

Preliminary Results
for the year ended
31 December 2012



Disclaimer

This presentation does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any Centrica shares or other securities.

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.

Unless otherwise stated all reported figures include share of JVs and associates after interest and taxation (except adjusted operating profit which includes share of JVs and associates before interest and taxation) and are before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items and certain re-measurements.



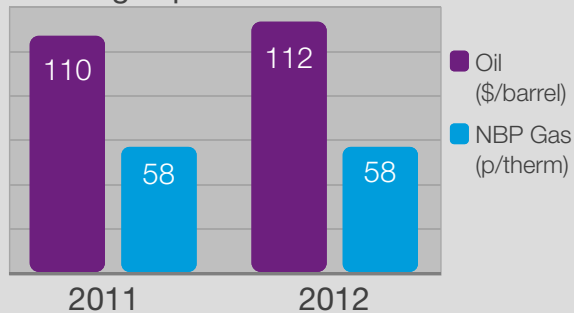
Sir Roger Carr
Chairman



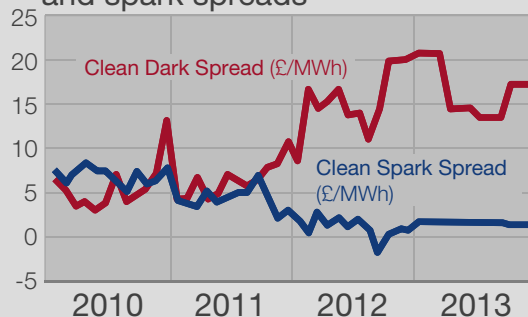
Nick Luff
Group Finance Director

Commodity prices and spreads

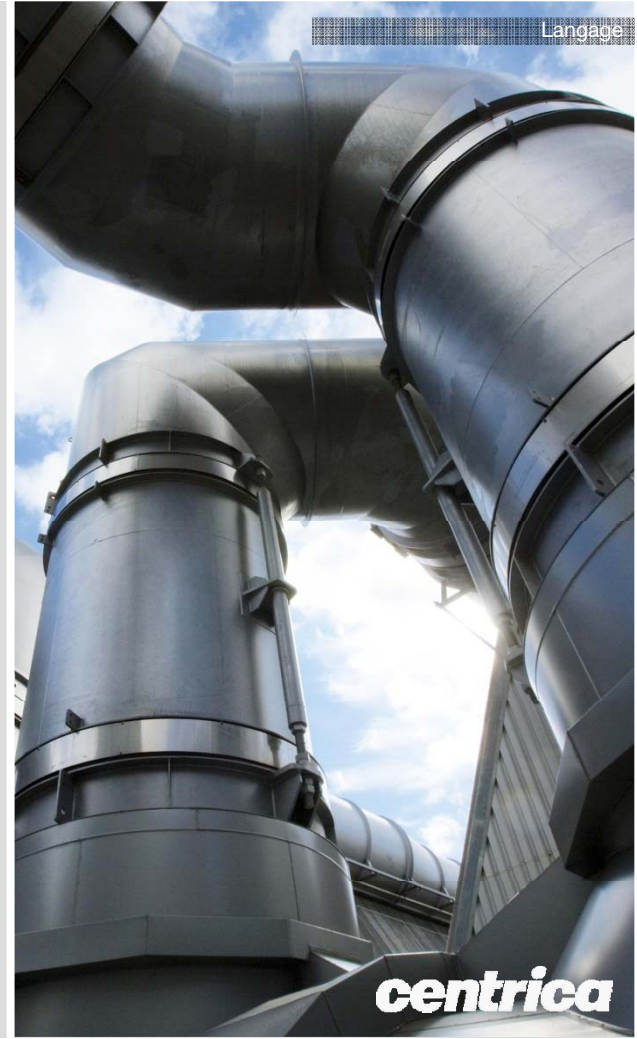
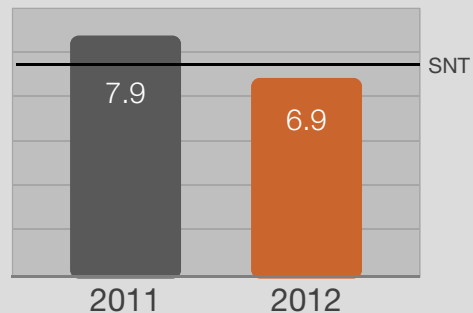
Average month ahead oil and gas prices



Clean dark and spark spreads



Average winter temperature (degrees centigrade)

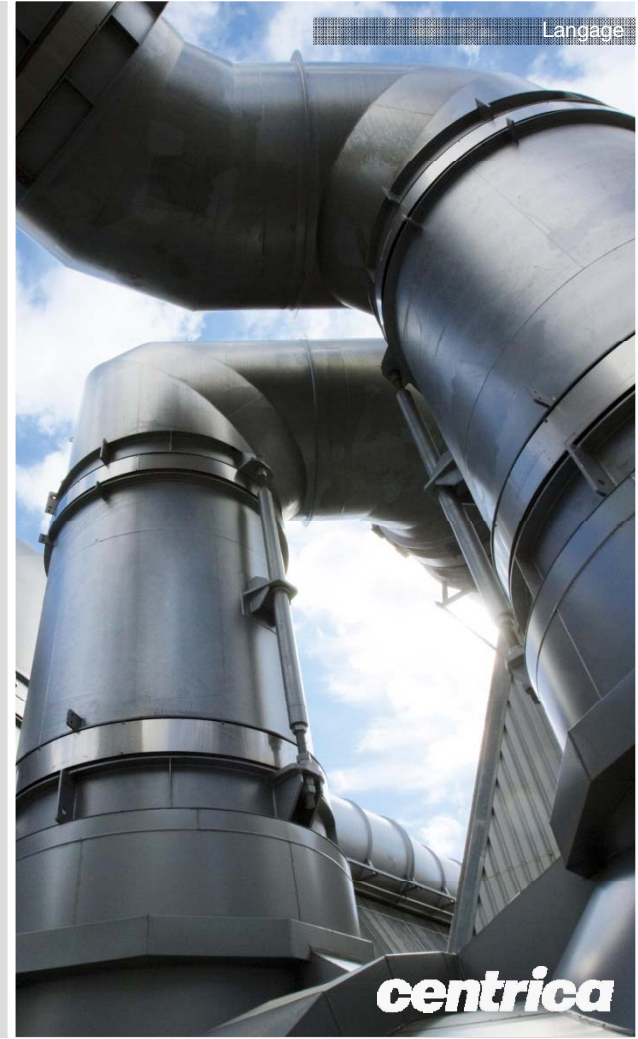


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Financial headlines

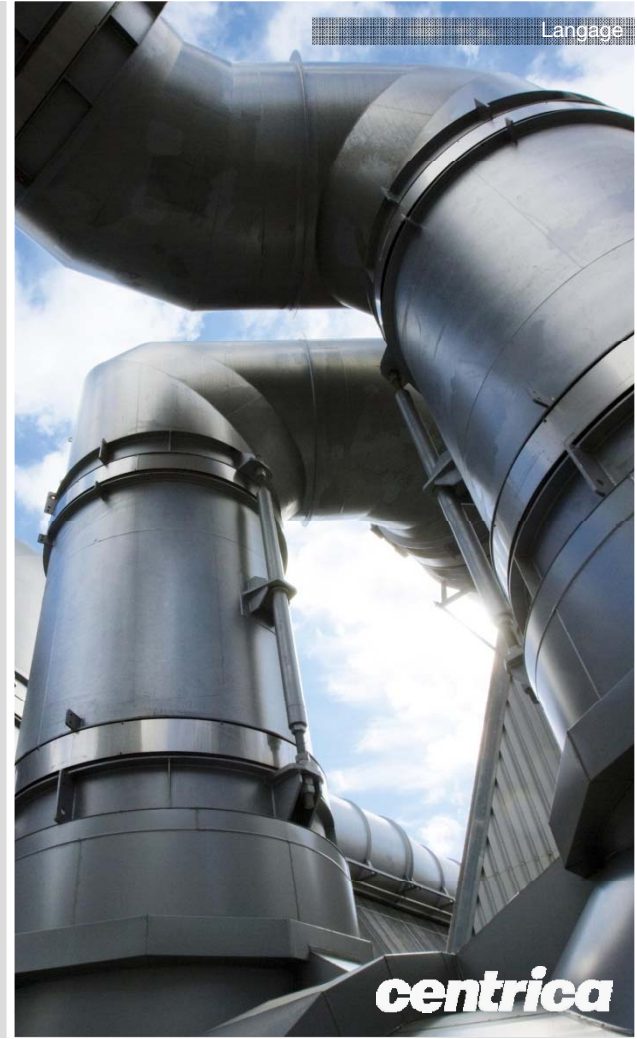
Year ended 31 December	2012	2011
Continuing operations:		
Revenue (£m)	23,942	22,824
Adjusted operating profit (£m)	2,743	2,415
Adjusted effective tax rate	44%	40%
Group result:		
Adjusted earnings (£m)	1,406	1,333
Adjusted earnings per share (p)	27.1	25.8
Full year dividend per share (p)	16.4	15.4

Above figures include share of JVs and associates after interest and taxation (except adjusted operating profit which includes share of JVs and associates before interest and taxation) and are before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items and certain re-measurements
A definition of the effective tax rate is summarised in the Group Financial Review



Operating profit analysis

Year ended 31 December (£m)	2012	2011
British Gas	1,093	1,005
Centrica Energy	1,230	1,023
Centrica Storage	89	75
Direct Energy	331	312
Adjusted operating profit	2,743	2,415
Share of JV / associates' interest and taxation	(85)	(102)
Depreciation of FV uplifts to property, plant and equipment	(96)	(105)
Group operating profit	2,562	2,208



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Operating profit analysis

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Above figures include share of joint ventures and associates before interest and taxation and are before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items and certain re-measurements

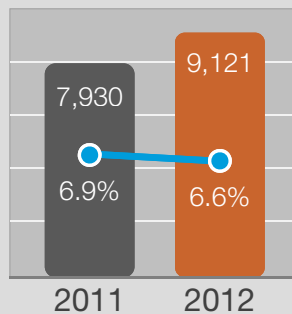


British Gas - operating profit & key drivers

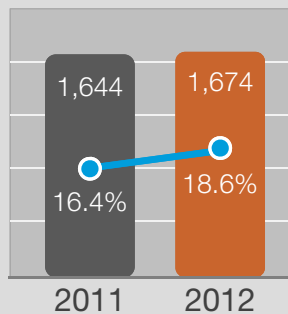
Operating profit

Year ended 31 December (£m)	2012	2011
Residential energy	606	544
Residential services	312	269
Business	175	192
British Gas	1,093	1,005

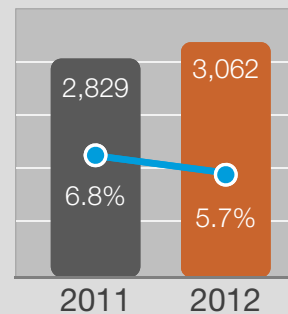
Residential energy revenue (£m) and margin (%)



Residential services revenue (£m) and margin (%)



Business revenue (£m) and margin (%)



Above figures include share of joint ventures and associates before interest and taxation and are before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items and certain re-measurements.

To align with management responsibilities and reporting, the British Gas Community Energy and British Gas New Energy businesses have been reallocated from the Residential energy supply segment to the Business energy supply and services and Residential services segments respectively. The 2011 comparatives have been restated accordingly.

Operating profit analysis

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Centrica Energy - operating profit & key drivers

Operating profit

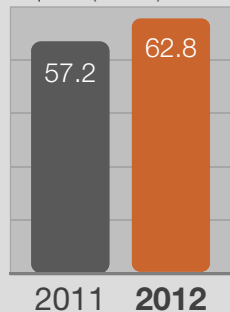
Year ended 31 December (£m)	2012	2011
Gas	919	769
Power	311	254
Centrica Energy	1,230	1,023

Average sales price

Gas (p/therm)

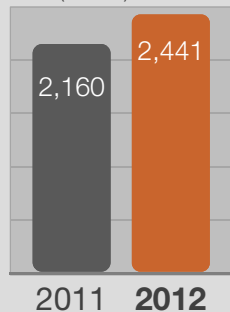


Liquids (£/boe)

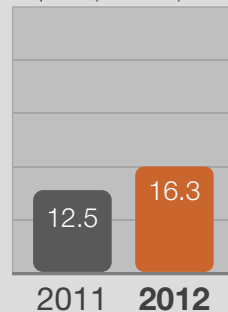


Gas & oil production volumes

Gas (mmth)

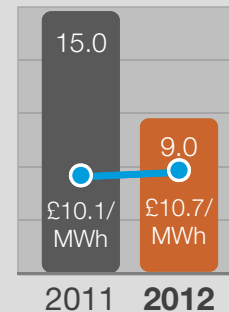


Liquids (mmboe)

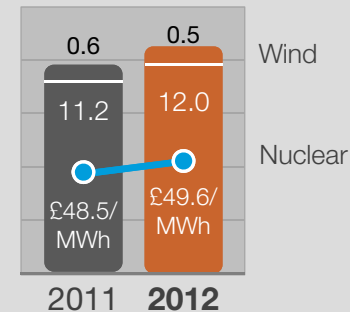


Power generation (TWh) / achieved CSS / nuclear power price (£/MWh)

Gas-fired



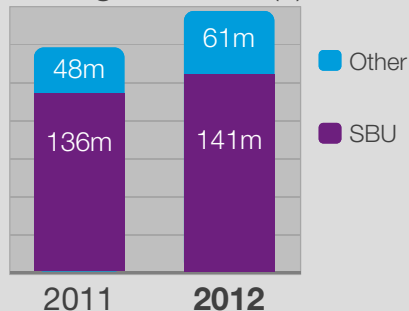
Other



Operating profit analysis

Year ended 31 December (£m)	2012	2011
British Gas	1,093	1,005
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Adjusted operating profit	2,743	2,415

Storage revenue (£)

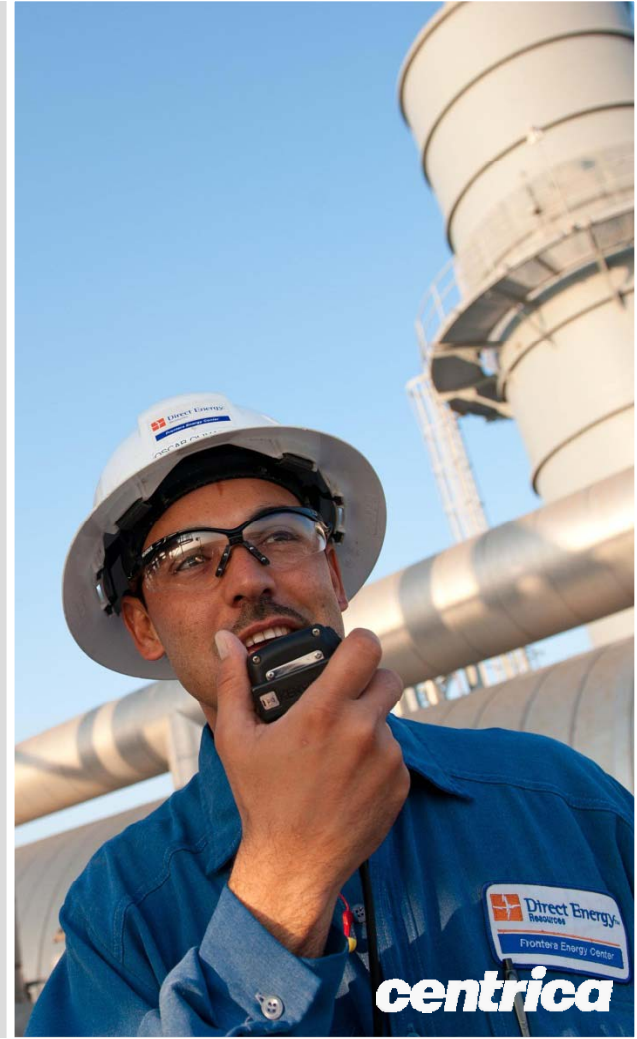


Forward price spreads (p/therm)



Operating profit analysis

Year ended 31 December (£m)	2012	2011
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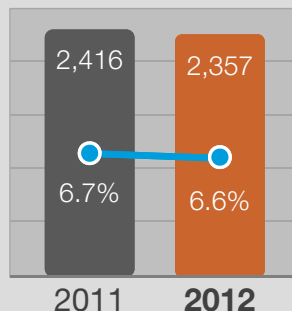
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Direct Energy - operating profit & key drivers

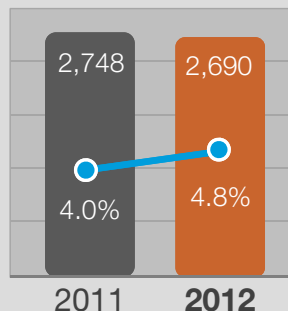
Operating profit

Year ended 31 December (£m)	2012	2011
Residential energy	156	161
Business energy	129	110
Services	33	28
Upstream & Wholesale	13	13
Direct Energy	331	312

Residential energy revenue (£m) and margin (%)

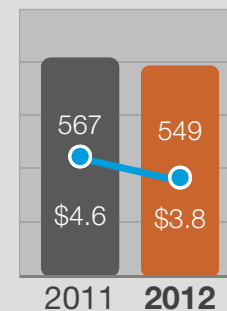


Business energy revenue (£m) and margin (%)



Upstream and wholesale

Gas volume (mmth) and achieved price (C\$/MCF)

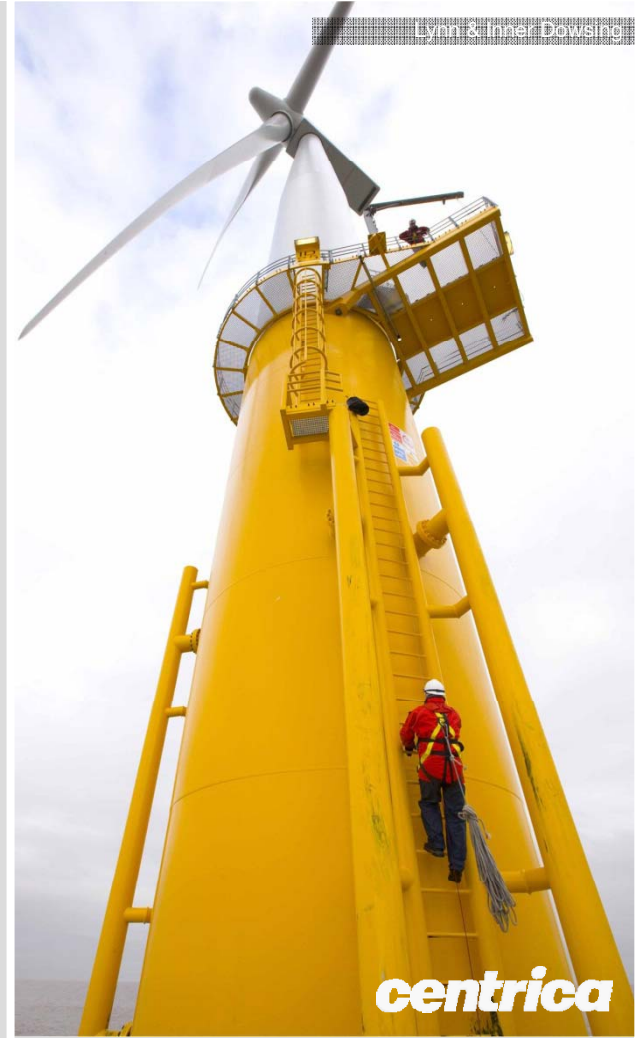


Power volumes (TWh) / achieved CSS (US\$/MWh)



Cash flow

Period ended 31 December (£m)	2012	2011 ¹
Opening net debt	(3,292)	(3,195)
EBITDA	3,650	3,128
Working capital movements	(51)	165
Margin calls	114	(26)
Interest and tax	(696)	(862)
Net capex	(2,727)	(1,601)
Dividends	(815)	(762)
Pension deficit payments	(37)	(27)
FX / Other	(193)	(112)
Closing net debt	(4,047)	(3,292)
<i>Margin cash held / (pledged) within net debt</i>	<i>(102)</i>	<i>(219)</i>



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¹ To align with management reporting, 2011 net debt has been restated to include mark-to-market values on derivative financial instruments used to hedge offsetting changes in borrowings.

Capex and acquisitions

Period ended 31 December (£m)	2012	2011	2013e ³
Centrica Energy gas and oil	841	613	1,000
Centrica Energy power ¹	314	300	150
Direct Energy	115	70	100
Centrica Storage	37	59	50
British Gas	161	211	150
Other	59	48	50
Total pre-acquisitions	1,527	1,301	1,500
Acquisitions / disposals	1,200 ²	300	
Total	2,727	1,601	

1 UK Upstream power includes investment in JVs / associates or windfarm and new nuclear developments

2 Major items in acquisitions / disposals in 2012 include the cash payments for the Norwegian asset purchase, an additional interest in the Statoil interest, a package of UK North Sea assets from Total, Home Warranty of America, the Carrot Creek assets and Energetix and NYSEG Solutions

3 Latest guidance for 2013



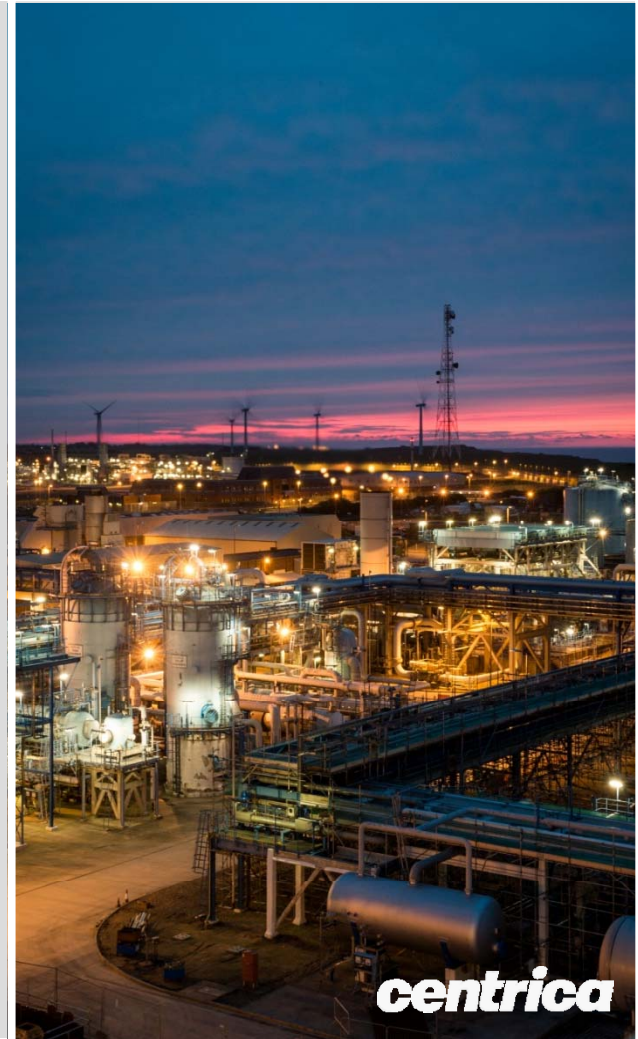
Summary and outlook

Full year earnings growth

- BGR profit up following cooler weather in 2012
- BGS profit up 16% in a difficult economic environment
- Higher Centrica Energy profit
 - higher gas and liquids production volumes
 - strong nuclear generation performance
- DE profit growth in a low gas price environment

2013 Outlook

- Higher gas and liquids production
- Low spark spreads and loss of free carbon
- Continued growth in BGS and North America





Sam Laidlaw
Chief Executive

2012 performance summary

- Further earnings and dividend growth
- £2.7bn invested, organically and through acquisition
- Strong British Gas performance in a challenging environment
- Benefiting from enhanced scale and diversity upstream
- Delivered further profit and customer growth in North America
- On track to deliver Group-wide £500m cost reduction programme

Helping our customers in difficult times

- Making energy choices simple and transparent
 - new bill design and simplified tariff structure
- High levels of customer service
 - higher Net Promoter Score
 - top 5 star rating from Consumer Focus
 - improved services retention
- 400,000 customers received Warm Home Discount in 2012
- Focus on cost efficiency
 - reduced operating costs in British Gas



Based on British Gas 2011 and 2012 financial results and consumption and is an average of all payment types / tariffs / regions

Leadership and innovation

- Leading online platform
 - around a third of customer base registered online
- Leadership in innovation
 - launched Remote Heating Control product
- Leadership in energy efficiency
 - 1.7m insulation measures installed since 2008
- Leading the transition to smart connected homes and businesses
 - over 800,000 smart meters installed to date



Securing sustainable energy supplies

- Helping secure supplies for the UK
 - gas and liquids production up 18%
 - increased CEU 2P reserves by 28%
- Further progress in gas and oil development
 - first gas from three projects
 - work commenced on £1.4bn Cygnus project
- Good operational power performance
 - strong nuclear output; life extensions for Hinkley Point B and Hunterston B
 - first power from 270MW Lincs wind farm
 - sanctioned Humber CCGT reblading



More balanced upstream business

- Step change in upstream scale and geographic diversity
 - reduced reliance on Morecambe
 - increased scale in Norway
- Options for further investment in power for value
 - seeking to progress Race Bank to FID
 - Round 3 Irish Sea partnership with Dong
- Investing for value, leveraging our existing capabilities
 - announced decision not to participate in NNB



Growth in North America

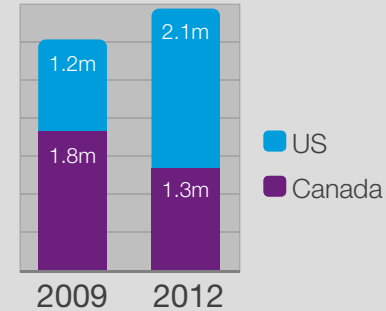
- Good profit growth in low commodity price environment
- Benefiting from scale and synergies in DER despite Ontario regulatory issues
 - Energetix and NYSEG Solutions acquisition
 - Ontario cost base halved
- Business electricity volumes up 11% in 2012
- Services contracts up 5% in challenging economy
- Solid upstream performance



A stronger North American business

- Successful bolt-on acquisition strategy downstream, integrating customers and delivering cost efficiencies
 - 3.5m residential energy customer accounts, 1.4m in US North East
 - 300,000 small business customers
 - focus on high service levels and innovation
- Strengthened services platform
 - Clockwork and Home Warranty of America acquisitions
- Expanded upstream presence

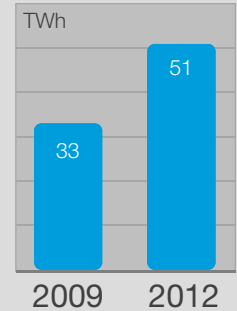
DER customers



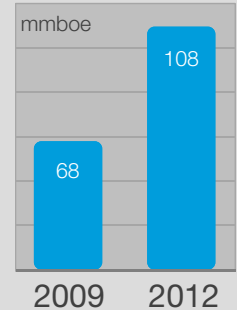
DES customers



DEB electricity sales volumes



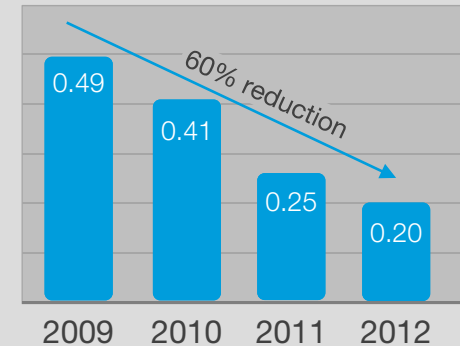
2P reserves



Focusing on health and safety

- Strong personal safety performance
 - lost time injury rate down 20%
 - total recordable injury rate down 14%
- Continued improvements in road safety
 - low severity incident rate down 32%
 - high severity incident rate down 40%
- No significant process safety events in 2012
- Continue to pursue a best practice safety culture, building on improvements already made

Lost time injury frequency rate per 100,000 hours worked



Progress against previous strategic priorities

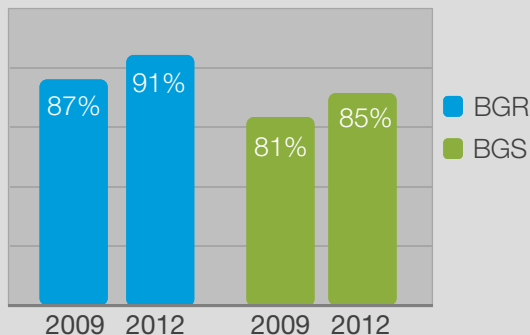
Grow British Gas



Strategy delivery over past 3 years

- ✓ Stable BGR profit and market share
- ✓ Simpler, clearer bills
- ✓ High customer retention
- ✓ BGS profit up 34%
- ✓ Launched BGB Services, first EPC contracts
- ✓ On track to deliver £300m cost savings
- ✓ Leadership in systems, online and smart

Residential energy and services retention

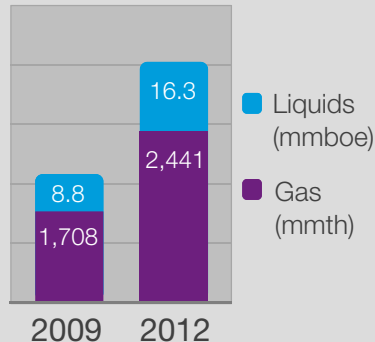


Progress against previous strategic priorities

Deliver value from
our growing
upstream business



Gas and liquids
production volumes



Strategy delivery over past 3 years

Gas & oil

- ✓ 2P reserves up 50%, production up 50%
- ✓ Cash from operations doubled
- ✓ 53% exploration success rate in North Sea and East Irish Sea
- ✓ Established significant Norwegian business

Power generation

- ✓ Lincs offshore wind farm onstream
- ✓ Enhanced returns from wind refinancing
- ✓ CCGT fleet optimisation
- ✓ Strong nuclear output and life extensions

Progress against previous strategic priorities

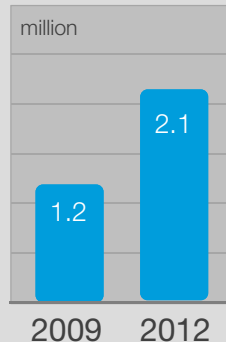
Build an integrated
North American
business



Strategy delivery over past 3 years

- ✓ DE operating profit up 55%
- ✓ US downstream operating profit up 72%
- ✓ US customer numbers up 75%
- ✓ DE Business power volumes up 54%
- ✓ Multi-state services capability
- ✓ Downstream ROACE up from 9% to 13%
- ✓ Upstream production up 50%, resource base trebled

DER US
customer accounts



Progress against previous strategic priorities

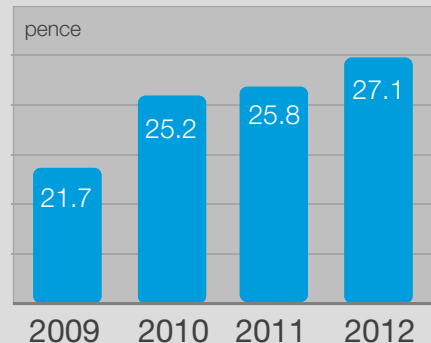
Drive superior financial returns



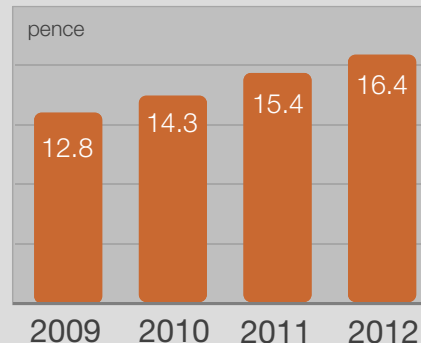
Strategy delivery over past 3 years

- ✓ Pro-forma EBITDA up to £4.0bn from £2.6bn
- ✓ Strong balance sheet
- ✓ EPS up 25%
- ✓ DPS up 28%
- ✓ TSR 36% (FTSE 100: 21%)

EPS



DPS



Our strategic priorities

1. Innovate

to drive growth and service excellence

2. Integrate

our natural gas business, linked to our core markets

3. Increase

our returns through efficiency and continued capital discipline

The leading integrated energy company
with customers at its core

Summary

- Strong performance in 2012
- Enhanced scale, geographic diversity and capabilities
- Strong cash generation and strong balance sheet
- New strategic priorities, building on our core competencies