



centrica

Interim Results

For the period ended 30 June 2009

wesourceit
wegenerateit
weprocessit
westoreit
wetradeit
wesaveit
wesupplyit
weserviceit



centrica

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.



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Roger Carr

Chairman



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Nick Luff

Group Finance Director

Financial headlines

Period ended 30 June	2009	2008
Continuing operations:		
Revenue (£m)	11,657	9,677
Operating profit (£m)	936	989
Profit before tax (£m)	875	993
Effective tax rate	39%	58%

Group result:

Earnings (£m)	537	418
Earnings per share (p)	10.5	10.1 ⁽¹⁾
Interim dividend per share (p)	3.66	3.47 ⁽¹⁾

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

(1) Restated for bonus element of the 2008 Rights Issue in accordance with IAS33

Operating profit analysis

Period ended 30 June (£m)	2009	2008
British Gas	476	306
Centrica Energy	332	504
Direct Energy	66	91
Centrica Storage	73	93
Other	(11)	(5)
Total operating profit	936	989

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All figures are from continuing operations
British Gas figures include the results from Residential, Business and Services

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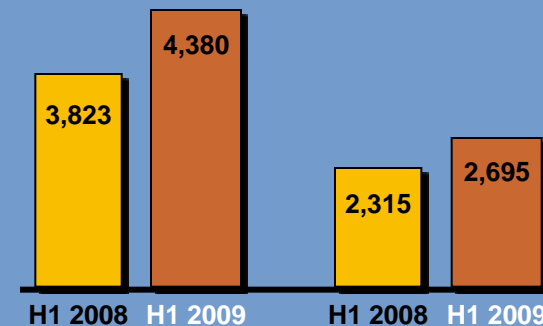
British Gas: operating profit & key drivers

Period ended
30 June (£m)

	H1 2009	H1 2008
Residential Energy	299	166
Business Energy	65	55
Home Services	112	85
British Gas	476	306

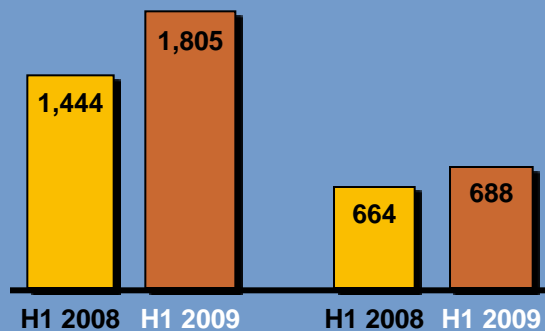
BGR revenue
(£m)

BGR commodity
costs (£m)

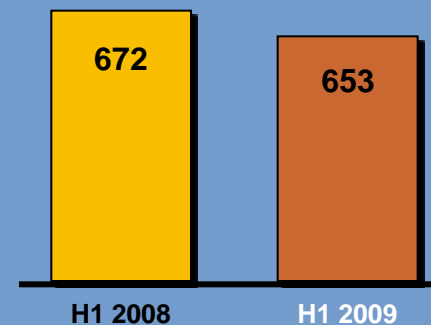


BGB revenue
(£m)

BGS revenue
(£m)



Controllable operating cost*
(£m)



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

* Operating costs excluding bad debt

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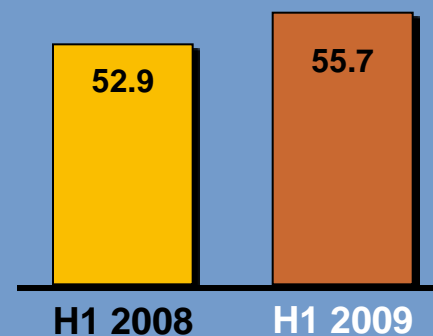
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Centrica Energy: operating profit & key drivers

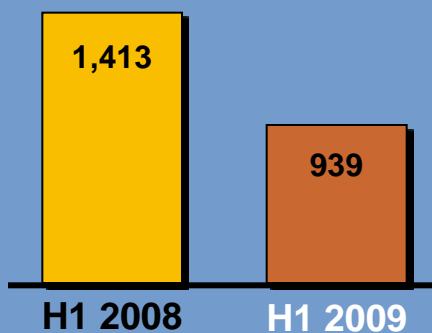
Period ended
30 June (£m)

	H1 2009	H1 2008
Gas production	346	638
Power generation	41	(5)
I&C	(89)	(156)
Accord	34	27
Centrica Energy	332	504

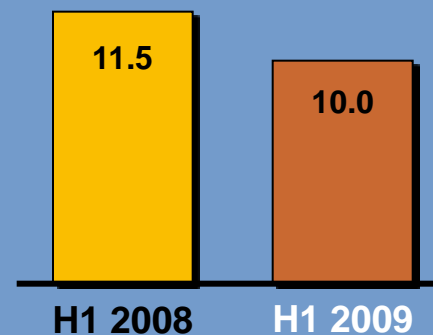
Gas production sales price
(p/therm)



Gas production volumes
(mmth)



Power generation volumes
(TWh)



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Direct Energy: operating profit & key drivers

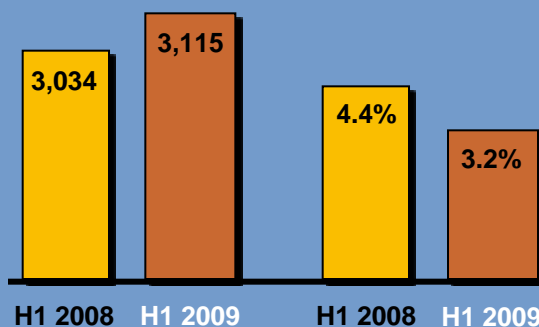
Period ended
30 June (£m)

	H1 2009	H1 2008
Mass markets	46	61
C&I	20	8
Services	3	3
Upstream	(3)	19
Direct Energy	66	91

Mass markets

Customers ('000)

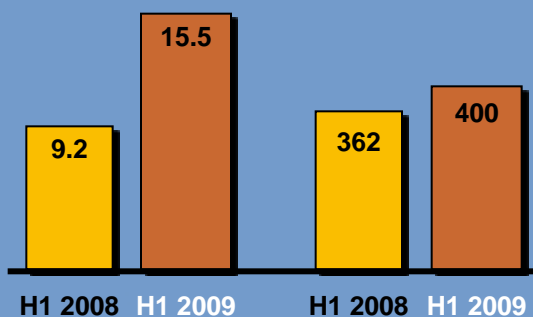
Margin %



Commercial & industrial

Power volumes
(TWh)

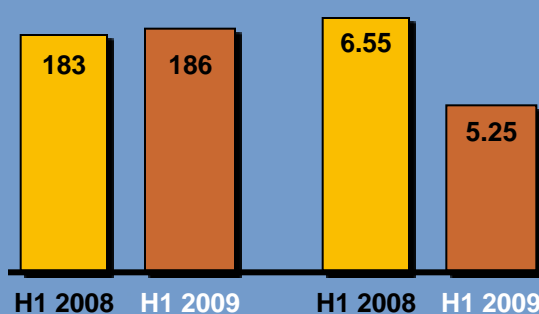
Gas volumes
(mmth)



Upstream gas production

Volumes
(mmth)

Price
(C\$/GJ)



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Cash flow

Period ended 30 June (£m)	2009	2008
Opening net debt	(511)	(795)
EBITDA	1,257	1,293
Working capital movements*	96	(463)
Margin calls	(74)	1,063
Interest and tax	(379)	(286)
Gross capex	(1,668)	(545)
Dividends	(447)	(356)
Other	(163)	(185)
Closing net debt	(1,889)	(274)
<i>Margin cash held / (pledged) within net debt</i>	<i>(638)</i>	<i>1,069</i>

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

* Net of £139m for energy sales contract termination

Capital and acquisition expenditure

(£m)	H1 2009	FY 2009e	FY 2008
UK Gas	145	325	121
UK Power	73	175	321
Direct Energy	46	125	111
Gas Storage	30	50	27
Europe	49	50	23
British Gas / Other	33	100	79
Total pre-acquisitions	376	825	682
Acquisitions / disposals	1,071	2,350*	431
Total	1,447	3,175	1,113
ROCs / emissions	221	300	92

*Acquisitions to date – including announced British Energy deal and cash consideration for interest in Venture Production plc; excludes future acquisitions

Summary

- Strong UK downstream profitability
- UK and North America upstream impacted by lower commodity prices
- Balance sheet headroom supports further investment
- Existing business trading broadly in line with expectations



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Sam Laidlaw

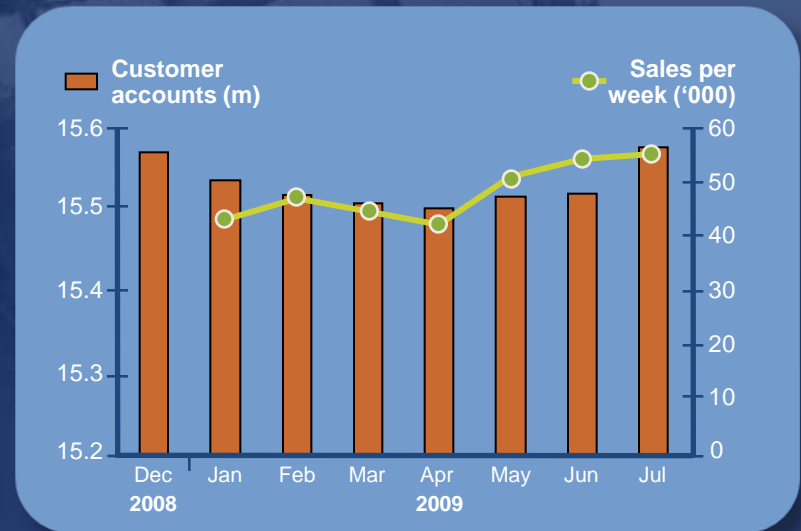
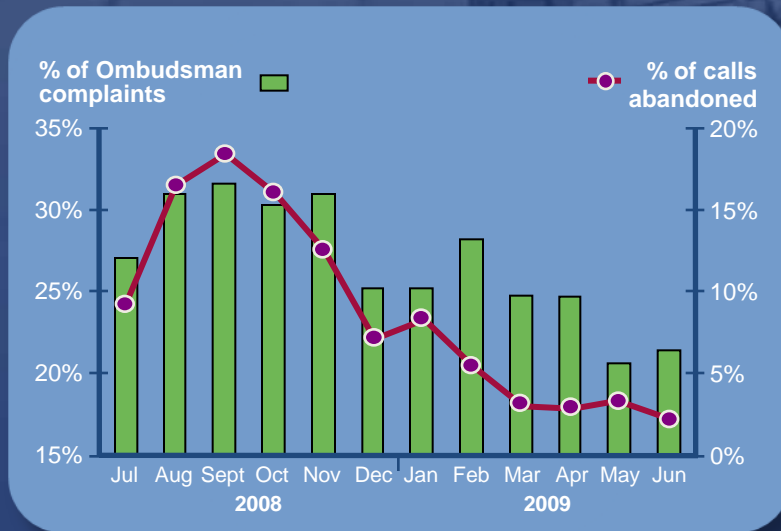
Chief Executive

Overview

- Good Group results in the period
- Business displayed strength against difficult economic backdrop
- Operational and efficiency improvements enhancing competitiveness
- Material progress made against long term strategic priorities

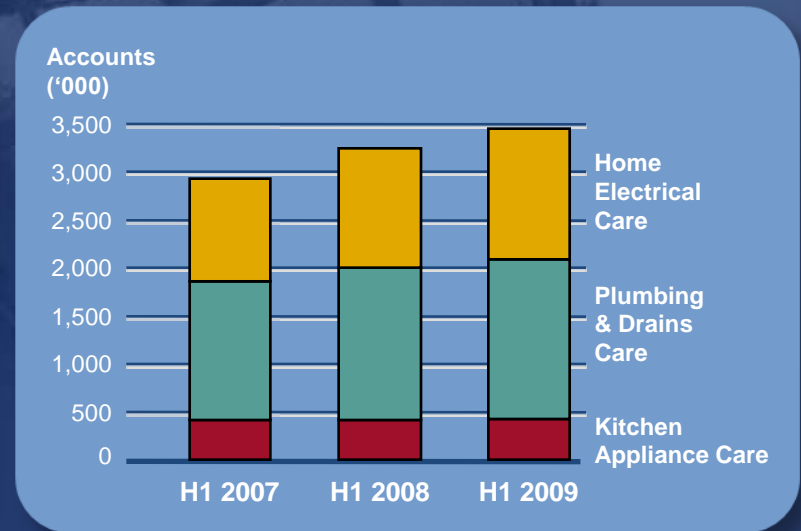
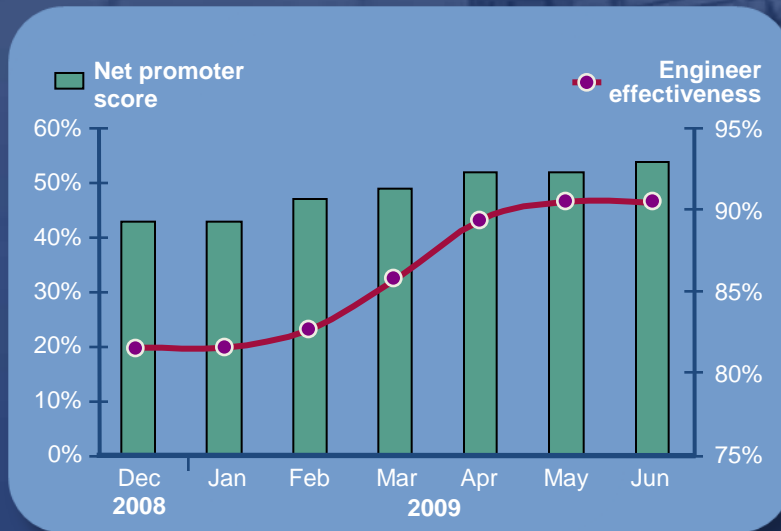
British Gas Residential

- Significant improvements in customer service
- 1.4m customers managing accounts on-line
- Leading retail price position
- Increasing retail customer base
 - growing proportion of high value customers
 - grown energy accounts year to date



British Gas Services

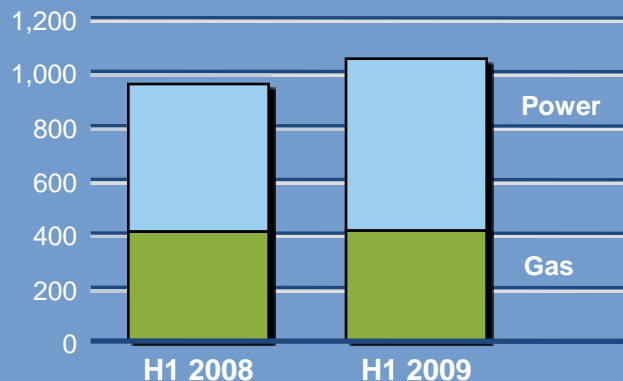
- Strong profit and earnings performance
- Ongoing improvements to service
 - net promoter score at a record high
- New customer call-ahead service introduced
- Strong growth from newer product range



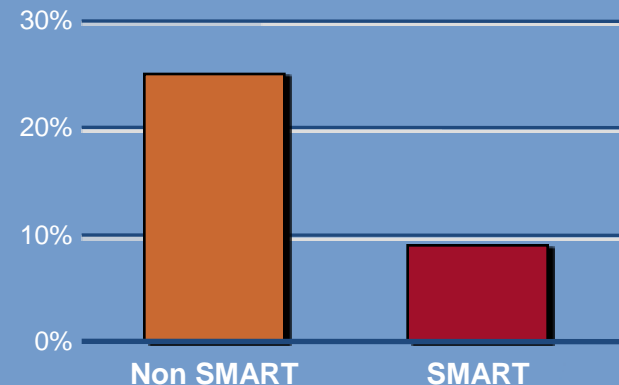
British Gas Business

- Underlying growth in profit, up 30%
- Ongoing top line and customer growth
- Minimising impact of economic downturn
- Established Business Energy Services capability
- Industry leader in SMART meter installations

Customer supply points ('000)



% of customers initiating contact



British Gas

- Integrated management and combined support functions
- Improved customer targeting
 - energy sales from services call centres up 50%
 - proportion of services sales from energy channels doubled
 - HEC promotion in conjunction with energy price reduction
- Relunched brand marketing
- Grown overall and joint customer base

Households ('000)	Dec 08	Jun 09	Change
Energy & Services	1,879	1,955	+76
Services only	1,827	1,923	+96
Dual fuel only	3,913	3,977	+64
Single fuel only	4,415	4,259	-156
Total	12,034	12,114	+80



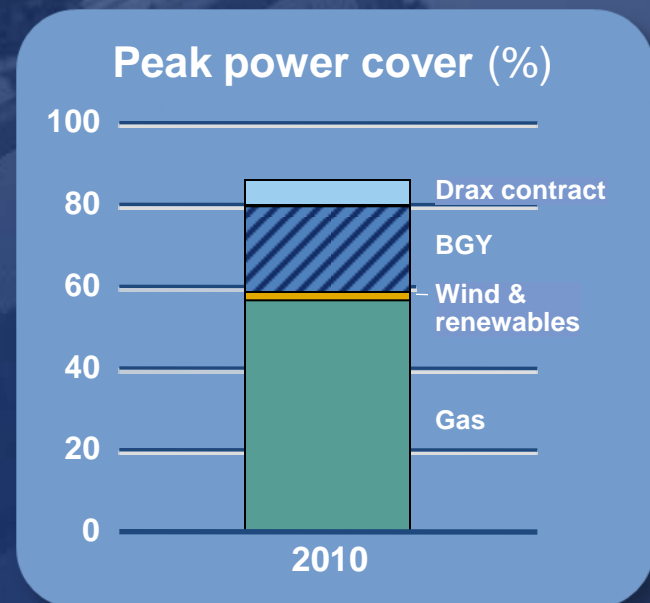
Upstream – Gas

- Development of around 100bcf of reserves in 2009
- Good progress made at Newfield properties
 - Grove 2nd well now delivering gas; 3rd well drilled and tested
 - Seven Seas flow rate exceeding expectations
- Own 29.9% of Venture Production plc, launched cash offer for whole business
- Delivered 7 cargoes to Isle of Grain; 14 contracted out to winter 2009/10
- An additional 2.4BCM capacity at IOG from winter 2010/11



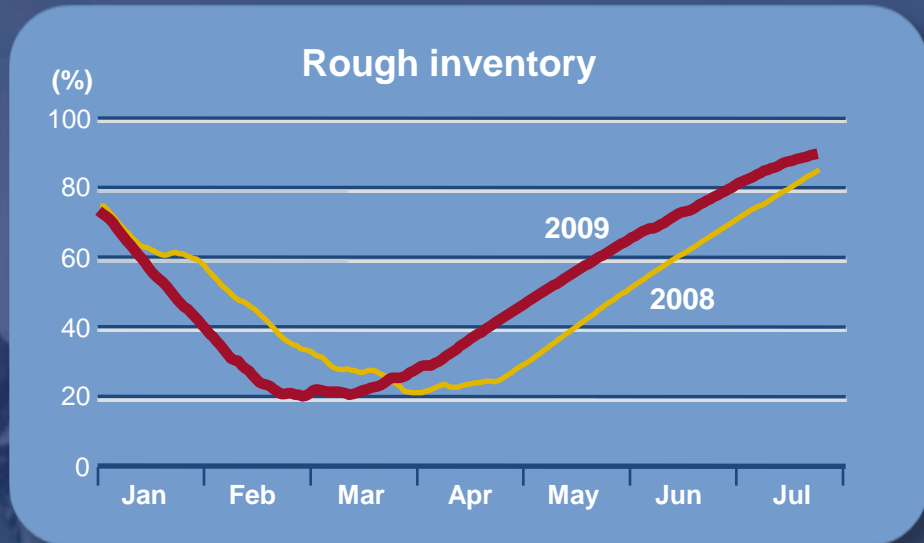
Upstream – Power

- Improved deal to acquire 20% equity stake in British Energy
- Increases UK peak power cover to around 85%
- Improved generation fuel mix; maintains a low carbon intensity fleet
- Laggage to commence operations by end of 2009
- Strong performance from UK offshore wind fleet
- 2 ROC regime improves economics of new offshore wind



Centrica Storage

- Rough operationally strong
 - 99% reliability
 - record withdrawal and injection season
 - over 90% full at end of July
 - top class safety record
- Capital allowances for cushion gas improve project economics
 - Caythorpe – early engineering commenced
 - Bains – planning approval granted for onshore terminal
 - Baird – purchased 70% of development in Feb 2009



Project	Capacity	Operations commence
Caythorpe	7.5bcf	2012
Bains	15-20bcf	2012
Baird	60bcf	2013

Europe

- Pace of deregulation in energy remains slow
- Key markets continue to favour incumbents
- SPE, the largest business, sold as part of the British Energy deal
- Exiting retail businesses in Netherlands and Spain
- German business remains important in addressing UK supply
- Group focus now on UK and North America

Direct Energy

- Improving downstream picture
 - underlying mass markets profitability up
 - growth in number of retail customers
 - improved C&I profits and margins
- Upstream
 - grown reserves base
 - experienced good power station reliability
 - held back by lower wholesale commodity prices
- Deliver enhanced returns
 - new management installed – Centrica Board representation
 - continual efficiency drive
 - focus on key markets with greater vertical integration



Summary

- Good results in challenging global market conditions
- Very encouraging UK downstream performance
- British Gas positioned well for future value growth
- Improved British Energy deal strengthens the business
- UK and North America offer strong returns
- Strong funding position allows us to take advantage of investment opportunities

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