

**18 April 2016**  
**Centrica plc ('the Company')**

### **Trading Update**

In advance of its 2016 Annual General Meeting to be held at 11am today, Centrica plc is providing an update on its business performance. The Company continues to make good progress against its strategic priorities and remains on track to achieve the targets set out at its Preliminary Results on 18 February 2016:

- Adjusted operating cash flow expected to be in excess of £2 billion in 2016.
- Group capital investment including small acquisitions expected to be no more than £1 billion in 2016, of which around £500 million is expected to be in E&P.
- £200 million of efficiency savings expected to be delivered in 2016 as part of the Group's £750 million per annum cost efficiency programme, with like-for-like operating costs expected to be lower in 2016 than in 2015.
- Direct headcount expected to reduce by around 3,000 in 2016; reduction of around 800 in the first three months of the year.

### **Iain Conn, Centrica Chief Executive**

*"We continue to make good progress in implementing our strategy, and with improving levels of customer service, good operational performance, lower costs, and the launch of new products to help customers manage their energy usage, we remain on track to deliver against our 2016 targets."*

### **First quarter highlights**

- Higher net promoter scores and lower complaints in our customer-facing businesses compared to 2015.
- UK Home energy supply accounts down 1.5% in the first quarter primarily as a result of significant long term contracts roll-off; new propositions planned for launch in the second quarter; third gas price reduction since the start of 2015 effective from 16 March.
- Return to profitability in UK Business, with continued progress on cash collection.
- Solid delivery in North America energy supply and services against the backdrop of an exceptionally warm winter; account growth in North America Home.
- Connected boiler offering, 'Boiler IQ', launched in March; continued strong customer demand for connected home offering including new Hive products.
- We have now installed 2.25 million residential smart meters in the UK and remain on track to have installed more than 3 million by the end of 2016.
- Good operational performance in E&P and Central Power Generation in low commodity price environment; Killingholme power station now closed as previously announced.
- Net debt reduction to £4.4 billion in the first quarter, benefiting from strong working capital management and seasonal phasing of cash flows.

### **Competition and Markets Authority (CMA) investigation**

In March, the CMA announced the Provisional Decision on Remedies in relation to its investigation into the UK energy market. Centrica has now submitted its formal response ahead of the Final Report due in June.

Centrica is due to release Interim Results for the first six months of 2016 on 28 July 2016.

### **Enquiries**

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