

Centrica plc

Resilient financial performance in the second half of 2020

Centrica's operational and financial performance was resilient in the second half of 2020, as we maintained a tight focus on cash generation and expenditure against the backdrop of Covid-19. The significant restructure announced in June remains on track, and trading and optimisation performance continued to be strong, in particular in our LNG business. At the end of 2020 we had 6.9m UK energy supply customers and 3.6m UK services customers, both broadly unchanged since the half year.

Covid-19 continued to impact financial performance, although as expected the gross impact was lower in H2 2020 than in H1 2020. UK business electricity demand was negatively impacted by around 15% in H2 2020 compared to around 30% in Q2 2020. Residential boiler installations recovered in the second half compared to the first half but were still around 15% lower than in H2 2019. Cash collection trends across the Group were broadly in line with previous years.

However, we remain cautious as we head into 2021, with the return of tighter Covid-19 restrictions in the UK and Ireland expected to put continued pressure on business energy demand and limit services workload. In addition, the related uncertain economic backdrop increases the potential for additional working capital outflow and higher bad debts.

We currently expect to report 2020 full year adjusted earnings per share from continuing and discontinued operations¹ ahead of current market consensus². 2020 closing Group net debt is expected to be approximately £2.8bn, a reduction of over 10% in the year. This is before including net proceeds of £2.7bn from the sale of Direct Energy (which closed on 5 January 2021), the bulk of which will be used to reduce net debt and make a contribution to the Group's defined benefit pension schemes.

The Company is due to release its 2020 Preliminary Results on 25 February 2021.

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Notes

1. Following the announcement on 24 July 2020 of the sale of Direct Energy, North America Home and North America Business will be reported as discontinued operations for 2020 and for 2019 comparatives.
2. As at 13 January 2021, the average 2020 adjusted earnings per share of 16 sell side analyst forecasts published since Centrica's Interim Results announcement on 24 July 2020 is 4.8p.
3. All reported financial figures remain subject to audit.