

13 November 2013

**DRAX GROUP PLC**  
**(Symbol: DRX)**

**Interim Management Statement**

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

**Trading Performance**

Since publishing our half year results on 30 July, trading conditions in the markets in which we operate have continued to be good.

We have also benefited from solid operating performance from our coal generating units and the performance of our first unit converted to burn biomass in place of coal has been encouraging. In addition, commissioning of our new biomass delivery, storage and distribution systems is progressing very well.

As a result, we now anticipate that full year EBITDA<sup>(1)</sup> and underlying earnings per share<sup>(2)</sup> for 2013 will be materially ahead of current market consensus forecasts<sup>(3)</sup>.

**Power Sales Under Contract for 2013 and 2014**

We have strengthened our contracted position, including additional power sales of 3.4TWh for 2014 compared to the position reported in our half year results announcement. As at 6 November 2013, the power sales under contract for 2013 and 2014 were as follows:

	<b>2013</b>	<b>2014</b>
Power sales (TWh) comprising:	25.6	20.5
– Fixed price power sales (TWh) at an average achieved price (per MWh) <sup>(4)</sup>	25.2 at £51.1	17.9 at £53.1
– Fixed margin and structured power sales (TWh) <sup>(5)</sup>	0.4	2.6

**Biomass Transformation**

Drax hosted a capital markets day for investors and analysts at Drax Power Station on 17 October, which focused on progress of the Group's on-going transformation to a predominantly biomass-fuelled electricity generator.

We confirmed at this event that we have so far made good progress with the transformation. In particular, commissioning of the new on-site facilities for the first converted unit is on schedule to be complete by year end and we remain on track to convert our second unit in the second quarter of 2014. Capital investment is on schedule and budget.

We now have over six months' experience operating the largest converted unit in the world. As described above, the unit is performing well and, whilst optimisation work continues, we have developed technical solutions to deliver output of 600MW from a converted Drax unit.

Presentation materials from the capital markets day are available on the Group's web site and may be accessed via the following link:

[http://www.drax.com/investor/results\\_and\\_reports/presentations/](http://www.drax.com/investor/results_and_reports/presentations/)

### **Financial Position**

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.

We will announce our preliminary results for the year ending 31 December 2013 on 18 February 2014.

### **Notes:**

- (1) EBITDA is profit before interest, tax, depreciation, amortisation and unrealised gains/losses on derivative contracts.
- (2) Underlying earnings per share excludes the after tax impact of unrealised gains and losses on derivative contracts, and exceptional items.
- (3) Drax calculated consensus based on the average of market forecasts (published since 1 July 2013) of £203 million for EBITDA and 27 pence for underlying earnings per share.
- (4) Fixed price power sales include approximately 2.2TWh supplied to Centrica in the period 1 January 2013 to 6 November 2013 under the five year 300MW baseload contract which commenced on 1 October 2010.
- (5) Fixed margin and structured power sales include approximately 0.4TWh in 2013 and 2.6TWh in 2014 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 CO<sub>2</sub> emissions allowances amounting in aggregate to approximately 2.4 million tonnes in each of 2013 and 2014. The contract provides the Group with a series of fixed dark green spreads agreed in October 2009.

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