

21 November 2019

Centrica plc (“the Company”)

Full year cash flow and earnings outlook unchanged

Centrica’s overall performance has been in line with its expectations since the 2019 Interim Results in July and the full year outlook for Group cash flow and earnings remains unchanged.

The Company has delivered growth in total customer accounts, higher margins and returns in business energy supply in North America, strong trading and optimisation performance in Europe, and acceleration of cost efficiency delivery. These have offset the impact of further extensions to outages at the non-operated Dungeness B and Hunterston B nuclear power stations. The Company has also experienced lower near-term European wholesale gas prices, although 2019 Exploration & Production earnings are largely protected by forward hedging.

Operationally, customer account holdings have been stable in Centrica Business and increased by 214,000 in Centrica Consumer in the four months to October, with growth of 528,000 in the ten months to October. Brand net promoter scores have been stable to improving across our customer-facing business units in the UK and North America.

For the full year, in line with the guidance given at the time of the 2019 Interim Results in July, the Company continues to expect adjusted earnings to be weighted towards the second half of the year, adjusted operating cash flow to be in the lower half of the targeted £1.8-£2.0bn range and year end net debt to be within the targeted £3.0-£3.5bn range. The Company now expects capital investment of around £800m, a reduction of £100m compared to indications at the time of Interim Results, and in-year efficiency savings of around £300m, an increase of £50m compared to the target of £250m. Full year performance remains subject to the usual variables of weather patterns, commodity prices and operational and commercial performance in November and December.

Iain Conn, Group Chief Executive

“Our performance has been solid so far in the second half of the year and we remain on track to achieve our full year targets for both adjusted operating cash flow and net debt. I am encouraged by further growth in customer accounts and the recovery of business energy supply margins in North America, while we also continue to drive material levels of efficiency and maintain capital discipline. Our focus remains on satisfying the changing needs of our customers, providing energy supply and its optimisation, and services and solutions to enable the transition to a lower carbon future.”

Divisional performance

In Centrica Consumer, total customer account holdings increased by 214,000 in the four months to October and have increased by 528,000 in the ten months to October. In the UK, total accounts increased by 136,000 in the four months to October, with growth in services and home solutions more than offsetting a 107,000 reduction in energy supply accounts. The rate of UK energy supply net losses was lower than in the first half of the year and significantly lower than in 2018, despite continued high levels of price competition and market switching. In North America, accounts increased by 86,000 in the four months to October and in Ireland were broadly stable. Net promoter scores improved again in UK Home and remained high in all other Consumer businesses.

In Centrica Business, customer account holdings were stable over the four months to October and total customer energy consumption was broadly unchanged compared to the same period last year. Net promoter scores improved in UK Business and remained high in North America Business and

Centrica Business Solutions. Centrica Business Solutions revenue was up 38% in the first ten months of 2019 compared to the same period in 2018.

In Exploration and Production, Spirit Energy remains on track to produce full year total volumes in line with last year. On 12 September, it was announced that drilling at the Lincoln Crestal well in the Greater Warwick Area, in which Spirit Energy owns a 50% interest, had confirmed the presence of light oil which can be produced at commercial rates. Further testing on the well is ongoing. On 19 November, drill stem testing commenced at the Warwick West well, the third and final well of the 2019 Greater Warwick Area drilling programme.

Outcome of UK default tariff cap Judicial Review

On 13 November, it was announced that Centrica had been successful in a judicial review which challenged the UK energy regulator Ofgem's treatment of wholesale energy costs in the initial period of the UK default tariff cap in the first quarter of 2019.

This outcome underlines the importance of transparent and rigorous regulatory processes to ensure well-designed regulation that is in the interest of a well- functioning energy market, which in turn allows participants to operate with confidence and ultimately benefits all energy consumers. Ofgem will now be obliged to reconsider the allowance for the first quarter of 2019 and an appropriate adjustment mechanism.

2019 Preliminary Results

Centrica is due to release its 2019 Preliminary Results on 13 February 2020.

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