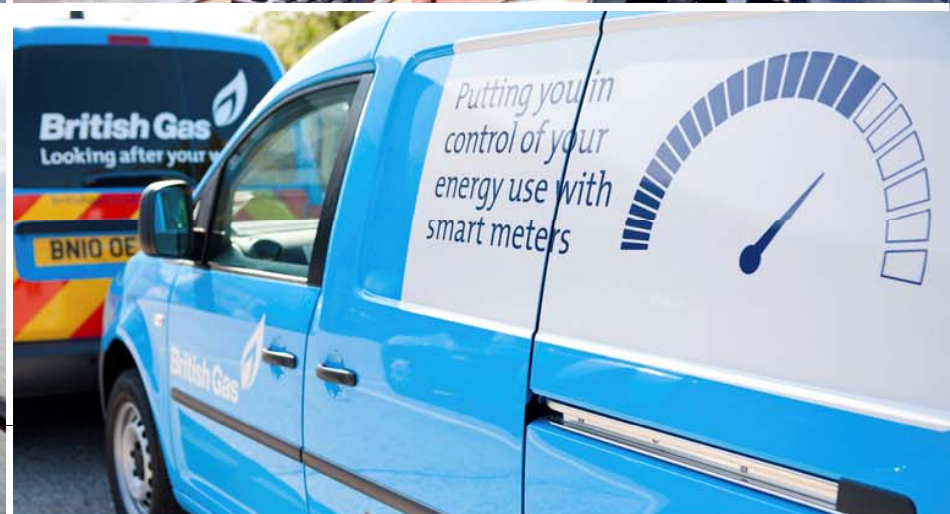


# Interim Results

## For the period ended 30 June 2010



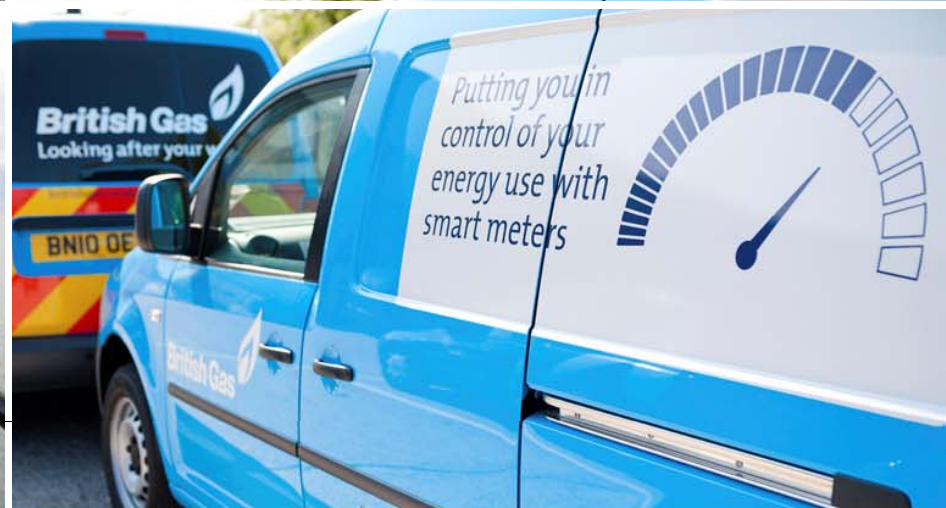
# Disclaimer

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Centrica shares or other securities.

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.

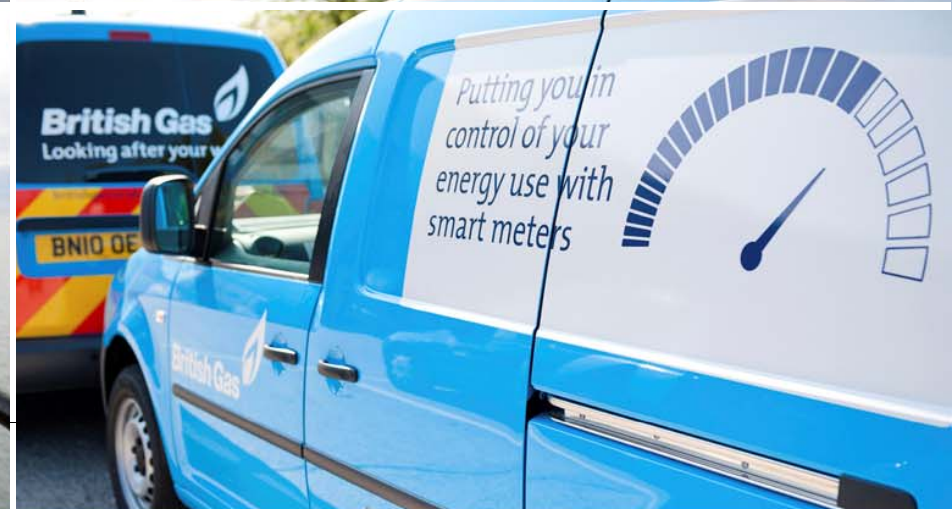
Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

# Roger Carr Chairman

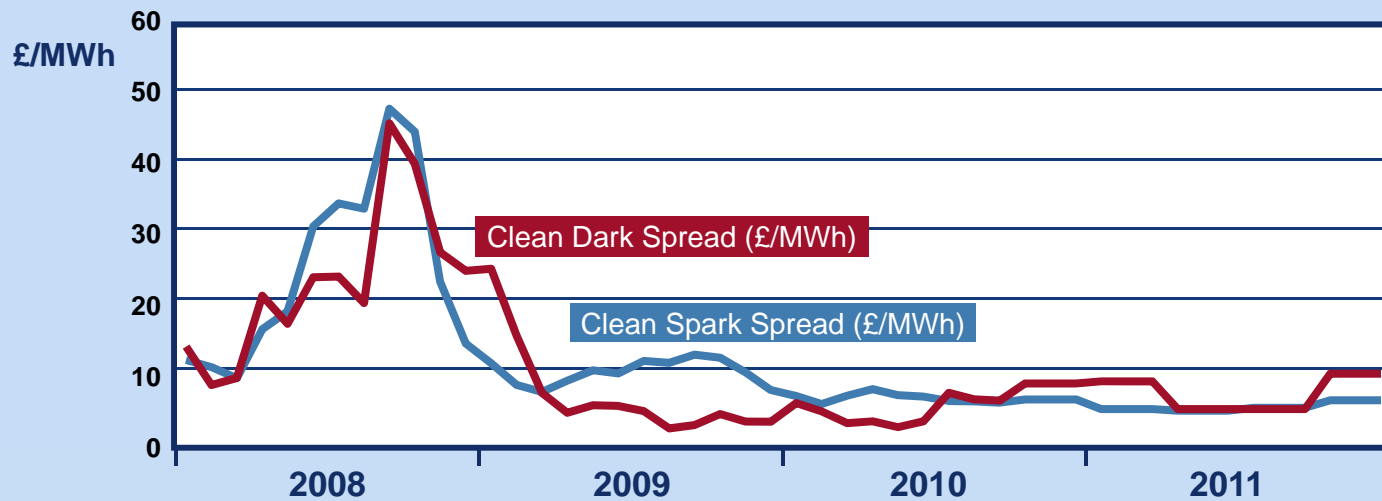
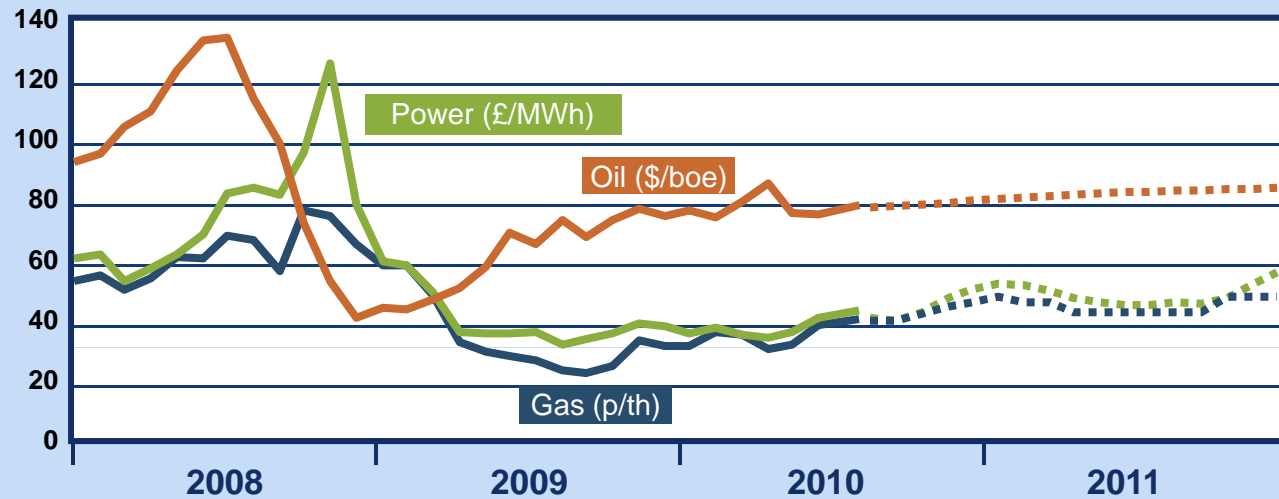


# Nick Luff

## Group Finance Director



# Commodity prices and spreads



# Financial headlines

Period ended 30 June	2010	2009
<b>CONTINUING OPERATIONS:</b>		
Revenue (£m)	11,707	11,657
Adjusted operating profit (£m)	1,563	945
Effective tax rate	37%	39%
<b>GROUP RESULT:</b>		
Earnings (£m)	886	537
Earnings per share (p)	17.2	10.5
Interim dividend per share (p)	3.84	3.66

Above 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

# Operating profit analysis

Period ended 30 June (£m)	2010	2009
<b>Downstream UK</b>	<b>842</b>	472
<b>Upstream UK</b>	<b>485</b>	334
<b>Storage UK</b>	<b>97</b>	73
<b>North America</b>	<b>139</b>	66
<b>ADJUSTED OPERATING PROFIT</b>	<b>1,563</b>	<b>945</b>
Share of JV / associates' interest and taxation	(44)	(3)
Other	-	(6)
Depreciation of FV uplifts to property, plant and equipment	(68)	-
<b>GROUP OPERATING PROFIT</b>	<b>1,451</b>	<b>936</b>

Above figures are from continuing operations and are before exceptional items & certain re-measurements  
 Depreciation of FV uplifts to property, plant and equipment includes £33 million for Venture (pre tax) and £35 million for British Energy (net of tax)

# Operating profit analysis – Downstream UK

Period ended 30 June (£m)	2010	2009
<b>Downstream UK</b>	<b>842</b>	<b>472</b>
<b>Upstream UK</b>	<b>485</b>	<b>334</b>
<b>Storage UK</b>	<b>97</b>	<b>73</b>
<b>North America</b>	<b>139</b>	<b>66</b>
<b>ADJUSTED OPERATING PROFIT</b>	<b>1,563</b>	<b>945</b>

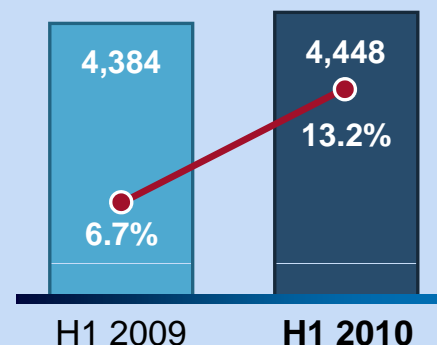
Above figures include joint ventures and associates stated gross of interest and taxation, and before other costs and depreciation of fair value uplifts to property, plant and equipment from Strategic investments and exceptional items and certain re-measurements



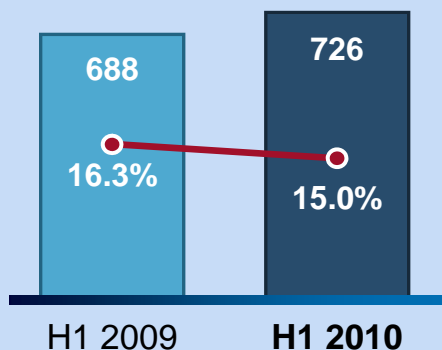
# Downstream UK: operating profit & key drivers

Period ended 30 June (£m)	2010	2009
<b>Residential energy</b>	<b>585</b>	295
<b>Residential services</b>	<b>109</b>	112
<b>Business</b>	<b>148</b>	65
<b>DOWNSTREAM UK</b>	<b>842</b>	472

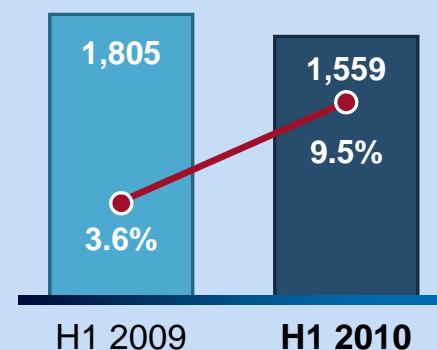
**Residential energy  
revenue (£m) & margin (%)**



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



**Business revenue (£m)  
& margin (%)**



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

# Operating profit analysis – Upstream UK

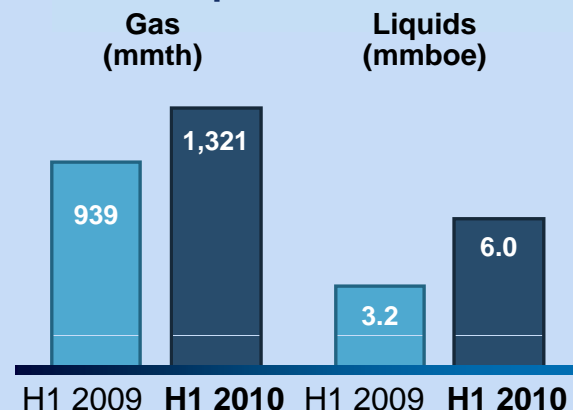
Period ended 30 June (£m)	2010	2009
<b>Downstream UK</b>	<b>842</b>	472
<b>Upstream UK</b>	<b>485</b>	334
<b>Storage UK</b>	<b>97</b>	73
<b>North America</b>	<b>139</b>	66
<b>ADJUSTED OPERATING PROFIT</b>	<b>1,563</b>	<b>945</b>

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

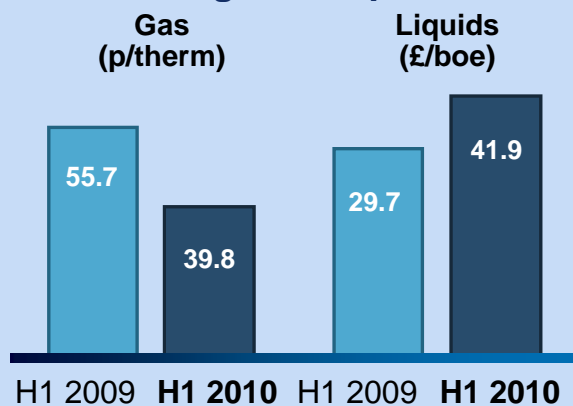
# Upstream UK: operating profit & key drivers

Period ended 30 June (£m)	2010	2009
<b>Upstream gas and oil</b>	<b>314</b>	346
<b>Power generation</b>	<b>127</b>	43
<b>I&amp;C</b>	<b>46</b>	(89)
<b>Energy trading</b>	<b>(2)</b>	34
<b>UPSTREAM UK</b>	<b>485</b>	334

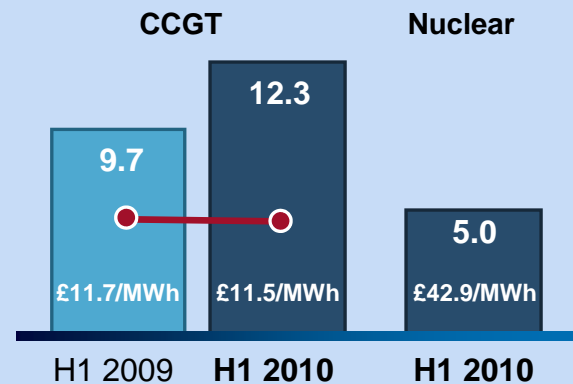
## Gas & oil production volumes



## Average sales price



## Power generation volumes (TWh) and achieved spreads / prices (£/MWh)



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

# Operating profit analysis – Storage UK

Period ended 30 June (£m)	2010	2009
<b>Downstream UK</b>	<b>842</b>	472
<b>Upstream UK</b>	<b>485</b>	334
<b>Storage UK</b>	<b>97</b>	73
<b>North America</b>	<b>139</b>	66
<b>ADJUSTED OPERATING PROFIT</b>	<b>1,563</b>	<b>945</b>

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

# Operating profit analysis – North America

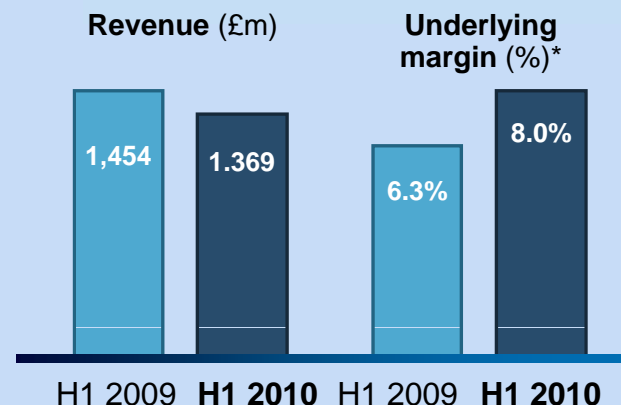
Period ended 30 June (£m)	2010	2009
<b>Downstream UK</b>	<b>842</b>	472
<b>Upstream UK</b>	<b>485</b>	334
<b>Storage UK</b>	<b>97</b>	73
<b>North America</b>	<b>139</b>	66
<b>ADJUSTED OPERATING PROFIT</b>	<b>1,563</b>	<b>945</b>

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

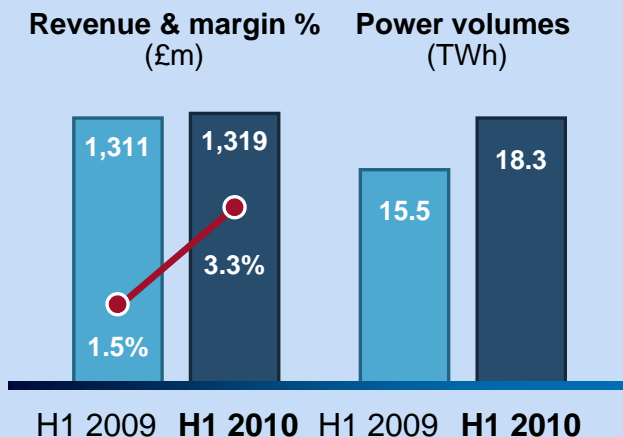
# North America: operating profit & key drivers

Period ended 30 June (£m)	2010	2009
<b>Residential energy</b>	<b>110</b>	46
<i>underlying performance</i>	110	91
<i>one-off charges</i>	-	(45)
<b>Business energy</b>	<b>44</b>	20
<b>Services</b>	<b>8</b>	3
<b>Upstream &amp; Wholesale</b>	<b>(23)</b>	(3)
<b>NORTH AMERICA</b>	<b>139</b>	66

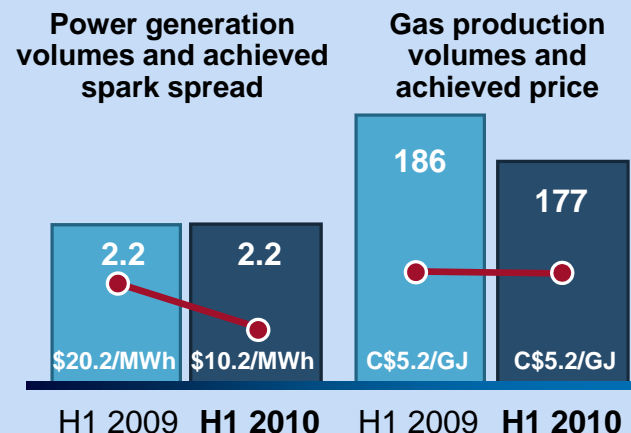
## Residential energy



## Business energy



## Upstream and wholesale energy



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

\* Excludes one-off charges of £45m in H1 2009

# Cash flow

Period ended 30 June (£m)	2010	2009	FY 2009
<b>OPENING NET DEBT</b>	<b>(3,136)</b>	(511)	(511)
<b>EBITDA</b>	<b>1,948</b>	1,257	2,538
<b>Working capital movements</b>	<b>(337)</b>	(125)	419
<b>Margin calls</b>	<b>410</b>	(74)	(79)
<b>Interest and tax</b>	<b>(180)</b>	(379)	(700)
<b>Net capex</b>	<b>(565)</b>	(1,427)	(4,072)
<b>Dividends</b>	<b>(470)</b>	(447)	(635)
<b>Pension deficit payments</b>	<b>(207)</b>	(100)	(403)
<b>FX / Other</b>	<b>(216)</b>	(83)	307
<b>CLOSING NET DEBT</b>	<b>(2,753)</b>	(1,889)	(3,136)
<i>Margin cash held / (pledged) within net debt</i>	<i>(236)</i>	<i>(638)</i>	<i>(631)</i>

# Capital and acquisition expenditure

(£m)	H1 2010	H1 2009	FY 2010e
<b>UK upstream gas</b>	<b>320</b>	145	550
<b>UK upstream power</b>	<b>65</b>	73	250
<b>North America</b>	<b>42</b>	46	100
<b>UK gas storage</b>	<b>31</b>	30	50
<b>Europe</b>	<b>6</b>	49	-
<b>British Gas / other</b>	<b>57</b>	33	150
<b>Total pre-acquisitions</b>	<b>521</b>	376	1,100
<b>Acquisitions / Disposals*</b>	<b>44</b>	1,051	379
<b>TOTAL</b>	<b>565</b>	1,427	

\* To date. Full year includes the acquisition of Trinidad LNG assets for £242m, the acquisition of Clockwork for £122m, and the disposal of Centrica Energía for £29m



# Summary and outlook

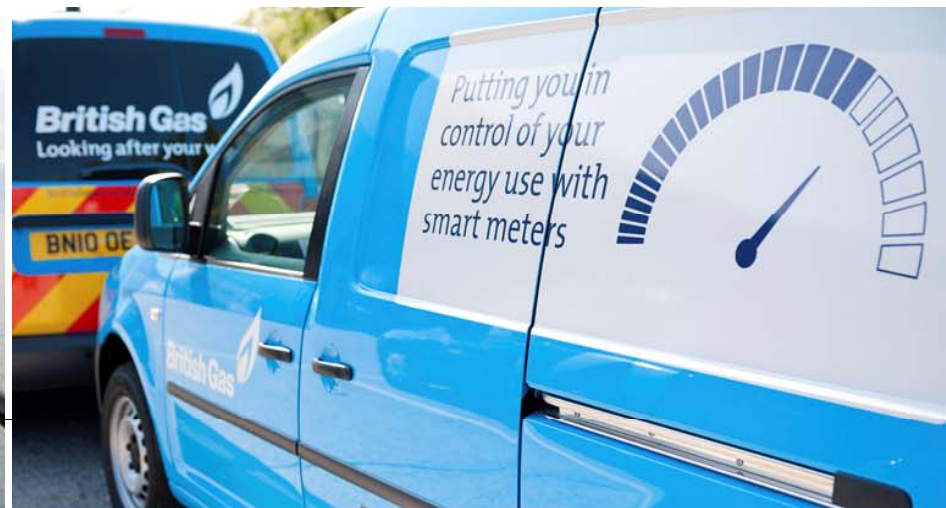
## Summary

- Strong financial and operational performance
- Profit heavily weighted towards the first half
- Strong downstream performance, reflecting improved service levels and customer growth, together with impact of lower commodity prices
- Upstream production and generation volumes offset by lower achieved prices and spreads
- Improved performance in North America

## Outlook

- Full year 2010 in line with current market expectations, subject to usual factors of commodity prices and weather
- Significant rise in wholesale commodity costs over the medium term

# Sam Laidlaw Chief Executive



# Overview

- Strong first half result
- Downstream: growth underpinned by customer service and pricing
- Upstream: strong asset performance, but continued impact of lower commodity prices
- Improved returns from North America downstream
- Strategic priorities in place, focus on delivering growth and long-term value

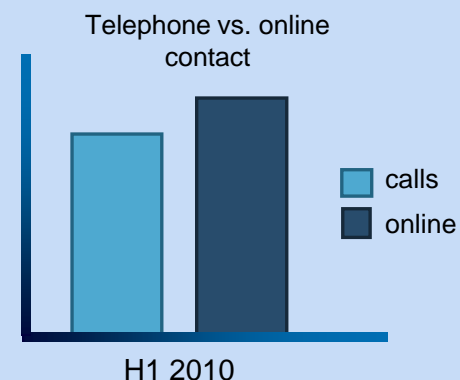
# Our Strategic Priorities

- 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

- Strong H1 residential energy performance driven by customer service and competitive pricing position
- Service metrics remain strong
  - online transactions increased
  - call volumes and speed to answer down
  - further net promoter score improvements
- On track to exceed £100m cost reduction target
- Maintained 'cheapest electricity' position
- Customer growth
  - 223k growth in residential energy accounts
  - 51k growth in joint customer accounts



Households ('000)	Jun 10	Dec 09	Change
<b>Energy &amp; Services</b>	<b>2,094</b>	<b>2,043</b>	<b>+51</b>
Services only	1,948	1,959	-11
Energy only	8,226	8,224	+2
<b>Total</b>	<b>12,268</b>	<b>12,226</b>	<b>+42</b>

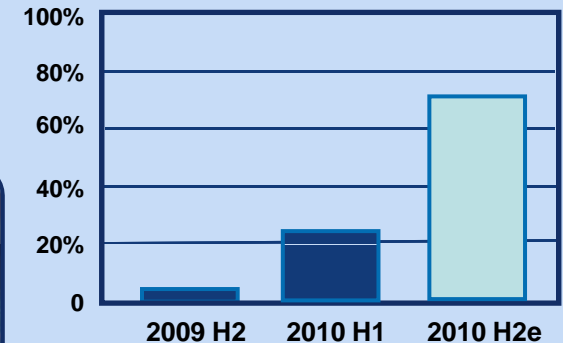
Accounts ('000)	Jun 10	Dec 09	Change
Residential energy	15,934	15,711	+223
Residential services	8,560	8,453	+107
Business energy	1,048	1,047	+1
<b>Total</b>	<b>25,542</b>	<b>25,211</b>	<b>+331</b>

# Grow British Gas

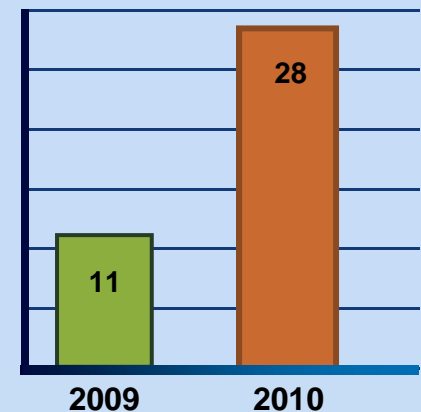
- Strong services operational performance in Q1 during record call out period
- Continued customer growth in secondary products
- Almost 2m customers now on an insurance based product
- Installation volumes up 17%
  - more flexible pricing
  - quicker lead to sale time
  - increasing lead conversion
- Business – new segmental growth strategy
  - increase in average sites on new multi-site deals
  - improving net promoter score



Insurance penetration



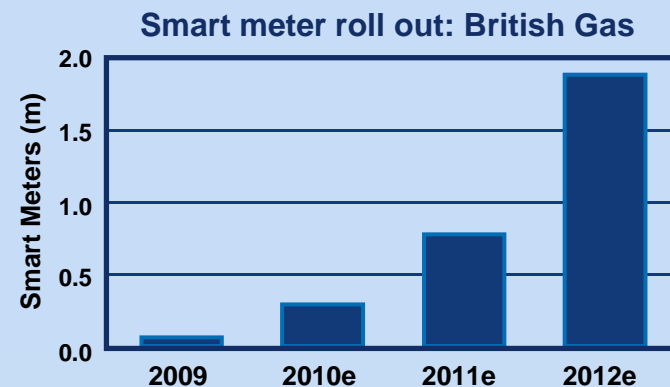
Average business sites on new multi-site deals



# Grow British Gas

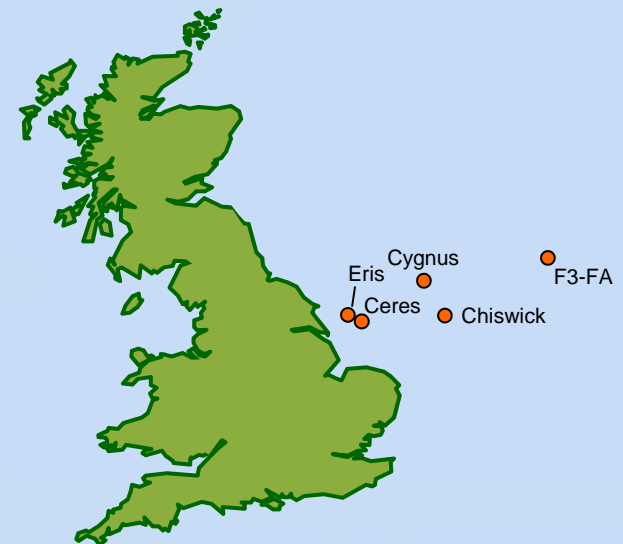
## Leading in the low carbon world

- Creating national insulation coverage
  - 400 new jobs already filled
- Leaders in CERT and CESP
- Capabilities in biomass, heating, solar, fuel cell boilers, biomethane
- Building momentum for early smart meter rollout
  - 100k meters installed
- Only energy supplier chosen for Government's 'Pay As You Save' trial
- Solar for schools announced



# Deliver value from our growing upstream business - Gas

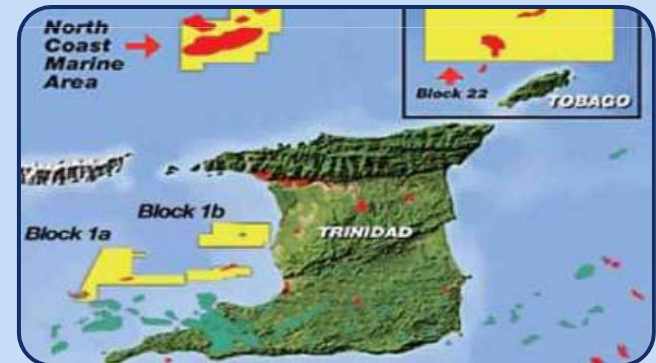
- Successful integration of Venture
  - empowered decision making and clear accountability
  - comprehensive risk management programme in place
- Development projects success
  - third well at Chiswick brought on stream; fourth well due shortly
  - Eris and Ceres commenced production
  - due to install F3-FA platform during second half of 2010





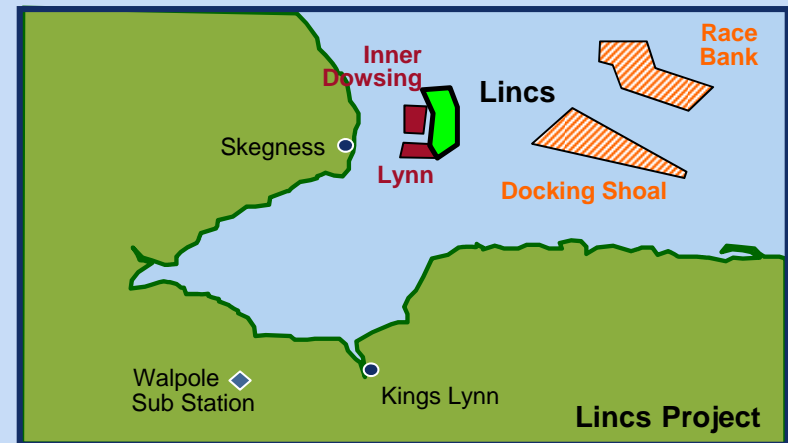
# Deliver value from our growing upstream business - Gas

- Appraisal and exploration
  - Cygnus appraisal drilling of western area successful
  - exploration discoveries in Olympus, Fogelberg and Maria
- Ten wells drilled to date
  - seven have shown positive results, including three exploration discoveries
  - a further six wells scheduled to be drilled by the end of 2010
- Acquisition of Suncor Trinidadian exploration, development and production assets due to be completed shortly
- 9 LNG cargoes delivered so far in 2010



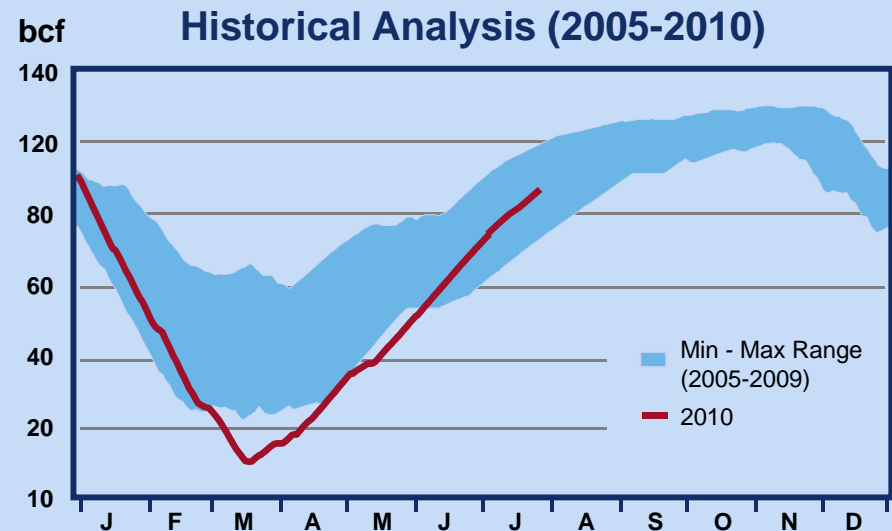
# Deliver value from our growing upstream business - Power

- Excellent CCGT reliability in well supplied market
- Langage in full commercial operation
- Completed JV agreement for Lincs
  - contracts awarded and onshore works commenced
- British Energy output impacted by Sizewell B outage
- Engineering studies for nuclear new-build ongoing
  - Government recognition of need for a carbon floor



# Deliver value from our growing upstream business - Storage

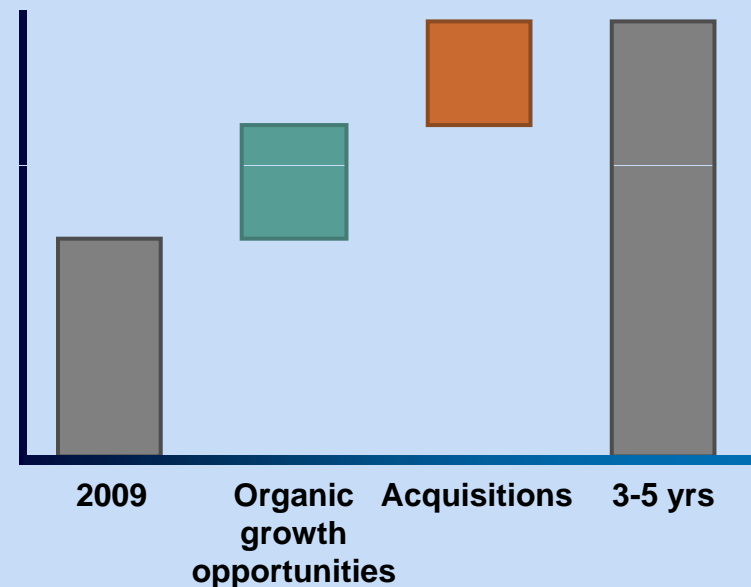
- Excellent operational performance
- Record winter demand, supported by enhanced withdrawal and injection capabilities at Rough
- Narrowing summer / winter spreads
- Caythorpe
  - shorter cycle times to capture market volatility
  - regulatory uncertainty in respect of third party access exemption
- Baird and Bains FID now expected in 2011



# Build an integrated North American business

- New management team in place
- Encouraging initial progress against strategy
- Strong returns downstream, in excess of cost of capital
- Acquisition of Clockwork achieves services scale and provides platform for growth
- Upstream environment challenging
  - low wholesale commodity prices
  - provides opportunities as asset prices reduce

**Aim to double operating profit over next 3-5 years**

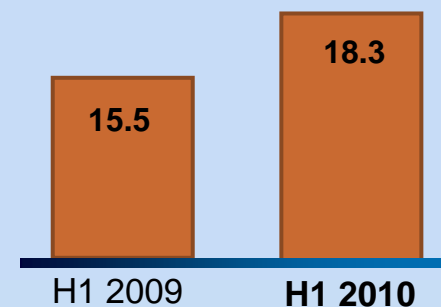


# Build an integrated North American business

- Residential energy supply
  - reduced churn in Texas
  - reduced operating cost base and lower debt levels; prepayment launched
  - focus on customer quality and growth in US North East
  - Ontario legislation – cost reduction and retention programme in place
- Business energy supply
  - continued growth – focus on sales channels
  - improved margins
    - disciplined customer acquisition
    - pricing for credit / capital utilisation
    - reduced cost base



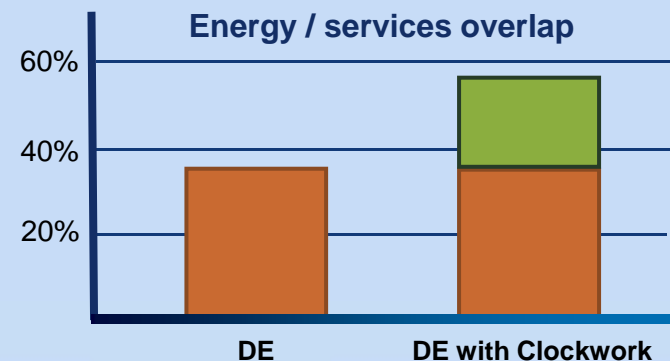
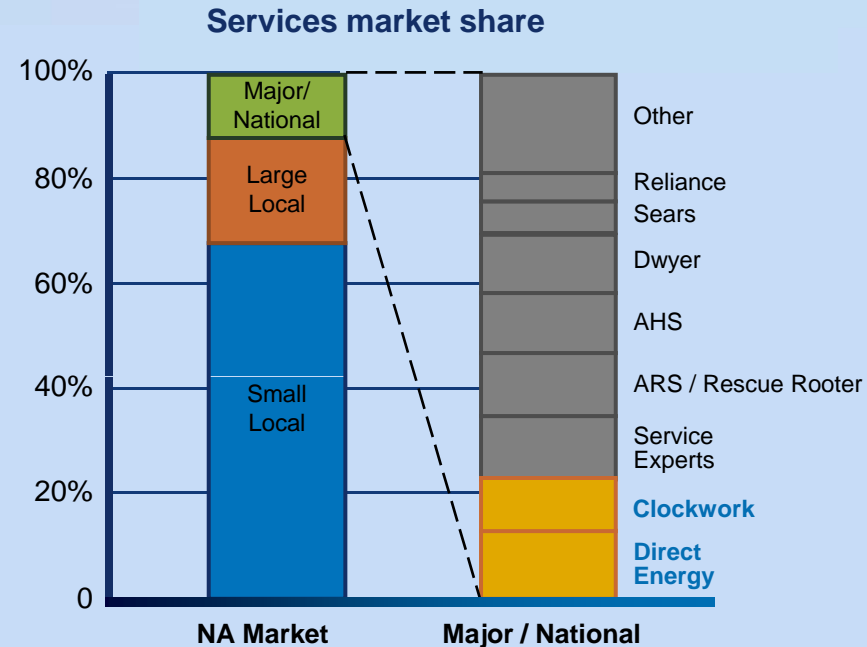
**Business Energy Supply**  
Power volumes (TWh)



# Build an integrated North American business

## Clockwork Home Services acquired for US\$182m (£122m)

- Scale achieved in cost effective way
  - market leading services position
  - lower procurement costs
- Energy and services overlap
  - enhances presence in key de-regulated markets
  - increases ability to provide both energy and services over time
- Platform for future growth
  - established franchise model



# Summary

- Strong start to the year
- Good progress on strategic priorities
- Strong cash generation combined with financial discipline
- Optionality in investment programme
- Balanced business able to grow in both high and low commodity price environment
- Leading in a low carbon world

