

# Centrica

## Annual General Meeting 2011



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# Sir Roger Carr

Chairman



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# 2010 Performance review

- **Strong financial performance**
- **Balanced and robust business model**
- **Rising commodity and non-commodity costs**

# British Gas

- **Competitive energy prices and improved customer service**
- **Marked growth in customer numbers**
- **Continued support for our most vulnerable customers**

# Upstream and North America

- **Strong operational performance upstream**
- **Organic growth and acquisitions in North America**

# Global challenges

- **Political tension in North Africa and the Middle East**
- **Accelerated rise in oil and gas prices**
- **Learning the lessons from Fukushima**

# UK challenges

- UK oil and gas taxes among the highest in the world
- Leads to reduced investment in UK North Sea
- Climate for £200bn investment impacted

# May 2011 Interim Management Statement

- Challenging business environment
- Upstream: Higher commodity prices offset by rising taxes
- Downstream: Margins squeezed by higher wholesale prices
- More modest growth but still in line with expectations
- Full announcement at [www.centrica.com](http://www.centrica.com)



# Sam Laidlaw

Chief Executive



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# 2010 Overview

- Profit growth across all businesses
- Measurable progress against strategic priorities
- Distinctive and integrated structure

# 2010 Performance

- **£2.4bn operating profit**
  - Oil and gas production up 43%
  - British Gas profits up 20% to £1.2bn
- **Higher tax rate of 37%**
- **Post tax earnings per share - 25.2p**
- **Dividend up 12% to 14.3p per share**

# Global challenges

- Nuclear safety
- Volatile energy prices
- Growing importance of LNG

# Securing our energy supplies

- North Sea remains core to UK energy security
- Oil and gas tax of up to 81%
- Less UK investment than prior plans

# Policy climate

- Carbon floor price set
- Electricity Market Reform under way
- Ofgem Retail Market Review

# Energy efficiency

- **Enormous potential for transformation**
- **Commitment to ‘Go Early’ on the Green Deal**
- **Key source of future earnings growth**

## **1** **Grow British Gas....**

leading the transition to low carbon homes and businesses

- **267,000 additional residential customer accounts**
- **265,000 new services customers**
- **Fixed up to 35,000 boilers a day in December**

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## **1** **Grow British Gas....**

leading the transition to low carbon homes and businesses

- **More than 300,000 smart meters installed since 2009**
- **250,000 homes insulated in the past 12 months**
- **£80m of help for vulnerable customers**

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## **Deliver value from our growing upstream business.... securing sustainable energy for our customers**

- **Integration of Venture boosts production**
- **First full year contribution from British Energy**
- **Statfjord and Trinidad & Tobago acquisitions**
- **Meeting 60% of demand from our own resources**

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## **Build a more integrated North America business.... with leading positions in deregulated markets**

- **Clockwork and Wildcat Hills acquisitions**
- **Further acquisition opportunities at attractive prices**
- **Growing residential and business customer base with Gateway acquisition**
- **6 million customer relationships across N America**

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## **Deliver superior financial returns....**

through our operating performance and careful investment choices

- **2010 total shareholder return 23%**
- **Strengthened balance sheet**
- **£300m of costs removed in the past three years**
- **Strict investment criteria**

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# Centrica 2011

- **Downstream - lower consumption and higher costs**
- **Customer gains - British Gas cheapest supplier on average for electricity and dual fuel**
- **Upstream - strong production and enhanced profitability from nuclear and renewables**
- **North America - on track for further growth**
- **Remain focused on delivering superior financial returns to shareholders**

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