

12 December 2017

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

**Trading Update**

Drax today publishes a trading update for the period from 1 July 2017 to date.

**Trading and Operational Performance**

Since publishing its half year results on 19 July 2017, trading conditions in the markets in which Drax operates have remained in line with expectations.

*Generation*

A major planned outage on the CfD<sup>(1)</sup> unit was completed in November 2017 and the unit has now returned to service. Both biomass and coal operations are currently performing well.

*Retail*

Retail operations remain in line with expectations, with the integration of Opus Energy progressing well and continued improvement in profitability at Haven Power.

*US Biomass Self-supply*

At the Morehouse and Amite pellet plants, the installation of a further 150K tonnes of capacity – allowing access to incrementally cheaper local wood residues – as part of the previously announced plans to optimise operations, is now complete.

The third pellet plant at LaSalle began commissioning in November 2017, with pellets now being produced and an increase in production scheduled through 2018.

Taking these factors into account and based on good operational availability for the remainder of the year, our expectations remain unchanged.

**Contracted Power Sales for 2017 and 2018**

As at 7 December 2017, the power sales contracted for 2017 and 2018 were as follows:

	<b>2017</b>	<b>2018</b>
Power sales (TWh) comprising:	20.1	16.8
– Fixed price power sales (TWh) at an average achieved price (per MWh)	20.1 at £46.9	15.9 at £44.1
– Gas hedges (TWh) <sup>(2)</sup> at an achieved price (per therm)	- -	0.9 44.4p

**Strategy Update**

Drax continues to develop options for 1.2GW of new Open Cycle Gas Turbine (OCGT) capacity, providing peaking power and system support services to the grid. The first two projects – Progress Power and Hirwaun Power – will participate in the next capacity market auction in February 2018. Negotiations for engineering and construction contracts are progressing well, with competitive tenders received from a number of providers.

If developed, these projects would be underpinned by a fifteen year, index-linked capacity market contract, extending earnings visibility into the 2030s.

Drax also continues to develop options for its remaining coal assets, including further low cost biomass and coal-to-gas conversions, the latter of which is progressing through a public planning consultation.

Through these options for growth and improved earnings Drax continues its transformation, helping change the way energy is generated, supplied and used for a better future.

**Other Matters**

As part of its core market focus Drax completed the sale of BBE<sup>(3)</sup> to AMPH<sup>(4)</sup> in October 2017. Drax retains an equity holding in AMPH<sup>(4)</sup>.

Drax will announce its full year results for the year ending 31 December 2017 on 27 February 2018.

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**Notes:**

- (1) Contract for Difference.
- (2) Structured power sales (and equivalents) include forward gas sales, providing additional liquidity for forward sales, highly correlated to the power market and acting as a substitute for forward power sales.
- (3) Billington Bioenergy.
- (4) Aggregated Micro Power Holdings.

**END**