AGENDA

Introduction & Operational Review
Will Gardiner

Financial Review
Andy Skelton

Strategy Update
Will Gardiner
OUR PURPOSE
ENABLING A ZERO CARBON, LOWER COST ENERGY FUTURE

OUR STRATEGY
BE THE LEADING PROVIDER OF POWER SYSTEM SUPPORT
BUILD A LONG-TERM FUTURE FOR BIOMASS
GIVE CUSTOMERS CONTROL OF THEIR ENERGY
PERFORMANCE SUMMARY
GOOD PERFORMANCE, SUPPORTING UK ENERGY NEEDS,
FULL YEAR FINANCIAL EXPECTATIONS UNCHANGED

Financial performance
Full year expectations unchanged, performance weighted to H2 2019
12.5% increase in expected dividend
Continue to expect to complete refinancing during 2019

Operational performance
Strong performance in system support markets
Integration of hydro and gas generation assets progressing well
Weak financial performance from Customers, strong underlying metrics

Progress with strategy
Strategy aligned with UK net zero 2050 targets
Expansion of low-cost biomass self-supply chain
Options for growth aligned with UK energy needs

Capacity Market expectations unchanged
ENABLING A ZERO CARBON ENERGY FUTURE
RENEWABLE AND HYDRO DRIVING CONTINUOUS REDUCTION IN GENERATION CO₂

Growing revenues from biomass and hydro (%)

CO₂ reduction at Drax Generation (tonnes of CO₂/GWh)

>25% pa CO₂ compound reduction rate

Source: Drax Group / EU ETS emissions
SAFETY AND ESG
A SUSTAINABLE LONG-TERM BUSINESS MODEL

Safety
TRIR 0.30 (H1 2018: 0.18)

Environment
Largest single source of renewable MWh in UK
Expanded biomass sustainability policy

Social
Supporting over 17,500 UK jobs across GB
Participant in UN Global Compact

Governance
Development of sustainability KPIs
CAPACITY MARKET UPDATE

**European Commission conducting formal investigation**
March 2019 – opening decision confirmed limited scope of investigation
April 2019 – one-month consultation process

**Remaining steps**
Internal review within the European Commission

**Drax position**
Continue to expect market to be reinstated in 2019
Retrospective payment for capacity – recognised in accounts on receipt
OPERATIONAL REVIEW
GENERATION
FLEXIBLE, LOW-CARBON AND RENEWABLE GENERATION

Biomass
Optimisation of ROC generation – output weighted to H2
Two planned outages complete, third in H2

Hydro
Strong operational performance in system support markets\(^{(1)}\)

Coal and gas
Coal – buy back of hedged sales to add margin
Gas – summer system support role

Markets
Strong contracted power position over next two years
Portfolio optimisation opportunities
Strong performance in system support markets\(^{(1)}\)

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1) Balancing Mechanism and Ancillary Services
2) Value from flexibility: Balancing Mechanism, Ancillary Services and lower cost coals
3) Q4 2018 to Q1 2019
4) Previously ScottishPower Generation
HYDRO AND GAS GENERATION
INTEGRATION PROGRESSING WELL, STRONG PERFORMANCE IN SYSTEM SUPPORT MARKETS

Attractive financial attributes unchanged
EBITDA £90-£110m, inclusive of capacity payments
Returns significantly in excess of WACC
High proportion of non-commodity related earnings

Strong performance in system support markets
Wide range of services from generation to storage

Development options
1.8GW CCGT (Damhead Creek)
Up to 0.4GW hydro expansion (Cruachan)

Integration progressing well

Pumped storage: Cruachan
• >80% of expected 2019 EBITDA from non-power sources
  – Balancing Mechanism, Ancillary Services, Capacity Market
• Option to operate in peak power market if attractive
GROWING VALUE FROM SYSTEM SUPPORT
GROWING SYSTEM NEED, STRONG PERFORMANCE FROM NEW ASSETS

Growing system need – BSUoS\(^{(1)}\) (£/MWh)

Value from flexibility – Drax (£m)

1) Balancing Services Use of System cost – National Grid
PELLET PRODUCTION
TARGET GOOD QUALITY PELLETS AT LOWEST COST

Operational performance weighted to H2
Weather restricted pellet production in H1

Cost reduction benefits in H2
LaSalle rail spur now operational
LaSalle co-located sawmill now operational
Baton Rouge rail chambering yard commissioning

Expansion of existing sites
0.35Mt low-cost expansion 2019-2021
Lower fibre, operating and transport costs

Evaluating opportunities for further capacity expansion

Adjusted EBITDA
£8m
(HY 2018: £10m)

Pellet Production
0.65Mt
(HY 2018: 0.66Mt)
CUSTOMERS (B2B ENERGY SUPPLY)
GROWTH IN METERS AND MARGIN PER MWH

Financial performance
Lower energy sales
Growth in gross profit per MWh
Growth in customer meters
Improvement in bad debt expense
Increase in operating cost – growth, integration and restructuring

Remain focused on key objectives
Reduce cost to serve and create a scalable platform for growth
Continued reduction in bad debt

Adjusted EBITDA
£9m
(HY 2018: £16m)

Power Sales
8.0TWh
(HY 2018: 9.3 TWh)

Gas Sales
1.7 TWh
(HY 2018: 1.7 TWh)

Meter Points
405,000
(H1 2018: 387,000)
FINANCIAL HIGHLIGHTS

STRONG FINANCIAL PERFORMANCE

Adjusted EBITDA\(^{(1)}\)

£138m

(HY 2018: £102m)

Interim Dividend

6.4p/share

(£25m)

(HY 2018: 5.6p/share, £22m)

Expected Full Year Dividend

15.9p/share

(£63m)

(2018: 14.1p/share, £56m)

Adjusted Basic Earnings Per Share

2.0p/share

(HY 2018: 1.6p/share)

Net Cash From Operating Activities

£197m

(HY 2018: £112m)

Net Debt June 2019\(^{(2)}\)

£924m

(December 2018: £319m)

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1) Adjusted Results are stated after adjusting for exceptional items (including acquisition and restructuring costs, asset obsolescence charges and debt restructuring costs) and certain remeasurements

2) Cash and short-term investments of £244m less borrowings of £1,168m
**GROUP ADJUSTED EBITDA BRIDGE H1 2018 – H1 2019**

<table>
<thead>
<tr>
<th>Category</th>
<th>H1-18 (£m)</th>
<th>H1-19 (£m)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pellet Production</td>
<td>102</td>
<td>2</td>
<td>-98</td>
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<tr>
<td>Acquired generation assets</td>
<td>36</td>
<td>6</td>
<td>-30</td>
</tr>
<tr>
<td>Capacity Market</td>
<td>31</td>
<td>1</td>
<td>-30</td>
</tr>
<tr>
<td>Biomass generation</td>
<td>1</td>
<td>7</td>
<td>+6</td>
</tr>
<tr>
<td>Coal generation &amp; other</td>
<td>-12</td>
<td>-27</td>
<td>-15</td>
</tr>
<tr>
<td>Customers</td>
<td>-9</td>
<td>6</td>
<td>+15</td>
</tr>
<tr>
<td>Core Services</td>
<td>-6</td>
<td>9</td>
<td>+15</td>
</tr>
<tr>
<td>Other</td>
<td>-102</td>
<td>138</td>
<td>+403</td>
</tr>
</tbody>
</table>

- **Pellet Production**
  - H1-18: £10m
  - H1-19: £8m
- **Generation**
  - H1-18: £88m
  - H1-19: £148m
- **Customers**
  - H1-18: £16m
  - H1-19: £9m
- **Core Services & Other**
  - H1-18: £(12)m
  - H1-19: £(27)m

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**July 2019**

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**2019 Half Year Results**
CUSTOMERS ADJUSTED EBITDA BRIDGE – H1 2018 – H1 2019

Gross profit
H1-18: £74m
H1-19: £72m

Bad debt
H1-18: £(18)m
H1-19: £(13)m

Operating cost
H1-18: £(40)m
H1-19: £(50)m
NET DEBT
ON TARGET FOR 2X NET DEBT / ADJUSTED EBITDA BY END OF 2019 (1)

£m
1,200
1,011
692
319
924
68
27
7
37
88
1,138

31 Dec 2018
Net debt (incl. acquisition)
H1 Adjusted EBITDA
Capital expenditure
Debt service
Tax
Dividend & buy back
Working capital inflows & other
30 June 2019 Net debt

1) Subject to reinstatement of Capacity Market
CAPITAL INVESTMENT
2019 FULL YEAR EXPECTATIONS UNCHANGED

<table>
<thead>
<tr>
<th>2019 Current Estimate</th>
<th>Key Projects</th>
<th>Investment</th>
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<tbody>
<tr>
<td><strong>Maintenance</strong></td>
<td>Maintain operational performance</td>
<td>£50m</td>
</tr>
<tr>
<td><strong>Acquired assets</strong></td>
<td>Hydro and Gas</td>
<td>£30-35m</td>
</tr>
<tr>
<td><strong>Enhancement</strong></td>
<td>Efficiency improvement, including turbine upgrade</td>
<td>£40m</td>
</tr>
<tr>
<td></td>
<td>Next generation customer systems</td>
<td></td>
</tr>
<tr>
<td><strong>Strategic</strong></td>
<td>Biomass self-supply capacity expansion</td>
<td>£45-55m</td>
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<tr>
<td></td>
<td>Development of gas options</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td>£5-10m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>£170-190m</strong></td>
</tr>
</tbody>
</table>

Emergent projects included within full year expectations
Expansion of US pellet production capacity (£10m)
Shoreham interim inspection (£10m) and option for future turbine upgrade
Good progress with refinancing of bridge facility

$200m fixed rate bond issue (completed May 2019)
Continue to expect to complete refinancing in 2019

Maintain credit rating
Supportive of trading strategy
Robust to low points in business cycle

On track for 2x net debt / Adjusted EBITDA by end of 2019\(^{(1)}\)

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Maturity</th>
<th>Description</th>
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<tr>
<td>High yield bonds</td>
<td>2025</td>
<td>$500m</td>
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<tr>
<td></td>
<td>2022</td>
<td>£350m</td>
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<tr>
<td>Revolving Credit Facility</td>
<td>2021 (+1)</td>
<td>£350m (including index-linked term loan)</td>
</tr>
<tr>
<td>Bridge facility</td>
<td>2020</td>
<td>£400m</td>
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</table>

1) Subject to reinstatement of Capacity Market
CAPACITY MARKET

2019 capacity payments
Continue to expect market to be reinstated in 2019
Retrospective payment for capacity

Accounting treatment
No revenue accrued in Generation
All cost accrued in Customers
Revenue recognised when market re-established

Iberdrola risk sharing mechanism
Up to £26m of protection
Adjustment to purchase price

<table>
<thead>
<tr>
<th>Generation (£m)</th>
<th>H1 2019</th>
<th>H2 2019</th>
<th>2019 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>11</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Hydro and gas</td>
<td>23</td>
<td>23</td>
<td>46</td>
</tr>
<tr>
<td>Adjusted EBITDA impact if no capacity payments in 2019</td>
<td>34</td>
<td>34</td>
<td>68</td>
</tr>
<tr>
<td>Risk sharing mechanism</td>
<td></td>
<td></td>
<td>(26)</td>
</tr>
<tr>
<td>Net cash impact if no capacity payments received</td>
<td></td>
<td></td>
<td>42</td>
</tr>
<tr>
<td>Generation revenues received in 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H1 2018: £6m</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>H2 2018: £3m (£7 million for Q4 2018 not accrued)</td>
<td></td>
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</tbody>
</table>
ENABLING A ZERO CARBON, LOWER COST ENERGY FUTURE

Absolute increase in demand for electricity
Decarbonisation of heating and transport

Globally 70-85% of electricity from intermittent renewables by 2050\(^{(1)}\)
>15% from complementary flexible sources – biomass, hydro, storage

How Drax is helping
Renewable biomass generation and supply chain
Flexible generation to support the energy system
Giving customers control of their energy

1) Intergovernmental Panel on Climate Change
BIOMASS HAS AN IMPORTANT ROLE TO PLAY
ENABLING A ZERO CARBON, LOWER COST ENERGY FUTURE

Supports forest growth and health
Commercially managed forestry consumes more CO₂ than unmanaged
Supports long-term investment in forest stocks

Opportunity for large-scale carbon negative generation
Committee on Climate Change (CCC)
• Biomass with Carbon Capture and Storage (BECCS) required to deliver UK target
Attractive option subject to appropriate regulatory framework

Growing demand for flexible, low-carbon and renewable energy sources
Biomass is an important source of system stability and security of supply
The only large-scale flexible renewable source of power

Process to reduce biomass cost to <£50/MWh by 2027

“We have assumed overall bio resource available to the UK of around 200 TWh...
...This is equivalent to around 10% of UK primary energy consumption in 2050.
Of this, 173 TWh goes into BECCS in 2050, providing 51 MtCO₂ of removals.”

“We previously recommended that the first CCS cluster should be in operation by 2026,
with two clusters by 2030. For a net-zero target it is very likely that more
will be needed”

CCC ‘Net Zero’ Report, May 2019
BIOMASS COST REDUCTION
US OPERATIONS – 2019 PROJECT HIGHLIGHTS

LaSalle rail spur
Investment: $15m
Reduced cost versus road haulage
450kt throughput, plus LaSalle expansion

LaSalle sawmill co-location
Investment: nil
Long-term sawdust agreement with Hunt Forest Products
Lower cost fibre
Reduced fuel handling / transport
Improved process efficiency
Reduced energy consumption

Baton Rouge chambering yard
Investment: nil (developed by rail operator)
Use of 80-car rail wagons (currently 45)
Reduced rail cost for LaSalle and Morehouse

Project cost savings for LaSalle
c.£10/MWh\(^{(1)}\) on 450Kt pa

\(^{(1)}\) At constant FX rate of $1.45/£
350kt capacity expansion
LaSalle 150kt
Amite 100kt
Morehouse 100kt

Investment
£50m\(^{(1)}\) (2019 to 2020)

Benefits
Increased capacity and throughput
Pellet and hammermill upgrades
Greater utilisation of low-cost sawmill residues and dry shavings
Pellet screening to improve quality
Improved process efficiency

Commissioning 2020/21

Project cost savings
>£20/MWh\(^{(1)}\) on 350kt pa

Revised capacity
1.85Mt
>25% of current requirement

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\(^{(1)}\) At constant FX rate of $1.45/£
BIOMASS COST REDUCTION

UK DEVELOPMENTS

**HP turbine upgrade programme (2019-2021)**
Biomass units 1-3
Capital investment c.£40m
Improved thermal efficiency, reduced maintenance

**Renewal of third party contracts (2020 onwards)**
Award long-term contracts post 2027
Updated commercial terms

**Research and innovation**
Expansion of fuel envelope, including agricultural residues
Development of BECCS technology options

*Turbine upgrade and improvements*
c.£1/MWh
(3 biomass units from 2022)
Pilot studies at Drax Power Station
Organic solvent technology developed by C-Capture
- Chemical process for CO₂ removal
- Capturing one tonne of CO₂ per day
- Potential to capture 15m tonnes pa

Molten carbonate fuel cell technology developed by FuelCell Energy
- Currently undertaking FEED study
- Capture and use of CO₂ to improve local agricultural yields

Humber Cluster
Memorandum of Understanding with Equinor and National Grid
Work with Government on policy framework to support BECCS
7-10GW of new gas capacity required
Transitional technology to deliver 2050 targets
Supports increased levels of wind, solar and nuclear

Development of options to meet system requirements
High efficiency CCGTs – full range of operations
• 1.8GW CCGT at Damhead Creek
• Up to 2 x 1.8GW at Drax Power Station
OCGTs – peak demand and system support services
• 4 x 0.3GW – Wales and Eastern England
Attractive capital cost and locations

Other considerations
Appropriate level of Capacity Market support (T-3/4)
Phasing of projects consistent with objectives of capital allocation policy
OUTLOOK
FULL YEAR EXPECTATIONS REMAIN UNCHANGED

Operational performance
Higher levels of biomass generation in H2
Delivery of hydro and gas asset performance targets
Increase in pellet production and cost reductions
Improving Customers’ business performance

Financial performance
Sustainable and growing dividend
Completion of refinancing in H2

Strategic
Continued focus on supply chain expansion and cost reduction
Development of attractive portfolio of gas generation options
QUESTIONS
APPENDICES

1. Drax Group 2019
2. Investment Highlights
3. Group Income Statement
4. Group Cash Flow Statement
5. Power Generation – Adjusted EBITDA
6. Pellet Production – Adjusted EBITDA
7. Customers – Adjusted EBITDA
8. Consolidated Adjusted EBITDA
9. Contracted Power Sales
10. Forward Commodity Prices
11. Forward Spreads
DRAX GROUP 2019
ENABLING A ZERO CARBON LOWER COST ENERGY FUTURE

Multi-site, multi-technology portfolio
6.5GW capacity
- 2.6GW biomass
- 1.3GW coal
- 0.4GW pumped storage
- 0.1GW hydro
- 2.1GW CCGT

Development options
2 x 1.8GW coal to CCGT (Drax Power Station)
1.8GW CCGT (Damhead Creek)
4 x 0.3GW OCGT
Up to 0.4GW hydro expansion (Cruachan)

Customers
Leading challenger brands
- Haven Power / Opus Energy

US Gulf operations
1.5Mt pellet capacity (0.35Mt planned expansion)
2.4Mt export facility

UK’s largest source of renewable generation
11% of UK’s renewable power\(^1\)

UK’s 3rd largest energy generator
Flexible, low-carbon and renewable

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\(^1\) Q4 2018 to Q1 2019
INVESTMENT HIGHLIGHTS
STRATEGY ALIGNED WITH UK NET ZERO CARBON TARGET

High degree of earnings visibility, reducing commodity exposure
- 6.5GW portfolio of flexible, low-carbon and renewable generation
- Reduced business risk – multi-site, multi-technology asset base
- High proportion of non-commodity earnings – ROC and CfD renewables, system support services and capacity payments
- Long-term fuel and fx hedging programme

Good underlying growth
- Index-linked CfD and ROC contracts
- Growing role in provision of system support services
- Profitable and growing biomass supply business
- Reducing biomass cost base

Long-term growth options aligned to UK energy needs
- Generation – gas and hydro
- BECCS – ability to deliver large-scale carbon negative generation
- Biomass self-supply – low-cost supply chain to provide >30% of biomass requirement
- Customers – development of scalable platform for growth

Strong financial position
- Strong balance sheet with appropriate leverage – on track for around 2x ND/EBITDA by end of 2019
- Generation portfolio supports reduced business risk
- Strong cash conversion

Clear capital allocation plan
- Maintain credit rating
- Invest in growing core business activities
- Pay a sustainable and growing dividend
- Return surplus capital to shareholders
## GROUP INCOME STATEMENT

<table>
<thead>
<tr>
<th>In £m</th>
<th>HY 2019</th>
<th>HY 2018</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Adjusted</td>
<td>Exceptional</td>
</tr>
<tr>
<td>Revenue</td>
<td>2,227</td>
<td>5</td>
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<tr>
<td>Cost of sales</td>
<td>(1,863)</td>
<td>(4)</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td>364</td>
<td>1</td>
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<tr>
<td>Adjusted EBITDA</td>
<td>138</td>
<td>-</td>
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<tr>
<td>Depreciation</td>
<td>(83)</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(20)</td>
<td>-</td>
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<td>Loss on disposal</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Asset obsolescence charge</td>
<td>-</td>
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<tr>
<td>Acquisition and restructuring costs</td>
<td>-</td>
<td>(3)</td>
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<tr>
<td><strong>Operating profit / (loss)</strong></td>
<td><strong>35</strong></td>
<td>(1)</td>
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<td>Foreign exchange gains</td>
<td>4</td>
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<td>Net interest charge</td>
<td>(32)</td>
<td>(2)</td>
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<td><strong>Profit / (loss) before tax</strong></td>
<td><strong>7</strong></td>
<td>(4)</td>
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<tr>
<td>Tax</td>
<td>1</td>
<td>(0)</td>
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<td><strong>Profit / (loss) after tax</strong></td>
<td><strong>8</strong></td>
<td>(4)</td>
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<tr>
<td>Basic earnings / (loss) per share (pence)</td>
<td><strong>2.0</strong></td>
<td>-</td>
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<tr>
<td>In £m</td>
<td>HY 2019</td>
<td>HY 2018</td>
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<tr>
<td>-------------------------------------------</td>
<td>---------</td>
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</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>138</td>
<td>102</td>
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<tr>
<td>Working capital / other</td>
<td>89</td>
<td>21</td>
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<tr>
<td>Debt service</td>
<td>(23)</td>
<td>(18)</td>
</tr>
<tr>
<td>Tax</td>
<td>(7)</td>
<td>7</td>
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<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>197</td>
<td>112</td>
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<tr>
<td>Capital investment including acquisitions</td>
<td>(760)</td>
<td>(48)</td>
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<tr>
<td>Net refinancing</td>
<td>549</td>
<td>3</td>
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<tr>
<td>Dividend</td>
<td>(34)</td>
<td>(30)</td>
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<tr>
<td>Share buy back</td>
<td>(3)</td>
<td>(13)</td>
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<tr>
<td>Other</td>
<td>6</td>
<td>(1)</td>
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<tr>
<td><strong>Net cash flow</strong></td>
<td>(45)</td>
<td>23</td>
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<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>289</td>
<td>222</td>
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<tr>
<td>Net cash flow</td>
<td>(45)</td>
<td>23</td>
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<tr>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td>244</td>
<td>245</td>
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## POWER GENERATION – ADJUSTED EBITDA

<table>
<thead>
<tr>
<th>In £m</th>
<th>HY 2019</th>
<th>HY 2018</th>
</tr>
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<tbody>
<tr>
<td>Revenue</td>
<td>HY 2019</td>
<td>HY 2018</td>
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<tr>
<td>Power sales</td>
<td>1,158</td>
<td>873</td>
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<tr>
<td>ROC sales</td>
<td>310</td>
<td>339</td>
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<tr>
<td>CfD income</td>
<td>117</td>
<td>165</td>
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<tr>
<td>Ancillary services income</td>
<td>31</td>
<td>9</td>
</tr>
<tr>
<td>Fuel sales</td>
<td>2</td>
<td>42</td>
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<tr>
<td>Other income</td>
<td>127</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>1,745</td>
<td>1,451</td>
</tr>
<tr>
<td>Cost of sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generation fuel costs</td>
<td>(660)</td>
<td>(544)</td>
</tr>
<tr>
<td>Fuel sold</td>
<td>(2)</td>
<td>(45)</td>
</tr>
<tr>
<td>ROC support</td>
<td>229</td>
<td>192</td>
</tr>
<tr>
<td>Carbon tax</td>
<td>(17)</td>
<td>(39)</td>
</tr>
<tr>
<td>Cost of carbon allowances</td>
<td>(14)</td>
<td>(3)</td>
</tr>
<tr>
<td>ROCs sold or utilised</td>
<td>(307)</td>
<td>(338)</td>
</tr>
<tr>
<td>Cost of power purchases</td>
<td>(691)</td>
<td>(478)</td>
</tr>
<tr>
<td>Grid charges</td>
<td>(21)</td>
<td>(24)</td>
</tr>
<tr>
<td></td>
<td>(1,483)</td>
<td>(1,279)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>262</td>
<td>172</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(114)</td>
<td>(84)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>148</td>
<td>88</td>
</tr>
</tbody>
</table>
## PELLET PRODUCTION – ADJUSTED EBITDA

<table>
<thead>
<tr>
<th>In £m</th>
<th>HY 2019</th>
<th>HY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>97</td>
<td>95</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(64)</td>
<td>(66)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>33</td>
<td>29</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(25)</td>
<td>(19)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>8</td>
<td>10</td>
</tr>
</tbody>
</table>
### CUSTOMERS – ADJUSTED EBITDA

<table>
<thead>
<tr>
<th></th>
<th>HY 2019</th>
<th>HY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,128</td>
<td>1,109</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of power and gas purchases</td>
<td>(518)</td>
<td>(422)</td>
</tr>
<tr>
<td>Grid charges</td>
<td>(234)</td>
<td>(226)</td>
</tr>
<tr>
<td>Other costs</td>
<td>(304)</td>
<td>(387)</td>
</tr>
<tr>
<td></td>
<td>(1,056)</td>
<td>(1,035)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>72</td>
<td>74</td>
</tr>
<tr>
<td>Bad debt</td>
<td>(13)</td>
<td>(18)</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(50)</td>
<td>(40)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>9</td>
<td>16</td>
</tr>
</tbody>
</table>
## CONSOLIDATED ADJUSTED EBITDA

### HY 2019 £m

<table>
<thead>
<tr>
<th>Segment</th>
<th>Power Generation</th>
<th>Pellet Production</th>
<th>Customers</th>
<th>Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Adjusted EBITDA</td>
<td>148</td>
<td>8</td>
<td>9</td>
<td>(3)</td>
<td>162</td>
</tr>
<tr>
<td>Core Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(24)</td>
</tr>
<tr>
<td>Consolidated Adjusted EBITDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>138</td>
</tr>
</tbody>
</table>

### HY 2018 £m

<table>
<thead>
<tr>
<th>Segment</th>
<th>Power Generation</th>
<th>Pellet Production</th>
<th>Customers</th>
<th>Adjustments</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment Adjusted EBITDA</td>
<td>88</td>
<td>10</td>
<td>16</td>
<td>3</td>
<td>117</td>
</tr>
<tr>
<td>Core Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(15)</td>
</tr>
<tr>
<td>Consolidated Adjusted EBITDA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>102</td>
</tr>
</tbody>
</table>
## CONTRACTED POWER SALES

<table>
<thead>
<tr>
<th>Contracted at 20 July 2019</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power sales (TWh)</td>
<td>17.3</td>
<td>11.3</td>
<td>5.4</td>
</tr>
<tr>
<td>- Fixed price power sales (TWh)</td>
<td>17.8</td>
<td>11.4</td>
<td>4.8</td>
</tr>
<tr>
<td>At an average achieved price (£ per MWh)</td>
<td>56.7</td>
<td>54.6</td>
<td>51.1</td>
</tr>
<tr>
<td>- Gas hedges (TWh)</td>
<td>(0.5)</td>
<td>(0.1)</td>
<td>0.6</td>
</tr>
<tr>
<td>At an achieved price (pence per therm)</td>
<td>68.3</td>
<td>173.5</td>
<td>55.6</td>
</tr>
</tbody>
</table>
FORWARD COMMODITY PRICES

EU ETS Carbon (€/t)

Power Price (£/MWh)

API2 Coal Price ($/t)

NBP Gas Price (p/therm)

Pricing date: 19/07/2019
FORWARD SPREADS

Peak CSS (£/MWh)

Baseload CSS (£/MWh)

Peak DGS (£/MWh)

Baseload DGS (£/MWh)

Peak ROC Bark Spread (£/MWh)

Baseload ROC Bark Spread (£/MWh)

Pricing date: 19/07/2019
2019
HALF YEAR RESULTS

6 Months Ended 30 June 2019
24 July 2019