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**Centrica plc 2017 Capital Markets Day**
**Wednesday 21 June 2017**
**Wrap up and Q&A**

**Iain Conn**
**Group Chief Executive**

We hope that you found the breakouts interesting and that they provided you with much more depth around some of our propositions, capabilities and technologies as well as the opportunity to spend some time with our team. Quite a diverse team.

We now have a little more time for any remaining questions before I wrap up the day, but I did promise that I would make a comment or two about the Queen's Speech today.

We're not webcasting this part and that means we can't give you any selective disclosure obviously, any additional disclosure. So we will be able to cover non-price sensitive matters and get into the same disclosure that we discussed earlier this morning, but we can't go into any additional territory. But since this is commenting on something that's in the public arena, let me just tell you what we know, or at least what I think we know, and what I interpret from it.

I will say it was quite amusing standing next to Jenny Ping in one of the sessions and I couldn't have helped because she was standing in front of me with her iPhone with a letter from Greg Clark on it as I was sitting there with my iPhone with a letter from Greg Clark on it. It was an amusing moment.

But what has happened? The Queen's Speech has happened and the government has announced what they are going to do around consumer markets and the energy market. They have not announced a market-wide price cap which was obviously what they had intended and announced before in the run-up to the manifesto being published.

But what they have done is said that they are going to ensure fairer markets for consumers and this will include bringing forward measures to help tackle unfair practices in the energy market to help reduce energy bills. They've gone on to give detail in three areas that are relevant to energy.

There is first of all going to be a consumer Green Paper which will obviously look at many different markets, including energy, where they're not working well enough which, if you remember, goes right back to some of their first thoughts.

In the matter of energy specifically they're looking to extend price protection currently in place for some vulnerable energy customers to more of those on the poorest tariffs. That's not all of those. More of those.

And they are also going to legislate to allow the government to continue to support the effective completion of the smart meter rollout and they're going to support initiatives to improve switching and transparency in the market.

Since then, the Secretary of State has already written to Ofgem to Dermot Nolan pointing out that in his opinion Ofgem has the authority to improve the way the UK energy market is working which is something we would agree with. And he has asked for Ofgem's urgent response to three things - safeguarding customers on the poorest value tariffs, ensuring that micro businesses are fairly treated and considering the future of the standard variable tariff.

It's too early to know exactly what this means, but my interpretation of this is that the government is going to pursue change vigorously, but they are also going to pursue change that's not necessarily requiring legislation other than the smart meter point and they are going to look at ways to change the market fundamentally rather than capping prices.

It's my interpretation. I think they might be extending, clearly, the price cap methodology that's already in place for prepayment customers to a broader section of customers and we will have to just see what that means. So that's what they've said and done. That's our interpretation.

I think from our point of view I wouldn't say it's not good news. I think it's just sensible news because I think the government is pursuing real change to try and get at some of the issues in the design of the market that causes behaviours to not be as narrowly constrained as they probably need to so I'm broadly supportive of the direction, but we will have to see and the devil will no doubt be in the detail.

Now, we had questions conveniently sitting next to each other. Which one of you would like to go first?

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**Questions and Answers**

**Q1. Martin Brough, Deutsche Bank**
It's Martin Brough from Deutsche Bank. Just asking a little bit in terms of the breadth of the products that you might end up offering customers. Obviously a lot of companies are trying to capture a subscription service or looking at a whole range in terms of broadband and mobile telephony right the way through to music subscriptions and media, TV packages, as well as technology platforms around a hub. So would you look to sort of add those types of services that might be attractive to people, might make people more sticky through partnerships or are you really just trying to focus on things that are more directly linked through to core energy proposition?

**Answer: Iain Conn**
Thanks. It sounds like you're talking about consumer and Mark Hodges, let's have a go there. How do we get to the narrow range or not so narrow range of things that we've already committed to?

**Answer: Mark Hodges**
So, Martin, thanks. We definitely would like to extend the range over time. If you think about Connected Home, we said that third party integration was an increasing possibility. We will and are talking to people about what might the next devices be that we would add to the portfolio. But at the broader level, the more strategic level, as you talk about some of those other aspects of kind of home life entertainment, telephony, we are choosing, and I think this is about focus, we are choosing to stay close to the core. I don't think I would say in the core, I think I called them close adjacency. So peace of mind, home energy management, home automation we do see as adjacent to what we do.

I also said that we think our current strengths and capabilities allow us to move into those adjacencies. I think in terms of things like broadband, telephony, entertainment, downloading music, they aren't necessarily close adjacencies for us. I think we will see an expansion of what we do, but it will have, I think, some kind of resonance with what we're already doing today.

**Martin Brough**
Okay, thanks.

**Q2. Deepa Venkateswaran, Bernstein**
Thank you. This is Deepa from Bernstein. I have two questions. The first one, obviously you've said that if you reach your target net debt level, after that point really the balance sheet is not a constraint and essentially the excess you're going to probably choose to deploy in growth areas. I wanted to bring that capital allocation, so basically return back to shareholders, dividends, buybacks et cetera versus the Capex and how do you think of that trade-off especially considering that that is something that investors haven't forgotten about what happened in the past?

The second question really is I think to both the Marks. In terms of the vision you outlined for the 2022 revenues and so on, what is the biggest risk that you see if we sit here in five years' time and those numbers didn't materialise? What is it that you would see go wrong?

**Answer: Iain Conn**
Well let me answer the first. Obviously the matter of distribution is a matter for our Board. But we've been very clear about the dividend policy and about a progressive dividend. We think that the current income level from the investment is a very healthy income level.

If you think of balance sheet strength and paying down debt, distribution to shareholders and capital, which is what you've talked about, and there are some other obligations which we touched on earlier like the pension obligations and obviously that's very important as well. Having paid down debt to what we think is the right level in this environment and provided we feel that the income component of the shareholder proposition is being met, and we are getting the feedback that it's adequate and good income levels, then we would be investing in the business any excess cash flow to grow so that we can deliver this proposition of income and growth.

I have to admit I'm not a big fan of special distributions. I think we're a long way away from that situation anyway. But I think we would look to try and grow the business in line with what we've outlined today. I think that's self-evident that that's what we would do. But we need to keep the balance between distributions to shareholders and money going back into the business in balance and we would keep that under review periodically and we would do so with the Board.

Obviously, the first hurdle I would like to address is the question of the progressive dividend, or not. We will obviously be able to update the investment community in February.

And the second question to the Marks, the biggest risk to delivering your billions and billions of revenues in 2022?

**Answer: Mark Hanafin**
So I think the biggest risk is the question of the speed with which we can make the sales and deliver the projects. What I said in my presentation this morning was that we do find that it is a complicated process. You have to convince not only the people that are managing the operations in a customer's facilities, but up the line, the CFO, maybe the CEO. There is a number of decision makers in that. That's double-edged. It makes it a little bit harder, but it also is a big barrier to entry.

What we're doing to address that, a number of things. First of all, we have organised around the customer so the Centrica business organisation brings together all of the different parts of Centrica completely focused on what the customer needs. You saw some of the capability that we've brought together to inform our products and propositions.

I would say that, picking up on some of the questions that I was hearing in the breakouts, how do you bring all of that together? There is so many different parts, there is so many different parts of the offering. If you look at the way that we've gone about organising distributed energy and power, we've learned from some other organisations that have tried similar things and failed where they've kept products separate. So they've acquired a company that has a product like the CHP business in ENER-G and they've had that as a separate activity. We haven't done that. We've gone for a functional organisation. We have central global teams that prepare our marketing propositions and products, our technology and we've rolled those out.

So I think that we will find a way to speed up the funnel and the pipeline of leads going into projects and sales and we will have a model that we can take to new markets and we will know what that model is and we will just replicate it.

**Answer: Mark Hodges**
In Consumer, and specifically in terms of growth and, as I described in the Connected Home-led pillars, I actually think, as much as anything, it's mind-set. If we have a relatively narrow mind-set, the UK energy supply mind-set, we'll get a different outcome to if we have an international retail sales and marketing-led solution-led partnership and the ability to do partnership deals with many other companies which means that we need to learn how to work with other organisations and we will end up with a different capability set.

For me, it's as much about breaking out of, if you like, what we have traditionally been when we think about these new areas and thinking very, very differently. Then all of the other aspects, so sales, marketing, devices, technology, capability, partnerships, if we change our mind-set, which of course is what we're saying to you we are doing, I think they will take care of themselves.

**Answer: Iain Conn**
Just on both of your comments, I think the only thing I would add is over the last couple of years we've really seen a difference in what we can offer the business customer and they are starting to respond in a different way.

And to Mark Hodges' point, I talked to a couple of you that said gosh, this doesn't feel like a utility that we are following as utility analysts, it feels quite different. We have come some way internally. We've still got a long way to go, but we've come quite a way in terms of our ability to be more agile and to partner and collaborate with other people in a different way and see the world through the eyes of the customer and also to underpin it with capability and technology and that's really what we've been trying to show you today.

Other questions? A fist full of hands. So Fraser, you've had one already. I will come to you though in a sec, but let's do these two that are remaining up. Yes, that would be great.

**Q3. Iain Turner, Exane BNP Paribas**
Thanks. It's Iain Turner from Exane. Can I just go back to the action in parliament today? In the letter, it talks about expecting the companies to kind of play ball with Ofgem's consultation and activities, proposals. I just wondered what your thought was about that and how you squared that with your fiduciary duties to shareholders as you look forward in terms of the proposals that might come. Something that might look very, very simple to Ofgem might not necessarily be a good idea. I think, certainly talking to people in the industry about the PPM price cap, there are elements of that that people think are actually quite unfair.

**Answer: Iain Conn**
Well we agree that we don't think that price caps are necessarily fair. I think the way I square that circle, and I did mention it earlier, that we are going to co-operate with the government and regulator and to try and reach a solution that's good for our customers and good for all our stakeholders. Now, that's a balancing act.

But there is a fact that we've got to recognise that governments and regulators, at the end of the day, do set the boundaries within which competitive markets operate and it's our job to try and advise them in the way so that they don't make mistakes in doing that. Now, they get lots of different incoming lobbying in that regard. We've taken some risk recently in deciding not to do certain things that the rest of the industry has been doing such as very aggressive acquisition pricing and very high standard variable tariffs. We've brought our delta right down and you can argue that might have lost us some opportunity. We think it's the right thing to do. We also think it's the right economic thing to do for our shareholders long run.

What we will be doing is engaging with Ofgem immediately starting tomorrow morning. We will, and I will be writing to the Secretary of State and Ofgem in response to what we've seen today, obviously, need a day or two to just think that through. But we've been in a constant dialogue with them and we've been trying to give them the benefit of our experience and perspective as the largest supplier in the UK on what we think would be most effective. We've had quite a bit of traction with that. We're going to keep going with that.

Now, I don't think it's automatically a trade-off between the shareholder and the regulator because ultimately, if we turn around to the regulator and say no, I have a fiduciary duty, they can change the rules and we'll have to come back to you all and say sorry, we stood up for you but it made no difference. So we've got to engage and we've got to find a pathway through. I'm actually hopeful that the Government has opened this up a little bit to see about looking at alternatives that are more targeted and might be more effective in the long run.

At the back there. Thank you and then we've got Fraser and the gentlemen behind you. Thank you.

**Q4. Nicholas Ashworth, Morgan Stanley**
It's Nick Ashworth at Morgan Stanley. A couple of questions if I may. Firstly, just on Connected Home. The targets you've given, the revenue targets over I think is 2019 and 2022, are you going to be providing any customer or hub numbers and expectations or any other KPIs around it as well so we can track the progress as we go

along? Can those targets be met just in the countries you're in at the moment because in the Hive breakout this morning I think new markets such as Italy and India were mentioned as well? So, do you need to go into new markets to be able to hit those targets?

Then secondly, just on E&P which has been an area we've not really touched on today, I think you did say this morning, as you said two years ago, that you wanted that business for the diversification, the cash flows that it brings. Does E&P still sit in this new consumer services-led company once these new businesses are up and running and where you want them to be?

**Iain Conn**
Mark, why don't you cover off the Connected Home?

**Answer: Mark Hodges**
So, in terms of targets, I mean we already give you the hub numbers once every six months so you'll be able to see how we're doing. What we are not doing today is attaching a hub target to the pounds numbers that we've given you largely because it will depend on mix between subscriptions and one-off as, for instance, a key factor as well as frankly how well we do upselling to existing customers through that period. So it's not really relevant to do that today.

I think going forward Iain already mentioned this morning that we'll obviously have to think about the right disclosure for you to try and help you understand where we are as the business progresses and where we are in the J-curve. So I think that's something that we'll probably keep looking at.

Entry into new markets, I'd slightly spin it and say we want to enter new markets to hit those targets. We want to be in new places as well as the geographies we're in because we actually think that the capability will work and because of the incoming conversations and the conversations we're having with partners, potential partners, we think there is a strong likelihood that we will be in a number of new markets over the coming few years.

**Answer: Iain Conn**
I think that's quite exciting because we're not having to bang the door down to enter new markets in Connected Home. It appears that quite a few people are banging on our door saying can you come in and we'll do it together, or whatever.

Now, we're going to be very clear about it's our brand and it's our margin, it's our product, it's our platform and it's our relationship. If you're willing to do it on those terms and it helps the partners' channel of trade or whatever, then we'll do it. But it's good that we're getting a lot of incoming. We obviously need to be very disciplined about where we choose to play. We don't want to just do it scattergun.

On your E&P question, we've absolutely said that E&P is a source of balance sheet strength through diversity of cash flows and having non-correlated cash flows is important. We are concentrating the company more towards these customer-facing businesses. We are selling parts of the diversity, if you like.

We got out of wind production, but actually it was a pretty low operating profit cash generative business. We're getting out of our two larger CCGTs. There are people who have got countervailing views about where the margins are going to go. It's a loss making business today. I think if you can get £318 million for a loss making business today, it's probably a good thing for us.

So what we've done so far I don't think is a big issue. Canada was going to be a stepping stone into E&P in the lower 48 and there are 50 companies chasing unconventionals in the lower 48. I think we've missed the bus, so that's why we're getting out of Canada.

Now, to your question then, the role of E&P is absolutely as stated. It has a role, but it's a much more indirect role of making the company stronger so that we can take the sorts of risks in managing risk for customers through the balance sheet strength it provides.

There are second order benefits in terms of crossing some of the positions we have on exchanges through our own production which is very helpful. It makes the company more efficient.

For the foreseeable future, that's what we're going to do. But I think the next question is, as we were talking about earlier, how do we make the E&P business stronger and more sustainable and more resilient because we're narrowing the geography of it. No regrets really, but we've then got to make it stronger and we're going to be open to partnerships and co-venturing in order to do that.

**Q5. Chris Laybutt, JPMorgan**

Thank you. Chris Laybutt with JP Morgan. Just a question on Rough, please. Could you give us a sense of the likelihood of the intervention from government to retain that asset? Does it have strategic value to the UK system, do you think? Are there any conversations ongoing at the moment and some milestones and timing perhaps for those?

**Answer: Iain Conn**

We've been keeping the government informed all the way, Grant Dawson, our General Counsel here who also looks after the storage business. We've been keeping the government fully informed about our concerns about the well testing programme, about how it's going, about the implications. We obviously had to do that in sync with giving market updates.

The Government knows that the UK has got much more diversity of supply now relative to 30 years ago, 20 years ago. Much more. We've got all the interconnectors and all the LNG regasification and then there is also the possibility of shale gas in the UK which is obviously down the road.

They are less worried about molecular security as a result. The spreads, the commercial spreads, of that storage business have come in to such a low level, the seasonal spreads, that they recognise it's not a commercial business. Really, therefore, what's been happening for 30 years is through commercial customers the country has had free energy security.

I think they will worry about how much gas storage we've got in the UK, but they recognise this asset is pretty much at the end of its life and therefore, we will have to see when we apply but so far they've indicated that they are not deeply worried about it. I doubt they are going to hold us to doing something in a different direction.

Fraser and then just check, there is another one over there. Jenny and then Dominic.

**Q6. Fraser McLaren, Merrill Lynch**

McLaren from Merrills. So, two questions, please. Firstly, you're expanding into areas that would more naturally be the preserve of the technology providers in some cases. Do you worry about them getting involved in energy supply and does that fit with your view of being able to hold residential supply flat?

The second question is not having yet announced a move in UK energy tariffs in the latest round, has that been helpful over the last few months in terms of churn or gaining new accounts?

In the assumption that you will at some point announce an increase, do you think that that could undermine the value of the brand which you've been speaking about today?

**Answer: Iain Conn**
I will let Mark Hodges answer the second part on tariffs.

Briefly on your first part, I think the point you're making Fraser is that technology, or tech, is actually merging with so many different markets that it's not really the technology providers necessarily anymore. It's how does tech and whatever channel or business, how do they work together.

We've not seen any evidence of tech providers saying we want to get into energy supply. I think the closest thing that you would see is something like blockchain technology where blockchain providers are trying to get into the mechanics of the energy market settlement. That actually is of interest to us too, Charles Cameron and the team in the breakout on Cornwall, we're looking at whether blockchain is the right way of getting an automatic micro market to self-function. I think we're just as interested in the technology as the technology companies are interested in its application in energy.

I think the final thing I would say, it's not so simple to know how to fulfil energy, how to procure it and fulfil it. The physical elements of it and being able to stand behind the customer and the risk that you're taking with the customer and managing customers at scale I think are going to continue to stand us in good stead.

We may lose parts of the functioning of our business over time because it might change, but I'm not seeing any evidence of the technology companies saying we're going to take your business over. But we'll see.

Mark, on tariffs.

**Answer: Mark Hodges**
So, Fraser, without being really dull, we're obviously not going to comment on pricing speculation and I wouldn't comment specifically on customer numbers. What I would say to you in terms of brand and worrying about our brand going forward, I hope that everything you've seen today in terms of the presentation this morning, the breakouts this afternoon where we're looking at data, personalisation, tariff innovation, the use of rewards, bringing on new propositions that broaden our relationship with customers, that's all about brand building for me over time. Whilst there may or may not be over time price increases and decreases in one pillar of our five pillar framework in one market and for one brand, I think frankly, all of those other aspects of the work that we're doing, it will have much longer term benefits than just worrying about the intermittent price changes we may or may not have to go through.

So of course price is important, I said that, in terms of energy supply and the other thing I would say is we have positioned ourselves as being competitive in energy supply. That's something that we've taken a stand on over more than the last six months, over the last couple of years, and that's because we actually want our customers to value the relationship with us. We don't want the price to become a constant negative. We want them to be able to see that rich picture of other things that we're doing and that competitive position is something that I certainly aspire to keep.

**Iain Conn**
We've got two more questions. Jenny. Martyn, how are we doing? Are we able to go for four questions? It's getting warm in here to. Jenny and then we've got two. Ed is going to be the last question I think.

**Q7. Jenny Ping, Citi**
Thank you. Jenny Ping from Citi. A super quick one for me. On the smart meter rollout, it looks like from the Queen's Speech that the deadline for the entire rollout of the domestic homes and businesses is no longer going to be tied until 2020, so i.e. there is potential drag extension from that. So does that mean your PPM cap, there is a potential the PPM cap could stay in place above and beyond December 2020?

**Answer: Iain Conn**
I don't know whether the PPM cap will stay in place beyond 2020. It was supposed to be a temporary cap. I think it largely depends on some of the other measures that they're going to try and introduce as to whether the market dynamic is going to change. I think they may remove the PPM cap after that, but I think they'll keep it under review.

As far as the smart meter deadline is concerned, I saw that as well. I don't know what the implications are yet. One of the things that we've been discussing with the Government is the opt in versus opt out reality of it. If people are going to choose to opt in, you're going to get lower take-up than if you actually force everyone to have them unless they opt out. We're going to have to review what their plans are in line with that, Jenny, I'm afraid. It's too early.

There were two more.

**Q8. Dominic Nash, Macquarie**
Hi there. It's Dominic Nash, Macquarie. Two questions, please. The first one is on timing on Rough. Is it possible to give us a clue how long it will take to empty the cushion gas and once you start to turn it on, can you just do it over the winters or is it basically flowing out for that period of time?

Secondly, going back to the Queen's Speech and sort of timeframes, it looks like there is going to be a wholesale review again. What's your take on how long that will take to actually process bearing in mind the last time we had a decent one it took like two years to get through?

As part of that, do you think they're going to be re-examining all the costs of the market in line with the Conservative manifesto which might put question marks on carbon pricing and other?

**Answer: Iain Conn**
Well, so Rough and cushion gas, we need to review what the production profiles look like. We've got a pretty good idea. The short answer is it turns into a producing field and it will have a decline curve which we will take to its commercial limits before we then apply for abandonment.

But clearly, the Rough field has got a field life under any scenario into the mid-2020s. I would say that still applies as a producing asset by the time you've decommissioned it and everything. So it's too early to give you any more than that right now. But we will be applying to the Government immediately to get permission to both reduce the amount of cushion gas to make the field as safe as possible in the very near term and then to look at the plan for production.

On the Queen's Speech, I don't know how long it's going to take. My opinion is I don't think there is going to be another Competition and Markets Authority investigation. That's all been done.

I've only seen it for an hour, but the letter from the Secretary of State to Ofgem is very targeted. But I read into it something that's new which is simply that they've said we think you, Ofgem, may actually be empowered to address many of the issues and therefore, we're asking you urgently to give us your advice on what you recommend we do in these three areas.

I don't think that necessarily needs to take that long. I suspect the consultation process and being sure about what they want to do might take a matter of months, but I can't see it being measured in years.

I don't know about carbon pricing and implications for that at the moment. It's too much of a stretch for four hours of thinking.

**Q9. Olly Jeffery, Royal Bank of Canada**
Hi. It's Olly Jeffery from the Royal Bank of Canada. Two questions, please. First on the Connected Home. Your latest, Mark, thermostat I believe has been out now for two years. How much longer do you consider its shelf life to be before you have to innovate that?

The second question, Mark Hanafin, earlier you said today that your business was customer-led and not product-led and it was an advantage not having proprietary technology whereas there is a different strategy within B2C British Gas. Could you explain, square that circle, why it is advantageous in one but not the other?

**Iain Conn**
Mark and Mark.

**Answer: Mark Hodges**
So Connected Home shelf life of the thermostat, I think we think it's got some legs left in it. I mean don't forget it's not just about the actual thermostat on the wall. It's about the services we put around it which is what we've been describing to you during the day. It's about the app and the interface which we can continue to innovate regularly. We've taken the UK thermostat and completely rebuilt it for the US market so that it can do cooling as well as heating and we've learnt one or two things through that process that we will be able to bring back over time.

The key thing is the look and feel is still relevant. I mean there is a lot of time went into the design of the thermostat. A lot of time with customers. So that look and feel, whilst we might be able to change one or two internal components, that look and feel I think is still relevant and for some time to come.

**Answer: Mark Hanafin**
Sorry for the confusion on that. What I was referring to specifically was in solutions. We're not a manufacturer of gas engines and that type of hardware. We're not Clarke

Energy, we're not GE. We can choose the best products and put them together to provide those solutions. But when it comes to that overall offering that I was talking about, clearly there is a lot of proprietary products and propositions in there. The panoramic sensors you've seen. There isn't another product on the market like that in terms of them being wireless and self-powered.

The integrated solutions platform that we are building will be something quite unique and will be ours. The IP is ours. It will have Centrica apps as part of it. You saw Yaniv demonstrating the demand side response planning tool as part of that. We'll also open it up to third party apps as well.

So a lot of Centrica proprietary IP if you like in that overall offering, but in terms of the big hardware pieces of kit, we'll choose the best product for the customer.

**Answer: Iain Conn**
I think, Mark, the other thing, you met Alan Barlow in the solutions discussion. Alan is in the back somewhere, right at the back. The way ENER-G packages someone else's engine and all of the technology that goes around it before it actually reaches the customer, that is proprietary. So, as Mark said, lots of ways to protect.

I don't think the approach is fundamentally different. In fact, we don't manufacture all of the cameras and other bits in Connected Home.

Ed, the last question and I'm going to then stand up and summarise because it's getting a bit hot sitting here.

**Q10. Ed Reid, Lazarus**
Sure. Ed Reid from Lazarus. Obviously technology is changing very quickly and you're having to innovate to kind of keep up with that, but it seems that politicians and regulators are maybe struggling to manage the technology change. So how do you make decisions around innovation when there is quite a lot of potential regulatory risk around what you might be doing? Is it compliant? Will regulators change their minds?

**Answer: Iain Conn**
Look, I will try and answer that. I think there are two main areas of risk I think. One is risk associated with the product itself and the offering itself to make sure that they are actually compliant. I think that's relatively easy to do. I mean there is lots of regulations around physical product regs, what tests they've got to pass, is it legal to sell it in the way you're selling it. All of that is pretty standard.

I think the area that can get difficult is things like the European Data Protection regulations and cross-border data transfer being very careful how we use customer insight, how we protect customer data and being mindful in a forward-looking way so that we don't collide with that.

I don't believe and I don't think we have yet run into a situation where we believe the risk of uncertainty around regulation is slowing us down. I think there may come points in certain products and offerings, but at this point it's not slowing us down.

**Iain Conn**
So ladies and gentlemen, I'm going to stand up to do this just to close. First of all, I would just like to thank you. It's getting very hot. I'd like to thank you for your forbearance for that and for actually being with us for a whole day and thank you very much therefore for coming.

We hope that today has been useful for you. I just thought I would give you a few closing messages and there is some slides I think. These are all the same slides that we showed earlier.

The big messages we want you to take away are that we are executing on all aspects of the strategy we laid out in 2015 and I hope we've shown you that we're making material progress. The first phase of the transformation of Centrica will be complete at the end of 2017.

We're on track to deliver the 2017 targets and we will plan to balance our sources and uses of cash flow in 2018 in the current environment and even in the event of an energy price cap in the UK which may have receded a little bit today, but there is a lot of water to go under the bridge.

We've a diverse portfolio of businesses with gross revenues of £28.3 billion. It's strongly biased towards customer facing activities.

Our core of energy supply, services and trading has provided the skills and the competitive advantages from which to enhance the core, build new propositions and target new businesses.

Delivering net growth from this portfolio will require continued innovation and efficiency in the core, development of new propositions and a shift of resources towards the higher growth markets.

We have new divisions serving both residential consumers and business customers. Their needs are global.

We've built new capabilities and Centrica is much more scalable.

We will seek to grow organically and through partnerships and acquisitions. We can now address large market opportunity with attractive growth rates and unit gross margins. Digitisation and data, technology and innovation will be key to our success.

We have clear strategic frameworks in both customer divisions. Firstly in Consumer, addressing five targeted customer needs with clear focus areas, we have the skills and capabilities with which to address them.

And similarly, in Business.

As we continue to make this transition, discipline and risk management is important. We have a clear financial framework to guide us even though it is horizontal and has six horizontal pillars. We have a clear financial framework to guide us and at the end of 2017 we expect the balance sheet will not be making demands on our cash flows. We have a clear dividend policy.

So, to conclude, we have a clear purpose and strategy and are executing against all aspects of it. Our portfolio will have been fundamentally repositioned by the end of 2017. We are now much stronger and resilient and are capable of delivering customer-led growth built on the foundations of our core businesses and new skills and capabilities.

Despite some of the challenges we face, we therefore remain confident in our abilities to deliver our medium-term shareholder proposition of returns and growth.

I would like to think all of you for coming obviously and we look forward to updating you at our interim results on the 1st August.

I also want to think everybody who has been involved in producing today's Capital Markets Day. I hope that you found it really insightful and useful and that it gives you an impression of a company that's perhaps slightly different to the one that you walked in imaging this morning.

We hope that some of you will now be able to join us for a drink and I think that is where, Martyn? So walk up the stairs and someone is going to direct you there.

Thank you very much indeed. Thank you for coming.

**End**