

centrica

taking care of the essentials

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Context of International Strategy

- Growth opportunities in UK through new business areas
- Further growth will come from international expansion
- Centrica well placed to export its skills in liberalising energy markets

International Development

Our objective is to export the Centrica model internationally to mature liberalising energy markets ...



- main target areas - North America and Western Europe
- emphasis on end customers
- utilising our unique experience of a fully competitive market
- leveraging our energy buying & trading and marketing & sales skills
- identifying local strategic partners
- to achieve a target of at least 10million customers outside the UK over 5 years

European Focus Areas



Selection Criteria:	Benelux	Germany	Spain	Italy	France
Clear Regulatory Framework	✓	✗	?	?	✗
Liberalisation process advancing well	✓	✓	✓	✓	✗
Open to foreign players	✓	✓	?	?	✗
Supply business unbundled	✗	✗	✗	✗	✗

A number of challenges in the short term

- Effective household competition some way off
- Acquisition generally involves investment in networks and production facilities due to prevailing integrated model
- European deal prices are currently very high
- Political requirements of privatisation process

The number of good opportunities in the short term is limited, but.....

The European landscape is changing fast

- Signs that liberalisation process is gaining momentum
- Major players repositioning themselves for the future
- Consolidation through process of privatisation
- Early signs of an increase in unbundling

Benefits to being an early mover in order to capitalise on the key opportunities that this creates, but may have to restructure afterwards

Importance of getting the right opportunity

- Pace and extent of deregulation is key
- Benefits to being an early mover in order to capitalise on the key opportunities
- May require acquisition first then restructure afterwards
- Benefits to partnership approach

Centrica aims to be a key player in the emerging competitive European energy market

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