

Centrica

Annual General Meeting 2010



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Roger Carr
Chairman



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2009 Performance Review

- **Strong set of financial results**
- **Underpinned by a good operating performance**
- **A transformational year for the Group**

British Gas

- **Retail price cuts for customers**
- **Competitive prices and improved service delivered customer growth**
- **Sustainable levels of profitability**
- **Continued support for vulnerable customers**



Upstream Businesses

- Reduced prices for oil and gas business
- Increasing our UK sources of energy
 - Venture Production acquisition
 - 20% stake in British Energy
- Advantageous position through gas production and low carbon generation mix



International Businesses

- North American business well placed for future growth
- Exiting our European downstream businesses



May 2010 Interim Management Statement

- **Positive outlook for group earnings**
- **Full announcement at www.centrica.com**



Sam Laidlaw
Chief Executive



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2009 Overview

- **Strong set of financial results**
- **Good performance from British Gas**
- **Delivery of Centrica strategy**

2009 Performance

- **£1.85 billion operating profit**
 - **Fall in Centrica Energy profits – due to lower wholesale prices**
 - **Combined British Gas profits of more than £1 billion**
- **Lower overall tax rate lifted earnings after tax to £1.11 billion – up 22%**
- **Post tax earnings per share - 21.7p**
- **5% increase in dividend – 12.8p per share**

Changing energy markets and industry challenges

- **Renewed focus on UK energy policy**
- **UK energy challenges**
 - **Reduce carbon emissions**
 - **Secure future energy supplies**
 - **£200 billion industry investment required**
- **Similar trends emerging in North America**

Industry Challenges

- **UK Government climate change targets**
 - 80% reduction in UK greenhouse gas emissions by 2050
 - 15% of all UK energy from renewables by 2020
- **Decarbonising power generation – with new nuclear and renewables**

Delivering change requires a stable investment climate

- **Market-based structures offer clear price signals to base future investment decisions**
- **£10 billion investment in gas import infrastructure already delivered**
- **Carbon price mechanism can deliver investment in low carbon power generation**

2007 Strategic Priorities: The first stage in the journey

Our Strategic Priorities

- 1 Transform British Gas
 - 2 Sharpen the organisation and reduce costs
 - 3 Reduce risk through increased integration
 - 4 Build on our growth platforms
- **2007 objectives delivered in 3 years, ahead of schedule**
 - **Delivered a sustainable and higher performance business model**

UK Downstream – British Gas

- Market leading price positions for dual fuel
- Significant customer service improvements
- Added 140,000 energy customer accounts in 2009
- Added more than 200,000 in 2010 to date
- £200m pa cost savings delivered
- On track to exceed further £100m pa savings



UK Upstream

- Enhanced scale and capability of gas and oil business through acquisition of Venture
- Acquired 20% equity stake in British Energy
- Now more than 60% of residential gas and power supplied from our own resources



Building on our growth platforms

- **British Gas Business and British Gas Services profits more than doubled in three years**
- **Strong underlying performance in Direct Energy**



The Next Stage: Our New Strategic Priorities

- 1 Grow British Gas**
... leading the transition to low carbon homes and businesses
- 2 Deliver value from our growing upstream business**
... securing sustainable energy for our customers
- 3 Build an integrated North American business**
... with leading positions in deregulated markets
- 4 Drive superior financial returns**
... through operating performance and our investment choices

energy for a low carbon world

Grow British Gas

... leading the transition to low carbon homes and businesses

- **Developing a UK-wide energy services business**
- **Building on our distinctive capabilities**
 - **National base of over 9,000 qualified engineers**
 - **Serving 12 million homes, half of all UK households**
- **Capturing new markets**
 - **Lead the installation of smart meters + microgeneration**
 - **Building an insulation business**
 - **Entering the local authority energy services market**

Deliver value from our growing upstream business

... securing sustainable energy for our customers

- Maximise value from our investment choices
 - Access to a wide range of opportunities
 - Targeting projects with the strongest returns
- Deliver value from our existing assets
 - Transformed scale and capability in upstream gas
 - Opportunities to further develop our LNG business
 - Further opportunities in UK gas storage

Build an integrated North American business

... with leading positions in deregulated markets

- Develop leading positions in chosen markets
 - No. 1 or 2 energy supplier
 - Grow our services capability
- Improve returns from existing business
- Increase proportion of gas and power from our own resources

Drive superior financial returns

... through operating performance and our investment choices

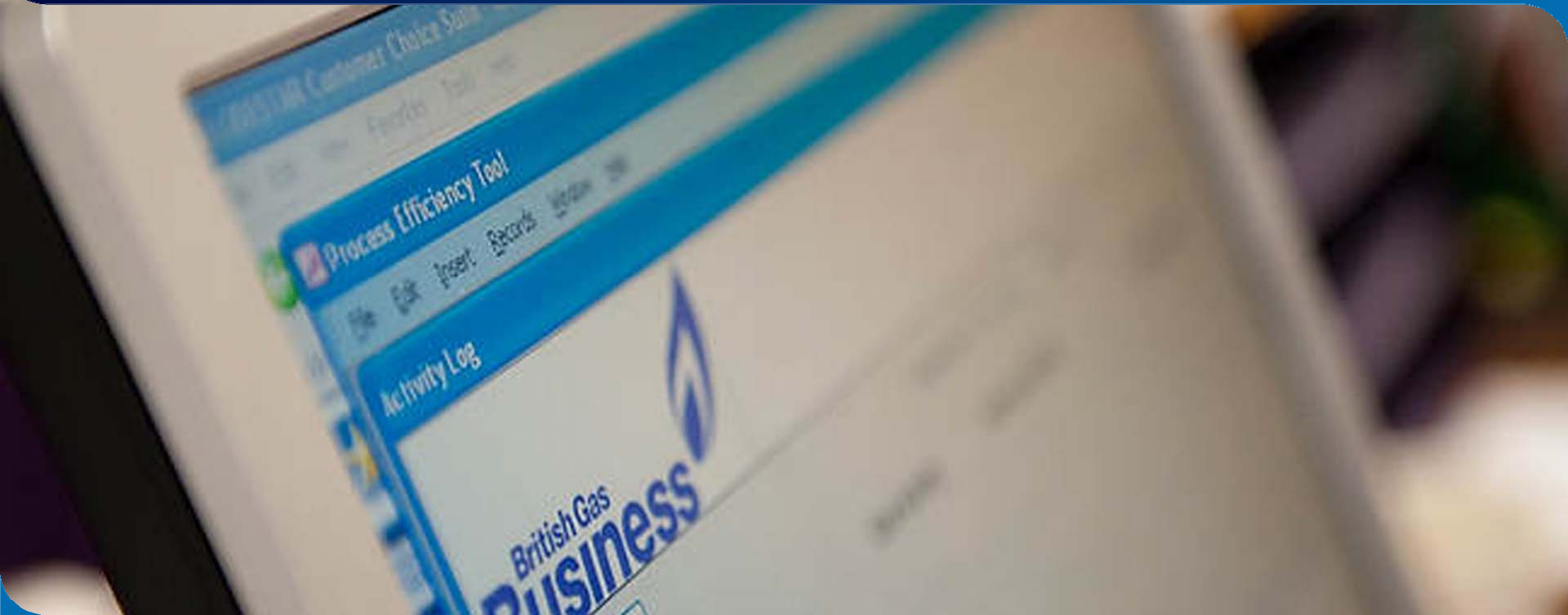
- **Strong HSE and operating performance essential**
- **Maintain strong balance sheet**
- **Targeted investment to support strategy and capabilities**
- **Investments to achieve consistent earnings growth**

Summary

- **2009 a transformational year for Centrica**
- **Original strategic priorities now delivered**
- **New strategic priorities established**
- **Well positioned for growth in a new low carbon world**
- **We remain focused on shareholder value**

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