COVER SHEET

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SEC Registration Number

SEMIRARA MINING AND POWER CORPORATION

(Company's Full Name)

2nd Floor DMCI PLAZA
2281 DON CHINO ROCES AVENUE
MAKATI CITY

(Business Address: No. Street City/Town/Province)

John R. Sadullo

(Contact Person)

(632) 888-3000/3055

(Company Telephone Number)

1 2 3 1

(Fiscal Year)

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(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **May 2, 2023**
   Date of Report

2. SEC Identification No.: **0000091447** 3. BIR Tax Identification No.: **000-190-324-000**

4. **SEMIRARA MINING AND POWER CORPORATION**
   Exact name of issuer as specified in its charter

5. **Philippines** 6. (SEC Use Only)
   Province, country or other jurisdiction of incorporation Industry Classification Code:

7. **2/F DMCI Plaza, 2281 Chino Roces Avenue, Makati City** **1231**
   Address of principal office Postal Code

8. **(632) 888-3000**
   Issuer's telephone number, including area code

9. **N.A.**
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock (Outstanding)
Common Shares	**4,250,547,620**

11. Indicate the item numbers reported herein: **Item 9**.

The Board of Directors at its meeting held today, May 2, 2023, reviewed and approved the Corporation’s unaudited consolidated financial statements for the period ended March 31, 2023, as follows:

MANAGEMENT’S DISCUSSION AND ANALYSIS
OF CONSOLIDATED RESULTS OF OPERATIONS AND FINANCIAL CONDITION
AS OF AND FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022

March 31, 2023 (Unaudited) vs March 31, 2022 (Unaudited)

I. RESULTS OF OPERATIONS

The table below summarizes the performance of Semirara Mining and Power Corporation (SMPC), its operating subsidiaries SEM-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC), and other non-operating subsidiaries, collectively referred to as “the Group” for the period ended March 31, 2023 and 2022.

- SMPC is the only vertically-integrated power generator in the country that runs on its own fuel. The largest domestic coal producer, it supplies affordable fuel to power plants, cement factories and other industrial facilities across the Philippines. It also exports coal to China, South Korea, Vietnam and other nearby markets.

- SCPC and SLPGC generate baseload power for the Luzon-Visayas grid. Both supply electricity through bilateral contract quantity (BCQ) and the wholesale electricity spot market (WESM).

In Php Millions	January to March (Q1)		
except EPS	**2023**	**2022**	**Change**
SMPC	5,274	13,017	-59%
SCPC	3,113	1,704	83%
SLPGC	632	307	106%
Others	10	(1)	1,100%
Core Net Income	**9,029**	**15,027**	**-40%**
Nonrecurring Items	-	-	-
Reported Net Income	**9,029**	**15,027**	**-40%**
EPS (reported)	**2.12**	**3.54**	**-40%**

Q1 2023 vs Q1 2022 Consolidated Highlights

- The SMPC Group recorded a 40-percent decline in net income from P15.03 billion to P9.03 billion mostly due to high base effect, as it generated its highest-ever quarterly bottom line during the same period last year. Earnings per share likewise contracted from P3.54 to P2.12, while return on equity reached 15% over the three-month period.

  Quarter over quarter, net income more than doubled (130%) from P3.92 billion (Q4 2022). The Group bottom line was also more than triple (288%) its pre-pandemic (Q1 2019) result of P2.33 billion.

  Total revenues fell by 29% from P29.06 billion to P20.71 billion on reduced coal contribution, cushioned by improved power performance. Cash costs regressed at a slower pace (23%) from P12.32 billion to P9.49 billion on the combined effect of lower government share and higher operating expenses.

  Government share declined by 47% from P6.09 billion to P3.22 billion while operating expenses jumped by 50% from P745 million to P1.12 billion.

  The company recognized P429 million in net forex losses versus a net forex gain of P182 million owing to market volatility. During the three-month period, monthly Peso:US$ forex rate appreciated by 3% from P56.1:US$1 (as of December 31, 2022) to P54.4:US$1 (as of March 31, 2023).

- Contribution from the coal segment dropped by 59%, while the power segment recorded an 87-percent uptrend in contribution. Consequently, contribution attributable to the power segment rose to 42% from 13% last year.

- Coal contributed 58% to the Group core net income, followed by SCPC (34%) and SLPGC (7%).

- Last March 27, SMPC declared cash dividends amounting to P3.50 per share, totaling to P14.88 billion, which came from its unrestricted retained earnings. Dividend payment was made on April 25. In turn, current ratio decreased from 2.91x (at the beginning of the year) to 1.73x at the end of March. Debt ratio rose from 0.36 to 0.67 and book value per share declined from 15.12 to 13.74.

- Group balance sheet remained very healthy with cash balance growing by 25% from P20.06 billion (end of 2022) to P25.12 billion. Debt levels fell by 7% from P10.23 billion to P9.56 billion following loan amortization.

Q1 2023 vs Q1 2022 Segment Performance

Coal

Standalone revenues sank by 40% from P25.72 billion to P15.49 billion mainly due to lower shipments and selling prices. Reported net income slumped by 51% from P14.22 billion to P6.96 billion on topline weakness and slower decline in cash costs.

Net of intercompany eliminations, reported net income plunged by 59% from P13.02 billion to P5.27 billion. Eliminating entries increased by 40% from P1.21 billion to P1.69 billion owing to higher electricity generation following improved power plant operations.

Eliminating entries reflect gross margins from intercompany transactions between the coal and power segments.

To further explain the coal segment performance:

- **Lower shipments.** Total shipments dropped by 31% from 5.1 million metric tons (MMT) to 3.5 MMT as the company pulled back on exports due to price volatility. Foreign shipments contracted by 52% from 3.1 MMT to 1.5 MMT, while domestic sales was unchanged year-on-year (2.0 MMT).

  China shipments shrank by 52% from 2.2 MMT to 1.1 MMT, and accounted for 72% of exports. South Korea was a steady market at 0.3 MMT, accounting for one-fifth of foreign sales. The rest of the exports went to Japan (5%) and Brunei (3%).

  Sale to own plants soared by 80% from 0.5 MMT to 0.9 MMT on higher SCPC and SLPGC plant availability. Higher internal utilization offset slower external sales, which receded by 27% from 1.5 MMT to 1.1 MMT.

- **Slipping prices.** Semirara coal average selling prices (ASP) decelerated by 14% from P5,125 per metric ton (MT) to P4,427 per MT on sluggish external sales and higher shipments of lower grade coal, which doubled from 0.3 MMT to 0.6 MMT.

  Average Newcastle prices corrected by 6% from US$263.7 to US$247.8, while average Indonesian Coal Index 4 (ICI4) declined by 7% from US$82.3 to US$76.8.

- **Slower COS-cash decline.** The cash component of cost of sales (COS) fell by 9% (vs. 40% topline decline) from P4.50 billion to P4.10 billion mainly due to lower shipments and exceptionally high selling prices last year.

- **Increased operating and other expenses.** Operating expenses grew by 48% from P165 million to P244 million on higher labor costs, acquisition and renewal of system licenses and office renovation expenses.

  The company recognized P426 million in net forex losses in other expenses (from P185 million in net forex gain last year) as the Philippine peso appreciated versus the US dollar. As of end of Q1 2023, 64% of net forex losses remained unrealized.

- **Reduced margins.** Core EBITDA margin narrowed from 58% to 51% on weaker topline, balanced out by lower government share. Consequently, net income margin slimmed from 55% to 45% due to the combined effect of higher other expenses, lower noncash items and higher finance income. Finance income expanded by 35x from P6 million to P208 million following record-high cash balances.

The segment also reported the following operational highlights:

- **Production slowdown.** Production declined by 9% due to the depletion of South Block 5, advance stripping activities in South Block 6 (a new area in Molave mine) and resumption of operations in Narra mine.

In effect, total materials moved rose by 31% from 42.1 million bank cubic meters (BCM) to 55.2 BCM. Strip ratio surged by 50% from 5.6 to 8.4 largely driven by higher Narra mine strip ratio, which stood at 24.51. Accounting for 89% of total production, Molave mine had a strip ratio of 7.47.

Full-year average strip ratio guidance is 12.32, a slight improvement from the previous guidance of 12.75.

- **Inventory growth.** Robust production and slower exports led to a 63-percent jump in the total coal ending inventory from 2.7 MMT to 4.4 MMT. High-grade coal inventory also rose by double-digits (55%) from 2.0 MMT to 3.1 MMT.

<u>Power</u>

At the standalone level, power revenues expanded by 59% from P4.81 billion to P7.66 billion, the highest for any given quarter. Meanwhile, standalone net income more than doubled (170%) from P774 million to P2.09 billion, the highest for a Q1 period.

Net of intercompany eliminations, the segment's net income soared by 86% from P2.01 billion to P3.75 billion, best-ever results for a Q1 period. The outstanding results were attributable to the following:

- **Improved plant availability.** Overall plant availability rallied by 48% from 58% to 86% largely driven by improved SCPC availability following the commercial operation of Unit 2 on October 9, 2022.

  SCPC availability nearly doubled from 50% to 99%, while SLPGC availability likewise improved from 65% to 72%.

  Total average capacity surged by 32% from 520 MW to 688 MW as SCPC Unit 2 was down from January to March last year.

- **Higher gross generation and sales.** Total gross generation recovered by 44% from 914 GWh to 1,316 GWh as both SCPC and SLPGC recorded better plant availability and average capacity.

  Consequently, total power sales accelerated by 37% from 908 GWh to 1,241 GWh, bulk (71%) of which was sold to the spot market. Spot sales swelled by 69% from 522 GWh to 880 GWh on higher overall output and lower contracted capacity.

  BCQ sales declined by 6% from 386 GWh to 361 GWh following a slight drop (2%) in contracted capacity from 190.35 MW to 189.15 MW in January 2022 and January 2023.

- **Double-digit ASP growth.** While average selling prices to WESM (spot) subsided by 2% from P6.84/KWh to P6.69/KWh, higher spot sales and BCQ prices boosted overall ASP, which grew by 17% from P5.29/KWh to P6.17/KWh.

  BCQ ASP jumped by 53% from P3.20/KWh to P4.90/KWh owing to fuel pass-through provisions and renegotiated contracts with better prices.

- **Ample uncontracted capacity.** At the end of Q1 2023, only 26% of the 720MW dependable capacity was tied to contracts (188.7 MW), which were mostly under SLPGC (76% or 143.7MW).

  Net of station service (59.4MW), which varies from time to time, the segment had 471.9MW capacity exposed to the spot market. Station service pertains to the electricity produced by the plant that is used within the facility to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for plant operation.

- **Lower replacement power purchases.** Total spot purchases contracted by 33% from P493 million to P331 million because of better plant availability and capacity, coupled with slightly lower contracted capacity. The segment was a net seller to the market by 834 GWh (vs 453 GWh in Q1 2022).

SCPC standalone revenues soared by 78% from P3.13 billion to P5.56 billion largely due to improved plant availability, average capacity and spot market sales. Its net income more than doubled (124%) from P776 million to P1.74 billion because of higher topline and effective fuel cost management.

EBITDA margin was flattish from 47% to 48% owing to higher operating expenses, while net income margin expanded from 25% to 31% on better topline and other income.

Net of intercompany eliminations, SCPC's net income contribution grew by 83% from P1.70 billion to P3.11 billion. Intercompany eliminations rose by 48% from P928 million to P1.38 billion, given the improved electricity generation and dispatch. To elaborate:

- **Improved operations.** Plant availability recovered by 98% from 50% to 99% with the continuous operation of Unit 1 and commercial operation of Unit 2 last October 9, 2022. Unit 2 had a short unplanned outage for less than two days (January 12 to 13) due to generator rotor insulation grounding.

  With Unit 2 running, average capacity surged by 79% from 235MW to 420MW. The improvement was tempered by Unit 2's deration to 180 MW due to vibration issues.

  Higher availability and capacity led to a 77-percent upswing in gross generation from 508 GWh to 901 GWh. In turn, total power sales widened by 73% from 478 GWh to 829 GWh, which mostly went to the spot market.

  Spot sales surged by 72% from 434 GWh to 747 GWh, while BCQ sales rose by 86% from 44 GWh to 82 GWh. Spot sales accounted for bulk (90%) of total power sales.

- **Decreased spot buys.** Continuous running days of both power plants, coupled with better average capacity, trimmed replacement power purchase to nearly zero (0.4 MW). Replacement power purchases contracted by 33% from P15 million to P10 million. SCPC was a net seller to the spot market at 747 GWh compared to 432 GWh same period last year.

- **Better selling prices.** Overall ASP rose by 2% from P6.55/KWh to P6.70/KWh owing to the uptrend in spot sales (72% or 313 GWh more) and fuel pass-through of some BCQ sales.

  Spot ASP slightly weakened (-2%) from P6.83/KWh to P6.72/KWh, while BCQ ASP swelled by 74% from P3.77/KWh to P6.56/KWh.

- **Ample uncontracted capacity.** As of March 31, 2023, SCPC has 45 MW or 11% contracted capacity (out of 420 MW dependable capacity). Net of station service (29.4 MW), the company has 345.6 MW capacity available for spot sales.

- **Slower cash cost growth.** Total cash costs climbed by 75% from P1.66 billion to P2.89 billion, slightly lower than the topline (78%), largely on the combined effect of efficient coal blending, use of lower-grade coal and higher taxes and maintenance expenses.

SLPGC standalone revenues jumped by 25% from P1.68 billion to P2.10 billion mainly due to higher spot sales and better selling prices. From a net loss of P2 million, earnings recovered to P357 million on stronger topline, effective fuel cost management and reduced replacement power.

Net of intercompany eliminations, net income more than doubled (106%) from P307 million to P632 million owing to the following:

- **Higher plant availability.** Overall plant availability improved by 11% from 65% to 72% due to a reduction in outage days (50 days vs 63 days in Q1 2022).

Unit 1 availability slipped by 3% from 91% to 88% due to a 3-day increase in outage days (11 days vs 8 days in Q1 2022), while Unit 2 reported better (46%) availability from 39% to 57% due to lower outage days (39 days vs 56 days in Q1 2022).
Average capacity during running days fell by 6% from 285 MW to 268 MW on occasional plant deration incidents.
With the combined effect of higher availability and less average capacity, gross generation marginally improved (2%) from 406 GWh to 415 GWh.

- **Lower sales.** Total power sales declined by 4% from 430 GWh to 412 GWh as a result of lower contracted capacity and replacement power requirement. Bulk (68%) of sales were through bilateral contracts, which declined by 18% from 342 GWh to 279 GWh. Spot sales accelerated by 51% from 88 GWh to 133 GWh.

  As of March 31, nearly half (143.70 MW) of the 300 MW dependable capacity is contracted with no fuel pass-through provision in place. Net of capacity allocated for station service (30MW), SLPGC has 126.3MW of capacity exposed to the spot market.
- **Better selling prices.** Overall ASP improved by 31% from P3.90/KWh to P5.09/KWh due to higher spot sales and improved BCQ prices.

  Spot ASP fell by 5% from P6.91/KWh to P6.54/KWh on tapering fuel prices, while BCQ ASP accelerated by 41% from P3.13/KWh to P4.41/KWh due to new PSAs contracted during second half of last year and renegotiated contract price in an existing PSA.

- **Less spot buys.** Replacement power purchases declined by 33% from P478 million to P321 million on the back of better plant availability and less contracted capacity. SLPGC was a net seller to the spot market at 87 GWh (from 21 GWh in Q1 2022).

- **Better margins.** EBITDA margin widened from 19% to 38% on lower replacement power purchases and utilization of lower grade coal, which were tempered by higher business taxes and plant maintenance costs.

  From a negative margin, net income margin recovered to 17% due to better topline despite lower sales and booking of tax provisions.

- **Higher taxes.** Provision for income taxes grew to P118 million from zero last year due to a P2 million net loss.

CAPEX
Group capex dropped by 60% in Q1 mostly due to timing issues as capital spending for both the coal and power segments are scheduled for the latter part of the year. Lower outage days during the period also contributed to less requirements for power plant maintenance spending.

In Php billions	Q1 2023	Q1 2022	Change		2023F	2022A	Change
Coal	0.7	1.6	-56%		4.1	2.5	64%
SCPC	0.1	0.2	-50%		1.3	1.2	8%
SLPGC	0.1	0.2	-50%		0.6	0.6	0%
Total	**0.8**	**2.0**	**-60%**		**6.0**	**4.3**	**39%**

2023 full year capex is projected at P6.0 billion, 39% higher than the P4.3 billion spent in 2022.

Most (68%) of the budget will go to the coal segment for its replacement and acquisition of mining equipment. The investment is expected to boost material handling capacity and improve cost efficiency.

Meanwhile, the power segment projects a modest uptick (5%) in full-year capex because of the planned rewinding of the SCPC Unit 2 GEC Alsthom old generator by end of 2023. The rewound equipment will replace the defective GE generator in the said plant. With the replacement, dependable capacity is expected to return to 300MW. The rest of the capex will be used for routine plant maintenance activities.

Market Review and Outlook

Coal

Year on year, global coal prices have softened and remained range-bound, particularly during February and March.

The average Newcastle price (NEWC) in Q1 2023 decreased from US$263.7 to US$247.8, while the Indonesian Coal Index 4 (ICI4) price contracted by 7% from US$82.3 to $76.8. This decline is attributable to higher internal production in China, its shift towards heavily discounted Russian coal, and easing energy markets.

Factors such as a milder-than-expected winter season, lower natural gas prices, and increasing renewable energy capacity have also contributed to the downward trend in NEWC prices since its quarterly peak in Q3 2022 at US$420.7.

Despite the recent correction in global coal markets, both NEWC and ICI4 indices remain significantly above their 2021 levels. NEWC is currently 1.8x higher than its Q1 2021 price of US$88.7, while ICI4 has increased by 86% from US$41.4 during the same period. The gap between these two indices has narrowed in Q1 and is expected to maintain this trend throughout the year.

Over the course of the year, thermal coal is expected to remain a key energy source in Asia as temperatures rise in the coming months and hydropower plant capacity in China subsides. We anticipate Chinese and Indian buyers to increase their stockpiles, which should sustain ICI prices at elevated levels.

Management projects elevated ASP for Semirara coal, as higher utilization of non-commercial grade coal by its power plants would allow the company to boost shipments of higher grade coal to external buyers.

The full-year average NEWC for 2023 is estimated to be around US$206, a marked decline (- 47%) from the 2022 average of US$362.8.

Power

Average generator spot prices in the Luzon-Visayas grid slightly declined (-5%) in the first quarter from P6.54/KWh to P6.23/KWh, primarily due to high base effect as the outage of the Luzon-Visayas grid's High Voltage Direct Current in January led to a spike in Luzon prices in Q1 2022.

Full-year average Wholesale Electricity Spot Market (WESM) spot price for 2023 is seen to remain relatively stable, hovering just above the 2022 average of P7.39/KWh. Peak prices are projected to exceed P8.42/KWh during the summer months and the anticipated El Niño season.

Considering the limited baseload capacity of 300MW entering the market in 2023, Management expects power prices to remain elevated amid growing demand and unpredictable weather conditions.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	:	Semirara Mining and Power Corporation
Signature and Title	:	**JOHN R. SADULLO** VP Legal & Corporate Secretary
Date	:	May 2, 2023