

14 September 2020

Drax Finco plc

Infrastructure debt facility – extended maturity profile, reduced cost of debt

Drax Group plc (“Drax” and, together with its subsidiaries, the “Group”), the ultimate parent of Drax Finco plc) is pleased to announce that it has agreed a new infrastructure term loan facilities agreement (the “**Agreement**”) that provides committed facilities of approximately £160 million with a range of maturities between 2024 and 2030⁽¹⁾, further extending Drax’s debt maturity profile.

The facilities have an average margin of 2.07%⁽²⁾. Taken together with Drax’s existing borrowing, including a carbon-linked ESG⁽³⁾ facility which was recently extended to 2025, this Agreement further reduces the Group’s all-in cost of debt below 4%.

The Agreement also includes an option for Drax to obtain up to a further £75 million of facilities, if agreed between Drax and its lenders. If utilised, these additional facilities could have a maturity of up to 2030.

The facilities under this Agreement also have a delayed draw⁽⁴⁾ and proceeds are expected to be used in the ordinary course of business.

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Note

- (1) €25 million in 2024, €70 million in 2026, £45 million in 2027 and €31.5 million in 2030. Euro facilities have been converted to £GBP for the purposes of this announcement only at a rate of €1.10/GBP£1. Drax intends that foreign exchange hedging of any Euro funds into £GBP will take place in advance of drawing funds.
- (2) Linked to LIBOR and EURIBOR. The weighted average margin of the facilities including the annual amortised cost in relation to duration fees.
- (3) The Environmental, Social and Governance (ESG) facility includes a mechanism that adjusts the rate of interest paid based on Drax’s carbon emissions against an annual benchmark, reflecting Drax’s continued commitment to reducing its carbon emissions as a part of its overall purpose of enabling a zero-carbon, lower cost energy future and an ambition to become carbon negative by 2030
- (4) Six months, with the exception of the €31.5 million facility due in 2030 which can be drawn up to 13 November 2020.