

centrica

taking care of the essentials

**Preliminary Results
2000**

Results in Brief

	2000	1999
Sales	£9,933m	£7,217m
Operating profit (incl JV's and Associates)	£540m	£424m
Earnings pre-exceptionals	£403m	£331m
Operating cash flow pre-exceptionals	£1,139m	£1,453m
Basic earnings per ordinary share	8.3p	4.3p
Ordinary dividend per share	2.8p	2.5p

Operating profit and earnings are pre-exceptionals and amortisation of goodwill

2000 Achievements

- Customer service improvements in all areas
- Gas market share retained at 70.2%
- Electricity numbers up to 4 million
- North American acquisitions
- Telecommunications launch
- AA earnings enhancing in first full year
- Road Services membership at record levels

Centrica Core Competencies

- Brand Development
- Customer Relationship Management
- Channel Efficiency

Energy Supply - UK

Total domestic gas and electricity customers on supply

millions

20

19

18

17

16

15

Jun
96

Dec
96

Jun
97

Dec
97

Jun
98

Dec
98

Jun
99

Dec
99

Jun
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Dec
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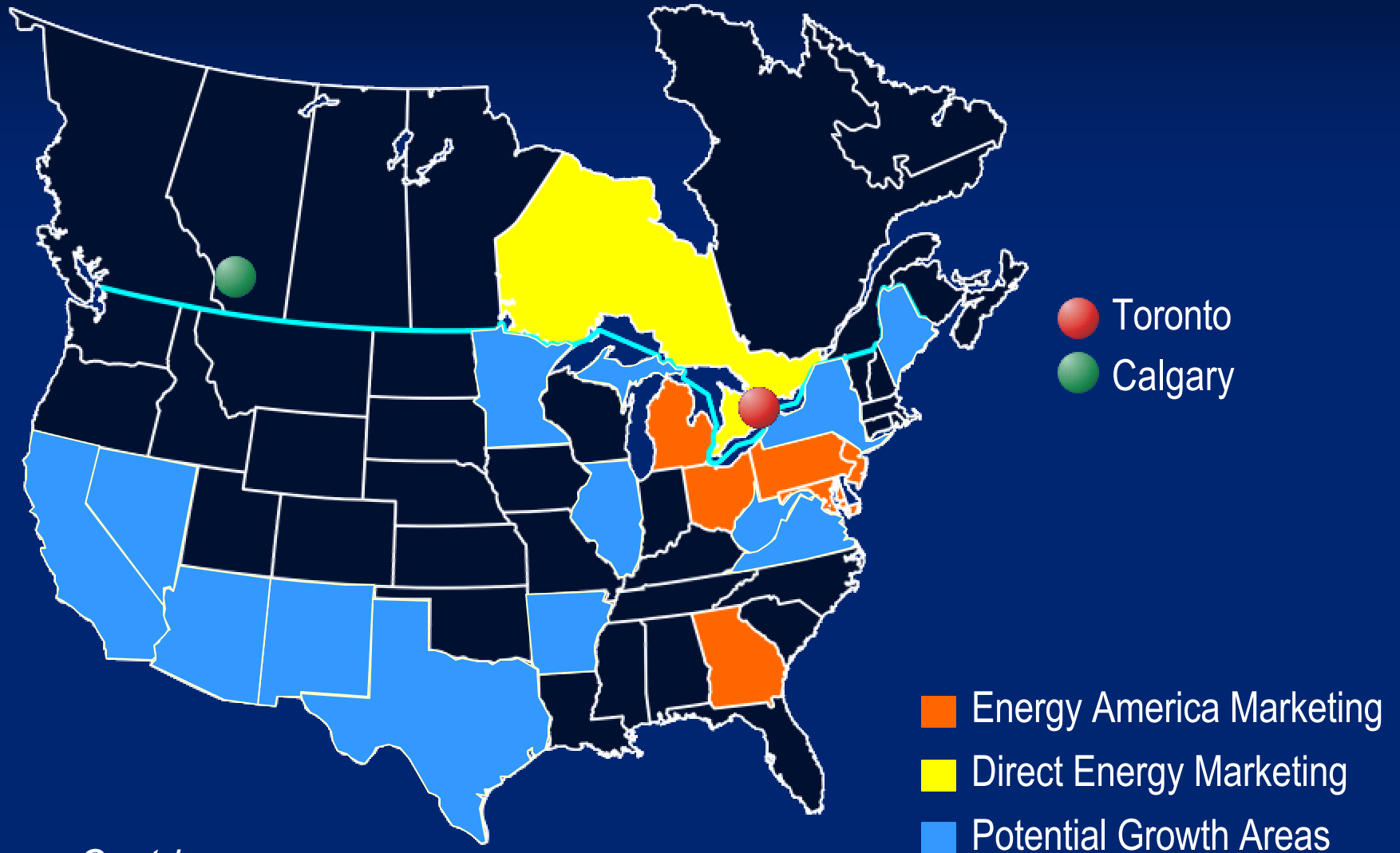
Energy Management

- Morecambe production 14% higher in 2000
- Take or Pay bank now at 585m therms
- NETA
- Electricity procurement options
- Energy trading in GB and Europe

North American Acquisitions

- Direct Energy
- Energy America
- Avalanche Energy

Growth in North America



Source: Centrica

Home & Road Services

- Integration benefits being delivered
- Operating profit improvement
- Growth in new products
- Road Services membership numbers at record levels
- Winner of JD Power survey for second year in a row
- Use of new technology

Financial Services

- Growth in insurance business
- Growth in personal loans
- Record turnover and profit for JV with Bank of Scotland
- Installment finance
- Lloyds TSB
- Launch of Goldfish ISA

Telecommunications

- 150,000 customers signed up at year end
- Target of 1 million services to customers by end of 2001
- Acquisition costs
- Broadband opportunities

E-Commerce

- Leading site for home and personal finance
 - Goldfishmoney.com
 - Goldfishguide.com
 - talkgas.com
 - gas.co.uk
- Leading site for the motorist and traveller
 - TheAA.com

Business Outlook

- Investing for future growth
- Gas costs and gas prices
- Scale of our electricity supply business
- Banking services
- International expansion

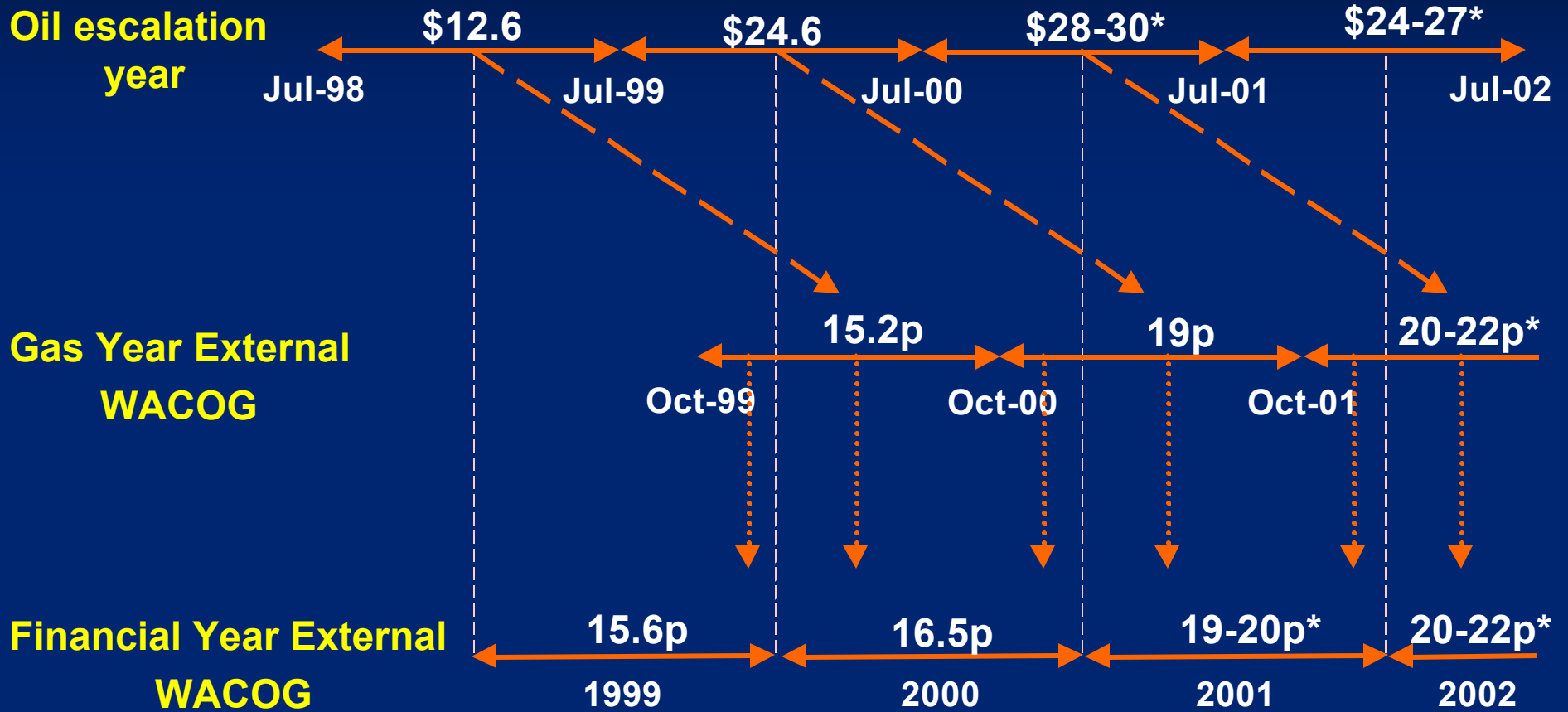
Key Results

Key Results	2000	1999	Growth %
Sales	£9,933m	£7,217m	38
Operating profit (incl. JV's and Associates)	£540m	£424m	27
Earnings pre-exceptionals	£403m	£331m	22
Operating cash flow pre-exceptionals	£1,139m	£1,453m	(22)

- Strong underlying organic growth
- Background of increasing gas prices/volatility
- Revenue investment beginning to pay back
- Acquisitions performing strongly

Oil and Gas Prices 1998 - 2000

Brent Oil Price

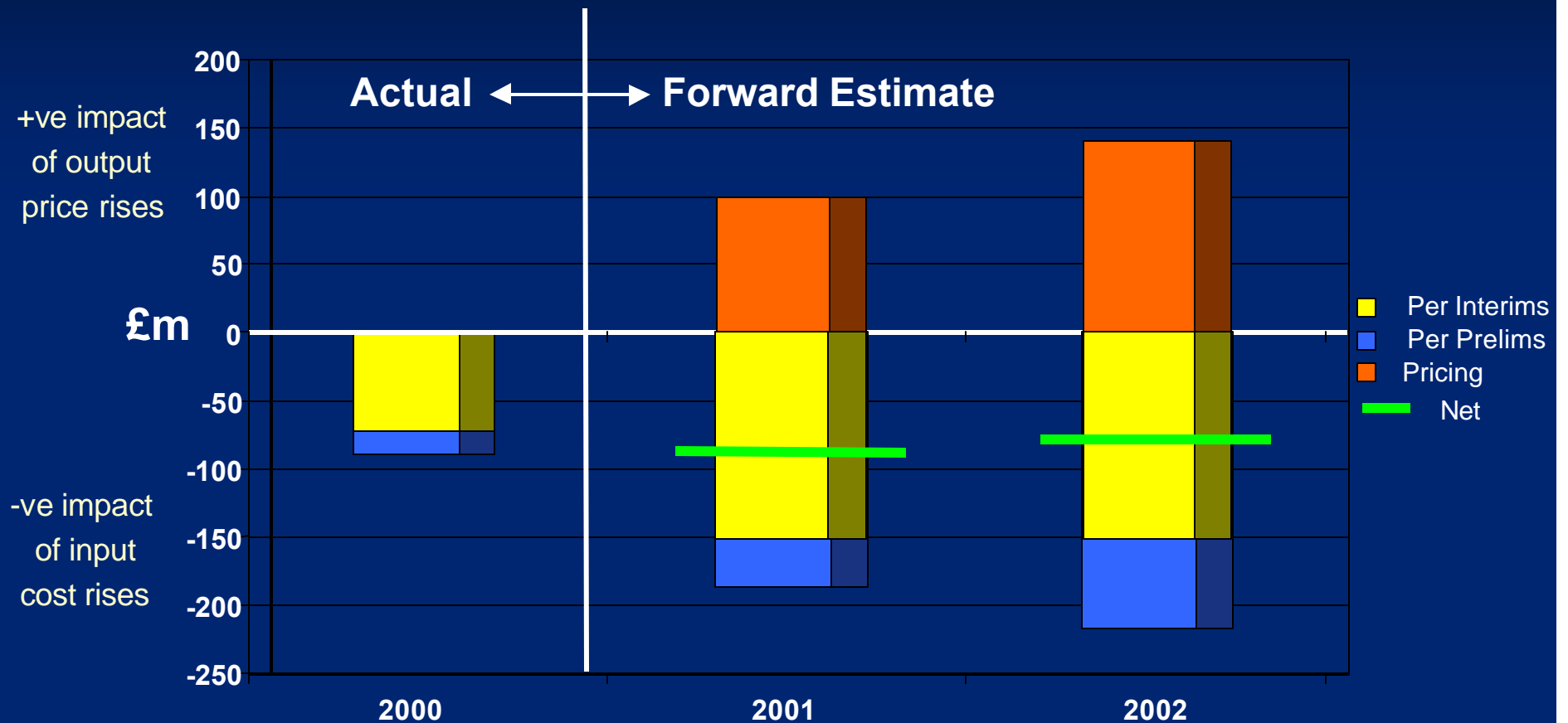


* estimate

UK Gas Volumes, Pricing & Cost

	<i>2000</i>	<i>1999</i>
External WACOG (p/therm)	16.5	15.6
Residential sales		
Volume (m therms)	9,235	9,424
Price (p/therm)	43.4	44.9
Business sales		
Volume (m therms)	5,567	5,711
Price (p/therm)	19.9	18.2
Equity production (m therms)	4,567	4,007

Gas Input / Output Prices Impact



Electricity Volumes, Pricing & Cost

	2000	1999
UK Residential sales		
Volume (KWh)	12,782	3,833
Price (p/KWh)	6.2	6.3
UK Electricity input costs (p/KWh)	5.4	6.0

Turnover

<i>£m</i>	2000	1999	<i>Growth %</i>
GB Residential Gas	4,078	4,287	(5)
GB Business Gas	1,110	1,051	6
Accord / Gas Production	2,410	808	198
Electricity	792	240	230
North America	267	-	-
Total Energy Supply	8,657	6,386	36
Home Services	636	592	7
Road Services	447	112	*3
Financial Services	128	26	*15
Other Activities	65	18	
Total continuing operations	9,933	7,134	39
Retail (discontinued)	-	83	* Organic

Costs

<i>£m</i>	2000	1999
Cost of Sales	(7,907)	(5,540)
Operating Costs		
- GB Gas	(572)	(694)
- GB Electricity	(106)	(40)
- Home and Road Services	(427)	(271)
- Financial Services	(115)	(24)
- Other	(70)	(51)
	(1,290)	(1,080)
Revenue Investment	(214)	(169)
Total Operating Costs	(1,504)	(1,249)

Operating Profit Analysis

(including JV's & Associates, pre exceptionals & amortisation of goodwill)

<i>£m</i>	2000	1999
GB Residential Gas	165	275
GB Business Gas	(34)	20
Gas production	527	302
Accord	(6)	26
Electricity	(107)	(167)
North America	8	-
Total Energy Supply	553	456
Home Services	26	20
Road Services	25	(3)
Financial Services	9	(8)
Telecommunications	(49)	-
Other Activities	(24)	(16)
Total continuing operations	540	449
Retail (discontinued)	-	(25)

Earnings

<i>£m</i>	2000	1999
Operating profit	522	428
Associates/joint ventures	18	(4)
Operating profit including associates & joint ventures	540	424
Net interest	(28)	(7)
Taxation	(109)	(86)
Underlying earnings	403	331
Goodwill amortisation	(60)	(13)
Exceptionals	(14)	(136)
Earnings	329	182

Cash Flow before Financing

<i>£m</i>	<i>2000</i>	<i>1999</i>
Operating performance	889	727
Working capital	250	726
Operating cash flow	1,139	1,453
Capital expenditure	(165)	(143)
Taxation, interest & dividends rec'd	(150)	(133)
Sub-total	824	1,177
Acquisitions	(590)	(1,162)
Exceptional payments	(76)	(135)
Dividends	(103)	(570)
Total	55	(690)
Net Debt	(117)	(127)

AA Operating Profit (inc JVs)

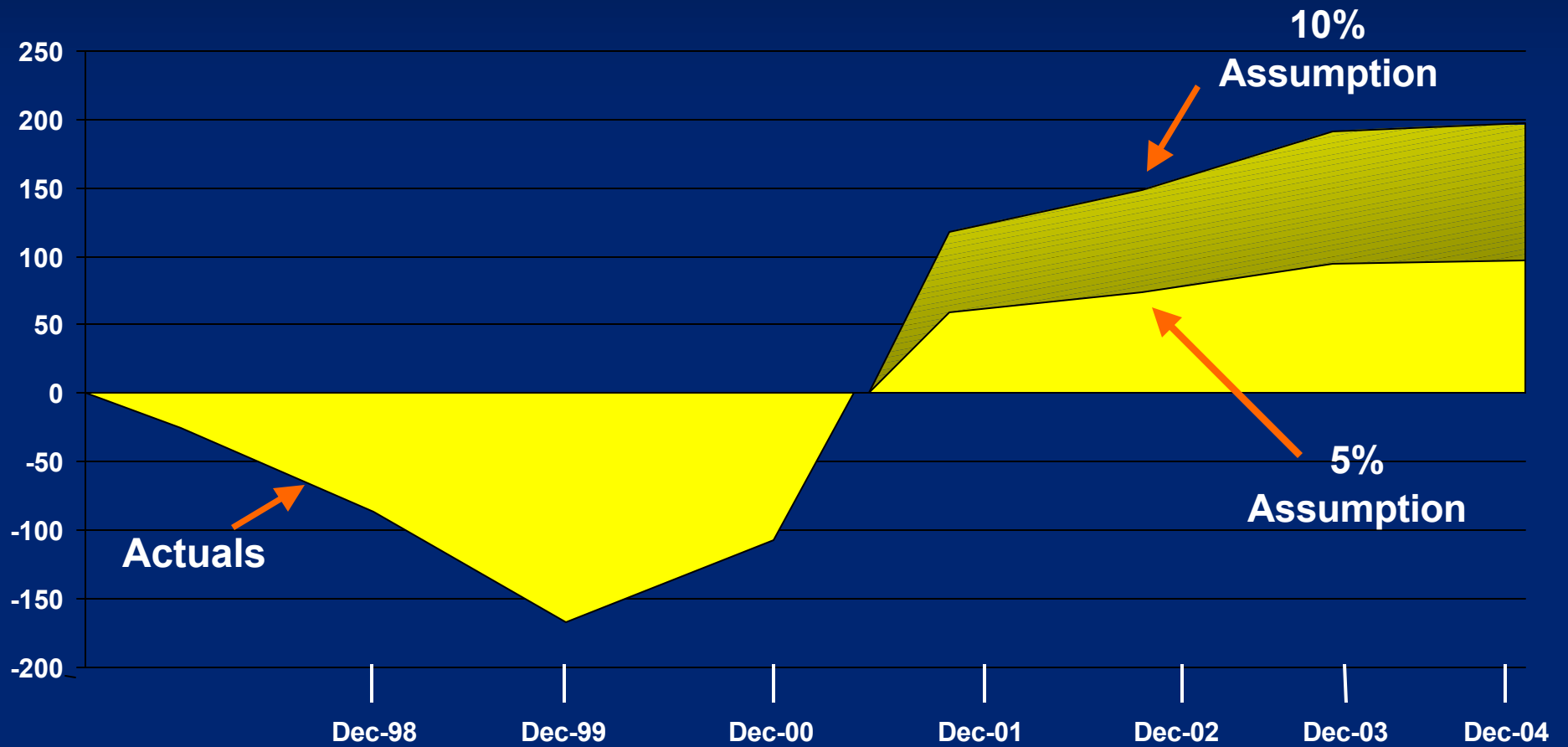
(pre exceptionals & amortisation of goodwill)

<i>£m</i>	<i>2000</i>	<i>1999 Proforma</i>
Road Services	25	(8)
Financial Services	35	26
Other Activities	(8)	(7)
Total	52	11

- Investment for service enhancement and product growth
- Earnings enhancing in first year
- Cost / margin improvement

Electricity Investment

Operating Profit/Loss (£m)



In Summary

- Strong underlying organic growth
- Background of increasing gas prices/volatility
- Revenue investment beginning to pay back
- Acquisitions performing strongly

Financial Framework

- Value creation from customer acquisitions
- Competition for capital
- Strategic prioritisation of investment decisions
- Value-based performance management