

Centrica plc

Preliminary Results

for the year ended 31 December 2007



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.



Roger Carr

Chairman

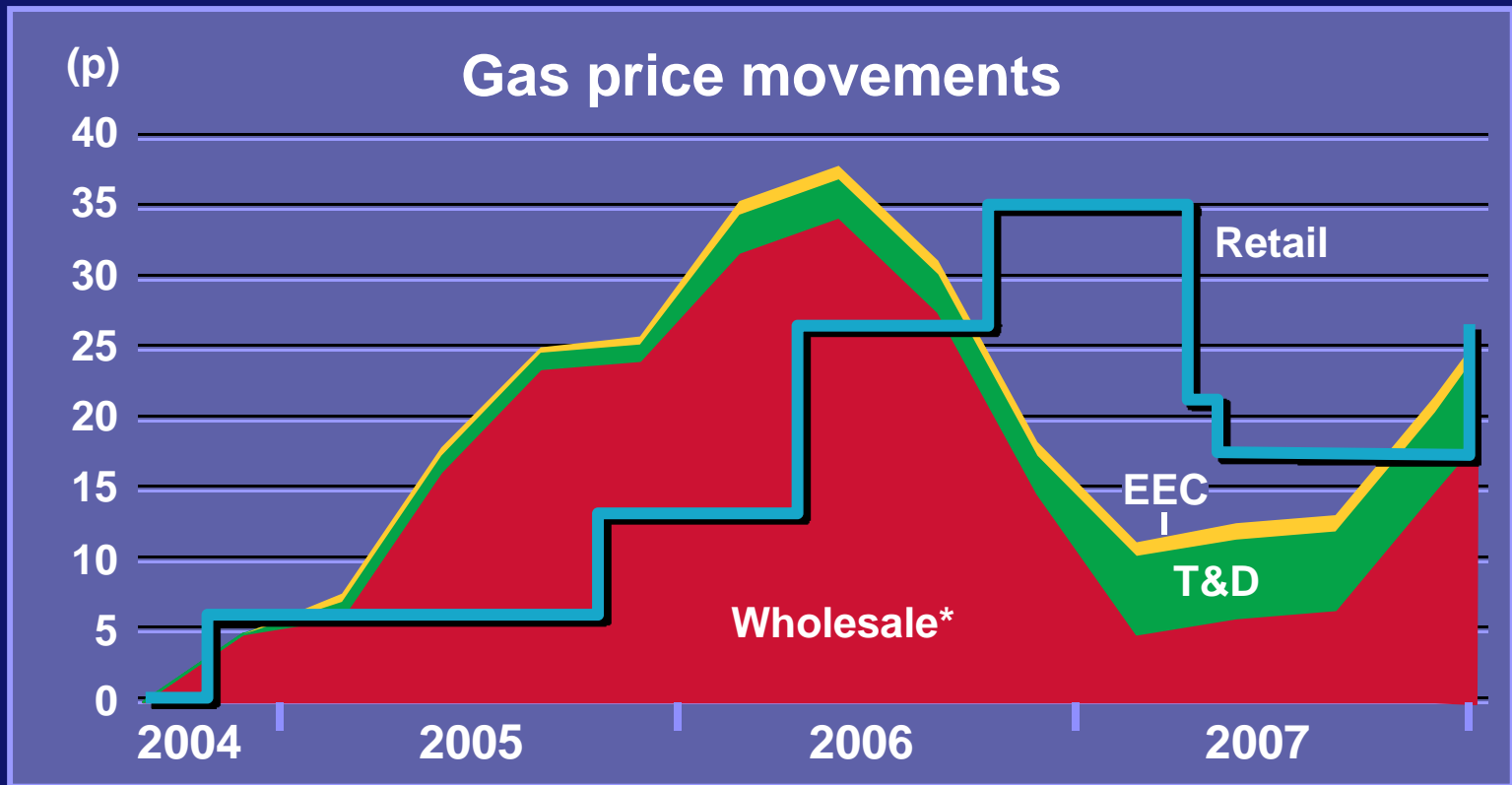


Nick Luff

Finance Director



Commodity



* Wholesale forward supply year

Financial headlines

Year ended 31 December (£m)	2007	2006
Revenue (£m)	16,342 ▼	16,403
Operating profit (£m)	1,949 ▲	1,392
Profit before tax (£m)	1,876 ▲	1,251
Total effective tax rate	40% ▼	44%
Earnings (£m)	1,121 ▲	701
Earnings per share* (p)	30.6 ▲	19.4
Full year dividend per share (p)	13.0 ▲	11.15

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

* Includes discontinued operations; all other figures are from continuing operations

Operating profit analysis

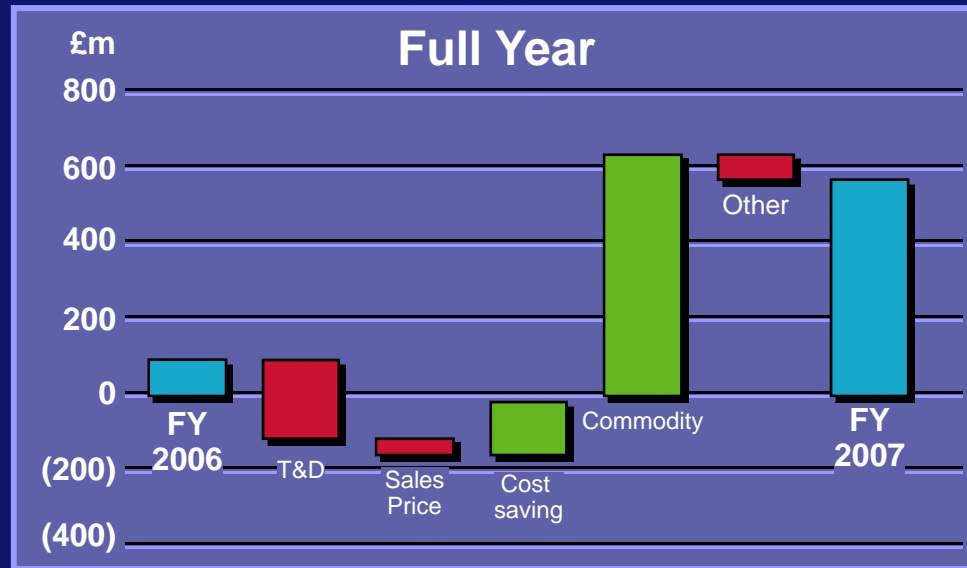
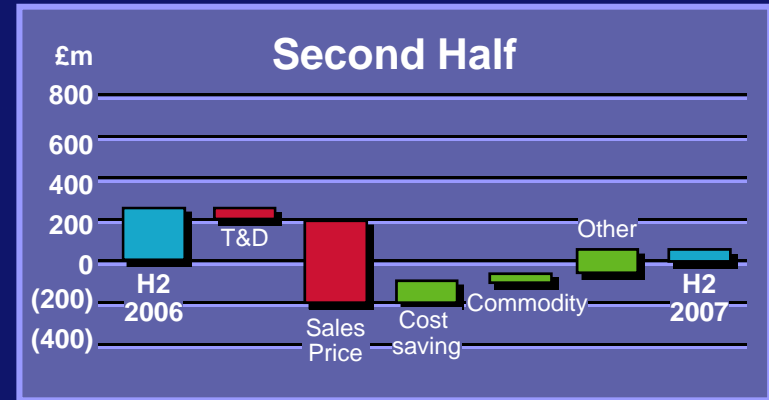
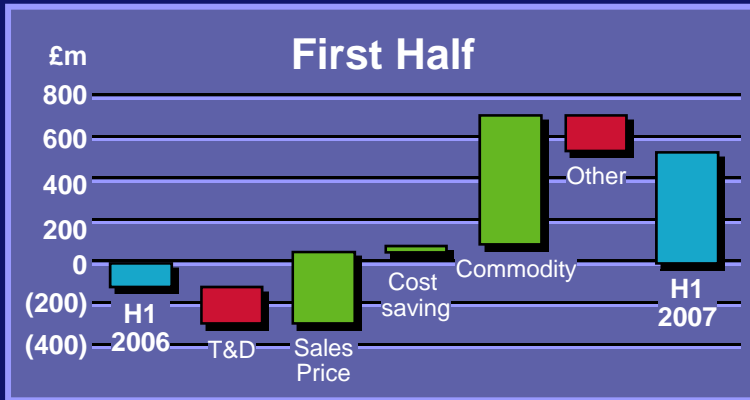
Year ended 31 December (£m)	2007	2006
British Gas Residential	571	95
Centrica Energy	663	686
British Gas Business	120	87
Centrica Storage	240	228
UK Energy	1,594	1,096
British Gas Services	151	102
Direct Energy*	187	173
Europe	17	7
Other	-	14
Total operating profit	1,949	1,392

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* The results of The Consumers' Waterheater Income Fund are reported in discontinued operations

British Gas Residential

Causal track



Operating profit analysis

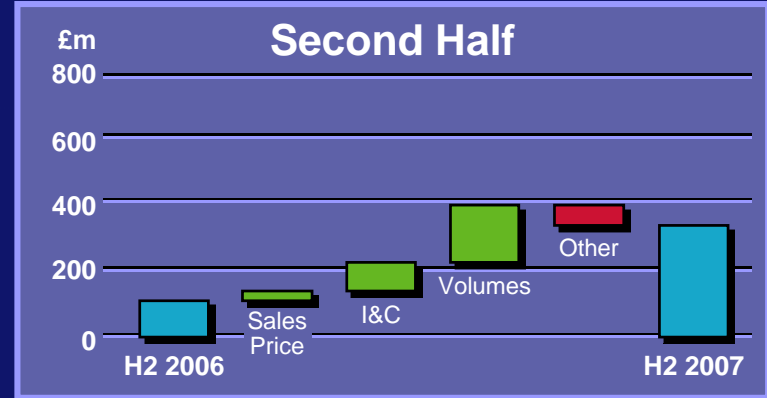
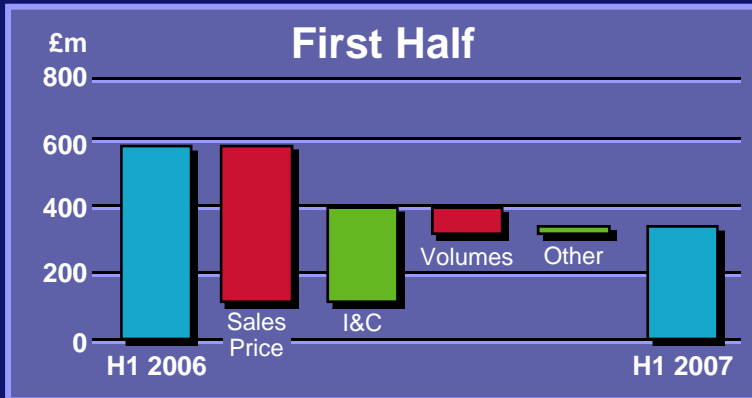
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Centrica Energy

Causal track



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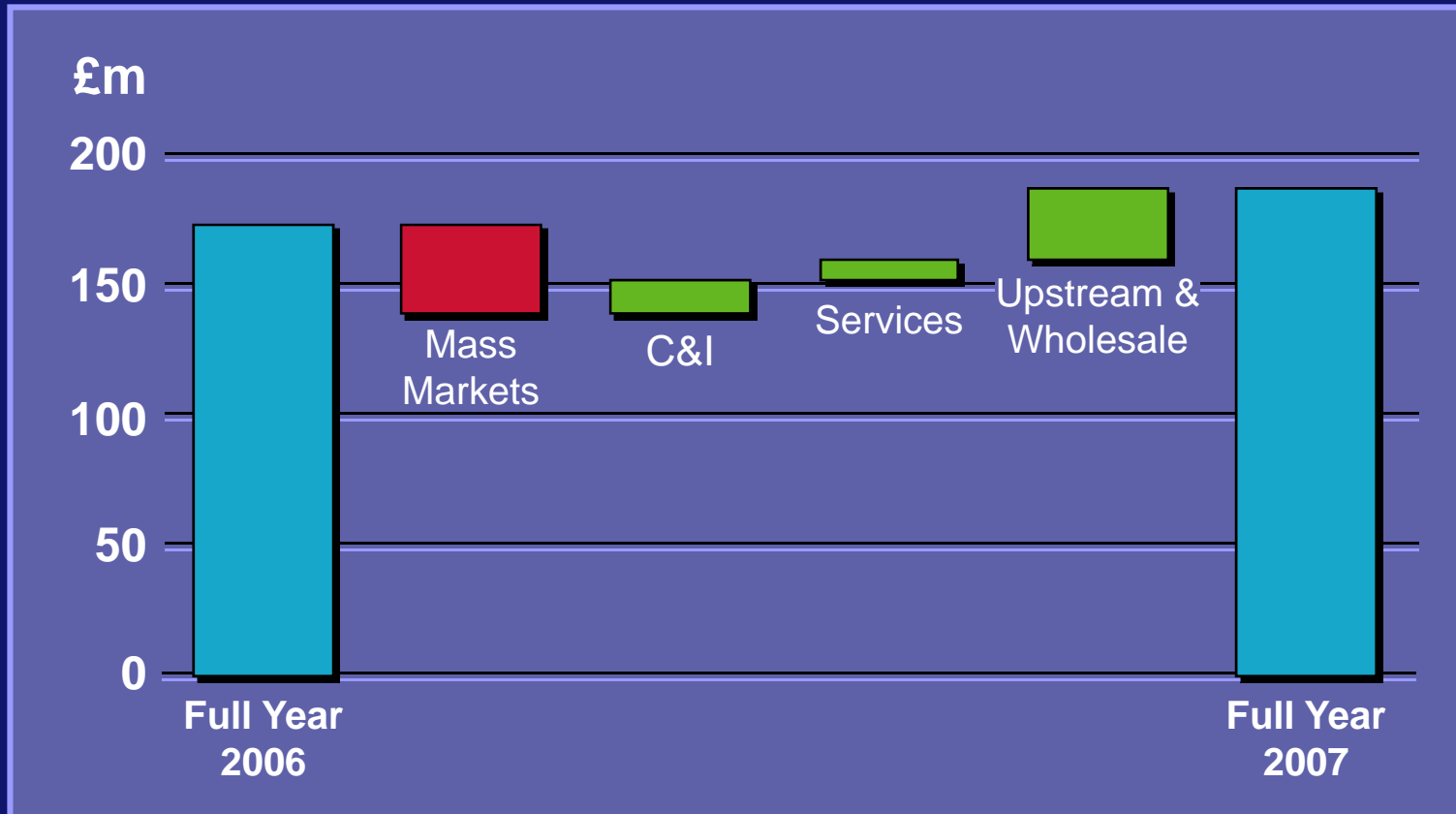
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Direct Energy

Causal track



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Cashflow

Year ended 31 December (£m)	2007	2006
Opening net debt	(1,527)	(1,060)
EBITDA	2,514	1,948
Working capital movements	261	(15)
Margin calls	2	(477)
Interest and tax	(538)	(762)
Gross capex	(1,054)	(768)
Dividends	(417)	(384)
Disposals / other	(36)	(9)
Total movement in net debt	732	(467)
Closing net debt	(795)	(1,527)

Capital and acquisition expenditure

Year ended 31 December (£m)	2007	2006
Upstream gas		
- growth	114	70
- maintenance	41	31
UK power		
- conventional	177	94
- wind	146	30
Direct Energy	117	155
Other	113	174
Total pre-acquisitions	708	554
Gas acquisitions	242	158
Total	950	712
ROCs / emissions	104	56

Simplification of financial structure

- The Consumers' Waterheater Income Fund (CWIF) deconsolidation
- Prepayment of Humber finance lease
- HMRC settlement

2007	CWIF	Humber	HMRC
Operating profit	(£39m)	-	-
Net interest	£38m	(£40m)	(£19m)
Net debt	(£573m)	£54m	-
Net assets	£227m	-	(£13m)
Tax	-	£16m	£6m
EPS (p)	-	(0.65)	(0.35)

Summary

- Strong financial results
- Year contained two distinct performance periods
- Continued strong cash generation



Sam Laidlaw
Chief Executive

Priorities

Priorities

1 Transform British Gas

Priorities

- 1 Transform British Gas
- 2 Sharpen the organisation and reduce costs

Priorities

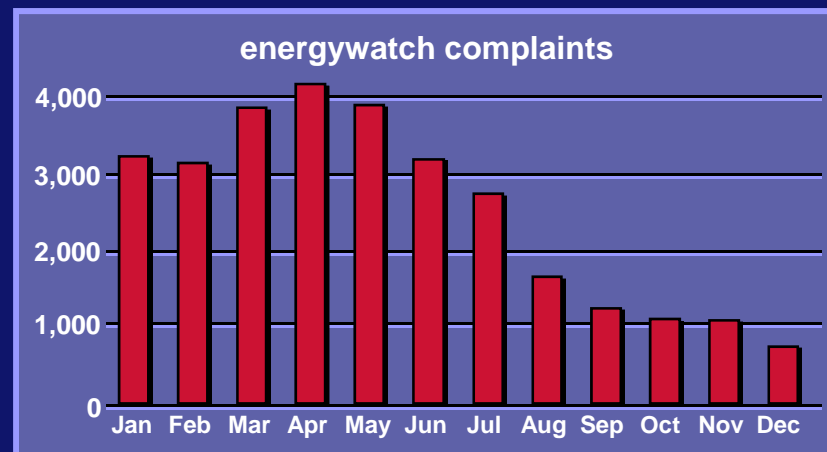
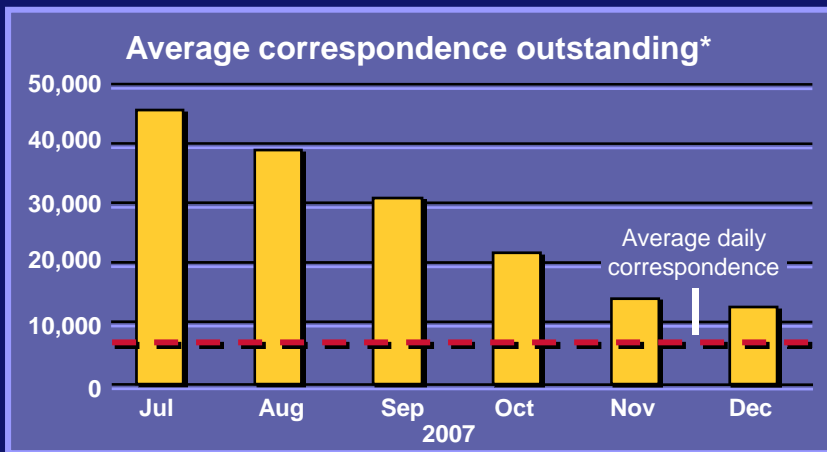
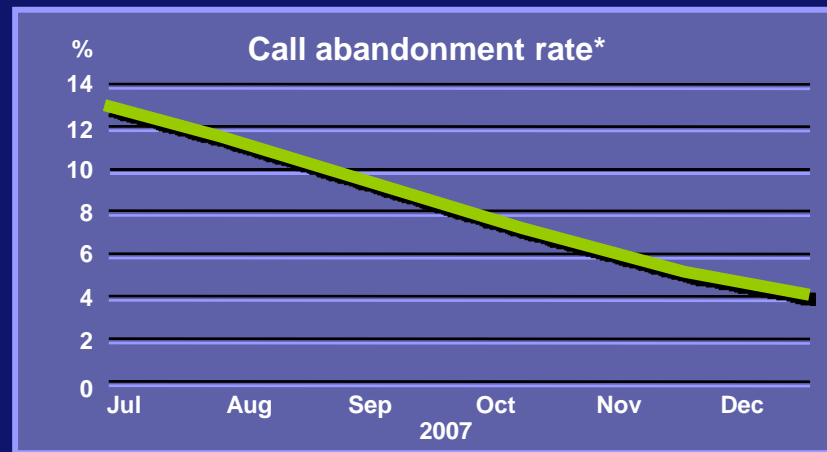
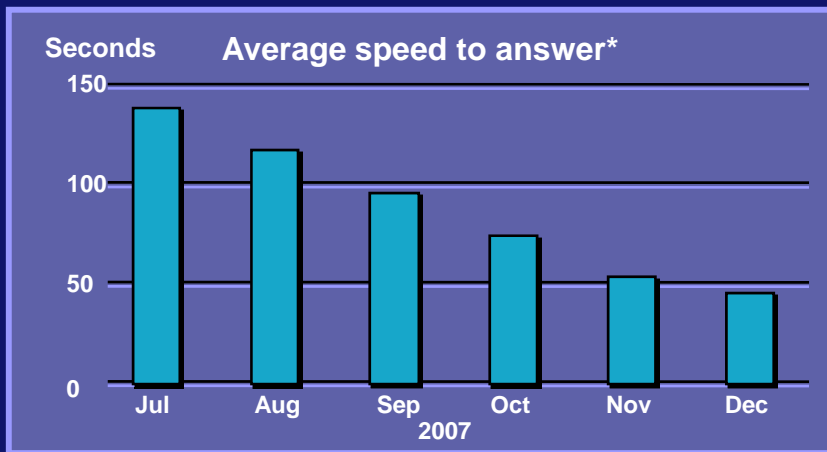
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- 2 Sharpen the organisation and reduce costs
- 3 Reduce risk through increased integration

Priorities

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

1 Transform British Gas

Customer service

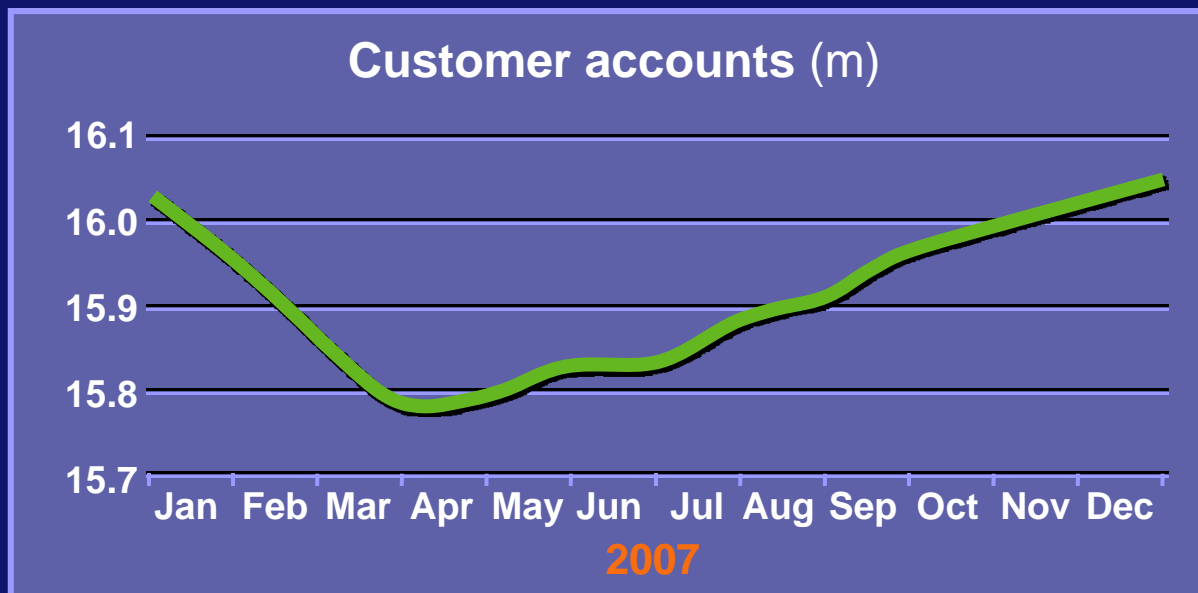


* Six month rolling average

1 Transform British Gas

Customer growth

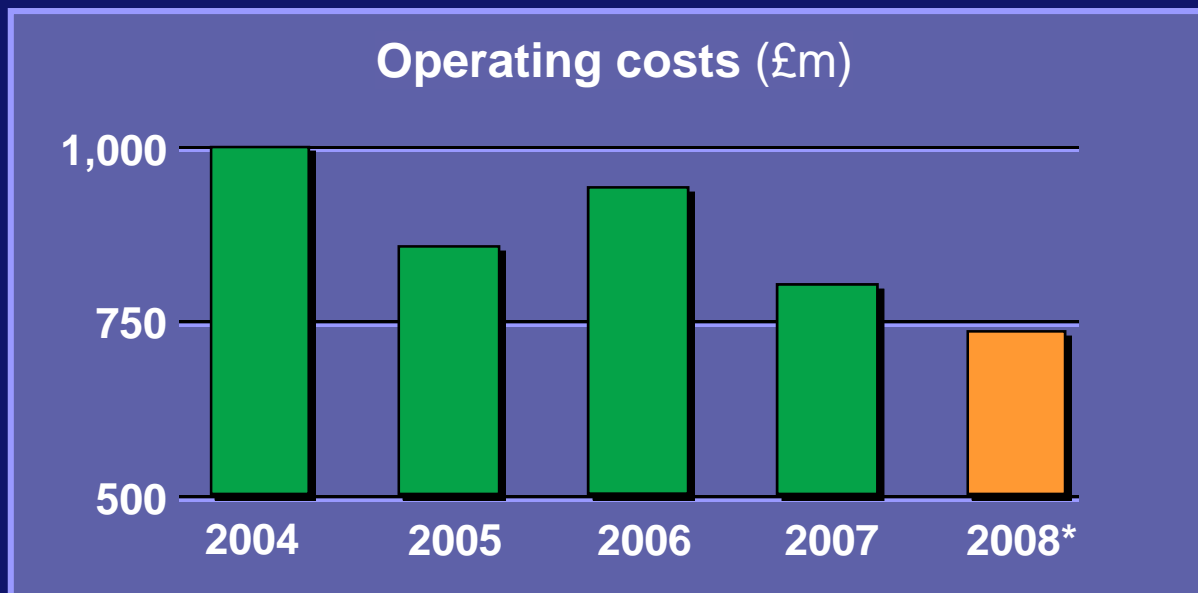
- Customer churn falling through H2 2007
- Sales levels 7% above 2006
- 900,000 customers receiving online bills
- Ended 2007 with 16.0m customers



1 Transform British Gas

Operating costs

- Prioritised service in 2007
- Removed £140m from base
- £60m to come out in 2008



* Including planned £60m cost reduction in 2008

2 Sharpen the organisation and reduce costs

Organisation structure

- BGR restructured into three P&Ls
- Direct Energy reorganised
- Separated UK power generation profits

People initiatives

- Senior team skills review
- Upskilled in key areas in Centrica Energy

Process improvements

- Instituted business unit cost reviews
- Implemented three-year planning horizon

Cost efficiencies

- Removed over 2,000 roles
- Rationalised support functions at £30m annual saving

2 Sharpen the organisation and reduce costs

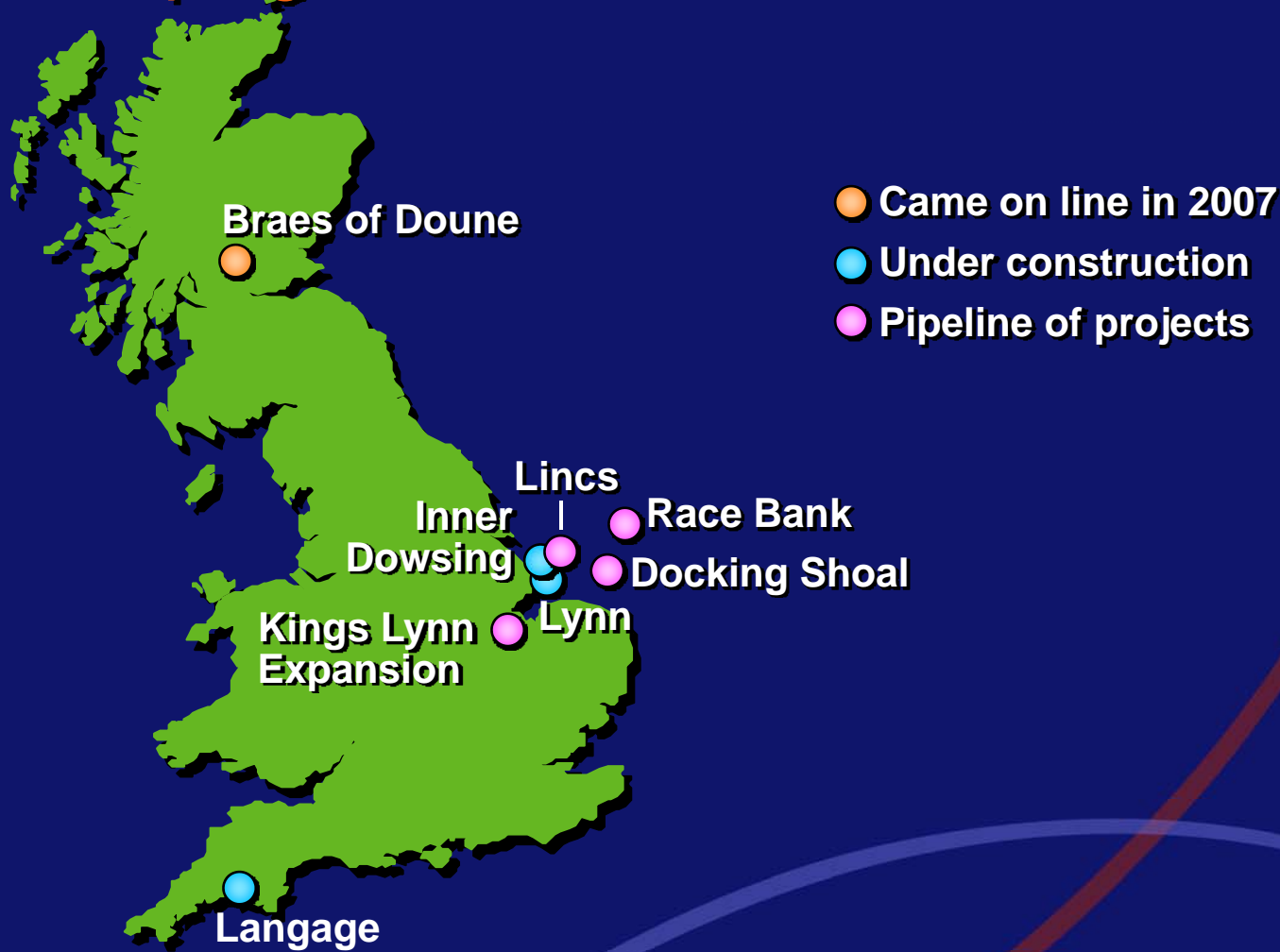
Performance metrics

		2007	2006
BGR	• Operating cost per customer account	£50	£57
	• Operating profit margin	8.8%	1.3%
	• Share of energywatch complaints*	49%	72%
BGS	• % revenue growth	16%	8%
	• Operating profit margin	11.8%	9.2%
BGB	• Customer numbers*	954k	932k
	• Operating costs % of gross margin	72%	76%
CE	• Return on upstream productive capital employed	8.4%	n/a
	• Gas demand covered by own production	29%	21%
DE	• Gross margin growth (local currency)	5%	10%
	• Operating costs % of gross margin	71%	73%
	• Return on capital employed	8.9%	7.8%
HSE	• Lost time injuries per 100,000 hours worked	1.05	0.8

* As of December

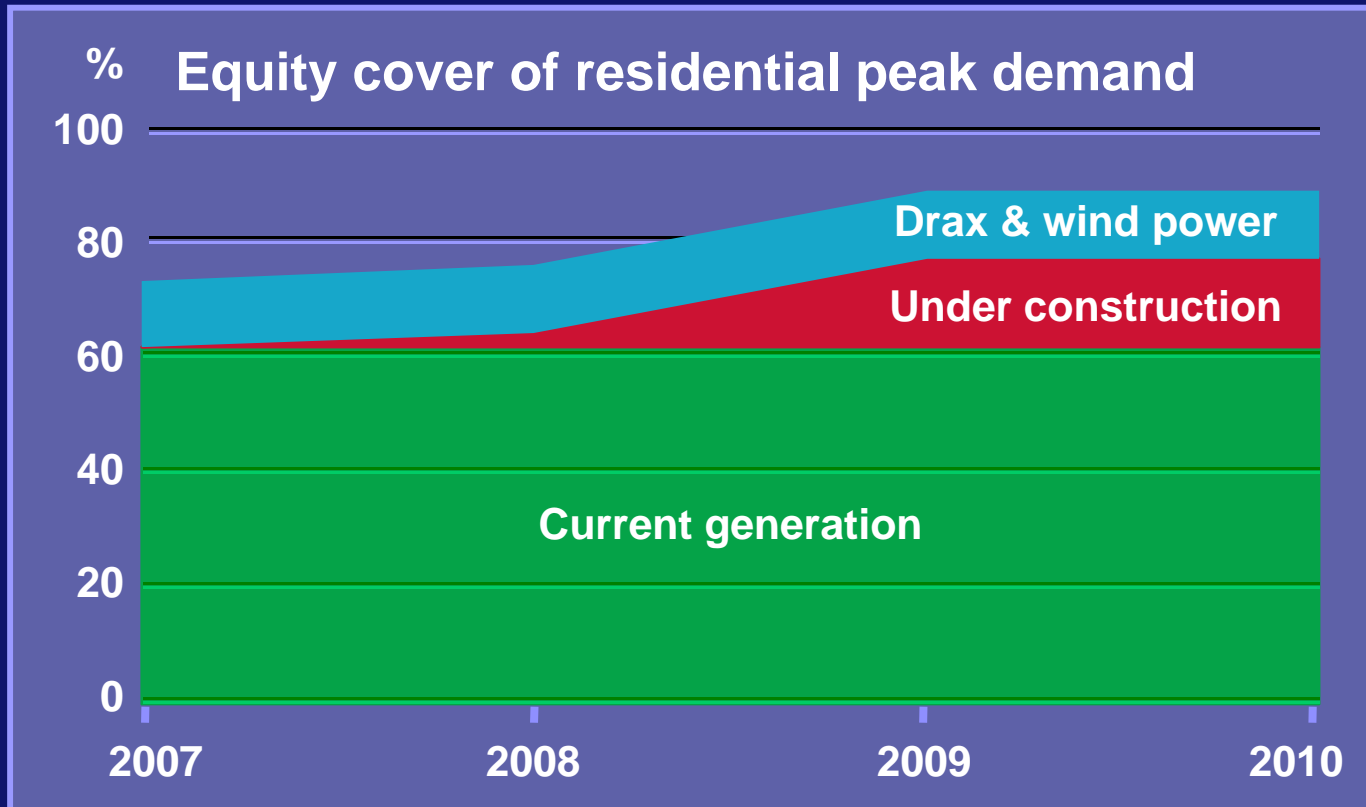
3 Reduce risk through increased integration

UK power progress



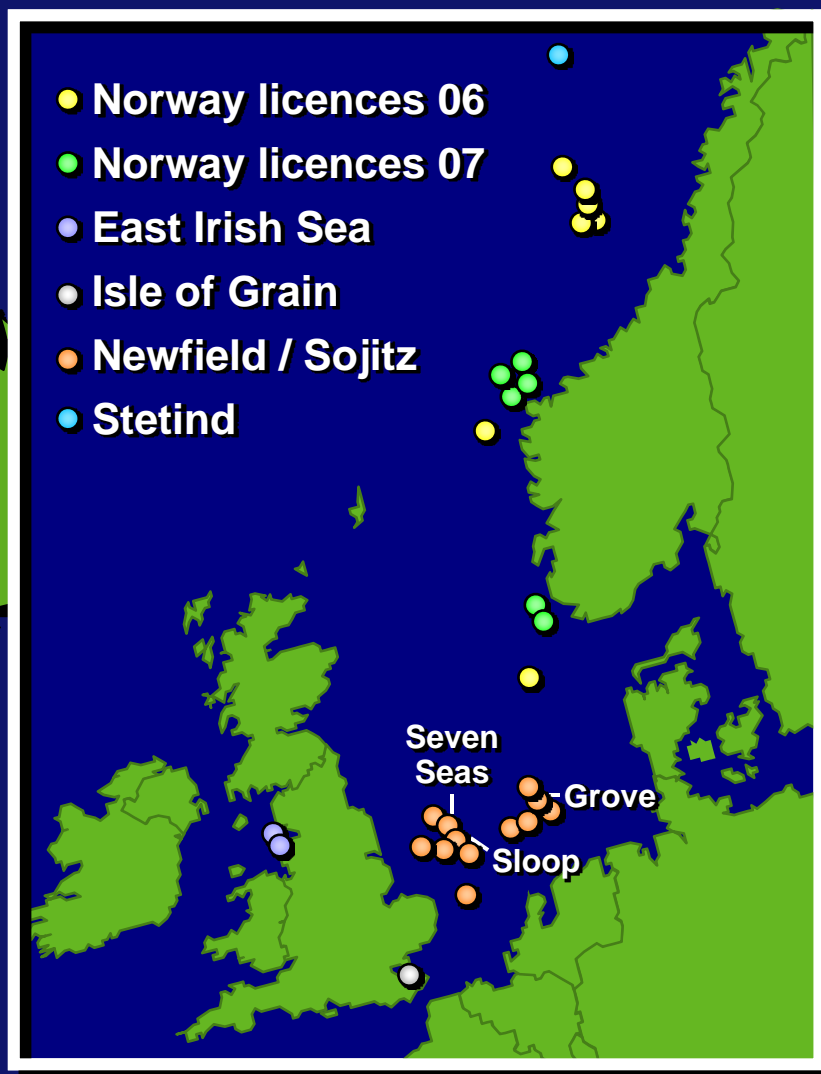
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Power coverage



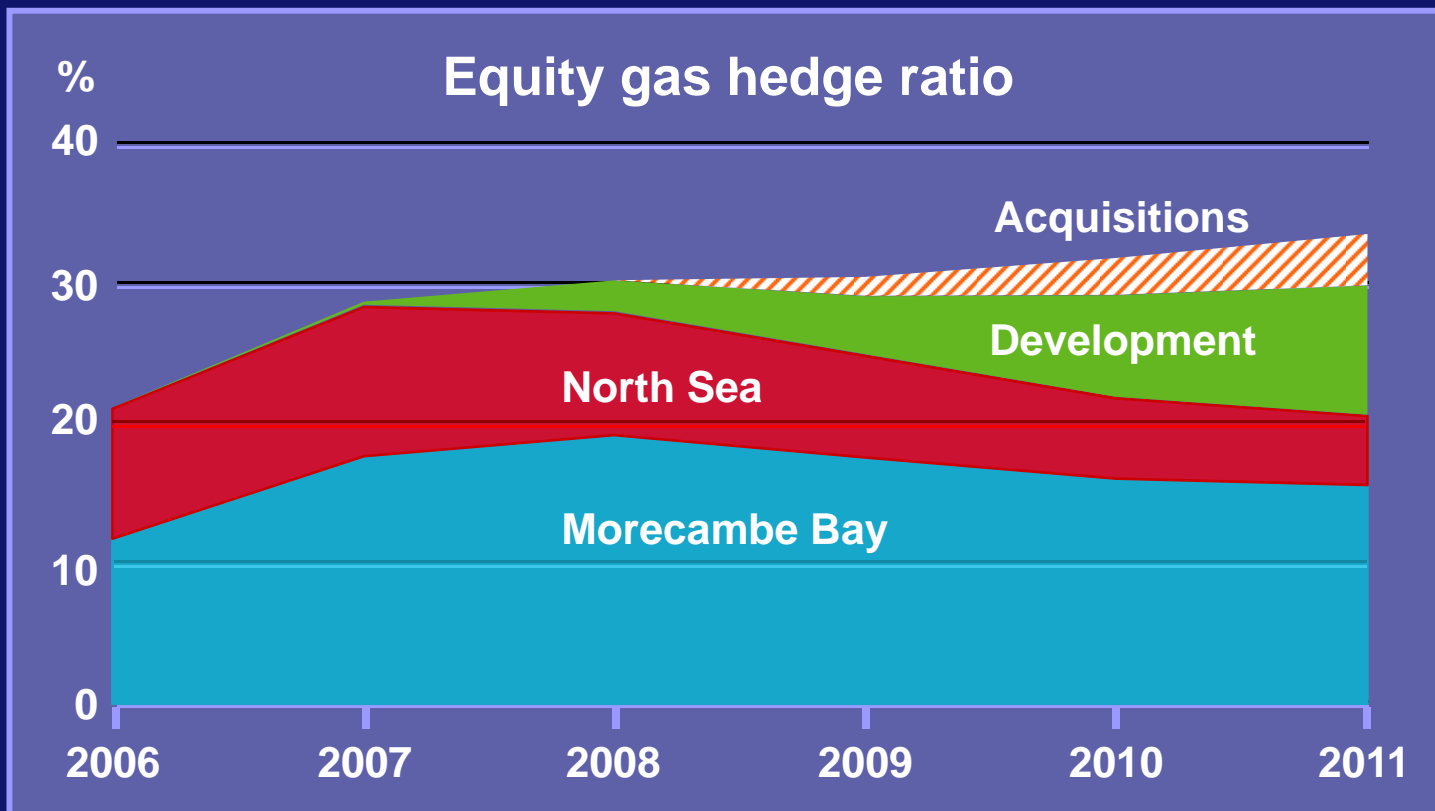
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Gas progress



3 Reduce risk through increased integration

Gas coverage

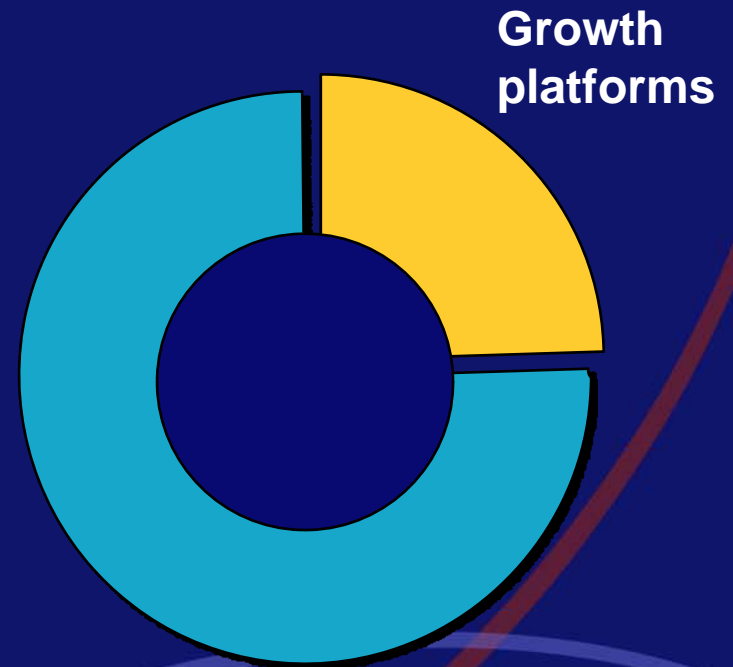
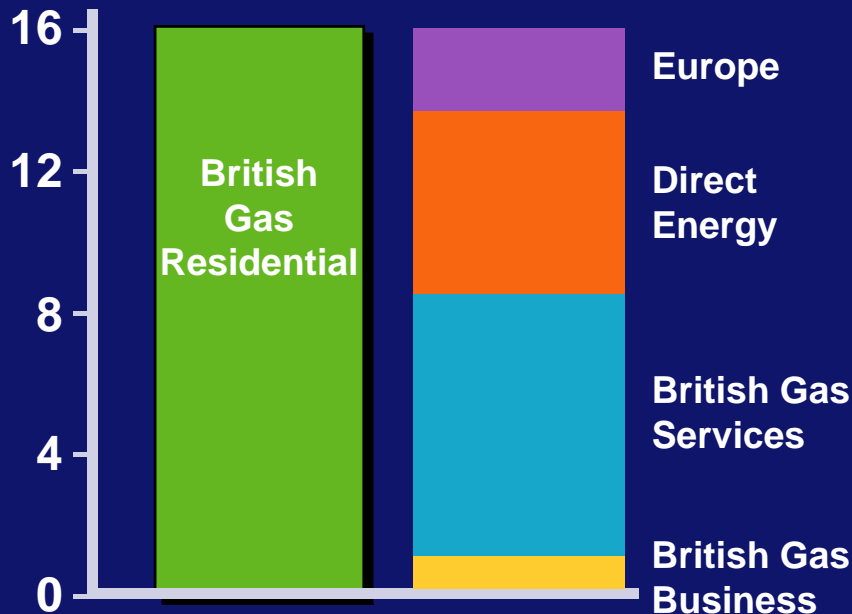


4 Build on our growth platforms

Customer Relationships 2007

Share of operating profit 2007

million



4 Build on our growth platforms

British Gas Business

Opportunity

- £20bn UK energy business market
 - BGB share 12%
- Significant opportunities in:
 - additional services
 - improving product holding
 - improving customer mix

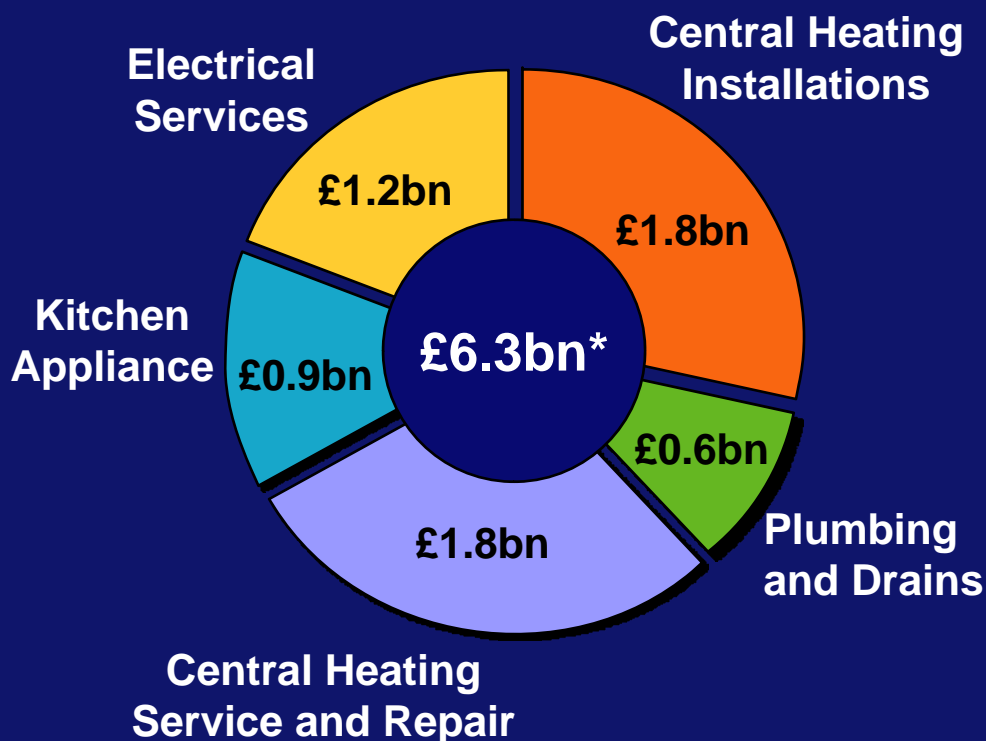
Credentials

- One of few dedicated suppliers
- Ranked #1 for large users
- Differentiated service model
- Smart meter leadership
- Proven track record of growth in a mature market
 - 24% volume growth in 3 years

4 Build on our growth platforms

British Gas Services

Opportunity



* UK market size

Credentials

- National coverage with employed engineer base
- Large customer base for cross selling
- Broad range of home services
- High customer satisfaction
- Track record of growth
 - 2007 profit up 48%

4 Build on our growth platforms

Direct Energy

Opportunity

- \$500 billion market
- 1,000TWh of C&I power demand open to competition
 - 14TWh share
- Many states yet to open
- Direct Energy early stage role in wholesale/midstream

Credentials

- Highly hedged supply portfolio
- Re-organised for focus and growth
- Track record of profit growth and business expansion
- Significant Services footprint
- Developing revenue streams
 - C&I profitable in 2007
 - Rockyview acquisition

4 Build on our growth platforms

British Gas New Energy

Opportunity

- Rapidly growing awareness of climate change
- Microgen worth up to £3bn p.a. by 2016
 - 11m domestic microgen units by 2020
- Untapped market for energy services and green energy in the commercial sector

Credentials

- Greenest energy supplier
- Most trusted to install new energy technologies
- Unique route to market
- Early signs of success
 - launched 2 leading green energy products
 - completed EEC2 – head start on CERT
 - fuel cell boiler distribution rights

Summary

- Strong financial results

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- Clear direction set for the business

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- Strong financial results
- Clear direction set for the business
- Progress made against priorities
- Vertical integration remains top of agenda

