

BG Group: Q2 2011 Results & Strategy

BG GROUP



July 2011



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Please note that this presentation represents only a summary of BG Group's Second Quarter Results for the financial quarter ended 30 June 2011 and of its Full Year Results for the financial year ended 31 December 2010 and 2011 Strategy Presentation released on 8 February 2011 (the "Results"). It does not contain sufficient information to enable as full an understanding as would be provided by full versions of the Results and relevant accompanying speeches. This presentation should therefore be read in conjunction with those additional documents available from BG Group's website, www.bg-group.com

Q2 2011 key points

- Earnings up 27%; cash generated by operations up 11%
- Interim dividend of 10.8 cents per share, up 10%
- Reserves & resources doubled in Brazil since 2010; upside potential now 8 billion boe net
- Brazil reservoir performance significantly reduces unit costs; unit resource value increased
- Lifted first one million barrels of equity oil from Lula field
- Assumed operatorship offshore Tanzania; agreements to operate offshore Kenya

Q2 2011 results

	Q2 2011	Q2 2010	% yoy	H1 2011	H1 2010	% yoy
Total operating profit (\$m)	2 152	1 501	+43%	4 117	3 456	+19%
Earnings (\$m)	1 120	882	+27%	1 939	1 979	-2%
EPS (cents)	33.1	26.1	+27%	57.2	58.6	-2%
DPS (cents)				10.80	9.82	+10%

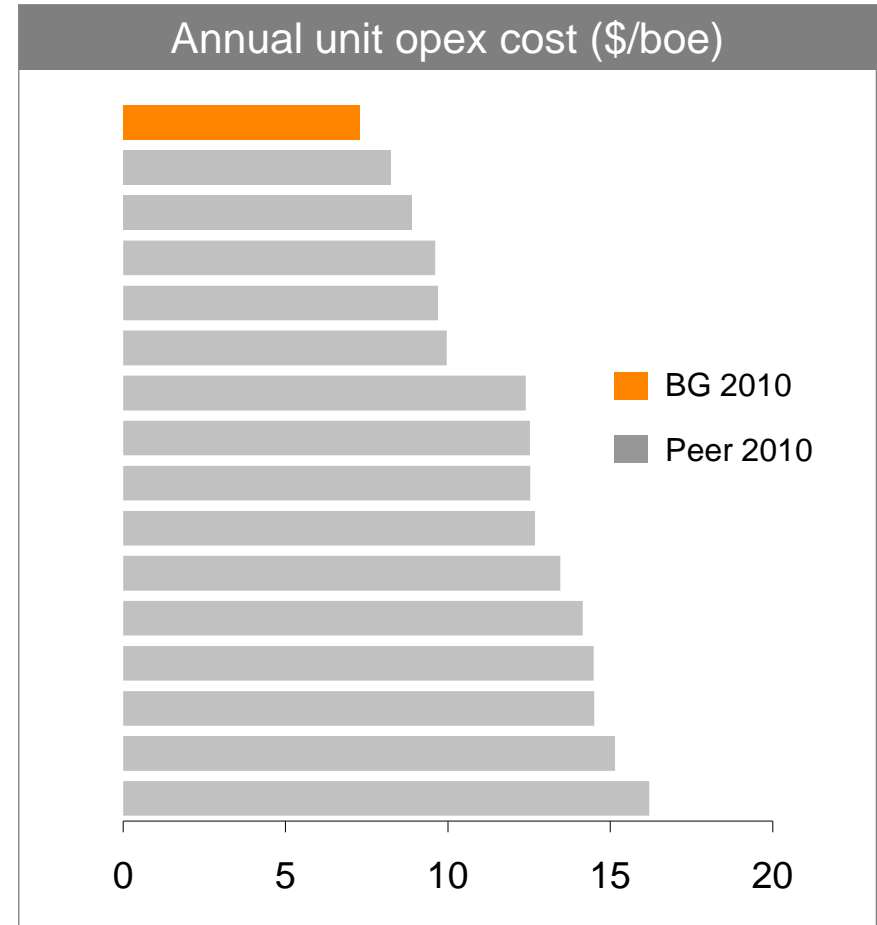
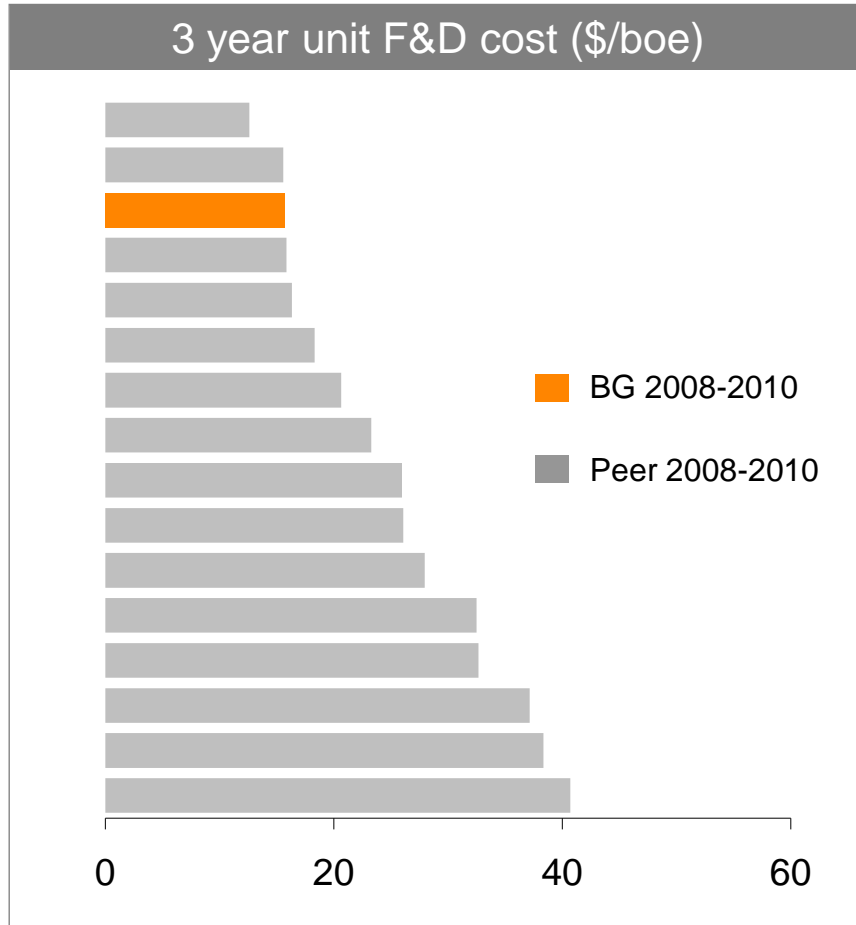
Continuing operations excluding disposals, certain re-measurements and impairments

Q2 2011 total operating profit

	Q2 2011 \$m	Q2 2010 \$m	% yoy	H1 2011 \$m	H1 2010 \$m	% yoy
E&P	1 420	746	+90%	2 678	1 938	+38%
LNG	553	541	+2%	1 123	1 174	-4%
T&D	167	184	-9%	312	324	-4%
Other activities	12	30	-60%	4	20	-80%
Group total	2 152	1 501	+43%	4 117	3 456	+19%

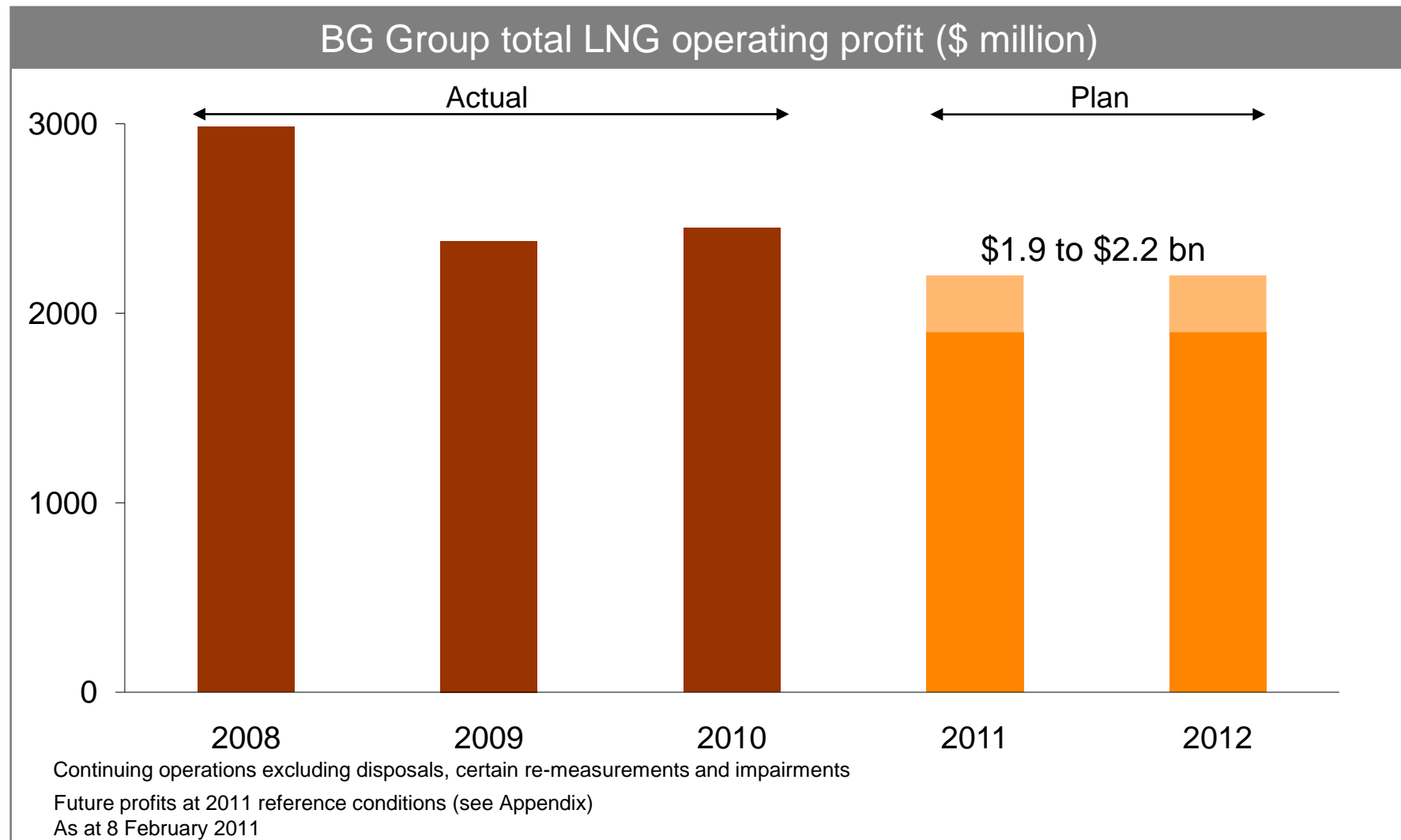
Continuing operations excluding disposals, certain re-measurements and impairments

E&P benchmarking



Source: Evaluate Energy 2011
 BG Group Peer Group includes Super Majors, and US and European Integrated Majors

LNG



Expect 2011 to be towards upper end of guidance

Q2 2011 results

	Q2 2011	Q2 2010	% yoy	H1 2011	H1 2010	% yoy
Cash generated by operations (\$m)	2 581	2 323	+11%	4 380	4 831	-9%
Capex excl acquisitions (\$m)	2 424	1 537	+58%	4 401	3 438	+28%
Net debt (\$m)				9 468	5 047	+88%
Gearing (%)				24%	17%	

Capital investment & balance sheet

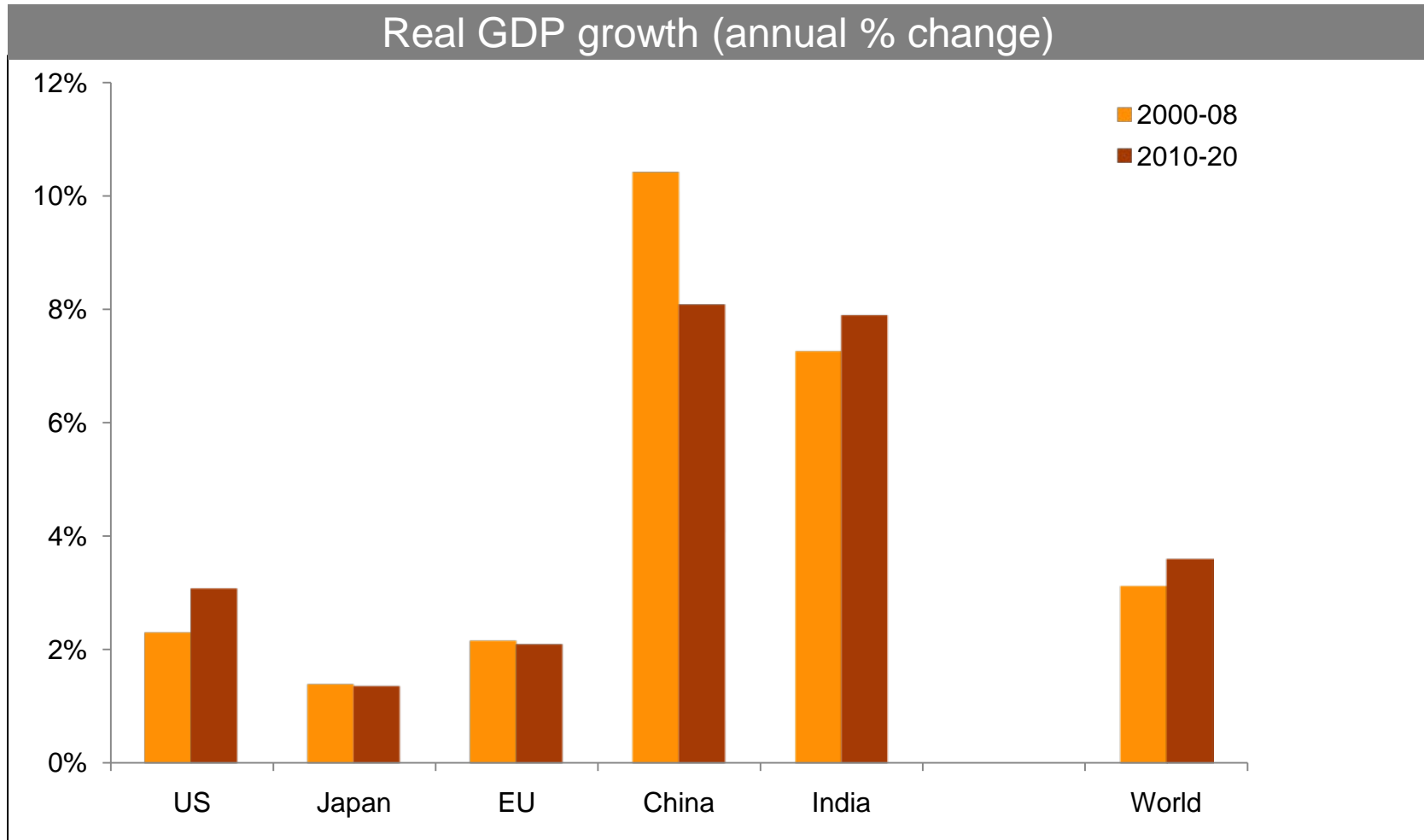
- 2011-2012
 - \$10 bn in 2011
 - \$11 bn in 2012
 - Brazil, Australia, US and UK focus
- Soundly financed
 - 8 year average net debt maturity
 - \$5.5 bn undrawn committed lines, maturities from 2012 to 2016
 - Strong and growing operating cash flow
 - MoU with Bank of China for up to \$1.5 billion of new funding alternatives
- Dividend policy: increase in line with long-term earnings growth

Market background

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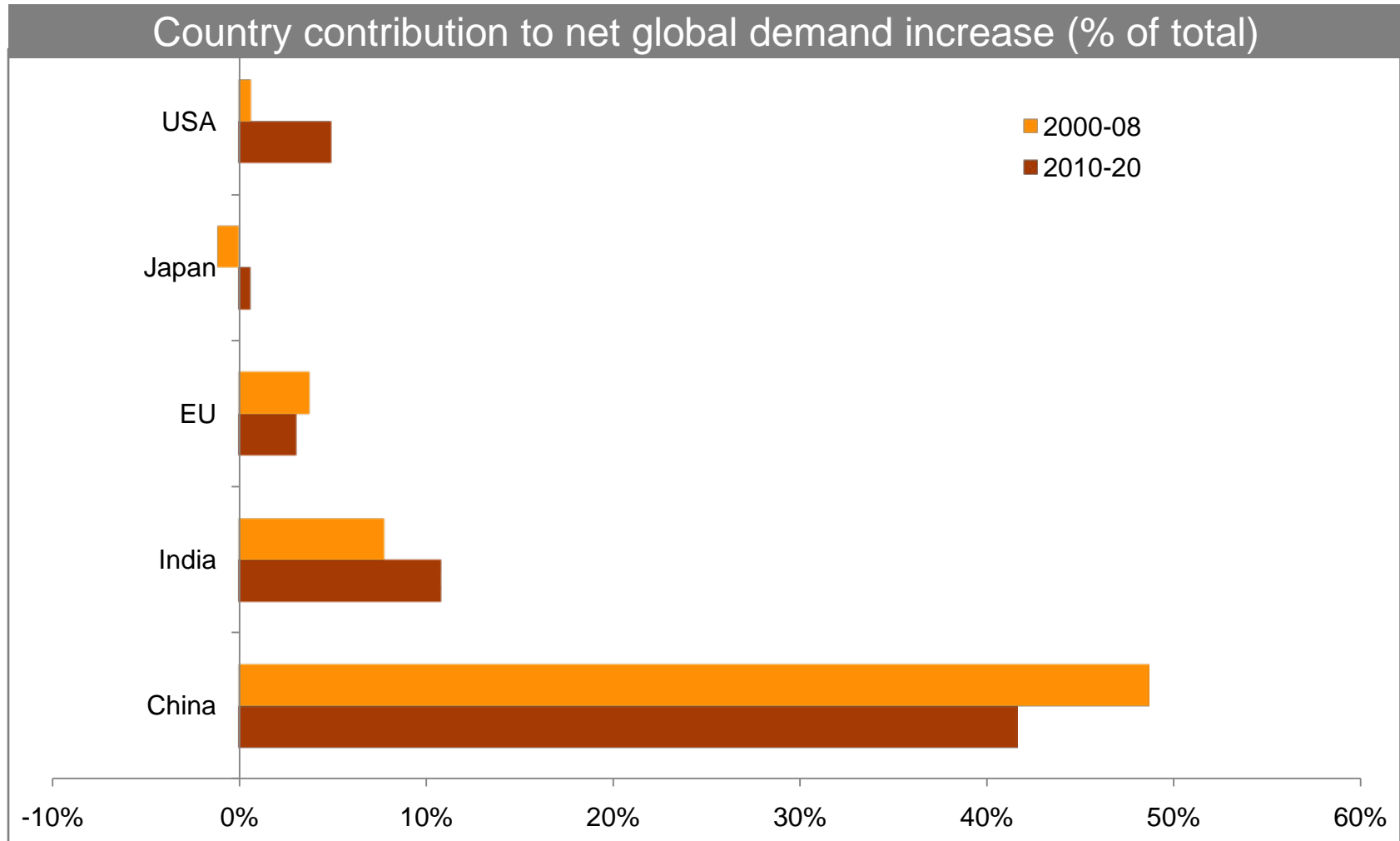


World GDP outlook



Source: Oxford Economics

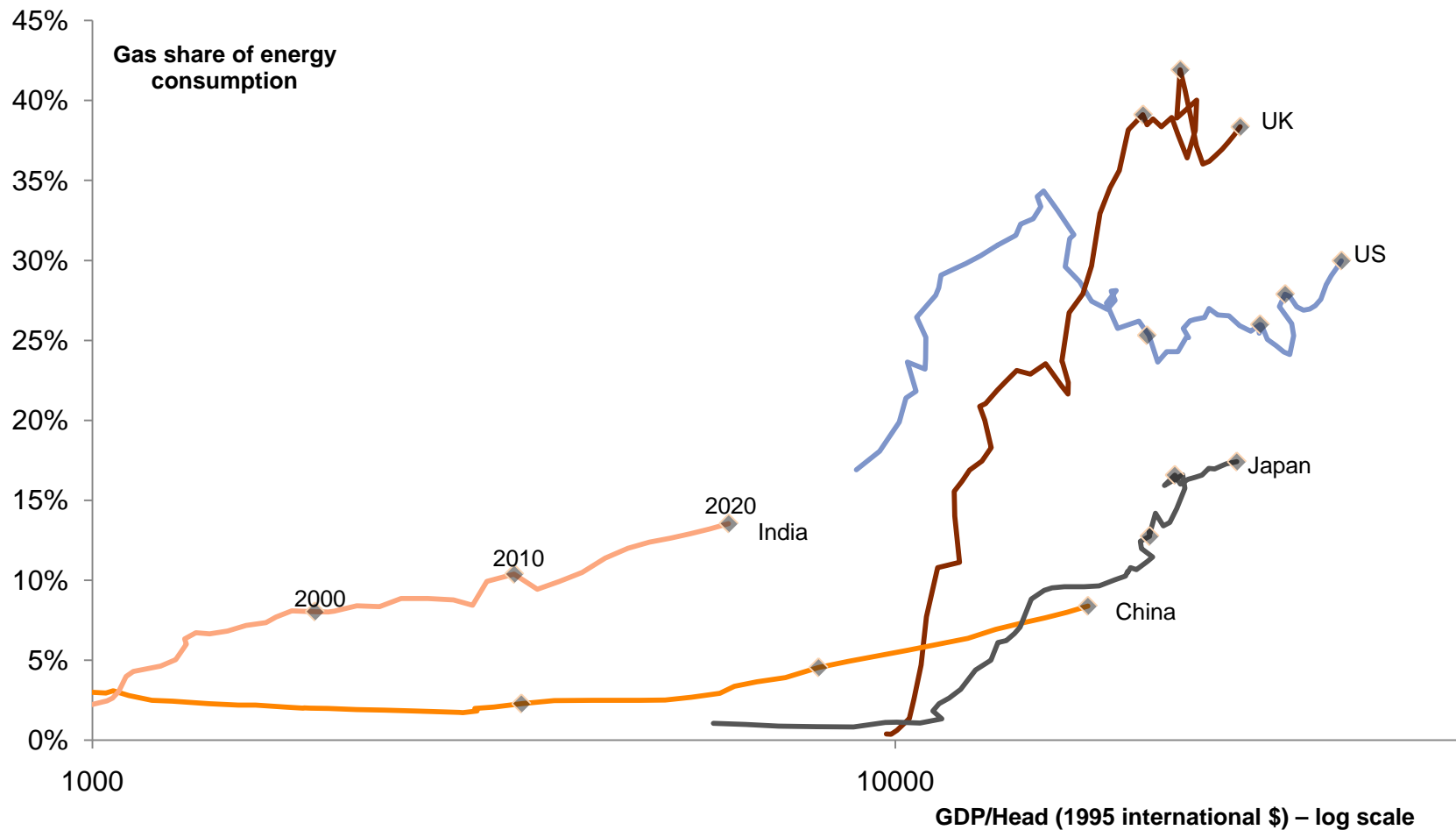
Contribution to world energy demand



Source: Wood Mackenzie Energy Markets Service

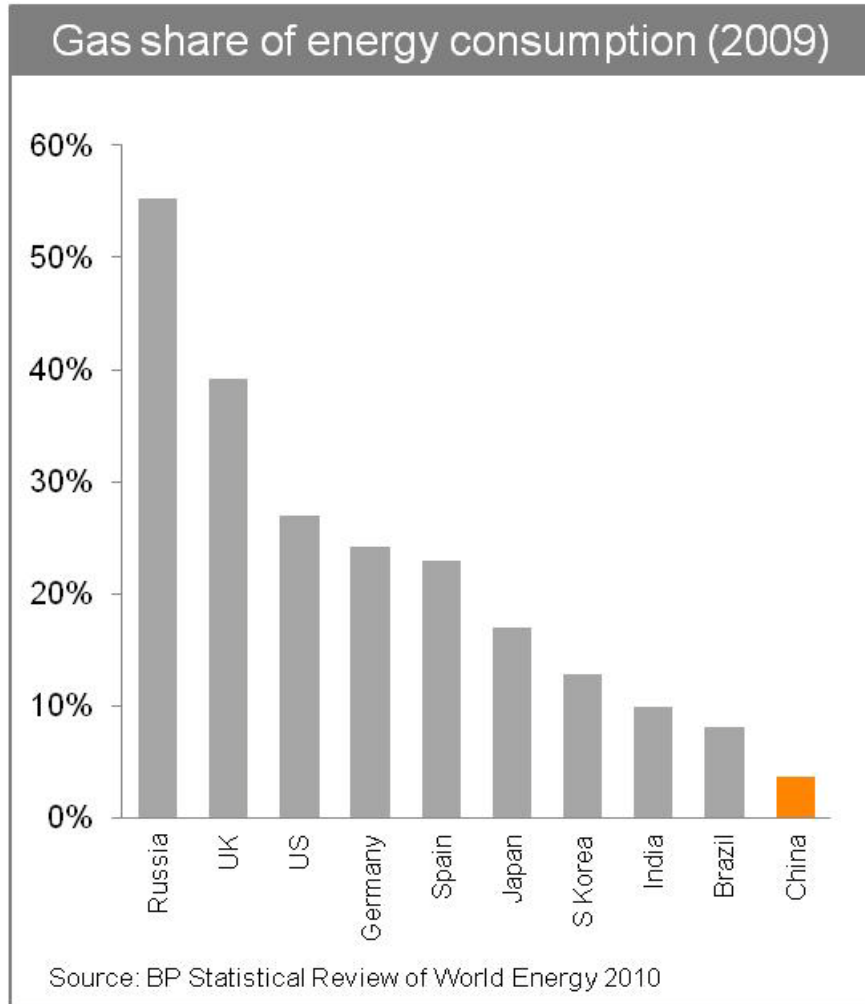
Significant upside for emerging market gas demand

Gas consumption vs GDP/head



Source: IMF; EIA; BG Group forecasts

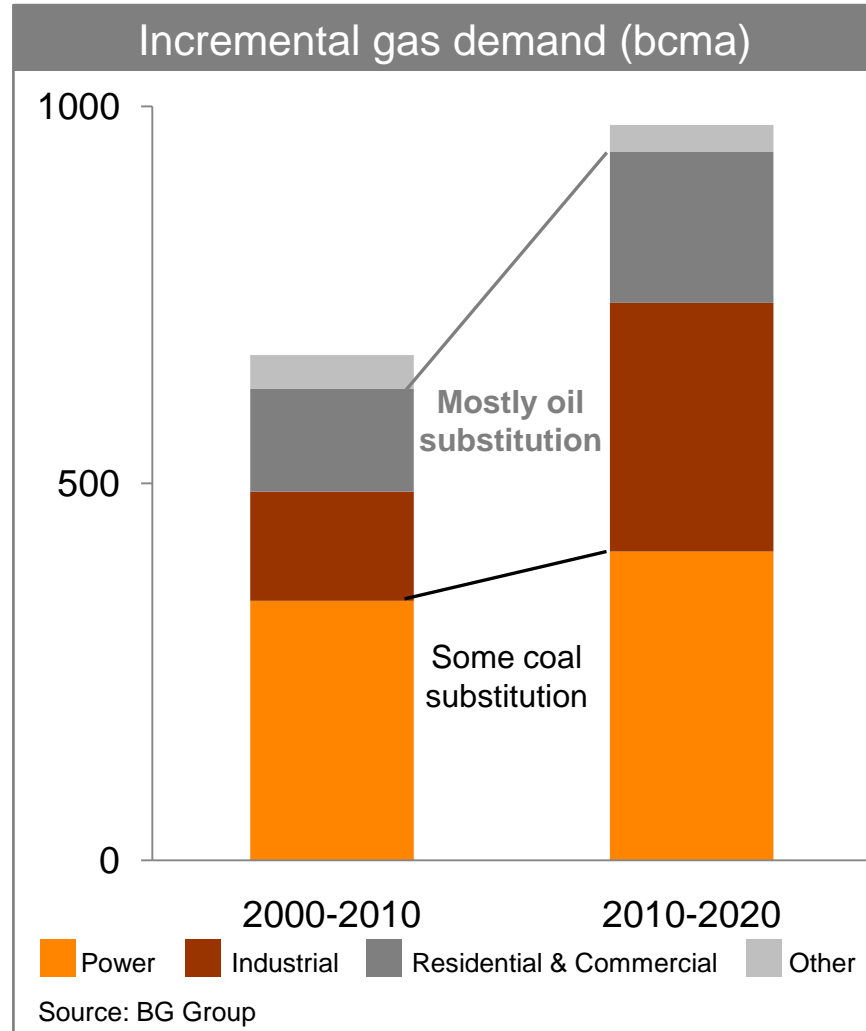
Gas penetration



- China is a key market
 - Gas < 4% of energy mix in 2009
- 1% gas increase in China energy mix
 - Around 25 bcma increase in demand
 - Equivalent to 4 QCLNG trains
- China gas penetration to India levels
 - ca 150 bcma increase in demand
 - Equivalent to ca 100 mtpa of LNG

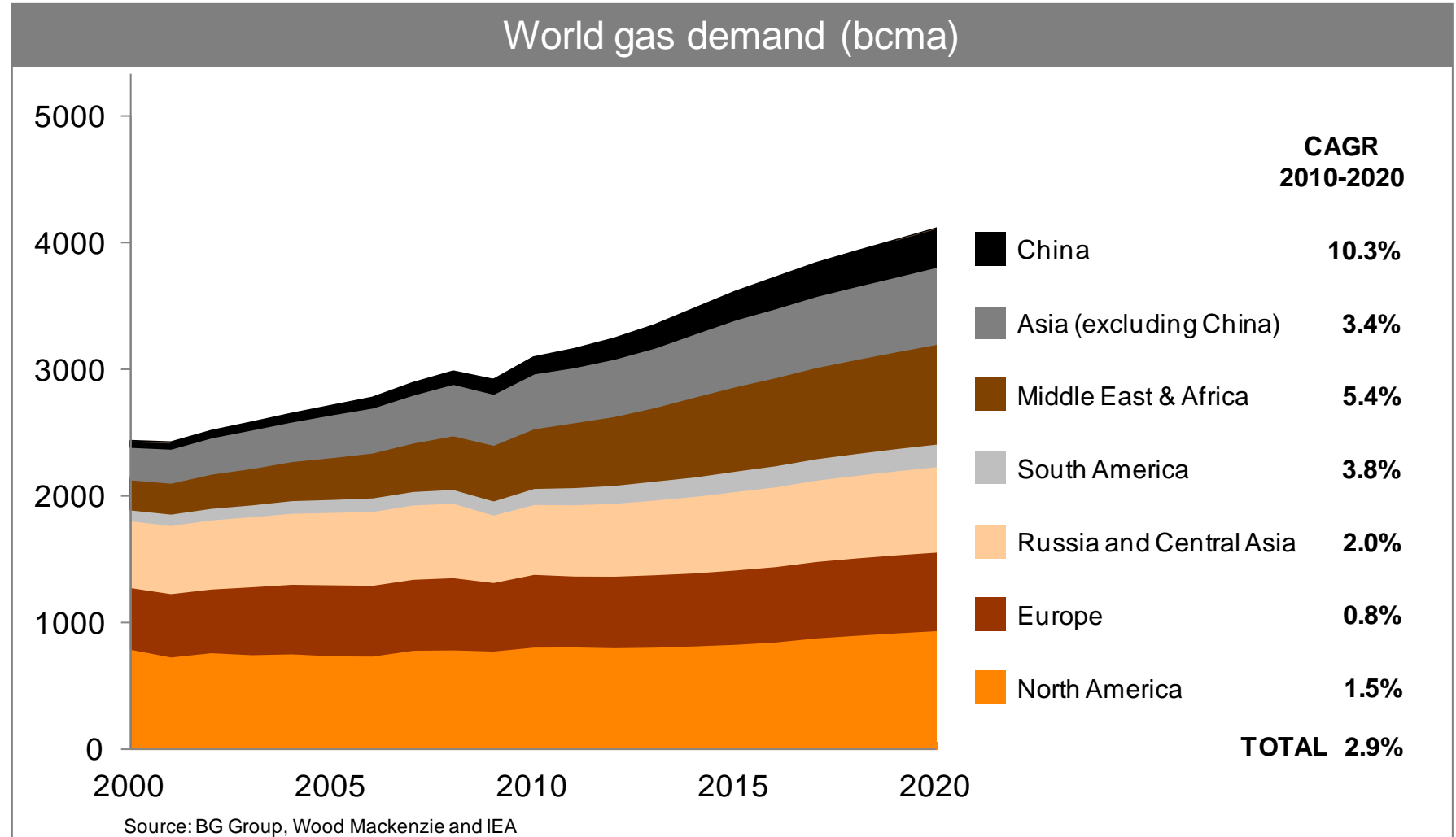
Chinese and Indian gas demand in 2020 (as shown on preceding slide) assumes gas penetration of 8% & 16% respectively

Drivers of gas growth

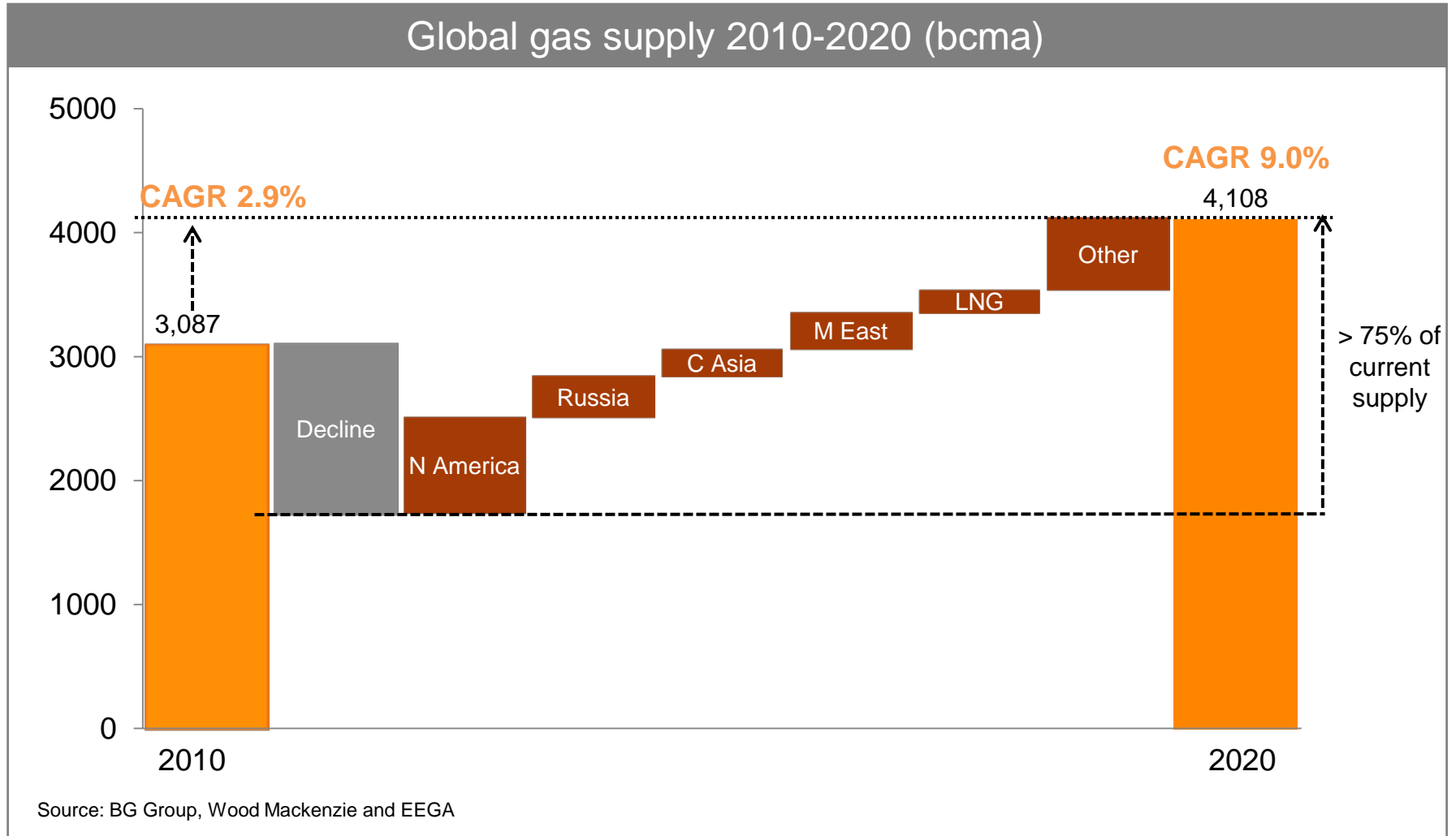


- Past demand growth
 - Driven by coal substitution in power
 - Mainly in developed economies
- Future demand growth
 - Driven by oil substitution
 - In emerging economies
 - Mainly industrial, commercial & residential
- Underpins gas as a premium fuel

Gas demand outlook

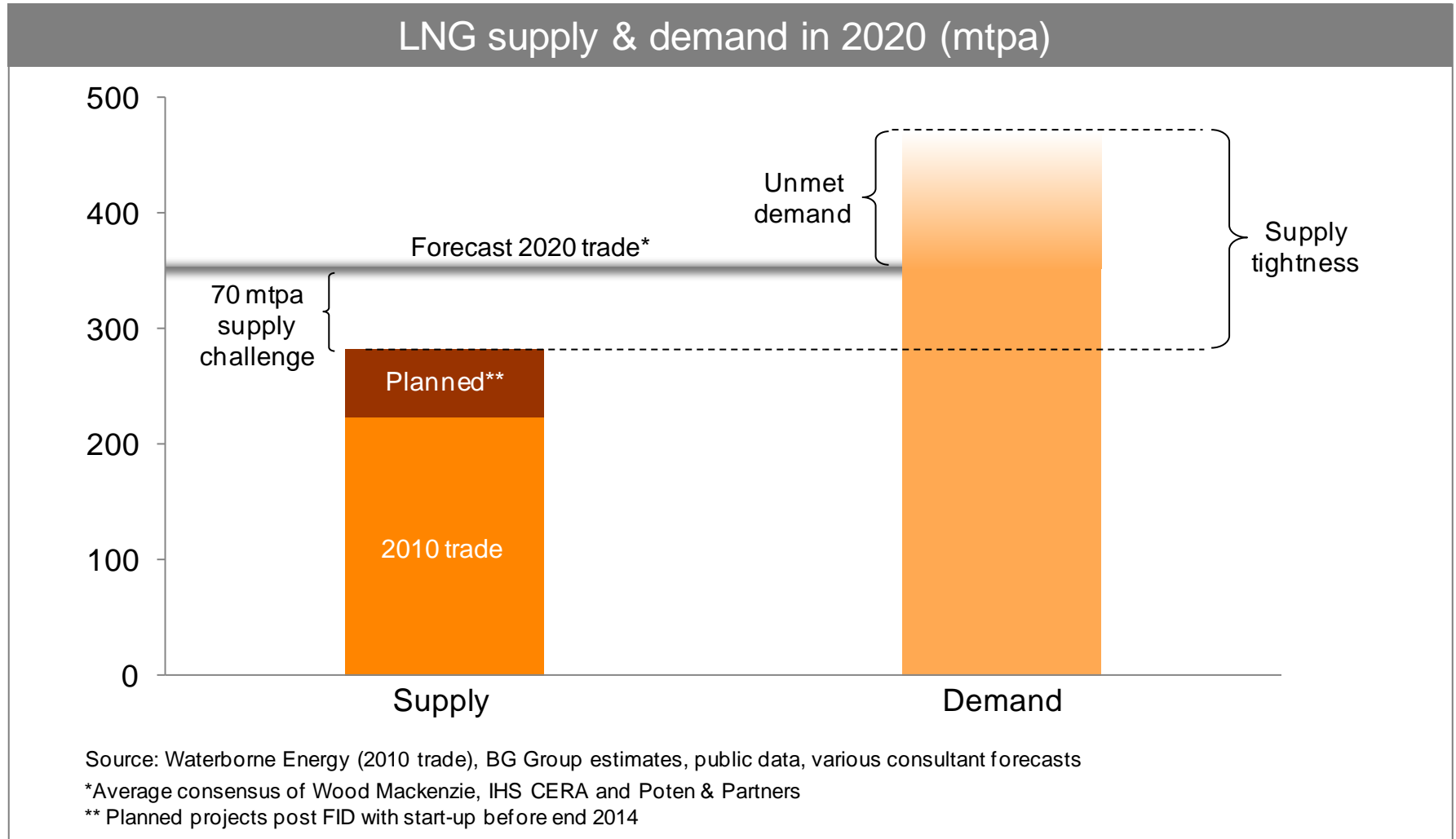


Global supply



New supplies required – more than 75% of current supply

LNG supply & demand (2020)



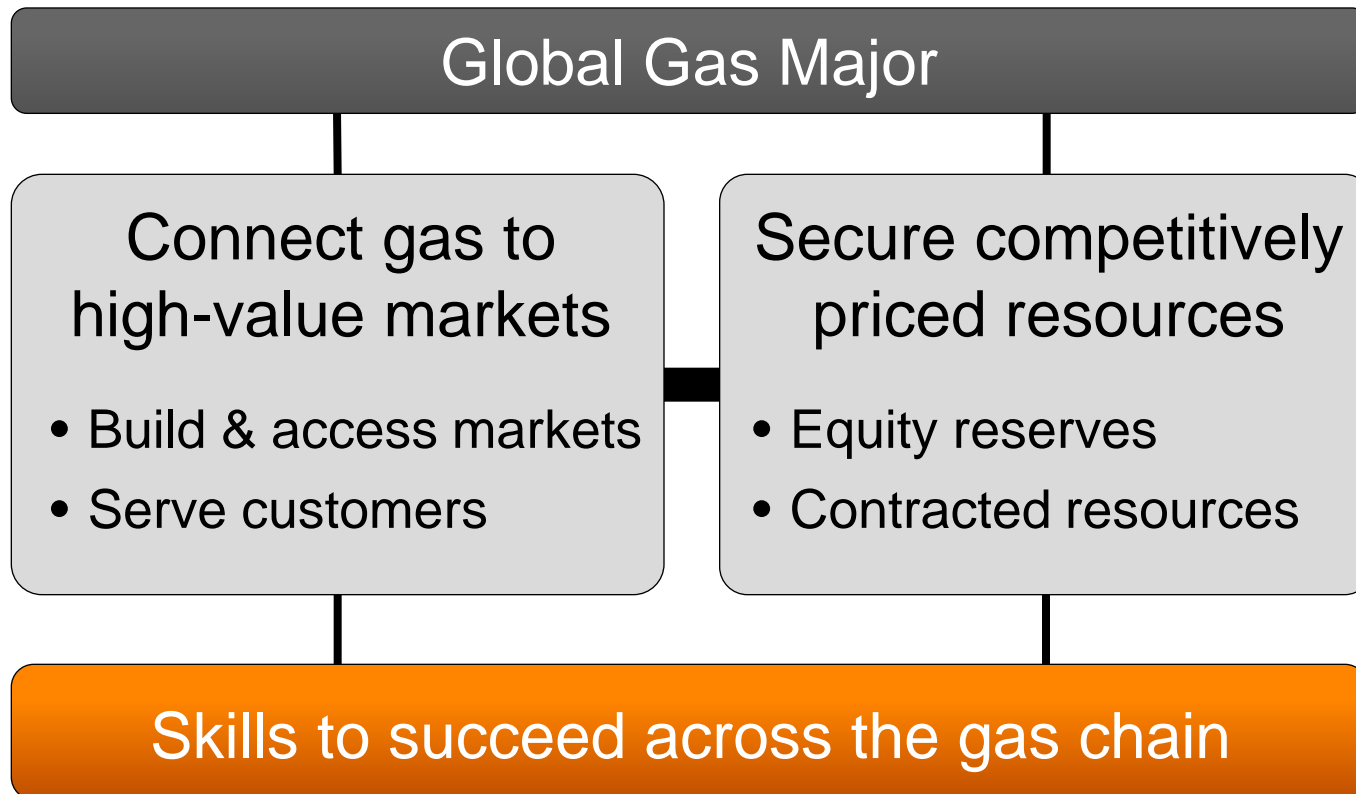
Key messages

- Strong growth in global demand for energy through decade
- Low gas share of total energy consumption in emerging economies
- Both economic development and fuel substitution drive growth
- Global LNG to grow sharply; constrained by supply not demand
- BG well positioned to take advantage of these opportunities
- Increasing exposure to oil prices

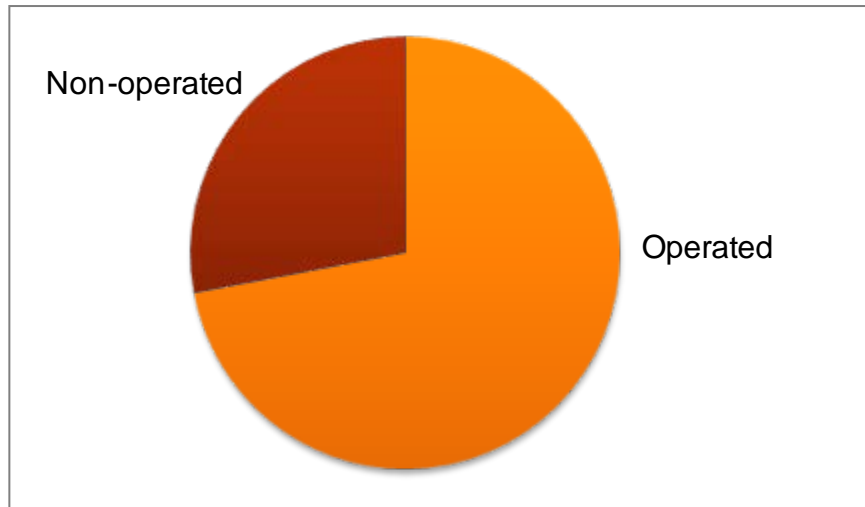
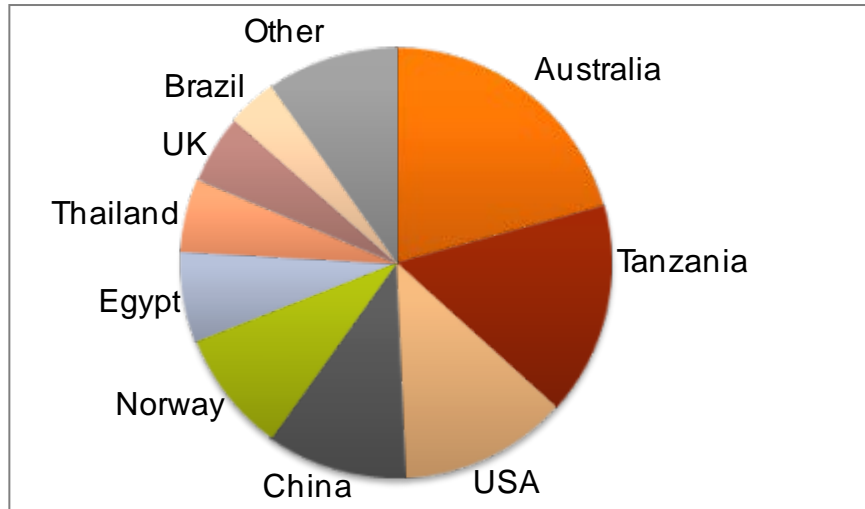
Portfolio for growth



Clear, effective and resilient strategy



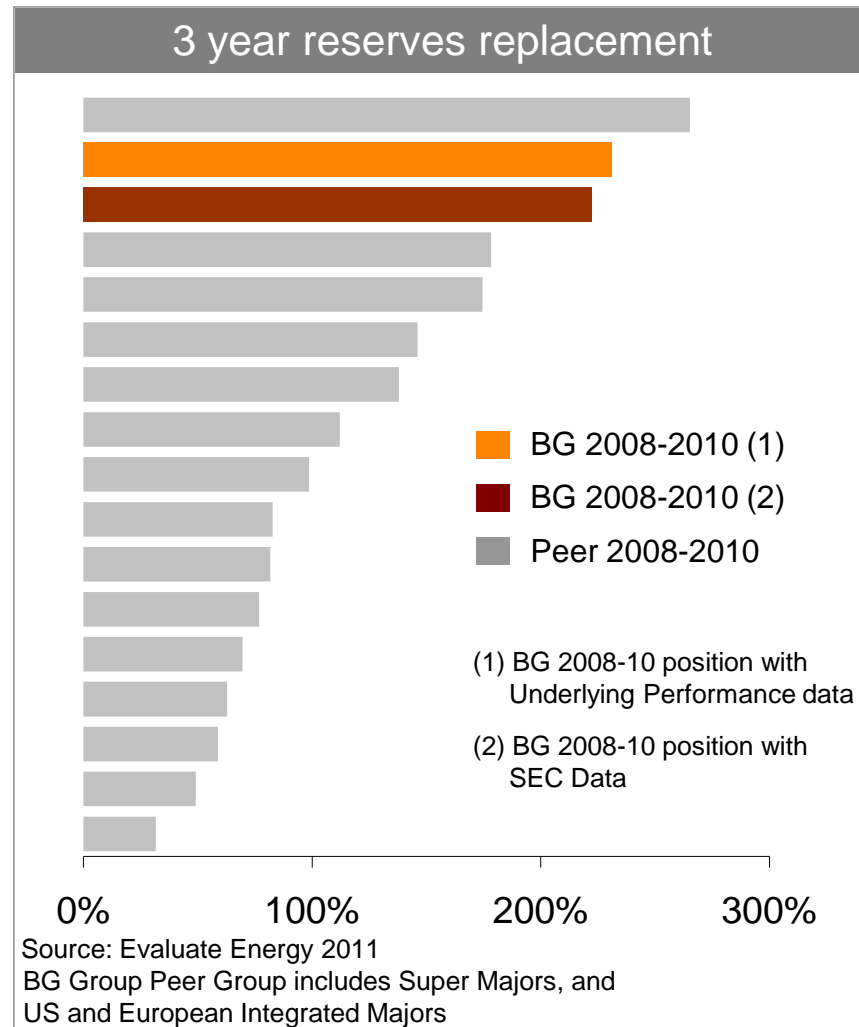
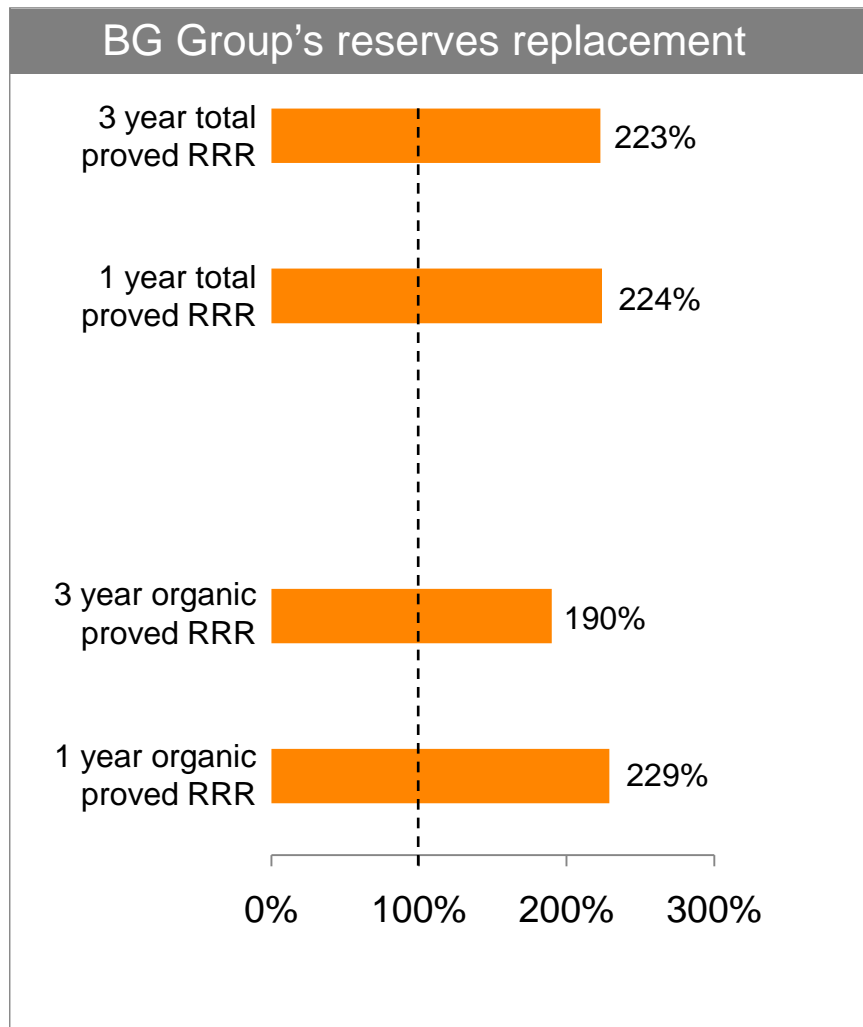
Prospect inventory of resources



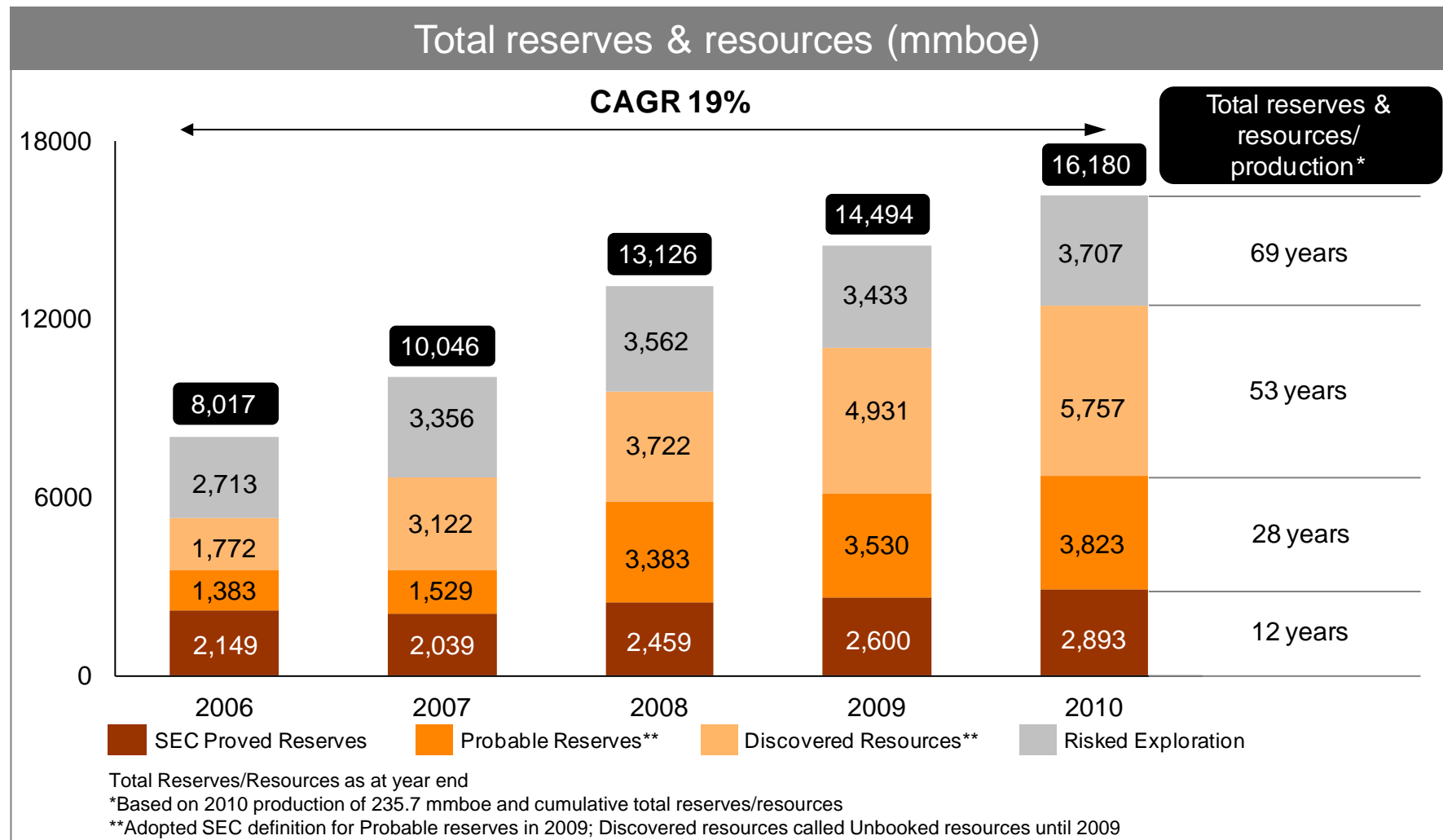
- Net risked resources of 3.7 bn boe
 - CAGR 12% 2000-2010
 - > 200 prospects & leads
 - 85% gas related
 - > 60% in established production assets
 - > 70% in investment grade countries
- Total gross unrisked resources 47 bn boe
 - BG net unrisked resources of 19 bn boe
- Operate over 70% of inventory

As at 8 February 2011

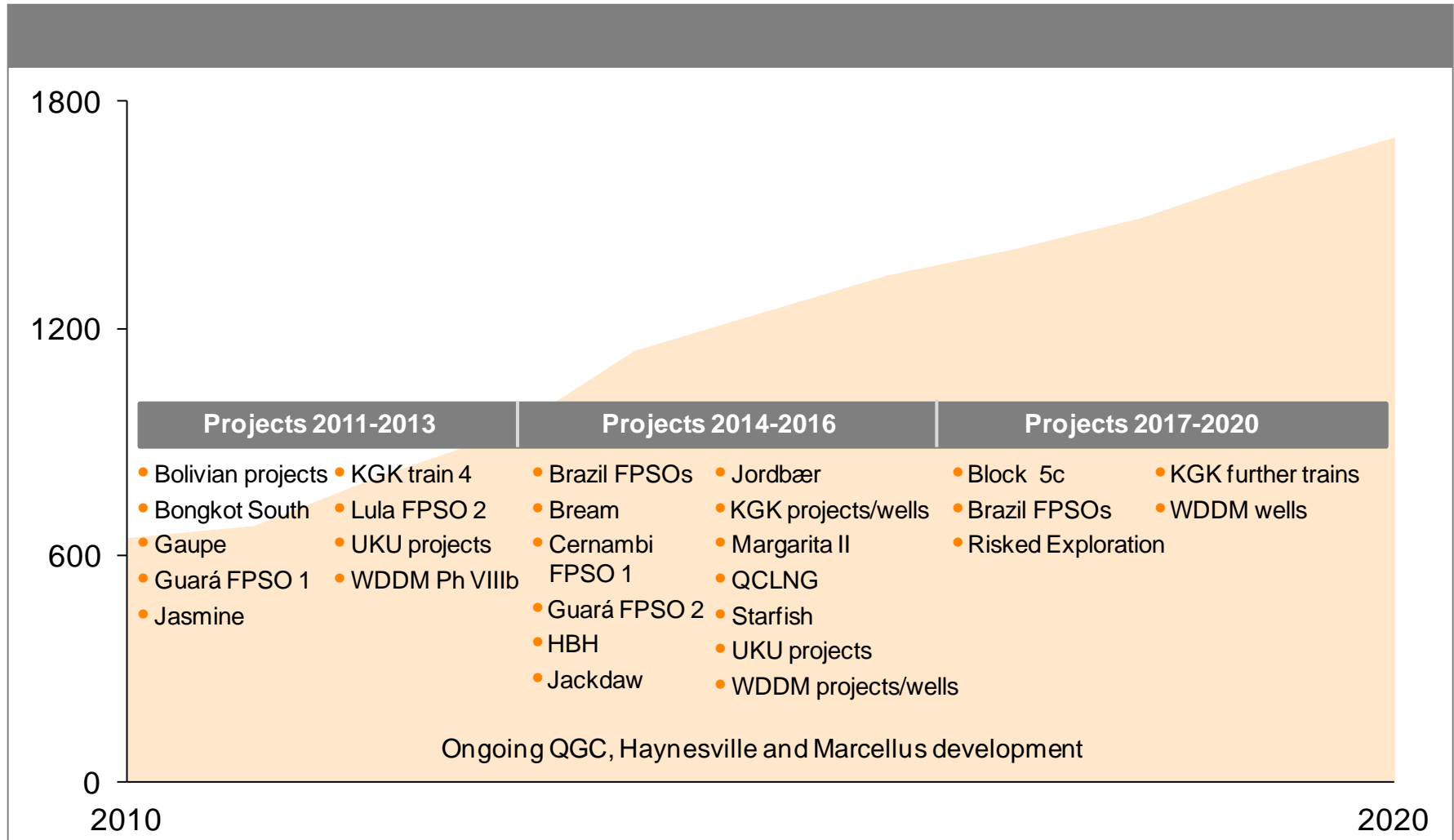
Proved reserves replacement



Reserves & resources

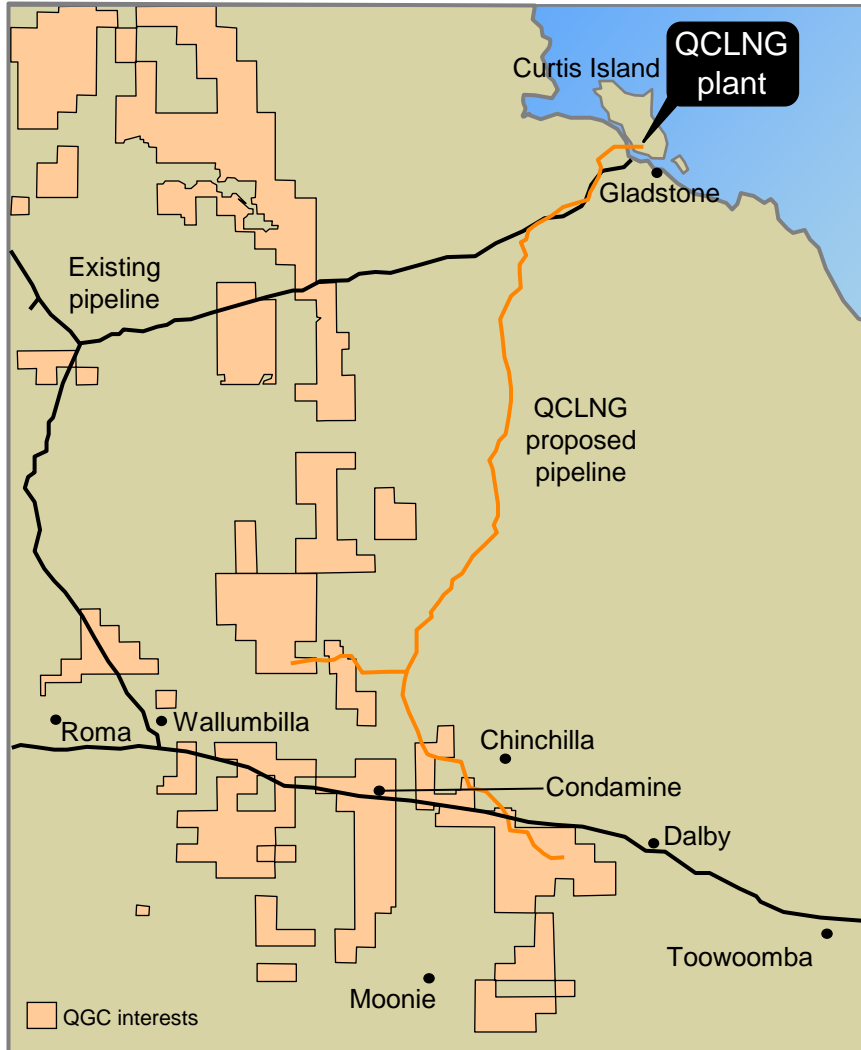


Key projects



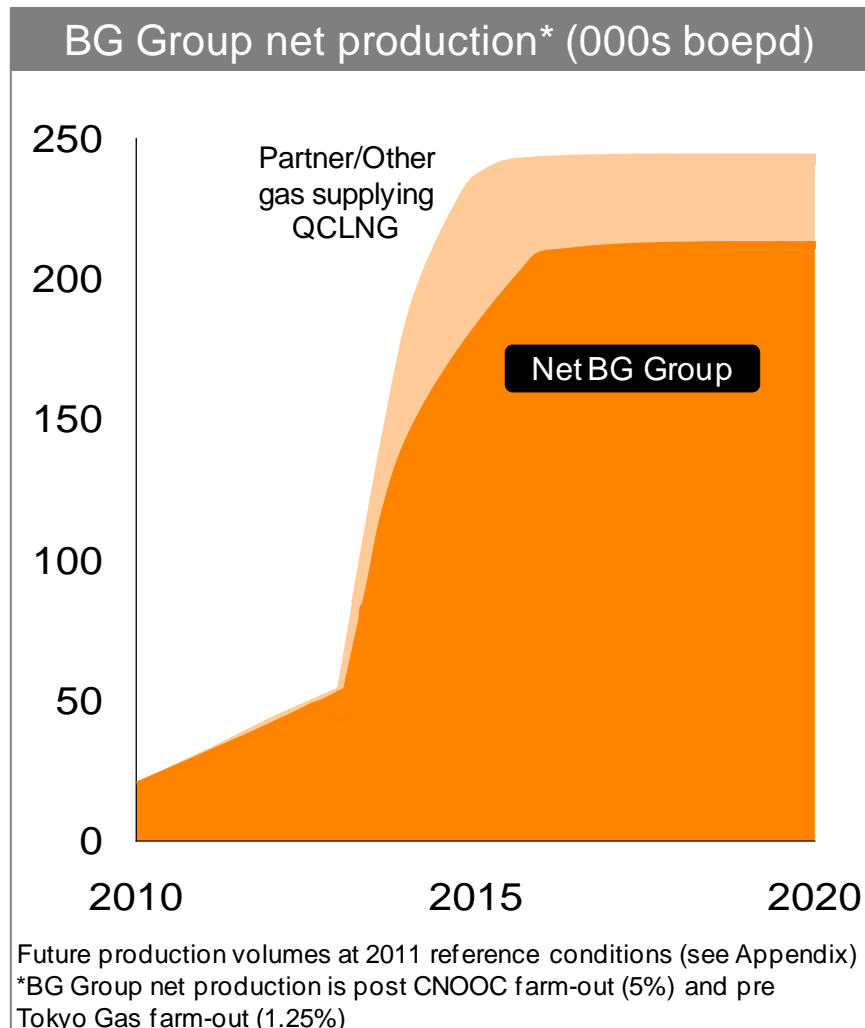
As at 8 February 2011

Australia: Project progress



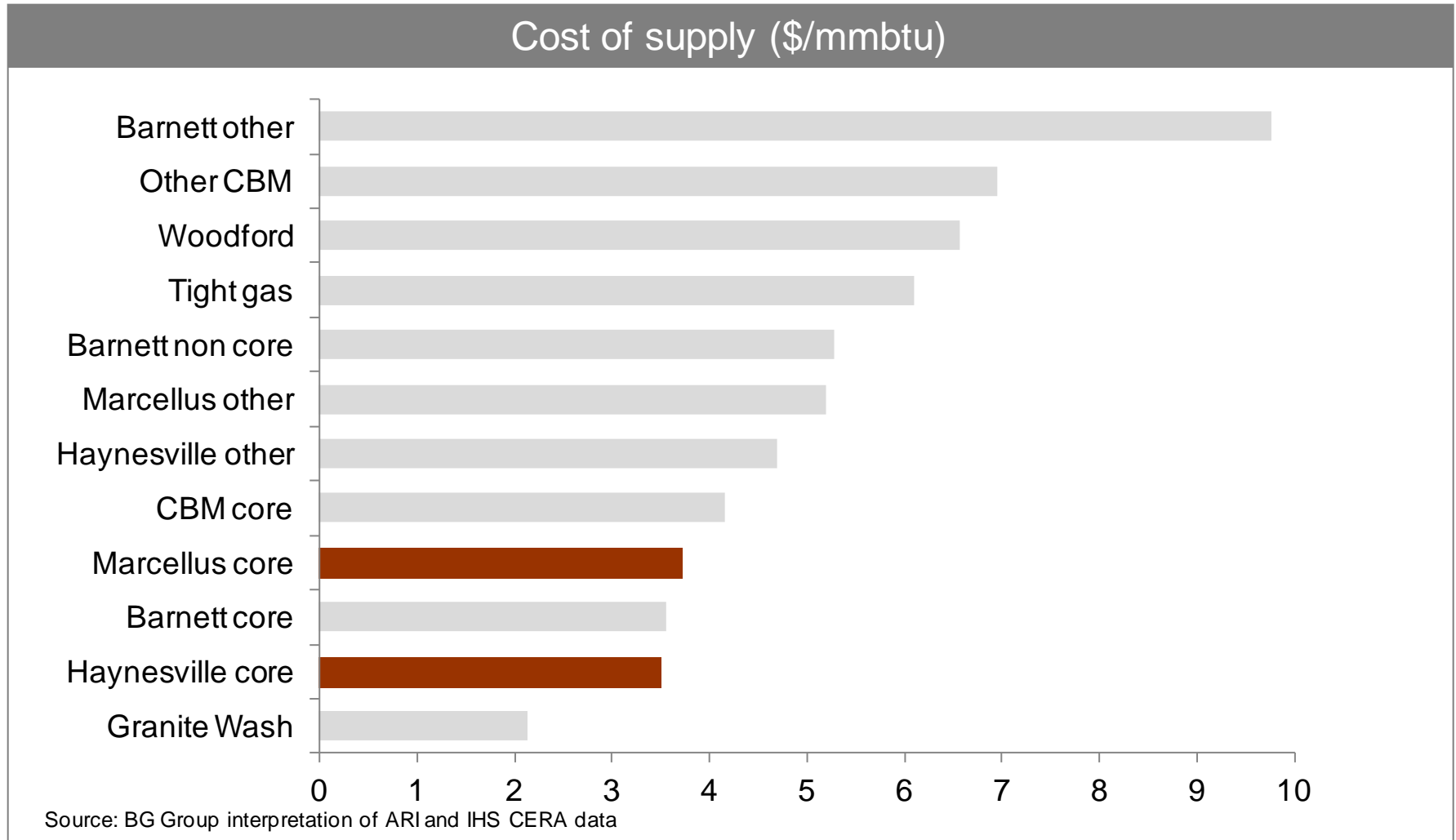
- QCLNG sanctioned October 2010
 - Two trains: 8.5 mtpa
 - BG's 7th & 8th LNG trains in 12 years
- Construction underway
 - > 3,500 people deployed
 - LNG site prepared, 1st concrete poured
 - 540 km pipeline delivered
 - 1st water treatment plant complete
- \$15 billion investment
- Around 10 mtpa of customer agreements
- Over 2,000 wells by 2014
 - > 6,000 wells over life of project

Australia: Production and options for expansion



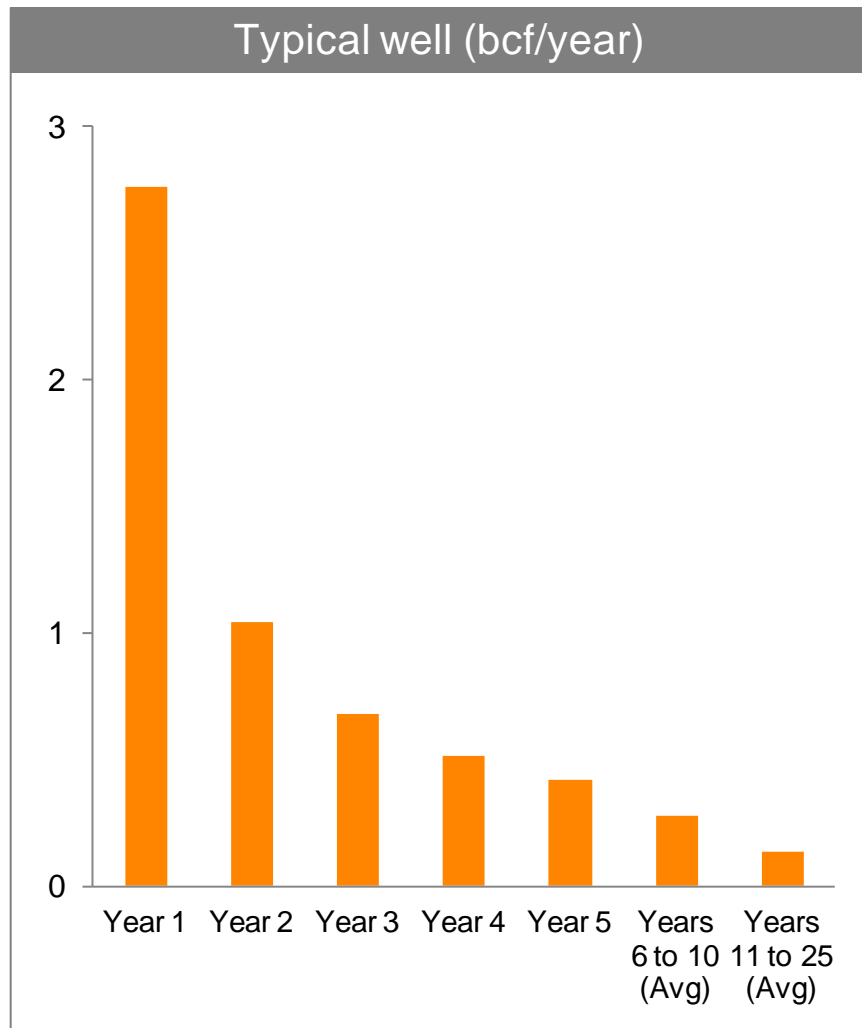
- Net plateau production ca 210 kboepd*
- Expansion potential beyond two trains
- Resources expanded and matured
 - Gross resources increased to 21 tcf
 - Gross 2P reserves increased to 8 tcf
- Midstream infrastructure
 - Scaled to support three trains
 - Permitted for three trains, space for five
- Train 3
 - Enhanced economics potential

US E&P: Shale gas cost of supply



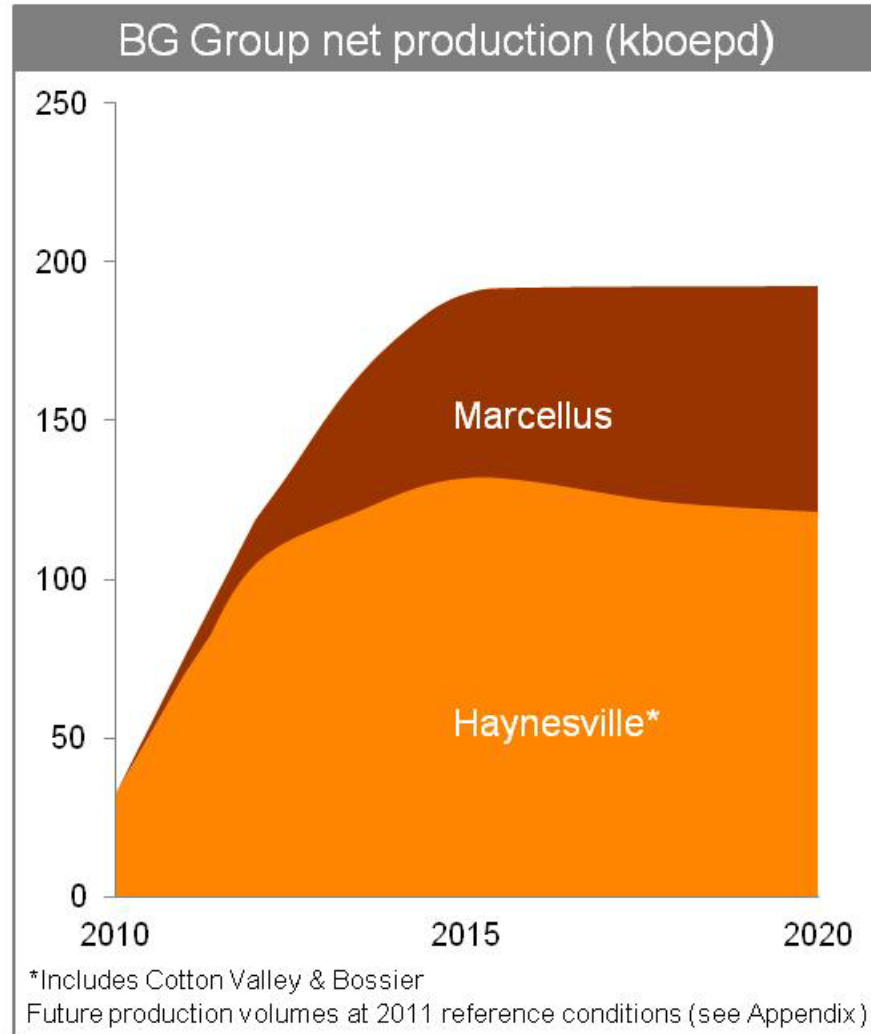
As at 8 February 2011

US E&P: Haynesville core economics



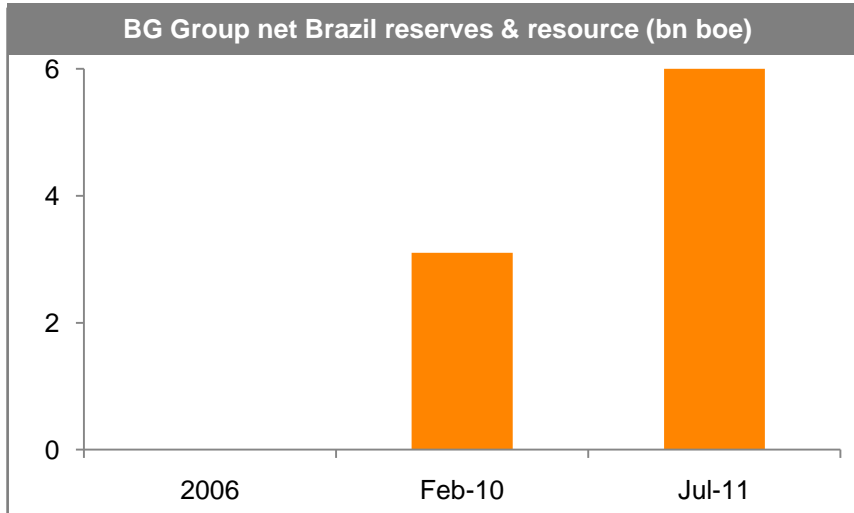
- Average well recovery: 9 bcf
- BG net wells: 275 (2011-15)
- Average well cost \$9m (\$1.0/mmbtu)
- Operating cost: \$1.4/mmbtu
- Unit technical cost: \$2.4/mmbtu
- Economic breakeven \$3.2/mmbtu
- 22 rigs operating during H1 2011
 - 200th horizontal well in production
- 20 mmcf/d avg IP rate (Haynesville core)
- BG net wells ca 675 (2011-20)

US E&P: Production



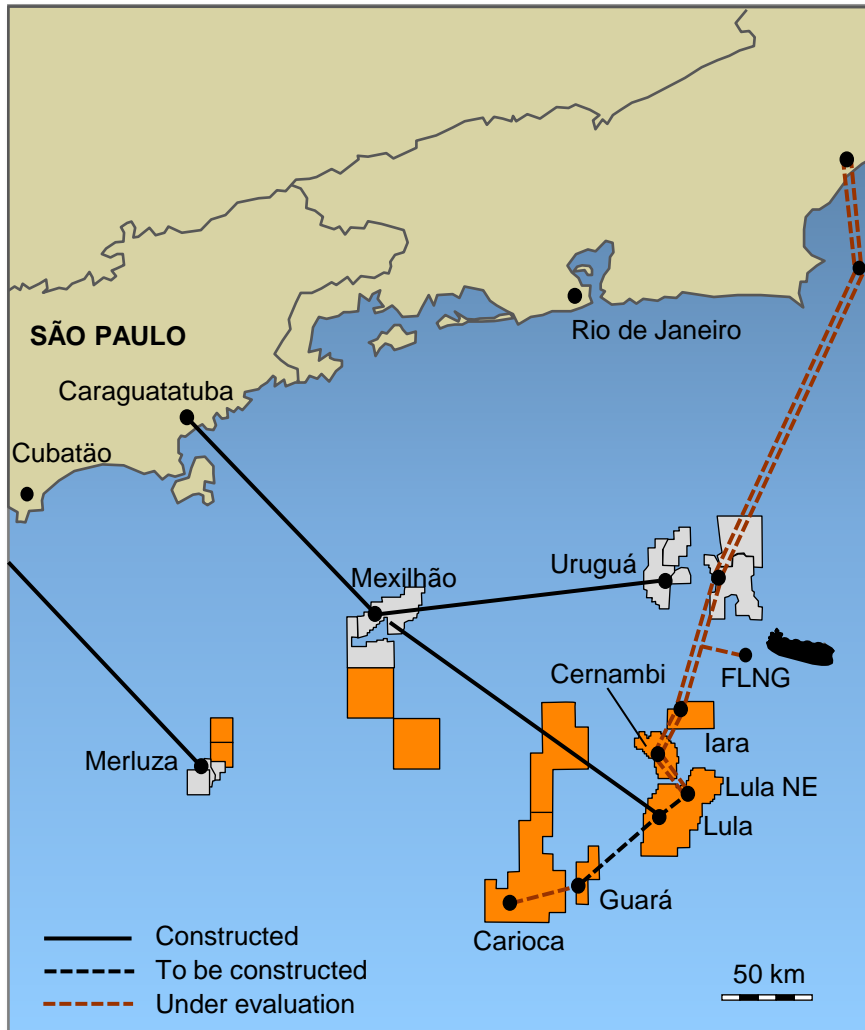
- Rapidly expanding & capital efficient
 - BG total resources 8.5 tcf
- Leveraging marketing capabilities
- Benefit from supply restructuring
- Highest quality areas in Haynesville
 - Core c.80% of production in next 5 years
- Marcellus core area economics
 - Potentially similar to Haynesville core

Brazil: Key developments



- Reserves & resources doubled since 2010
 - Mean estimate 6 billion boe net
 - Potential of 8 billion boe net
- Improved reservoir performance
 - Significantly reduces unit cost
 - Unit resource value increased
- Lifted first 1 million bbls of Lula equity oil
- Thirteen FPSOs
 - 1 onstream
 - 10 committed & 2 being tendered
- \$13 bn gross capex commitments in 2010
- Excellent operator & JV collaboration

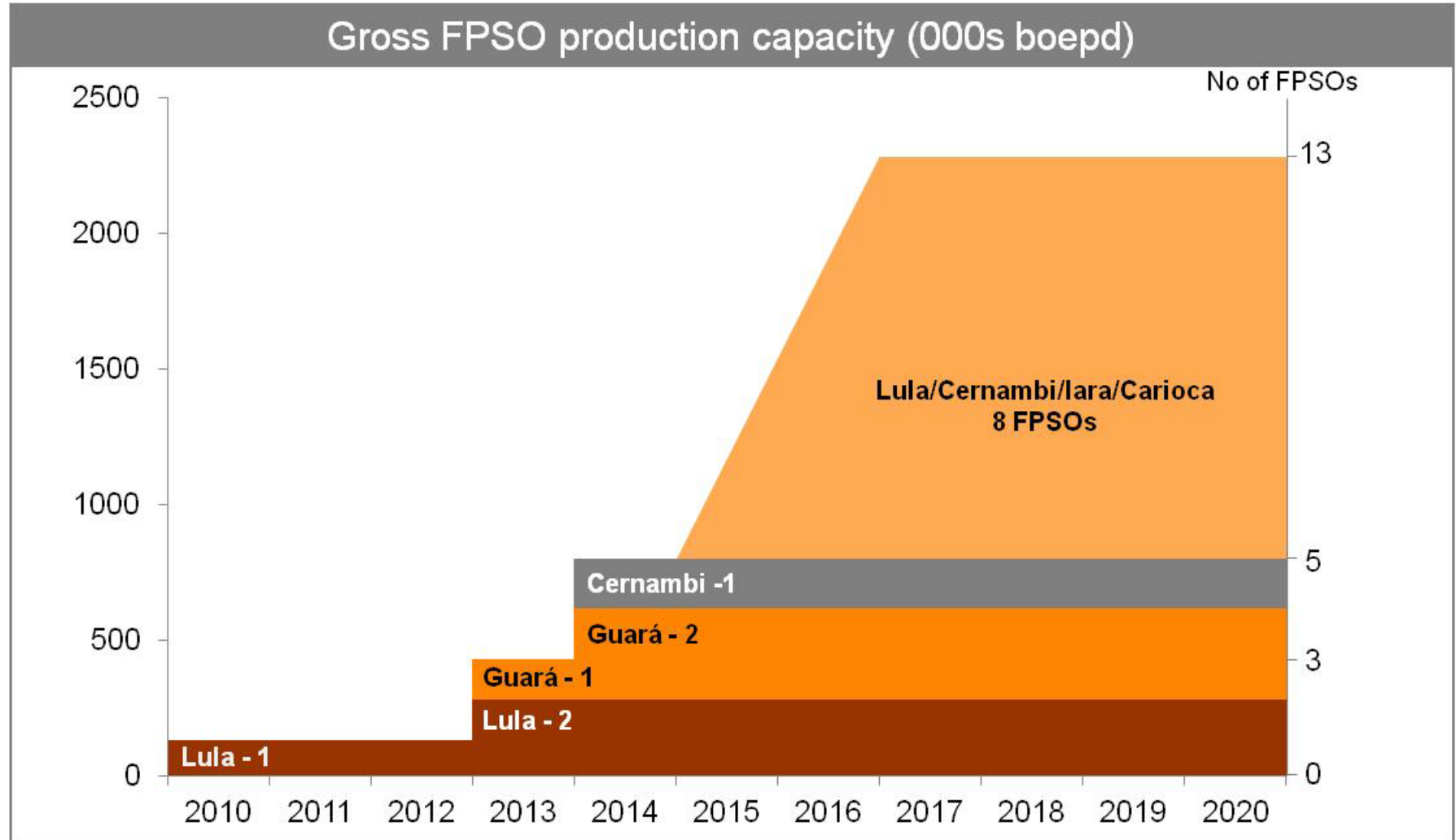
Brazil: Reserves and resources doubled



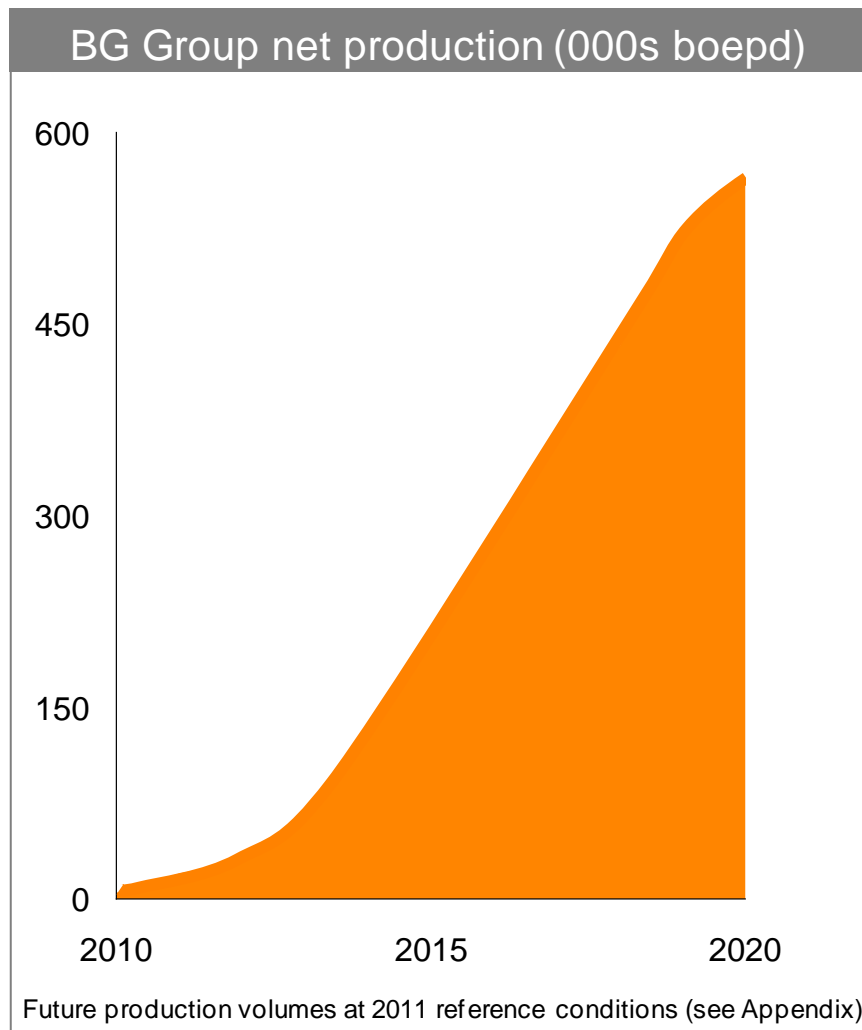
As per evaluation and development plan submitted to ANP

- Mean reserves & resources 6 billion boe
 - 95% in Lula, Guarà, Cernambi, Iara & Carioca fields
- Based upon dynamic data showing:
 - Much higher well deliverability
 - Greater connectivity within the reservoirs
 - Improved drilling performance
- Plans de-risked, enhanced visibility
 - Higher flow rates & recovery per well
 - Faster plateau from fewer wells
- Lower unit costs and higher unit value
 - Additional resources recovered with same surface facilities previously envisaged

Brazil: Gross FPSO capacity



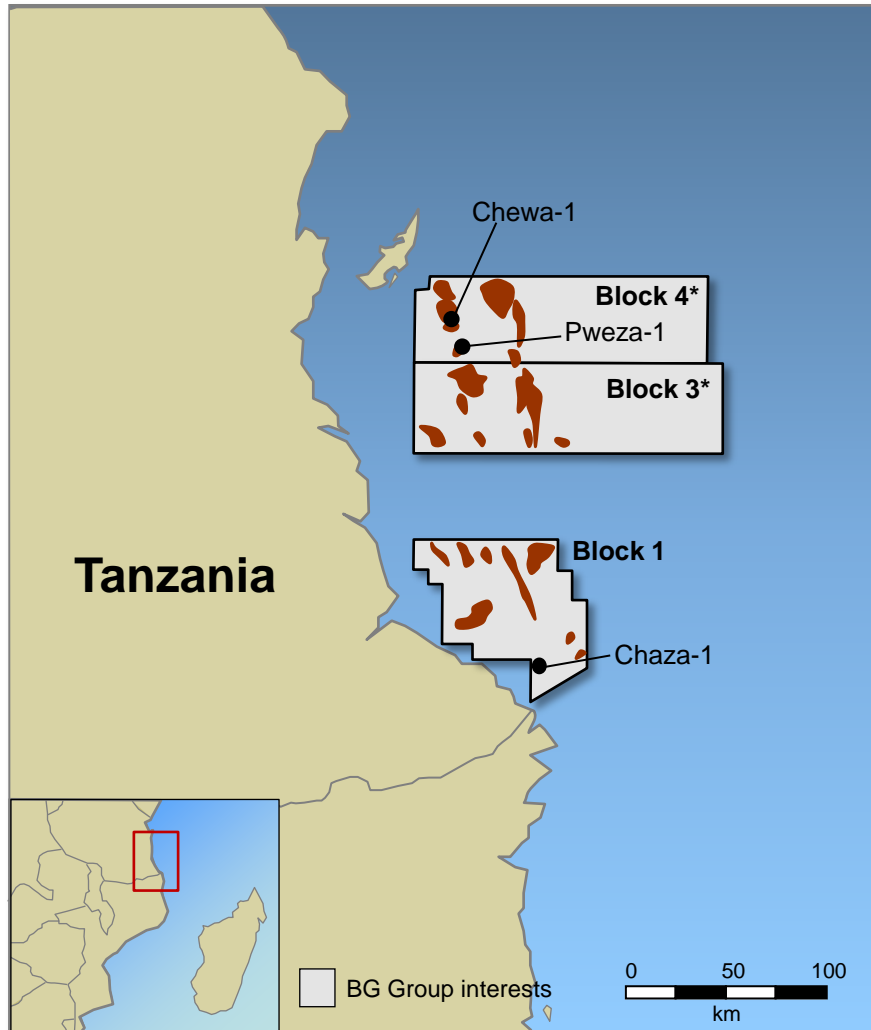
Brazil: Production



- Net production >550 kboepd by 2020*
- Santos Basin potential upside
 - Earlier FPSO ramp up
 - Higher production rates
 - Extended plateau production
 - Enhanced recovery techniques
 - Infill drilling
- Lula FPSO, Guara & Lula NE EWTs onstream
- Carioca EWT expected in 2011
- Material gas resources, gross >14tcf
 - New Lula-Mexilhao pipeline operational

*BG Group plan

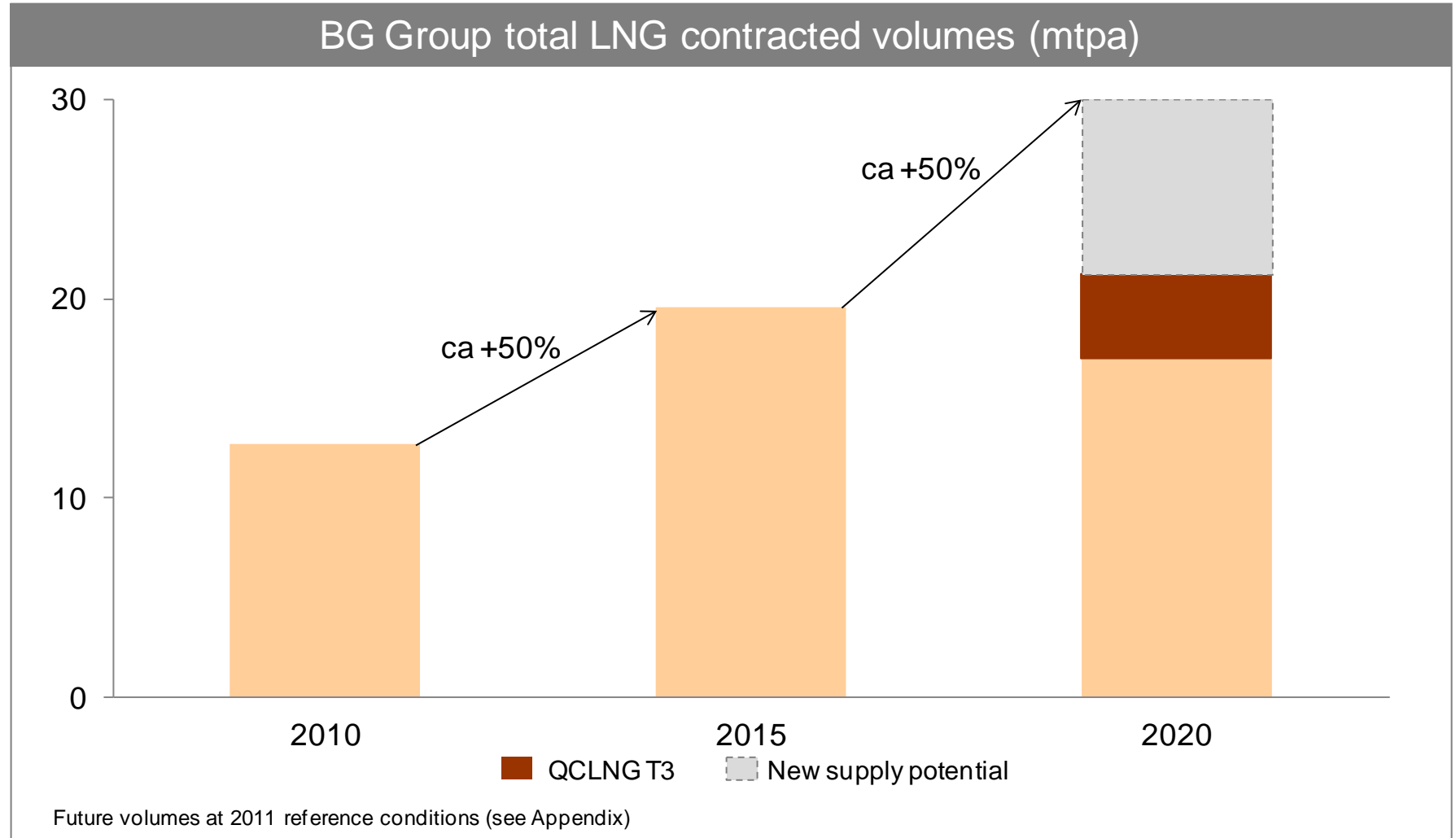
E&P: Tanzania and Kenya



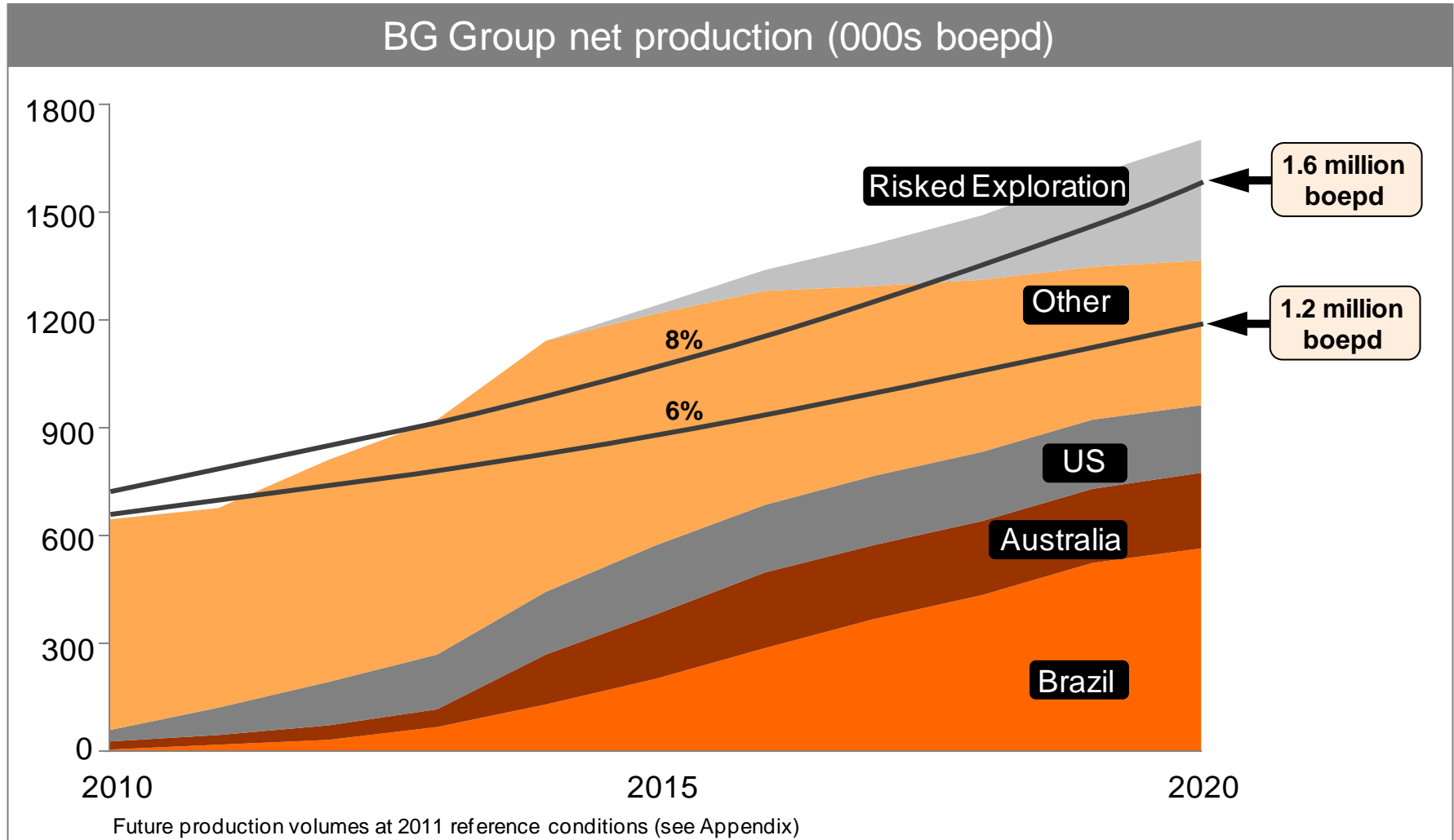
- Excellent position in frontier play
 - ca 28,000 sq km (ca 140 UK blocks)
- First 3 wells successful
 - Significant gas discoveries
 - Range of play concepts to be explored
- Located to supply E Hemisphere
- Next steps
 - Aggregate gas discoveries
 - 2nd drilling programme Q4 2011
- 2 exploration blocks offshore Kenya
 - BG Group 40% and operator
- Seismic acquisition planned

*Pending exploration licence extension applications on Blocks 3 & 4

LNG supply growth options



Long-term production volumes



As at 8 February 2011

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BG Group: Q2 2011 Results & Strategy

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July 2011



Key assumptions

REFERENCE CONDITIONS

- Brent Oil price US \$70/bbl
- US Henry Hub \$5.5/mmbtu
- US/UK exchange rates of \$1.5:£1
- US/AUD exchange rates of \$1:\$A1.2
- Prepared under International Financial Reporting Standards
- All production includes fuel gas

PRINCIPAL RISKS AND UNCERTAINTIES

- Asset integrity, safety, health and security
- Capital requirements, liquidity and interest rates
- Climate change
- Commodity prices
- Credit
- Delivery of projects
- Environment
- Exchange rates
- Insurance
- Operational performance
- Organisational capacity
- Political context and stakeholder relationships
- Regulation and legislation
- Resources discovery, estimation and development

For a detailed discussion of these and other risk factors, please refer to the Principal risks and uncertainties included in BG Group's Annual Report and Accounts 2010.

Actual performance could differ materially from that shown. Accordingly, no assurances can be given that such performance will be achieved.