

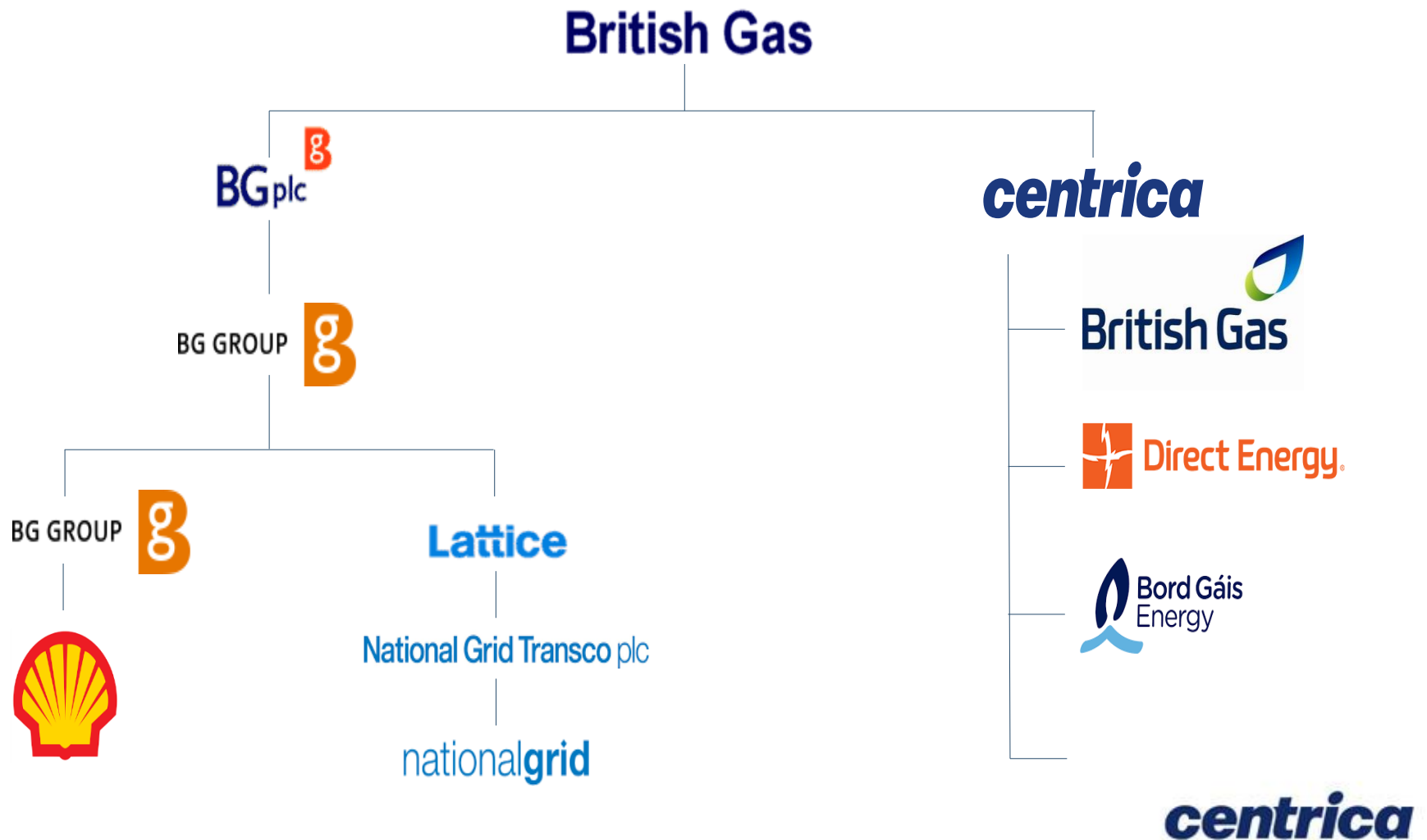
The Evolution of Centrica

Presentation to BGHQ REA AGM – 10th March 2016



centrica

Company History



Centrica 1997-8 “demerger and survival/the early years”

- Centrica focused on growing customer relationships and multi-product offerings
- Around 15,000 employees providing gas to over 18 million domestic, industrial and commercial customers in the UK
- A national central heating installation, service and maintenance business
- 240 retail outlets specialising in gas and electric heating and cooking appliances
- Gas production of 52 million barrels of oil or equivalents from the Morecambe facility
- Limited number of ‘take or pay’ contracts

1998-2002 New market expansion / "the innovative consumer marketer"

- UK electricity supply
- UK business supply
- Canada residential supply / liberalisation
- Retail banking ; telecoms ; roadside assistance
- "Asset light"
- European investments

2003-2005 "refocus" / "a leader in our chosen energy and services markets"

- Disposals of non core UK businesses:
 - Goldfish to LloydsTSB; OneTel to Carphone Warehouse ; AA to private equity
 - Expansion in UK Services and B2B energy supply
 - Expansion in Canada and US energy supply (deregulation)
 - Acquisition of UK Storage
 - Acquisition of gas fired power stations

2006-2014 "expansion into a new core" / " a leading integrated energy company" - Upstream

- "Asset right" / rights issue
- Acquisition of Venture / expansion of E&P
- Invested in UK shale
- Investment in renewables (esp onshore and offshore wind)
- British Energy joint venture with EDF

2006 - 2014 "expansion into a new core / "leading in a low carbon economy" - Downstream

- Expansion in US residential and B2B supply, generation, services
- Retrenched in Canada supply (re regulation)
- Disposed of European businesses : Luminus; Oxxio ; SPE
- Growth in UK B2B supply
- British Gas Residential Energy survived systems crisis
- Converted BGS to an insurance company
- Led the market in smart meters
- UK politics and regulatory shift post economic crash

2015+ "refocus in a changing world" / "satisfying the changing needs of our customers" - Upstream

- Significant scale back in E&P
- Disposals of onshore and offshore wind
- Closure, mothballing and repurposing of UK CCGTs
- Disposal of US generation
- Abandoned plans for storage expansion
- Pulled out of new nuclear
- Expanded in LNG
- Expanded in commodity trading

2015+ "refocus in a changing world" / "satisfying the changing needs of our customers" - Downstream

- Significantly expanded US B2B supply / entered US midstream
- Built "connected homes" in the UK and took global
- Building Distributed Energy as a global business
- Building "informed choice and control" customer offer
- Major transformation, efficiency and cost reduction plans
- Possible new geographies
- Moving from energy supply to energy services business
- £750m cost efficiency programme across Group
- CMA

Centrica - 2015

- Over 37,000 employees across multiple geographies
- Provider of energy and services to more than 28m residential and business customer accounts in the UK, Republic of Ireland and the United States
- Production of 79m barrels of oil or gas equivalents across the UK, Norway, Netherlands, Canada and Trinidad & Tobago
- 19TWh of power generated in the UK from gas-fired, nuclear and wind generation
- Energy Marketing & Trading business – trading in energy produced both inside and outside the business
- The UK's largest gas storage facility, located in the southern North Sea with an onshore processing facility in East Yorkshire

Centrica - 2015

