Centrica plc 2026 Interim results investor presentation and Q&A

Transcript 23 July 2026

Chris O'Shea, Centrica

Good morning everyone, and thank you for being here. As usual, I'm joined by our CFO, Russell O'Brien, and we've got our leadership team and our Chairman sitting in the front row. So if you've got any really difficult questions they would be delighted to take them at the end of this.

Slide 4 – Building a fundamentally stronger higher quality Centrica

So, we set out several years ago to make Centrica a higher quality, more predictable business.

And that journey continues, and in the face of sustained volatility around the world, we've made more progress in the first half of 2026. Investing to support huge growth in power demand. Pivoting the portfolio towards more stable earnings. And improving our commercial performance across Retail.

Now not everything has gone our way. The Middle East war has weighed on Centrica Energy, and some of the delivery has been slower than I'd like. Right across our portfolio, the job is far from done.

You can see that in the numbers. Retail is not yet growing as we want it to and EPS is a little bit lower year on year.

But that comes as we ramp up our transformation programme – we're investing in change that will set Centrica up for the future: we invested 90 million pounds in the first half, which is over a penny a share. If you strip that out, EPS would have grown 8 per cent year-on-year.

Our operational foundations are strong. Our product range is expanding. Our growth pipeline remains rich, even after the significant investment over the past couple of years.

Now our targets are ambitious – 2 billion pounds of EBITDA and doubling EPS by 2030.

But by remaining nimble, driving transformation and keeping a clear eye on what we want Centrica to look like in the long-term, I'm really confident we can deliver these targets and grow further into the next decade.

Slide 5 – Uniquely positioned at the intersection of energy management & infrastructure

Unprecedented growth in power demand is a defining theme for the world over the coming years; it's a once-in-a-lifetime opportunity driven by electrification and the growth of AI. The investment required to meet that growth is truly huge – it's over three thousand billion pounds over the next decade, just in Europe.

And that's a huge opportunity for us. It's an opportunity to harness AI to become much more efficient. And it's an opportunity to grow by delivering the energy our customers need to power more data centres, more advanced manufacturing, more economic growth.

But this is not just about building new capacity. It's about linking up generation with bespoke tariffs and services that give consumers what they want; it's about managing energy flows to optimise the system; it's about ensuring that energy is affordable, that energy is secure, and that energy is sustainable to drive that economic growth.

The companies that do that will be the real winners. And at Centrica, we're uniquely positioned for that future.

Think about what we can see. A generator can see wholesale prices. A retailer can see demand. A trader can see market flows. We see all of this, at once, updated in real time by millions of connected devices, millions of smart meters, and a global trading operation.

And that means we generate more data and more insight than our competitors; that sharper insight means better decisions; and better decisions win us more customers and more assets.

That is the flywheel. We see that playing out every single day.

By combining our customer relationships, our trading expertise and our infrastructure capabilities, we can offer things our customers want, our partners value, and crucially, that our competitors are unable to match.

That's how we turn strategy into earnings growth. That's how we create value for our shareholders.

So enough from me at the start, our very capable CFO Russell is going to take us through the numbers, and then I'll come back to you and talk a bit more about the strategy, Russell over to you.

Russell O'Brien, Centrica

Thank you Chris, and good morning everyone.

Slide 7 – Financial headlines

Let me start with the headlines from the first half.

We've delivered solid numbers, in a volatile market, demonstrating the resilience of our business.

And we continue to deploy our balance sheet and strong financial platform to execute our strategy.

So, to the numbers.

Adjusted EBITDA was 737 million pounds, down versus last year, and adjusted earnings per share was 6.8 pence.

After factoring in a step up in investment, we had free cash outflow of almost 600 million pounds, which led to a net cash at the end of the period of just over 700 million pounds.

And with the balance sheet remaining strong, and confidence in our underlying earnings trajectory, we continue to progress our shareholder returns, raising the interim dividend by 9 percent to 2 pence.

Now let me just unpack some of those numbers in a bit more detail.

Slide 8 – Business Unit performance summary

Retail EBITDA of 346 million pounds was slightly higher than last year. And Optimisation generated 87 million pounds.

And I'll come back to both of those in a second.

Infrastructure EBITDA of 355 million pounds was down by 150 million versus last year. Over 100 million of that though was driven by the Spirit Energy disposal, while production outages and lower nuclear realised prices were also headwinds.

At the same time, we saw strong year-on-year gains across the MAP, Grain LNG and Sizewell C. And those areas will continue to build predictably over time, having generated almost 90 million pounds of EBITDA in the first half.

Lastly, Rough contributed EBITDA of almost 60 million pounds as we kept our focus on costs, and produced unhedged indigenous gas which captured higher prices in recent months. We won't see a repeat of the performance in the second half, as lower reservoir pressure naturally reduces production.

As always, you'll find more details on business performance in this morning's release.

Slide 9 – Value over volume in Retail

In Retail, EBITDA was marginally higher than last year, reflecting stronger operational performance and favourable price effects, offsetting a step up in transformation investment, higher bad debt and a more normalised result in Business.

And while the weather was significantly warmer than normal, it was only a small headwind compared to last year. And in the end this was offset by selling excess commodity back into a higher-priced market. Given the shape of the commodity curve, however, we expect a negative earnings impact in the second half of the year. And therefore, more of our Retail profits than normal falling into the first half.

Bad debt remains an industry-wide challenge, and our charge of just over 4 per cent of revenue is still elevated. We're not happy with that. So, while we expect this cost to be socialised and recovered over time, we are laser focused on improving our performance. And, as you would expect, we continue to press Ofgem for more proactive steps on non-payment of bills.

The movements we've seen in the first half speak to the essence of Home Energy Supply – short-term mismatches between revenue and costs, offset by through-the-cycle predictability with a regulated underpin. And you can see that in our margins in the slide, which are broadly in-line with the price cap since it began.

Our focus here is firmly on value over volume, and I'm pleased we're moving in the right direction, with customer satisfaction up, and greater engineer productivity.

Slide 10 – Centrica Energy performance mixed

Moving to Centrica Energy which remains on track to deliver its full-year guidance.

Gas and Power trading had a good first half, capturing value from structural volatility across asset-backed and algorithmic strategies, although pricing driven by non-market fundamentals still proved challenging.

Our renewables route-to-market business, RETO, also delivered a solid result.

But LNG is a more complex story.

Profitability was lower in H1, partly reflecting normalised commodity prices, and partly reflecting a conscious decision to delay cargoes into the second half to maximise value.

Although disruption caused by the Middle East crisis created price dislocations and volatility, it also led to Asia temporarily buying less LNG, and disruption to shipping and insurance markets. So combined with our fully hedged physical portfolio, this meant our ability to capture additional value was limited.

So for the remainder of the year, we already have good visibility on LNG shipments, and on RETO which has a more rateable profile. And alongside what we're seeing in gas & power markets, we remain confident in our guidance of around 250 million pounds of EBITDA for 2026.

Looking further out, the conflict does have implications for 2027.

Centrica Energy's portfolio was positioned for higher global LNG supply and weaker gas prices – a gas glut.

The conflict in the Middle East changed the market significantly.

As the risk-reward balance evolved, the team reacted and re-positioned our portfolio. Exactly what a prudent approach to risk management looks like.

But the same actions that protect the downside mean we have reduced our exposure to upside opportunities across the portfolio.

Combined with continued volatility driven by news flows rather than fundamentals, that means we currently expect our value at risk to remain muted for next year. Now while there are a wide range of outcomes, that means we currently think EBITDA is likely to be around the level we delivered in 2025 and expect to deliver this year.

That‘s frustrating. But if conditions change, we’re ready to react. And we continue to develop our underlying capabilities, driving long-term value. Expanding our reach in Gas and Power. Further asset growth in RETO. And new long-term LNG deals in Mozambique and at Delfin later this decade.

And that’s why we remain confident in the long-term outlook, and earnings growing to 3 to 400 million pounds by the end of 2028.

Slide 11 – Transformation moving at pace

Our transformation programme is now well underway, and underpins our outlook.

As promised, we want to give you the tools to assess our performance and be transparent about the associated costs. We don’t treat those as exceptional. By doing it that way, our teams remain focused on maximising value from every pound spent, although that of course means that today’s results reflect costs that will support growth for many years to come.

So, how are we doing?

In the first half we invested just over 90 million pounds, including 20 million pounds of capex, a significant step up from our normal run-rate.

We’ve got several programmes on the go. And most of those are multi-year journeys, with benefits building over time. But some, such as the 1,300 role reductions we’ve announced across the Group, are more immediate.

Operating costs were down 3 percent year on year in nominal terms, giving us confidence that the targets we laid out in February are on track – 500 million pounds of underlying savings with flat nominal costs to 2030. And, we’re doing everything we can to accelerate delivery.

Slide 12 – Resilient balance sheet enabling growth

The first half highlights the importance of a resilient balance sheet that allows us to absorb market shocks and take advantage of opportunities.

Working capital was an outflow, largely driven by Retail, with no offsetting release from gas storage inventories that we would normally see. We already run an efficient working capital position, but see a number of opportunities to improve further, and we have got several projects in the works for the second half of the year.

Investment tripled year-on-year, including 370 million pounds on Severn, and further investment into Sizewell C and the MAP. Three great examples of our more predictable, contracted infrastructure portfolio.

Alongside the other movements you can see, this led to a free cash outflow of 570 million pounds, and a closing net cash position of 709 million pounds.

Slide 13 – 2026 financial outlook

Now to the full year outlook.

2026 expectations are largely unchanged from the AGM statement in May, so I'll be very brief here.

No change to either Retail or Optimisation.

For Infrastructure, performance is expected to be above our previous range given higher prices, so we've updated that for you here.

With the phasings I've mentioned in Retail and Optimisation, we expect Group earnings to be weighted to the first half.

And following the acquisition of Severn, we now expect investment to be around 1.1 billion pounds this year.

Slide 14 – Focused on value

So, to summarise.

Our performance in the first half was solid. There are still plenty of areas we need to improve, and we remain focused on the areas we can control to maximise long-term value. Our transformation programme is moving at pace, and we're continuing to invest into assets that will be the new bedrock for the Group.

We're putting the building blocks in place to deliver on our targets, support our progressive dividend, and create long-term value for shareholders.

With that, let me hand back to Chris.

Chris O'Shea, Centrica

Thanks Russell.

Slide 16 – Well positioned to benefit from structural trends...

The trends shaping the energy system remain clear, number 1 - greater electrification; number 2 - more intermittent generation, and number 3 - growing customer engagement.

There is no economy without energy.

It's the foundation that everything is built on. And as we speak this foundation is being re-built, bringing with it a once-in-a-lifetime investment opportunity.

The demand growth that's coming is truly huge. UK electricity demand is set to grow for the third straight year and is forecast to increase 40% by the middle of the next decade.

And yet, despite all the investment being announced, dispatchable generation capacity is expected to stay flat – perhaps even decline – by 2050 as existing generating plants reach the end of their lives. Increasing system risk and constraining economic growth.

So this isn't about choosing between nuclear and renewables, or batteries and gas. The need is so much greater, and it calls for an "Everything, Everywhere, All at Once" approach if we're serious about making energy affordable and secure.

No-one can be certain about the exact path. But my job – our job at Centrica – is to make sure that whatever route we end up taking, and at whatever pace we end up going, we're setting the company up to deliver for our customers, for our colleagues and for our shareholders.

Slide 17 – ...with significant recent progress

That means building a portfolio that's resilient and adaptable, with the people and capabilities to navigate a fast-changing environment. It's about remaining disciplined and laser-focused on value in every single thing we do.

We've taken some important steps this year that fundamentally strengthen our group for the future.

The acquisition of Severn brings another large, high-quality, dispatchable CCGT into the portfolio. The type of asset that will allow higher renewables penetration to increase by providing a reliable safety net. In return, we get earnings with a contracted underpin, and upside optionality as volatility grows. And those are exactly the traits we look for when we invest.

Since we got the keys, very, very tight market conditions mean performance has been much better than we expected, underlining the value of combining the right asset with our operating and trading capabilities in a fast-changing market.

We've also been working hard to re-position our existing assets, and I'm delighted that many months – in fact, many years – of hard work have paid off recently at Sizewell B.

A Contract for Difference turns merchant exposure into predictable, regulated earnings for decades to come, and that starts in 2035. It delivers attractive value for us and it guarantees much-needed baseload power for the grid well into the 2050's.

And we're delighted that we've also been able to announce the extension of the lives of Heysham 1 and Hartlepool again, by another two years, now they're aligned with the rest of the Advanced Gas-Cooled Reactor fleet.

I'd hoped to be able to talk to you today about redeveloping Rough. It had a good first half, but the position cannot be sustained, and we're at the limit now of what this asset can deliver.

Without a support framework in place, we've not injected any gas into the reservoir this summer. The reservoir pressure continues to drop and, by this winter, Rough will be close to empty, almost exhausted, producing less than 2% of what it could deliver if it was redeveloped. If it was redeveloped it could do 50 times more than it will do this winter.

Now we continue to discuss Rough's future with Government. To me it remains a compelling opportunity for the country, and it would deliver significant investment and thousands of skilled jobs during the construction phase in the East of the UK.

But the window is narrowing. Our current production consent expires in April next year, and we do not currently intend to ask for an extension. That doesn't close off redevelopment, but it does underline the need for a prompt decision.

Our position is consistent and we will be guided by value.

I truly hope we can reach a positive outcome later this year. Rough is the UK's largest gas storage asset, it provides half of the UK's current gas storage capacity, and it's the UK's biggest hydrogen storage opportunity. But it's not simply a commercial decision for Centrica, and losing it would not only be a bad outcome for us – it would be a strategic and major loss for the UK.

We continue to make good progress on our organic projects – we've now invested more than 400 million pounds into Sizewell C, and our meter asset provider continues to beat our expectations, with an unrivalled growth pipeline; it's clearly the best growth pipeline in the UK.

Recent comparable transactions tell you this business is already worth well over a billion pounds, and that's on the back of investing half a billion to get here. That's real value creation in assets that will underpin our business and our cash flow for years to come.

Slide 18 – A transformed foundation with highly attractive future options

These aren't one-offs. They're a deliberate pattern. And looking back to where we were in 2023 you can see how far we've come.

We’ve recycled capital – out of legacy, merchant assets, into critical infrastructure with far more predictable earnings.

Pivoting North Sea merchant gas exposure into highly contracted assets like Grain LNG.

And building a power portfolio heading towards four gigawatts, underpinned by capacity market contracts, CfDs and the RAB we’ve got at Sizewell C.

Our Irish peakers will begin running shortly and they will be fully commissioned later this year, but they are late. And that shows that we’ve still got work to do to as we rebuild our delivery capabilities and we’ve been working hard to ensure that we do better in the future, including at the planned station at Cashla in Galway.

We’re continuing to grow our longer-term options.

As the grid gets more constrained, our customers are more willing to consider a much broader range of options than they ever have been before to secure the energy that they need. Waiting patiently for a grid connection is no longer the only choice they have, that's creating very exciting opportunities for us.

We're building on several fronts: the leading UK nuclear pipeline through Sizewell C and our X-energy partnership; private wire and data centre co-location opportunities; and our fuel cell partnerships to support behind-the-meter power generation.

Opportunities for us to deliver practical solutions for our customers – faster connections, secure long-term supply, decarbonised industrial heat. And at the same time generating attractive returns for our shareholders, by prioritising only the best projects from a deep, deep pipeline of options.

Slide 19 – Unique proprietary platform positions Centrica Energy to drive value

A great physical portfolio gives you the right to participate in the market. But the value that you create depends on how you operate that portfolio.

And although we are facing some headwinds in Centrica Energy right now, the foundation we have built, and that we continue to improve, gives us confidence in the long-term outlook.

The standard approach in energy trading is to buy technology. Pay a vendor, get a platform. And then you have got exactly what your competitors have got.

We took a different decision. Over the years, Cassim and his team have built our own in-house platform, bringing together data and insight from across the Group to automate back-office tasks, improve controls, and give our team faster, more consistent insight. That is a massive, massive efficiency gain.

But even greater value comes from what we can do with that foundation. By building our own proprietary tools we are now a more innovative, responsive partner to our customers and it allows us to better optimise our own positions.

That's a key driver of the growth in RETO. And it's the basis for what we're doing in algorithmic trading, building on our existing capabilities to optimise physical positions in real time, adding another layer of return to the underlying trades.

This is super hard to replicate and it's a core part of the flywheel I was talking about earlier.

Slide 20 – A more commercial, more efficient business

Our Retail business is where much of our transformation will show up – and there's real value to unlock there: more commercial innovation, backed by exceptional service and more efficient operations. There's much, much more to do, but we're starting to see this coming through.

Take our core businesses. In February we told you how we'd turned boiler installs from loss-making to profitable. With the foundations fixed, we've pushed harder commercially – and we're driving even better performance.

The changes are not complicated. We'd always accepted that boiler installs are a seasonal business – demand is lower in summer – so we advertise in winter. But with modest marketing investment, we grew sales 20% in the warmest June since records began. And over the first half as a whole, sales were up 11 per cent – against a market that's down. More sales, and more efficient use of our engineers.

That's the impact of thinking differently can have. And it's a model for expanding into markets built on emerging demand.

In April, we launched nationwide air conditioning installs, alongside an in-store partnership with Currys. Early demand is very encouraging. And with warmer summers now seemingly the norm, being able to offer both heating and cooling will be a growing competitive advantage for us.

Partnerships like that – and others with OEMs for warranty servicing for example – are a key avenue of growth for us: adjacent markets with a strong outlook and very, very attractive margins.

Our digital-first British Gas membership has now passed a million members – with around 15 per cent, one in seven, already converting to paid products, and that's in just a year.

That's a strong conversion rate today. But the bigger prize is reach: as we roll this out across our customer base and beyond, we can speak directly to millions more people –

every single one of them a route to cross-sell, every single one of them a route to grow. Now is this delivering transformative value today? Not yet.

But you can see the shape of it. A deeper, more personal relationship with customers and their homes: the Hive device, the boiler, the heat pump, the battery, the air conditioning – and the data that connects it all.

Now to get there, we have to deliver as efficiently as possible. We have to get it right first time. We have to reduce the need to contact us.

Most of our customers now self-serve, mainly through the app – and contact per customer is down 20 per cent year-on-year.

That's allowing us to reshape our business – fewer roles overall as Russell mentioned, but the right skills for the future and lower costs. All of this whilst delivering record customer satisfaction.

Slide 21 – Building a stronger, higher quality Centrica

So, we continue to make progress in building a fundamentally stronger, higher quality, more durable, more valuable Centrica.

Our operations remain strong. The transformation programme is well underway and we're already making headway in re-positioning the Group whilst building a very healthy portfolio of very tangible long-term options.

The path to 2 billion pounds of EBITDA by 2030 and doubling our EPS against 2025 is clearly ambitious, and we've got to remain nimble and bold to deliver it. It's not in the bag, but we are super confident we've got all of the pieces in place to deliver that.

Now I am going to stop talking, I am going to thank you for listening and Russell and I would be delighted to take your questions.

Q&A

Mark Freshney, UBS

Hi. It's Mark Freshney from UBS. Just a question on the bad debts. I mean, I know we, you and I disagree about the price caps. I think you've argued for support for consumers. I would argue it distorts the market. But clearly, you know it's over 2 billion of receivables, massively provided. It's becoming a strain on your balance sheet, which I think we can start to see today. Clearly, there's, you've litigated against Ofgem before to prove that the price cap should allow recoverability. What is your plan to get some of that cash flow back, or at the very least ensure that it ceases to be a problem in future years? Because it is a problem for the industry, right?

Chris O'Shea, Centrica

I mean let me touch the first bit, and Russell can give you the details. So any kind of market intervention will give you distortions. So, I mean, the price cap is here to stay - there's no point arguing against it. I don't think anybody's going to lift price controls on energy anytime soon. I haven't met a politician yet who feels brave enough to do that.

I think that you're right, this is an industry issue, so industry debt is forecast to go to £7 billion by the end of the year. That's up from £1.8 billion three or four years ago, so it's clearly a massive industry issue, and we are looking for some leadership from our regulator. So we had a debt relief scheme that was supposed to be in place earlier this year. We all signed up to it, we all said what we're going to do, still not there. For a regulator that has doubled its budget and its headcount over the last five years, that is quite troubling.

So we've got to see results from the regulator, because we can't fix this ourselves. But we can do better, and I think that our relative performance in bad debts and Russell will come on to that - our relative performance in bad debts has deteriorated. So, we used to lead the industry in bad debts, and now we're - but at least, at best, we're in the pack and if not we're a bit - we're slightly worse. But - so we need leadership from a regulator.

The long-term solution for this is a social tariff, and we worked with the new energy secretary when she was the consumer minister on this, and she was quite enthusiastic, now she's now in charge of the whole thing. So we've got to let her settle in and find out what she thinks, but a social tariff whereby you use DWP and HMRC data to determine, who can pay and who can't, and at the extreme, those that can't afford to pay anything get a bill for zero. So you don't go through all of this stress, you don't bill them and then provide and then pursue them and then realise that they can't pay, and those of us that can afford more get a double bill, if you assume the same usage. So that's the extreme case, if you've just got two people in the market that's the solution to this.

Because the issue at the moment is we cannot differentiate between people who choose not to pay and people who are unable to pay, and when you can't do that, then you have to treat everybody the same, and that means that you have to curtail your pursuit of those people who don't pay you. If we could isolate those people who choose not to pay, then we can pursue them a lot harder, because I have very little sympathy for people who choose not to pay, I have huge sympathy for people who can't afford to pay their heating, can't afford their food, can't afford their rent, can't afford the basic essentials in life, and so that's the long-term solution for that - for the market like this one, but Russell, we've got some chat on - how we're going to -- what we're going to do here.

Russell O'Brien, Centrica

Yes, so just starting with the numbers, because there has been quite a movement year-on-year. So a £216 million charge, which is 4% of revenue in the first half of the year for the UK energy supply business. Last year that was £159 million, or 3%. So you can see it's quite a stark change, and you can look at Note 14 in the accounts if you want all the details, we can see the aging buckets, but it's the older, greater-than-360-day debt that's dragging in particular, and that includes billed and unbilled, so which is now £2 billion I'd just say, Mark, outstanding on the balance sheet, after the provisions we've made.

There's various levers we're pulling. Gary, who is in the front row here, and his team have redoubled their efforts in terms of the processes, systems, the tenacity of chasing that we can do to make sure that we collect this money as quickly as we can. But as Chris summarised, there's only so much we can do in our processes, there's a broader challenge that the regulator will have to face into.

Jenny Ping, Citi

Thanks very much. Jenny Ping from Citi. Three questions, please. Firstly, just on the Optimisation business, understand there are things outside of your control going on here, but to get to the £3 to £400 million longer-term, what do you need to see happening in the market - the wider market for you to get there? Give us some clues on the direction of travel, what we should be looking out for. So that's my first.

Secondly, you talked about Rough and continuing dialogue with the government. Can you just give us a bit more in terms of where we are, when we're expected to hear on that?

And then lastly, just on share buybacks, noting where your share price is today versus the last tranche of shares you bought back, which is 181. Can you just talk us through how you see the opportunities between the sort of investment for growth route versus share buyback value creation that way? Thank you.

Chris O'Shea, Centrica

Sure. Yes. So let me take the last two then, Russell will take you through what we need to see in Optimisation. Look, on share buybacks, we have a huge pipeline of very attractive opportunities, and I think we can create more value by working through that pipeline. If the opportunities are as good as we think they are, then investing in those will create more value for shareholders than the share buyback. But we're very disciplined, and so if we get to the point where we'd recognise that these investment opportunities are not as good as we think they are, then it's the shareholders' money. We're very clear about this, and we are very comfortable returning money to shareholders, but we've got a lot of opportunities just now, and so I don't anticipate that being something that we have to work through imminently.

On Rough, look, everything takes longer than you would expect. So I was - I had some discussions with the previous Prime Minister about a short-term deal for Rough over this coming winter, and he displayed some interest. So we have written to the government, the previous government to outline what that would look like, and what we proposed was we would use our working capital to fill the reservoir, we would get a return on that, and the government would take the risk. So if prices went down, they would take the loss, if prices went up, they would take the profit. Just to bridge us through this winter, because I think if I was in government, I'd be very, very worried about getting into this winter with less than four days of peak gas demand available.

Now, we've not filled up our storage. I doubt very much whether others have filled up their storage, because you'd be buying at a price in the summer higher than you could sell in the winter. So there's one thing about capacity, there's another thing about actual storage.

Andy Burnham's been Prime Minister since Monday, so we've got to give him a little bit of time to get his feet under the table. Miatta Fahnbulleh has been Energy Secretary, I think, since Tuesday, or late Monday night. So I've already spoken to Miatta, we spoke yesterday, she wanted an introductory call, need to give her a little bit of time to get her feet under the table.

But we're getting close to this asset simply disappearing. And when that - when it closed the storage operations in 2017, there was a conservative government in place, the labour opposition were incandescent with the rage about how we let that close including some recently departed members of the Cabinet, some current members of the Cabinet. I'd be amazed if they changed their position in the last nine years.

And so, I'm hopeful that we'll get something. I think it would be extremely foolish to allow this asset to close, but I'm not the Prime Minister, I'm not the Energy Secretary and if they allow it to close, I think it's a shame. I think we've got a brilliant team, a really brilliant team there. But they'll find jobs elsewhere because they're really good and that will be a loss in some ways to the UK because some of them will find jobs overseas doing what they do and that's the biggest risk for us.

The biggest risk to this, to this dragging on is not that the reservoir becomes unusable. The reservoir's been there for hundreds of millions of years and it will remain usable. The biggest risk is that we lose the crew, and it's not easy to rebuild. So let's see, our offer stands, and we also said to the government, if you don't like us using our working capital, you can use the Treasury cash, we don't mind, let's just fill the thing up for the winter. But the government has to take the risk on the price. It's an insurance policy for the government, but they will take the upside. So this is not a heads I win, tails you lose type of thing, so if the gas price doubles, they've made a lot of money, if it halves, they've lost a bit of money.

But this is really - we keep hearing from the Energy Security Department, and the media get in touch, that this is a commercial decision from Centrica. That is absolutely not the case, and we've been very clear with them that that's not the case. If this is a commercial decision for Centrica, the decision's made, the thing will close. This is a decision for the government as to whether they want adequate gas storage. Optimisation, Russell -- how are we going to make £3 to £400 million? Maybe we should get Cassim to answer this actually. I remembered he’s there.

Russell O'Brien, Centrica

Yes. Thanks for the question, Jenny. Actually, there's quite a few moving parts in Optimisation, so it's probably useful just to unpick it a little bit to answer your question about what that market backdrop needs to look like as we go through the next couple of years. If we start with 2026 and look at the three different elements of that business, so RETO, LNG, and Gas and Power. RETO had a really strong first half and it grew again versus half 1 last year. And that business has proven to be quite resilient. It's a different risk categorisation versus the other parts of the trading business, and we expect that to continue to grow year-on-year. So assets under management now at 19 gigawatts, so that's a very solid part of the portfolio.

Gas and Power trading in the first half of this year was actually stronger than it was last year. Remember, last year we were talking about the storage markets in Europe being quite difficult. There are still some challenges on economic storage gas spreads in Europe, but it was beginning to pick up and be a bit more normal. But then the Middle East crisis came, and that, of course, resulted in further unpredictable behaviour. But actually, overall, we were quite happy with Gas and Power trading in the first half of this year. And then LNG was softer. But we've got to remember, some of that was because last year we were still seeing the contracts deliver that were priced at the time of the Russia-Ukraine crisis. So that's a natural part of the decline as we moved into this year. We were fully hedged on '26 in LNG and in the coming years, as we said in February. And we've proactively managed the risk on that portfolio and overall, those portfolios. And one of the things that we're able to do while managing the LNG in 2026 was to move some cargoes from the first half to the second half at a profit, so that underpins what we're going to see in the second half of this year, and as I said earlier, the £250 million worth of EBITDA.

But it's in the future years where there's been a bit of a change in the update today. And just to repeat, that was because we were thinking, as the whole industry was, that the new LNG supplies from the U.S. and Qatar would come into the market, there'd be a bit of a gas glut, and we positioned the portfolio to both to protect and take advantage of that. And of course, when the Middle East crisis happened, we had to step back from that, and we now see the gas glut later in the decade.

So we've repositioned the portfolio for the next couple of years. We've got very tight risk management controls. When we saw the markets moving, they were enacted, but that just meant we've taken money off the table for the next couple of years in terms of position. So that's really the core of the update today. And as we sit today, the news flows, the way that the markets are pricing, certainly the back end of this year into next year, it's hard to see that that's driven by fundamentals. A lot of it is driven by news flow, and it's very hard for Cassim and his team to take positions in that backdrop.

So for now, we thought the prudent thing was just to wait, and that naturally just brings the profitability down for the next couple of - for the next year, 2027. But your question was, what does it need to look like to get back to that 3 to 400 million? And we're very confident that we can get back up to 3 to 400 million because of the three core parts of the portfolio I just described.

For LNG, as we move towards the end of the decade, we've got the Mozambique, Delfin, and several gas producer deals already locked in, so we're very confident that's going to underpin the LNG business. RETO, as I said, continues to grow. The renewable market across Europe will continue to diversify or give opportunities for us to step in, as we've done successfully over the past couple of years. And Gas and Power, yes, it does require a degree of normalisation in the markets from what we see today. But if you look over the past four or five years, when the markets have been right, we've definitely been able to capitalise on that.

And you've got to remember, this portfolio is skewed to the upside. When things – when we've taken positions and they move away from us, the risk controls lock it in, and we make sure that we don't have a negative impact. But of course, if it's going in our favour, we've got the risk capital to ride that wave and capture value, and we've done that successfully in the past. So overall, I think we need to get through this current period, but the underlying business remains strong, and we're confident in 3 to 400 million in the medium to long-term.

Chris O'Shea, Centrica

And if anybody is wondering how it works. You could see when Russell said we've got really tight risk controls. He looked at Cassim. He sends a little pause there, so we just reinforced the message.

Pavan Mahbubani, J.P. Morgan

Thank you. Pavan Mahbubani from J.P. Morgan. I have a couple of questions, please. Firstly, on the transformation costs, so you talked about expensing around 75 million in H1. Is that the sort of run rate we should expect as the program goes on? And then at the full year results, you had mentioned that there were some costs incurred, but that they were offset by benefits. Can you talk a bit more about whether we've seen some of those benefits in H1 or the phasing of how those benefits should be coming through to the extent you can provide colour there?

And then a couple of other small questions. On Retail, Chris, you just mentioned that your performance relative to peers on bad debt collections has deteriorated somewhat. And you have said in the past, it's a bit more of a relative game than an absolute game. Can you talk a bit about what's driving that? Are your peers doing better? Is it operational? Is it customer behaviour and maybe your mix? It would be good to hear what's driving that change in performance that's new today.

And then, Russell, I don't know if you can give - you talked about how you were positioned next year for a gas glut. Can you give a bit more colour on what that actually looked like? Was it trading positions, how you sold forward LNG? It would be good to get some colour as to that sort of positioning and how that changed. Thank you.

Chris O'Shea, Centrica

Thanks, Pavan. So looking at bad debt, it's inescapable. We look at the chart of absolute bad debts and the chart of our share of bad debts. And at the point other suppliers restarted the involuntary installation of prepayment meters, our share went from 23% to 34% of bad debts. And that might be coincidence, but I doubt it very much. And so I think that - I think what it shows is that for a bunch of consumers across the industry, there has to be a proper sanction before they pay the debt. The vast majority of consumers want to pay their bills and they pay their bills. And so we've got to be kind of clear-eyed about that. We've got to really think about what we do to collect our debts. If there's no sanction, then why do you do anything? So I think we've just got to make sure that we - as part of the price cap, you've got to make sure - and this sounds really, really unambitious you've got to make sure you're in the pack. And we're not in the pack just now on debt collection. I think we can do more without restarting involuntary installation of prepayment meters, but I do think we can't discount that. Russell, what needs to happen in gas and how much transformation benefit?

Russell O'Brien, Centrica

Let's do transformation first. So just to remind you of the number, so £90 million spent in the first half of the year. If I was to compare that to last year, maybe last year on a comparative basis might be £30 million or £40 million, so it's a relatively big step up. If you look at that £90 million, £70 is opex, probably a third of that would be redundancy costs and efficiencies that we've gone through there. Probably another third might be tech spend. We're pushing quite a few initiatives to try and harness technology to make us more efficient, and then the remainder of various initiatives across the piece.

Some of this will be short-term in terms of where we get the benefits. Some will take a couple of years to come through, so if you think about the tech in particular. Now, what are we seeing in the results? So customer contact has fallen, so average contact per customer has fallen 20% year on-year, so that's just less interactions. That means less people that need to serve a customer, so we can see that already. 1,300 colleagues leaving the group, and that takes cost out naturally and just makes the whole machine more efficient. Opex is down 3% year-on-year, so there's various moving parts inside Opex, but you can see that the combination of, that includes the transformation investment, so you can see that some of this is beginning to come through. So overall, I think we'll keep you updated as we go. It's not early days. I think some of this is moving at pace, but I would expect in the second half of the year to see both a ramp up in that transformation spend from projects that I can already see and Rob's already pushing ahead and also beginning to see the compounding benefit of those efficiencies coming through.

So that's one part of it, and then Centrica Energy, the question was 2027 positioning, how do we get into that? So I'll just go back. It's no different to what I said in February, actually. For the LNG portfolio, we'd hedged all the physical cargoes we had. We were fully hedged to 2028 and I think 80% hedged towards the end of the decade, so that just means that your base is solid. And then naturally, the traders will have looked at the expected market outcomes, expected movements as we moved into that gas glut and some of that they'd have taken positions on. When that started to move against us, those positions were locked right down. We did not make a loss on shutting down those positions overall, which we're happy about. That was good execution from the team. But it just means now that you're looking at a market without money at work, you've not taken longer term positions, and we're just going to step back a little bit until we see how things flush through. Does that make sense?

Chris O'Shea, Centrica

Fraser, any questions from the online audience? These have got to be online questions, not Fraser Jamieson questions!

Fraser Jamieson, Centrica – Webcast questions

I promise they are online questions.

We've got a couple from Ajay at Goldman's.

Firstly, Centrica have now executed a sizable part of the £4 billion capex plan. If we move to 2030, can you explain how the portfolio fits together rather than just a set of attractive individual assets? And can you highlight the improvement in returns the portfolio effect gives? That's question number one.

Question two, it's clear that Centrica is in transition. Can you detail how much earnings volatility will reduce by the end of the plan? What benefit do you expect to get from the credit rating agencies from that transformation?

Chris O'Shea, Centrica

Good, perfect. So the second question is clearly one for Russell. The first one, how does the portfolio fit and the portfolio effect? I think the best example of that is the Severn acquisition whereby we bought a power station which was incredibly. I mean, I didn't expect this power station to be as well maintained as it was. It was a financial buyer, Beal Bank owned it. They repossessed it, I think, four years ago. And I was a bit nervous because in a repossession, you tend not to expect to find something very well kept. This has been unbelievably well maintained. And I think credit to the previous owner. They've invested an awful lot of money.

You can see I went there with Russell on the day that the acquisition closed, and they had a new DCS, distributed control system in the control room. And you very rarely see that in assets that are owned by long-term strategic owners, but that'd be put in, I think, at the cost of 2.5 million this year. And so very, very well maintained, but run very, very conservatively. So only ever having one unit on, really not looking to be up and down. But as we have been figuring out with the trading team and the power team how to optimise this, we've been testing lots of different markets, testing lots of different restart - startup regimes, and I don't know the number, but I mean this thing is probably starting 20x as much as it was starting under the old ownership. And we're beating our expectations in terms of the ownership.

Now, very, very tight market. But that's the way that this portfolio fits together. So we buy this asset which has got nice capacity market contracts. It's got very good long-term possibilities. So as you have more wind build-out, more solar build-out in the UK, the need for better price capacity market contracts is going to increase, because these things are going to run less. And therefore, long-term, the outlook for this asset is to reduce earnings volatility. That said, we're going to have an asset that when it's needed to start, so Dave's going to have to make sure the maintenance regime is absolutely perfect, because when we're called on to start this thing better bloody start, otherwise under the capacity contracts you're going to have a hellish time with penalty payments. But when it does start then we've got Cassim in the team figuring out what market we put this into, what price that we charge. So we've got something which is the kind of asset that we love, which is what we're looking for in the portfolio, which is a downside, which is very much acceptable to our shareholders. Very predictable and there's only a skew to the upside, because we can make sure that this thing is maintained very well and will start, so therefore, we don't have that downside risk. And then the upside, we've got the team in Cassim's shop to capture that additional value. So that's the portfolio effect and that's the - that's really what we're looking for as we move towards the end of the decade. Russell, how will the rating agencies reduce our FFO to net debt from 45% to 10%?

Russell O'Brien, Centrica

So, I think -- and you can see it, if you read the S&P or the Moody's reports on Centrica, the strategy that we outlined in 2023 to rebalance the infrastructure side of the portfolio into more rateable cash flows has not just been seen as a benefit in the earnings generation we're seeing so far, but they can see that that stable part of the portfolio is credit positive. That's the MAP, Sizewell C, Isle of Grain, everything that we've been putting in has a favourable element to the business risk profile, which is one of the big determinants of the FFO to net debt metric and, therefore, the credit rating thresholds. And last year we had a movement from 50% to 45%. We've had discussions with S&P and Moody's over the past couple of months, and I think in those sessions they're giving us confidence, and you can see it in the reports, that if we continue our investments over the next couple of years, we will continue to get more flexibility.

Now we have to deliver, we have to put that capital to work, and we have to get the earnings to come through, but you can see that happening already. So, in the first half of this year, we had earnings of £80 million from Sizewell C, the MAP, Grain, really solid long-term cash flows that will be about £175 million by the time you get to the full year this year. And if you move that forward, you can see how we're growing very, very well towards that £700 million worth of infrastructure cash flows we expect by the end of 2028.

The nuclear extensions are positive. The Sizewell B, CfD is very positive as well, so I'm confident in that dynamic we're moving in the right direction. And then just to link back to your other question about earnings volatility and how we see that moving, well, earnings volatility is reducing for the group. For retail, there will always be some volatility, but that's partly to do with the recognition of revenue and costs between periods, that sort of settles down over time. But in the past couple of years, we've significantly reduced the merchant exposure in the group in the Spirit assets, with the second divestment happening at the end of the third quarter this year will underpin that trajectory. The effective tax rate of the group has gone down from 40% to 35%, that will continue to go down as we move out of those higher taxed regimes. And more and more of the EBITDA will be coming from contracted and regulated cash flows as we move into the next couple of years, so it's both credit positive and more easy to understand.

Harry Wyburd, BNP Paribas

All right. Thank you. It's Harry Wyburd from BNP Paribas. So we've covered a lot of ground, but a lot of it's been quite negative, so I'm going to try and be a little bit positive.

And so if we think about earnings this year, depending on which consensus you use, we're probably around something like 14.5p for EPS. I think we, this morning on Centrica Energy have all mentally taken about a penny off. But what's happening that's positive that could offset that, obviously, you've done the - your CCGT deal and you just said it's performing very well. You said the cost-saving execution has been very good. You're seeing more opportunities to cut opex. So and -- should we take that as a 1p hit on the churn for next year? Or is there actually stuff that we haven't asked you about that's going better? So that'd be the first part.

And then the second one is also positive. So I mean it's a hard one for you, because you've got to lock everything up presumably a week or two ahead of this event. But obviously, forwards have just really spiked in Power across Europe. Could you - so I won't ask you this time to try and give me a number, but could you maybe just help us understand how unhedged you are? What kind of level of open position? I know we've got your disclosure from this morning, but it's done based on balance of year. How are you feeling about your ability to capture the higher Power and Gas prices that we're seeing over the winter. And would I be right in saying that there's probably some upside there, if prices hold, that you haven't included in your ranges this morning, because simply the price spike happened after you had locked them? Thank you.

Chris O'Shea, Centrica

So looking at the - I'll give you one, and Russell will probably want to come in on both of these things. We can't - we're not going to give you a forecast for next year, that's your job to figure that out. There's a whole bunch of things that could go better than expected, power prices being one, bad debt recovery being another. So those are two big things. More investment, depending on when you make the investment - maybe more investment towards the end of this year, then you see that coming through in 2027. If we make it in 2027, you've got the cost of acquisition, et cetera. So there's a whole bunch of things there, but you'll have to figure it out yourself as to where we think things will be. We don't really know.

In terms of how hedged we are, I don't have that down - I don't know if we give that out in terms of power. But yes, we've got merchant exposure, so all four of the AGRs have merchant exposure. I think we, because of operational risks and because we don't want to be caught on the wrong side, we don't want to be caught in operational issues being down and being hedged and over-hedged in a rising market, I think we hedge over 50% of that. So you can assume, I think, that half of the existing nuclear fleet is unhedged at any one point.

And you've also got the PWR at Sizewell B remember that, that CfD doesn't kick in for another nine years, so that's merchant exposed. So you've got, our share's about 1.2 gigs, so you've got probably 7 terawatt hours or so in 2027, Russell will tell you but I would guess around half of that's probably unhedged. You've then got Severn. I think that's probably mostly unhedged because we don't know when that thing's going to run. We don't know, when it's going to be called on. We know that the nuclear is baseload. So there should be quite some exposure there, but it works both ways. And the question when you see these spikes is, do you go and lock things in?

But we've had some real problems at Hartlepool this year, and we cast back - when I joined Centrica in 2018, I think we made £18 million from our nuclear fleet, because we saw £55 a megawatt hour - I would hasten to add, before I joined and we locked it in. We had eight reactors at that point, I think. So with eight reactors, including Dungeness and Hunterston, I think we made £18 million. Most of that was the extreme pain we had of being over-hedged in a rising market. So we saw £55, we thought, that's brilliant, which it was - I would have done the same, probably, if I'd been in position - locked it in, and then all of a sudden these things fell over. And that was quite painful. So we probably wouldn't look and say, okay, let's take the hedge in nuclear from 50% to 80%, because we've still got operations -- these are old assets. I mean, Heysham 1 and Hartlepool must have been going since, like, '81 or '82, or something like that. I mean, they're really old things. So Russell, how much nonsense have I been talking - how hedged are we?

Russell O'Brien, Centrica

I think you covered most of the portfolio there, so I'm struggling to find what to add on. So I think, Spirit, just to note, and we've covered it on Slide 30 in the pack, that we've got the divestment happening at the end of the third quarter. So we've separated out there the element of that production. We then move into really Morecambe being the only producing asset for Spirit thereafter. And we're not going to be hedging that as far out as in advance because it's a single asset. So we'll have merchant exposure there going forward. On nuclear, indeed, we were, I think, 11% down versus the first half last year. That was mainly the Hartlepool challenges. But one of the benefits of having had those nuclear assets down for planned and unplanned downtime in the first half of the year, of course, is you're able to get through quite a lot of maintenance that gives you support into the second half and into next year. So there might be a little bit of upside in production, which could capture the higher prices we're seeing today. So I think that's it.

Dominic Nash, Barclays

Hi, there, yes, it's Dominic Nash from Barclays, sort of three questions, although, the first one's probably a bit of a narrative, I think, which is, at the full year results, I think it was fair to say that, you talked up quite a bit about the role of gas in the future energy mix, and that basically it's going to be longer, higher for longer, and indeed subsequent to that, you clearly bought Seven CCGT. We've now got a new energy minister, who I think you said earlier that you know, Fahnbulleh. I'd be interested in your view, because the press reports that are coming out on her view on sort of gas and electricity, I'd be interested in whether you think this government can distinguish between electricity and energy, and what they think is the role of gas in the long duration of the transition, and whether we're going to need it, and we should have indigenous gas.

And then coming on to your sort of two sort of gas assets, clearly talked well about Rough, so I will ignore that one. That's point taken. But Severn and LNG, Severn, you've got a potential single asset risk there. Is this a strategy that you're potentially going to be looking at, sort of building more to protect that asset value? Are you going to scale into more gas from here? And looking at your release this morning, you're talking about potential behind-the meter data centres for both LNG and for Severn. What licenses and permissions and permits do you need from government to have an extension of gas, particularly in light that this current government is clearly more uncertain on that one? There's one very quick one here, I think, following up on the optimisation. What's your invested capital that you've got in Optimisation at the moment, including leases on the vessels and your trading position and as we edge up towards that 3 to 400 million sort of target, how does your invested capital go, please? Thank you.

Chris O'Shea, Centrica

Excellent. Thanks for the last one for Russell. Let me try and deal with the first three. So look, I know Miatta from her time as consumer minister, and I spoke to her yesterday for 10 minutes. So, I mean, I wouldn't overplay my relationship. I don't know her deepest thoughts. But I think what's happening is that because she's been elevated really quite quickly, people are going through her past. And they're saying like, in 2017 she was running some think tank, and she said this. Well, I said something in 2017 which is probably completely inconsistent with positions that I've got today.

So I think we should wait and see. I find her very pragmatic and I find her in the first meeting we had - if I was looking at what went on with previous ministers in that role, she'd call in the energy company CEOs, she'd wag her fingers, and then somebody would come in and say, O'Shea the TV cameras are outside. So they've been so tipped off that we've been called in for a slap. And as we go out, the Minister has been really quite tough. And it wasn't like that at all. She called us in, and she wanted to hear what we thought about the issues on consumer affordability. And there was no TV cameras outside. It was really quite different. I just assumed it was the usual thing, telephone directory down the front and back of the trousers when you get a bit of a kicking. And it was quite different. And so I find her very pragmatic. How she'll perform in this role, who knows? But - you can all have your own - we all have our own personal views on carbon emissions. And I think people are trying to position Miatta - as being more extreme than Ed Miliband. Ed in private was very pragmatic. So Ed would rather there was no fossil fuel burned at all, but he would tell you he recognises the need for it, especially gas.

And if you look at the Chris Stark's work he used to lead the Climate Change Committee, now the government's Mission Control Czar or something, Clean Power 2030, Chris will tell you that we probably need to rebuild the entire UK CCGT fleet and have it on standby. So these people are very pragmatic and I would expect Miatta to be in that same place because her role is to make sure that we have secure and affordable energy and it's clean. The guidance I gave to, I mentioned to Ed, when he was Energy Secretary and other people in the government is, in the UK we lead on it has to be clean and secure and affordable. Texas has got more wind power and more solar power than the UK, it's also got more oil and gas than we've got probably, but they lead on the fact that it's affordable. A lot of the stuff that we're doing in clean power will help to stabilise energy prices, but the government didn't do itself any favours because it was all about, you'd have all these people trying to beat the crap out of them.

So I think we've got to wait and see what Miatta's views are, I would hope that she's very pragmatic. And I think on gas I'd like to do more, if there was more CCGTs of the quality and scale of Severn in the UK I'd like to buy them. But what we won't do is, we won't go out and say we just want to buy more CCGTs because all of a sudden you then lose your price discipline, so it's all about value. So if we could find more of these things at the same type of price, with the same type of returns. I'd be delighted to put it in.

I mean, I think you know this, but Severn is two separate units, so although you've got single asset location risk, you've got effectively two 410 megawatt to 420 megawatt CCGTs in there. And then on data centres, look, I think that we - I think this is going to be an issue for the government as we think about this, which, so we've got two very attractive units at Severn. People come and say, would you give us the output from one of the units to power a data centre? And the question is, well, what kind of price certainty, what credit risk are we taking on the counterpart? But if you step back from it, if you look at it from the government's point of view, taking one of the units out from Severn takes out 1% of the UK's electricity demand from the market. And I think we've really got to think about how, so behind the meter generation is a huge opportunity for us, but our forecast is that fixed system costs are going to grow to about two-thirds of the bill by the end of this decade. If you want to then decide that you're going to go behind the wire, behind the meter private wire networks, well, you're going to not pay that network charge. So you can afford to pay a lot more for the power. You can have more redundancy in there, because to get the reliability data centres require, you've got to have redundancy. But then you spread the system costs across a lower base. And so I think we're going to have to work really closely with government with the system operator to say, okay, exactly what does this mean? I think that what we'll find is that you'll build behind-the-meter solutions for data centres to get around these grid constraints, but you'll then connect them subsequently to the grid.

And so, I think it can only be a temporary solution, because otherwise we're going to have a real problem, I think, in electricity bills. But I think the government's got to engage with this, because it's like anything, and I think you'll find - I think we'll find this as the government goes into power. I remember when Obama became President, his campaign, he was saying, "This is terrible, this Guantanamo Bay, going to shut it down." And eight years later, when he was leaving office, someone said, "You said you'd shut Guantanamo Bay." And he said, "Yes, I know. Who knew how difficult it was? You learn a lot when you get into office." And I think that the current government will get into office and think, "Okay." You've got these competing things: "We want more data centres. We want to continue - the UK the UK is the third nation globally in AI. And if you think about that, you've got the US, you've got China, you've got the UK. I mean, we're punching well above our weight. The government wants to keep that. We want to, we've got a lot of well-paid jobs. We want more data centres because they bring good jobs as well. We want affordable electricity. So, I think, what the government will find is they sit down and think, well, I've got all of these competing things. How do we work? And that's where Centrica is unbelievably well placed because we are the company that can help unlock all of this. And we've got huge, I think we've got a huge opportunity in front of us.

And what that allows us to do is to be very disciplined in the capital deployment because we've got all of these opportunities. We don't need to take them all. We never are dependent upon a single investment opportunity. If you take Severn Power, we love that asset. It's absolutely fantastic. Had it not been right the day before we signed, we would have walked away from it because we've got a bunch of other things to look at. And so we'll always, Rob leads our strategy and business development. We will always have far more opportunities than we have enough money. And then what's the worst-case scenario? The worst-case scenario is that we say to Russell, you have to find some more cash because of these brilliant opportunities. So, I think we'll wait and see, but I do think that there's going to be a lot of discussion about this private wire network type thing. I think we've got to help the government understand exactly how we run the system on that.

Russell, are you going to disclose the invested capital in Centrica Energy? Remember, part of our model is that we get three returns from one bit of capital. So, we invest in assets, we get an asset return there, we get a trading return, we reduce the return of that, and that underpins the retail market.

Russell O'Brien, Centrica

And it also underpins the credit rating, which is, of course, the sort of main cornerstone when we think about how strong this group has to be to be able to do all the businesses that we have, whether it's Retail, Infrastructure, but also the Optimisation business. So, when we think about how we manage that business, there's a couple of different tools that we have. First of all, we want to maintain that BBB investment-grade credit rating, because that allows us to have efficient contracts, we have to margin less, we can be on the exchange in an efficient way. That serves us well. That allows us to manage also the liquidity draws naturally of that business. Interestingly, over the past couple of months, I think quite a few other counterparts saw big cash flows moving in and out as the Middle East crisis came through. We'd actually learned quite a lot from the Russia-Ukraine crisis and were much better prepared for that.

And actually, if you look in the first half of this year, we had a £126 million inflow just from margin stabilising in that period. In terms of how we manage capital day-to-day for Cassim and his team, we do that through risk capital, value at risk, profit drawdowns, all the normal things you would expect. We have shorter term limits for each of the books and longer term with things like LNG, we manage in a slightly different way. The dynamic is not just about sort of capital like capital on the balance sheet. Of course, we're managing credit risk, market risk, and liquidity risk. And each of those have effectively different capital requirements.

Some you would have to post cash to mitigate that risk, others you have limits for individual counterparties. But I think we've got a relatively sophisticated operation, very tight risk limits, that's served us well in the past couple of months. And of course, the balance sheet overall is in a strong position. So when Cassim and his team come forward with good ideas, we can grab them. And then on your leasing question, we've probably got about £100-odd million on the balance sheet at the moment. We've got a recycling of vessels coming in the next couple of years, just as we look at that growing LNG book that I mentioned before, but we've still to decide what's the best way to contract them. So hopefully that helps.

Chris O'Shea, Centrica

Good. Fraser, I'll come to you. It's funny, because we've got a screen here that says questions from webcast, and there's no questions on it, so I'm going to check this later.

Fraser Jamieson, Centrica – Webcast questions

There's emailed questions.

So - I'm going to combine a couple. One from Bartek, who was also asking about behind the meter growth. I think we've answered that one.

His second question is with regards to the optimisation EBITDA outlook, given how you're hedged and your growth in the LNG book towards the end of the decade, are we talking about the lower end of the EBITDA guidance range for 2028, i.e. around the £300 million level, or are you confident that you can hit somewhere else in that range?

And then a second follow-up from Ajay around the transformation plan, how much of the cost has been incurred of the total, how much of the benefit have we received, and what is the shape of the net benefit out to 2030?

Chris O'Shea, Centrica

Excellent, they sound like they're both questions for Russell. I mean, I would say before Russell's answers on the transformation, it is still evolving, so we are still in transformation, we're still identifying more opportunities and we're still refining the cost. So we could see a certain proportion at the moment, but I would expect that this programme will continue to grow and will refine the costs. And sometimes these things prove to be a little bit less expensive than we first fear. But Russell, there's two for you.

Russell O'Brien, Centrica

Look, I mean, it's inherently difficult to put guidance ranges on a trading and optimisation business. But what we can see at the moment is that 2027, we've just got less opportunities open to us. So we've just been transparent that with less capital at work, that the range, the number will be lower next year. But 2028 is a long way away. And our teams have got lots of ideas and plenty of opportunity and risk capital behind them if the markets stabilise to try and capture value. So for 2028, we're not providing any additional guidance, really just the focus today is on 2027.

Chris O’Shea, Centrica

Excellent, thank you. Any last questions in the room? Or any last questions online?

Fraser Jamieson, Centrica – Webcast questions

There’s one more. Yes, how much of the EPS for 2030 is already underpinned today and how much is reliant on future developments?

Chris O'Shea, Centrica

That's a good question. I mean, I would say that most of it is underpinned in that we know what we need to do, but it's not underpinned as in it's - in the bag. So we have clear line of sight to that, but the use of the word underpinned, I would just hesitate a little bit on that because it suggests that it's already there. We have a shit ton of heavy lifting to do to get there and we're also talking about a market that's four years out. And the only thing I can tell you just now is the mix will be different in 2030 than we think it will be today, and the margins in different businesses will be different.

We're looking to expand in the U.S. and with Cassim's business we're looking at a couple of other markets. But we have no idea what that market is going to look like next year, let alone 2030. So I feel confident enough to say we can do this, but also realistic enough to say that there's a lot of wood to chop before we get there. So I don't know if you agree, Russell.

Russell O'Brien, Centrica

No I agree.

Chris O'Shea, Centrica

And it's not the limit of our ambition. We don't sit and say, okay, if we can really lock in 22p EPS by 2030, that's it, done. I'm notoriously impatient and never satisfied, so we would keep going.

Russell O'Brien, Centrica

Maybe just to reinforce, though, the building blocks of moving up to the 1.7 billion worth of EBITDA at the end of 2028 and then the 2 billion by the end of 2030, which is driving that EPS overall. For the retail and optimisation businesses to the end of 2028, that's just middle of the guidance ranges we've given already. And what we're expecting is by the end of the decade, which is four years or five years away, we've got the opportunity to be able to just to the top of the ranges that we've been working to for the past couple of years. And with all the work on transformation, I think we should be able to get there.

The other side of the mathematics is, of course, the Infrastructure business. And what we need to do there is just continue to deliver the investments that we are planning for the next couple of years. And it's not like we need to find many new investments, because we've got a very clear trajectory for Sizewell C, and that's a very stable return. The MAP is 1 million-plus meters a year with very good contracted returns. The Irish peakers come online the second half of this year. We've got the potential for the Galway, which is planned, which has also got a large Capacity Market underpin. So actually, the Infrastructure side of it is actually quite easy to see how we get there. And as I mentioned earlier, if you just roll that through, you have a much lower effective tax rate in this business as you go forward, which is another amplification to get you to the higher EPS.

Chris O'Shea, Centrica

Brilliant. Is that us? Look, if there are no other questions, thank you very much for your time, for your patience. And we will see you - I don't know, third week in February? Is it February the 21st or 22nd or something next year to do the full-year results? So thank you very much, everyone.