COVER SHEET

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SEC Registration Number

S E M I R A R A M I N I N G A N D P O W E R

C O R P O R A T I O N

(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

S T A M P S

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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. **October 28, 2022**
   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, October 28, 2022, reviewed and approved the Corporation's unaudited consolidated financial statements for the period ended September 30, 2022, as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 2022 AND 2021

September 30, 2022 (Unaudited) vs September 30, 2021 (Unaudited)

I. RESULTS OF OPERATIONS

The table below summarizes the performance of Semirara Mining and Power Corporation (SMPC) and its subsidiaries, SEM-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC), collectively referred to as "the Group" for the period ended September 30, 2022 and 2021.

- SMPC is the only vertically-integrated power generator in the country that mines 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 except EPS	July to September (Q3)			January to September (9M)		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
SMPC	7,368	3,149	134%	29,367	7,894	272%
SCPC	2,188	660	232%	4,941	1,349	266%
SLPGC	585	197	197%	1,634	1,175	39%
Others	9	6	50%	12	9	33%

Core Net Income	**10,150**	**4,012**	**153%**	**35,954**	**10,427**	**245%**
Nonrecurring Items	-	-	0%	-	(133)	100%
Reported Net Income	**10,150**	**4,012**	**153%**	**35,954**	**10,294**	**249%**
EPS (reported)	**2.39**	**0.94**	**153%**	**8.46**	**2.42**	**249%**

Q3 2022 vs Q3 2021 Consolidated Highlights

- The SMPC Group recorded a net income of P10.15 billion, more than double (153%) from P4.01 billion last year and its best-ever Q3 performance. This translated to an earnings per share of P2.39.

  Higher coal quality sold at elevated index prices shored up coal performance while high uncontracted capacity allowed the power segment to sell more to the spot market at better prices.

  Global coal indices continued to trend upward due to the combined effect of supply disruptions from extreme floods in Newcastle (Australia), import ban on Russian coal by the European Union and reactivation of coal plants in developed countries to reduce reliance on Russian energy.

  Meanwhile, high fuel costs and the lifting of COVID-19 curbs drove up WESM spot prices. Metro Manila remained under Alert Level 1 in 2022, while Enhanced Community Quarantine was implemented in August 2021.

  Other income spiked by 183% from P293 million to P828 million owing to gains from foreign currency transactions in both export sales (in USD) and equipment importations (in JPY).

- SCPC posted the highest contribution growth, more than tripling (232%) during the period. Coal contribution rose by 134%, while SLPGC contribution nearly tripled (197%) owing to intercompany eliminations.

- Coal segment accounted for 72% of the Group net income, followed by SCPC (22%) and SLPGC (6%).

9M 2022 vs 9M 2021 Consolidated Highlights

- Net income expanded three times (249%) from P10.29 billion to P35.95 billion, a record-high for the period and more than double (122%) the FY2021 bottom line of P16.2 billion. This translated to an earnings per share of P8.46 and a return on equity of 60% over the nine-month period.

  The exceptional performance was mainly due to the combined effect of elevated market prices, all-time high coal production and higher spot electricity sales volume. The Group also saw a 350-percent increase in Other Income, from P409 million to P1.84 billion, owing to foreign exchange gains from its coal exports (in USD) and Japan imports (in JPY).

- Excluding 2021 nonrecurring loss of P133 million on remeasurements following CREATE law enactment, core net income climbed by 245% from P10.43 billion to P35.95 billion.

- Coal and SCPC contributions accelerated more than three times (272% and 266%), while SLPGC contribution rose by 39 percent.

- Bulk (82%) of the consolidated net income came from coal, followed by SCPC (14%) and SLPGC (4%).

- Financial position further strengthened as current ratio (liquidity) doubled from 1.85x to 3.72x, debt ratio plunged from 0.57x to 0.33x and BVPS soared by 65% from 10.73 to 17.69.

- The Group is at a net cash position as cash balances exceeded debt levels. Cash reached an all-time high level of P33.1 billion even after royalty payments (P12.0 billion), capex (P3.6 billion), debt servicing (P3.2 billion) and dividend payout (P6.4 billion).

Q3 2022 vs Q3 2021 Segment Performance

<u>Coal</u>

Standalone revenues rose by 52% from P10.88 billion to P16.58 billion while net income grew at a much faster pace (130%) from P3.63 billion to P8.36 billion.

Net of intercompany eliminations, reported net income expanded by 134% from P3.15 billion to P7.37 billion. Eliminating entries reflect gross margins from the intercompany transactions between the coal and power segments.

The spectacular segment performance was largely attributable to the following:

- **Better selling prices.** Semirara coal average selling prices (ASP) accelerated by 83% from P2,831/metric ton (MT) to P5,173/MT on the back of rising index prices and higher-grade coal sold.

  Average Newcastle price (NEWC) jumped by 151% from US$167.5 to US$420.7, with the index even hitting an all-time high of US$452.8 during the week of September 9. Indonesian Coal Index 4 (ICI4) price uptrend was more muted at 12%, rising from USD 72.8 to USD 81.7.

- **Foreign exchange boost.** Average US$/Php exchange rate increased by 13% from US$: P50.5 to US$:P 57.0.

- **Cash cost - COS decline.** Cash cost component of cost of sales slipped by 4% from P4.66 billion to P4.47 billion mainly due to lower shipments, tempered by higher fuel costs. Fuel costs accounted for 54% of COS (vs 37% in Q3 2021).

- **Improved profit margins.** Core EBITDA margin widened from 42% to 51%, while net profit margin improved from 33% to 50%. Profit margins widened as ASP movement outpaced the increase in operating costs.

The segment also reported the following operational highlights:

- **Higher production.** Production rallied by 75% from 2.0 million metric tons (MMT) to 3.5 MMT, while strip ratio went down from 17.5 to 10.0 because of controlled water seepage in Molave mine and easier access to coal in East Block 4 (nearing depletion) and South Block 5. Projected strip ratio for 2022 remains at 10.79.

- **Lower sales.** Total shipments receded by 18% from 3.9 MMT to 3.2 MMT, mainly driven by a 59-percent drop in exports from 2.7 MMT to 1.1 MMT. Bulk (67%) of exports sold to South Korea, followed by China (10%), Thailand (10%), Vietnam (9%) and Brunei (4%). Domestic sales grew by 75% from 1.2 MMT to 2.1 MMT as sale to own plants grew by more than double on improved SCPC and SLPGC plant availability.

- **Ample ending coal inventory.** Ending high-grade coal inventory ballooned 17x from 0.1 MMT to 1.7 MMT on lower shipments and stronger-than-expected mine production.

Power

Standalone power segment net income was 11.4x higher from P135 million to P1.54 billion. Net of intercompany eliminations, its consolidated net income contribution stepped up by 224% from P857 million to P2.77 billion. The following factors accounted for the stellar performance:

- **Improved plant availability.** Overall plant availability went up by 18% from 55% to 65%, following the continuous operations of SCPC Unit 1, coupled with the reduced unplanned outages of SLPGC units (15 days in Q3 2022 vs 70 days in Q3 2021).

  However, average capacity dropped by 13% from 796MW to 695MW due to the occasional deration of the three plants and SCPC Unit 2's commissioning activities.

- **Higher gross generation.** Higher plant availability led to double-digit growth (16%) in gross generation from 873GWh to 1,010 GWh as both SCPC and SLPGC delivered higher outputs.

- **Lower power sales.** Total power sales fell by 6% from 1,032 GWh to 970 GWh owing to high base effect. While the segment sold more power in 2021, some of it came from replacement power purchases to meet power supply contracts. Contracted capacity shifted downward (43%) from 414.35MW to 234.15MW.

- **Pivot to spot sales.** At the end of Q2 2022, 61% of running dependable capacity (540MW) was uncontracted. With 329.65 MW of capacity available for dispatch to the spot market and 9 GWh of commissioning dispatch from SCPC Unit 2, total spot power sales volume improved by 213% from 165 GWh to 517 GWh. BCQ sales contracted by 48% from 867 GWh to 453 GWh.

- **Elevated selling prices.** Overall ASP increased by 52% from P4.09/KWh to P6.23/KWh on higher spot sales at elevated rates. Spot ASP jumped by 50% from P5.49/KWh to P8.24/KWh, largely due to thin power reserves and high fuel costs. Spot sales accounted for 53% of total dispatch, a marked improvement from 16% last year.

- **Minimal replacement power purchases.** Total spot purchases eased by 41% from P841 million to 496 million. The segment was a net seller to the market by 458GWh (vs net buyer 23 GWh in Q3 2021).

SCPC standalone topline recovered by 58% from P2.48 billion to P3.93 billion mainly due to higher selling prices, tempered by lower power sales. Core EBITDA margin significantly better from 16% to 63%.

Net of intercompany eliminations, net income contribution from SCPC grew three-fold (232%) from P660 million to P2.19 billion as a result of the following:

- **Higher plant availability and generation.** Plant availability rose by 9% from 47% to 51% due to the continuous running days of Unit 1. Unit 2 remained in the testing and commissioning phase in the third quarter of 2022.

- **Ample uncontracted capacity.** As of September 30, 2022, around 8% (45.45MW) of combined dependable capacity (540MW) had been contracted. More than half (55%) of the contracted capacity had fuel pass-through provisions.

- **More spot sales.** While total power sales went down by 11% from 552 GWh to 491 GWh, bulk (83%) of it was sold to the WESM, effectively tripling (203%) spot sales from 134 GWh to 406 GWh.

- **Better selling prices.** Overall ASP expanded by 78% from P4.50/KWh to P8.01/KWh on higher spot sales and prices. Average spot selling prices grew in line with overall ASP at 78% from P4.63/KWh to P8.26/KWh. BCQ ASP also improved by 54% from P4.45/KWh to P6.84/KWh due to the pass-through provisions for more than-half of the contracts.

- **Minimal replacement power purchases.** Power purchases were mainly used for Unit 2 testing activities during the quarter. Total purchases declined by 71% from P311 million to P90 million. Overall, SCPC was a net market seller at 395 GWh (vs 75 GWh in Q3 2021).

SLPGC standalone revenues rose by 22% from P1.74 billion to P2.12 billion on the back of higher selling prices and spot sales. However, reported net income plunged by 70% from P179 million to P53 million owing to soaring fuel costs.

Net of intercompany eliminations, SLPGC net income almost tripled (197%) from P197 million to P585 million. Its performance was attributable to the following:

- **Double-digit plant availability and gross generation rebound.** Plant availability improved from 62% to 78% on lower outage days (40 days vs 70 days in Q3 2021). Consequently, gross output expanded by 20% from 407 GWh to 487 GWh.

- **Flat sales.** Power sales was largely unchanged from 480 GWh to 479 GWh despite the absence of 5 GWh sales from its 2x25MW gas turbines (GT) last year. The decline in BCQ sales from 449 GWh to 368 GWh was offset by higher spot sales (111 GWh vs 31 GWh in Q3 2021).

- **Absence of GT sales.** Excluding revenues from GT operations last year, Q3 revenues went up by 30% from P1.63 billion to P2.12 billion. GTs 1 and 2 sold to the spot market last year and went on outage on January 22 and February 10, 2022, respectively. Currently under decommissioning, the turbines are planned for disposal pending the outcome of ongoing negotiations.

- **Better selling prices.** Overall ASP broadened by 22% from P3.63/KWh to P4.42/KWh largely due to higher spot sales and market price. Contracted capacity tapered by 16% from 223.90MW to 188.70MW, which freed up more capacity for sale to the spot market. BCQ ASP posted a 2-percent uptick from P3.24/KWh to P3.29/KWh, while spot ASPs receded by 12% from P9.25/KWh to P8.16/KWh owing mainly to the absence of GT spot sales.

- **Jump in generation costs.** Generation costs (COS) outpaced topline (49% vs 22%) from P952 million to P1.42 billion on higher fuel costs. SLPGC is a net market seller at 63 GWh (vs net market buyer 98 GWh in Q3 2021).

CAPEX

Group capex was flat year-on-year at P3.6 billion, with higher growths in SCPC and SLPGC for their planned maintenance activities.

In Php billions	9M 2022	9M 2021	Change
Coal	2.2	2.5	-12%
SCPC	0.9	0.7	29%
SLPGC	0.5	0.4	25%
Total	3.6	3.6	0%

The coal segment’s remaining capex for Q4 is intended for its refleeting activities.

In Php billions	2022F	2021	Change
Coal	3.3	2.5	32%
SCPC	1.1	0.8	38%
SLPGC	0.7	0.6	17%
Total	5.1	3.9	31%

Market Review and Outlook

Coal

Global coal price indices are expected to remain elevated in the next three to six months following the La Nina-triggered supply disruption in Newcastle (Australia) and major economies' pivot away from Russian coal. China, India and some Southeast Asian countries have also been increasing their coal-fired plants capacity in preparation for the winter/heating season.

Q3 average NEWC jumped by 151% from US$167.5 to US$420.7 while ICI4 posted moderate growth (12%) from US$72.8 to US$81.7. For the nine-month period, NEWC nearly tripled (191%) from US$121.7 to US$353.8, while ICI4 increased by 50% from US$56.1 to US$84.3. NEWC and ICI divergence was apparent in Q3 mainly due to the supply demand dynamics of their respective target markets and coal quality.

For the full-year, the coal segment expects average NEWC (2022F) to expand by 166% from US$137.30 in 2021 to US$364.7 on prolonged supply and demand disruptions. The Group also expects average 9M 2023 NEWC to hover at around US$360.

Power

Q3 average spot prices in the Luzon-Visayas grid surged by 68% from P4.77/KWh to P8.02/KWh driven by continued COVID-19 reopening and higher fuel costs.

9M spot prices grew by 56% from P4.51/kWh to P7.05/kWh on thin supply-demand margins due to higher plant outages and the non-operation of a major baseload plant beginning September 2022.

The power segment expects full-year average (2022F) WESM spot prices to climb by around 50% from P4.83/KWh to P7.26/kWh. Prices are also expected to rise to around P8.02/kWh by 9M 2023 due to potentially sustained fuel costs and limited baseload capacity entering the market.

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	:	October 28, 2022