows



Infrastructure

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



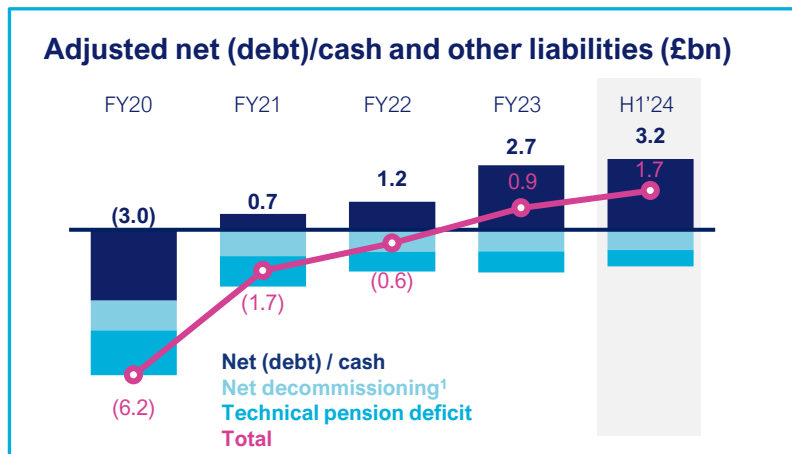
2024 outlook

- All Retail energy supply and Optimisation businesses to be within medium-term adjusted operating profit ranges in 2024
- BG Services & Solutions expected to deliver an improved result compared to last year, continuing the recovery towards its sustainable profit range
- Centrica Energy Storage+ (Rough) outlook challenging given low seasonal spreads
- Group profitability to be heavily weighted to H1 as normal
- Group net cash expected to decline in H2
 - Capital investment expected to increase
 - Final 2023 dividend and Interim 2024 dividend paid

1. Represents our 20% share of existing UK Nuclear capacity and our 69% interest in Spirit Energy. Reserves as at 31 December 2023



Our investment grade balance sheet facilitates value creation



MOODY'S

Baa2

With stable outlook

S&P Global

Ratings

BBB

With stable outlook

- Underpinning long-term liabilities
- Resilience and risk mitigation
- Opportunity capture
- Funding our green-focused investment programme
- Supporting shareholder distributions

1. Net of deferred tax asset



Attractive returns remain core focus of investment programme



Return thresholds are non-negotiable (average returns 7-10%+ with additional group portfolio benefit)



Remaining disciplined in our capital deployment and **considering a broader range of options**



Significant opportunity set under review, aligned to our strategic priorities; over 800MW of renewables & flexible assets in planning and delivery



Reinvesting in infrastructure assets with regulated and contracted cash flows to **support long term balance sheet strength**

Minimum expected return (IRR¹)



Customer technology

8%+



Renewables

6-9%+



**Flexible assets;
batteries & gas peaking**

7-10%+



Regulated infrastructure

Dependent on model

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

1. Nominal post-tax unlevered IRR



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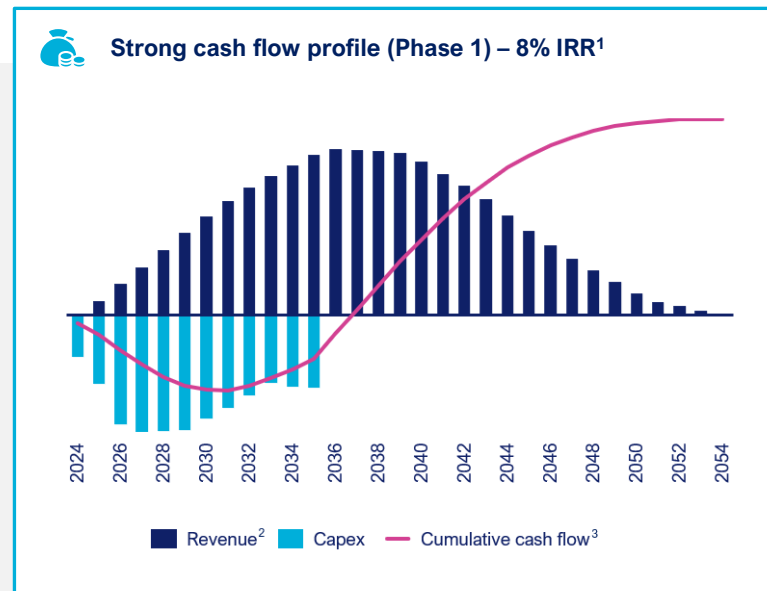
Chris O'Shea
Group Chief Executive





Stable long-term returns from our Meter Asset Provider business

- **Clear capital deployment pathway** with 7.5m residential customer base and in-house installation capability
- **£100m-£150m capex per annum** anticipated to 2035 (Phase 1), with programme likely to continue thereafter
- Ability to **flex investment** depending on external environment to maximise value
- **Income stream** from external suppliers providing natural hedge to churn



Smart meters will help energise a greener, fairer future for our customers

1. Nominal post-tax unlevered IRR; chart is indicative; 2. Revenue includes third party meter rental costs saved and rent on churned meters; 3. Cumulative cash flows presented on a separate scale



Peakers benefit from a significant financial underpin

Irish peakers are on-track...



2 x 100MW flexible hydrogen-ready peaking power generation plants in Athlone & Dublin



Supplying a constrained Irish power market



Joint venture: 80% ownership, 100% offtake

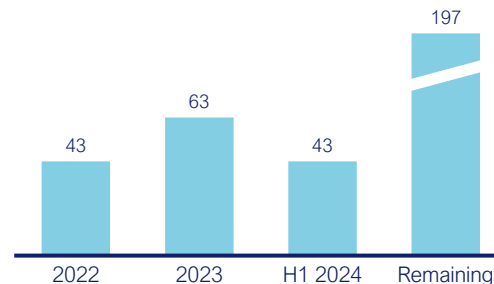


Both sites ~70% complete
Expected COD around the middle of 2025



...with capital deployment underway...

Capital investment phasing (100% share) (€m)



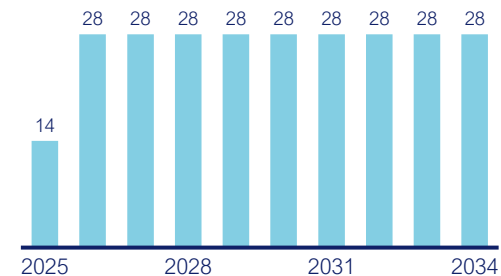
Strong safety focus



~€350m capex

...and a significant financial underpin

Capacity market revenue (100% share) (€m)



€156k/MW 10-year capacity market contract¹
in addition to other market revenues



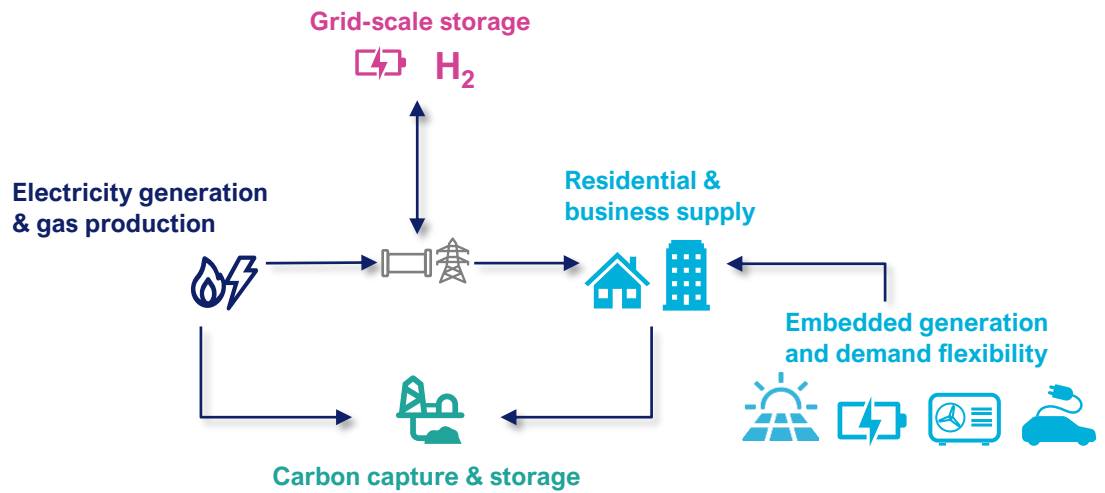
~9% expected IRR²













1. Includes estimate for inflation uplift

2. Nominal post-tax unlevered IRR

Re-positioning Infrastructure for the future

Portfolio of projects support the energy transition and bolster security of supply



Electricity generation & gas production	
	
	
	
	
Carbon capture & storage	
	
Grid-scale storage	
	
	

Over 20,000 engaged colleagues providing the foundation for strong operational performance



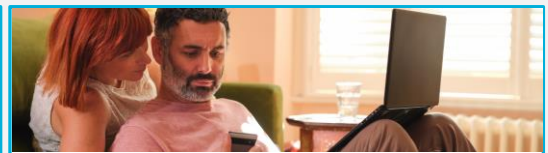
0.71 TRIFR¹
 FY 2023: 0.84
Focused on safe operations



8.1/10
 FY 2023: 7.7
Colleague engagement now top quartile



>23,000 volunteering days since 2019
Supporting local good causes



You Pay, We Pay scheme
Supporting customers



The largest direct skilled workforce in our sector, trusted to deliver quality service in customers' homes

1. Total recordable injury frequency rate (per 200,000 hours worked)



Retail businesses moving into next phase of evolution

Embedding customer service improvements



NPS significantly up in BG Energy and Bord Gáis
BG Services & Solutions NPS remains strong at 73



~75% BG Energy¹ customers on our new platform
Underpinning service levels and innovation



BG Services & Solutions retention² +5ppt
Providing a platform for growth



Uswitch Energy Awards
Best Overall Improvement
Winner 2024



Focus on maximising the integrated customer proposition

- Retail customer retention strong, customer acquisition remains a key focus area
- New Chief Customer Officer added to leadership team, with new Chief Data and Analytics Officer also joining recently
- Compelling customer propositions across the portfolio
 - Time-based tariffs such as PeakSave, British Gas Electric Vehicle and Mighty Weekender Smart Plan
 - “Summer of £69” campaign in Services & Solutions
 - Hive Solar as the latest addition to our Hive Home integrated digital platform
- Strong customer engagement through sport and community partnerships



1. British Gas Residential energy
2. Annualised retention for contract protection



Continued progress in British Gas Services & Solutions

Operational focus shifting to continuous improvement...

Transforming field workforce management

While removing legacy inefficiencies

Flexible fulfilment

Enabling our colleagues to deliver for customers on first visit

Building a simplified, customer focused digital platform

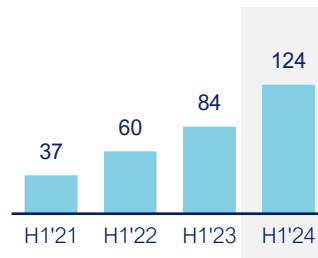
Providing a single customer view

Reschedule rates remain strong at ~3%

~80% of customers visited on the same day¹

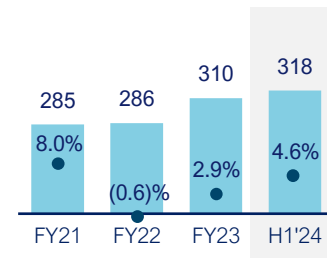
...underpinning our opportunity to grow

On-demand jobs² (000's)



1% market share – significant opportunity for growth

Revenue per customer (£/cust.)³ & operating margin (%)



Retaining higher value customers supported by improved customer satisfaction

On-track to deliver £100m-£200m of sustainable adjusted operating profit by 2026

1. For customers who call before 11am

2. On-demand jobs are defined as Services & Repair one-off demand repairs, home improvements and maintenance

3. Defined as single households having a contract or on-demand job with British Gas Services & Solutions; H1'24 annualised



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 material 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



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

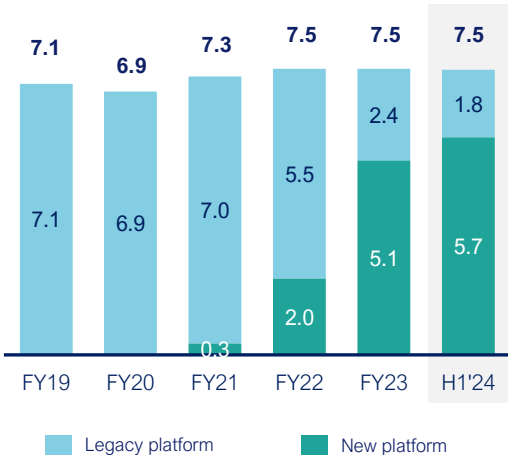
Appendix



Clear progress in British Gas Energy customer proposition

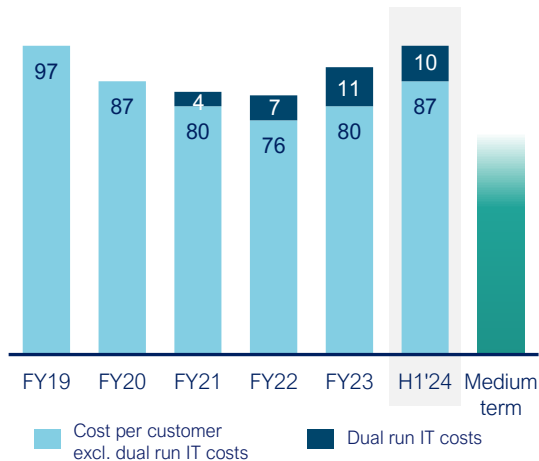
Progressing customer migration

Residential customers (m)



Investing in the customer

Cost per customer¹ (£)



Satisfying more customers



Residential contact NPS



Relentless customer focus underpinning sustainable operating profit of £150m-£250m in residential energy supply

1. Excluding bad debt. Residential only

Group Financials

Six months ended 30 June (£m)	2024	2023
Adjusted revenue ¹	13,284	20,486
Adjusted gross margin	2,150	3,307
Adjusted operating costs	(1,273)	(1,292)
Adjusted operating profit ²	1,035	2,083
Net finance income/(cost)	20	(36)
Group tax charge (incl. JV tax)	(415)	(586)
Group effective tax rate	37%	28%
Adjusted earnings	677	1,466
Adjusted EPS	12.8p	25.8p

1. Total Group revenue included in business performance

2. Includes share of profits from JVs and associates, net of interest and taxation, of £158m in 2024 and £68m in 2023

Revenue

Six months ended 30 June (£m)	2024	2023
British Gas Services & Solutions	767	780
British Gas Energy	6,634	11,889
Bord Gáis Energy	687	1,037
Centrica Business Solutions	1,366	1,977
Centrica Energy	3,071	4,402
Upstream	1,521	1,606
Gross segment revenue included in business performance	14,046	21,691
Inter-segment revenue	(762)	(1,205)
Total Group revenue included in business performance	13,284	20,486

Adjusted Gross Margin and Adjusted EBITDA

Six months ended 30 June (£m)	Adjusted Gross Margin		Adjusted EBITDA	
	2024	2023	2024	2023
British Gas Services & Solutions	300	287	57	43
British Gas Energy	807	1,677	180	999
Bord Gáis Energy	114	46	51	(17)
Centrica Business Solutions	140	178	66	103
Centrica Energy	363	474	252	410
Spirit Energy	292	144	401	263
Centrica Energy Storage+	66	265	54	256
Nuclear ¹	73	238	66	227
Profit share and other	(5)	(2)	7	20
Group adjusted gross margin	2,150	3,307	1,134	2,304

1. Nuclear excludes share of associates. Nuclear adjusted EBITDA including associates is £369m (H1 2023: £383m)

Operating Profit

Six months ended 30 June (£m)	2024	2023
British Gas Services & Solutions	35	20
British Gas Energy	159	969
<i>Residential Energy Supply</i>	156	913
<i>Small Business Energy Supply</i>	3	56
Bord Gáis Energy	43	(27)
Centrica Business Solutions	55	87
<i>Business Energy Supply</i>	73	107
<i>Services & Assets</i>	(18)	(20)
Centrica Energy	232	384
Spirit Energy	245	108
Centrica Energy Storage+	53	251
Nuclear	224	295
Profit share	(11)	(4)
Adjusted operating profit	1,035	2,083
Re-measurements – UK energy supply	1,354	1,512
Re-measurements – Infrastructure (incl. share of associates), Centrica Energy and Bord Gáis Energy	(782)	2,299
Onerous energy supply contract provision	(46)	891
Write-back/(impairment) of power assets	116	(323)
Statutory operating profit	1,677	6,462

Adjusted operating profit includes share of profits from JVs and associates, net of interest and taxation, of £158m in 2024 and £68m in 2023

Capital Expenditure and Net Investment

Six months ended 30 June (£m)	2024	2023
British Gas Services & Solutions	(10)	(28)
British Gas Energy	(13)	-
Bord Gáis Energy	(49)	(43)
Centrica Business Solutions	(80)	(51)
Centrica Energy	(30)	(4)
Spirit Energy	(16)	(45)
Centrica Energy Storage+	(6)	(10)
Nuclear	-	-
Other ¹	(17)	(9)
Total capital expenditure	(221)	(190)
Net Disposals	4	55
Total Group net investment	(217)	(135)

1. Other includes Corporate Functions

Free cash flow

Six months ended 30 June (£m)	2024	2023
British Gas Services & Solutions	25	(16)
British Gas Energy	(371)	(556)
Bord Gáis Energy	2	(135)
Centrica Business Solutions	76	232
Centrica Energy	470	1,170
Spirit Energy	341	211
Centrica Energy Storage+	259	384
Nuclear	337	495
Other	-	(6)
Segmental free cash flow excluding tax	1,139	1,779
Taxes paid	(323)	(402)
Total free cash flow	816	1,377

Closing Adjusted Net Cash

Six months ended 30 June (£m)	2024	2023
Adjusted EBITDA	1,134	2,304
Dividends received	240	60
Tax	(323)	(402)
Working capital / other	16	(360)
Decommissioning spend	(31)	(86)
Capex	(221)	(190)
Net disposals	4	55
Exceptional cash flows	(3)	(4)
Free cash flow	816	1,377

Six months ended 30 June (£m)	2024	2023
Free cash flow	816	1,377
Net interest	14	(3)
Pension deficit payments	(76)	(80)
Movements in margin cash ¹	81	1,113
Share buyback programme ²	(274)	(340)
Dividends - Centrica shareholders	-	-
Other cash flows affecting net debt ³	(76)	(17)
Adjusted cash flow affecting net cash	485	2,050

Opening adjusted net cash (as at 1 January)	2,744	1,199
Adjusted cash flow movements	485	2,050
Non-cash movements	(15)	(188)
Closing adjusted net cash	3,214	3,061

1. As at 30 June 2024, margin cash posted was £157m

2. As at 24 July 2024, the Group had bought back £988m of shares since the start of the share buyback programme

3. 2024 other cash flows affecting net cash includes £(68)m relating to exceptional financing costs in relation to debt repurchase and refinancing activities

Spirit Energy and Nuclear hedging positions

	H2 2024	
	Volume hedged	Average hedged price
Spirit Energy	230mmth	154p/th
Nuclear	2.9TWh	£117/MWh

	2025	
	Volume hedged	Average hedged price
	304mmth	120p/th
	3.5TWh	£92/MWh

	2026	
	Volume hedged	Average hedged price
	94mmth	88p/th
	0.5TWh	£81/MWh