

8 May 2013

DRAX GROUP PLC
(Symbol: DRX)

Interim Management Statement

Drax today publishes its interim management statement for the period from 1 January 2013 to date.

Trading Performance and Positions Under Contract for 2013, 2014 and 2015

Trading conditions in the markets in which we operate have been good so far this year. We have strengthened our contracted position, including additional power sales of 3.3TWh for 2014 compared to the position reported in our preliminary results announcement in February.

As at 1 May 2013, the positions under contract for 2013, 2014 and 2015 were as follows:

	2013	2014	2015
Power sales (TWh) comprising:	23.3	14.5	4.0
– Fixed price power sales (TWh) at an average achieved price (per MWh) ⁽¹⁾	21.5 at £51.6	11.9 at £53.6	2.1 at £56.7
– Fixed margin and structured power sales (TWh) ⁽²⁾	1.8	2.6	1.9
CO ₂ emissions allowances hedged, including market purchases and structured contracts (TWh equivalent)	22.1	13.4	3.9
Solid fuel at fixed price/hedged, including structured contracts (TWh equivalent)	24.7	21.4	11.4

Notes to Positions Under Contract:

- (1) Fixed price power sales include approximately 0.8TWh supplied to Centrica in the period 1 January 2013 to 1 May 2013 under the five year 300MW baseload contract which commenced on 1 October 2010.
- (2) Fixed margin and structured power sales include approximately 1.8TWh in 2013, 2.6TWh in 2014 and 1.9TWh in 2015 in connection with the above contract. Under this contract the Group will supply power on terms which include Centrica paying for coal, based on international coal prices, and delivering matching CO₂ emissions allowances amounting in aggregate to approximately 2.4 million tonnes in each of 2013 and 2014 and 1.8 million tonnes in 2015. The contract provides the Group with a series of fixed dark green spreads agreed in October 2009.

We will next update the market on the Group's positions under contract on 30 July 2013, when we announce our half year results for the six months ending 30 June 2013.

Biomass Transformation

First Unit Conversion

We have made encouraging progress with our project to transform Drax into an electricity generator fuelled predominantly by sustainable biomass. As anticipated, at the beginning of April our first converted unit was brought safely into service burning biomass in place of coal. The unit is currently going through a phased commissioning process. We have been pleased with the results so far, which have met our expectations, and we remain confident that performance will be in line with the operational guidance previously provided.

U.S. Pellet Plants

We are also pleased to report that we have now concluded the contractual arrangements for the two U.S. Gulf Coast based pellet plants previously announced. Capital costs are in line with our plans and construction is expected to begin in the summer as anticipated. We continue to target winter 2014/15 for the commencement of commercial operations in these facilities, with full capacity reached approximately six months later.

Financing

On 24 April 2013 we announced that we had agreed a £75 million amortising loan facility maturing in June 2018 with Friends Life, underpinned by a guarantee from HM Treasury issued under the Infrastructure UK Guarantee Scheme. This replaces £50 million of the £100 million amortising loan facility agreed with the UK Green Investment Bank, which was signed in December 2012.

The new loan facility enhances the financing structure executed last year by providing additional liquidity to the Group, securing HM Treasury support for our plans and ensuring a smoother profile of debt maturities across the structure. Furthermore, the all-in cost of the new facility is very competitive.

Other Matters

Other than as described above, there have been no material events or transactions, nor any material change in the underlying financial position of the Group during the period, and our expectations for the full year remain unchanged.

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