

Annual General Meeting 12 May 2014

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RICK HAYTHORNTHWAIT

Chairman

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SAM LAIDLAW Chief Executive

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Our strategic priorities

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- Innovate
 - To drive growth and service excellence
- Integrate
 - Our natural gas business, linked to our core markets
- Increase
 - Our returns through efficiency and continued capital discipline

The leading integrated energy company with customers at its core



Good strategic progress

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- Validation of refreshed strategy; investing to secure gas for our customers
- Simplified tariffs and improved reporting transparency in UK energy supply; new technologies to help customers take control of their energy bills
- Hess and Suncor transactions deliver enhanced scale and capability in North America

Good strategic progress

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- New North Sea gas fields on stream; £1.5bn organic capital expenditure across the Group
- £14bn of new gas supply contracts
- Acquired 25% stake in Bowland UK shale exploration licence
- Realised value through divestments of selected assets



Competition & Markets Authority Inquiry

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- Welcome an independent review to help rebuild trust
- Strong retail and wholesale competition
- Likely two year period of investment uncertainty
- Wide scope of reference required to look at drivers of energy bills

Working towards a transparent and affordable UK energy policy

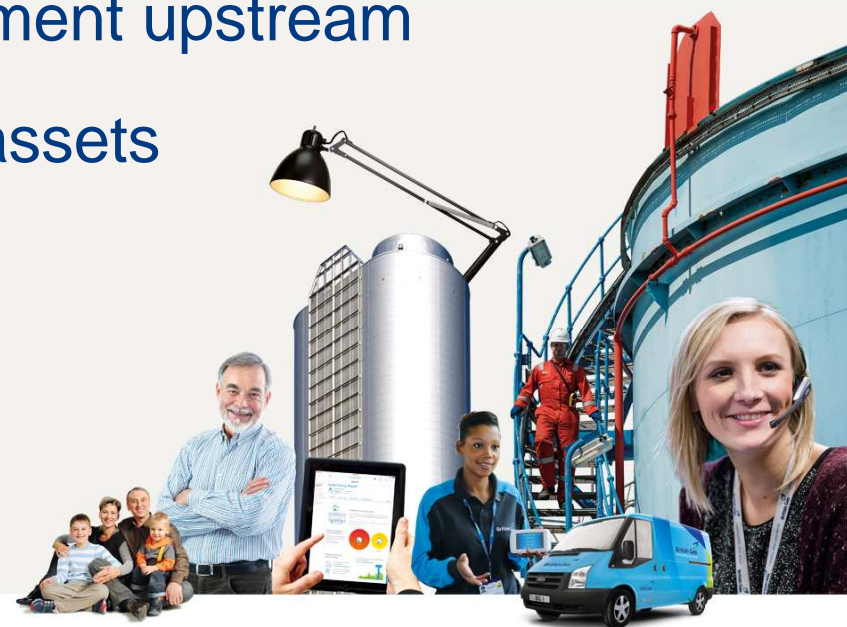
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- Detailed discussions with all stakeholders on energy costs and decarbonisation
- First supplier to reduce prices following Government changes to ECO programme
- No further change expected in residential energy prices this year
- Service and price competitiveness underpin supply margins

Positioning the Group for the future

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- Group-wide £500m cost reduction programme completed
- Downstream focus on improving core operations
- Cost control and selective capital investment upstream
- Strategic review of our gas-fired power assets



Future growth drivers

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- British Gas
 - Innovative product offerings in British Gas and launched a number of new products
- Direct Energy
 - Services potential and enhanced scale in B2B
- Centrica Energy
 - Refocus investment spending and develop LNG business



Building sustainable performance

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- Help for vulnerable customers
 - £380 million spent assisting 1.8 million low income customers in 2013
- Community engagement
 - Shelter partnership. Ignite social entrepreneurship
- Skills and training
 - More than 350 apprentices recruited in 2013
 - Movement to Work programme



Building sustainable performance

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- Health & Safety

- Lost time injury frequency rate down by 45%
- Zero significant process safety events in 2013

- Carbon reduction

- CO2 savings since 2010 equivalent to taking 668,000 cars off the road



Summary

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- Good strategic progress, robust actions in place across the Group in a challenging environment
- Engaging with political stakeholders to help reduce uncertainty and restore investor confidence
- Strong cash flow and balance sheet, building a platform for long term growth

