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)

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2 2 8 1 D O N C H I N O R O C E S A V E N U E

M A K A T I C I T Y

(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. **February 27, 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) 8888-3000**
   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**.

We advise that at today's meeting the Board of Directors of Semirara Mining and Power Corporation (the "Corporation" or "SCC"), approved the following:

1. Audited Consolidated Financial Statements

The board reviewed and approved the Corporation's audited consolidated financial statements for the year ended December 31, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF CONSOLIDATED RESULTS OF OPERATIONS AND FINANCIAL CONDITION
AS OF AND FOR THE PERIOD ENDED DECEMBER 31, 2022 AND 2021

December 31, 2022 (Audited) vs December 31, 2021 (Audited)

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 periods ended December 31, 2022 and 2021.

- 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 except EPS	October to December (Q4)			January to December (FY)		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
SMPC	3,033	3,554	-15%	32,400	11,448	183%
SCPC	190	2,084	-91%	5,131	3,433	49%
SLPGC	848	271	213%	2,482	1,446	72%
Others	2	(3)	167%	14	6	133%
Core Net Income	**4,073**	**5,906**	**-31%**	**40,027**	**16,333**	**145%**
Nonrecurring Items	(156)	-	100%	(156)	(133)	17%
Reported Net Income	**3,917**	**5,906**	**-34%**	**39,871**	**16,200**	**146%**
EPS (reported)	**0.92**	**1.39**	**-34%**	**9.38**	**3.81**	**146%**

Q4 2022 vs Q4 2021 Consolidated Highlights

- The SMPC Group recorded a 34-percent decline in net income from P5.91 billion to P3.92 billion, resulting in an earnings per share of P0.92.

  Although consolidated revenue increased by 25% from P14.39 billion to P17.96 billion due to higher average selling prices (ASP) for coal and electricity, cost of sales grew even faster (88%) from P3.71 billion to P6.99 billion because of higher strip ratio, fuel expenses and shipping costs.

  The Group also booked P658 million in net forex losses mainly due to the US$/PHP volatility during the covered period. US$/PHP peaked at around P58.3:US$ in October, before closing the year at P56.1:US$.

  The P156 million-nonrecurring loss in 2022 pertains to the write-down of SLPGC's 2x25MW gas turbines, to reflect the difference between its book value and estimated net selling price.

  Tax expense expanded nearly eightfold (696%) from P168 million to P1.3 billion, primarily due to the accrual of year 2020 tax expense for the deferral of Molave mine's income tax holiday (ITH) and expiry of SLPGC's ITH.

  The Board of Investments recently approved the correction of the ITH availment period of Molave mine, which was originally set to expire in October 2022. The approval effectively extends SMPC's ITH status up to October 2023, subject to the payment of its 2020 tax due (without the ITH incentive) of P897 million and P184 million to cover related interest.

  Excluding nonrecurring items, core net income dropped by 31% from P5.91 billion to P4.07 billion.

- SLPGC contribution expanded threefold (213%), while Coal and SCPC posted lower contributions by 15% and 91%, respectively.

- Coal accounted for 77% of the Group core net income, followed by SLPGC (21%) and SCPC (5%).

FY 2022 vs FY 2021 Consolidated Highlights

- The SMPC Group set a new annual profit record after more than doubling (146%) its bottom line from P16.2 billion to P39.9 billion. This translated to an earnings per share of P9.38 and a return on equity of 73%, the highest among power and mining peers for the year.

  Its outstanding performance was mainly attributed to the combined effect of all-time high coal production, market pivot strategies for its coal and power businesses, elevated market prices and favorable forex rates.

  Other income soared by 116% from P578 million to P1.25 billion, primarily due to foreign exchange gains from its coal exports (in US$) and Japan imports (in JP¥).

  Excluding 2021 nonrecurring losses of P133 million on remeasurements following CREATE law enactment and asset write-down of P156 million for the SLPGC 2x25 MW gas turbines, core net income expanded by 145% from P16.33 billion to P40.03 billion.

- Coal core contribution surged by 183%, while SCPC and SLPGC registered double-digit growths at 49% and 72%, respectively.

- Bulk of the consolidated core net income came from coal (81%), followed by SCPC (13%) and SLPGC (6%).

- The Group maintained a strong cash balance of P20.06 billion and a net cash position, as debt levels dropped by 32% from P15.07 billion to P10.20 billion. A total of P46.83 billion was paid in royalties (P15.70 billion), capex (P4.31 billion), debt and interest payments (P5.57 billion) and dividend payout (P21.25 billion) during the period.

- Even after all the above-cited payments, balance sheet remained very healthy as current ratio (liquidity) improved from 1.85x to 2.91x, debt ratio dropped from 0.57x to 0.36x and BVPS surged by 41% from 10.73 to 15.12.

Q4 2022 vs Q4 2021 Segment Performance

Coal

Standalone revenues climbed by 30% from P11.09 billion to P14.42 billion on robust sales but net income contracted by almost a third (32%) from P5.23 billion to P3.58 billion due to higher costs.

Net of intercompany eliminations, reported net income fell by 15% from P3.55 billion to P3.03 billion. Eliminating entries decreased by 67% from P1.67 billion to P547 million due to reduced SCPC coal consumption and higher utilization of lower-quality coal.

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

To further explain the coal segment performance:

- **Price uptick.** Semirara coal ASP edged higher (9%) from P4,452/metric ton (MT) to P4,861/MT owing to better prices of higher-grade coal (5,600 and 5,300 kcal), tempered by an increase in lower-grade coal sales from 0.2 MMT to 0.7 MMT.

- **Robust sales.** Shipments rose by 20% from 2.5 MMT to 3.0 MMT, mainly driven by strong domestic sales. Export sales fell by 21% from 1.4 MMT to 1.0 MMT on weaker China demand.

  China shipments dropped by 43% from 1.4 MMT to 0.8 MMT but was the dominant market during the period, accounting for 75% of exports. The rest of the foreign shipments (25%) went to South Korea.

  Domestic transactions accelerated by 73% from 1.1 MMT to 1.9 MMT, fueled by external sales which more than doubled (117%) from 0.6 MMT to 1.3 MMT. Sale to own plants improved by 20% from 0.5 MMT to 0.6 MMT on better SLPGC availability.

- **Higher cash cost – COS.** Cash component of cost of sales skyrocketed by 128% from P2.51 billion to P5.72 billion largely due to higher shipments, strip ratio, fuel expenses and shipping cost.

  Half of cash costs – COS came from fuel spending, which swelled by 104% from P1.31 billion to P2.67 billion.

- **Other expense.** While average US$/PHP exchange rate increased by 13% from US$: PHP50.7 to US$:PHP 57.1, the segment booked forex losses of P648 million due to US$/PHP exchange rate fluctuation, particularly in October and November.

- **Higher tax expenses.** Tax expense grew more than 20x (1,979%) from P57 million to P1.19 billion due to the accrual of income tax expense of P897 million for year 2020 in relation to the deferral of Molave mine's ITH and movement in deferred taxes.

- **Lower profit margins.** Core EBITDA margin tightened from 56% to 42% on the back of higher costs, while net profit margin deteriorated from 47% to 25% owing to the above-mentioned income tax expense accrual for year 2020 and weaker US dollar.

The segment also reported the following operational highlights:

- **Lower production.** Production slowed by 34% from 3.5 million metric tons (MMT) to 2.3 MMT as effective strip ratio advanced by 13% from 10.8 to 12.2 due to stripping activities in Narra mine and a new area in South Block 5 of Molave mine.

- **Strong inventory.** Despite higher Q4 sales, ending high-grade coal inventory grew by 22% from 0.9 MMT to 1.1 MMT due to higher Q3 ending inventory (1.7 MMT). Including low-grade coal, inventory at the end of the period was at 2.0 MMT.

Power

Standalone net income of the power segment shrank by 54% from P761 million to P349 million due to the following:

- **Lower plant availability.** Overall plant availability receded by 21% from 77% to 61% on the mixed results of SCPC and SLPGC.

  SCPC availability declined from 79% to 30%, while SLPGC availability improved from 75% to 91%.

  Total average capacity shifted downward (- 4%) from 732 MW to 706 MW, following the deration of SCPC Unit 2 from 230 MW to 190 MW average dependable capacity.

- **Subdued gross generation and power sales.** Reduced plant availability and average capacity clipped gross generation by 34% from 1,253 GWh to 832 GWh. SLPGC accounted for bulk (69%) of total generation (versus 36% last year).

  Total power sales weakened by 33% from 1,217 GWh to 818 GWh with both BCQ and spot sales registering lower year-on-year dispatch. BCQ sales receded by 29% from 679 GWh to 483 GWh, while spot sales subsided by 38% from 538 GWh to 335 GWh. BCQ accounted for bulk (59%) of power sales compared to 56% last year.

- **Higher uncontracted capacity.** At the end of Q3 2022, 57% of running dependable capacity (540MW) was uncontracted and available for spot selling.

  With the commercial operation of SCPC Unit 2 on October 9, total dependable capacity reached 730MW by year-end. Only 26% of which is contracted, leaving 540.85MW ready for dispatch to the spot market.

- **Elevated selling prices.** Overall ASP improved by 29% from P4.53/KWh to P5.84/KWh on higher WESM and BCQ prices.

  In the last quarter, average WESM prices spiked by 45% from P5.79/KWh to P8.41/KWh due to thin power reserves and high fuel costs.

  Consequently, spot ASP of the power segment escalated by 42% from P5.69/KWh to P8.06/KWh. BCQ ASP grew by 19% from P3.60/KWh to P4.29/KWh.

- **Flattish spot buys.** Total spot purchases ebbed (- 2%) from P541 million to P530 million due to lower contractual obligations. The segment was a net seller to the market by 271 GWh (vs 448 GWh in Q4 2021).

SCPC standalone revenues retreated by 46% from P3.73 billion to P2.0 billion because of lower plant availability and average capacity. Core EBITDA and reported net income margins shrank to 23% and 2%, respectively (from 30% and 14% in Q4 2021).

Net of intercompany eliminations, net income contribution from SCPC regressed by 91% from P2.08 billion to P190 million. To explain:

- **Reduced plant availability, average capacity, generation and sales.** Plant availability downscaled by 62% from 79% to 30% mainly due to Unit 1's 86-day planned outage and Unit 2's 42-day unplanned outage.

  Average capacity eased by 11% from 465MW to 416MW as a result of Unit 2's derated dependable capacity.

  In line with plant availability and average capacity, gross generation rolled back by 69% from 808 GWh to 254 GWh, while power sales tumbled by 64% from 717 GWh to 261 GWh.

- **More spot buys.** Replacement power purchases ballooned almost 47x (4,588%) from P8 million to P375 million, as the simultaneous plant outages forced the company to source from WESM to meet its contractual obligations. Nonetheless, SCPC was a net market seller at 132 GWh (vs 476 GWh in Q4 2021).

- **Lower cash costs.** Despite higher replacement power purchases and maintenance outage expenses, total cash costs waned by 41% from P2.60 billion to P1.55 billion owing to lower sales volume and utilization of low-grade coal.

- **Ample uncontracted capacity.** As of December 31, 2022, only 45.45 MW of 430 MW dependable capacity (including Unit 2) has been contracted. More than half (55%) of the contracted capacity has fuel pass-through provisions.

- **Weak spot sales.** Spot sales plummeted by 63% from 478 GWh to 175 GWh, consistent with anemic plant performance and total sales. Spot sales accounted for 67% of total sales for both 2022 and 2021.

- **Better selling prices.** Overall ASP showed a marked uptrend (+ 47%) from P5.20/KWh to P7.65/KWh driven by higher market prices and fuel pass-through of some BCQ sales.

  BCQ ASP climbed by 69% from P4.28/KWh to P7.24/KWh, while spot ASP rose by 39% from P5.66/KWh to P7.85/KWh.

SLPGC standalone revenues expanded by 56% from P1.78 billion to P2.78 billion mainly due to improved plant output and selling prices.

Net of intercompany eliminations, SLPGC net income more than doubled (155%) from P271 million to P692 million due to the combined effect of the following:

- **Improved plant availability, average capacity and gross generation.** Plant availability rebounded from 75% to 91% on lower outage days (16 days vs 45 days in Q4 2021) and continuous running of Unit 2 for 75 days.

Average capacity recovered by 9% from 267 MW to 290 MW on the steady volume output of Unit 1. In turn, gross generation went up by 30% from 445 GWh to 578 GWh.

- **Higher sales.** Total power sales grew by 11% from 500 GWh to 557 GWh on improved plant performance.

  The expiry of a 50 MW contract led to a shift in sales breakdown. Spot sales volume accelerated by 167% from 60 GWh to 160 GWh while BCQ sales volume dropped by 10% from 440 GWh to 397 GWh. Consequently, BCQ sales contribution declined from 88% to 71%. The rest went to WESM.
  As of year-end, 143.70 MW of 300 MW dependable capacity is contracted with no fuel pass-through provision in place. SLPGC was a net market seller at 139 GWh (vs net market buyer 28 GWh in Q4 2021)
- **More spot sales and better selling prices.** Overall ASP soared by 40% from P3.56/KWh to P4.99/KWh on the back of higher spot sales and market prices.

  BCQ ASP grew by 13% from P3.23/KWh to P3.66/KWh due to new contracts negotiated during the year. Spot ASP strengthened by 41% from P5.90/KWh to P8.30/KWh on thin market supply margins and high fuel costs.

- **Absence of GT sales.** Excluding revenues from its 2x25 MW gas turbines last year, Q4 revenues jumped by 64% from P1.70 billion to P2.78 billion.

  In 2021, GTs 1 and 2 served as peaking plants, selling exclusively to the spot market before both went on outage on January 22 and February 10, 2022, respectively.

- **Asset write-down**. Management has ongoing negotiations to sell the GTs, and has received approvals from the Department of Energy and other regulatory agencies for the asset decommissioning.

  In accordance with PFRS 5, the equipment was revalued to reflect the price difference between its book value and estimated net selling price. This resulted in a write-down (nonrecurring loss) of P156 million and a reclassification of the long-term asset as Assets Held for Sale.

- **Increased generation cost.** While COS-cash costs went up by 51% from P961 million to P1.45 billion, its growth was slower than the topline (56%) owing to lower replacement power purchases.

  Spot purchases recoiled by 71% from P533 million to P155 million on better plant performance and reduced contracted capacity.

- **Higher taxes.** At the standalone level, reported net income margins declined from 13% to 11% following the expiration of its ITH in 2021.

CAPEX
Group capex grew by 10% on SCPC's planned maintenance activities.

In Php billions	2022	2021	Change
Coal	2.5	2.5	0%
SCPC	1.2	0.8	50%
SLPGC	0.6	0.6	0%
Total	**4.3**	**3.9**	**10%**

For 2023, the Group is projecting a 42-percent increase in capital spending to sustain its operations. Bulk of the spending will go to the coal segment to replace old mining equipment and acquire additional ones to boost material handling capacity and improve cost efficiency. The rest will be used for power plant maintenance activities.

In Php billions	2023F	2022	Change
Coal	4.1	2.5	64%

SCPC	1.3	1.2	8%
SLPGC	0.7	0.6	17%
Total	**6.1**	**4.3**	**42%**

Market Review and Outlook

Coal

In the fourth quarter alone, average Newcastle price (NEWC) doubled (106%) from US$183.9 to US$379.5, while Indonesian Coal Index 4 (ICI4) price slipped by 2% from US$ 92.7 to $ 90.5 as a result of the Indonesian price cap and China pivot to heavily discounted Russian coal.

Full-year average NEWC advanced even faster (162%) from US$137.3 to $360.2, while ICI4 ascended more slowly (32%) from US$65.3 to US$85.9.

For 2023, global coal price indices are expected to consolidate as key markets face easing energy crisis, high inventories from aggressive stockpiling, warmer-than-expected winter, slow economic recovery and influx of steeply-discounted Russian coal.

NEWC is seen to become more volatile and primed for a correction compared to ICI given the former's EU exposure and the latter's focus on Asian markets. In turn, the divergence between the two indices is expected to narrow during the year.

With Semirara coal pricing mostly derived from ICI, Management expects its ASP to be more stable, hovering below the 2022-level but still above pre-pandemic level. Meanwhile, it expects average NEWC (2023F) to ease from US$360 to around US$200.

Power

Q4 average spot prices in the Luzon-Visayas grid jumped by 45% from P5.79/KWh to P8.41/KWh mainly due to higher fuel costs and multiple plant outages from October to November 2022.

Full-year spot prices surged by 53% from P4.83/kWh to P7.39/kWh on growing electricity demand and limited baseload capacity.

For 2023, spot prices are expected to remain elevated (≈P7.10/kWh), with some upside potential, given growing demand and limited baseload capacity entering the market in 2023 (≈300MW).

2. Re-appointment of External Auditor

Re-appointment of SyCip Gorres Velayo & Co. as the Corporation's Independent External Auditor for the calendar year 2023.

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	:	February 27, 2023