

# Drax Overview

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# Drax Group Overview



Source

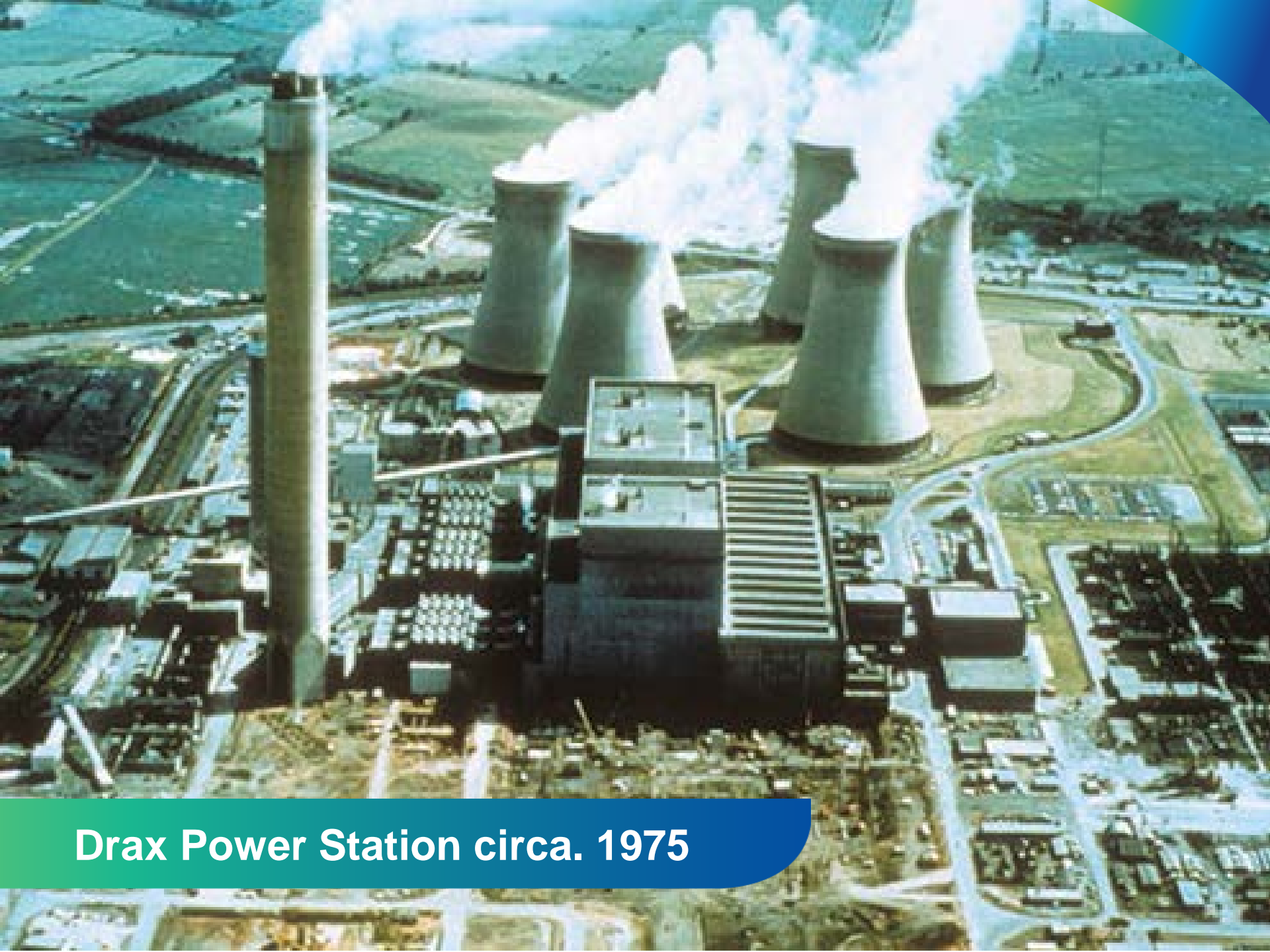


Generate



Supply





**Drax Power Station circa. 1975**

# The need for change

A “renewable fuel” approach

## Changes in regulations led Drax to evaluate its business model:

- Drax was the largest CO<sub>2</sub> emitter in Western Europe
- Introduction of the EU Emissions Trading scheme and the UK carbon tax floor
- Government introduced 2020 renewables targets

## What did we already know

- Drax had started low scale co-firing in 2003: ~100kMT
- Fuel purchased on ad hoc basis predominantly buying agricultural residue pellets
- Moving to 1.5mMT to support an £80m+ capital project needed a new approach ...  
Long term fuel supply agreements needed

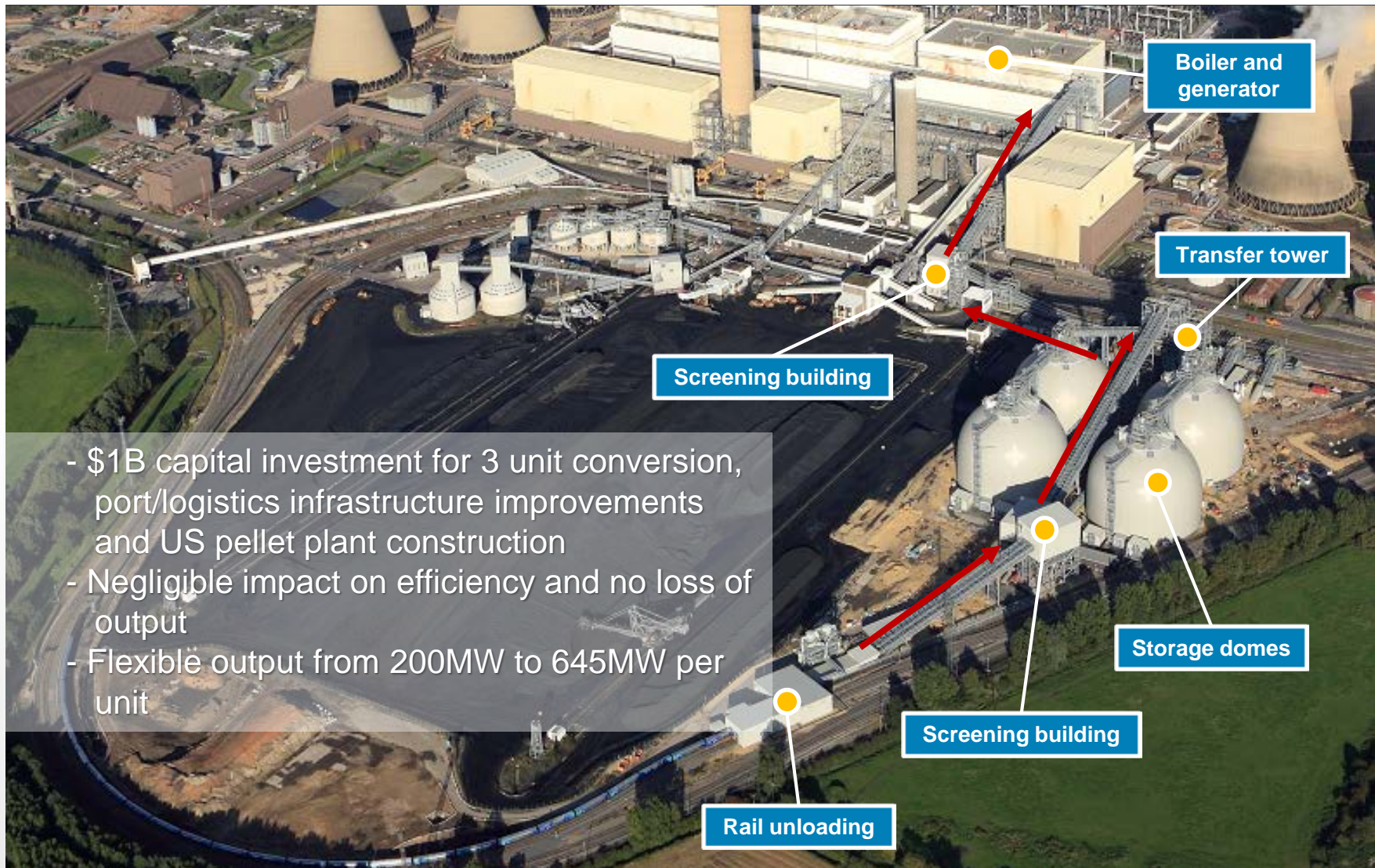
## Establishing the supply chain

- European utilities were already using biomass – but insufficient supply for Drax scale
- Initiated a consultants report on potential regions with surplus and sustainable forestry supply
- Supply chain key evaluation: country risk, feedstock supply, inland and export logistics

***Regulation created risks to the coal business,  
but also an opportunity to transform***



# Transformation of Drax Power Station



# Drax Group Summary

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## Strategic UK Generating Asset

- Largest, most efficient UK coal / biomass-fired power station
  - Providing 8% of UK electricity
  - Reliable and flexible generation – providing key support services to the UK grid
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## Strong Track Record in Biomass Generation

- Delivered Europe's largest decarbonization project on schedule and budget
  - Major carbon savings –significant contribution to UK climate change targets
  - World-leader in industrial-scale biomass technology, logistics and operations
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## Biomass Conversion Supported by Regulatory Regime

- Regulatory support grandfathered until 2027
  - Two units converted under the RO – well established market
  - Third unit Early CfD – greater revenue certainty (subject to EU State aid clearance)
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## Conservative Capital Structure

- BB-rated, publicly-traded in the UK with an equity market capitalization of over £1B
- Conservative structure with strong commitment to maintain existing credit ratings
- Robust track record of dividend payments





# Investing in the US supply chain...Drax Biomass

Amite Pellet Plant, Mississippi, US



# Mission

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*To establish Drax Biomass as a preferred partner and long-term supplier of sustainably sourced wood pellets to the global power generation, industrial and commercial markets*



# Drax Biomass at a glance

## Atlanta HQ

- ~40 employees
- Leadership and most support functions

## Morehouse BioEnergy...Bastrop, LA

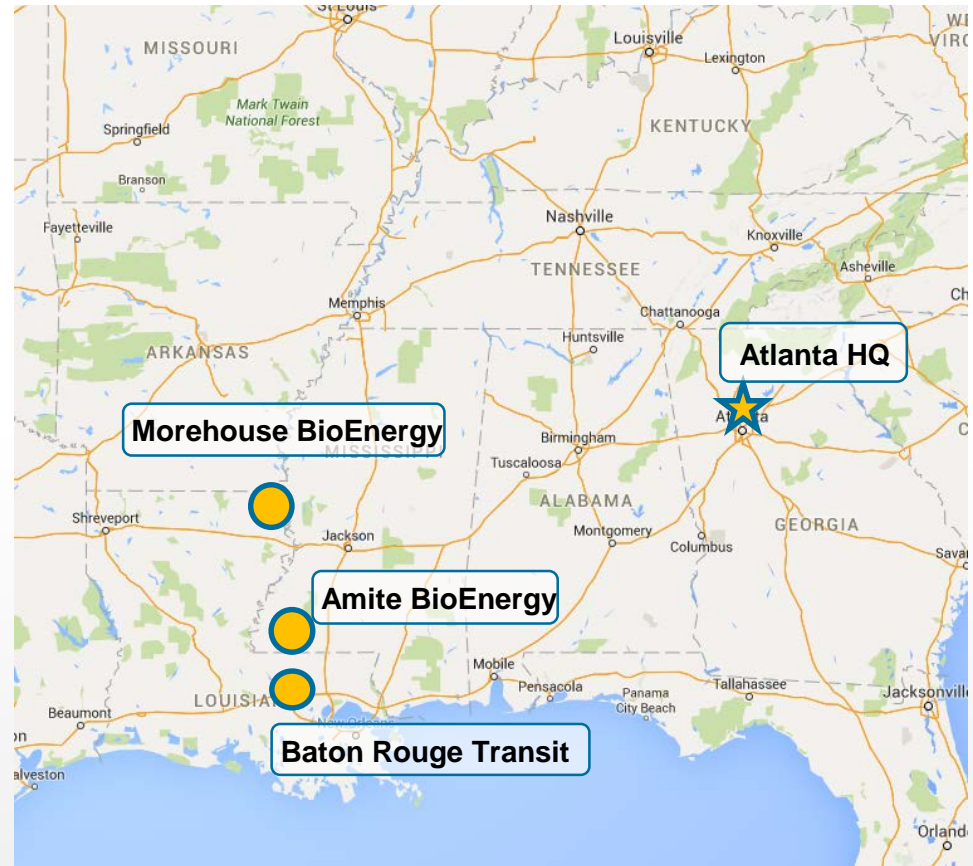
- ~55 employees
- Production capacity = 450kMT/year
- Rail-based (30 railcars/day)

## Amite BioEnergy...Gloster, MS

- ~55 employees
- Production capacity = 450kMT/year
- Truck-based logistics (57 trailers/day)

## Baton Rouge Transit...Port Allen, LA

- 10 employees (DBI and Host Terminals)
- 2M tpa handling capacity with ability to expand an additional 1M tpa
- 1.5M tpa currently contracted through port on long-term basis
- Up to 40 cargo vessels/year



# Benefits of DBI's Gulf Cluster

- ✓ **Abundant fiber supplies**
  - ...SE harvest currently 300-350 MM tons/year
  - ...~19% increase in forest inventory since 2000
- ✓ **Excess feedstock due to mill closures**
  - ...Closure of IP's Louisiana Mill (Bastrop) in 2010
  - ...Consolidation of pulp/paper industry in MS
- ✓ **Proximity to large & small landowners**
  - ...fiber catchment touches 3 states AR, LA & MS
- ✓ **Access to deepwater port**
  - ...Baton Rouge capable of handling Panamax
- ✓ **Existing transportation infrastructure**
  - ...Union Pacific rail serves MBE → BRT
- ✓ **Supportive communities**
  - ...Forestry critical to state, local economies



# Future Growth Opportunities

## Drax Biomass well positioned to execute on growth opportunities in the international and domestic markets

- Led by a dynamic management team with a proven track record and significant experience in fiber procurement, pellet production and supply chain management
- Relationship with Drax Power provides unique opportunity to offer solutions throughout the entire biomass value chain, from forest to furnace

### Production & Development

- Ability to further expand and optimize current production plants
- Robust pipeline of executable greenfield and brownfield development projects
- Proven “cluster” strategy that is replicable in other geographies
- M&A and consolidation opportunities across the value chain

### Long-Term Solutions for Partners

- Provide reliable, long-term supply to a diversified global customer base
- Develop flexible solutions that meet customer needs across biomass value chain
- Support stakeholder education on benefits of biomass power generation and coal displacement (regulators, customers, etc.)



# DBI as a Strategic Supplier

## Operating Assets & Defined Growth Plan

- Volumes from currently operating plants mitigate construction/ commissioning risks
- Production growth plan well defined and executable

## Experienced Management Team

- Seasoned executives with significant fiber procurement and wood pellet production experience

## Flexibility and Security of Supply

- Relationship with Drax Power allows us to provide optimized and flexible supply chain solutions that many others cannot

## Sustainable Forestry Commitment

- DBI promotes sustainable forestry policy and is in the process of obtaining Sustainable Biomass Partnership (SBP) certification

## Global Leader – Biomass Value Chain

- Drax Group is the global leader throughout the entire biomass value chain, from forest to furnace



**Reliable,  
Sustainable,  
High-Quality  
Supply  
Solution**



**Thank You**