

2024 Half Year Results

26 July 2024

drax



Will Gardiner
Chief Executive Officer



Andy Skelton
Chief Financial Officer



Our Purpose

To enable a zero carbon,
lower cost energy future

Our People

Valued members of a winning team
with a worthwhile mission



Strong operational and financial performance supports improved outlook for 2024

Strong operational and financial performance, with growing returns to shareholders

- 24% growth in Adj. EBITDA driven by renewable generation, pellet production and I&C
- 49% reduction in safety incidents (TRIR 0.24 (H1-23: 0.47))
- 12.6% increase in dividend per share
- £300m two-year share buyback programme expected to commence Q3-24

Strong balance sheet

- £682m of new term-loan and bond facilities (2027 and 2029 maturities) and repayment of £949m of shorter dated maturities

Targeting >£500m of recurring Adj. EBITDA from FlexGen & Energy Solutions and Pellet Production post 2027





- FlexGen & Energy Solutions – targeting >£250m pa
- Pellet Production – targeting >£250m pa

Biomass generation

- >£1bn of estimated post-tax operating cash flows underpinned by strong hedges (2024-2027)
- Expect long-term value from bridging mechanism, BECCS and other opportunities

Options for growth aligned with energy transition and security of supply

Asset portfolio and developments aligned to energy transition and security of supply

<div><div>1</div><div>FlexGen & Energy Solutions</div></div> <div></div> <div>1.5GW portfolio<ul style="list-style-type: none">c.0.5GW Pumped storagec.0.1GW Hydroc.0.9GW OCGTs</div> <div>Energy Solutions (Customers)<ul style="list-style-type: none">Large I&C customer base</div> <div><u>Targeting post 2027 recurring Adj. EBITDA >£250m pa</u></div>	<div><div>2</div><div>Pellet Production</div></div> <div></div> <div>>5Mt pa of capacity Diversified logistics >16Mt of third-party offtake Own-use contracts</div> <div><u>Targeting post 2027 recurring Adj. EBITDA >£250m pa</u></div>	<div><div>3</div><div>Biomass Generation</div></div> <div></div> <div>c.2.6GW of flexible renewable generation<ul style="list-style-type: none">Largest source of UK renewables by output</div> <div><u>Strong forward power hedges (2024–2026)</u></div> <div>Expect long-term value from bridging mechanism, BECCS and other uses</div>	<div><div>4</div><div>Attractive options for long-term growth</div></div> <div></div> <div>c.£4bn investment by 2030<ul style="list-style-type: none">4Mt of BECCS in UK3Mt of BECCS in US0.6GW of pumped storage</div> <div>8Mt of pellet production<ul style="list-style-type: none">Further development subject to clarity on UK BECCSTargeting 4Mt of sales to third-parties</div> <div>Additional investment post 2030<ul style="list-style-type: none">Ambition for >20Mt of BECCS</div>
<div>Targeting post 2027 recurring Adj. EBITDA >£500m pa</div>			

24% growth in Adj. EBITDA driven by increased levels of renewable generation, pellet production and I&C

	Business unit	H1-24 (£m)	H1-23 (£m) ⁽²⁾
1	Pumped Storage and Hydro	76	141
	Energy Solutions – I&C	36	27
	– SME	(14)	7
2	Pellet Production	65	43
3	Biomass Generation ⁽¹⁾	393	226
	Global BECCS	(20)	(6)
4	Innovation, Cap Projects & Other ⁽²⁾	(21)	(20)
	Total	515	417

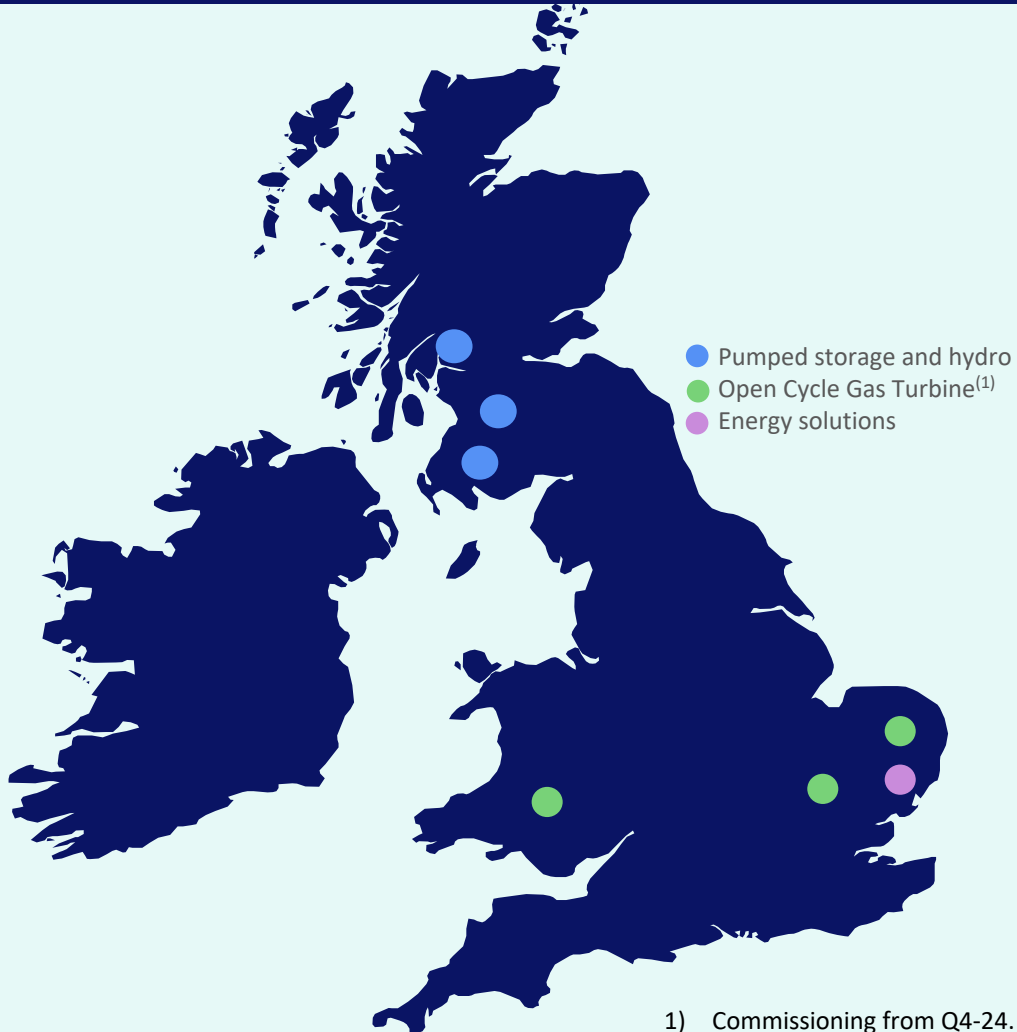


1) Drax Power Station – formal closure of coal at the end of March 2023, £24m of revenue in H1-23.

2) In 2023 a review of the mechanism for corporate recharges was performed, leading to a greater proportion being recharged to business units, primarily Generation. H1-23 re-presented. The remaining £21 million in H1-24 (H1-23: £20 million) is comprised of other corporate and innovation costs, including the development of options for pumped storage expansion and intercompany eliminations.

Expect market conditions and fundamentals to support post 2027 recurring Adj. EBITDA of >£250m pa

1.5GW portfolio of pumped storage, hydro and OCGTs



Strong and diversified revenue mix underpins >£250m target

Pumped storage and hydro (0.6GW)

- >£280m of Capacity Market agreements (1&15-year contracts)
- System support services
- Renewables certificates
- Forward power
- Target includes refurbishment and 40MW expansion of Cruachan

OCGTs⁽¹⁾ (0.9GW)

- >£275m of Capacity Market agreements (15-year contracts)
- System support services
- Peak power

Energy solutions

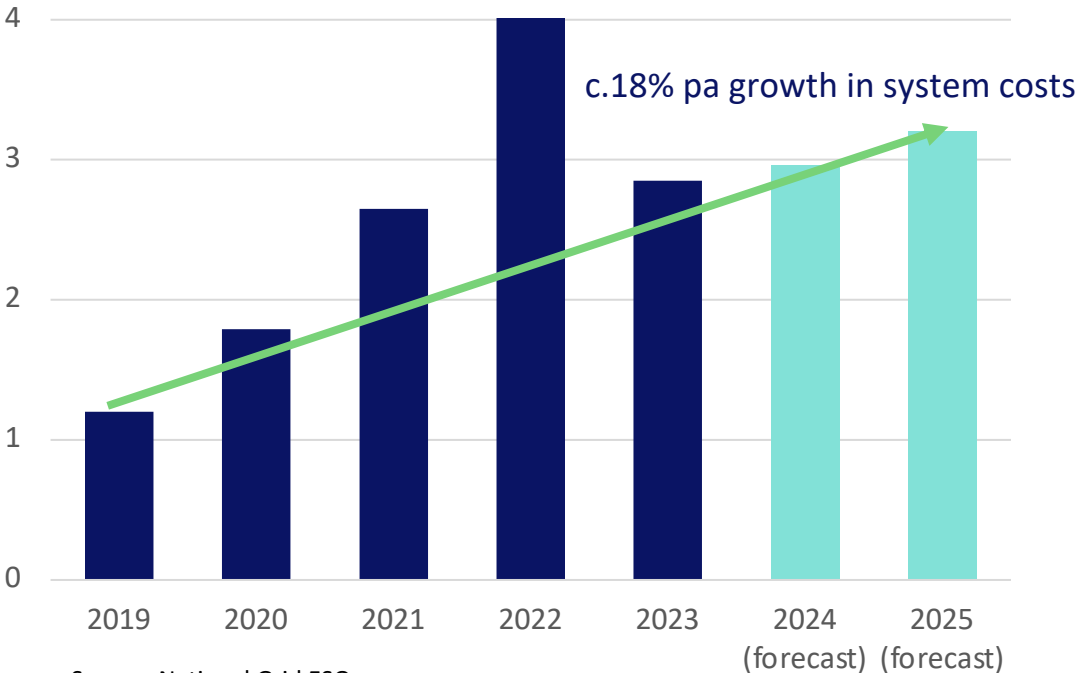
- Renewable power to large I&C customers
- Route to market for >2,000 renewable generators
- Decarbonisation and EV services

Opportunities to expand UK portfolio

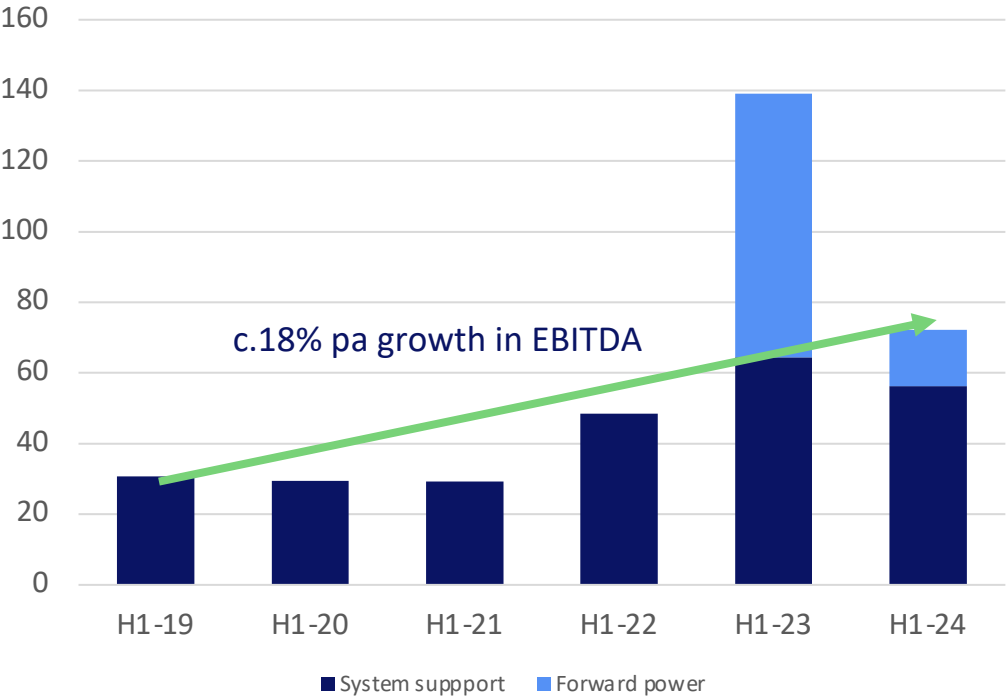
- Includes 600MW expansion of Cruachan

Strong performance since 2019 underpinned by growing need for system support services
Further opportunities from higher power prices and volatility

Growing system cost (£bn)



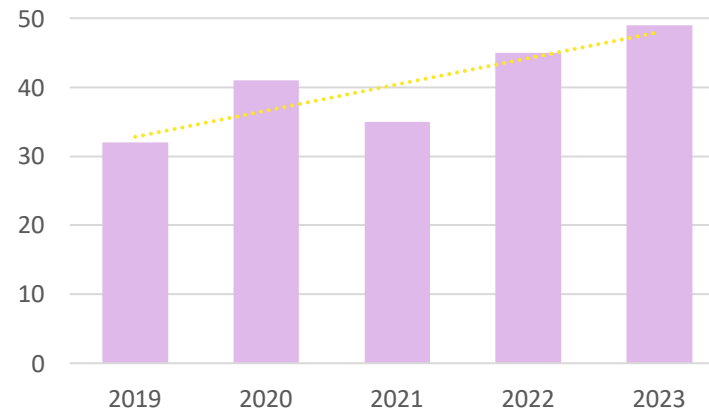
FlexGen EBITDA growth underpinned by system need (£m)



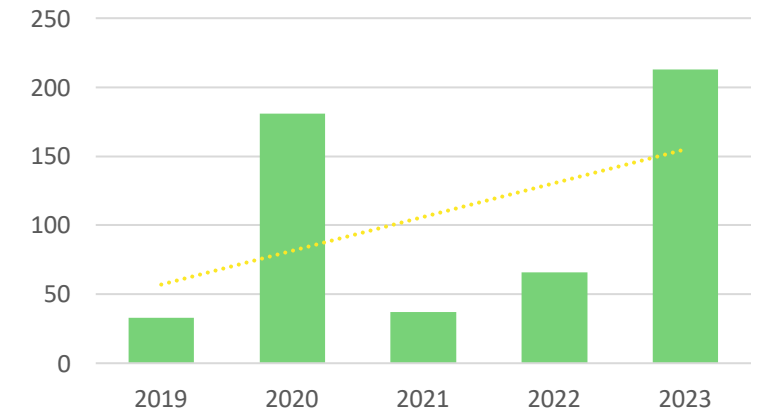
Changing system needs are driving demand for services from Cruachan and long duration storage assets

**Changing power system:
Increased levels of intermittent
renewables and price volatility
over last 5 years**

Offshore wind (TWh)

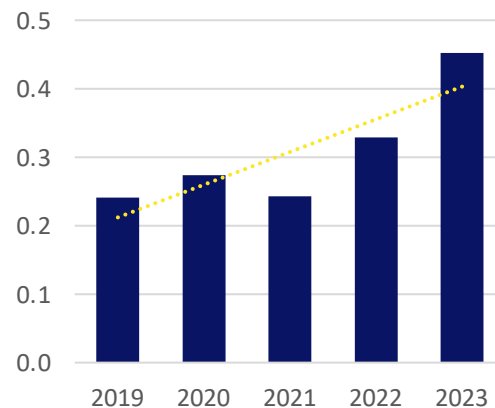


Hours of negative pricing

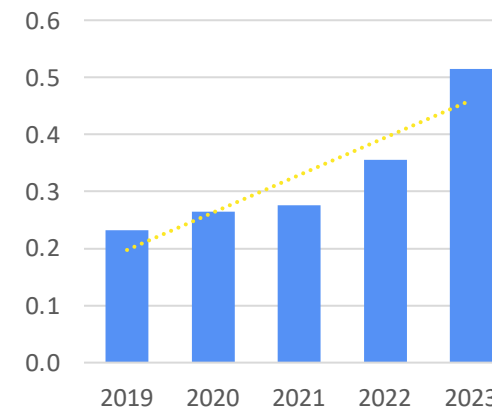


**Cruachan:
Increased levels of activity over
last 5 years in response to
growing system need**

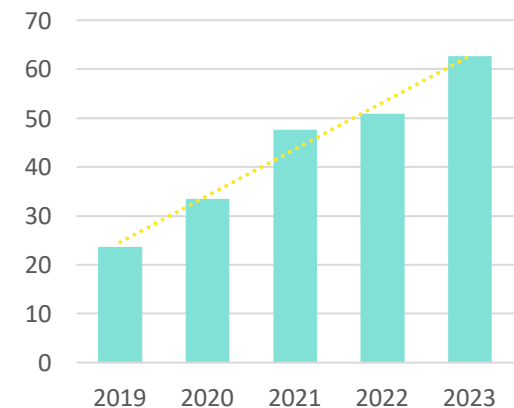
Generation (TWh)



Storage – pump (TWh)



% of time operating



Cruachan to become a 480MW site by 2027, with opportunity to increase to 1.1GW by 2030

Refurbishment and expansion of Cruachan I

£80m upgrade and 40MW expansion

- 2 x 20MW expansion of units
- Improved reliability and operability

Timetable

- 2025 – replace inlet valves
- 2026 – Unit 3 turbine upgrade
- 2027 – Unit 4 turbine upgrade

Investment underpinned by 15-year CM contract (2027-2042)

- >£220m of Capacity Market agreements

Included in target for post 2027 Adj. EBITDA

- c.£15m pa of Capacity Market agreements from 2027
- Additional capacity and improved operability

Development of option for Cruachan II

600MW expansion of Cruachan site

- Lower cost new-build pumped storage site
- Utilise existing Cruachan reservoir system with new turbine hall
- Limited impact on existing Cruachan site during construction
- Evaluating investment models

Timetable

2023 – planning permission approved
2024 – commence detailed design work
2025 – clarity on investment model – expect a cap and floor
2026 – final investment decision
2030 – commence operations

Incremental to existing post 2027 EBITDA targets

Flexible, dispatchable generation and system support assets

3 x 299MW units (c.900MW)

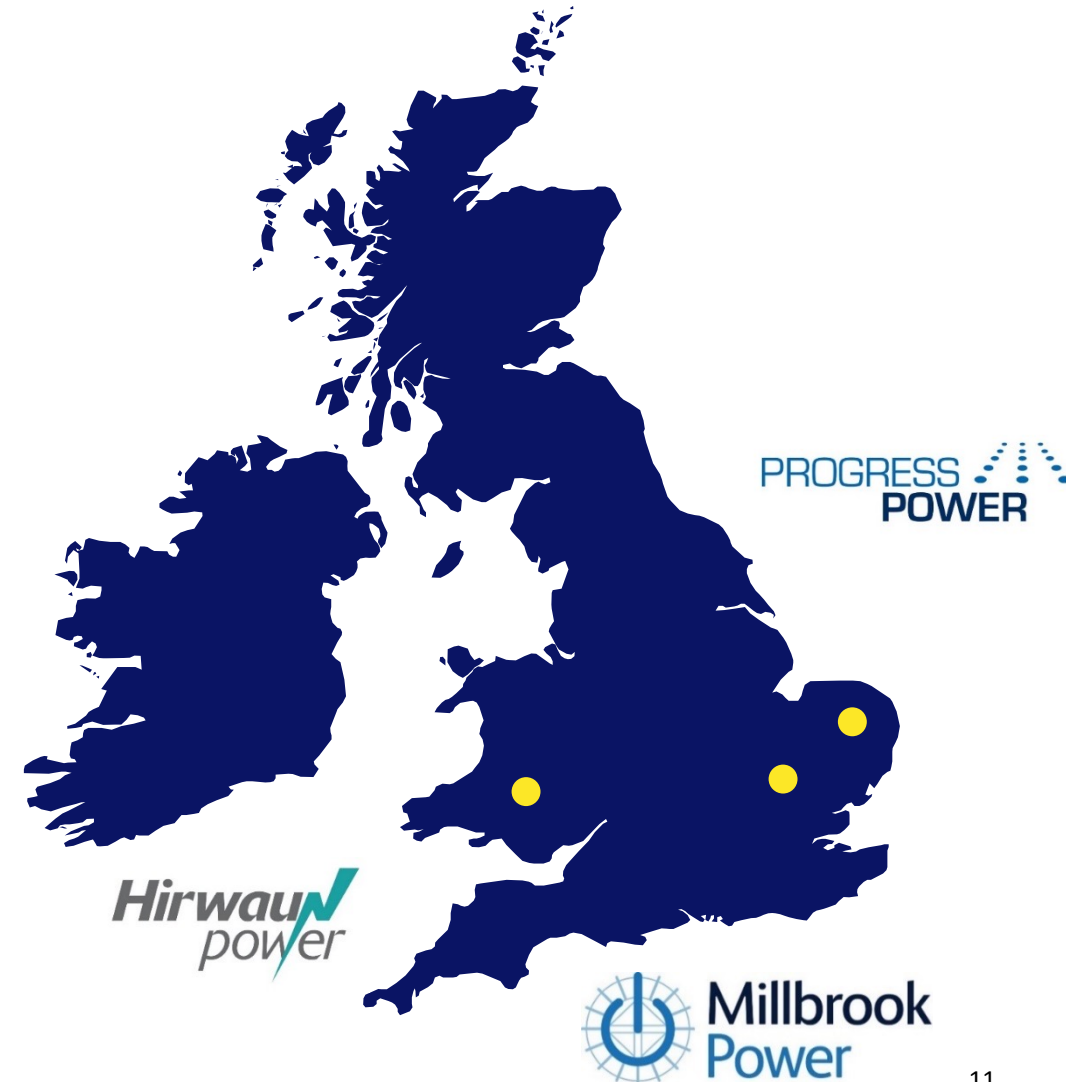
- Investment underpinned by Capacity Market agreements
- Low fixed-cost base
- Highly complementary to existing FlexGen assets

Mixed revenue stack aligned with changing system needs

- c.£275m from 15-year index-linked Capacity Market agreements
- System support services
- Peak power

Commissioning from Q4 2024

Continue to evaluate options, including sale



Renewable power and energy solutions

I&C

Strong operational and financial performance

- Effective route to market to maximise value of large-scale renewable generation

Supporting route to market for small renewable sites

- Renewable PPA portfolio with >2,000 smaller generators

Good progress developing portfolio of decarbonisation products

- Growth in EV charge point services activities, enhanced by BMM acquisition
- Flexibility services, including Demand Flexibility Service

SME

Sale of c.90,000 customer meters

- Divestment follows strategic review of non-core business
- Employee consultation process underway to reflect reduced customer base



Targeting post 2027 recurring Adj. EBITDA >£250m

Production

Good progress in H1 2024

- Increased output (H1-24: 2.0Mt, H1-23: 1.9Mt)
- Improving margin

Development of new production capacity supports target

- Aliceville expansion commissioned H1-24 (130kt)
- Longview (450kt)

Sales

Pipeline of sales into existing and new markets

- Including Sustainable Aviation Fuel (SAF) and other industrial processes

Improved margins on legacy sales contracts

- c.1Mt subject to renewal in next 5 years



2024 to 2026:
Strong forward power hedges
underpin >£1bn of estimated
post-tax operating cash flows⁽¹⁾

Contracted power sales (22 July 2024)	2024	2025	2026
Net RO, hydro and gas (TWh) ⁽²⁾	11.0	10.0	4.8
Average achieved £ per MWh ⁽³⁾	150.9	107.1	79.7
CfD (TWh) ⁽⁴⁾	3.9	0.8	-

RO, pumped storage and hydro forward sales

- £3.1 billion of forward power sales between 2024 and 2026
- 25.8TWh at an average price of £120.7/MWh
- RO generation – fully hedged in 2024 and 2025
- >£1bn of associated ROCs

Other activity

- Market prices on unhedged position 2025 and 2026 and associated renewables
- System support services

2027 – unwind of residual ROC assets

1) Includes contracted and an estimate of uncontracted power sales Jan-24 to Mar-27, associated renewables, system support services, less operating costs, maintenance capex, taxes and EGL.

2) Includes 2.9TWh of structured power sales in 2025 and 2026 (forward gas sales as a proxy for forward power), transacted for the purpose of accessing additional liquidity for forward sales from ROC units and highly correlated to forward power prices.

3) Presented net of cost of closing out gas positions at maturity and replacing with forward power sales.

4) CfD strike price 2024/2025, £138.2/MWh.

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3 Biomass Generation – Long-term Value from Power and Carbon

UK needs Drax Power Station for security of supply

- UK's largest power station – dispatchable, flexible and renewable
- Backed up by resilient North American supply chain

Critical role of a bridging mechanism

- Ensures availability for post 2027 power generation
- Clarity required in 2024

UK needs Drax Power Station and BECCS for clean power system (2030)

- Government targeting clean power system by 2030

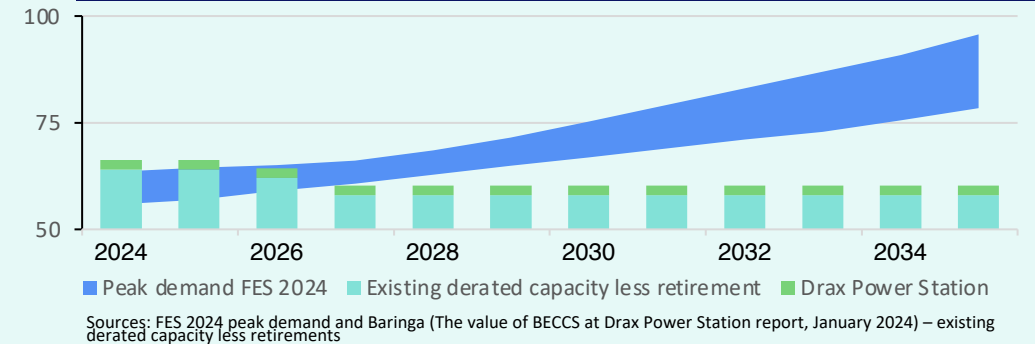
National Grid Future Energy Scenarios (July 2024)

- All pathways are reliant on use of power BECCS
- At least 5Mt by 2030 and c.20Mt by 2035

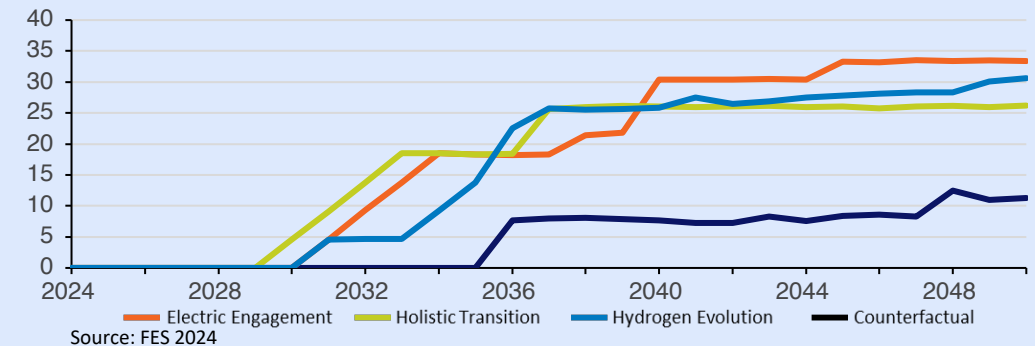
Emerging opportunities from power to large data centres from 2030

- 2.6GW of 24/7 flexible renewable power from four independent units
- Land and secure site which could support GW scale data centre
- Large-scale cooling systems
- Proximity to fibre networks
- Highly skilled workforce

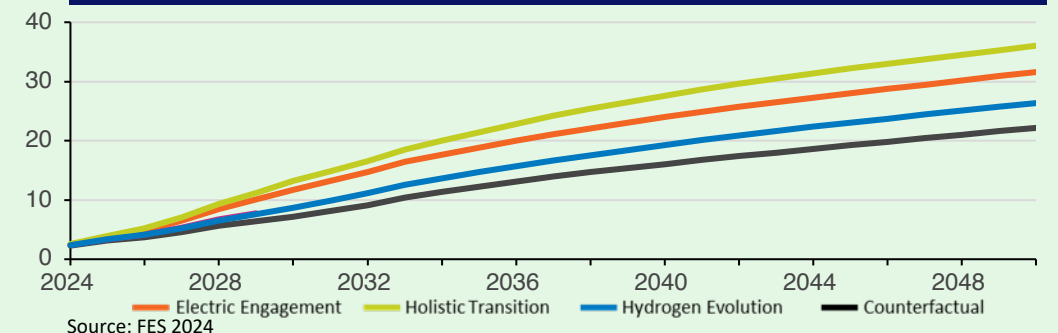
Peak demand exceeds de-rated dispatchable capacity (GW)



Major increase in BECCS deployment (TWh)



10x increase in demand for power from data centres (TWh)



Developing a pipeline of projects globally to provide attractive investment opportunities in long-term, large-scale carbon removals – ambition for >20Mt pa through 2030s

UK BECCS

Drax Power Station

- Targeting operations in 2030 (4Mt pa), subject to FID by 2026
- Second unit (4Mt pa) to follow

Positive interaction with new UK Government

Targeting clarity on bridging mechanism in 2024

Global BECCS

First site shortlisted in US South

- Targeting operations from 2030, subject to FID by 2026

Development pipeline

- Evaluating greenfield and brownfield sites globally

Continued development of CDR market

- Firm offtake agreements with C-zero and Karbon-X
- MoU with Respira

Financial & Operational Review

A strong financial and operational performance providing dispatchable, renewable power to the UK from our biomass, pumped storage and hydro portfolio

Helping Energy Solutions customers on their decarbonisation journeys



Strong financial performance

Adj. EBITDA^(1/2) £515m (H1-23: £417m)	Total Cash and Committed Facilities £515m (December 2023: £639m)	Cash Generated from Operations £400m (H1-23: £404m)	Net Debt⁽³⁾ £1,035m (December 2023: £1,084m)
	Adj. Basic Earnings Per Share 65.6p/share (H1-23: 46.0p/share)	Interim Dividend 10.4p/share (£40m) (H1-23: 9.2p/share, £36m)	Expected Full Year Dividend⁽⁴⁾ 26.0p/share (c.£100m) (2023: 23.1p/share, £89m)

- 1) Earnings before interest, tax, depreciation, amortisation, other gains and losses and impairment of non-current assets, excluding the impact of exceptional items and certain remeasurements, earnings from associates and earnings attributable to non-controlling interests.
- 2) In January 2023 the UK Government introduced the Electricity Generator Levy (EGL) which runs to 31 March 2028. The EGL applies to the three biomass units operating under the RO scheme and run-of-river hydro operations. It does not apply to the Contract for Difference (CfD) biomass or pumped storage hydro units. EGL is included in Adj. EBITDA and amounted to £114 million in H1 2024 (H1 2023: £35 million).
- 3) Net debt comprised of cash and short-term investments of £263m less borrowings of £1,263m (less impact of hedging instruments within borrowings and NCI of £35m).
- 4) Final dividend conditional on shareholder approval at the AGM in April 2025.

Strong financial and operational performance in H1-24

H1-24 Adj. EBITDA	1 FlexGen & Energy Solutions	2 Pellet Production	3 Biomass Generation	4 Options for long-term growth	Total
Pellet Production	-	65	-	-	65
Biomass Generation	-	-	393	-	393
Pumped Storage & Hydro	76	-	-	-	76
Energy Solutions – I&C	36	-	-	-	36
Energy Solutions – SME	(14)	-	-	-	(14)
Global BECCS	-	-	-	(20)	(20)
Innovation, Cap Proj & Other	-	-	-	(21)	(21)
H1-24 total	98	65	393	(41)	515
H1-23 total	175	43	226	(26)	417

FlexGen & Energy Solutions

- Strong system support earnings, with lower forward power sales, as expected, compared to H1-23
- Sale of SME customer meters
- I&C performing well

Pellet Production

- Increased production volumes and margin

Biomass Generation

- >30% increase in renewable generation and continuing system support role

Targeting post 2027 recurring Adj. EBITDA >£500m pa plus expect significant value from Biomass Generation

1 FlexGen & Energy Solutions H1-24 Adj. EBITDA: £98m	2 Pellet Production H1-24 Adj. EBITDA: £65m
<p><u>Targeting post 2027 recurring Adj. EBITDA >£250m pa</u></p> <p>Pumped storage and hydro (H1-24 Adj. EBITDA: £76m)</p> <ul style="list-style-type: none">• Cruachan U3/4 upgrade – c.£15m pa of CM agreements from 2027• Extra 40MW of capacity and improved operability <p>Energy Solutions (H1-24 Adj. EBITDA: £22m)</p> <ul style="list-style-type: none">• I&C £36m – on track, performing well• SME £(14m) – sale of customer meters <p>OCGTs (commissioning from Q4-24)</p> <ul style="list-style-type: none">• c.£18m pa of CM agreements from 2025• Earnings from peak power and ancillary services <p>Strong underpin from CM agreements</p> <ul style="list-style-type: none">• >£50m in 2027 vs £8m in 2024	<p><u>Targeting post 2027 recurring Adj. EBITDA >£250m pa</u></p> <p>Increase production to 5Mt</p> <ul style="list-style-type: none">• Improved output from existing plants• Longview pellet plant development (450kt)• Aliceville pellet plant expansion (130kt) (commissioned H1-24) <p>Sales into existing and new markets</p> <ul style="list-style-type: none">• Including SAF and other industrial processes <p>Improved margins on legacy sales contracts</p> <ul style="list-style-type: none">• c.1Mt subject to renewal in next 5 years

3 Biomass Generation
H1-24 Adj. EBITDA: £393m

Strong forward power hedges (2024-2026) and long-term value from bridging mechanism and BECCS

Strong balance sheet and liquidity

£682m of new facilities with maturities 2027-2029

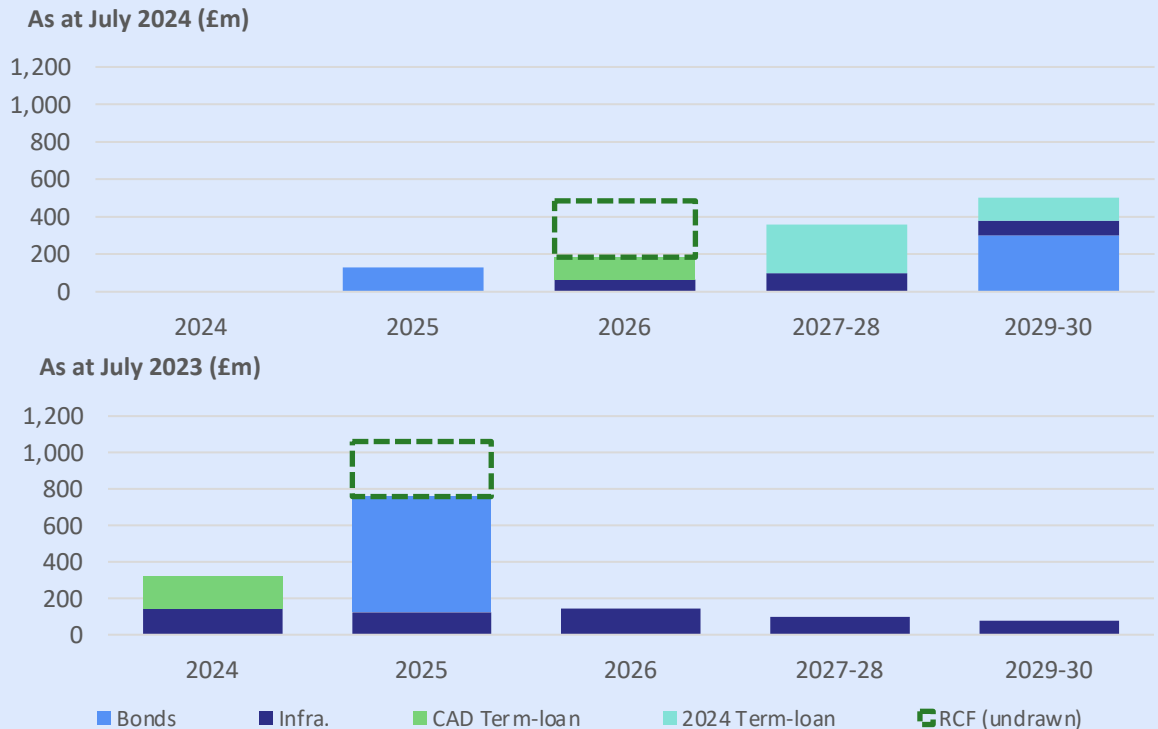
- New c.£383m term-loan facilities with 2027-2029 maturities
- New €350m 2029 bond
- Extension of £300m revolving credit facility to 2026

£949m repayment of shorter dated maturities

- c.£347m of infrastructure facilities
- \$500m 2025 bond
- Tender and partial repayment (€106m) of €250m 2025 bond
- £120m collateral facility balance (July 2024)

Instrument	Maturity	Description
Eurobond	2029	€350m
Eurobond	2025	€144m
ESG CAD term-loan	2026	C\$200m
Revolving credit facility (RCF)	2026	£300m (undrawn for cash)
Infrastructure facilities ⁽¹⁾	2026-2030	£243m
Term-loan facilities ⁽²⁾	2027-2029	£383m

Balance of maturities now weighted to 2029-2030



1) Infrastructure maturities – €70m in 2026, £45m in 2027, £53m in 2028, £50m in 2029 and €32m in 2030.

2) Term-loan maturities – £135m and £145m in 2027 and £50m and £80m in 2029.

Investment in core assets and strategy

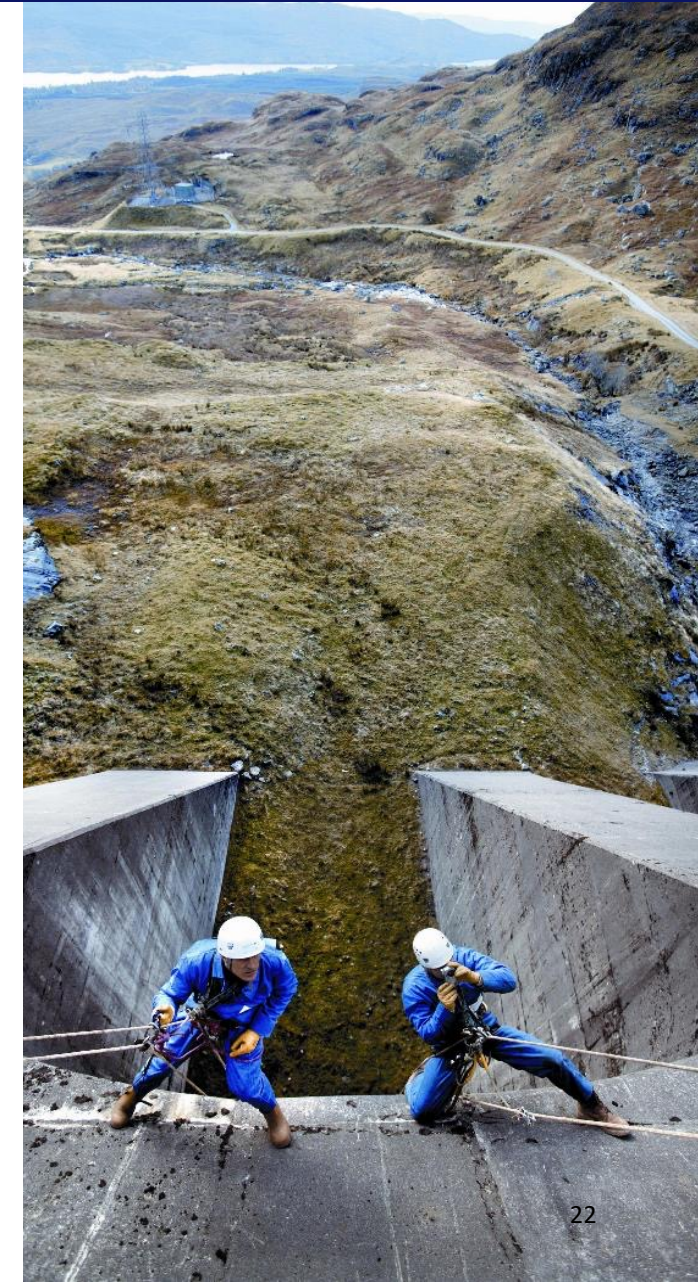
	Key areas	H1-24 Actual £m	FY-24 Estimate £m
Growth	Biomass, BECCS, OCGTs and enhancement projects	108	~270
Maintenance	Includes major planned biomass outages	34	~100
Other	Health, safety, environment and IT	5	~30
Total		147	360-400

Growth

- Longview pellet plant, OCGTs and Cruachan refurbishment

Maintenance and other investment

- Supports delivery of good operational performance and compliance
- One major planned biomass outage – on track, expected to complete Aug-24 (two in 2023)



Implemented in 2017, continues to support strategy

1. Maintain credit rating

2. Invest in core business

3. Sustainable and growing dividend

4. Return surplus capital beyond investment requirements

Strong operational and financial performance supports improved outlook for 2024

FlexGen and Energy Solutions and Pellet Production

- Targeting >£500m of recurring Adj. EBITDA post 2027

Biomass generation

- Strong cashflows and long-term role in UK energy system

Long-term options for growth aligned with energy transition and security of supply

Disciplined approach to capital allocation

- Strong balance sheet
- Investment in core business and growth opportunities
- Sustainable and growing dividend
- Returns to shareholders – £300m two-year share buyback programme expected to commence Q3-24



Appendices

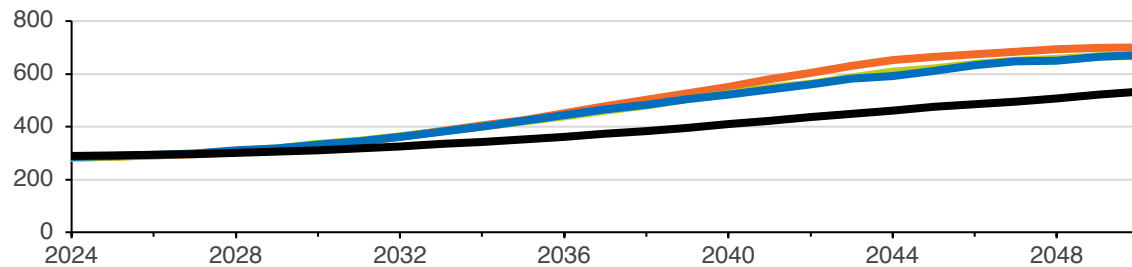
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UK Gov. net zero targets will require major increase in renewables, system support and carbon removals Increase in renewables drives increased system support and long-term value of FlexGen

c.2x increase in demand for power (TWh)

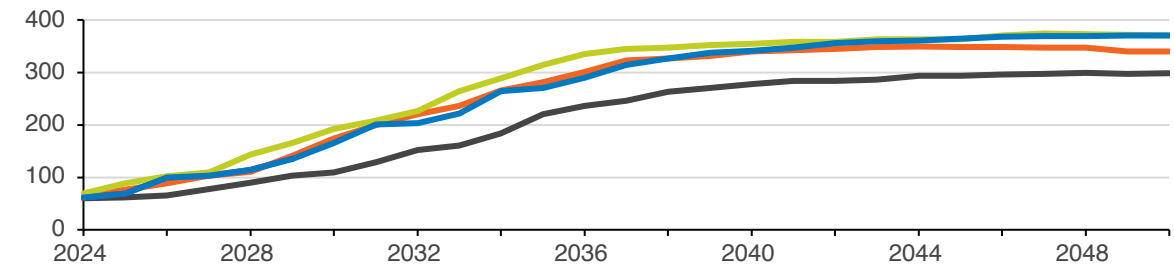
-Targets to decarbonise heating and transportation, new demand from data centres



Significant increase in offshore wind renewables (TWh)

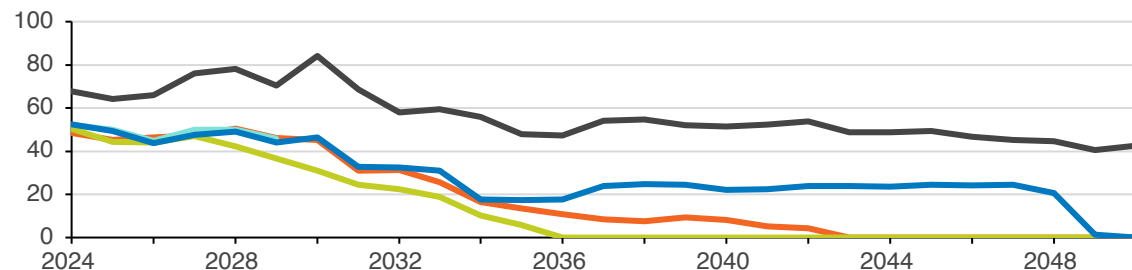
->3x increase in production (TWh)

-Likely to drive increased volatility due to low marginal cost and intermittency



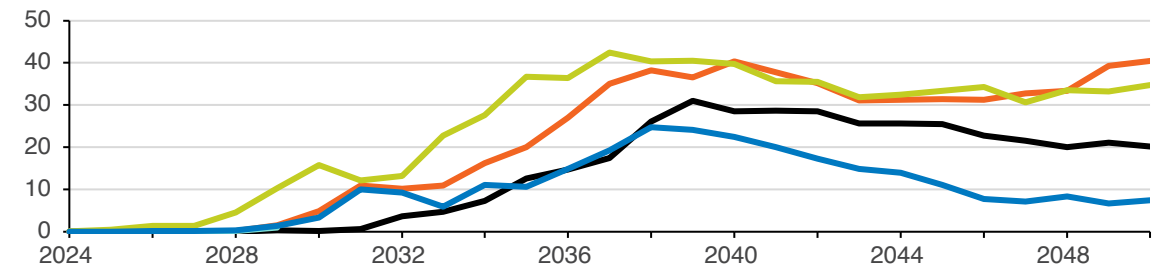
Reduction in flexible CCGT generation (TWh)

-Decarbonisation driving removal of flexible CCGTs and replacement with intermittent renewables



Up to 40TWh of offshore wind curtailment pa (TWh)

-Excess supply in certain periods leading to negative pricing and curtailment of wind to create space for flexible assets which can turn up and down and support the system



Value for Money of BECCS at Drax

Bridging mechanism from 2027 to BECCS

An effective way to help support energy security

Considerations

- c.7GW of nuclear and coal expected to close between 2024 and 2030
- New capacity and demand side response required to bridge the gap
- Risk of delays to new capacity, including nuclear

BECCS at Drax Power Station from 2030 onwards

The only credible option for near-term, large-scale carbon removals available to meet UK targets

- Contributing 80% to UK target of 5Mt of carbon removals by 2030

Projected to save £15bn vs. the next best alternative

- Equivalent to £25 per household per year for 20 years

Important security of supply benefits

- >2GW of dispatchable and flexible capacity
- 2.5 days of UK electricity contained in supply chain
- Key source of non-generation system support services
- Supports flexible generation alongside BECCS
- Helps secure long-term fuel supplies needed for generation and BECCS

1 and 15-year agreements provide strong underpin for investment in FlexGen business

c.£580m⁽¹⁾ of agreements agreed

Asset	Payment period	Value £m
Pumped storage	1 year agreements (2024-2028)	68
Pumped storage	15-year agreements (2027-2042)	221
Hydro	1 year agreements (2024-2028)	16
OCGTs	15-year agreements (2024-2039)	275
Total existing capacity agreements		580
Potential future agreements at £35/KW		c.270
Illustrative Capacity Market Income 2024 to 2042		c.850

T-4 auction (February 2024)

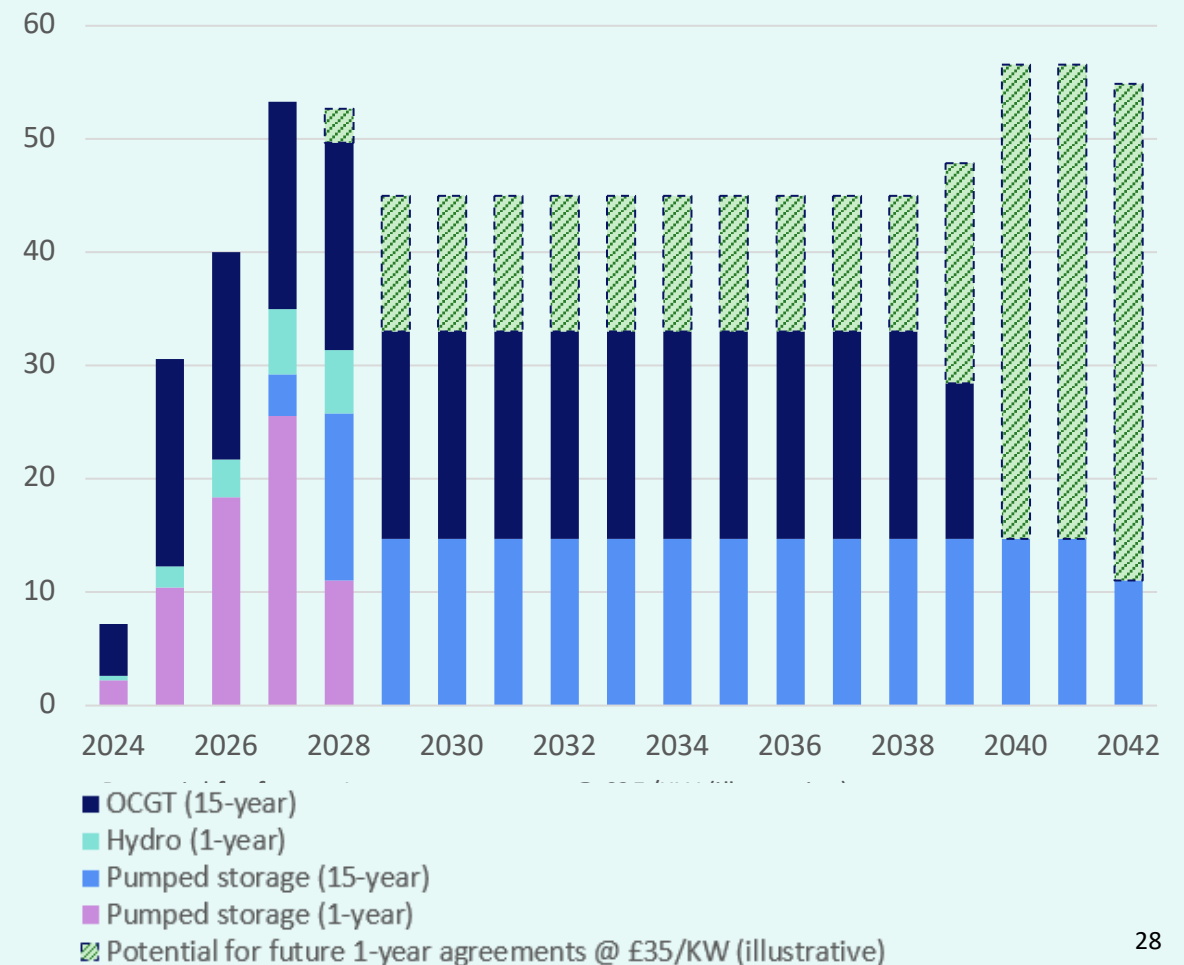
- Clearing price £65/KW, plus CPI

Opportunities from future auctions

- Existing assets remain eligible for one-year contracts in future auctions
- Illustrative only – £35/KW

1) Real values, 2022/23, no additional inflation assumed.

Capacity Market agreements profile and illustration (£m)



Flexible, renewable generation, system support and energy solutions with opportunity for carbon removals

FlexGen and Energy Solutions

- 440MW pumped storage
- 125MW hydro
- 900MW OCGTs
- Large I&C book

Biomass Generation

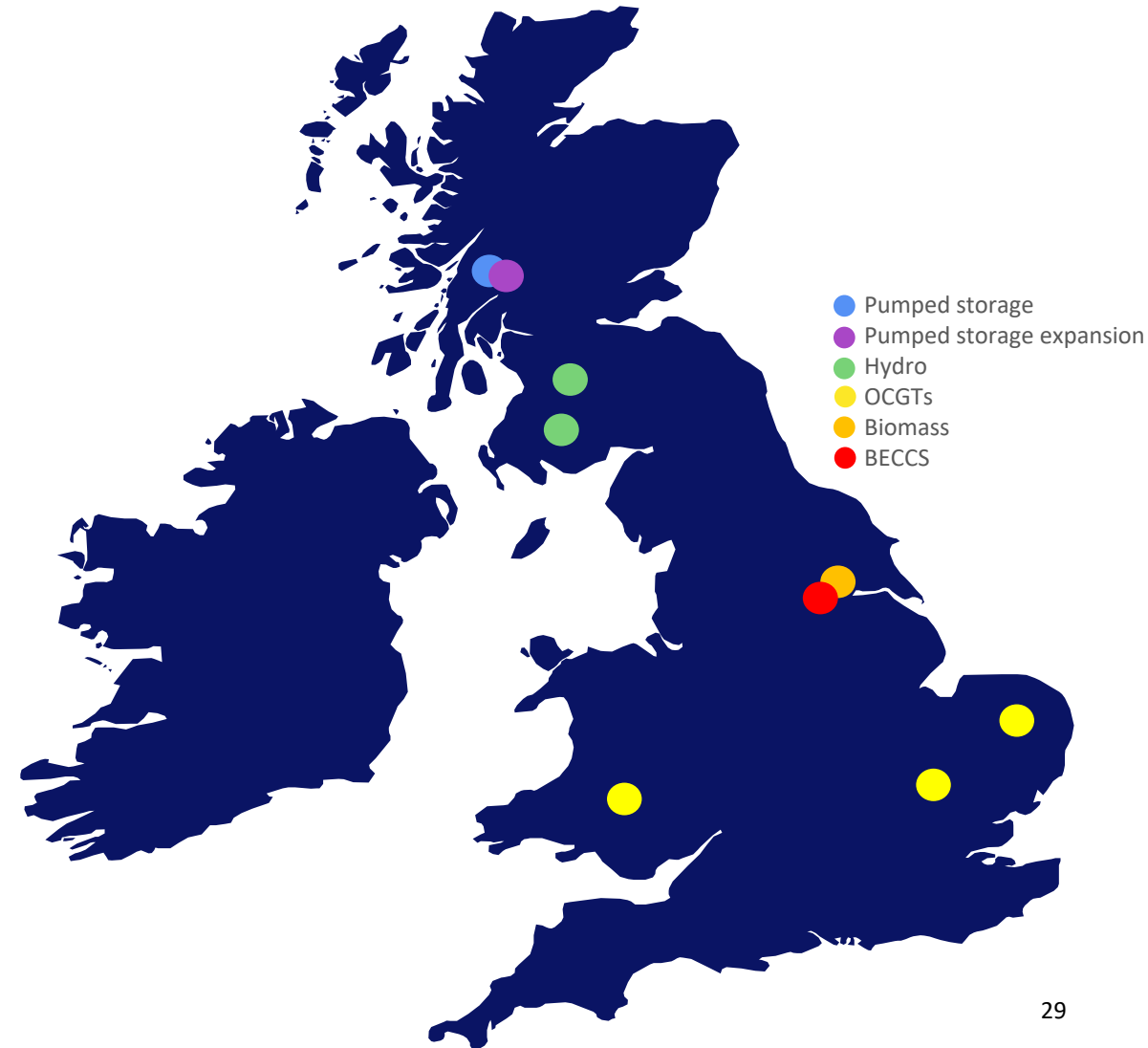
- 2.6GW

Development opportunities

- 40MW pumped storage expansion
- 600MW pumped storage expansion
- 8Mt pa of carbon removals from BECCS

4GW of operational assets and development projects

- UK's largest portfolio of flexible, dispatchable renewable generation
- 4% of total UK power generation
- 9% of UK renewables⁽¹⁾
- 16% of UK peak renewables and >60% of UK in-day peak renewables



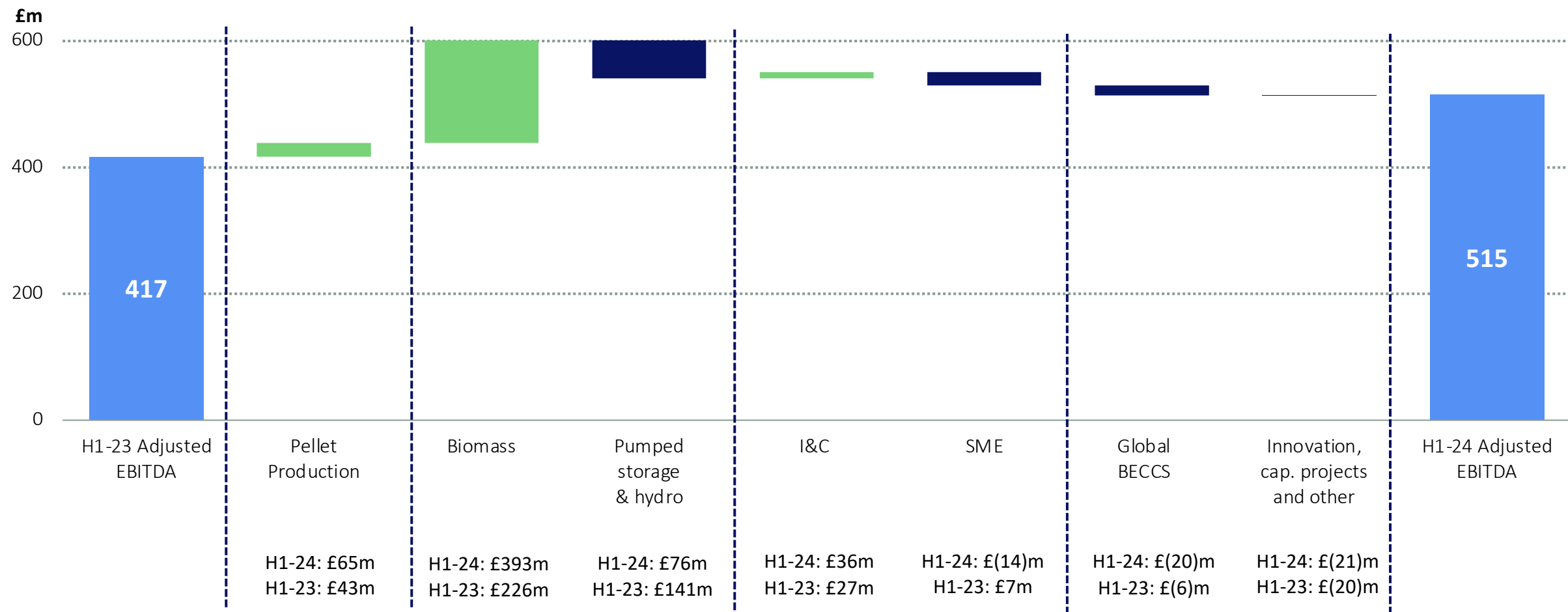
1) Measured by output Q2 2023 to Q1 2024.

High-quality earnings from a multi-technology portfolio and integrated supply chain

Business unit	Assets	Capacity	H1-24 Adj. EBITDA (£m)	H1-23 Adj. EBITDA (£m) ⁽²⁾
Pellet Production	18 pellet plants and developments in Canada and US Access to five deep water ports	>5Mt	65	43
Biomass Generation ⁽¹⁾		2.6GW	393	226
FlexGen	Cruachan – pumped storage Lanark and Galloway – hydro Daldowie – energy from waste	0.6GW	76	141
Energy Solutions	I&C		36	27
	SME		(14)	7
Global BECCS			(20)	(6)
Innovation, cap projects & other ⁽²⁾			(21)	(20)
Adj. EBITDA			515	417

1) Drax Power Station – formal closure of coal at the end of March 2023.

2) In 2023 a review of the mechanism for corporate recharges was performed, leading to a greater proportion being recharged to business units, primarily Generation. The remaining £21m in H1-24 is comprised of other corporate and innovation costs, including the development of options for pumped storage expansion and intercompany eliminations (H1-23: £20m).



Group Income Statement

In £m	H1-24			H1-23 ⁽¹⁾		
	Adj. Results	Remeasurements	Total Results	Adj. Results	Remeasurements	Total Results
Revenue	3,063	95	3,158	3,766	126	3,892
Cost of sales	(2,086)	20	(2,066)	(2,968)	(41)	(3,009)
Electricity Generator Levy	(114)	-	(114)	(35)	-	(35)
Gross profit	864	115	979	762	85	847
Operating and administrative expenses	(333)	-	(333)	(326)	-	(326)
Impairment losses on financial assets	(15)	-	(15)	(19)	-	(19)
Adj. EBITDA	515	n/a	n/a	417	n/a	n/a
Depreciation	(100)	-	(100)	(95)	-	(95)
Amortisation	(9)	-	(9)	(14)	-	(14)
Other	(4)	-	(4)	-	-	-
Operating profit	402	115	518	308	85	392
Foreign exchange losses	(11)	-	(11)	(7)	-	(7)
Net interest charge	(43)	-	(43)	(48)	-	(48)
Profit before tax	348	115	463	253	85	338
Tax charge	(95)	(29)	(124)	(70)	(21)	(91)
Profit after tax	253	86	339	184	64	247

Improved production and margin

Good progress in H1-24

- Higher output (H1-24: 2.0Mt, H1-23: 1.9Mt)
- Increased margin

Outlook

- Targeting post 2027 recurring Adj. EBITDA of >£250m pa from 5Mt pa

Drivers of future improvement

- Increase production to 5Mt
 - Improved output from existing plants
 - Longview pellet plant development (450kt)
 - Aliceville pellet plant expansion (130kt) (commissioned H1-24)
- Pipeline of sales into existing and new markets
 - Including SAF and other industrial processes
- Improved margins on legacy sales contracts
 - c.1Mt subject to renewal in next 5 years

In £m	H1-24	H1-23 ⁽¹⁾
Revenue	442	386
Cost of sales	(270)	(239)
Gross profit	172	147
Operating costs	(107)	(104)
Adj. EBITDA	65	43
 Production (Mt)	 2.0	 1.9
Sales to 3rd parties (Mt)	1.0	1.2

High levels of flexible, renewable generation and system support services supporting decarbonisation of energy system and security of supply

In £m	H1-24	H1-23 ⁽¹⁾
Revenue		
Power sales	1,950	2,523
System support and optimisation	123	195
ROC sales	102	300
CfD income/(payment)	23	(58)
Capacity Market income	6	2
Gas sales to Energy Solutions business	37	85
Fuel sales and other income	40	30
	2,281	3,077
Cost of sales		
Generation fuel costs	(794)	(713)
System support and optimisation	(31)	(68)
ROC support	274	252
Carbon certificates	(3)	(2)
Renewable certificates sold or utilised	(111)	(315)
Cost of power purchases	(866)	(1,624)
Grid charges	(12)	(35)
EGL	(114)	(35)
	(1,657)	(2,540)
Gross profit	624	536
Operating costs	(155)	(169)
Adj. EBITDA	469	367

	H1-24	H1-23 ⁽¹⁾
Generation Adj. EBITDA (£m)		
Biomass	393	226
Pumped storage and hydro	76	141
	469	367
Generation (TWh)		
Biomass	7.0	5.3
Pumped storage and hydro ⁽²⁾	0.4	0.3
	7.4	5.6
System support and optimisation⁽³⁾		
Revenue	123	195
Cost of sales	(31)	(68)
Margin from system support and optimisation	92	127
Average achieved power price		
Gross power sales (£m)	1,950	2,523
Cost of power purchases (£m)	(866)	(1,624)
Net power sales (£m)	1,084	899
Net power sales (TWh)	7.4	5.6
Average achieved price (£/MWh)	146	163

1) Re-presented for corporate recharge and restated.

2) Gross output from pumped storage and hydro schemes.

3) Balancing mechanism, ancillary services and portfolio optimisation.

Renewable power and energy solutions

I&C

Strong operational and financial performance in I&C business

- Effective route to market to maximise value of large-scale renewable generation

Supporting route to market for small renewable sites

- Renewable PPA portfolio with >2,000 smaller generators

Good progress developing portfolio of decarbonisation products

- Growth in EV charge point services activities, enhanced by BMM acquisition
- Flexibility services, including Demand Flexibility Service

SME

Sale of c.90,000 customer meters

- Divestment follows strategic review of non-core business
- Employee consultation process underway to reflect reduced customer base

In £m	H1-24	H1-23 ⁽¹⁾
Revenue	2,066	2,648
Cost of sales		
Cost of power and gas purchases	(1,206)	(1,774)
Grid charges	(398)	(361)
Other costs	(385)	(418)
	(1,989)	(2,553)
Gross profit	77	95
Operating costs	(42)	(42)
Bad debt charge	(13)	(19)
Adj. EBITDA	22	34
-I&C	36	27
-SME	(14)	7

Group Cash Flow Statement

In £m	H1-24	H1-23
Adj. EBITDA	515	417
Working capital (excluding collateral)	(154)	(38)
Collateral	61	51
Other	(22)	(26)
Cash generated from operations	400	404
Debt service and other interest	(33)	(46)
Tax	(70)	(102)
Net cash from operating activities	297	256
Capital investment	(193)	(159)
Acquisitions and purchase of equity in associates	(1)	(2)
Net financing	(147)	(43)
Equity dividends paid	(54)	(51)
Purchase of own shares ⁽¹⁾	-	(110)
Other	(26)	(4)
Decrease in cash and cash equivalents	(124)	(113)
Cash and cash equivalents at the beginning of the period	380	238
Net cash flow	(124)	(113)
Effect of changes in foreign exchange rates	8	-
Cash and cash equivalents at the end of the period	263	125

1) £150m share buyback programme, commenced in May 2023, completed in September 2023.

Drax portfolio provides a full suite of services

		Pumped storage	Hydro	Biomass	OCGTs	Nuclear	Wind	Solar
Power generation	Power	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Renewable generation	Renewable power	Yes	Yes	Yes	No	No	Yes	Yes
	Clean power	Yes	Yes	Yes	No	Yes	Yes	Yes
System Support	Dispatchable	Yes	Yes	Yes	Yes	No	Partial	Partial
	Inertia	Yes	Yes	Yes	Yes	Yes	No	No
	Reserve	Yes	Yes	Yes	Yes	No	Partial	No
	Reactive power	Yes	Yes	Yes	Yes	Yes	Partial	No
	Black start	Yes	Yes	Yes	Yes	Partial	No	No
Capacity		Yes	Yes	Yes	Yes	Yes	Yes	Yes

Through its biomass and hydro activities Drax is able to deliver 24/7 renewable power
Growing demand for renewable power has led to growth in renewable certification schemes

REGOs

- Certificate scheme which evidence that electricity has been generated from a renewable source
- Supply businesses use REGOs to demonstrate the % of renewable energy they supply
- Total REGOS = total certified renewable power produced on the grid

1 REGO per MWh of renewable power

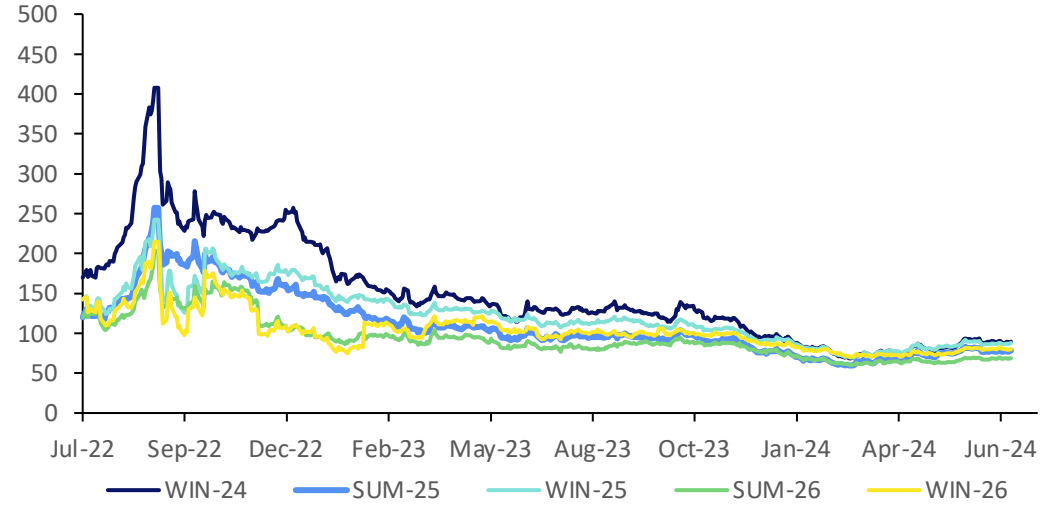
- Additional to RO and CfD schemes

REGOs from Drax biomass and hydro generation

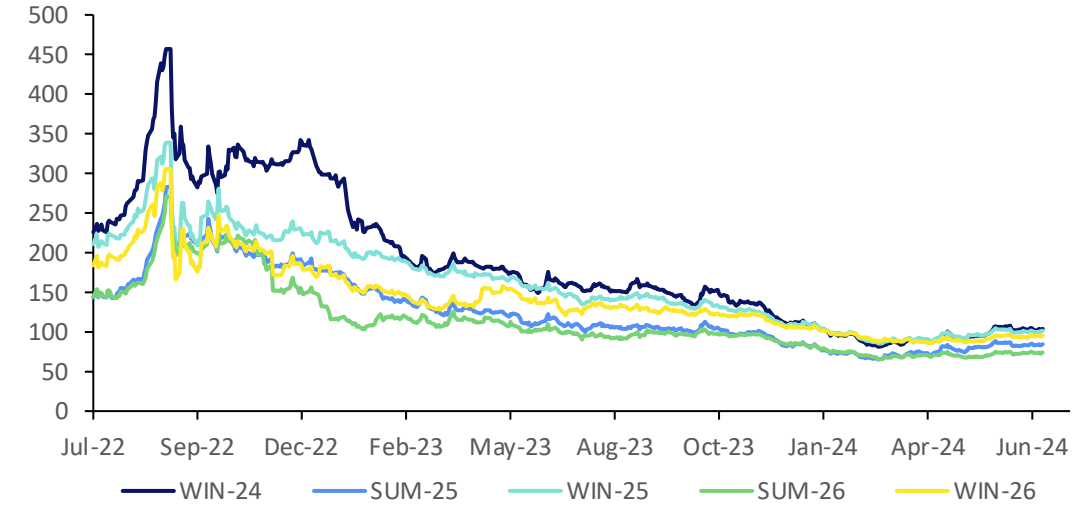
- c.10-15m REGOs per year
- Energy Solutions also receives REGOs from renewable PPA portfolio with >2,000 smaller generators
- Forward hedging means prices are locked in up to three years in advance

Outlook for pricing remains uncertain

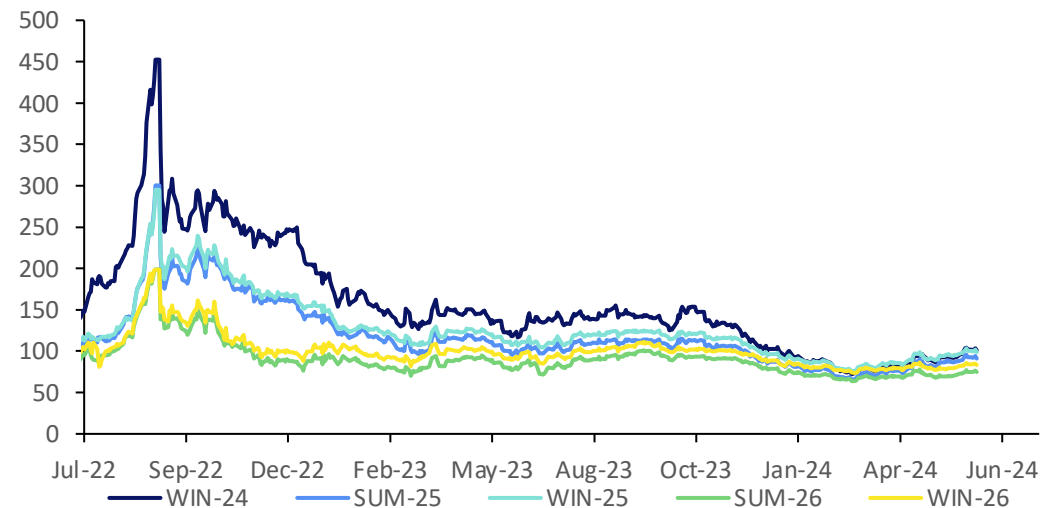
Baseload Power Price (£/MWh)



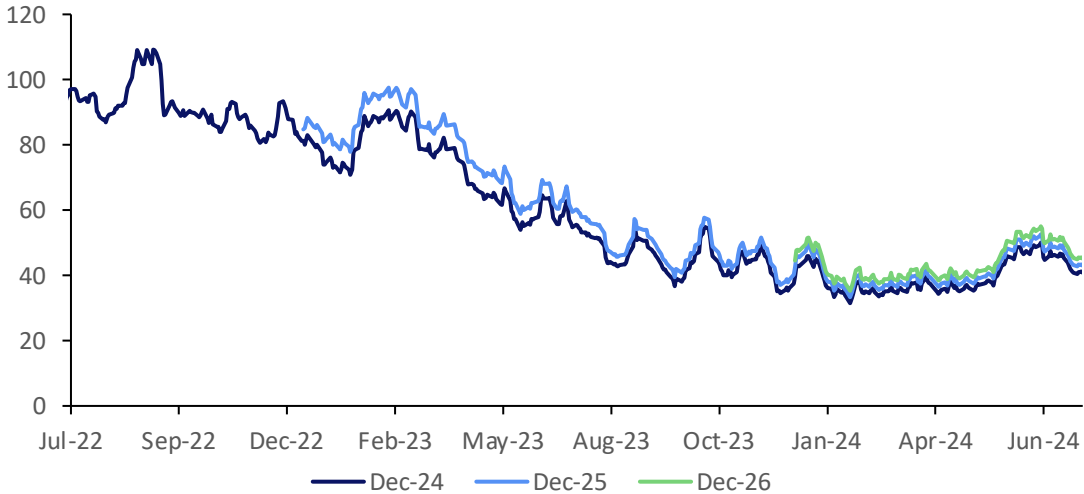
Peak Power Price (£/MWh)



NBP Gas Price (p/therm)

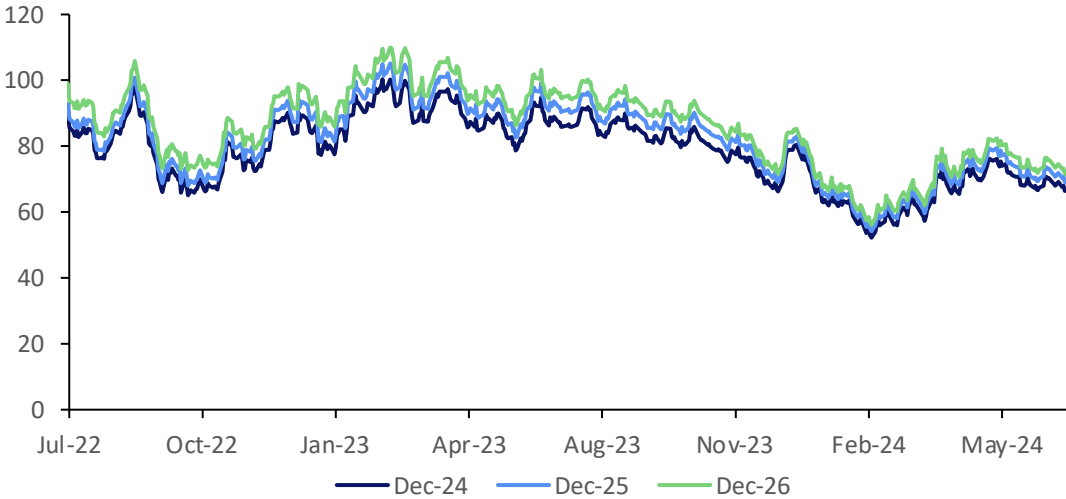


UKA Carbon (£/t)



Source: ICE

EU ETS Carbon (€/t)



Source: ICE

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2024 Half Year Results

26 July 2024

drax