

Centrica plc

Preliminary Results

For the year ended 31 December 2005

The Centrica logo is located in the bottom right corner of the slide. It consists of the word "centrica" in a white, lowercase, sans-serif font. The letter "i" is stylized with a small orange dot above it. The logo is set against a dark blue background that forms a curved shape at the bottom of the slide.

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Disclaimers

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

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.

Chairman

Roger Carr

Specific areas we have addressed

- Rigorous cost reduction
- Proactive marketing
- Positive price management
- Building growth
- Financial discipline
- Improved strategic focus

Chairman

Roger Carr

Group Finance Director

Phil Bentley

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Financial highlights

Year ended 31 December	2005		Δ
Turnover (£m)	13,448	▲	18%
Operating profit (£m)	1,513	▲	11%
Earnings (£m)	661	▼	(4%)
Earnings per share* (p)	18.2	▲	1%
Net cash inflow** (£m)	1,131	▼	(2%)
Total dividend per share	10.5p	▲	22%

Above figures include JVs & associates stated net of interest & taxation, before exceptional items & certain re-measurements

* includes discontinued operations; all other figures are from continuing operations

** from operating activities

Operating Profit Analysis

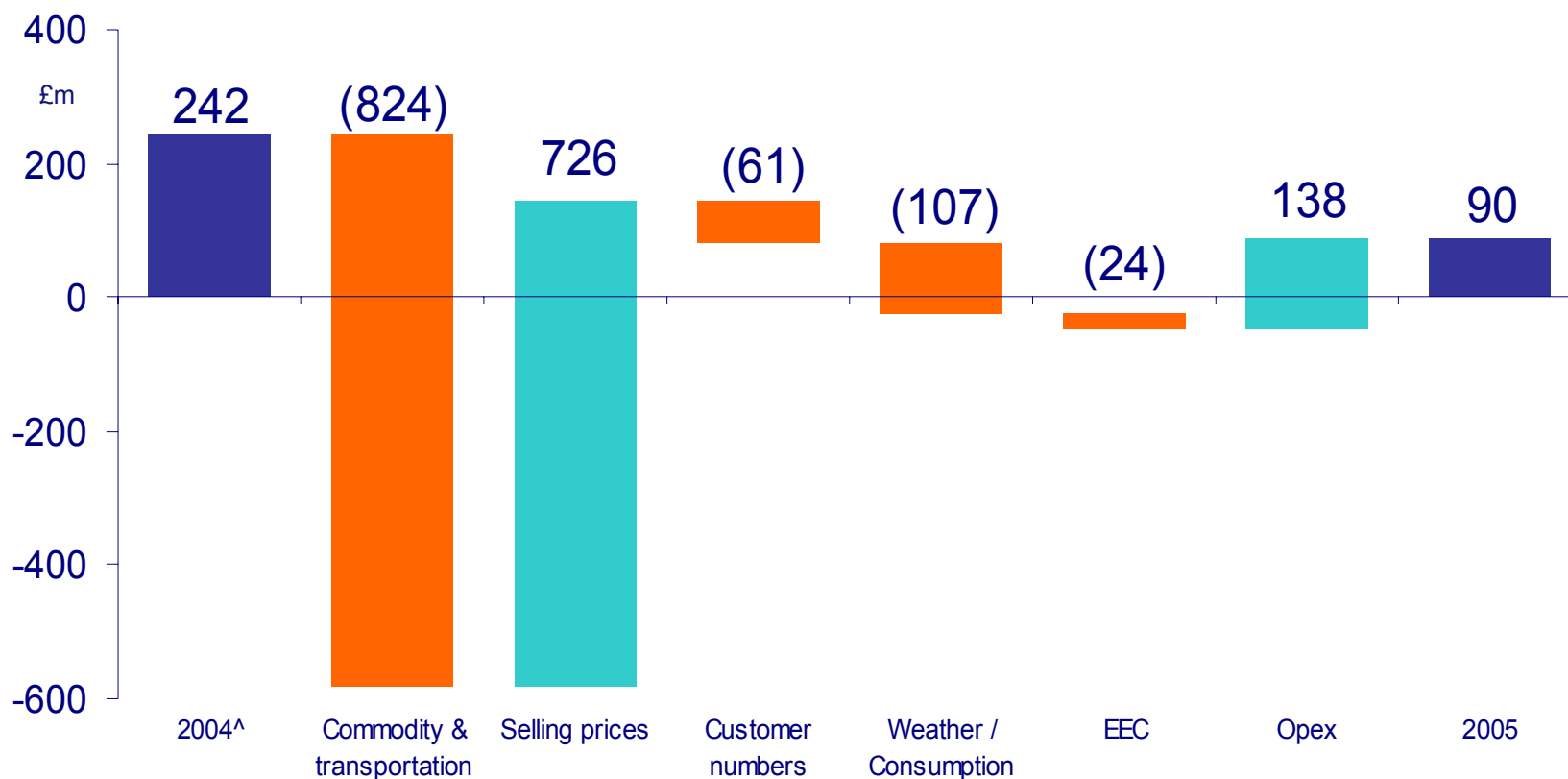
Year ended 31 December, £m	2005	2004 [^]	Δ£m	Δ%
British Gas Residential Energy	90	242	(152)	(63%)
Centrica Energy	903	773	130	17%
British Gas Business	77	68	9	13%
Centrica Storage	154	69	85	123%
British Gas Services	111	72	39	54%
North America	185	132	53	40%
Europe & Other	(7)	6	(13)	nm
Total	1,513	1,362	151	11%

Above figures are for continuing businesses, including JVs & associates stated net of interest & taxation, before exceptional items & certain re-measurements

[^] Restated for IFRS

British Gas Residential Energy

Operating profit*: causal track

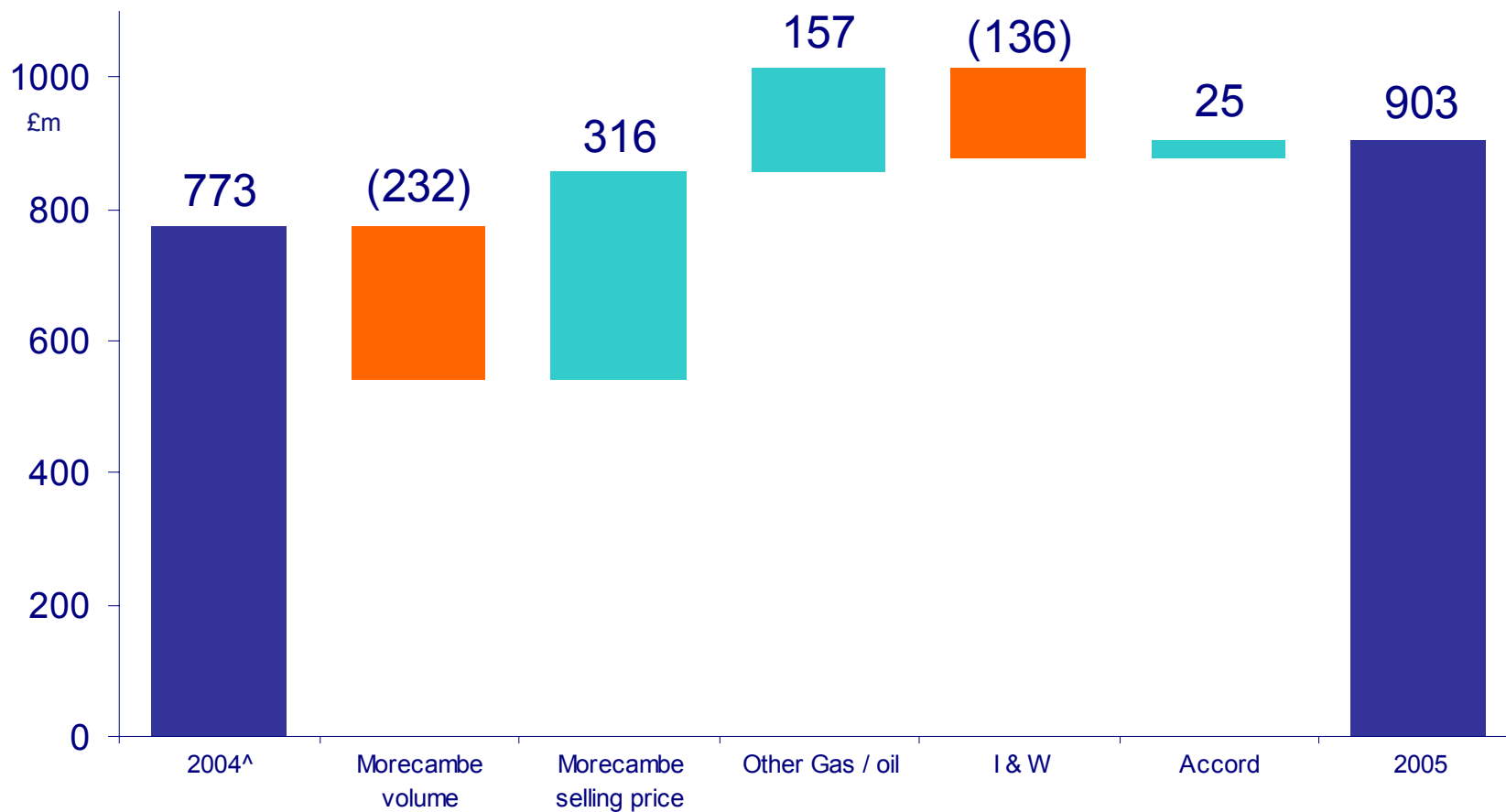


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Centrica Energy

Operating profit*: causal track

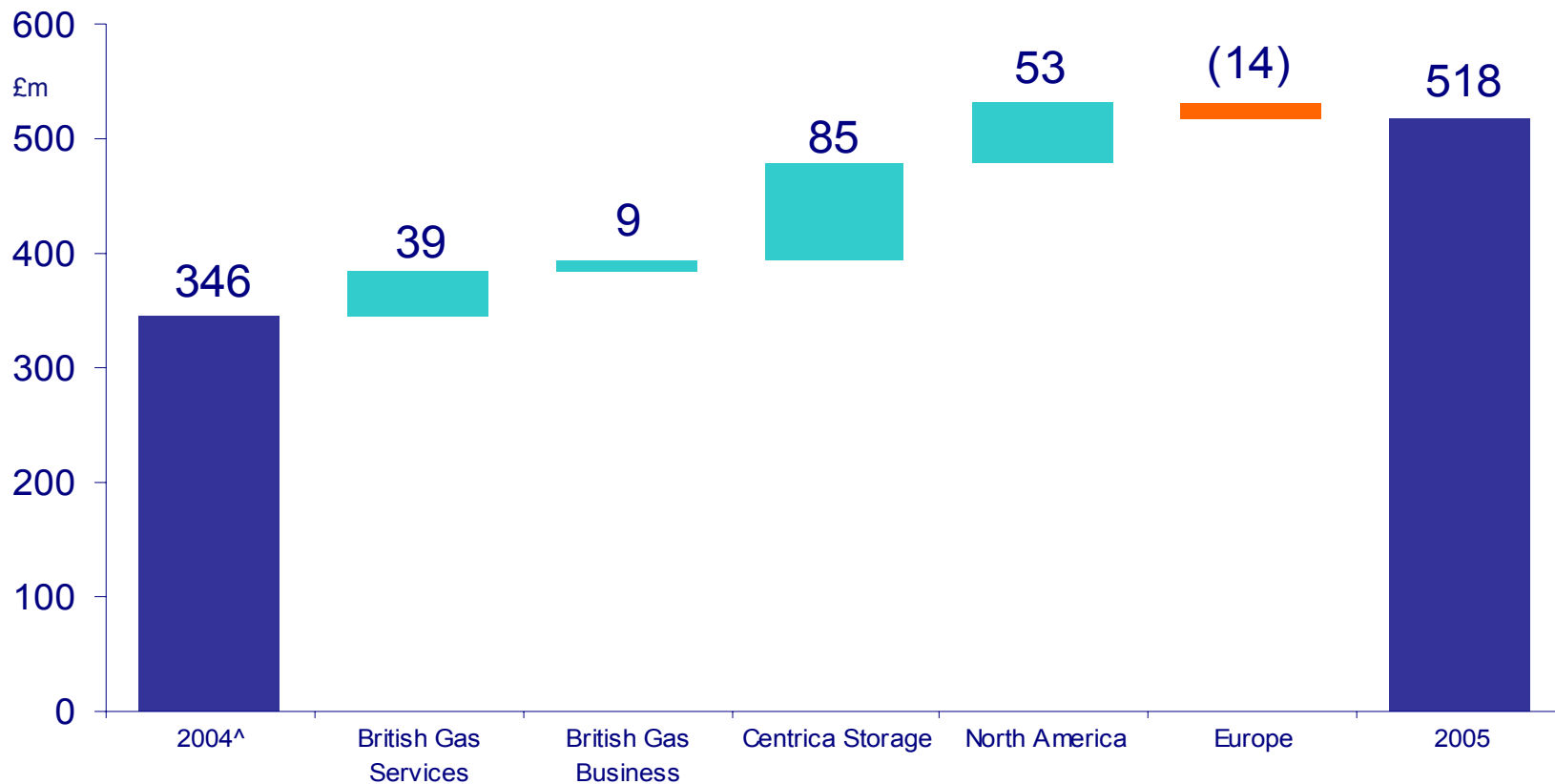


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Growth businesses

Operating profit*: causal track

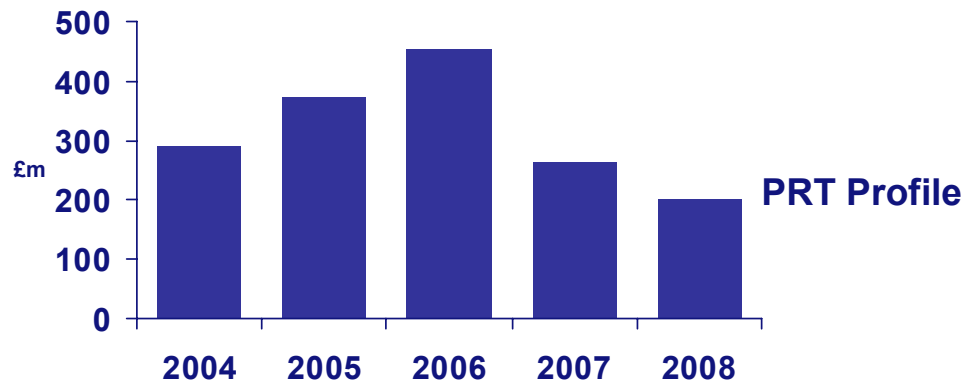


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[^] Restated for IFRS

Tax

- IFRS and earnings mix has made tax increasingly complex
- Underlying CT rate reflects higher tax rates in parts of the group
- PRT peaks in 2006



- Gas production corporation tax now 50%
 - Restructure of certain upstream operations could mitigate

Debt & interest

2005, £m	Debt	Interest charge
Cash debt	232	27
Finance leases	828	97
Abandonment/Other	-	(10)
Net debt	1,060	
Other items considered debt:		
Pension deficit	571	-
Operating leases	425	-
	2,056	
Non-recourse debt	532	31
Total		145

Returns to shareholders

- 2005 dividend
 - Full year dividend 10.5p per share; up 22% on 2004
 - Payout ratio 58% (2004: 43% on IFRS-adjusted basis)
- Future dividend policy
 - Real growth per annum in dividend per share
 - Future interim DPS will be set as 30% of previous full year DPS
- Share buybacks
 - Programme extended to £1billion
 - £385m shares bought during 2005
 - Pause in programme

Summary & outlook

- Financially a good year despite the difficult environment
- Value of the integrated business model
- Gas production profit will be ahead year on year
- Material contribution to profit from growth businesses
- Maintain commitment to single A credit rating
- Strict financial disciplines maintained

Chief Executive

Sir Roy Gardner

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In 2005 we rose to the challenges and delivered another good year

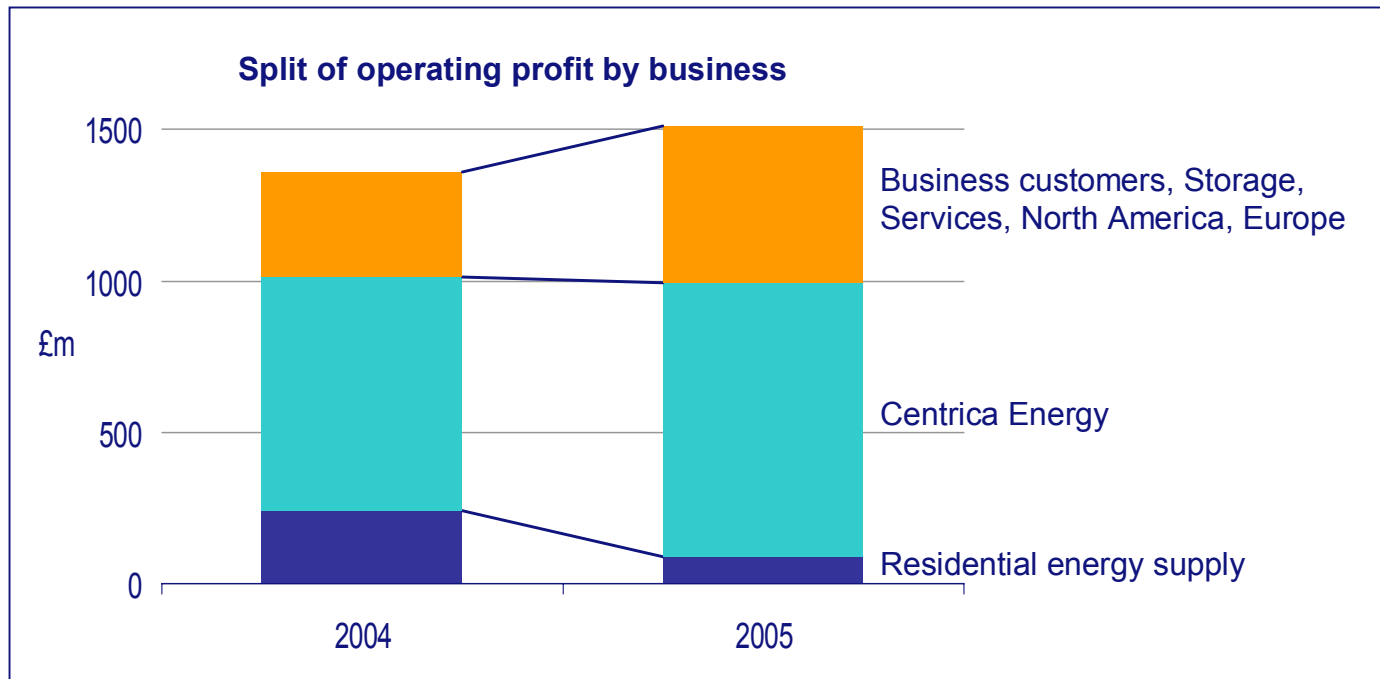
Good financial result

Reinforced focus on energy

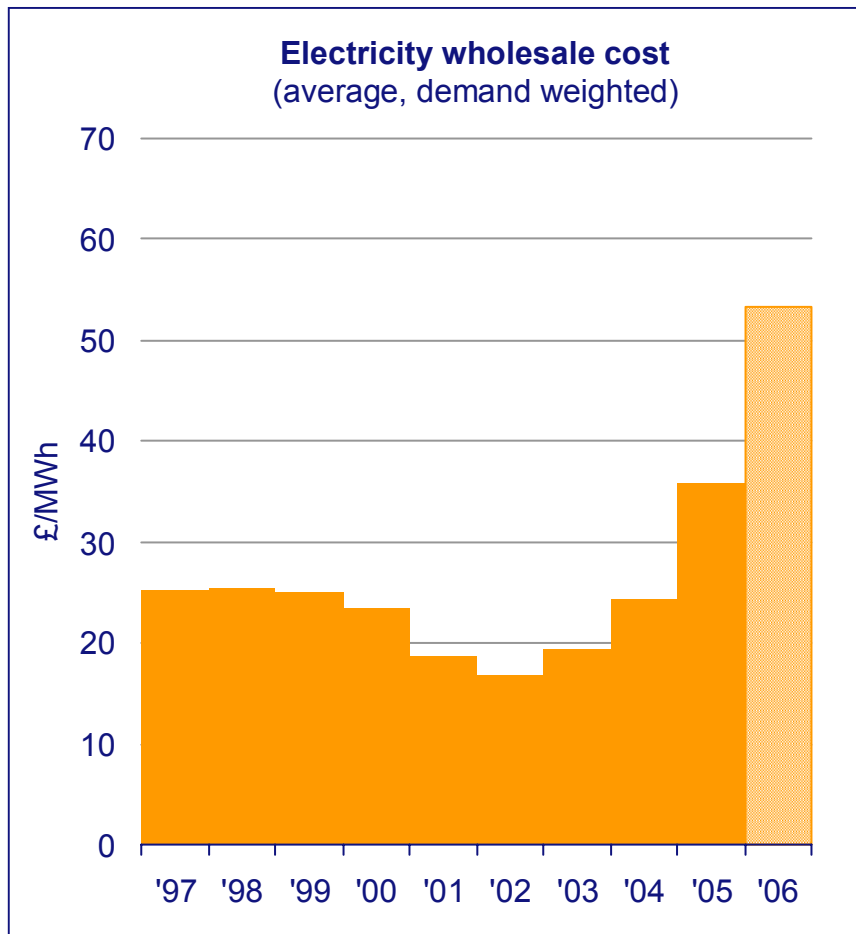
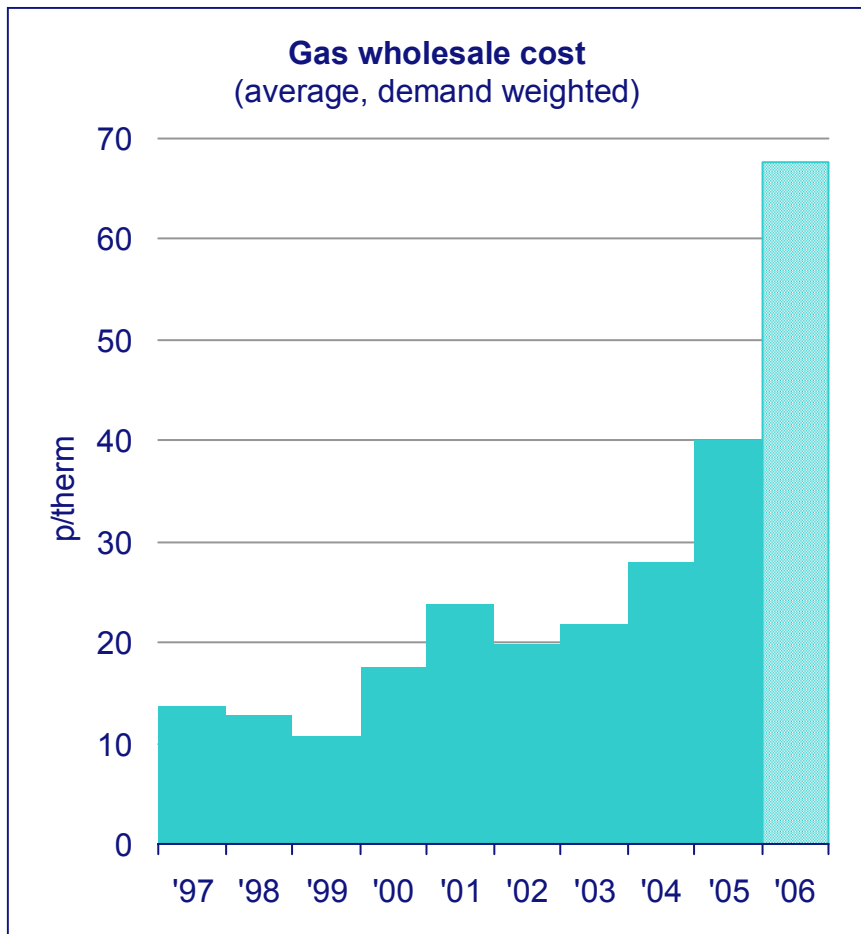
Delivered on 2005 agenda

Financially it was a good result

- Operating profit up 11%
- Earnings per share up 1%
- Demonstrates robustness of the business model
- Material contribution from Storage, Services, North America



The wholesale cost environment was very difficult for all suppliers



British Gas worked hard to mitigate the impact of its 2005 retail price rise

- Increased sales strength
- Product innovation
- Stronger marketing
- Response to competitor activity
 - Record sales levels
 - Lower withdrawal notifications
 - Electricity growth in the second half
 - Net losses in gas turning round

every sixty seconds
someone comes back
to British Gas



Want guaranteed peace
of mind until 2009?

you could fix your
new energy prices
for the next three
years



We made progress on systems implementation & cost reduction

- Billing system implementation began to time
 - 2m customer accounts migrated: completion planned in H2
- Operating costs reduced by £138m
 - Review & redesign of end to end processes
 - Closing offices / offshoring work
 - Corporate and support activity review
 - On track for £180m reduction by 2007 (from 2004)



Closing: Manchester Gould Street



Closing: Solihull Blythe Valley Park



Opening: EXL office - India

Upstream we are 1½ years into a 5 year investment programme

Increase **gas**
hedge in the UK

Increase **power**
hedge in the UK

Source
proportion of
renewables from
own generation

Support
international
businesses with
appropriate level
of upstream
assets

We are making progress

Gas for the UK

- Kerr McGee N. Sea assets
- First gas from Horne & Wren
- Exploration: UKCS / Nigeria
- LNG: Isle of Grain / Canvey



Canvey

UK Power

- Coal-linked PPA
- Humber Power
- Tender for Langage



Humber Power



Isle of Grain



Horne & Wren

Renewables

- Glens of Foudland
- Construction at Barrow
- Tender for Inner Dowsing & Lynn



Glens of Foudland

International gas & power

- 25.5% of SPE (1.6GW generation + 0.4GW long term contracts)
- Texas power station (Feb 06)

Centrica Storage delivered an outstanding result

- 123% increase in operating profit to £154m
- Improved operational performance
 - Near 100% reliability
 - Record daily delivery rate
 - Higher sales of space
- Sale of additional 30m therms of gas
- Fully sold out 2006/7 SBUs
- Working to restore operations



Easington



Easington



Rough platform

Growth businesses are an important part of Centrica's strategy

British Gas Business



British Gas Services



North America



Europe



British Gas Services had a very successful year

- Exceeded £1 billion turnover
- 54% increase in operating profit to £111m
- 11% operating margin
- Growth across the core product range
- Significant growth opportunities
- Retaining competitive advantage

Choose HomeCare to look after your central heating and you get...



Visit house.co.uk for details



The cost of a boiler breakdown could really add up

Unless you care for your boiler with HomeCare from £12 a month*

British Gas
Doing the right thing

Maintaining Central heating, wiring, kitchen appliances, plumbing and drains

Free Cavity Wall Insulation when you buy a new boiler

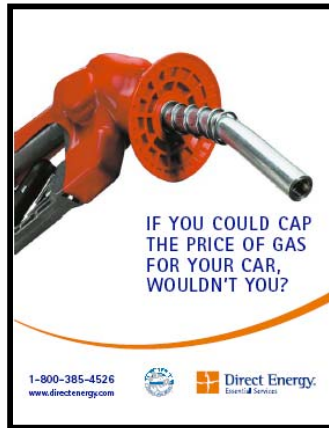
beat the freeze - or you must end 25th February 2006

Scottish Gas
Doing the right thing

heating Central heating and fireplaces

It was a good year for our North American business

- 58% increase in turnover to over £3.5bn
- 40% increase in operating profit to £185m
- Increased customer numbers
- Services and Business markets growing strongly
- Clear strategy for growth



Direct Energy office: Ontario

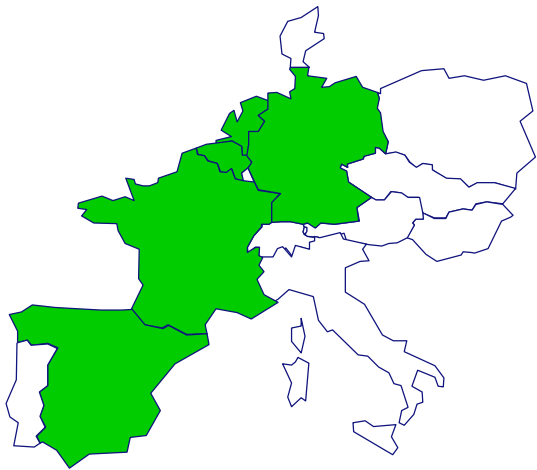


Frontera Energy Centre

We have created a foundation for growth in Continental Europe

Growing our position

- Oxxio
- SPE stake
- Trading gas & power
- Other opportunities exist



Signs of positive change

Holland

- Market fully open – switching taking place
- Healthy generation market
- Network unbundling likely

Belgium

- Flanders market open
- Positive changes in wholesale power (import capacity, Belpex)

Germany

- Pressure to abolish long term contracts
- Pressure to provide TPA transparency
- Growing number of market participants

France

- Industry structure rapidly evolving
- EDF and Gaz de France IPO'd

Spain

- Framework in place for competition,
- but complicated now by Endesa situation

A clear agenda for the first half of 2006

- Reduce costs across the Group
- Mitigate impact of the price rise
- Maintain product innovation & marketing strength
- Complete systems implementation
- Continue to develop growth businesses
- Progress upstream strategy
- Maintain financial disciplines
 - Solid platform
 - Operational progress
 - Financial delivery
 - Creation of shareholder value



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