

Interim Results

For the period ended 30 June 2011



Disclaimer

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This presentation contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Centrica plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Unless otherwise stated all reported figures include JVs & associates net of interest & taxation (except adjusted operating profit which includes JVs and associates gross of interest and taxation) and are before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items & certain re-measurements.

Sir Roger Carr Chairman

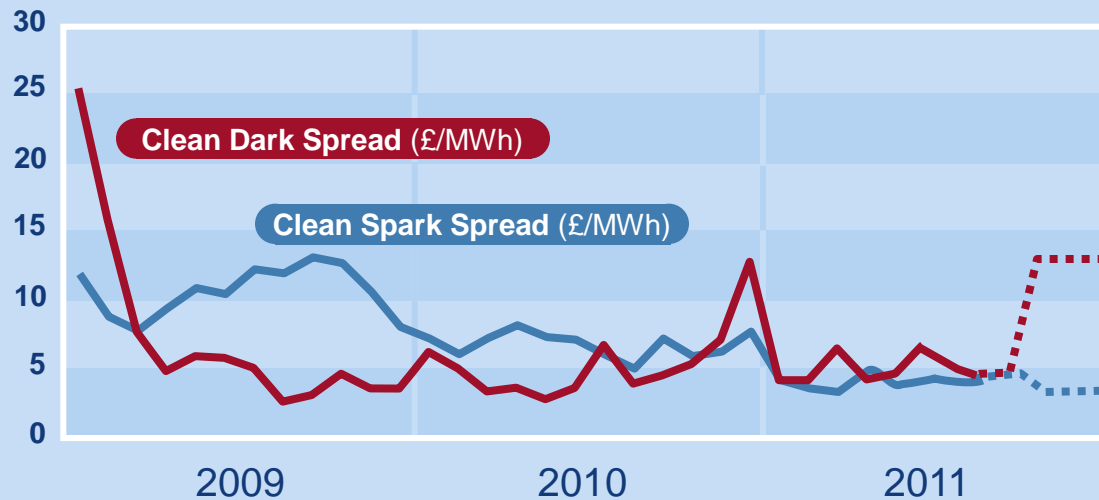
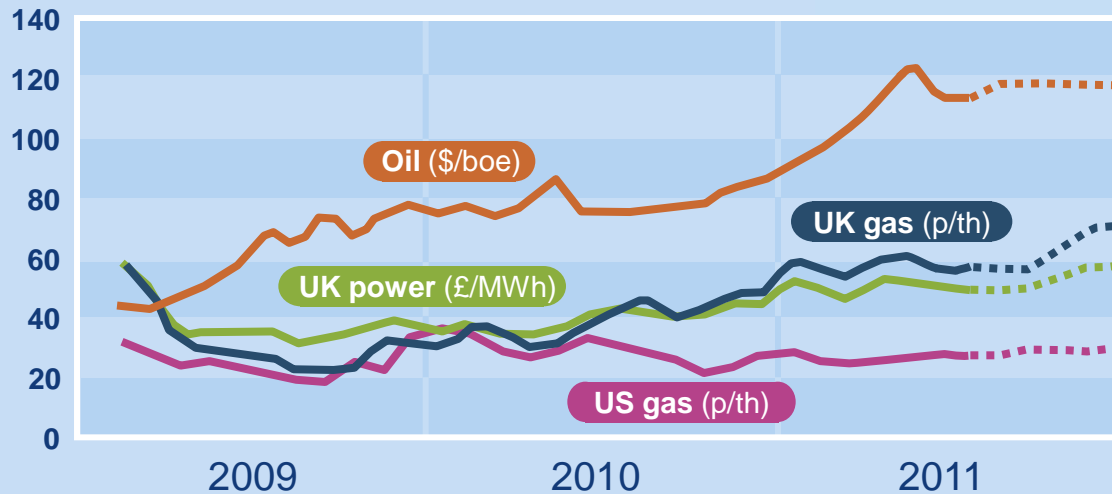


Nick Luff

Group Finance Director



Commodity prices and spreads



As at 27 July 2011

Financial headlines

Period ended 30 June	2011	2010
CONTINUING OPERATIONS:		
Revenue (£m)	11,509	11,707
Adjusted operating profit (£m)	1,262	1,563
Net interest expense (£m)	78	113
Effective tax rate	43%	37%
GROUP RESULT:		
Adjusted earnings (£m)	673	886
Adjusted earnings per share (p)	13.0	17.2
Interim dividend per share (p)	4.29	3.84

Above figures include share of JVs & associates stated net of interest & taxation (except adjusted operating profit which includes share of JVs and associates before interest and taxation) and are before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items & certain re-measurements

A reconciliation of the effective tax rate is included in the Group Financial Review

Operating profit analysis

Period ended 30 June (£m)	2011	2010
Downstream UK	518	842
Upstream UK	531	485
Storage UK	39	97
North America	174	139
ADJUSTED OPERATING PROFIT	1,262	1,563
Share of JV / associates' interest and taxation	(61)	(44)
Depreciation of FV uplifts to property, plant and equipment	(57)	(68)
GROUP OPERATING PROFIT	1,144	1,451

Above figures are from continuing operations and are before exceptional items & certain re-measurements

Operating profit analysis – Downstream UK

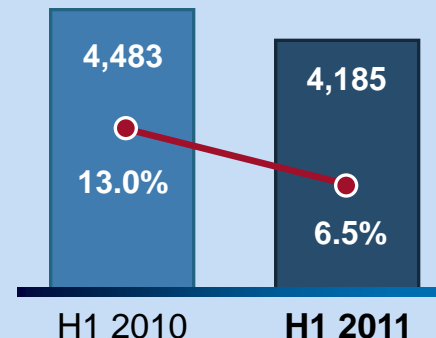
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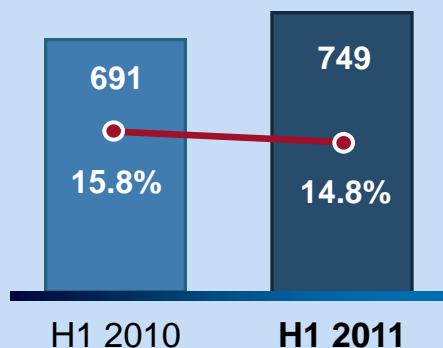
Downstream UK: operating profit & key drivers

Operating profit (£m) Period ended 30 June	2011	2010
Residential energy	270	585
Residential services	111	109
Business	137	148
DOWNSTREAM UK	518	842

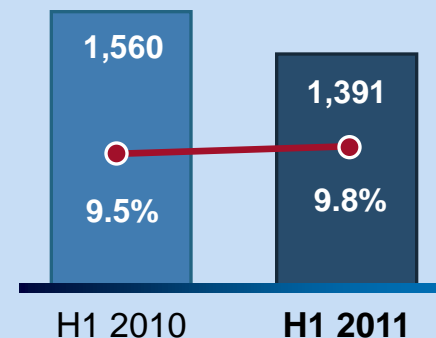
Residential energy revenue (£m) and margin (%)



Residential services revenue (£m) & margin (%)



Business revenue (£m) & margin (%)



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Operating profit analysis – Upstream UK

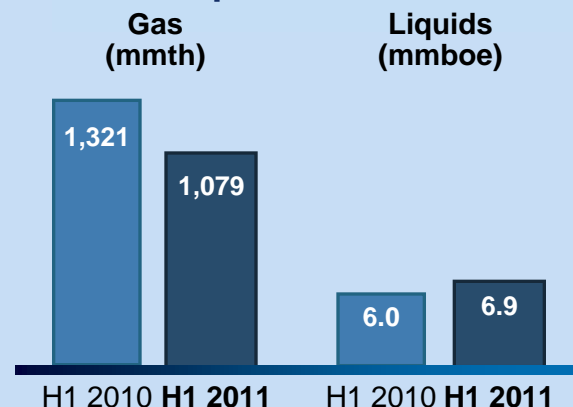
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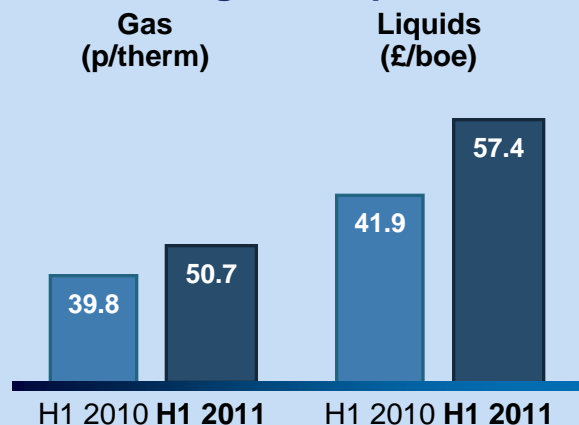
Upstream UK: operating profit & key drivers

Operating profit (£m)		
Period ended 30 June	2011	2010
Gas	414	362
Power	117	123
UPSTREAM UK	531	485

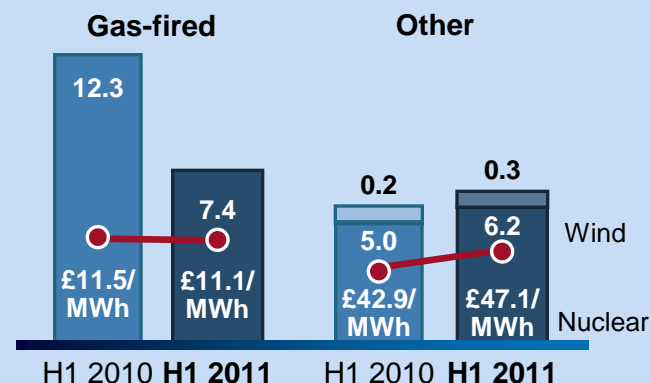
Gas & oil production volumes



Average sales price



Power generation volumes (TWh) and achieved clean spark spreads / nuclear prices



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Operating profit analysis – Storage UK

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Operating profit analysis – North America

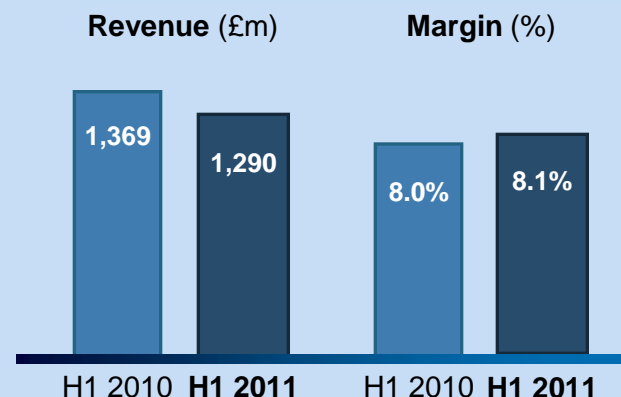
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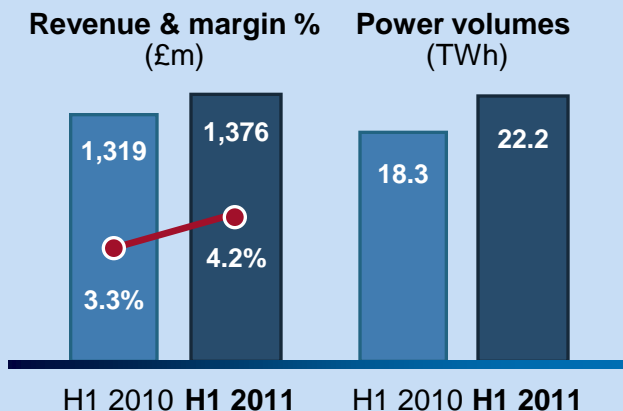
North America: operating profit & key drivers

Operating profit (£m) Period ended 30 June	2011	2010
Residential energy	105	110
Business energy	58	44
Services	9	8
Upstream & Wholesale	2	(23)
NORTH AMERICA	174	139

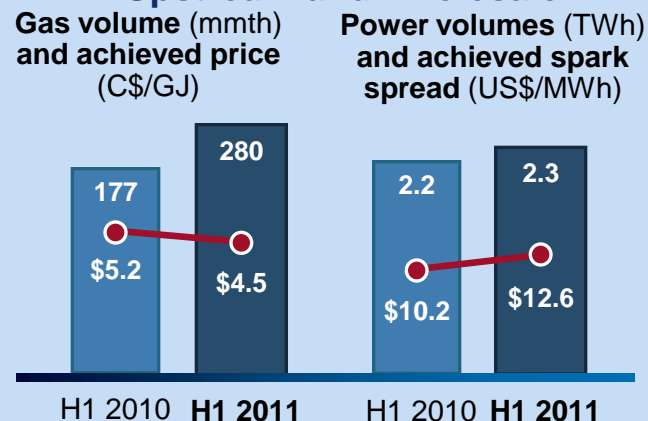
Residential energy



Business energy



Upstream and wholesale



Above figures include share of joint ventures and associates stated before interest and taxation, and before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items and certain re-measurements

Cash flow

Period ended 30 June (£m)	2011	2010	FY 2010
OPENING NET DEBT	(3,312)	(3,136)	(3,136)
EBITDA	1,613	1,948	3,188
Working capital movements	(317)	(337)	(252)
Margin calls	123	410	467
Interest and tax	(319)	(180)	(819)
Net capex	(498)	(565)	(1,669)
Dividends	(540)	(470)	(668)
Pension deficit payments	(7)	(207)	(308)
FX / Other	(88)	(216)	(115)
CLOSING NET DEBT	(3,345)	(2,753)	(3,312)
<i>Margin cash held / (pledged) within net debt</i>	<i>(47)</i>	<i>(638)</i>	<i>(173)</i>

Capital and acquisition expenditure

Period ended 30 June (£m)	H1 2011	H1 2010	2011e**
UK upstream gas	240	320	600
UK upstream power	83	65	350
North America	29	42	50
UK gas storage	19	31	50
Europe	1	6	-
British Gas	85	57	200
Other	15	-	50
Total pre-acquisitions	472	521	1,300
Acquisitions / disposals*	26	44	
TOTAL	498	565	

* Acquisitions / disposals in 2011 include acquisitions of Gateway Energy Services (£57m), Wildcat Hills assets (£29m), PH Jones (£26m) and the disposal of Oxxio (-£77m)

** Latest guidance for full year 2011

UK Upstream power includes investment in JVs and associates for NNB and wind farm developments

Exceptional items and certain re-measurements

Period ended 30 June (£m)	2011
Effect of change in UK supplementary corporation tax	(204)
Loss on disposal of Oxxio B.V. after taxation	(56)
EXCEPTIONAL ITEMS	(260)
Net re-measurements*	68
EXCEPTIONAL ITEMS AND CERTAIN RE-MEASUREMENTS	(192)

For further details refer to note 7 of the condensed interim financial statements

* From continuing operations after tax, including net losses arising on re-measurement of associates' energy contracts

Summary and outlook

Summary

- Earnings decreased in H1 reflecting lower downstream profit
 - higher wholesale costs and lower consumption
- Higher upstream profit
 - strong nuclear generation performance
 - higher achieved prices
 - impacted by increased UK upstream gas and oil tax rates
- Reduced storage spreads
- Continued profit growth in North America

2011 Outlook

- Expect full year earnings growth in 2011, with a more even split of profits between H1 and H2
- Challenging economic environment
- Upstream, pre-tax, benefiting from higher commodity prices

Sam Laidlaw

Chief Executive



Market environment

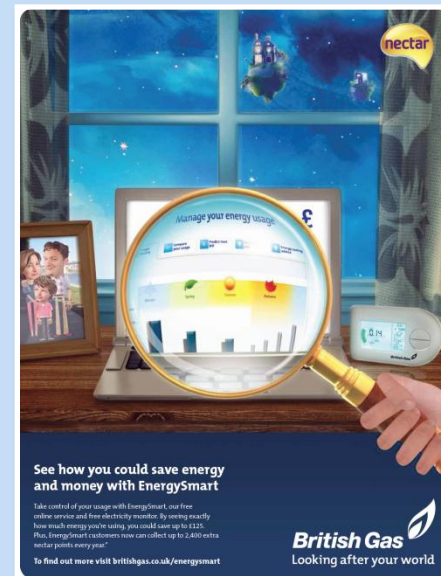
- Period of rising and volatile worldwide commodity prices
 - unrest in the Middle East and North Africa
 - Japanese natural disaster and nuclear events
 - increasing importance of LNG
- North American gas and power prices remain low
- Challenging UK economic conditions
 - falling disposable income and consumer confidence
- Substantial investment required to deliver reform of UK energy infrastructure
 - transition to a secure, low carbon energy system
 - increased focus on affordability
 - framework required to support investment decisions
- Engaging with Ofgem on retail market review

H1 performance overview

- Good progress in first half in challenging market conditions, demonstrating resilience of Centrica business model
- Strong operational performance, both upstream and downstream
 - continued improvement in health and safety performance
 - customer account growth in UK residential energy
 - strong UK upstream performance and progress on investment projects
 - further growth in North America, building on existing platform
- On track to deliver full year earnings growth, subject to the usual variables

Grow British Gas

- Strong operational performance
 - increase in residential energy accounts
 - further improvement in NPS
 - 10m online transactions
- Partnerships with Nectar and Sainsbury's
 - 3m customers registered on Nectar
 - high value customers
 - helping shape customer behaviour
- Increase in gas and electricity tariffs
 - 30% increase in UK wholesale costs
 - increase in non-commodity costs
 - 330,000 customers benefiting from Essentials tariff



Accounts ('000)	Jun 11	Dec 10	Change
Residential energy	16,137	15,978	+159
Residential services	8,720	8,718	+2
Business energy	1,026	1,044	-18
Total	25,883	25,740	+143

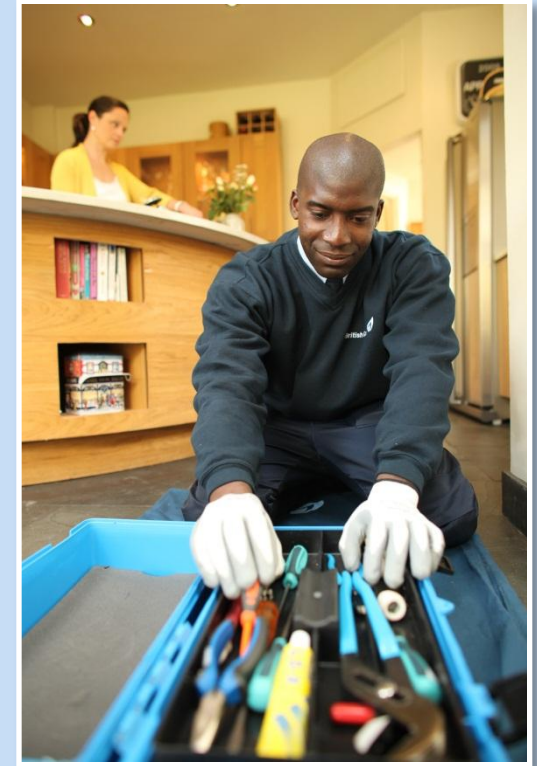
Grow British Gas

British Gas Services

- Continued focus on service delivery and value
 - same day call-out service
 - over 85% of customer accounts now insurance based
- Consumer confidence impacting installations growth
- Full year profit growth expected

British Gas Business

- Further progress
 - focus on customer segmentation
- Economic and competitive environment putting pressure on margins and renewals
- Business services to play an increasingly important role



Grow British Gas

- Home Energy Plan launched
 - first supplier to launch a Green Deal offering
- Completed 100k insulation jobs
 - 3.3Mt of lifetime carbon savings
- Largest UK installer of solar PV
- Over 350k Smart meters installed
- Progress in social housing
 - PH Jones acquisition
 - £100m of community programmes
- Electric vehicle home charging solutions
 - Nissan and Renault partnership



Deliver value from our growing upstream business

Gas & oil

- Continued strong operational performance
 - Morecambe shut-in during May & June
 - full year production expected to be c50mmboe
- Continued progress in our upstream gas investments
 - first gas achieved at F3-FA
 - Ensign first gas expected in H2 2011
 - York and Rhyl developments approved
 - 6 out of 9 wells drilled showing positive results
- First delivery of LNG to Isle of Grain under Qatargas supply contract



F3-FA

Deliver value from our growing upstream business

Power generation

- Strong nuclear performance
 - output up 25% to 6.2TWh
- Improved wind yields
- Low clean spark spreads impacting CCGTs
 - generation volumes down 40%
 - four plants in short-term preservation
 - continued excellent reliability
- Lincs - onshore substation largely complete and first foundations in place
- Continue to engage closely with the Government on Electricity Market Reform
- Greater clarity on new nuclear timetable expected later this year



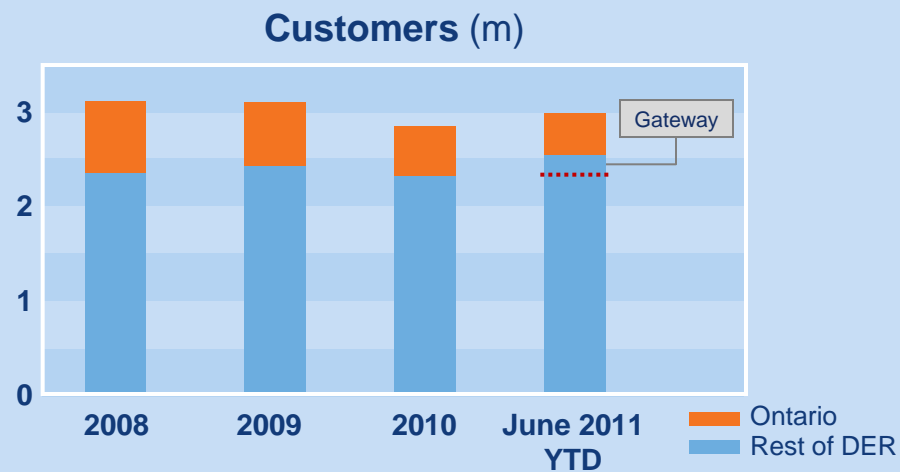
Lincs offshore wind farm

Build an integrated North American business

Continued progress in each line of business –
building on our existing platform in North America

DE Residential

- Strong downstream performance
 - improved customer retention
 - reduction in bad debt
- Building the base in Texas
 - Texas platform consolidation
 - prepaid offering rolled-out
- Growing US Northeast
 - 800,000 residential accounts following Gateway acquisition
- Difficult regulatory environment in Ontario



Build an integrated North American business

DE Business

- Continued volume growth
- Further operating margin improvement
 - high sales productivity, customer targeting and operational efficiencies

DE Services

- Clockwork integration largely complete
- Robust platform for growth through established franchise model

DE Upstream

- Continued impact of low gas and power prices
- Additional Wildcat Hills acquisition
 - further reduction in production costs
 - leverages acquired infrastructure



Clockwork



Wildcat Hills

Drive superior financial returns

H1 summary

- Strong operational performance across the Group
- Demonstrates resilience in difficult external environment

Outlook

- Focus on maintaining competitive position
 - cost reduction and disciplined capital deployment
 - continue to build on operational progress
- Headroom for further investment to deliver long-term growth
 - range of options across the Group
 - greater clarity required to deliver investment in UK energy infrastructure
 - continue to invest where we see appropriate returns