COVER SHEET

0 0 0 0 0 9 1 4 4 7

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) 8888-3000

(Company Telephone Number)

1 2 3 1

(Fiscal Year)

1 7 - C

(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

Remarks: Please use BLACK ink for scanning purposes.

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 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**.

The Board of Directors at its meeting held today, October 27, 2023, reviewed and approved the Corporation's unaudited consolidated financial statements for the period ended September 30, 2023, as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF CONSOLIDATED RESULTS OF OPERATIONS AND FINANCIAL CONDITION
AS OF AND FOR THE PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

September 30, 2023 (Unaudited) vs September 30, 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 periods ended September 30, 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, Japan, 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)		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
SMPC	1,799	7,368	-76%	13,966	29,367	-52%
SCPC	1,577	2,188	-28%	6,954	4,941	41%
SLPGC	13	585	-98%	1,656	1,634	1%
Others	12	9	33%	39	12	225%

Core Net Income	**3,401**	**10,150**	**-66%**	**22,615**	**35,954**	**-37%**
Nonrecurring Items	-	-	0%	-	-	0%
Reported Net Income	**3,401**	**10,150**	**-66%**	**22,615**	**35,954**	**-37%**
EPS (reported)	**0.80**	**2.39**	**-66%**	**5.32**	**8.46**	**-37%**

Q3 2023 vs Q3 2022 Consolidated Highlights

- The SMPC Group recognized a net income of P3.40 billion, down by 66% from its period record of P10.15 billion. The sharp decline was chiefly due to high base effect coupled with weaker selling prices, fewer shipments and lower foreign exchange gains. These were partly offset by higher power sales and finance income, together with lower royalty expense and income taxes. In effect, earnings per share dropped from P2.39 to P0.80.

- Core EBITDA margin narrowed from 54% to 37% on lower revenues and a more gradual decrease in cash costs.

- Revenues contracted by 45% from P21.16 billion to P11.63 billion on slower coal sales and weaker selling prices (coal and power).

- Cash costs fell by 25% from P9.77 billion to P7.33 billion mainly due to the 77-percent decline in royalty expenses (government share) from P3.60 billion to P824 million on weaker coal revenues.

- Noncash items slightly declined (-5%) from P1.43 billion to P1.36 billion due to intragroup eliminating accounting entries. Higher noncash component of COS per MT (coal) amid higher ending inventory of coal (power) raised eliminations in depreciation expense in accordance with PFRS 10.

- Other Income retreated by 28% from P828 million to P596 million mainly due to reduced net foreign exchange gain associated with foreign currency transactions, (i.e. export sales and equipment importations) and strengthening of the local currency.

  To elaborate, net foreign exchange gain plunged by 68% from P769 million to P248 million. Quarter-over-quarter (QoQ), PhP:US$ forex rate depreciated by 3% from P55.36:US$1 (as of June 30, 2023) to P56.96:US$1 (as of September 30, 2023). This, in comparison to the 7-percent uptrend last year from P55.02:US$1 (June 30, 2022) to P58.91:US$1 (September 30, 2022).

  Providing some relief from the forex volatility were the refund of wharfage fees by the Philippine Ports Authority (P206 million), insurance claim for the SLPGC 2x25MW gas turbines (P31 million) and sale of fly-ash (P108 million).

- Net finance costs of P52 million jumped to P244 million in finance income, owing to prudent cash management and continuous debt amortization.

- Income Taxes dropped by 35% from P587 million to P381 million on lower taxable profits of the power segment.

- No nonrecurring item was booked during the period.

- Net of intercompany eliminations, contributions from the coal segment and SLPGC plunged by 76% and 98%, respectively. SCPC contribution dropped by 28%.

- Power segment contribution grew to 47% of group net income, a remarkable improvement from 27% (Q3 2022) and 32% (Q2 2023). Coal segment accounted for 53% of group net income, followed by SCPC (46%) and SLPGC (1%).

9M 2023 vs 9M 2022 Consolidated Highlights

- Net income retraced by 37% from P35.95 billion to P22.62 billion largely due to high base effect and stabilizing global coal market. Improved operating performance of the power segment amid elevated electricity prices cushioned the impact of lower coal prices and shipments.

  Consequently, earnings per share fell from P8.46 to P5.32. Despite the reduced profitability, return on equity reached 33% over the nine-month period.

- Coal contribution slipped by 52% from P29.37 billion to P13.97 billion, while power contribution jumped by 31% from P6.58 billion to P8.61 billion. SCPC accounted for the marked improvement, accelerating by 41% from P4.94 billion to P6.95 billion. SLPGC contribution was flattish (1%) at P1.63 billion versus P1.66 billion.

- Coal remained as the biggest contributor, accounting for 62% of the group net income, followed by SCPC (31%) and SLPGC (7%).

- Core EBITDA margin thinned from 55% to 50% on lower revenues and steeper decline in royalty expenses.

- Revenues receded by 23% from P73.17 billion to P56.20 billion on weaker coal shipments and selling price, partially offset by higher electricity sales (volume and price).

- Cash cost fell by 15% from P33.14 billion to P28.27 billion as government share declined by 46% from P13.69 billion to P7.36 billion. Meanwhile, cash component of COS and opex went up by 7% from P19.45 billion to P20.92 billion mainly on higher production/generation costs, insurance premium, plant maintenance expenses and taxes.

- Noncash items were flat (1%) at P4.38 billion versus P4.44 billion on higher accounting eliminating entries due to the combined effect of higher noncash production costs (coal) and coal ending inventories (power).

- Other income contracted by 69% from P1.84 billion to P569 million mostly on the absence of net forex gain. From P1.66 billion last year, the group recorded a net forex loss of P16 million this year.

  Excluding net forex gains and losses, Other income includes PPA wharfage export fee refund, SLPGC gas turbines insurance claim and fly ash sale.

  Year to date, the PhP:US$ forex rate was flat as the peso depreciated by 1% from P56.12:US$1 (as of December 29, 2022) to P56.96:US$1 (as of September 30, 2023).

- Net finance income stood at P453 million versus a net finance cost of P467 million last year as a result of prudent cash management and regular loan amortization.

- Income Taxes jumped by 78% from P1.07 billion to P1.90 billion on higher taxable earnings from the power segment, mostly from SCPC.

- No nonrecurring item was booked during the period.

- Total cash balance surged by 34% from P20.06 billion (end of 2022) to P26.82 billion. Loans payable declined by 24% from P10.20 billion to P7.79 billion due to sustained amortization.

- Declared P14.88 billion or P3.50 per share in special cash dividends last October 9 scheduled for payment on November 8. With this, total payout for the year will reach P29.75 billion, the highest ever for the company.

- Group financial position remained robust as current ratio improved from 2.91 to 3.39, while debt ratio went down from 0.36 to 0.27. Both SMPC and SLPGC reported net cash positions as of the end of the period.

- Even after spending P20.3 billion on cash dividends (P14.88 billion in April 2023), capital expenditures (P3.01 billion) and debt payment (P2.42 billion), group balance sheet remained strong, with book value per share growing by double digits (12%) from P15.12 to P16.94.

Q3 2023 vs Q3 2022 Segment Performance

Coal

At the standalone level, coal revenues sank by 51% from P16.58 billion to P8.13 billion on weaker selling prices and lower sales. Net income contracted by 71% from P8.36 billion to P2.44 billion following weaker topline, lower forex gain and higher depreciation, cushioned by higher finance income and one-off wharfage export fee refund from the PPA. There was no nonrecurring item booked during the period.

Net of intercompany eliminations, net income fell by 76% from P7.37 billion to P1.80 billion. Eliminating entries dropped by 36% from P995 million to P638 million as lower coal selling prices narrowed gross margins.

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

The segment's financial results can be attributed to the following:

- **Stabilizing prices.** Semirara coal average selling price (ASP) decelerated by 36% from P5,173 per metric ton (MT) to P3,315 per MT on stabilizing market indices and lower shipments of commercial grade coal.

  Sale of commercial grade coal fell by 30% from 2.7 million metric tons (MMT) to 1.9 MMT on weaker take-up from foreign and domestic buyers.

  Average Newcastle prices plunged by 65% from US$420.7 (record high) to US$147.8, while average Indonesian Coal Index 4 (ICI4) pulled back at a slower pace (36%) from US$81.7 to US$52.0.

- **Lower shipments.** Total shipments decreased by 22% from 3.2 MMT to 2.5 MMT amid sluggish exports and limited beginning commercial grade inventory (1.6 MMT).

  Foreign shipments plummeted by 55% from 1.1 MMT to 0.5 MMT on insufficient high-grade coal supply to meet demand from South Korea. Consequently, South Korea sales declined by 60% from 0.8 MMT to 0.3 MMT. Despite this, it remained the company's top foreign buyer, accounting for 57% of total shipments, followed by China (34%) and Brunei (9%).

  Domestic shipments slightly declined (5%) from 2.1 MMT to 2.0 MMT due to anemic demand from cement manufacturers . Sale to own plants propped up domestic sales as shipments to Calaca surged by 43% from 0.7 MMT to 1.0 MMT, following improved SCPC plant availability. External domestic sales fell by 29% from 1.4 MMT to 1.0 MMT on lower demand from other power and industrial plants.

- **Thinner margins.** Core EBITDA margin narrowed from 51% to 32%, while net income margin tapered from 50% to 30%. While total revenues declined by 51% (from P16.58 billion to P8.13 billion), total cash costs fell at a slower rate (33%) from P8.21 billion to P5.50 billion.

Cash component of COS marginally grew (2%) from P4.47 billion to P4.54 billion as lower production led to fixed costs driving up the expense per MMT.

Moderating the impact of higher production costs was the dramatic decline in royalty expense (-77%) from P3.60 billion to P824 million and the 10-percent reduction in operating expenses. Opex fell by 10% from P147 million to P132 million due to lower commission fees, ICT expenses, and office repairs.

- **Slightly higher noncash items.** Depreciation and amortization grew by 4% from P820 million to P850 million, in line with continuous capital investments amid lower shipments.

- **Lower net forex gain.** Net forex gain dropped by 68% from P768 million to P246 million on lower export sales and less favorable foreign exchange rates. As of September 30, 2023, 43% of net forex gain remained unrealized.

- **Other income.** Other income expanded 205x from P1 million to P206 million following receipt of the PPA wharfage export fee refund in September 2023.

  Under Executive Order No. 226 (Omnibus Investments Code), a BOI-registered enterprise is exempt from paying wharfage dues. SMPC became a BOI-registered enterprise on September 26, 2008.

  On January 31, 2020, the Commission on Audit granted SMPC's petition to claim a refund of the wharfage export dues it erroneously paid to the PPA from September 26, 2008 up to December 31, 2014.

- **Higher net finance income.** Finance income (net of finance costs) expanded fourfold (308%) from P60 million to P245 million on higher cash base and prudent treasury management.

The segment also reported the following operational highlights:

- **Double-digit production decline.** Total production declined by 20% from 3.5 MMT to 2.8 MMT due to the heavier rainfall (454 mm vs 625 mm) from July to August, ongoing stripping activities in Molave South Block 6 and Narra North Block 1, and the commencement of stripping activities in Molave East Block 5.

  Following the depletion of Molave East Block 6 in early August, Narra mine accounted for bulk (81%) of total production. With this, Molave and Narra mines registered strip ratios of 50.6 and 10.7, respectively.

  Total materials moved surged by 37% from 37.8 million bank cubic meters (MBCM) to 51.7 MBCM due to simultaneous stripping activities in new and ongoing blocks within Molave and Narra mines. Coupled with the heavy rainfalls, the strip ratio rose significantly (81%) from 10.0 to 18.1. As a result, the full-year average strip ratio guidance has been adjusted from 12.09 (previous quarter guidance) to 12.83.

  Average rainfall level climbed by 16% from 445.3 to 516.9 millimeter due to strong typhoons during the period.

- **Ample inventory.** Total coal inventory grew by 11% from 2.7 MMT to 3.0 MMT on sufficient quarter beginning inventory (2.8 MMT), stable production and weaker sales. Commercial grade coal inventory rose by 14% year-on-year from 1.7 MMT to 1.9 MMT and by 19% from 1.6 MMT at the beginning of the quarter.

  Year-to-date, total coal inventory expanded by 50% from 2.0 MMT to 3.0 MMT, while higher-grade coal surged by 73% from 1.1 MMT to 1.9 MMT.

<u>Power</u>

Standalone power revenues fell by 13% from P6.05 billion to P5.29 billion mainly due to lower spot prices. Net income dropped by 35% from P1.54 billion to P994 million on thinner margins following higher cash costs, softened by lower replacement power purchases and income tax provisions.

Net of intercompany eliminations, power segment net income plunged by 43% from P2.77 billion to P1.59 billion.

The segment's results are attributable to the following:

- **Better plant availability.** Overall plant availability improved by 22% from 65% to 79% because of the commercial operation of SCPC Unit 2 last October 9, 2022, tempered by lower SLPGC plant availability.

  SCPC and SLPGC delivered mixed operating results. SCPC plant availability improved from 51% to 99% as its outage days decreased from 90 days to 2 days. SLPGC plant availability declined from 78% to 59% on increased outage days (76 days vs 40 days in 2022).

  Total average capacity fell by 12% from 697 MW to 613 MW owing to the occasional deration of SCPC and SLPGC plants.

- **Higher generation and dispatch.** Total gross generation climbed by 15% from 1,011 gigawatt hours (GWh) to 1,167 GWh as higher SCPC output offset the weaker performance of SLPGC. Consequently, total power sales grew by 13% from 970 GWh to 1,099 GWh, driven by spot sales which accounted for 68% of total power sales.

- **Heavy spot exposure.** Total spot sales jumped by 44% from 517 GWh to 746 GWh on higher gross generation and more (64%) uncontracted capacity (net of station service which varies from time to time).

  Combined uncontracted capacity stood at 462.6 MW (by end-June 2023) compared to 282.85 MW (by end-June 2022).

  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.

  BCQ sales receded by 22% from 453 GWh to 353 GWh because of a 10-percent decline in contracted capacity at the beginning of the periods from 210.35 MW (June 2022) to 188.70 MW (June 2023).

- **Lower selling prices.** Overall average selling price (ASP) went down by 23% from P6.23/ kilowatt hour (kWh) to P4.81/kWh due to lower spot market prices.

  ASP from spot sales plunged by 38% from P8.24/KWh to P5.14/KWh, while BCQ ASP improved by 4% from P3.96/KWh to P4.13/KWh. The latter was due to better contract prices and inclusion of pass-through provisions in signed contracts in H2 2022, tempered by the expiration of a 20MW Emergency Power Supply Contract last August 25.

  Despite sharp WESM correction, Spot ASP (P5.14/KWh) remained higher by 24% than BCQ ASP (P4.13/KWh).

- **Ample uncontracted capacity.** As of September 30 2023, only 23% (166.2 MW) of the 710MW dependable capacity has been contracted. Bulk of which is under SLPGC (73% or 121.2 MW).

  Net of station service (58.7MW), which varies from time to time, the segment has 483.7MW available for sale to the spot market.

- **Less spot purchases.** Total spot purchases declined by 42% from P496 million to P289 million on the back of lower contracted capacity (around 21.65 MW) and purchase price (-27%). SLPGC bought bulk (98%) of the replacement power.

SLPGC Unit 1 had a total of 62 emergency outage days during the period following high axial displacement and coking in furnace, while SLPGC Unit 2 was placed on a 28-day (14 days in Q3 2023) forced outage starting September 16 due to coking in furnace and silo blockage.

The power segment was a net seller to the spot market by 699 GWh (vs 458 GWh in Q3 2022).

SCPC standalone revenues stood at P4.00 billion, a 2-percent uptick from P3.93 billion as a result of improved operating performance and weaker selling prices.

Core EBITDA margin narrowed from 63% to 45% owing to a steeper rise in cash costs, while net income margin condensed from 38% to 28% as lower net finance costs and provision for income taxes cushioned the effect of lower topline.

Net of intercompany eliminations, SCPC net income contribution decreased by 28% from P2.19 billion to P1.58 billion. Intercompany eliminations subsided by 34% from P700 million to P460 million on lower coal prices and gross margins. To elaborate:

- **Weaker ASP.** Overall ASP dropped by 36% from P8.01/KWh to P5.10/KWh largely due to lower spot prices and fuel costs.

  Spot ASP fell by 37% from P8.26/KWh to P5.22/KWh, while BCQ ASP also dropped by 37% from P6.84/KWh to P4.28/KWh. The steep declines were mainly attributable to higher supply margin and stabilizing fuel prices.

- **Improved plant performance.** Plant availability rallied by 94% from 51% to 99% following the resumption of Unit 2's operations last October 9, 2022 and nearly uninterrupted operations of both plants.

  Availability of Unit 1 rose from 99% to 100% while Unit 2 surged from 2% to 98%. Unit 2 had only two outage days compared to 90 days in Q3 2022.

  Total average capacity declined by 6% from 414 MW to 391 MW owing to the occasional deration of both plants. Unit 1 capacity slightly declined (-4%) from 234 MW to 224 MW, while generator vibration issues led to a 7-percent drop in Unit 2 capacity from 180 MW to 167 MW.

- **Higher generation and dispatch.** Gross generation soared by 64% from 522 GWh to 856 GWh because of rebounding plant operations. In turn, total power sales accelerated by 59% from 491 GWh to 783 GWh. Bulk (88%) of total sales went to the spot market.

  With higher uncontracted capacity and plant availability, spot sales surged by 69% from 406 GWh to 686 GWh. At the start of Q3 2023, SCPC had 336.30MW in spot exposure versus 182.75 MW during the same period last year.

  Sale via bilateral contracts rose by 14% from 85 GWh to 97 GWh following an 11-percent hike in contracted capacity at the start of the period, from 40.45MW (June 2022) to 45.00MW (June 2023).

- **Negligible spot buy.** Replacement power purchases plunged from P90 million to P6 million on 99-percent plant availability. Spot buys were mainly WESM adjustments from transactions in previous period.

  SCPC was a net seller to the spot market in both years (686 GWh in 2023 vs 395 GWh)

- **Cash cost surge.** Total cash costs accelerated by 49% from P1.46 billion to P2.20 billion, driven by a 57-percent rise in COS from P1.14 billion to P1.79 billion because of higher generation. Operating expenses increased by double digits (24%) from P332 million to P411 million due to higher taxes and insurance premium.

- **Higher other income.** Other income more than tripled (224%) from P29 million to P94 million on higher fly ash sales from increased power generation.

- **Lower net finance cost.** Net interest cost decreased by 72% from P97 million to P27 million as loans payable at the beginning of the period fell by 19% from P8.40 billion (June 2022) to P6.77 billion (June 2023).

  Cash balance more than doubled (160%) from P2.00 billion (September 2022) to P5.14 billion (September 2023). This, coupled with efficient cash management, led to a sixfold (588%) upturn in gross finance income from P8 million to P55 million.

- **Lower income taxes.** Provisions for income taxes declined by 32% from P544 million to P369 million because of lower taxable earnings.

- **Ample uncontracted capacity.** As of September 30, 2023, SCPC had 45 MW or 11% capacity (out of 410 MW dependable capacity) set to expire in 2030 and beyond. 56% of contracted capacity has fuel passthrough provision.

  Net of station service (28.7MW), which varies from time to time, it has 336.3 MW capacity available for spot sale as of the end of the period.

SLPGC standalone revenues declined by 39% from P2.12 billion to P1.30 billion mainly due to lower power sales and selling prices. From a net income of P53 million, the company recognized a net loss of P123 million due to higher operating expenses and marginal decline in depreciation.

Net of intercompany eliminations, net income stood at P13 million, a 98-percent plunge from P585 million. Intercompany eliminations dropped by 74% from P532 million to P136 million on lower coal prices and consumption.

To further elaborate:

- **Reduced plant availability.** Overall plant availability sank by 24% from 78% to 59% due to increased outage days (76days vs 40 days in Q3 2022).

  Unit 1 availability more than halved from 69% to 33% as excessive turbine movement, high axial displacement, coking in furnace and coal silo blockage incidents resulted in 62 outage days (vs 29 days in Q3 2022).

  Unit 2 availability slightly declined from 88% to 85% following a 14-day outage starting on September 16 due to coal coking and silo blockage incidents. The plant returned online on October 15 (total of 28 days in outage) as plant management performed partial planned maintenance activities during the downtime.

  Average capacity decreased by 22% from 283 MW to 222 MW, largely due to high axial displacement in Unit 1 and occasional deration of Unit 2 prior and following the coking incidents.

- **Lower generation and dispatch.** With lower availability and average capacity, gross generation retreated by 36% from 489 GWh to 311 GWh.

  In line with total output, power sales dropped by 34% from 479 GWh to 316 GWh. Bulk (81%) of the sales went to bilateral contracts. Spot market sales plunged by 46% from 111 GWh to 60 GWh as the company prioritized BCQ commitments.

  Sale to bilateral contracts shrank by 30% from 368 GWh to 256 GWh on reduced contracted capacity. Contracted capacity at the beginning of the period slipped by 15% from 169.90 MW (June 2022) to 143.70 MW (June 2023).

- **Weaker selling prices.** Overall ASP dipped by 7% from P4.42/KWh to P4.10/KWh on lower spot prices.

ASP for spot and BCQ approached parity because of increased energy supply and new contracts. Spot ASP declined by 48% from P8.16/KWh to P4.23/KWh as supply rose faster than demand. Meanwhile, BCQ ASP climbed by 24% from P3.29/KWh to P4.07/KWh due to new contracts signed in H2 2022.

- **Lower spot buys.** Replacement power purchases tumbled by 30% from P406 million to P283 million. The supply was mainly used during simultaneous outages of Units 1 and 2 from September 16 to 30. Contracted capacity at the beginning of the period dipped by 15% from 169.90 to 143.70 MW.

  SLPGC was a net seller to the spot market at 13 GWh (from 63 GWh in Q3 2022).

- **Strong cash position.** From a net interest cost of P16 million, the company recorded a net interest income of P25 million due to lower debt levels and higher cash balance.

  At the start of the comparable periods, loan payable decreased by 40% from P2.08 billion (June 2022) to P1.25 billion (June 2023), while cash balance trended higher (27%) from P2.72 billion (September 2022) to P3.46 billion (September 2023). SLPGC remained in net cash position.

- **Other income and tax benefit.** SLPGC other income expanded by 67% from P30 million to P50 million following the collection of P31 million insurance claim from the gas turbines' forced outage in Q1 2022. The rest of Other Income came from fly ash sale.

The segment also reported the following financial and operational highlights:

- **Gas Turbine Sale.** Accounts and other payables accelerated by 114% from P594 million to P1.27 billion following receipt of partial payment on the sale of the 2x25MW gas turbines amounting to P406 million. The partial payment pertained to 57% of total sale price of US$12.6 million, which the company expects to complete by Q4 2023.

- **Balanced capacity distribution.** As of September 30, 121.20 MW of the 300 MW dependable capacity is contracted, 8% and 83% of which are set to expire in Q4 2023 and Q4 2024, respectively. All contracts have no fuel passthrough provision in place.

  Net of capacity allocated for station service (30MW), which varies from time to time, SLPGC has 148.8MW of capacity exposed to the spot market.

CAPEX

Year-on-year, Q3 group capex was flat at P1.0 billion as higher coal segment spending offset reductions in SCPC expenditures.

Coal spending grew by 50% to P800 million on refleeting activities and material handling capacity enhancement while SCPC expenditures declined by 75% to P100 million after the company completed its planned maintenance of Unit 1 in Q4 2022. SLPGC was flat at P100 million.

In Php billions	**Q3 2023**	**Q3 2022**	**Change**
Coal	0.8	0.5	60%
SCPC	0.1	0.4	-75%
SLPGC	0.1	0.1	0%
Total	**1.0**	**1.0**	**0%**

In Php billions	**9M 2023**	**9M 2022**	**Change**
Coal	2.4	2.2	9%
SCPC	0.4	0.9	-56%
SLPGC	0.2	0.5	-60%
Total	**3.0**	**3.6**	**-17%**

2023F	**2022A**	**Change**
3.3	2.5	32%
0.8	1.2	-33%
0.6	0.6	0%
4.8	**4.3**	**12%**

2023 full-year capex estimate has been adjusted downward from the previous guidance of P6.1 billion to P4.8 billion due to the deferment of capital investments in the coal and power segments.

The purchase of other mining support equipment will be deferred to 2024 while the rewinding and swapping costs for SCPC Unit 2 will be rescheduled to early-2024.

Depending on the outcome of ongoing discussions with the insurers, spending on SLPGC Unit 1's planned replacement of the high-pressure/intermediate-pressure (HIP) turbine rotor (P200 million) has also been put on hold.

Rewinding activities for SCPC Unit 2's old generator is ongoing and is expected to be completed by Q1 2024, as scheduled. The rewound equipment will replace the defective GE generator in the said plant. With the replacement, dependable capacity is expected to return to 300MW around the first half of 2024.

Consequently, nine-month capex stayed below the previous-year spending. A significant portion (35%) of the full-year capex estimate has been scheduled for Q4.

The coal segment's refleeting activities are ongoing and is intended to account for 69% of the group's full-year capex. The rest was used for the power segment's routine planned maintenance activities.

Market Review and Outlook

Coal

In 2023, the global energy market shifted its focus towards stabilizing the supply chain, following disruptions caused by geopolitical and regulatory events in the previous year. These scenarios underscored the significance of coal in driving the energy transition, fulfilling baseload energy requirements, and addressing industrial demand.

The market's stabilization is mirrored in the movement of global indices. In the third quarter of 2023, the Newcastle Price (NEWC) posted a substantial decline of 65%, plummeting from a historic high of US$420.7 to US$147.8. Concurrently, the Indonesian Coal Index 4 (ICI4) registered a slower decline of 36%, decreasing from US$81.7 to US$52.0.

Although there has been a notable decline in these indices compared to the previous year, the prices remain significantly elevated compared to the pre-pandemic levels. To recall, NEWC and ICI4 in the third quarter of 2019 stood at US$57.9 and US$33.1, respectively.

As the market steadies, Argus Media has documented a slowdown in coal production in Indonesia and China, with demand pivoting towards the Indian market to meet its industrial requirements.

Coal prices are anticipated to register an uptick in the short term, driven by heightened demand during China's winter season and a strategic shift of Indonesian coal supply to India.

In line with these market dynamics, SMPC has resumed shipment to a power plant in India, marking a strategic move to diversify its foreign market portfolio. Moreover, domestic demand is expected to rise in the short term due to the persistence of the El Niño climate phenomenon, which may potentially impact hydro power plants, accounting for 14% of the nation's dependable power generation capacity.

For the full year of 2023, the estimated average NEWC is projected to be around US$171.0, marking a 53% decrease from the 2022 average of US$362.8. The average NEWC for 2024 is anticipated to hover around US$154, reflecting the ongoing normalization in the market amidst escalating heating and industrial demand.

Power

Q3 average supply in the Luzon-Visayas grid increased by 11% from 12,342 MW to 13,756, following reintegration of a 1,200 MW baseload power generator and better availability from hydro power plants.

Average demand grew at a more modest pace (6%) from 10,804 MW to 11,499 MW, widening average supply margin by 47% from 1,538 MW to 2,652 MW. Consequently, ASP plunged by 37% from P8.02/KWh to P5.07/KWh.

For FY2023, Management expects average spot prices to hover around P6.27/KWh, which is likely to carry over to 2024 despite El Nino forecasts.

El Nino is seen to persist and extend till the middle of 2024, possibly affecting the availability of hydro power plant capacity by around 50%. However, with additional capacity of 150MW in 2023 and 1,200MW in 2024, demand-supply margins are likely to remain stable resulting in flat spot prices.

###

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 27, 2023