

# Strategic partnership with Statoil and Norwegian asset acquisition

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Sam Laidlaw  
Chief Executive

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# Transaction overview

## **Strategic partnership and Norwegian asset acquisition, significantly enhancing Centrica's upstream scale**

- 10 year, NBP linked gas supply contract from 2015, boosting energy security for the UK
- £1bn acquisition of producing and development assets in Norwegian North Sea
- Strategic agreement for partnership on gas exploration activities

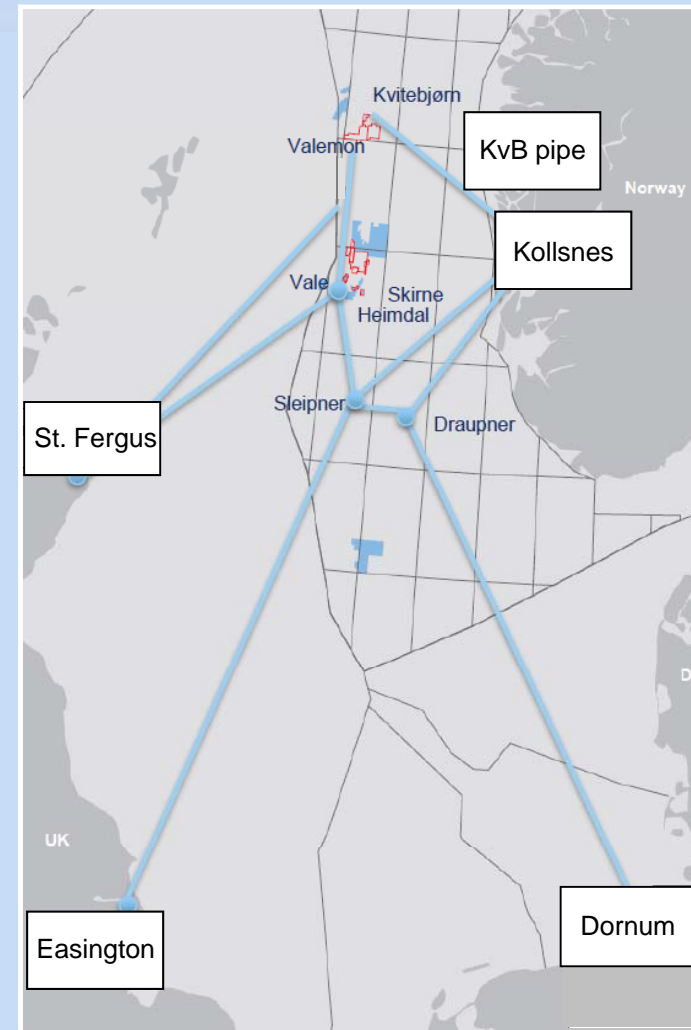
# Gas supply contract

- 10 year NBP-linked contract, commencing October 2015
- 5bcm per annum, seasonally weighted
- Secures sufficient gas to meet 5% of total UK demand, enough for 3.5m British Gas homes



# Asset acquisition

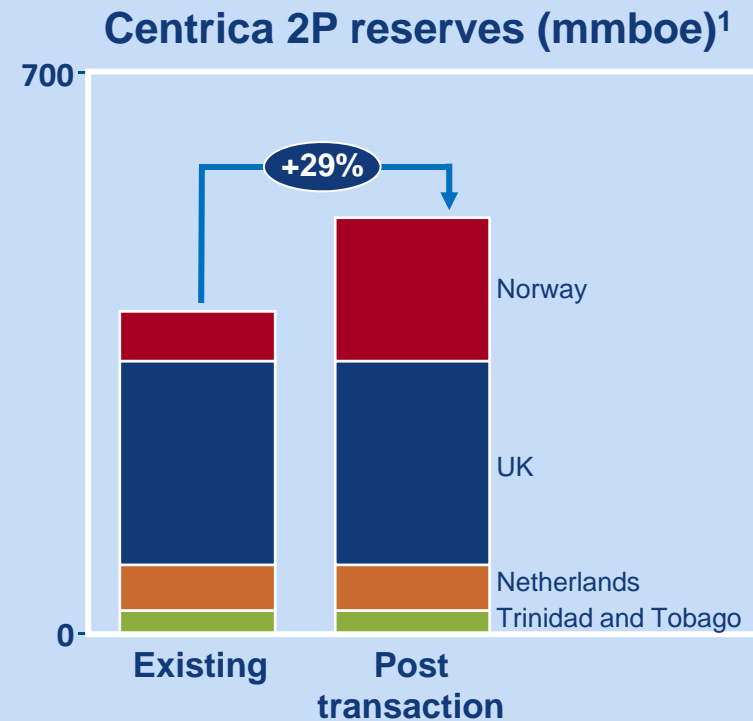
- \$1,525m (£965m) transaction\*
- Focused portfolio of producing operated and non-operated assets in the Norwegian sector
  - first operated production assets in Norway
  - close proximity to current portfolio
- All production uncontracted
  - Kvitebjørn gas landed at Easington and Dornum (Germany)
  - all other gas routed to St Fergus



\* An additional payment of up to \$100m (£63m) is contingent on future production performance of the Kvitebjørn asset

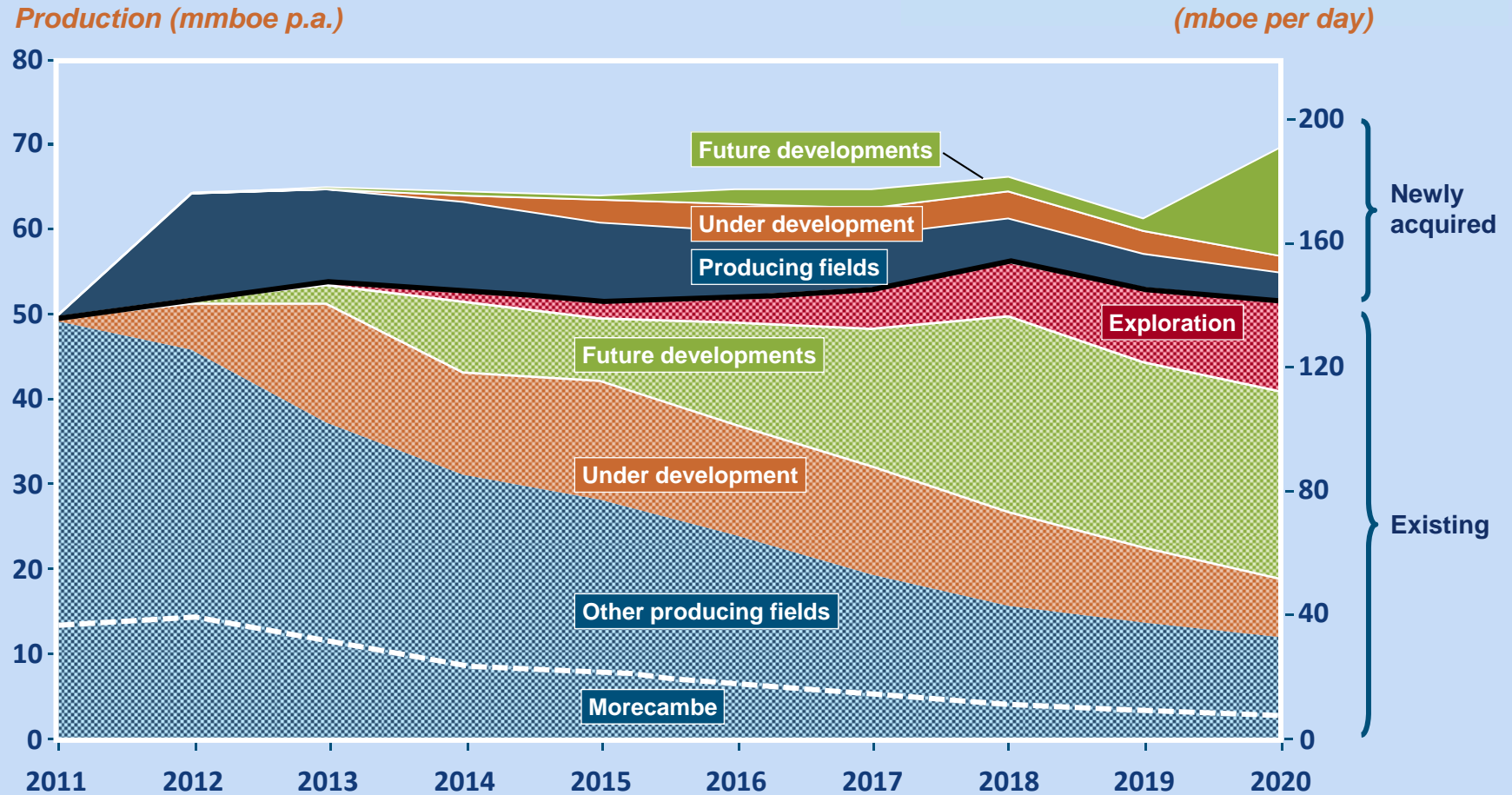
# Asset acquisition

- Increases 2P reserves by 117mmboe (29%<sup>1</sup>) and increases production by 34,000 boe/day (25%)
  - c70% gas, c30% liquids
  - package includes producing Kvitebjørn asset (77% of reserves) and Valemon development (18% of reserves)
- Long term production profile with further development potential
- Further appraisal / exploration opportunities



1. Centrica Energy reserves only (excludes Rough and North America)

# Production profile



Note: Centrica Energy production only (excludes North America)



# Asset acquisition

- Attractive returns
  - strong cash generation
  - earnings profile reflects Norwegian tax regime and asset development profile
- Lengthens reserve life
- Strengthens the post-tax energy hedge
- Deploying capital to deliver value
  - significantly enhances upstream scale and geographic diversity
  - builds on existing capabilities and current Norwegian position



Kviteseid - Operator: Statoil  
Photo: Helge Hansen

# Memorandum of Understanding

- Strategic partnership with leading Norwegian player
- MoU to consider exploration and production partnership in existing licences and new licensing rounds
- Further enhances attractive growth prospects in the North Sea
- Leverages technical capabilities of both companies



Q&A

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