

## INTERNATIONAL POWER plc

### QUARTERLY RESULTS FOR THREE MONTHS ENDED 31 MARCH 2001

(London – 30 May 2001) International Power plc, one of the world’s leading independent power producers, today announces its quarterly results for the three month period ending 31 March, 2001 and also reports on key accomplishments during the first five months of 2001.

“I am pleased to report that during the first quarter of 2001 International Power achieved strong financial results and operating performance”, said Chairman Sir Neville Simms. “The continuing strength of our Australian operations, the programmed commissioning of new plants in the US, and attractive opportunities in Europe should help us continue to grow earnings and create value for our shareholders”, he added.

<b>Financial Highlights</b>				
(Excluding exceptional items)	<b>Quarter ended 31 March 2001 £m</b>	<b>Quarter ended 31 March 2000 £m</b>	<b>Change %</b>	<b>Year ended 31 December 2000 £m <sup>1</sup></b>
<b>Turnover <sup>2</sup></b>				
Gross	297	220	+35%	1,010
Net	132	112	+18%	424
<b>Profit before interest and tax</b>	81	54	+50%	221
<b>Earnings per share</b>				
Basic	3.6p	1.8p	+100%	7.3p
Diluted	3.5p	1.8p	+ 94%	7.3p
<p>1. The results for the year ended 31 December 2000 have been derived by aggregating the audited results for the nine months ended 31 December 2000 and the management accounts for the quarter ended 31 March 2000 and making proforma adjustments to interest and tax to reflect the capital structure of the business prior to demerger.</p> <p>2. Gross turnover includes the group’s share of turnover of joint ventures and associates; net turnover represents turnover of subsidiaries only.</p> <p>3. The above results are unaudited. All information set out in this announcement relates only to the continuing business of International Power (see note 1 to the accounts for further explanation).</p>				

Q1 2001 performance has been driven by the following key factors:

- Improved pool prices and high demand in Victoria, Australia during this summer peak period.
- Strong European contribution from Deeside (UK), Pego (Portugal) and high seasonal demand at EOP (Czech Republic).
- Sound operating performance at the US plants – all four units of our Midlothian I plant achieved commercial operation in the quarter.

## Quarterly Financial Results

Basic and fully diluted earnings per share for the first quarter of 2001 were respectively 3.6p (+100% over Q1 2000), and 3.5p (+94% over Q1 2000). Gross turnover for the quarter increased by 35% to £297 million (Q1 2000: £220 million), and profit before interest and tax (PBIT) increased by 50% to £81 million (Q1 2000: £54 million). Our capital expenditure was on plan at £135 million and our operating cash flow on target at £37 million. Similarly on plan, net debt at 31 March 2001 was £1,175 million, representing gearing of 66.2%.

The geographic spread of turnover and PBIT reflects our focus on our three core regions of North America, Europe/Middle East and Australia and is analysed in the following table.

	Quarter ended 31 March 2001	Quarter ended 31 March 2000	Year ended 31 December 2000
	£m	£m	£m
<b>Turnover</b>			
North America	54	35	178
Western Mediterranean	59	47	260
Central and Northern Europe	60	60	194
Eastern Mediterranean	52	41 <sup>1</sup>	169 <sup>1</sup>
Australia	53	27	133
Asia	19	10	76
	<u>297</u>	<u>220</u>	<u>1,010</u>
<b>Gross turnover</b>			
Former associates and joint ventures	-	20 <sup>1</sup>	20 <sup>1</sup>
	<u>297</u>	<u>240</u>	<u>1,030</u>
	297	240	1,030
Less: Turnover of Joint Ventures	(45)	(14)	(110)
Turnover of Associates	(120)	(114)	(496)
	<u>132</u>	<u>112</u>	<u>424</u>
<b>Net turnover</b>			
	<u>132</u>	<u>112</u>	<u>424</u>
<b>Profit before interest and taxation (excluding exceptional items)</b>			
North America	12	9	43
Western Mediterranean	17	14	52
Central and Northern Europe	20	17	46
Eastern Mediterranean	9	14	49
Australia	25	7	53
Asia	5	2	21
	<u>88</u>	<u>63</u>	<u>264</u>
Corporate costs	(7)	(9)	(43)
	<u>81</u>	<u>54</u>	<u>221</u>
	<u>81</u>	<u>54</u>	<u>221</u>

1. Eastern Mediterranean turnover for the quarter ended 31 March 2000 and the year ended 31 December 2000 previously included £20 million that relates to businesses that have now been reclassified as trade investments.

## **Review of Regional Operations and Developments**

### **North America**

**Operating power plants:** During the first quarter of 2001 all four units of our 1,100 MW Midlothian I power station (located near Dallas, Texas) achieved commercial operation, bringing our current installed generating capacity in the United States to 1,625 MW. Existing plants already in operation, namely Milford, Hartwell and Oyster Creek, all continue to perform well.

**Start-up and Advanced Construction.** As previously reported, we remain on target to have a further 1,100 MW of CCGT capacity available for commercial service for a part of the 2001 summer peak demand period. The 570 MW Blackstone plant outside Boston and the first 550 MW of the Hays plant outside Austin, Texas are undergoing start-up testing. The first 285 MW Blackstone unit is expected to begin selling power commercially in the next few days. Thereafter, we expect to bring the remaining unit at Blackstone and the first two 275 MW units at Hays into service progressively during June and July. We have begun selling forward a portion of the Blackstone output for this summer's peak.

In addition, construction of Midlothian II (550 MW) and the last two units at Hays (550 MW) remain on schedule for commercial operation in Q4 2001. The 570 MW Bellingham power plant (Massachusetts) remains on target for completion in Q1 2002. With the conclusion of this construction programme early next year, our total installed generating capacity in the US will be 4,400 MW.

**Development Projects.** We continue our development programme in New York, where a formal application will be filed within the next few days with the New York State Public Service Commission for the 550 MW Brookhaven CCGT power plant on Long Island, where grid officials predict tight supply conditions. Permitting of the 1,100 MW development site at Ramapo (New York) continues to move forward.

In addition, we continue to pursue a range of development opportunities currently representing some 3,850 MW of base load capacity that are in various stages of advanced development. These opportunities include the 550 MW West Texas Energy project in El Paso, Texas which serves the important Western Systems Coordinating Council (WSCC), and where permitting has been completed.

**Financing activity:** As previously reported, we have undertaken the refinancing of our US merchant fleet. We are pleased to report that our US\$1.375 billion credit facility has been fully subscribed. We expect to complete the documentation and close the transaction in early June.

### **Europe/Middle-East**

**Operating power plants:** Our Deeside station in the UK continues to perform well in 2001, achieving high availability throughout Q1. The plant successfully managed the transition to the New Electricity Trading Arrangement (NETA) launched in March 2001 without incident or negative impact on its financial performance. Looking ahead, we maintain our positive view on the UK energy market.

In the Czech Republic, EOP was recently recognized as the “most admired energy company,” and was the recipient of the “Health, Safety and Environment Award 2000 ” from the Business Leaders Forum, an international movement for good corporate citizenship. In Q1 2001, EOP performed strongly, benefiting from high seasonal demand for both electricity and district heating.

Both Union Fenosa Generacion - UFG - (Spain) and Pego (Portugal) performed well in Q1 2001 driving up turnover and PBIT in the Western Mediterranean region by 26% and 21% respectively compared to Q1 2000.

We continue to closely monitor the economic conditions in Turkey, where our Marmara asset has experienced payment delays from the Turkish state off-taker (TEAS). The receivable is covered by Turkish Treasury guarantees and we remain confident that TEAS, with the support of the Turkish government, will honour its obligations.

***Construction and Development Projects:*** We are pleased to announce today an agreement with Ansaldo Energia (a Finmeccanica subsidiary) and ASM Brescia (Italy’s fourth largest municipal utility) to co-develop a further 1,600 MW CCGT project in Lombardy, Italy. This takes our Italian CCGT development programme to 8,800 MW from the previously announced programme of 7,200 MW. Our involvement in all these projects will now be in conjunction with Union Fenosa – the holding company of UFG.

In Spain, the Ministry of Environment has given environmental impact approval for an 800 MW CCGT plant being developed by our associate, UFG. Advanced development work is underway on a further 1,600 MW, and several other opportunities are under detailed study.

## **Australia**

***Operating plants:*** Our Australian results for the first quarter of 2001 were significantly up on Q1 2000. This was largely due to higher pool prices in Victoria during the summer peak, averaging almost A\$60 per megawatt-hour, and Hazelwood’s continued strong operating performance. Since the last summer peak demand period in Australia, the upswing we anticipated in Victoria power pool spot market prices has materialised and is reflected in our results. In South Australia, our 490 MW Pelican Point CCGT plant achieved full commercial operation on 19 March 2001 and has performed well since then.

***Construction and Development Projects:*** We are pleased to announce today our intention to add up to another 105 MW of peaking capacity at the Synergen sites in South Australia. It is our objective to secure permitting for this development programme and have construction completed in time for commercial operation during the 2001-2002 Australian summer peak season.

In addition, together with Origin Energy, we are developing a gas pipeline from Victoria to South Australia in order to provide a second source of gas for our gas-fired plants, including Pelican Point.

## **Rest of the World**

***Pakistan*** – Hubco declared on 15 May 2001 its first dividend since the new settlement agreement was put in place last December, resolving a three-year tariff dispute. This dividend will contribute some £5m to our cash flow. We continue to take a cautious line on profit recognition from our investments in Pakistan.

***Kazakhstan*** -- In partnership with Ormat (an Israeli company) International Power owns 50% of a 635 MW cogeneration plant in Karaganda, Kazakhstan. The facility has been financially under-performing for a long time and was fully written down at March 2000. In April 2001, we ceased active participation in the plant's operation and limited our involvement to that of a passive investment.

***Malaysia*** -- Malakoff continued to perform in line with plan in Q1 2001. Construction has now commenced on the 650 MW extension at the 1,300 MW Lumut power station. The expansion at Lumut will be completed in two phases with 420 MW of open cycle capacity expected to enter service by the end of Q1 2002, and another 230 MW of closed cycle capacity during Q1 2003.

***Thailand*** – Our 110 MW CCGT plant in Thailand continues to operate in line with original plan.

## **Outlook**

Our Q1 2001 results keep us firmly on track to deliver our objectives of growing the business and enhancing shareholder value. The Q1 2001 financial results demonstrate the sound fundamentals of our “three pillar” strategy. However, we continue to remain vigilant and monitor risks and developments in both our US construction programme and our markets.

As stated previously, we do not expect to pay any dividends on our Ordinary Shares in the foreseeable future, but rather intend to retain earnings to fund the development and growth of our business. We have changed our year end to 31 December and, with this announcement, have begun to report our results on a quarterly basis.

We will be hosting our first investor conference on October 3 and 4 of this year in Newport, Rhode Island. Our senior management team, including regional and functional heads, will present an overview of our operations and provide investors with an opportunity to visit our Blackstone plant.

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## **NOTES TO EDITORS-**

International Power is one of the world's largest independent electric generating companies with over 8,350 MW (net) in operation, 3,200 MW (net) under construction and approximately 8,000 MW (net) in advanced development. Among the countries where International Power has operating facilities are Australia, the United States, the United Kingdom, the Czech Republic, Portugal, Spain, Turkey, Malaysia, Pakistan, and Thailand. International Power was created from the demerger of National Power, and its shares began trading independently on the London Stock Exchange and as ADRs on the New York Stock Exchange on 2 October 2000. The ticker symbol on both stock exchanges is “IPR”.

**International Power plc**  
**Consolidated Profit and Loss Account**  
**For the quarter ended 31 March 2001**

	Quarter ended 31 March 2001 £m	Quarter ended 31 March 2000 £m	Nine months ended 31 December 2000 £m	Year ended 31 December 2000 £m
Turnover: Group and share of joint ventures and associates	297	240	790	1,030
Less: share of joint ventures' turnover	(45)	(14)	(96)	(110)
Less: share of associates' turnover	(120)	(114)	(382)	(496)
Group turnover	132	112	312	424
Operating costs:				
Ordinary costs	(98)	(98)	(253)	(351)
Exceptional	-	(71)	-	(71)
<b>Operating profit/(loss)</b>	34	(57)	59	2
Share of operating profit in:				
Joint ventures	11	4	14	18
Associates	36	36	94	130
Total operating profit/(loss): Group and share of joint ventures and associates	81	(17)	167	150
Non operating exceptional items:				
Loss on operations to be discontinued	-	-	(25)	(25)
Demerger costs	-	-	(49)	(49)
Reorganisation costs	-	-	(25)	(25)
	-	-	(99)	(99)
<b>Profit/(loss) on ordinary activities before interest and taxation</b>	81	(17)	68	51
Net interest payable and similar charges				
Group	(8)	(9)	(37)	(46)
Joint ventures	(4)	(3)	(10)	(13)
Associates	(11)	(11)	(34)	(45)
	(23)	(23)	(81)	(104)
<b>Profit/(loss) on ordinary activities before taxation</b>	58	(40)	(13)	(53)
Taxation	(17)	(8)	(21)	(29)
<b>Profit/(loss) on ordinary activities after taxation</b>	41	(48)	(34)	(82)
Minority interests – equity	(1)	(2)	(4)	(6)
Profit/(loss) for the financial period	40	(50)	(38)	(88)
Ordinary dividends	-	-	-	-
Demerger dividend	-	-	(392)	(392)
<b>Retained profit/accumulated (loss) for the financial period</b>	40	(50)	(430)	(480)
<b>Earnings/(loss) per share:</b>				
Basic				
excluding exceptional items	3.6p	1.8p	5.5p	7.3p
including exceptional items	3.6p	(4.3)p	(3.4)p	(7.9)p
Diluted				
excluding exceptional items	3.5p	1.8p	5.5p	7.3p
including exceptional items	3.5p	(4.3)p	(3.4)p	(7.9)p

**International Power plc**  
**Consolidated Balance Sheet**  
**As at 31 March 2001**

	<b>31 March 2001 £m</b>	<b>31 March 2000 £m</b>	<b>31 December 2000 £m</b>
<b>Fixed assets</b>			
Intangible assets	(26)	-	(26)
Tangible fixed assets	2,346	1,714	2,214
Fixed asset investments	<u>841</u>	<u>758</u>	<u>824</u>
Total fixed assets	<u>3,161</u>	<u>2,472</u>	<u>3,012</u>
<b>Current assets</b>			
Stocks	22	11	21
Debtors	131	93	132
Investments	-	1,178	-
Cash at bank and in hand	<u>80</u>	<u>-</u>	<u>107</u>
<b>Total current assets</b>	<u>233</u>	<u>1,282</u>	<u>260</u>
Creditors: amounts falling due within one year	<u>(354)</u>	<u>(772)</u>	<u>(358)</u>
<b>Net current (liabilities)/assets</b>	<u>(121)</u>	<u>510</u>	<u>(98)</u>
<b>Total assets less current liabilities</b>	3,040	2,982	2,914
Creditors: amounts falling due after more than one year	(1,218)	(1,062)	(1,128)
Provisions for liabilities and charges	<u>(46)</u>	<u>(48)</u>	<u>(51)</u>
<b>Net assets</b>	<u>1,776</u>	<u>1,872</u>	<u>1,735</u>
<b>Capital and reserves</b>			
<b>Shareholders' funds</b> – equity	1,723	1,728	1,683
<b>Minority interests</b> – equity	<u>53</u>	<u>144</u>	<u>52</u>
<b>Total equity</b>	<u>1,776</u>	<u>1,872</u>	<u>1,735</u>

Net debt	<u>1,175</u>	<u>261</u>	<u>1,071</u>
<i>Gearing</i>	66.2%	13.9%	61.7%
<i>Debt Capitalisation</i>	39.8%	12.2%	38.2%

**International Power plc**  
**Consolidated Cash Flow Statement**  
**For the quarter ended 31 March 2001**

	<b>Quarter ended 31 March 2001 £m</b>	<b>Nine months ended 31 December 2000 £m</b>
Net cash inflow from operating activities before exceptional items	37	46
Net cash outflow arising from exceptional items	(5)	(56)
	<hr/> 32	<hr/> (10)
Dividends received from joint ventures and associates	17	21
Returns on investments and servicing of finance	(23)	(44)
Taxation	(5)	(10)
Capital expenditure and financial investment	(135)	(576)
Acquisitions and disposals	-	(42)
Equity dividends paid	-	(116)
	<hr/> (114)	<hr/> (777)
<b>Net cash outflow before management of liquid resources and financing activities</b>	<b>(114)</b>	<b>(777)</b>
Net cash inflow from financing activities not arising from movement in net debt	-	4
	<hr/> (114)	<hr/> (773)
<b>Change in net debt resulting from cash flows</b>	<b>(114)</b>	<b>(773)</b>
Other non-cash movements	(3)	(5)
Translation differences	13	(32)
	<hr/> (104)	<hr/> (810)
<b>Movement in net debt in the period</b>	<b>(104)</b>	<b>(810)</b>
<b>Net debt at the start of the period</b>	<b>(1,071)</b>	<b>(261)</b>
	<hr/> (1,175)	<hr/> (1,071)
<b>Net debt at the end of the period</b>	<b>(1,175)</b>	<b>(1,071)</b>

# International Power plc

## Notes to the accounts

### Quarter ended 31 March 2001

#### 1. Basis of preparation of accounts

The accounts for the three months ended 31 March 2001 have been prepared using the same accounting policies as those adopted for the statutory nine month period ended 31 December 2000.

International Power plc (previously National Power PLC) demerged its UK energy business (now owned by Innogy Holdings plc) resulting in shareholders owning shares in both International Power plc and Innogy Holdings plc. The demerger became unconditional on 30 September 2000. For accounting purposes, the demerger is treated as a disposal of the UK energy business with effect from this date. These results, including comparative figures, reflect only the continuing business of International Power. In allocating the interest charge for the previous period between the continuing and discontinued business it has been assumed that the capital structures in place at the date of demerger had been in place since the beginning of the period. Tax charges for the previous period have been independently calculated on a stand-alone basis for International Power.

#### 2. Geographical segmental analysis

	Quarter ended 31 March 2001 £m	Quarter ended 31 March 2000 £m	Nine months ended 31 December 2000 £m	Year ended 31 December 2000 £m
<b>Turnover</b>				
North America	54 <sup>1</sup>	35	143 <sup>1</sup>	178 <sup>1</sup>
Western Mediterranean	59	47	213	260
Central and Northern Europe	60	60 <sup>2</sup>	134	194 <sup>2</sup>
Eastern Mediterranean	52	61 <sup>3</sup>	128	189 <sup>3</sup>
Australia	53	27	106	133
Asia	19	10	66	76
	<hr/>	<hr/>	<hr/>	<hr/>
	297	240	790	1,030
Less: Turnover of Joint Ventures	(45)	(14)	(96)	(110)
Less: Turnover of Associates	(120)	(114)	(382)	(496)
	<hr/>	<hr/>	<hr/>	<hr/>
	132	112	312	424
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Profit before interest and taxation (excluding exceptional items)</b>				
North America	12	9	34	43
Western Mediterranean	17	14	38	52
Central and Northern Europe	20	17	29	46
Eastern Mediterranean	9	14	35	49
Australia	25	7	46	53
Asia	5	2	19	21
	<hr/>	<hr/>	<hr/>	<hr/>
	88	63	201	264
Corporate costs	(7)	(9)	(34)	(43)
	<hr/>	<hr/>	<hr/>	<hr/>
	81	54	167	221
	<hr/>	<hr/>	<hr/>	<hr/>

1. North America turnover includes amounts receivable in respect of the late commissioning of new power plants amounting to £12 million (three months ended 31 March 2000: nil; nine months ended 31 December 2000: £28 million).
2. Turnover for the Central and Northern Europe region for the three months ended 31 March 2000 and for the twelve months ended 31 December 2000 has been reduced by £76 million to reflect a change in the basis on which turnover is recorded. This has no impact on profit recognition.
3. Eastern Mediterranean turnover for the three months ended 31 March 2000 and the twelve months ended 31 December 2000 includes £20 million that relates to businesses now reclassified as trade investments.

# International Power plc

## Notes to the accounts

### Quarter ended 31 March 2001

#### 3. Exceptional Items

	Quarter ended 31 March 2001 £m	Quarter ended 31 March 2000 £m	Nine months ended 31 December 2000 £m	Year ended 31 December 2000 £m
Operating exceptional items:				
Impairment provisions	-	61	-	61
Gas swaps and hedges	-	9	-	9
Reorganisation costs	-	1	-	1
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Exceptional items in operating costs</b>	-	71	-	71
Non operating exceptional items:				
Sale/ termination of Chinese operations	-	-	25	25
Demerger costs	-	-	49	49
Restructuring costs	-	-	25	25
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Non operating exceptional items</b>	-	-	99	99
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Exceptional items</b>	-	71	99	170

The operating exceptional items for the three months ended 31 March 2000 represent one quarter of the charge for the full year.

#### 4. Dividends

	Quarter ended 31 March 2001 £m	Quarter ended 31 March 2000 £m	Nine months ended 31 December 2000 £m	Year ended 31 December 2000 £m
Ordinary dividend	-	-	-	-
Demerger dividend	-	-	392	392
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total dividend</b>	-	-	392	392

The demerger dividend represents the book value of the net assets of the UK energy business as at the date of demerger, which were distributed to shareholders in the form of ordinary shares in Innogy Holdings plc.

#### 5. Earnings per share

The number of shares used in the basic earnings per share calculation was 1,117.5 million (three months ended 31 March 2000: 1,160.5 million, nine months ended 31 December 2000: 1,116.9 million and twelve months ended 31 December 2000: 1,130.4 million). The number of shares used in the diluted earnings per share calculation was 1,201.4 million (three months ended 31 March 2000: 1,161.3 million, nine months ended 31 December 2000: 1,116.9 million and twelve months ended 31 December 2000: 1,130.4 million).

# **International Power plc**

**Notes to the accounts**

**Quarter ended 31 March 2001**

## **6. Annual Report and Accounts**

The financial information included for the three months ended 31 March 2000 and 2001 and the twelve months ended 31 December 2000 are unaudited. The financial information included for the nine months ended 31 December 2000 is derived from the statutory accounts for that period, which have been delivered to the Registrar of Companies. The auditors have reported on the nine months ended 31 December 2000 accounts; their report was unqualified and did not contain statements under Section 237 (2) or under Section 237 (3) of the Companies Act 1985.

Copies of the full Annual Report and Accounts for the nine months ended 31 December 2000 are available from the company's website [www.internationalpowerplc.com](http://www.internationalpowerplc.com) or by calling or writing to International Power plc, Senator House, 85 Queen Victoria Street, London EC4V 4DP. Telephone: 020 7320 8619.