

Preliminary Results

For the year ended 31 December 2009



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Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Roger Carr

Chairman



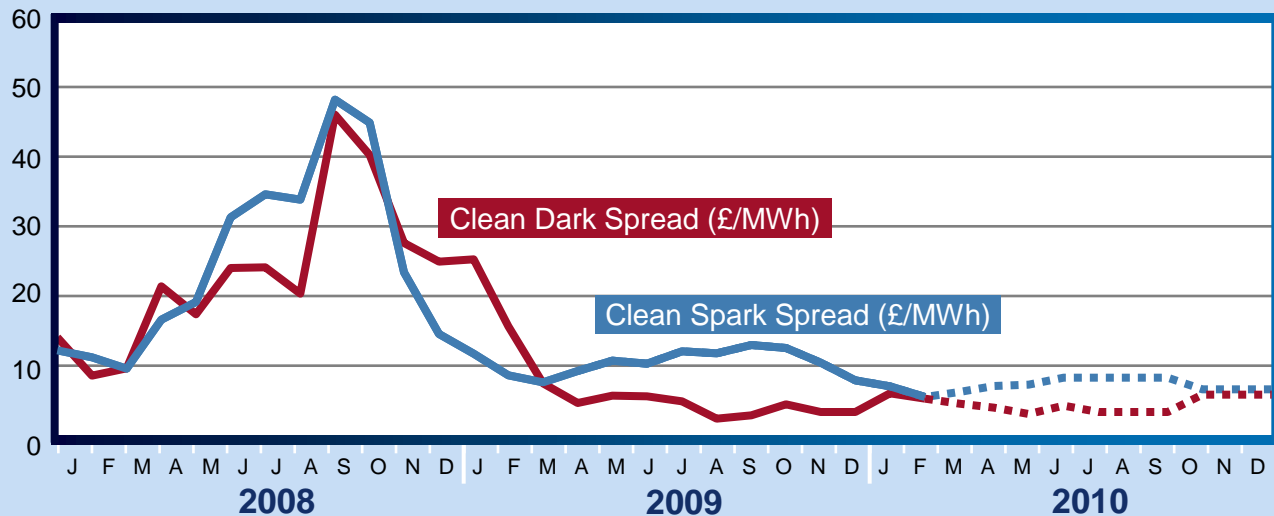
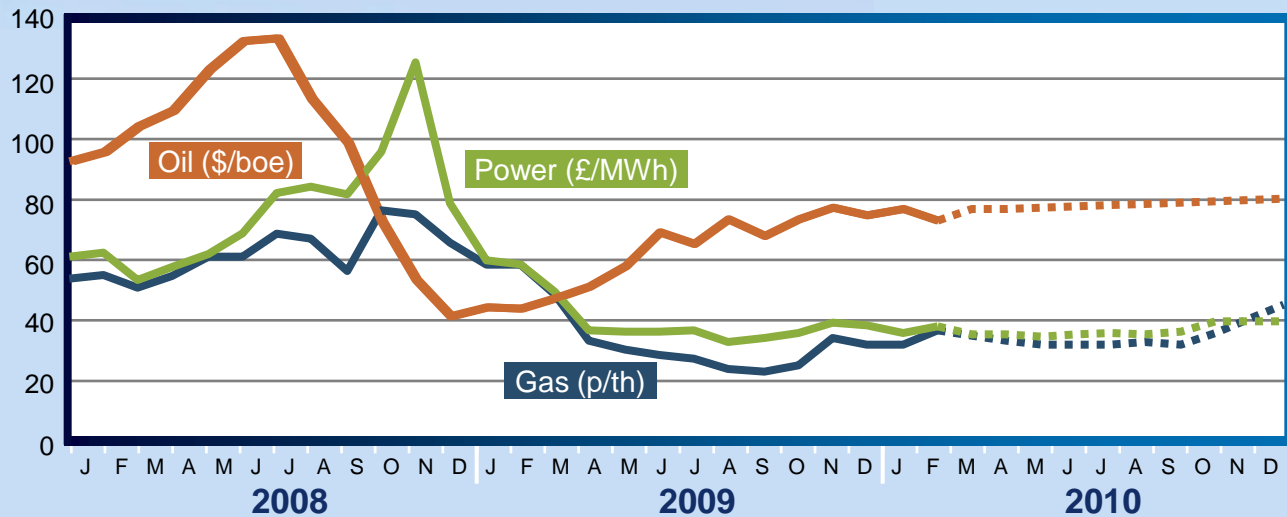
Nick Luff

Group Finance Director



centrica

Commodity prices and spreads



Financial headlines

Year ended 31 December	2009	2008
CONTINUING OPERATIONS:		
Revenue (£m)	21,963	20,872
Adjusted operating profit (£m)	1,857	2,003
Effective tax rate	33%	52%
GROUP RESULT:		
Earnings (£m)	1,111	911
Earnings per share (p)	21.7	21.7
Full year dividend per share (p)	12.8	12.2

Above figures include JVs & associates net of interest & taxation (except adjusted operating profit which includes JVs and associates gross of interest and taxation) and are before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items & certain re-measurements

Operating profit analysis

Year ended 31 December (£m)	2009	2008
Downstream UK	1,011	712
Upstream UK	525	881
Storage UK	168	195
North America	153	215
ADJUSTED OPERATING PROFIT	1,857	2,003
Share of JV / associates' interest and taxation	(11)	(3)
Other	(5)	(8)
Depreciation of FV uplifts to property, plant and equipment	(27)	-
GROUP OPERATING PROFIT	1,814	1,992

Above figures are from continuing operations and are before exceptional items & certain re-measurements

Operating profit analysis – Downstream UK

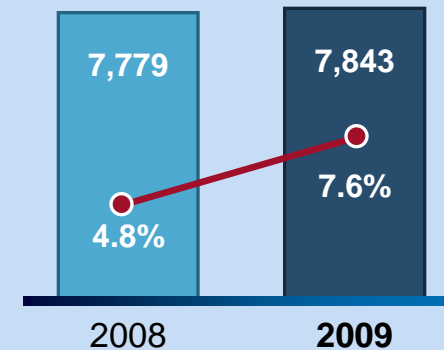
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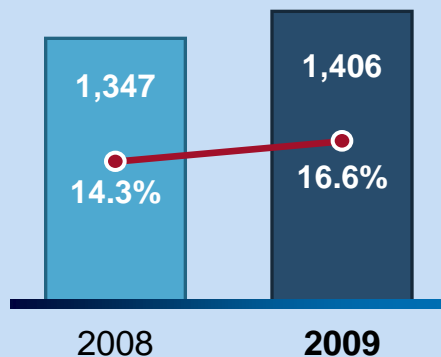
Downstream UK: operating profit & key drivers

Year ended 31 December (£m)	2009	2008
Residential energy	595	376
Residential services	233	193
Business	183	143
DOWNSTREAM UK	1,011	712

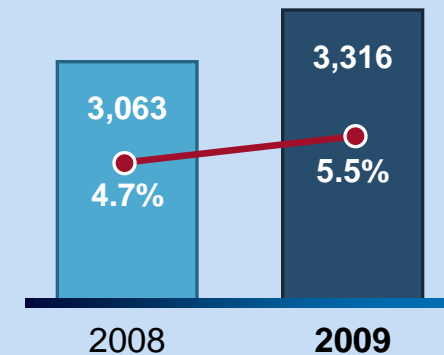
**Residential energy
revenue (£m) & margin (%)**



**Residential services
revenue (£m) & margin (%)**



**Business revenue (£m) &
margin (%)**



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Operating profit analysis – Upstream UK

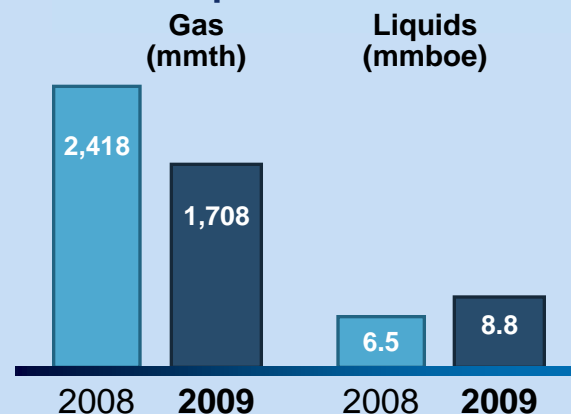
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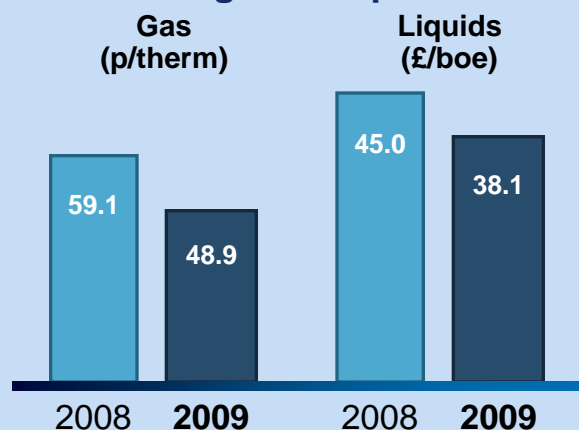
Upstream UK: operating profit & key drivers

Year ended 31 December (£m)	2009	2008
Upstream gas and oil	444	1,164
Power generation	147	11
I&C	(93)	(331)
Energy trading	27	37
UPSTREAM UK	525	881

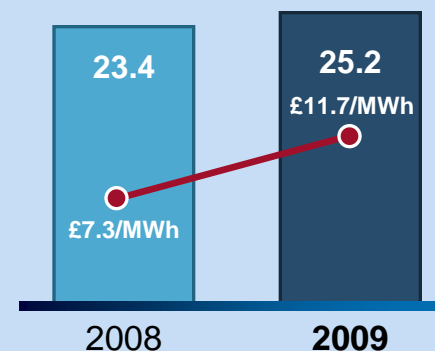
Gas & oil production volumes



Average sales price



Power generation volumes (TWh) and achieved clean spark spread (£/MWh)



Above figures include joint ventures and associates stated gross of interest and taxation, and before other costs and depreciation of fair value uplifts to property, plant and equipment from Strategic investments and exceptional items and certain re-measurements

Gas production figures include ~4 months of Venture Production and power generation figures include ~1 month of British Energy output from date of acquisition

Upstream UK: Fair Value Accounting

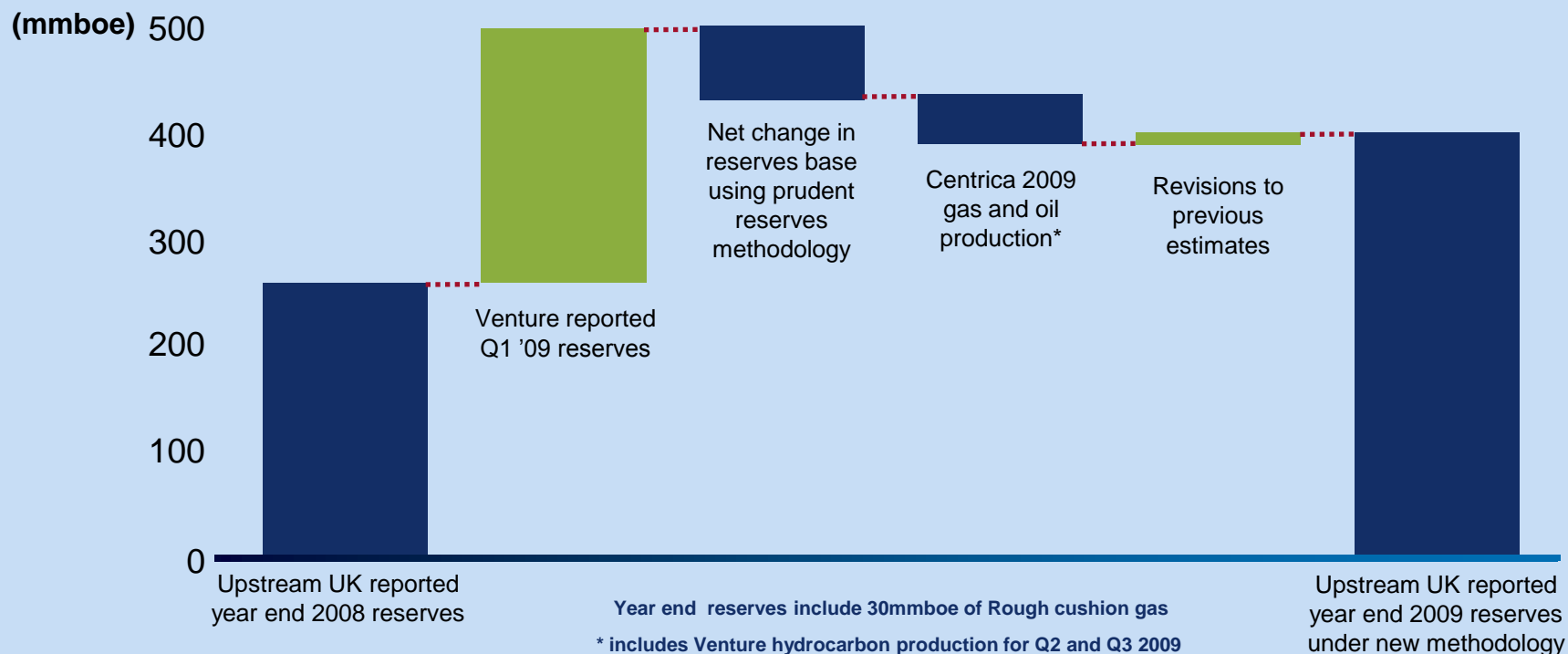
- Gained controlling interest in Venture in August 2009
- Completed acquisition of British Energy equity stake on 26 November 2009

(£m)	Depreciation uplift	Depreciation impact on earnings	
		2009	2010e
British Energy	1,275	7	72
Venture	651	10	25
Total	1,926	17	97
EPS impact (p)		0.3	1.9

Upstream UK: Gas and oil reserves

- Full audit of Venture gas and oil reserves complete
- Reserves redefined using internationally accepted and prudent 2P recognition methodology

Total Upstream UK 2P gas & oil reserves



Operating profit analysis – Storage UK

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Operating profit analysis – North America

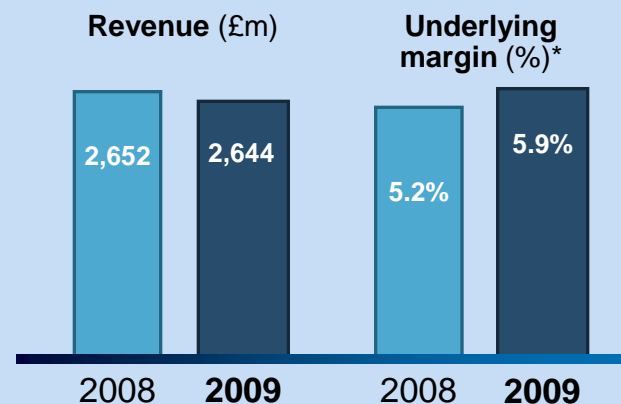
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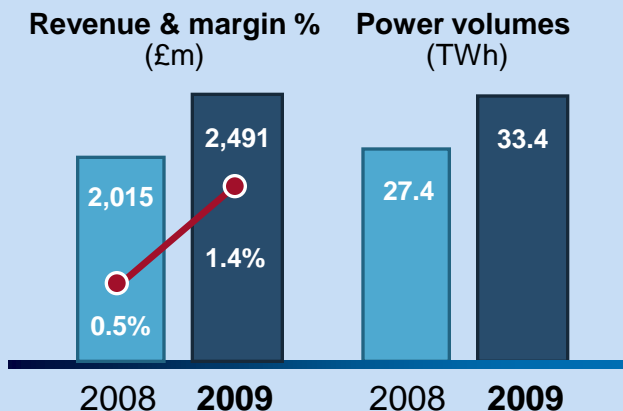
North America: operating profit & key drivers

Year ended 31 December (£m)	2009	2008
Residential energy	94	137
<i>underlying performance</i>	155	137
<i>one-off charges</i>	(61)	-
Business energy	34	11
Services	18	16
Upstream & Wholesale	7	51
NORTH AMERICA	153	215

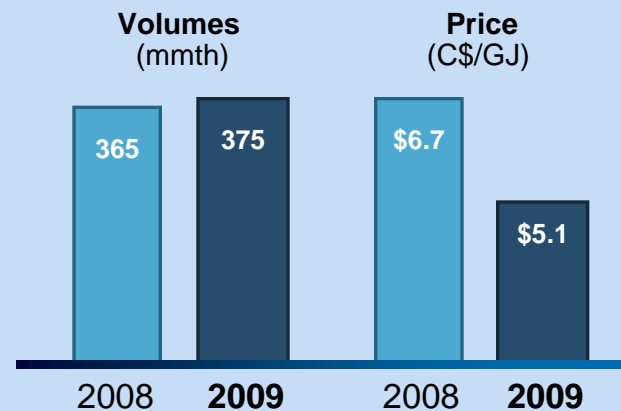
Residential energy



Business energy



Upstream gas production



Above figures include joint ventures and associates stated gross of interest and taxation, and before other costs and depreciation of fair value uplifts to property, plant and equipment from Strategic investments and exceptional items and certain re-measurements

* Excludes one-off charges of £61m

Cash flow

Year ended 31 December (£m)	2009	2008
OPENING NET DEBT	(511)	(795)
EBITDA	2,538	2,622
Working capital movements	419	(687)
Margin calls	(79)	(487)
Interest and tax	(700)	(973)
Net capex	(4,072)	(1,113)
Dividends	(635)	(500)
Pension payments	(403)	(240)
FX / Other	307	(502)
Rights Issue	-	2,164
CLOSING NET DEBT	(3,136)	(511)
<i>Margin cash held / (pledged) within net debt</i>	<i>(631)</i>	<i>(626)</i>

Capital and acquisition expenditure

(£m)	2009	2008	2010e**
UK upstream gas	333	121	550
UK upstream power	145	321	250
North America	103	111	100
UK gas storage	55	27	150
Europe	121	23	-
British Gas / other	142	79	150
Total pre-acquisitions	899	682	1,200
Acquisitions / disposals*	3,173	431	
TOTAL	4,072	1,113	

* Acquisitions / disposals include British Energy, Venture Production, SPE

** Latest guidance for 2010, reflecting capital projects identified to date

Balance sheet

- Strong, efficient balance sheet position
- Pension deficit payment profile agreed

31 December (£m)	2009	2008
Capital employed (excluding cash)	9,237	6,555
Mark to market* / tax / other	(1,281)	(1,559)
Pensions	(565)	(113)
Net debt	(3,136)	(511)
Net assets	4,255	4,372

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

2008 restated to exclude derivative assets and liabilities associated with certain re-measurements, Europe and all tax assets and liabilities from capital employed

* Derivative financial instruments held for energy procurement

Exceptional items and certain re-measurements

(£m)	2009
Termination of energy sales contract	(139)
Provision for North America wind PPA	(55)
UK restructuring costs	(75)
Profit on disposal – wind farms	49
Provision for onerous gas procurement contract	(199)
Impairments	(149)
Discontinued activities (incl. profit on SPE disposal)	273
EXCEPTIONAL ITEMS	(295)
Net re-measurements*	(71)
EXCEPTIONAL ITEMS AND CERTAIN RE-MEASUREMENTS	(366)

For further details refer to note 7 of the preliminary accounts

* From continuing operations

Summary and outlook

2009

- Good performance in low commodity price environment
- Strong UK downstream performance offsetting lower upstream profitability
- North American results impacted by one-off charges
- EPS unchanged at 21.7p despite higher number of shares in issue

Outlook for 2010

- Strong start to the year for UK downstream
- Full effect of low commodity prices impacting upstream
- Strong cash generation to fund capex plan

Sam Laidlaw

Chief Executive



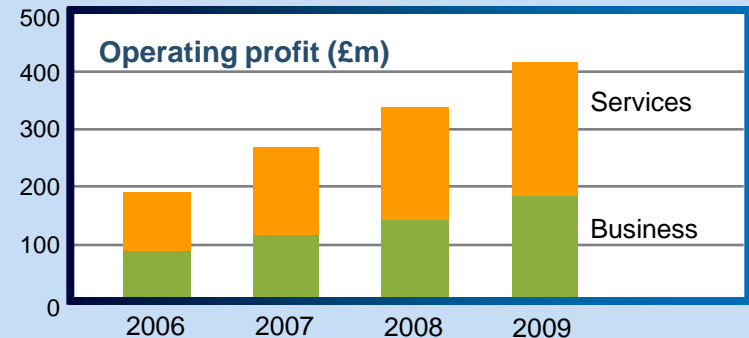
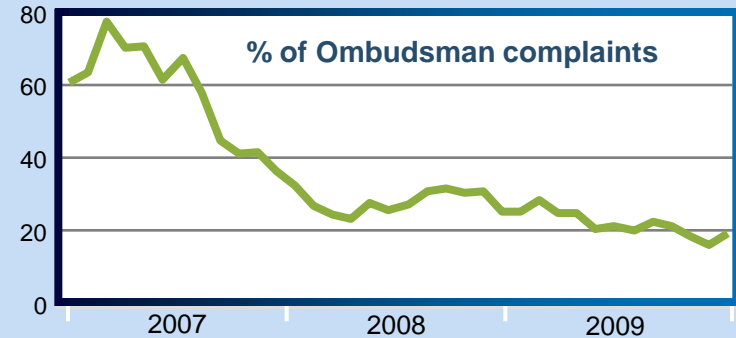
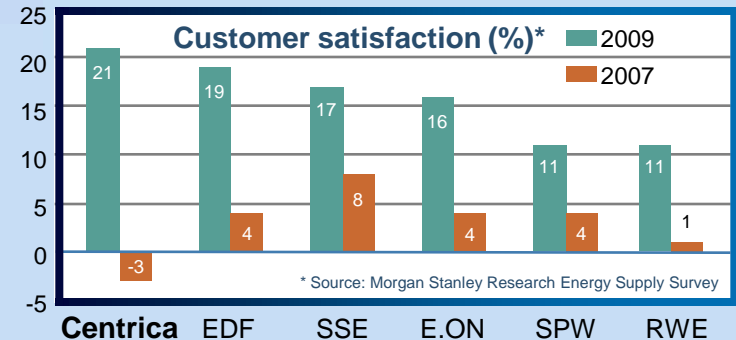
2006-2009: The first stage in the journey

Our Strategic Priorities

- 1 Transform British Gas
- 2 Sharpen the organisation and reduce costs
- 3 Reduce risk through increased integration
- 4 Build on our growth platforms

UK Downstream - British Gas

- Significant operational improvements over the past three years
- Call volumes down 40%
 - complaints to the ombudsman down 70%, well below energy market share
 - online transactions doubled in 2009
 - improved first time fix rate in services
- Higher employee engagement
- Customer NPS scores on an upward trend
- Strong brand recognition with new advertising campaign
- Market leading price position for energy
- Delivered £200m cost saving in residential
- On track to exceed further £100m saving



UK Downstream - British Gas

- British Gas restructured to combine energy and services
- Management team and support functions combined
- Enhanced customer propositions
 - first bundled energy and services offering, 'EnergyExtra'
 - wide range of energy efficiency products
 - FSA approval to sell insurance based products
- Grown 'joint product'* household base by 164,000 to over 2m through increased cross selling; 550,000 new customer accounts

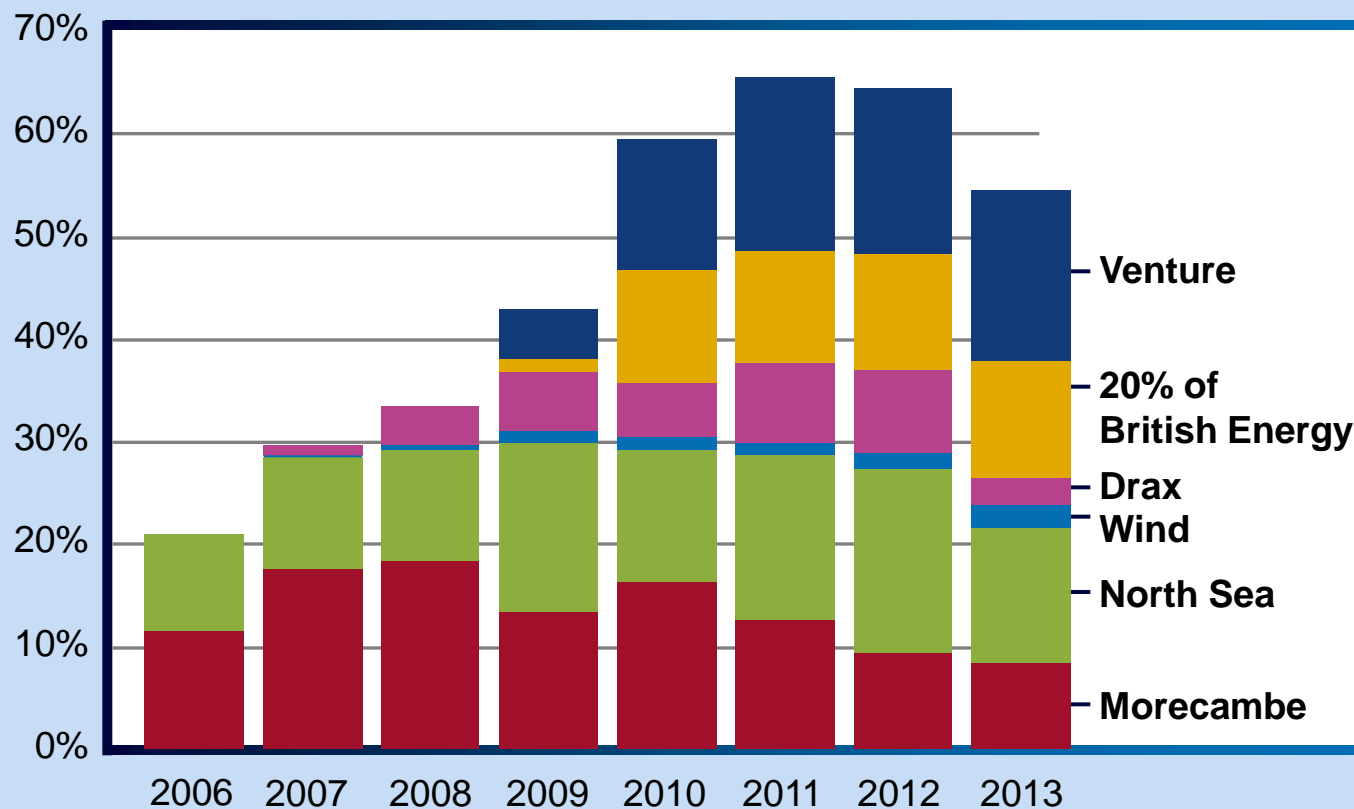


Households ('000)	Dec 09	Dec 08	Change
Energy & Services	2,043	1,879	+164
Services only	1,959	1,827	+132
Energy only	8,224	8,328	-104
Total	12,226	12,034	+192

Accounts ('000)	Dec 09	Dec 08	Change
Residential energy	15,711	15,570	+141
Residential services	8,453	8,052	+401
Business energy	1,047	1,039	+8
Total	25,211	24,661	+550

* Households taking both an energy and related service product

Energy hedge ratio



Note: proportion of UK floating gas and power demand covered by own assets. Floating gas demand includes non-fixed price residential energy and business energy demand, I&C gas demand, power station fuel requirements and equivalent gas requirements to meet floating power demand in residential energy and business energy

UK - Upstream Gas and Oil

- Significantly enhanced scale and capability of gas and oil business through acquisition of Venture
- Sustainable and flexible portfolio of assets
- Integration of Venture complete. Upstream business aligned around five regions
- Gas and oil reserves increased by 50% to 400mmboe
- Flexibility to target and time investment decisions
- 15 LNG cargoes delivered in 2009
- Acquiring equity interests in Trinidadian gas blocks, establishing first producing LNG position



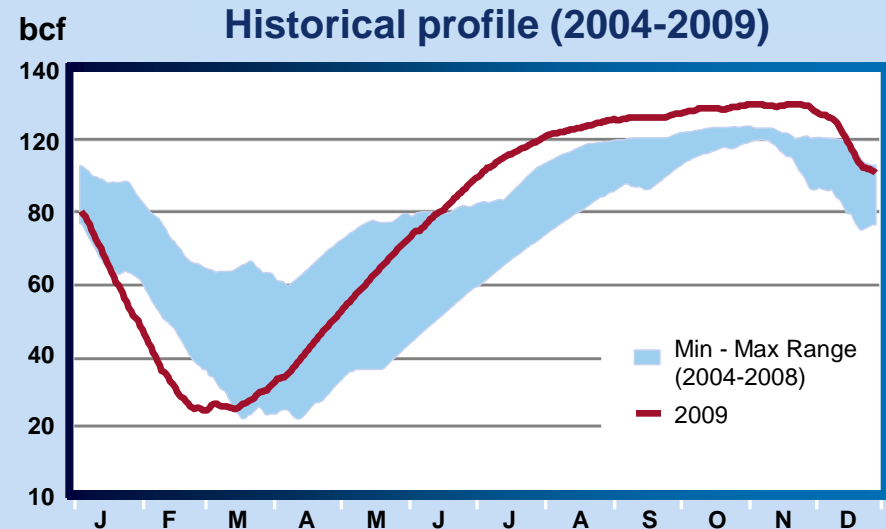
UK - Power Generation

- Differentiated generation mix; low carbon intensity fleet
- Increased UK power cover for residential and SME load
- Completed improved deal to acquire 20% equity stake in British Energy
- Langage CCGT plant now operational
- Leading position in offshore wind
 - approved development of 270MW Lincs offshore wind farm with improved project economics
 - refinanced wind assets for efficient capital structure



UK Storage

- Rough operationally strong
 - >98% reliability
 - increased storage capacity through investment
- Projects progressing
 - Caythorpe – planning permission granted
 - Baird – acquired 70% stake in Feb 09, FEED* commenced
 - Bains – onshore planning granted

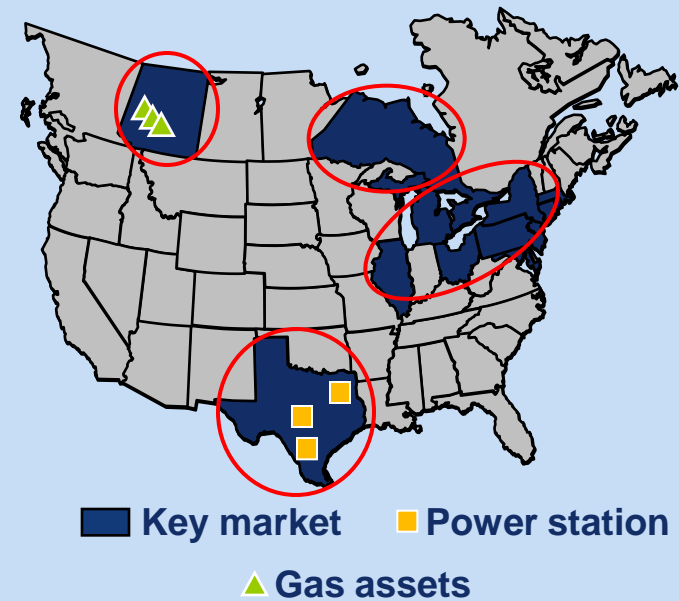


Project	Capacity	Operational
Caythorpe	7.5bcf	2012/13
Baird	60bcf	2013/14
Bains	15-20bcf	2013/14

* Front End Engineering Design

North America - Direct Energy

- Established strong downstream position in key deregulated markets
 - 3rd largest residential power supplier in Texas, larger than UK domestic market
 - significant presence in US North East, with 0.5m customers
 - grown scale and profitability of C&I with acquisition of Strategic Energy
- Improved asset base
 - increased gas reserves to 400bcfe
 - improved reliability of 1.3GW Texas CCGT fleet
- Realised cost efficiencies
- New management team appointed



The next stage: our vision

Our vision is unchanged:

*To be the leading integrated energy company
in our chosen markets*

The Next Stage: Our Strategic Priorities

- 1 Grow British Gas**
... leading the transition to low carbon homes and businesses
- 2 Deliver value from our growing upstream business**
... securing sustainable energy for our customers
- 3 Build an integrated North American business**
... with leading positions in deregulated markets
- 4 Drive superior financial returns**
... through operating performance and our investment choices

energy for a low carbon world

1 Grow British Gas

Distinctive capabilities

- Serving 12 million homes, half of all UK households
- Ability to combine energy scale with services deployment, with national base of 9,000 qualified engineers
- Strong recognisable brand and customer focused IT platform
- Leading position in energy efficiency and green technologies
- Low capital requirement



Strategy

Grow British Gas by:

- **Optimising the business to . . .**
 - leverage scale for further efficiency
 - deliver best in class service
- **Taking the lead in...**
 - new energy/service propositions
 - online capability
 - servicing multi-premise sites
- **Capturing new markets by...**
 - leading on smart meters
 - driving micro-generation adoption
 - focus on community segments

② Deliver value from our growing upstream business

Distinctive capabilities

- Transformed scale and capability in upstream gas
- Only 'dual fuel' hedged UK supply business
- Low carbon intensive generation fleet
- Leader in offshore wind
- Leading capability in UK gas storage
- Flexible portfolio

Strategy

Deliver value from our existing assets . . .

- Leading consolidator of mature and orphaned assets in the UKCS
- Optimisation of power generation fleet

. . . and our pipeline of low carbon investment choices...

- Offshore wind, new nuclear, gas development, gas storage

. . . to secure sustainable sources of energy for our customers

3 Build an integrated North American business

Distinctive capabilities

- Strong downstream position in key residential deregulated markets
- Large scale C&I business
- Existing gas and power assets provide base to build a more vertically balanced business
- Unique services capability
- New management team appointed with extensive expertise in competitive markets



Strategy

Improve returns from existing business

Develop leading positions in deregulated markets

- Capturing large profit pools
- Leverage services capability

Invest for incremental growth and value

Further develop the integrated energy model

- To reduce commodity price exposure
- Deliver value through lower cost procurement and asset optimisation

④ Drive superior financial returns

- Achieve returns significantly above our cost of capital
 - deliver returns on existing assets
 - phase investments to achieve consistent earnings growth
- Continued financial discipline
 - maintain strong balance sheet
 - leverage flexibility in investment portfolio
- Operating performance requires:
 - HS&E focused culture
 - ‘best in class’ service levels
 - continuous focus on costs
 - leading technology, systems and processes
 - strong organisational capability

Summary

- 2009 a transformational year for Centrica
 - strong progress downstream
 - sustainable upstream business model delivered
- Original priorities now delivered
- New strategy reflects integrated business model
- Well positioned for growth

Preliminary Results

For the year ended 31 December 2009



centrica