

Centrica plc

Interim Results

For the six months ended 30 June 2005

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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

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Group Finance Director

Phil Bentley

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IFRS: key impacts on these results

- Accord turnover reported net
- PRT treated as a tax & basis of calculation changed
- Pensions brought on balance sheet
- Humber & Spalding tolling arrangements treated as finance leases
- IAS 39 : certain commodity contracts marked to market
- IAS 32 : Consumers' Waterheater Income Fund units treated as debt
- Change to presentation format

Financial highlights

Six months ended 30 June	2005		Δ
Turnover* (£m)	6,778	▲	16%
Operating profit* (£m)	967	▲	19%
Earnings* (£m)	445	▲	6%
Earnings per share (p)	11.9	▲	10%
Net cash inflow* (£m)	878	▲	33%
Interim dividend per share	3.1p	▲	24%

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

* From continuing operations

Operating Profit Analysis

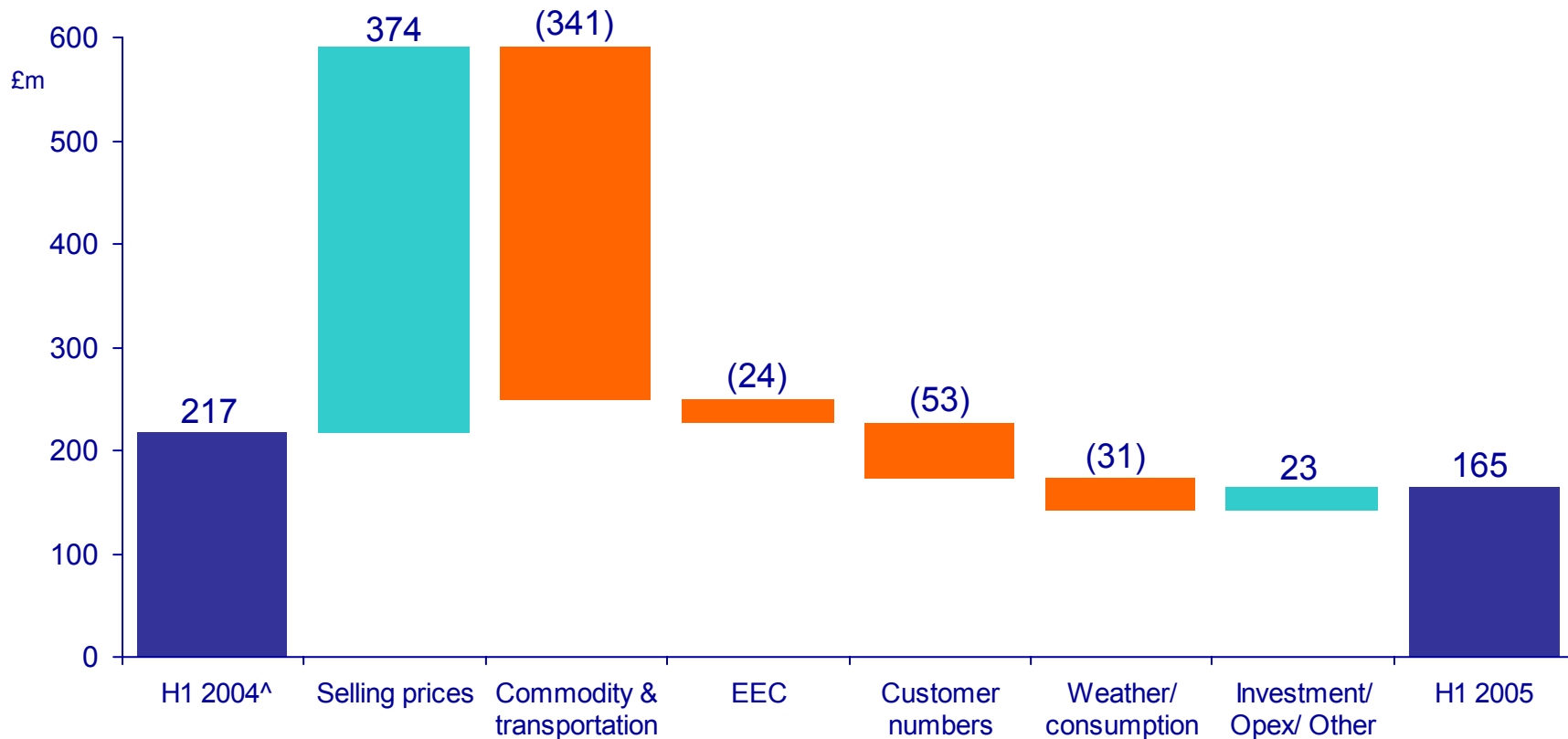
Six months ended 30 June, £m	2005	2004 [^]	Δ
British Gas Residential Energy	165	217	(24%)
British Gas Business	55	46	20%
Centrica Energy	543	420	29%
Centrica Storage	57	26	119%
UK Energy	820	709	16%
British Gas Home Services	59	41	44%
Onetel	(2)	0	nm
North America	87	63	38%
Europe & Other	3	3	-
Total	967	816	19%

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

[^] Restated for IFRS , excluding IAS 39 & IAS 32 adopted from 1 Jan 05

British Gas Residential Energy

Operating profit*: causal track

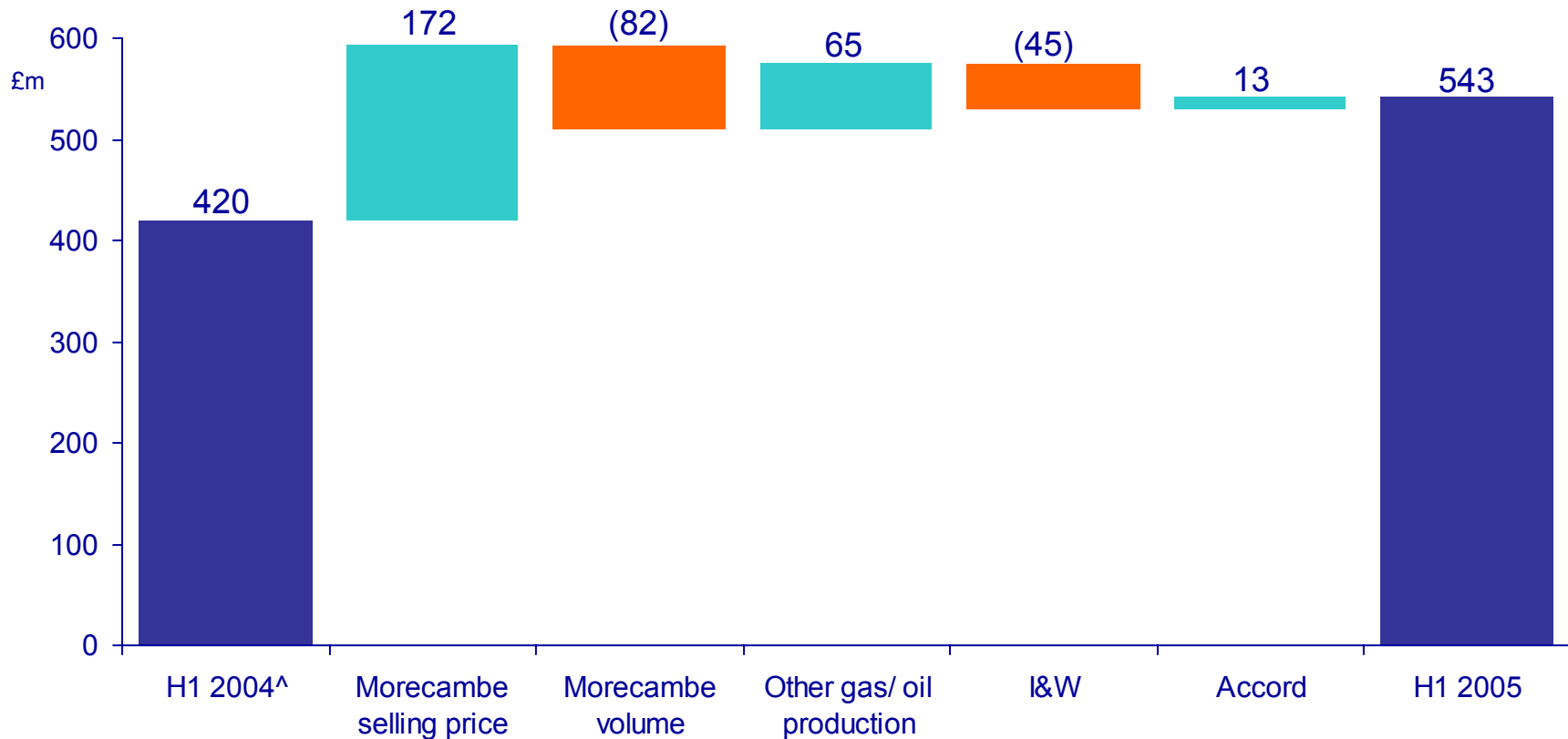


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Centrica Energy

Operating profit*: causal track

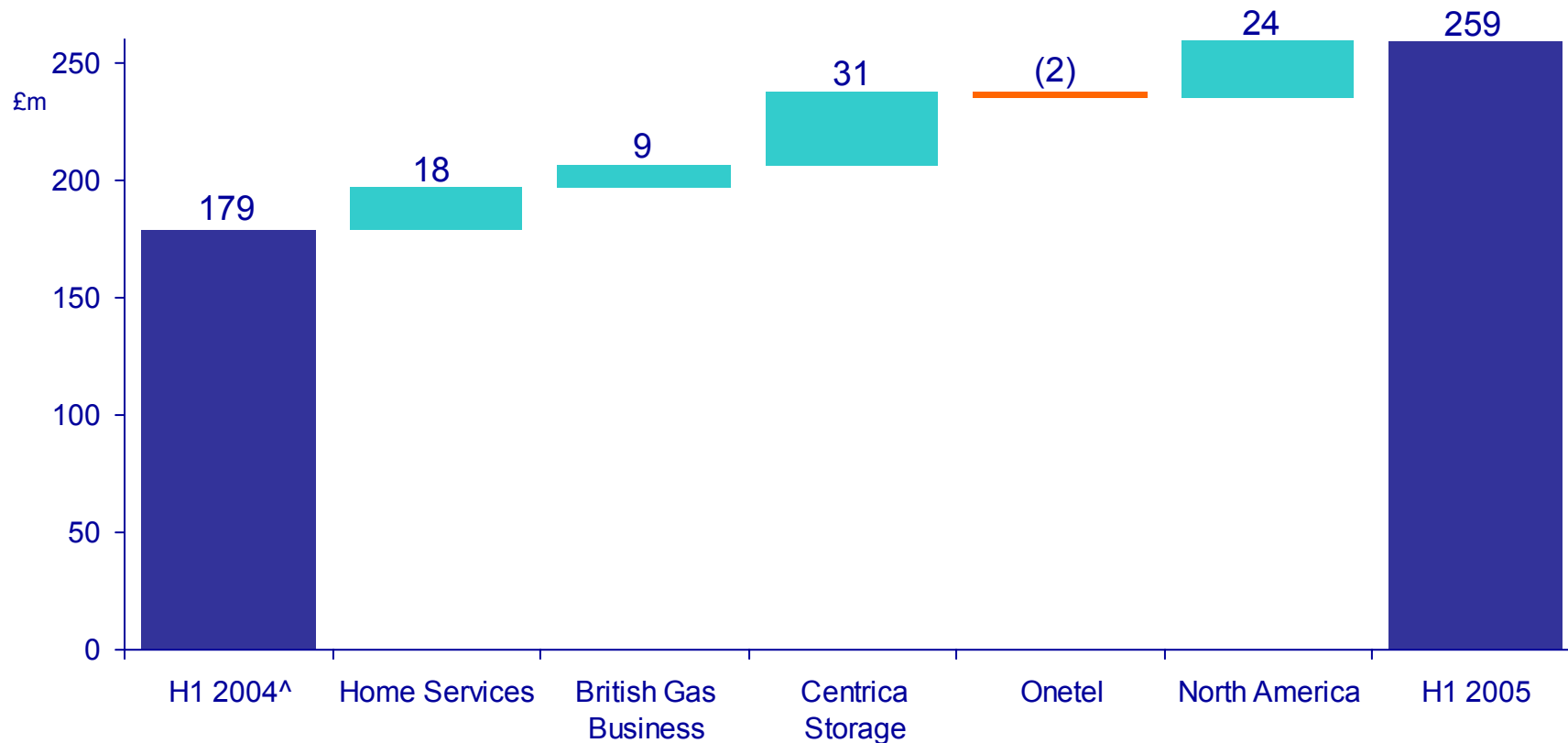


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Other businesses

Operating profit*: causal track



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^ Restated for IFRS, excluding IAS 39 & IAS 32 adopted from 1 Jan 05

Commitment to increasing returns to shareholders

- £480m share buybacks completed
- Share buyback programme extended by £500m to £1bn
- 24% increase in ordinary interim dividend
- Full year dividend in line with previous commitment
- Intention to grow future dividends per share in real terms

Summary of the financials

- Strong H1: Challenges in H2
- Lower full year operating margins in British Gas residential energy
- Full year EPS towards the lower end of expectations
- Higher proportion of upstream profits in H2
- Cash generation remains strong
- Maintain commitment to single A credit rating
- Strict financial disciplines maintained

Chief Executive

Sir Roy Gardner

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Agenda for 2005

- Leveraging the value of scale
- Getting back to growth in British Gas
- Reducing the cost base
- Growing Home Services
- Investing in value-enhancing upstream assets
- Managing for growth in other business areas

Leveraging the value of scale

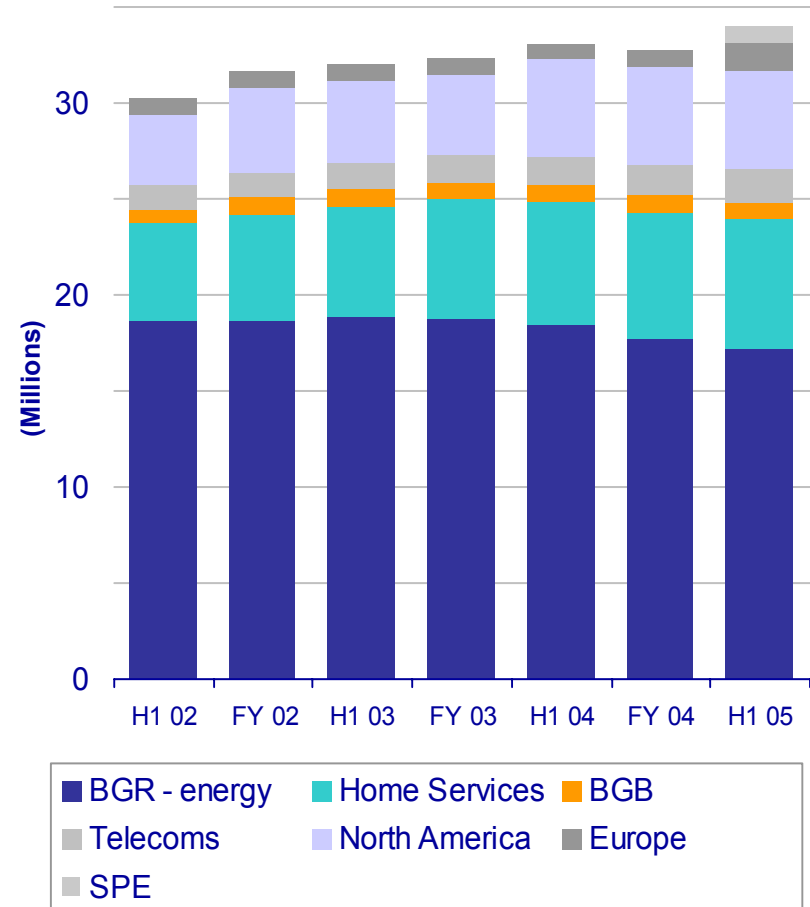
Benefits of scale:

- Shared cost base
- Market strength
- Cross-selling opportunity

Our strategy

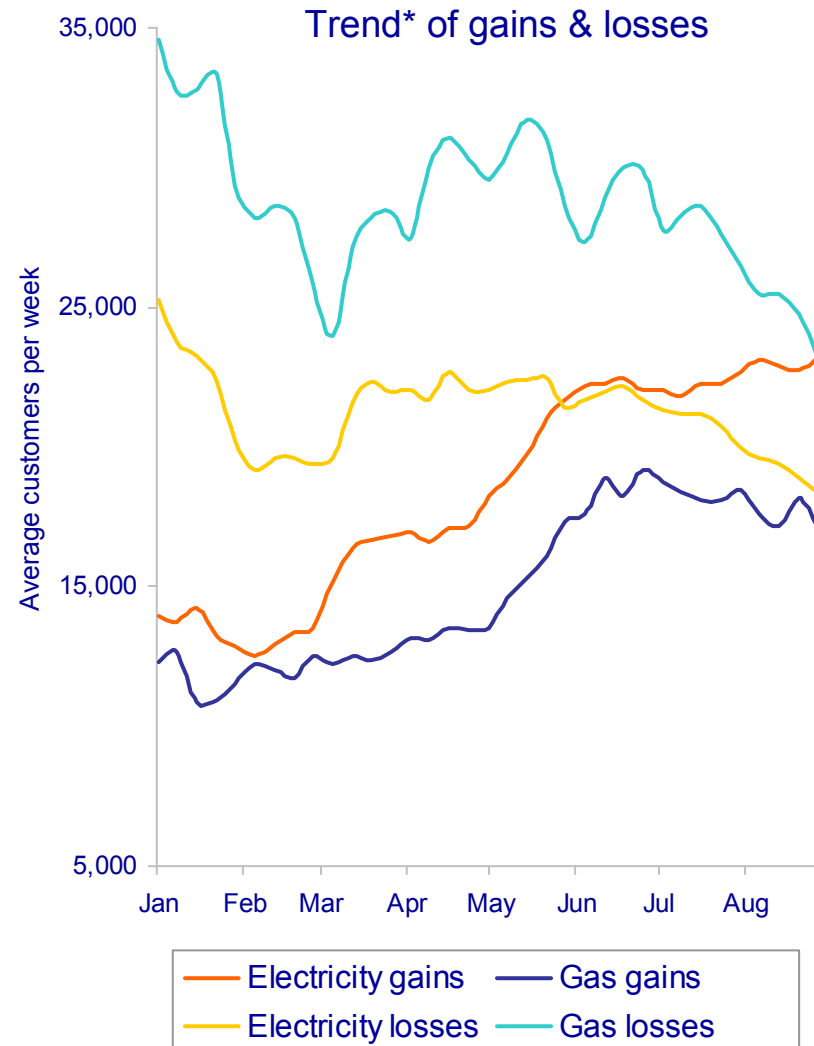
- Focus on energy & related services
- Defend UK position
- Grow in Europe
- Build in North America

Growth in customer relationships



Getting back to growth: trends have been positive and electricity has now got back to growth

- Sales at record levels
- Electricity back to growth
- Gas churn slowing
- Latest price increase will impact H2
- New propositions
- More active marketing



* 6-week moving average

Local couple still very happy after 37yrs with British Gas

Funny how good news doesn't always make the headlines

There's a good reason Mr & Mrs Woods have been with British Gas all their married life - they like the service we give them. As Mrs Woods says, "We feel British Gas very, very reliable. And their engineers are very, very helpful too. It's just nice to know they're there for us."

The good news is we're here for you too and you could visit house.co.uk/norises for more of our news.

Local woman happy after British Gas engineer is very, very helpful

Funny how good news doesn't always make the headlines

According to Mrs Woods, British Gas engineers are "always polite, professional and friendly to deal with, when you just need one of the British Gas services."

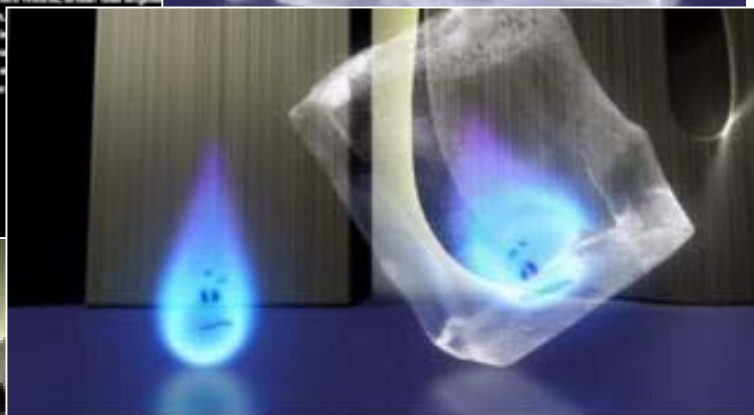
The good news is, our engineers are here for you too, visit house.co.uk

Freeze your energy prices until 2010

Sign up to British Gas Price Protection



British Gas
Doing the right thing



Freeze your energy prices.

Sign up to British Gas Price Protection and we'll guarantee no price rises until 2010. And unlike most of our competitors, if you have dual fuel there's no extra cost for the privilege.

house.co.uk/norises

British Gas
Doing the right thing

British Gas Price Protection is subject to certain conditions. See our website for more details. The cost of the service is included in the price of your gas. There is no extra cost for the privilege. © 2008 British Gas. All rights reserved.

NORISES

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British Gas
Doing the right thing

Reducing the cost base: cost reduction initiatives in progress will deliver benefits from 2006

- Process re-engineering
- Offshoring
- Office closures
- Billing system pilot
- Engineer deployment system



Your energy account

Customer number: 100 999 999 9999
10 July 2002

Any questions?

Call us: **0845 609 1122**
We are open Mon to Fri 8am-8pm and

Mr X Ample
1 The Street
Townton
Countex
AB12 3CD

74622 005

Summary

11 April to 10 July 2002

Account Activity

Balance from your previous bill	£65.63
Payments received - see side 4	cr £240.00
Opening balance	cr £174.37

Energy charges

Gas used	£78.67
Electricity used	£101.19
Sub total	£179.86

Savings for you

VAT	£8.72
Debit balance	£8.85

● Your balance is made up of £4.43 for gas and £4.42 for electricity.

● The "savings for you" is made up of £3.56 for taking both gas and electricity, and a joint invoice discount of £1.80.



Your energy account

Customer number: 100 999 999 9999
10 July 2002

Your gas details

11 April to 10 July 2002

● Thank you for providing your meter readings.

Gas readings	
Meter serial number: 123 456 78	Units kWh
Current reading provided on 10 Jul 02	1525 524 4032
Previous reading estimated on 11 Apr 02	1001
Gas used	524 4032

Gas charges	
for 4032 kWh used over 91 days	
Rate 1 - 2200 kWh at 1.355 pence per kWh	29.81
Rate 2 - 1832 kWh at 2.667 pence per kWh	48.86
Charge for gas used	£78.67

Gas savings	
Joint invoice discount (1%)	cr 0.79

Savings for you

VAT	
Cost of gas used excluding VAT	77.88
VAT at 5%	3.89
Total cost of gas used	£81.78

● You receive a 1% discount on your gas charge for joint billing.

● The rates shown include a discount of 10% for

Your electricity details

11 April to 10 July 2002

● Thank you for providing your meter readings.

Electricity readings	
Meter serial number: 123 456 78	kWh
Day readings	
Current reading provided on 10 Jul 02	31168 446
Previous reading estimated on 11 Apr 02	30722
Night readings	
Current reading provided on 10 Jul 02	62092 2802
Previous reading estimated on 11 Apr 02	59290
Electricity used	3248

Electricity charges	
for 3248 kWh used over 91 days	
Rate 1 - 222 kWh at 5.310 pence per kWh	11.79
Rate 2 - 224 kWh at 12.640 pence per kWh	28.31
Night rate - 2902 kWh at 2.180 pence per kWh	61.08
Charge for electricity used	£101.19

Electricity savings	
Dual fuel discount	cr 3.56
Joint invoice discount	cr 1.01

Electricity savings	
Dual fuel discount	cr 3.56
Joint invoice discount	cr 1.01

Savings for you

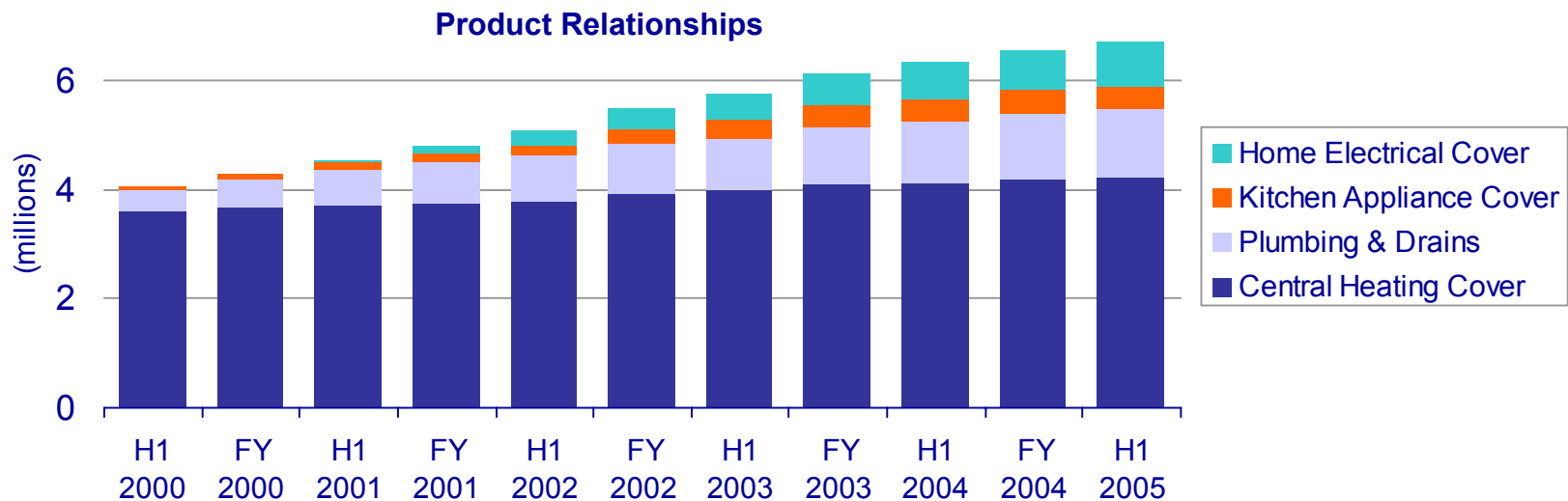
Savings for you	cr £4.57
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Reducing the cost base: cost reduction initiatives in progress will deliver benefits from 2006

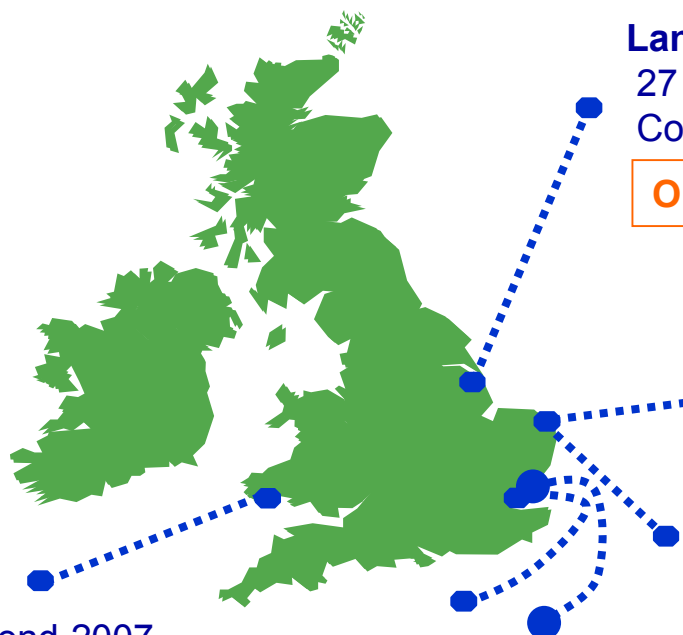
- Process re-engineering
- Offshoring
- Office closures
- Billing system pilot
- Engineer deployment system

Growing Home Services: positive trends continue

- Growth in all product lines
- Profit increase demonstrates scalability
- Significant margin improvement to 12%
- Continued growth in engineer numbers & efficiency
- Link between home services and energy remains strong



Value-enhancing upstream investment: infrastructure projects are progressing



Langedled:
27 BCM capacity by end-2006
Connection to Ormen Lange gas field end-2007

Onshore link built at Easington

BBL:
16 BCM capacity by end-2006

On track

IUK:
8 BCM expansion by end-2005
+8 BCM expansion by end-2006

First phase expected by Nov 05

Milford Haven
Dragon 6 BCM by end-2007
South Hook 10 BCM from 2007/8

Construction underway at Dragon

Isle of Grain:
4.5 BCM in 2005
+8 BCM by end 2008

First LNG shipment arrived 4 July

Canvey:
5.4 BCM by 2010

New terminal planned

Value-enhancing upstream investment: and we have made good progress in a difficult environment

Gas for the UK

- First gas delivered from Horne & Wren 0.6 BCM
- Kerr McGee North Sea assets 5 BCM (equivalent)
- Participation in North Sea exploration wells
- LNG capacity acquired at Isle of Grain 3.4 BCM pa
- Partner in Canvey LNG project share of 5.4 BCM pa
- Nigerian licences

Power

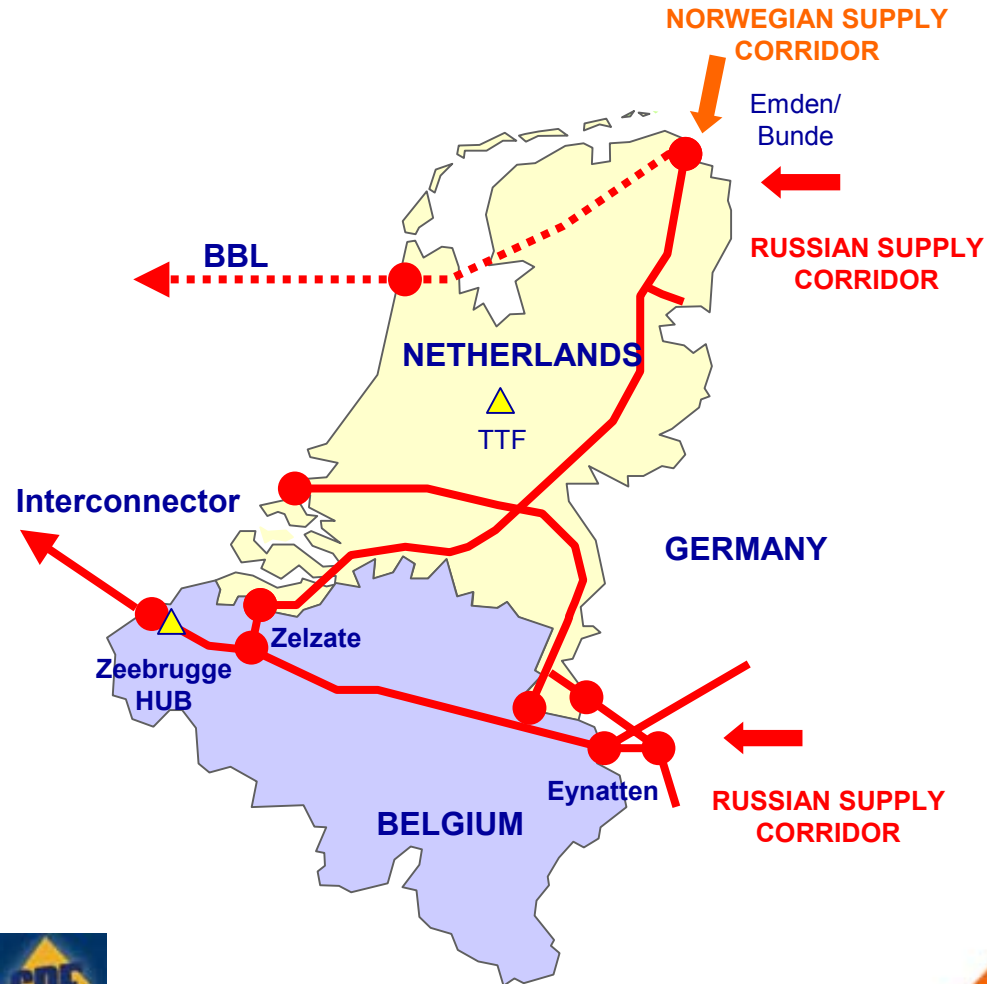
- Coal-linked PPA with International Power 250 MW / day
- Commenced tender process for Langage up to 1010 MW

Renewables

- Glens of Foudland generating first green power 26 MW
- Construction well under-way at Barrow 90 MW
- Tender for Inner Dowsing & Lynn construction 2 x 90 MW

Growth in other business areas: Northern Europe is of key strategic interest for us

- Improving political climate
- SPE acquisition with GdF
- First foothold in Holland
- 1.4m customer accounts
- Northern Europe / Benelux offers the most immediate opportunities



Growth in other business areas: continued steady progress in North America

Texas power

- Strong organic growth
- Reduced churn in incumbent areas
- Price to Beat re-filings

Canada energy

- Reduced churn – customer numbers steady
- Ontario re-opened but challenging
- Slow progress in Alberta

Home Services

- Good organic customer growth
- RSG cross-selling successes

Business markets

- Rapid growth in all markets
- Expanded outside residential energy footprint
- Very competitive market

Outlook

- Financially difficult second half
- Continued uncertainty on commodity prices
- Managed pass-through of wholesale costs
- H2 energy margins lower than 2004
- Vigorous focus on cost reduction continues
- Customer retention a priority after the price increase
- Continue to build & strengthen the business foundations
- Strong business – sound growth prospects
- Disciplined management of capital
- Continued delivery of shareholder value



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