

Centrica plc Annual General Meeting

8th May 2017





Rick Haythornthwaite

Chairman



Live Camera on Individual Directors as they are
Introduced by The Chairman





Live Camera

– Rick Haythornthwaite Starts





Iain Conn

Group Chief Executive



Live Camera

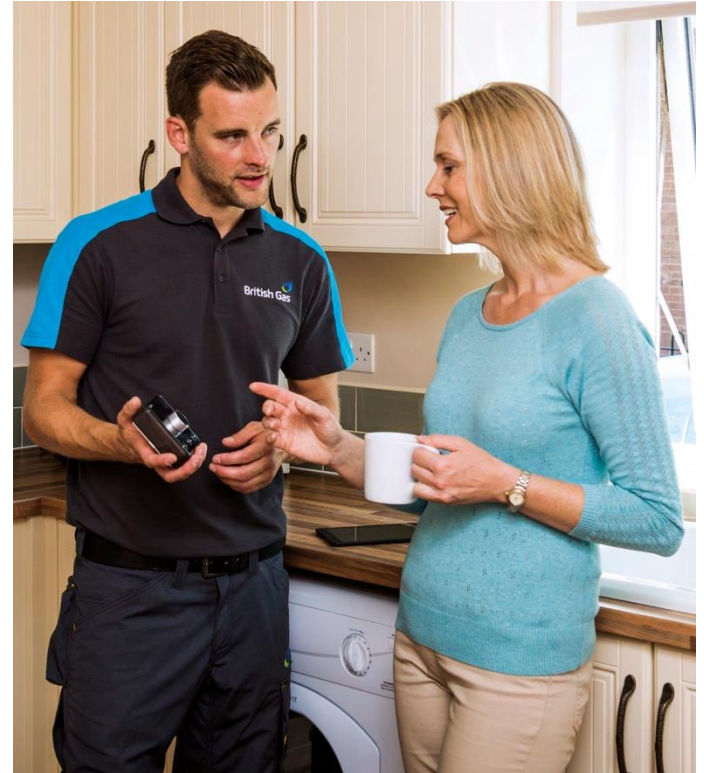
– Iain Conn Starts



Centrica's purpose

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- Energy and services company
- Deliver for the changing needs of our customers
- Delivering long-term shareholder value through returns and cash flow growth
- Trusted corporate citizen
- Employer of choice
- A “21st century energy company”



Focus areas for long term growth

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- Energy supply
- Services
- Distributed Energy & Power
- Connected Home
- Energy Marketing & Trading



Strategic summary



- Energy and services company
- Purpose – “to provide energy and services to satisfy the changing needs of our customers”
- Long term shareholder value through returns and growth
- 3-5% per annum operating cash flow growth
- £750m per annum cost efficiency programme
- Growth focus on customer-facing businesses and reduce scale in E&P and Central Power Generation
 - £1.5bn resource reallocation to 2020
- Progressive dividend policy and strong investment grade credit rating

2016 financial performance

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- Adjusted operating profit and earnings up 4%
- Underlying adjusted operating cash flow growth of 14%
- Efficiency programme ahead of schedule
- Net debt down 27% to £3.5bn
- 2016 full year dividend of 12.0p



Centrica Consumer strategy and progress

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Energy Supply

- Improved customer service
- Innovative tariffs
 - ‘FreeTime’ tariff
 - Product bundling
- Cost efficiency
- British Gas customer commitment
- Rewarding loyalty
 - ‘British Gas Rewards’

Services

- Improved customer service
- ~12,000 engineers and technicians
- Product bundling
- Cost efficiency
- UK smart meter roll-out
- Flexible fulfilment model
 - ‘Local Heroes’

Peace of Mind

- Boiler IQ
 - ~35,000 sold
- Water leak detection
- New connected home and insurance products



Home Energy Mgmt.

- ~600k Hive smart thermostats
- 3.7m households
 - ‘Direct your Energy’
 - ‘MyEnergy’
- Smart metering



Home Automation

- 5 Hive products
 - Multi-device app
 - Recipes
- Amazon Echo partnership



Centrica Business strategy and progress

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Energy Supply

- Improved customer service
 - Complaints down
 - NPS up
- UK Business return to profitability
- Cost efficiency

Wholesale Energy

- Strong existing capabilities
- Neas Energy
- Global LNG presence
- King's Lynn A CCGT project



Energy Insight

- Growing customer base
 - ~40k sensors
 - 10bn data points per month
- Launch of 'PowerRadar'
- New sales channels



Energy Optimisation

- New demand response products
- Integration of Neas capabilities
 - 8.1GW capacity
- Fast response generation & battery projects
- Cornwall 'local energy market'

NEAS ENERGY



Energy Solutions

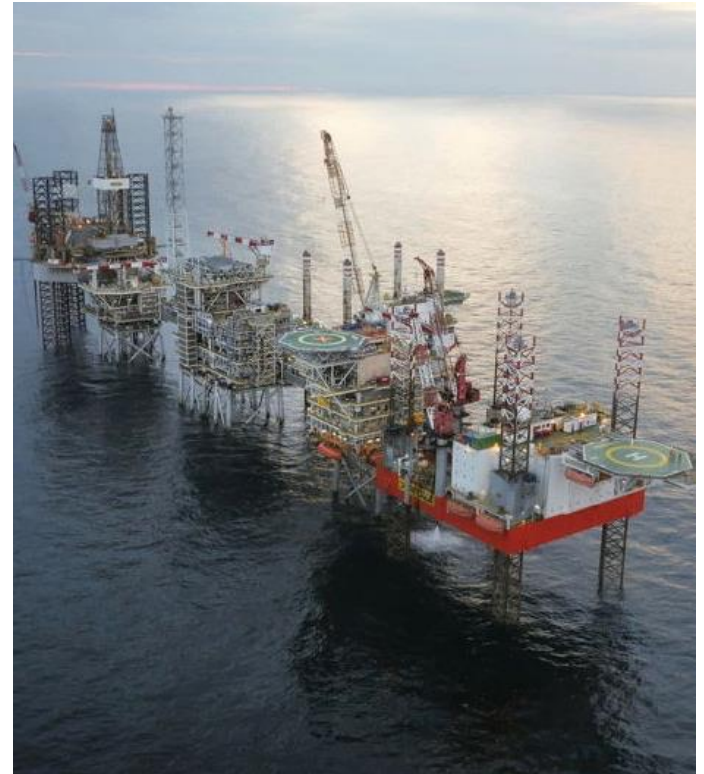
- Integration of ENER-G Cogen capabilities
 - Six countries
 - >500MW capacity under contract
- Technology partners
- Serving customers through multi-tech solutions



Asset businesses



- Targeting a 40-50mmboe p.a. E&P business
 - Focus on UK, Netherlands, Norway
 - Cygnus gas field performing ahead of expectations
 - Trinidad & Tobago divestment announced
 - Exit from Canada targeted in 2017
- Exit from wind power generation ownership complete
- Centrica Storage
 - Testing and verification programme ongoing
 - Rough not available for 2017/18 winter



2017 targets

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- Adjusted operating cash flow >£2bn
- Group capital investment limited to £1bn
 - E&P capex ~£500m
- ~£100m incremental growth revenue investment
- ~£250m of cost efficiencies
- Like-for-like direct headcount reduction of ~1,500
- Net debt in £2.5-£3.0bn range



2017 trading update



- On track to achieve 2017 targets
- Continued strategic progress, building on 2016 momentum
- Continuing to execute on all aspects of our strategy announced in July 2015
- Warm weather and lower commodity prices since February
- Focus on driving underlying performance improvement and cost efficiencies
- Operating performance largely as expected



UK retail energy market

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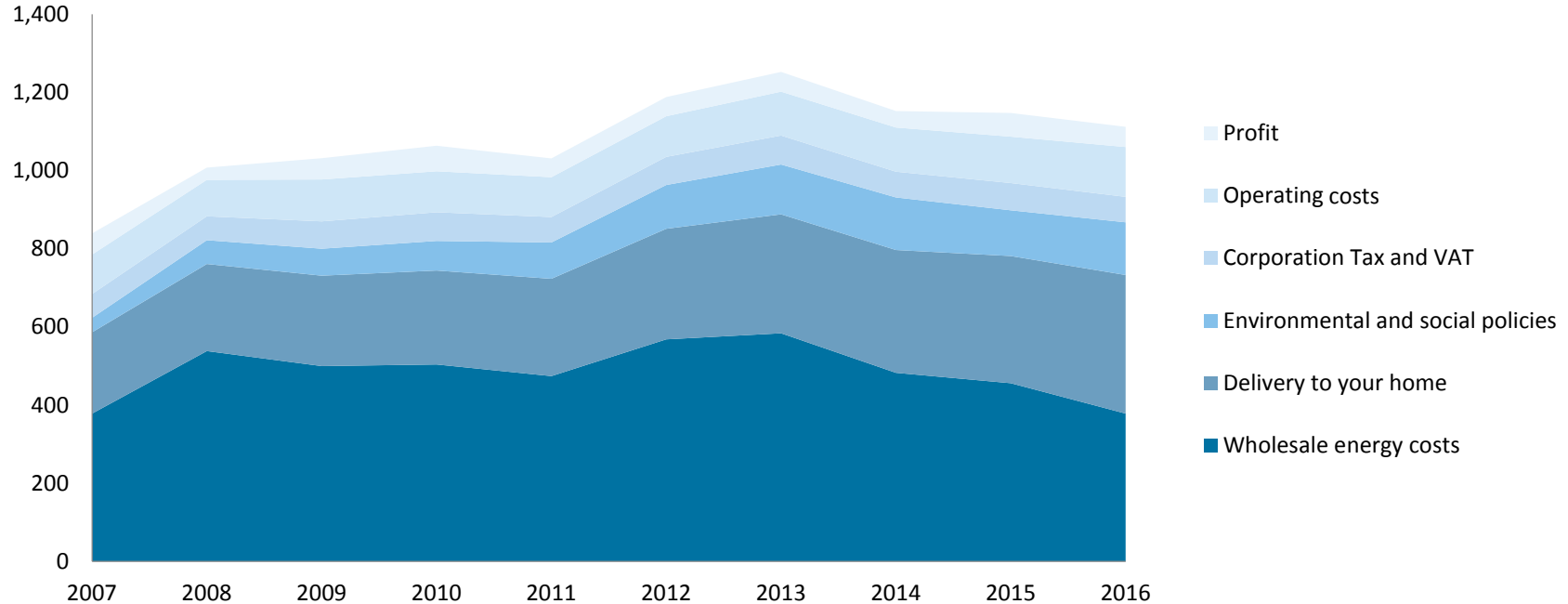
- CMA investigation concluded and remedies being implemented
- British Gas customer commitment
- Competitive market
 - Over 50 suppliers
- Focus on customer service
 - Energy supply complaints down 31%
 - UK Home Brand NPS up 10 points
- Standard tariff cheaper than 95% of the market



British Gas household bills and profits



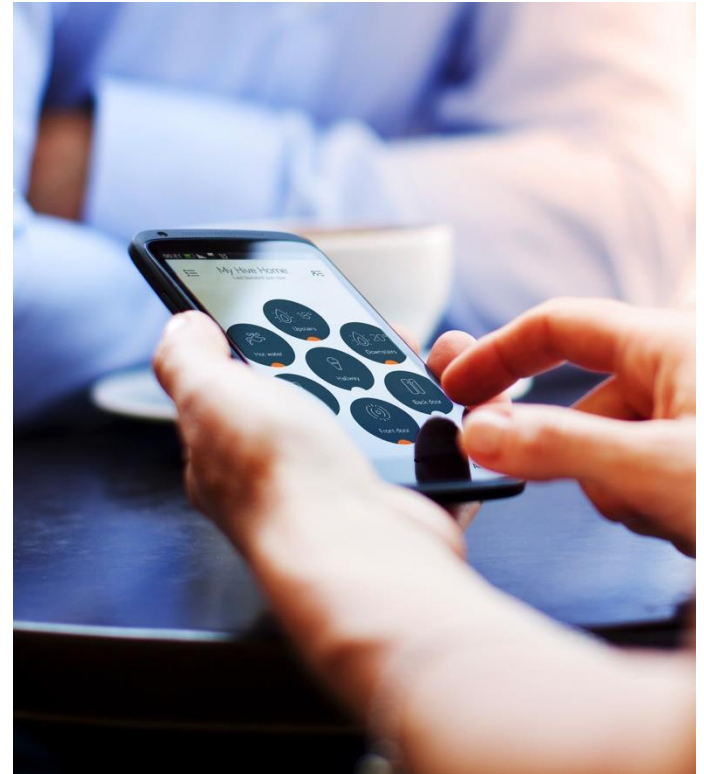
Breakdown of average British Gas combined gas and electricity bill (£/customer)



2015 comparatives have been restated to remove the performance of Connected Home.

Summary

- Robust 2016 performance and 2017 targets on track
- Good strategic progress
- Shareholder value through returns and growth
- Continued focus on Group priorities:
 - Safety, compliance & conduct
 - Customer satisfaction & operational excellence
 - Cash flow growth & strategic momentum
 - Cost efficiency & simplification
 - People & building capability





Live Camera

- Rick Haythornthwaite Starts



Resolutions



1. Report and Accounts
2. Remuneration Report
3. Dividend
4. Election of Director – *Joan Gillman*
5. Election of Director – *Stephen Hester*
6. Election of Director – *Scott Wheway*
7. Re-election of Director – *Rick Haythornthwaite*
8. Re-election of Director – *Iain Conn*
9. Re-election of Director – *Jeff Bell*
10. Re-election of Director – *Margherita Della Valle*
11. Re-election of Director – *Mark Hanafin*
12. Re-election of Director – *Mark Hodges*
13. Re-election of Director – *Lesley Knox*
14. Re-election of Director – *Carlos Pascual*
15. Re-election of Director – *Steve Pusey*
16. Appointment of Auditors
17. Auditors' remuneration
18. Political donations
19. Authority to allot shares
20. Authority to disapply pre-emption rights
21. Additional authority to disapply pre-emption rights
22. Authority to purchase own shares
23. Notice of General Meetings



Live Camera

- Rick Haythornthwaite



Annual General Meeting

Please put your completed Poll Card in one of the boxes on your way out of the meeting room.

