

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 6, 2022**
Date of Report
2. SEC Identification No.: **91447**
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**
Province, country or other jurisdiction of incorporation
6. (SEC Use Only)
Industry Classification Code:
7. **2/F DMCI Plaza, 2281 Chino Roces Avenue, Makati City**
Address of principal office
- 1231**
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

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock</u> <u>(Outstanding)</u>
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 6, 2022, reviewed and approved the Corporation's unaudited consolidated financial statements for the period ended March 31, 2022, as follows:

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

March 31, 2022 (Unaudited) vs March 31, 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 March 31, 2022 and 2021.

- SMPC is the only vertically-integrated power producer 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, Japan, South Korea 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	January to March (Q1)		
	2022	2021	Change
SMPC	13,017	1,674	678%
SCPC	1,704	5	33,980%
SLPGC	307	620	-50%
Others	(1)	6	-117%

Core Net Income	15,027	2,305	552%
Nonrecurring Items	-	-	-
Reported Net Income	15,027	2,305	552%
EPS (reported)	3.54	0.54	552%

Q1 2022 vs Q1 2021 Consolidated Highlights

- The Group reported its highest quarterly net income ever at P15.03 billion, six times (552%) more than the P2.31 billion posted last year. This translated to an earnings per share of P3.54 and a quarterly return on equity of 30%.

Its extraordinary first-quarter bottom line was mainly due to record-high coal production and shipment coupled with surging global coal prices because of rebounding demand, the Indonesian export ban, heavy rainfall in Australia and economic sanctions on Russia over its invasion of Ukraine.

Providing added boost to group profitability was the power segment which benefited from surging electricity prices on the back of higher gross generation and predominantly uncontracted dependable capacity.

- Coal segment contribution expanded seven times (678%) while SCPC contribution rallied 33,980%. Slightly dragging consolidated results was the 50-percent reduction in SLPGC contribution.
- Overall, the coal segment accounted for 87% of the Group net income, followed by SCPC (11%) and SLPGC (2%).
- On March 31, the Board of Directors declared regular dividends of P1.50/share, the highest in 10 years. Total payout amounted to P6.38 billion while total payout ratio stood at 39%--well above the Company's dividend policy of 20% of the preceding year's reported net income.

Q1 2022 vs Q1 2021 Segment Performance

Coal

Standalone coal revenues jumped 262% from P7.10 billion to P25.72 billion while net income surged by 629% from P1.95 billion to P14.22 billion. Both results are the highest ever recorded by the segment for any given quarter.

Net of intercompany eliminations, coal contribution grew by 678% from of P1.67 billion to P13.02 billion. The spectacular segment performance was attributable to the following:

- **All-time high production.** Controlled water seepage levels in Molave mine and favorable weather conditions led to a 49-percent jump in production from 4.5 MMT to 6.7 MMT. Strip ratios also dropped 40% from 9.3 to 5.6 due to easier coal access and near-depletion of Molave East Block 4.
- **Best-ever sales.** Total shipments grew by 31% from 3.9 MMT to 5.1 MMT on record production and beginning high-grade inventory of 0.9 MMT. The double-digit rise was mainly driven by exports, accelerating by 48% from 2.1 MMT to 3.1 MMT. China remained as the top buyer (71%), followed by Thailand (12%) and South Korea (10%). Meanwhile, domestic sales grew at a more modest pace (11%) from 1.8 MMT to 2.0 MMT as shipments to other power plants offset the lower sales to own plants.
- **Record prices.** Semirara coal average selling prices (ASP) vaulted by 180% from P1,829 to P5,125 on soaring index prices and sale of more high-grade coal. Newcastle coal prices nearly tripled (197%) during the period on strengthening global demand, heavy rainfall in Australia and bans on Russian coal. Meanwhile, ICI4 rose by 99% owing to the coal export ban imposed by Indonesia.
- **Wider profit margins.** Standalone net profit margins expanded from 27% to 55% on stronger topline which muted the impact of higher (73%) fuel costs. Fuel costs accounted for 32% of COS (vs 24% in Q1 2021).

Power

Contributions from the power segment rose by 222% from P625 million to P2.01 billion on higher gross generation and sales, large uncontracted capacity and rebounding demand. To elaborate:

- **Higher gross generation.** Overall gross generation climbed by 5% from 862 GWh to 907 GWh on higher SCPC generation.
- **Higher power sales.** Total power sales climbed by 14% from 796 GWh to 908 GWh, bulk (57%) of which was sold to the spot market.
- **Large uncontracted capacity.** At the end of 2021, 64% of the group's running dependable capacity (540MW) was uncontracted, which translated to a total spot exposure of nearly 350MW.
- **Rebounding demand.** Average actual demand rose by 5% from 9,300MW to 9,764MW on loosening quarantine restrictions amid stable supply. With higher spot sales, consolidated ASP improved by 50% from P3.52/KWh to P5.29/KWh.

SCPC standalone revenues climbed by 199% from P1.05 billion to P3.13 billion. Strong topline growth pushed the company back to profitability from net losses of P163 million to a net income of P776 million.

Net of intercompany eliminations, net income contribution from SCPC grew by 33,980% from P5 million to P1.70 billion due to higher coal prices from SMPC and increase in coal consumption following its improved plant performance. Its stellar recovery was due to the following:

- **Better plant availability.** Overall plant availability rose by 56% from 32% to 50% mainly due to the continuous operations of Unit 1 (100%). Unit 2 remained on outage (since November 18, 2021) and was also down the same period last year.
- **Double-digit output growth.** Gross generation surged by 68% from 297 GWh to 500 GWh owing to the 100% plant availability of Unit 1.
- **Strong sales recovery.** Electricity sales recovered by 67% from 286 GWh to 478 GWh, most (91%) of which was sold to the spot market. BCQ sales dropped by 82% from 243 GWh to 44 GWh while spot sales soared by 909% from 43 GWh to 434 GWh.
- **Higher sales price.** Overall ASP hiked by 79% from P3.66/KWh to P6.55/KWh on higher spot sales and prices. Average spot selling prices rose by 147% from P2.77/KWh to P6.83/KWh, offsetting the 1-percent decline in BCQ ASP from P3.82/KWh to P3.77/KWh.

SLPGC standalone revenues slipped by 4% from P1.75 billion to P1.68 billion while its standalone net earnings dropped by 100% from P553 million net income to P2 million in net losses.

Net of intercompany eliminations, SLPGC net income fell by 50% from P620 million to P307 million. Its weak showing was attributable to the following:

- **Lower plant availability.** Total plant availability dropped by 29% from 91% to 65% because of planned maintenance outages. Its Unit 1 was down for 8 days while its Unit 2 was offline for 56 days.
- **Reduced output.** With lower plant availability, gross generation retraced by 28% from 565 GWh to 407 GWh, which includes gas turbine generation of 1.9 GWh in Q1 2021 and 3.9 GWh in Q1 2022.
- **Weaker sales.** Electricity sales weakened by 16% from 510 GWh to 430 GWh. Bulk of the sales (80%) went to BCQs owing to its high contracted capacity (169.9MW out of 300MW dependable capacity as of March 31, 2022). Gas turbines contributed 1% (3.2 GWh) to the total sales volume.
- **Higher replacement power.** The planned maintenance outages coincided with elevated WESM prices, which led to a 7,867-percent rise in replacement power purchases from P6 million to P478 million. However, the company remained a net seller to the market at 21 GWh (vs 102 GWh in Q1 2021).
- **Elevated selling price.** ASP increased by 14% from P3.43/KWh to P3.90/KWh, on the combined effect of lower (-9%) BCQ prices (P3.43/KWh vs P3.13/KWh) and higher (+101%) spot prices (P3.43/KWh vs P6.91/KWh).

CAPEX

Group capex grew by 82% from P1.1 billion to P2.0 billion on higher spending by the coal segment.

The bulk of the amount (80%) went to the re-fleeting and continuing water seepage management programs of the coal segment. Meanwhile, the uptick in Q1 capex of the power segment is due mainly to SLPGC's planned maintenance activities.

In Php billions	Q1 2022	Q1 2021	Change
Coal	1.6	0.8	100%
SCPC	0.2	0.2	0%
SLPGC	0.2	0.1	100%
Total	2.0	1.1	82%

For 2022, the Group has allotted P8.8 billion to support and enhance its coal and power operations. Of the total amount, 52% will go to equipment re-fleeting (coal) while 27% will be spent on building a 30MW power plant in Semirara Island. The rest will be used for the planned maintenance activities of SCPC and SLPGC.

In Php billions	2022F	2021	Change
Coal	7.0	2.5	180%
SCPC	1.0	0.8	25%
SLPGC	0.8	0.6	33%
Total	8.8	3.9	126%

Market Review and Outlook

Coal

The market volatility during the period was induced by policy interventions and weather-related supply disruptions.

Top global exporter Indonesia paused overseas sales in January after some of its power plants warned of shutdowns because of declining stockpiles.

Rising fuel prices and trade sanctions on Russia following its February 24 invasion of Ukraine prompted EU and G7 coal consumers to look for alternative suppliers. Russia is the third largest coal producer in the world.

Around the same time, Australia—the second biggest coal exporter—experienced record rainfall which forced some of its coal mines and terminals to suspend operations.

These events drove up coal index prices, with the Newcastle (NEWC) even peaking at \$435 on March 7—a new record high.

The three-month average NEWC jumped by 197% from USD88.69 to USD263.75 while ICI4 posted a leaner 99-percent growth from USD41.41 to USD82.31. NEWC and ICI4 indices closed the period at USD 165.86 and USD 60.60, respectively.

SMPC expects supply chain disruptions to persist over the short to medium term owing to the escalating geopolitical crisis. However, the economic slowdown in China due its COVID-19 lockdowns could soften industrial consumption and consequently market prices.

The Company is also anticipating wider gaps in the movement of NEWC and ICI4 indices because of the prolonged and knock-on effects of the Australian coal supply disruptions, Russian sanctions and policy interventions of China and Indonesia.

For the full-year, SMPC expects NEWC average (2022F) to expand by 114% from USD137.30 in 2021 to USD293.2.

Power

First-quarter average spot prices surged by 125% from P2.91/KWh to P6.54/KWh, largely driven by thin supply margin due to Typhoon Odette, downgrade of quarantine restrictions to Alert level 1, onset of the summer season and election-related activities.

SMPC projects full-year average (2022F) to grow at around 24% to P5.98/KWh. Spot prices are expected to remain elevated this year due to limited additional capacity entering the market.

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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 6, 2022