

# Creating value through the energy transition

Preliminary results for the year ended  
31 December 2023

15 February 2024

# Disclaimer

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Centrica shares or other securities. This presentation contains certain forward-looking statements, forecasts and projections that reflect the current intentions, beliefs or expectations of Centrica's Management with respect to, the Group's financial condition, goals and commitments, prospects, growth, strategies, results, operations and businesses of Centrica.

These statements only take into account information that was available up to and including the date that this presentation was prepared and can be identified by the use of terms such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'forecasts', 'may', 'could', 'should', 'will', 'continue' and other similar expressions of future performance and results including any of their negatives words.

Although we make such statements based on assumptions that we believe to be reasonable, by their nature, readers are cautioned that these forward-looking statements are not guarantees or predictions of the Group's future performance and undue reliance should not be placed on them when making investment decisions. Any reliance placed on this presentation or past performance is not indicative of future results and is done entirely at the risk of the person placing such reliance.

There can be no assurance that the Group's actual future results, financial condition, performance, operations and businesses will not differ materially from those express or implied in the forward-looking statements due to a variety of factors that are beyond the control of the Group and therefore cannot be precisely predicted. Such factors include, but not limited to, those set out in this presentation and in the 'Our Principal Risks and Uncertainties' section of the Strategic Report in our most recently published Annual Report and Accounts. Other factors could also have an adverse effect on our business performance and results.

At any time subsequent to the publication of this presentation, neither Centrica nor any other person assumes responsibility for the accuracy and completeness or undertakes any obligation, to update or revise any of these forward-looking statements to reflect any new information or any changes in events, conditions or circumstances on which any such forward-looking statement is based save in respect of any requirement under applicable law or regulation.

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 Preliminary Results announcement.

# Creating value through the energy transition



**Chris O'Shea**  
Group Chief Executive



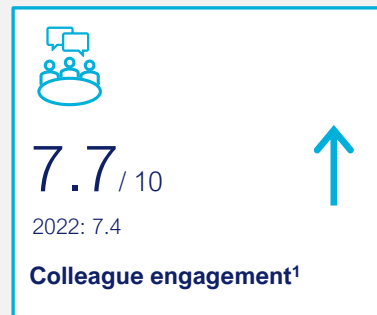
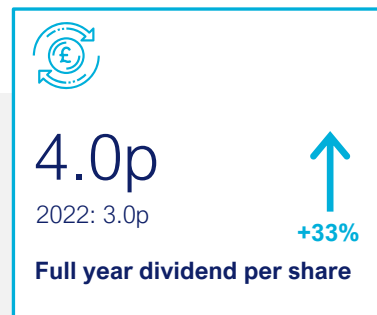
# A clear strategy to create value through the energy transition





## 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



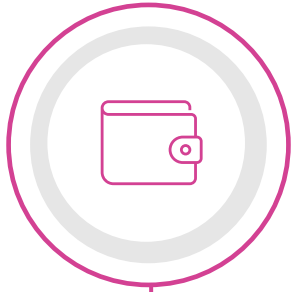
**Russell O'Brien**

Group Chief Financial Officer



Brigg Energy Park

# Relentless focus on value creation



**01**

**Sustainable earnings**



**02**

**Maintain a strong balance sheet**



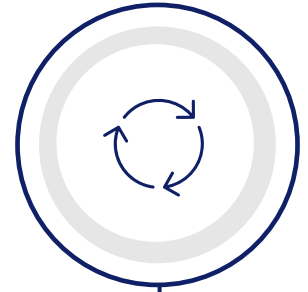
**03**

**Progressive dividend**



**04**

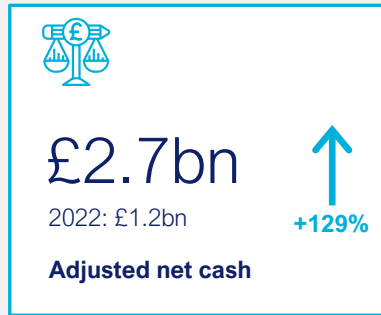
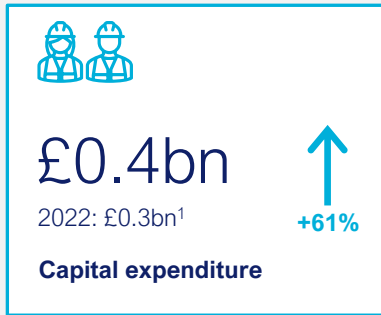
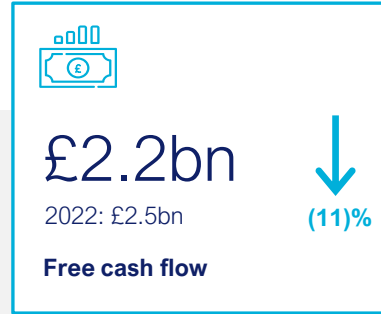
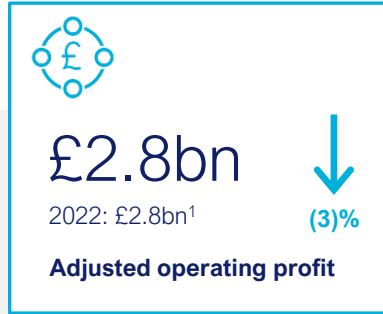
**Investing for value**



**05**

**Returning surplus capital**

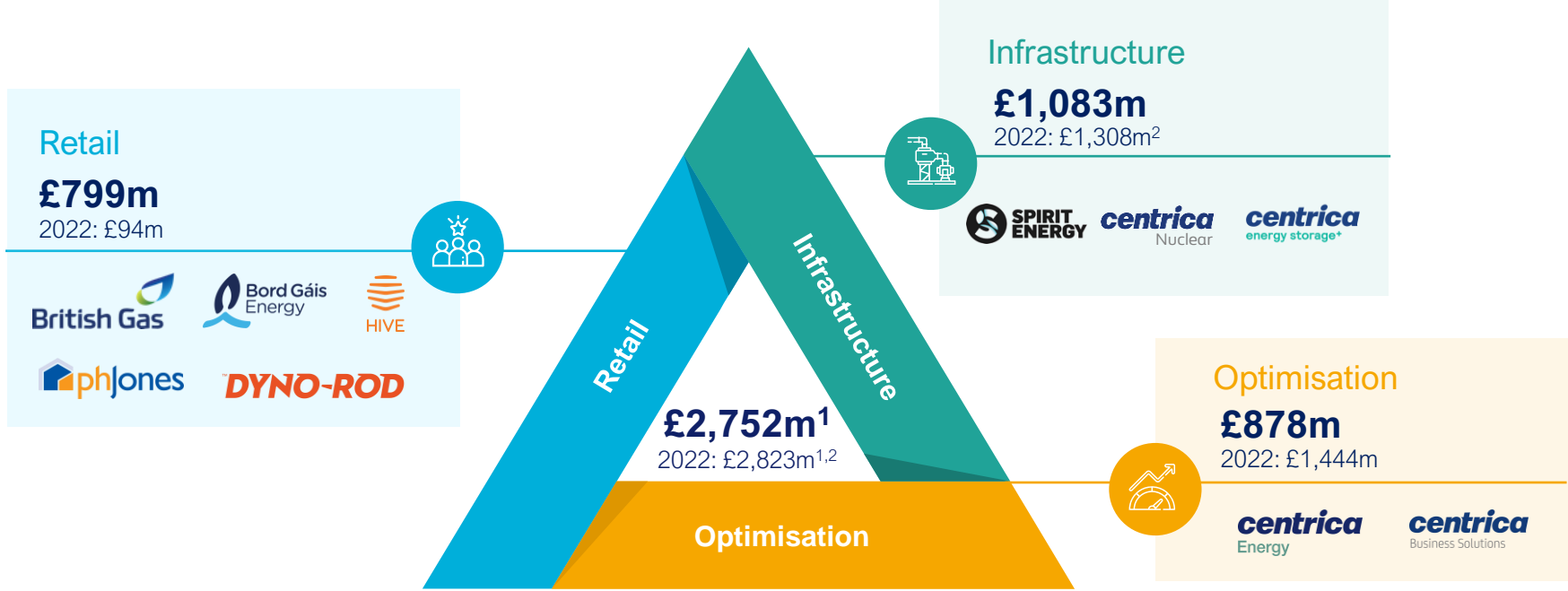
# Strong financial performance against a favourable backdrop



1. Excluding disposed Spirit Energy Norway assets.



# Robust operating profit delivery from our balanced portfolio



Segmental adjusted operating profit split included on slide 27

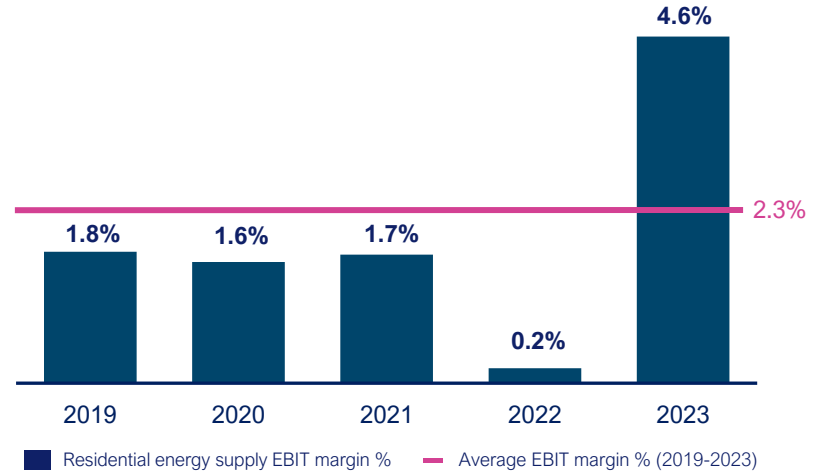
1. Total adjusted operating profit also includes £(8)m of colleague profit share (2022: £(23)m).  
 2. 2022 excludes Spirit Energy Norway disposed assets adjusted operating profit of £485m.

# Resilient margins in British Gas Energy

## British Gas Energy 2023 operating profit

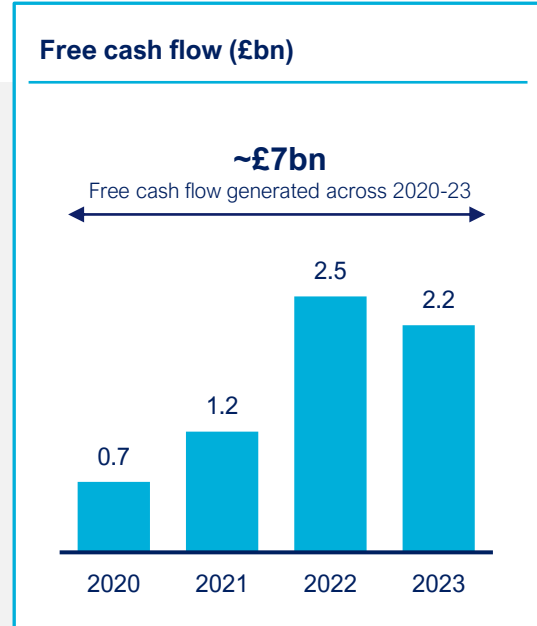
- Price cap does not allow for perfect matching of revenues and costs within the same period
- British Gas Energy operating profit up £679m to £751m
- Material one-off recovery of ~£500m through the price cap in H1 relating to prior period costs
- Continued investment in customer service and support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

## British Gas residential energy supply margin



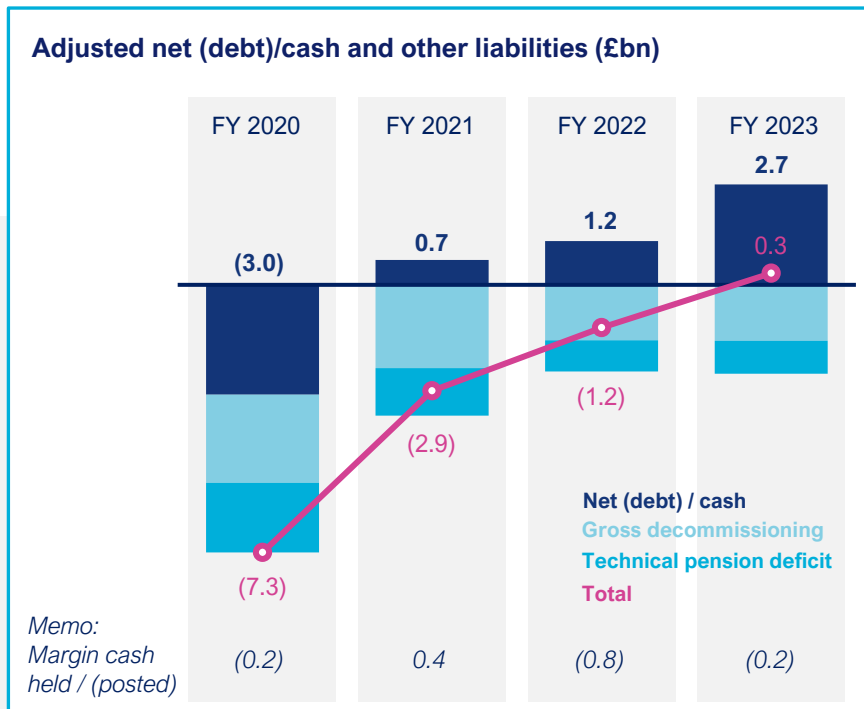
# Cash generative portfolio continues to deliver

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



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

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

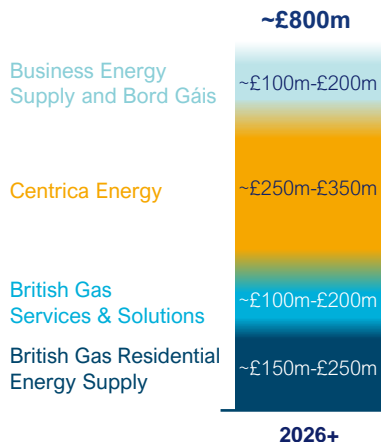
**Investing for value and growth, with capex building to £600m-£800m p.a. to 2028**

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 capacity<sup>1</sup>
- 242bcf gas reserves<sup>1</sup>
- 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



EMPLOYER RECOGNITION SCHEME

GOLD AWARD 2023

Proudly supporting those who serve.



### ...our brand & communities



TEAM GB



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

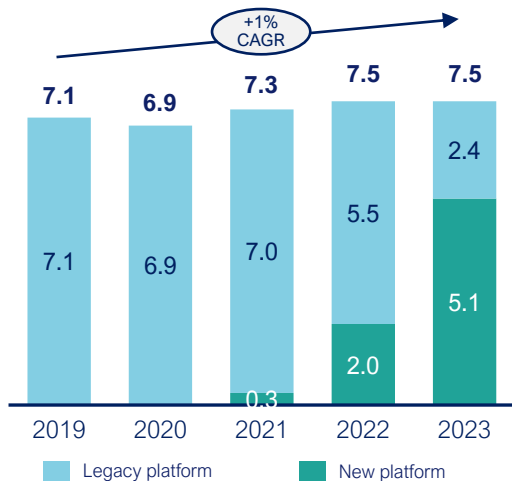
Occasions we have helped customers struggling with bills



# An improving customer experience in British Gas Energy

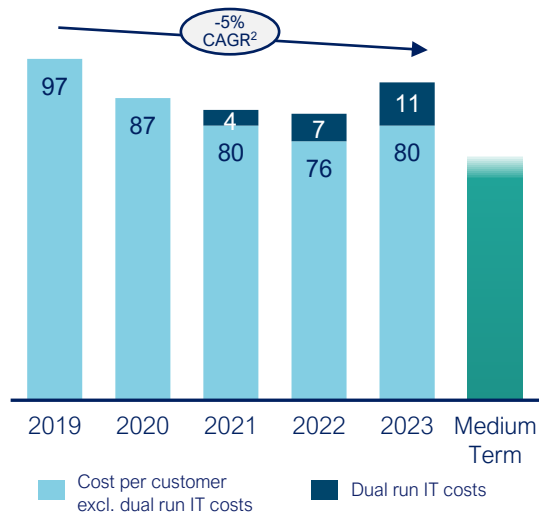
## Good progress on customer migration

British Gas Energy residential customers (m)

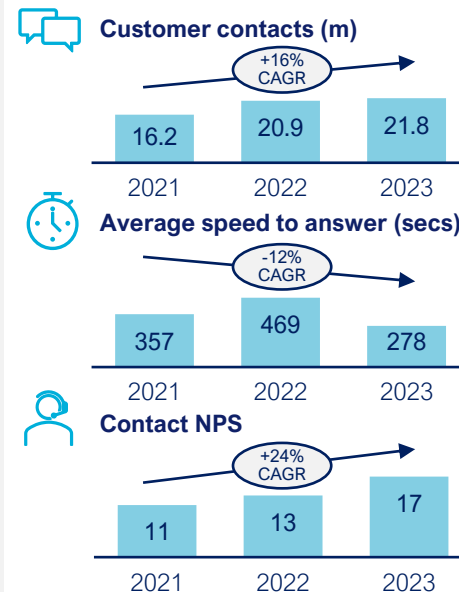


## Investing in the customer

Cost per residential energy customer<sup>1</sup> (£)



## Delivering a better customer experience<sup>3</sup>



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

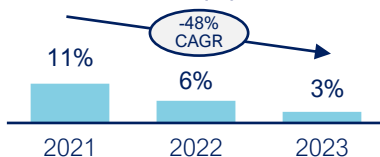
# Improved operations to support growth in Services & Solutions



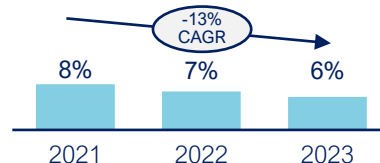
## Improved operational foundations...



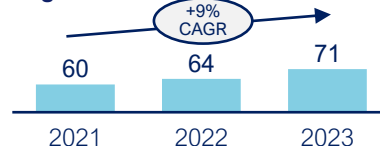
### Reschedule rate (%)



### Complaints per customer (%)



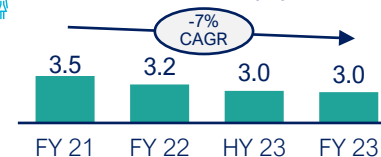
### Engineer NPS



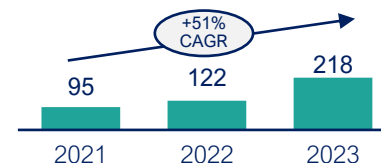
## ...provide us with capacity to grow



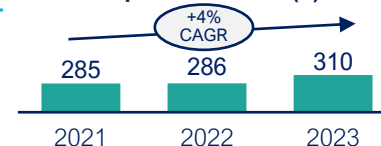
### Customer numbers<sup>1</sup> (m)



### On-demand jobs (000's)



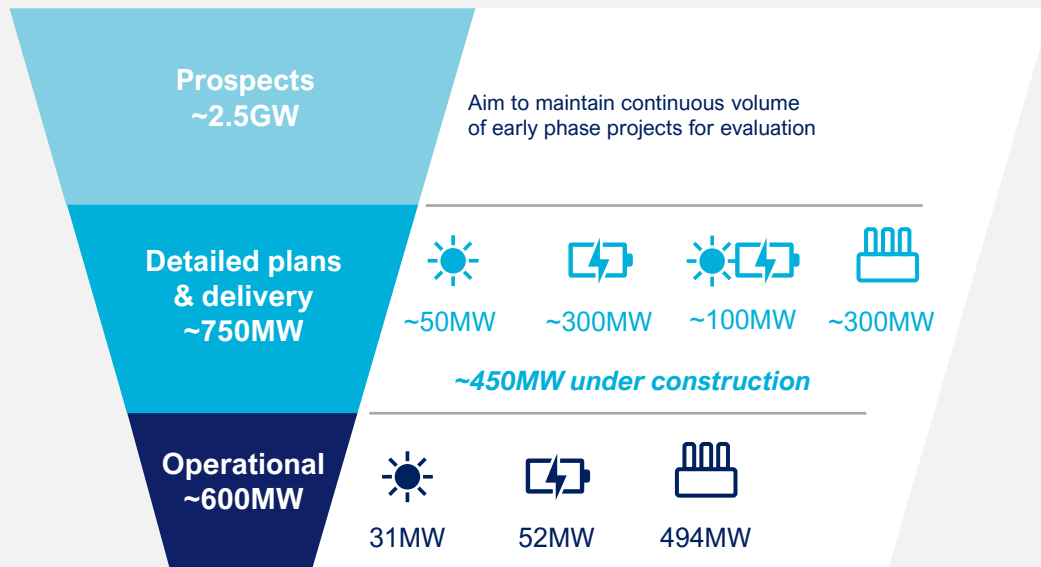
### Revenue per customer<sup>1</sup> (£)



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 AGR<sup>1</sup> station lives, subject to inspections and regulatory approvals
- Any new nuclear investment dependent on regulatory framework



**centrica**  
energy storage<sup>+</sup>

- **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 <sup>1</sup>	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
<b>Adjusted EPS</b>	<b>33.4p</b>	<b>34.9p</b>
<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
<b>Group revenue included in business performance</b>	<b>35,343</b>	<b>37,186</b>
Inter-group revenue	(1,969)	(3,549)
<b>Total Group revenue</b>	<b>33,374</b>	<b>33,637</b>

## 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)
<b>Group adjusted gross margin</b>	<b>5,217</b>	<b>5,439</b>

## 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
<b>Total Group adjusted EBITDA</b>	<b>3,085</b>	<b>3,993</b>

# 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)
<b>Adjusted operating profit (excl. disposed Spirit Energy assets)</b>	<b>2,752</b>	<b>2,823</b>
<i>Spirit Energy disposed assets</i>	-	485
<b>Adjusted operating profit</b>	<b>2,752</b>	<b>3,308</b>

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
<b>Adjusted operating profit</b>	<b>2,752</b>
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)
<b>Statutory operating profit</b>	<b>6,512</b>

# Closing Net Cash

Year ended 31 December (£m)	2023	2022
<b>Adjusted EBITDA</b>	<b>3,085</b>	<b>3,993</b>
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)
<b>Free cash flow</b>	<b>2,207</b>	<b>2,487</b>

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

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 <sup>1</sup>	(31)	(12)
<b>Capex (excl. Spirit Norway)</b>	<b>(415)</b>	<b>(258)</b>
<i>Spirit Norway capex</i>	-	(119)
<b>Total capex</b>	<b>(415)</b>	<b>(377)</b>
Net Disposals	55	103
<b>Total Group net investment</b>	<b>(360)</b>	<b>(274)</b>

1. Other includes Corporate Functions.



## Free cash flow

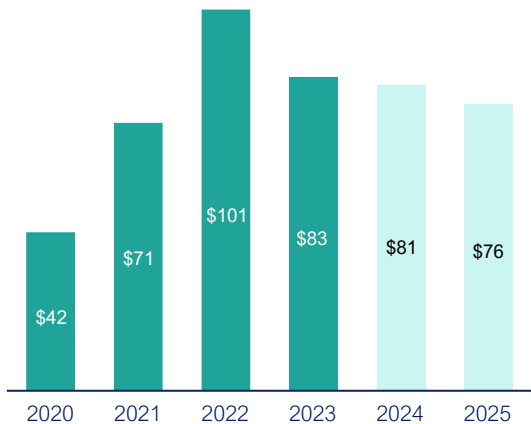
Year ended 31 December (£m)	2023	2022
British Gas Services & Solutions	64	(19)
British Gas Energy	302	1,283
Bord Gáis Energy	(146)	81
Centrica Business Solutions	220	(48)
Centrica Energy	1,354	199
Upstream	1,236	1,539
Other	(20)	26
<b>Segmental free cash flow excluding tax</b>	<b>3,010</b>	<b>3,061</b>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

# Spirit Energy and Nuclear Hedging positions

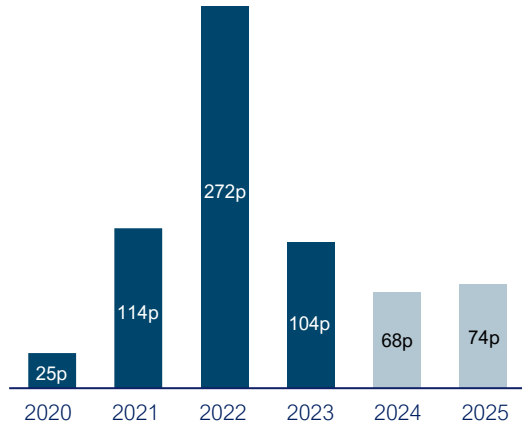
	2024		2025	
	Volume hedged	Average hedged price	Volume hedged	Average hedged price
Spirit Energy	443mmth	174p/th	197mmth	139p/th
Nuclear	5.4TWh	£153/MWh	1.7TWh	£110/MWh

# Market commodity prices

Average Brent oil prices  
(\$/bbl)



Average UK NBP gas prices  
(p/th)



Average UK baseload power prices  
(£/MWh)

