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

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, 2024**
   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"), 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, 2023.

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

December 31, 2023 (Audited) vs December 31, 2022 (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, 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 national 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)		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
SMPC	4,027	3,033	33%	17,993	32,400	-44%
SCPC	900	190	374%	7,854	5,131	53%
SLPGC	442	848	-48%	2,098	2,482	-15%
Others	6	2	200%	45	14	221%
Core Net Income	**5,375**	**4,073**	**32%**	**27,990**	**40,027**	**-30%**
Nonrecurring Items	(57)	(156)	-63%	(57)	(156)	-63%
Reported Net Income	**5,318**	**3,917**	**36%**	**27,933**	**39,871**	**-30%**
EPS (reported)	**1.25**	**0.92**	**36%**	**6.57**	**9.38**	**-30%**

Q4 2023 vs Q4 2022 Consolidated Highlights

- The SMPC Group's reported net income surged by 36% from P3.92 billion to P5.32 billion, buoyed by strong coal and electricity sales which offset the impacts of stabilizing market prices. This upswing raised earnings per share from P0.92 to P1.25.

  Excluding nonrecurring losses, the Group's core net income expanded by 32% from P4.07 billion to P5.38 billion, as SLPGC recognized an additional loss of P57 million based on the final selling price for its two 25MW gas turbines. In 2022, SLPGC recorded a loss of P156 million in relation to the reclassification of the said turbines as Assets Held for Sale based on the estimated selling price at the time.

  Quarter-over-quarter, reported net income accelerated by 56% from P3.40 billion to P5.32 billion, largely driven by a strong rebound in coal exports.

- Core EBITDA increased by 7% from P7.34 billion to P7.82 billion as the growth in total cash costs outpaced revenue expansion, reducing core EBITDA margin from 41% to 38%.

  Topline improved by 16% from P17.96 billion to P20.76 billion on higher coal and electricity sales but total cash costs swelled by 22% from P10.63 billion to P12.94 billion due to double-digit increases in government share and cost of sales (COS).

  Government share jumped by 46% from P2.27 billion to P3.32 billion on higher coal revenues while COS rose by 18% from P6.99 billion to P8.26 billion because of higher carried-over production cost for the beginning inventory, such as materials, parts and lubricants. Operating expenses, however, remained unchanged at P1.36 billion.

  Excluding government share, cash costs grew in line with revenue growth from P8.35 billion to P9.61 billion (+15%).

- Depreciation and amortization expenses surged by 70% from P1.35 billion to P2.30 billion due to new mining equipment and accelerated amortization of Molave mine due to its early closure.

  In January 2024, the Department of Energy (DOE) approved the early closure of Molave mine due to increased mudflow in South Block 6.

- Other expenses plunged by 97% from P594 million to P19 million on the combined effect of lower net foreign exchange losses from foreign currency transactions (i.e. export sales and equipment importations) and incomes from fly ash sales (P131 million) and gas turbine storage fees (P6 million).

Net foreign exchange loss fell by 76% from P658 million to P160 million due to a more stable PHP:US$ exchange market and the Philippine Peso's appreciation.

Quarter-over-quarter, the PHP:US$ exchange rate appreciated by 2%, moving from P56.96:US$1 (as of September 29, 2023) to P55.57:US$1 (as of December 29, 2023).

During the same period last year, the PHP:US$ exchange rate appreciated by 5% from P58.91:US$1 (as of September 29, 2022) to P56.12:US$1 (as of December 29, 2022).

- Net finance income expanded six-fold (535%) from P23 million to P146 million due to continuous debt amortization, elevated interest rates and prudent cash management.

- Income taxes dropped by 80% from P1.34 billion to P272 million on high-base effect. The company accrued P897 million to cover tax expense for year 2020 after the Board of Investments approved the correction of Molave mine's Income Tax Holiday availment period from October 2022 to October 2023.

- Contribution from SCPC grew fourfold (374%) from P190 million to P900 million, while coal registered a 33-percent rise in contribution from P3.03 billion to P4.03 billion. Net income from SLPGC fell by 44% from P692 million to P385 million.

- The coal business accounted for 76% of group net income, followed by SCPC (17%) and SLPGC (7%).

FY 2023 vs FY 2022 Consolidated Highlights

- Reported net income declined by 30% from P39.87 billion to P27.93 billion, marking the Group's second-highest performance on record. The exceptional results were driven by historic coal and electricity sales amid correcting market prices.

  Earnings per share fell from P9.38 to P6.57. Return on equity reached 44%, the highest among listed energy peers in the Philippines.

  Excluding nonrecurring items, core net income fell by 30% from P40.03 billion to P27.99 billion. 2023 nonrecurring item pertains to recognized loss from the planned sale of the 2x25MW gas turbines, while 2022 nonrecurring item was due to the write-down of the gas turbines' value based on its estimated price when the assets were reclassified to Assets Held for Sale.

- Contribution from the coal segment receded by 44% from P32.40 billion to P17.99 billion. Meanwhile, the power segment saw a 33-percent increase in its contribution from P7.46 billion to P9.90 billion. This was largely due to a 53-percent surge in SCPC's contribution from P5.13 billion to P7.85 billion, muted by a 12-percent reduction in SLPGC's contribution from P2.33 billion to P2.04 billion.

- Coal accounted for 65% of total net income, followed by SCPC (28%) and SLPGC (7%). The significant rise in power contributions (from 19% to 35%) was largely attributable to better operating performance and reduced coal earnings.

- Core EBITDA margin narrowed from 52% to 46% on the combined effect of lower revenues, higher operating cash costs and lower government share.

- Revenues sank by 16% from P91.13 billion to P76.96 billion mainly due to lower selling prices, while total cash costs slipped by 6% from P43.76 billion to P41.21 billion on lower government share, which dropped by 33% from P15.96 billion to P10.68 billion.

  Cash component of COS went up by 9% from P24.09 billion to P26.24 billion due to higher coal sales, carried-over production costs from beginning inventory and higher costs for labor, lubricants and contracted services among others. Meanwhile, Opex rose by 16% from P3.71 billion to P4.30 billion on higher plant maintenance expenses, insurance premium and taxes.

Consequently, Core EBITDA declined by 25% from P47.37 billion to P35.75 billion.

- Depreciation and amortization costs increased by 17% from P5.74 billion to P6.74 billion mostly due to new mining equipment and accelerated amortization of Molave mine due to its early closure.

  In January 2024, the DOE approved the early closure of Molave mine due to increased mudflow in South Block 6.

- Other income dropped by 56% from P1.25 billion to P550 million on high-base effect, as the Group recorded a net forex loss of P176 million versus a net forex gain of P1.00 billion last year.

  In 2022, the PHP:US$ exchange rate depreciated by 11% from P50.77:US$1 (as of December 31, 2021) to P56.12:US$1 (as of December 29, 2022). However, from December 29, 2022 to December 29, 2023, the exchange rate appreciated by 1% to P55.57:US$1, indicating a more stable forex market.

  Additionally, Other income included a P206 million refund of wharfage fees from the Philippine Ports Authority, a P31 million insurance claim for the SLPGC 2x25MW gas turbines, P472 million from the sale of fly ash, and P6 million in income from gas turbine storage fees.

- The Group recorded a net finance income of P597 million versus a net finance cost of P444 million last year because of prudent cash management and regular loan amortization.

- Income taxes slipped by 10% to P2.17 billion from P2.40 billion, impacted by the accrual of tax expenses and interest for year 2020, following a Board of Investments-approved adjustment to the Molave mine's Income Tax Holiday period. This decline was mitigated by rising taxable profits from the power segment.

- Total cash balance slid by 5% from P20.06 billion to P18.99 billion, after paying out P29.75 billion in cash dividends (P7/share), the highest ever for the company.

  The dividend payout translated to 75% of the previous year's reported net income (P39.87 billion), well above the dividend policy of 20%.

- Book value per share remained healthy despite a slight decline (-3%) from P15.12 to P14.68, after spending a total of P37.26 billion on cash dividends (P29.75 billion), capital expenditures (P4.02 billion) and debt payment (P3.49 billion).

- Loans payable declined by 34% from P10.20 billion to P6.73 billion, bolstered by strong cash flow that enabled steady amortization and financing of capital expenditures.

- Group financial position remained very healthy with current ratio at 2.38 (from 2.91). Debt ratio was flattish at 0.36, following the declaration of cash dividends from the unrestricted retained earnings.

  Net cash position strengthened, climbing from P9.86 billion to P12.26 billion, as SMPC and SLPGC reported net cash positions as of the end of the period.

Q4 2023 vs Q4 2022 Segment Performance

Coal

Standalone coal revenues jumped by 20% from P14.42 billion to P17.38 billion largely due to the dramatic rise in foreign shipments.

Net income grew faster at 27% from P3.58 billion to P4.56 billion because of low-base effect, as the company booked its 2020 tax expense (P897 million) and related interests (P184 million) during the same period last year.

Net of intercompany eliminations, net income accelerated by 33% from P3.03 billion to P4.03 billion. Concurrently, eliminating entries dipped by 3% from P547 million to P529 million, driven by lower coal selling prices that compressed gross margins, which resulted from lower market indices and efficient coal blending in the power segment.

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

The following results account for the segment's financial performance:

- **Record shipments.** Total shipments surged by 77% from 3.0 million metric tons (MMT) to 5.3 MMT, the highest for any given quarter. The historic performance was fueled by record exports, propped up by increased production.

  Foreign shipments surged by 218% from 1.1 MMT to an unprecedented 3.5 MMT, driven by heightened demand and the availability of commercial-grade coal.

  Sales to China soared by 207% from 0.8 MMT to 2.6 MMT, while shipments to South Korea doubled from 0.3 MMT to 0.6 MMT. Together, the two countries constituted 92% of total exports, followed by Brunei (4%) and India (2%) and Japan (2%).

  Domestic shipments tapered by 5% from 1.9 MMT to 1.8 MMT, impacted by the high sulfur content in some commercial-grade coal, which resulted in a 17-percent decrease in shipments to power, industrial, and cement plants—from 1.2 MMT to 1.0 MMT. Meanwhile, shipments to SMPC-owned plants increased by 14% from 0.7 MMT to 0.8 MMT, owing to the enhanced availability of the SCPC plants.

- **Normalizing prices.** Semirara coal average selling price (ASP) dropped by 32% from P4,861 per metric ton (MT) to P3,305 per MT on correcting market indices.

  Average Newcastle index (NEWC) plunged by 64% from US$379.5 to US$135.6 while average Indonesian Coal Index 4 (ICI4) receded at a slower pace (35%) from US$90.5 to US$58.9.

  Both indices stabilized around these levels, reflecting a notable reduction in market volatility in the second half of 2023. On a quarter-over-quarter basis, NEWC dropped by 8% from US$147.8, whereas ICI4 increased by 13% from US$52.0.

  Pre-pandemic (2019), Average NEWC stood at US$77.8 while Average ICI4 was at US$35.

- **Narrower operating margins.** Core EBITDA increased by 5% to P6.34 billion from P6.06 billion but margin narrowed from 42% to 36%. Standalone net income margin expanded from 25% to 26%, mainly due to the timing of the 2020 tax accrual recognized last year. Excluding the 2020 tax expense and related interests, net income margin decreased from 33% to 26%.

  Revenues rose by 20% from P14.42 billion to P17.38 billion because of increased shipments, but total cash costs grew faster (+32%) from P8.37 billion to P11.04 billion.

  Cash component of the cost of sales (COS) surged by 29% from P5.72 billion to P7.41 billion on the back of higher coal sales and carried-over production costs from beginning inventory.

  For context, coal produced in the previous quarter (Q3 2023) incurred higher production costs due to elevated strip ratio and lower production levels caused by heavy rainfall.

Meanwhile, Opex subsided by 16% from P369 million to P309 million on high-base effect from the recognition of P184 million related interests from the deferral of Molave mine's 2020 Income Tax Holiday during the same period last year. Additionally, government share accelerated by 46% from P2.27 billion to P3.32 billion on higher topline.

- **Surge in noncash items.** Depreciation and amortization more than doubled (+131%) from P761 million to P1.76 billion due to new mining equipment and accelerated amortization of Molave mine due to its early closure.

- **Lower net forex loss.** Net forex losses declined from P648 million to P144 million on stabilizing US$:PHP forex market. As of December 31, 2023, 46% of net forex gain remained unrealized.

- **Higher net finance income.** Finance income (net of finance costs) rose by 4% from P112 million to P117 million on prudent treasury management and lower debt levels.

The segment also reported the following operational highlights:

- **Production recovery.** Coal production surged by 83% from 2.3 million metric tons (MMT) to 4.2 MMT, attributed to a combination of factors including low-base effect, an improved strip ratio and favorable weather conditions.

  Last year, the company curbed fourth-quarter production to stay within its Environmental Compliance Certificate (ECC) limit of 16 MMT/year. Following subdued output through the first nine months of 2024 (11.8MMT vs 13.7MMT in 9M 2022), the company was able to ramp up production in the final quarter.

  As a result, the total volume of materials moved increased by 25% from 46.6 million bank cubic meters (MBCM) to 58.3 MBCM.

  Effective strip ratio improved from 17.5 to 13.3, benefiting from reduced rainfall (127 mm versus 185 mm), better access to the coal seams in Narra mine and a strategic focus on more accessible blocks.

  The Narra mine was particularly productive, contributing 93% to the quarter's total production, with strip ratios at the Molave and Narra mines recorded at 48.9 and 10.6, respectively.

  Full-year actual strip ratio (13.1) was slightly above the initial 2023 guidance of 12.83. The variance was mainly due to increased mudflow in Molave South Block 6.

- **Low inventory.** Total coal inventory dropped by 10% from 2.0 MMT to 1.8 MMT on weak third-quarter production and catch-up shipments in the last quarter.

  With record exports, commercial-grade coal inventory plummeted by 78% (YoY) from 1.1 MMT to 0.2 MMT, and by 89% from the quarter's start at 1.9 MMT.

<u>Power</u>

At the standalone level, net income doubled (+102%) from P349 million to P705 million while core EBITDA increased by 15% from P1.39 billion to P1.60 billion, expanding the margin from 29% to 35%. The improvements were largely driven by higher plant availability and reduced replacement power costs.

Segment revenues dipped by 3% from P4.78 billion to P4.63 billion as weaker selling prices were partially offset by record power sales.

Excluding nonrecurring items, core net income surged by 51% from P505 million to P762 million. Nonrecurring items pertain to an additional loss of P57 million, which was recognized in relation to the planned sale of the 2x25MW gas turbines in 2023 while the P156 million pertains to asset write-down for said turbines, which were previously reclassified as Assets Held for Sale.

Net of intercompany eliminations, reported net income rose by 46% from P882 million to P1.29 billion.

The segment's results are attributable to the following:

- **Improved plant availability.** Overall plant availability went up from 62% to 79% on reduced outage days (76 days vs 139 days). SCPC Unit 2 resumed commercial operations on October 9, 2022, while SCPC Unit 1 underwent a 90-day planned maintenance outage during the same period last year.

  SCPC plant availability skyrocketed from 31% to 81% owing to a reduction in outage days from 127 to 36. The improvement was mainly due to a scheduled 22-day outage of SCPC Unit 1 starting October 27. Conversely, the SLPGC plant's availability decreased from 93% to 78%, as outage days rose from 12 to 40.

  Overall, total average capacity grew by 18%, from 580 MW to 682 MW, primarily attributed to SCPC Unit 1, which reduced output last year in preparation for its 90-day shutdown.

- **Better output and sales.** Total gross generation soared by 40% from 854 gigawatt hours (GWh) to 1,195 GWh, driven by an increase in SCPC's output that more than compensated for the decrease in SLPGC generation.

  As a result, total power sales increased by 32%, from 818 GWh to 1,078 GWh. Bulk (68%) of the volume sold went to the spot market.

- **Higher spot sales.** Dispatch to the spot market more than doubled (118%) from 335 GWh to 731 GWh on improved plant availability, higher gross generation and higher uncontracted capacity.

  Combined uncontracted capacity (net of station service which varies from time to time) stood at 485.1MW (by end-September 2023) compared to 259.05 MW (by end-September 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 fell by 28% from 483 GWh to 347 GWh owing to a 29-percent decline in contracted capacity at the beginning of the periods from 234.15MW (September 30, 2022) to 166.2MW (September 30, 2023).

- **Converging BCQ and spot prices.** Overall average selling price (ASP) decelerated by 27% from P5.84/ kilowatt hour (kWh) to P4.29/kWh due to lower prices for spot sales and bilateral contracts.

  Spot ASP plunged by 46% from P8.06/KWh to P4.38/KWh on higher supply margins and lower fuel costs. Meanwhile, BCQ ASP slipped by 5% from P4.29/KWh to P4.09/KWh, as contracts signed in the second half of 2022 included fuel pass-through provisions. These contracts represented 15% of the contracted capacity at the start of the period.

- **Ample uncontracted capacity.** As of December 31, 2023, more than a third (34% or 238.2MW) of the power segment's dependable capacity (710MW) has been contracted.

  Majority (53%) of the contracted capacity is under SCPC, aligning with Management's guidance to contract approximately half of the dependable capacity.

  Excluding station service requirements (58.7MW), which vary periodically, the segment has 413.10MW available for spot sales.

- **Minimal spot purchases.** Total spot purchases plunged by 90% from P530 million to P55 million on better plant availability and lower contracted capacity at the beginning of the period.

  The power segment was a net seller to the spot market by 726 GWh (vs 271 GWh in Q4 2022).

SCPC standalone revenues climbed by 43% from P2.00 billion to P2.86 billion on the back of improved operating performance, tempered by lower selling prices.

Core EBITDA more than doubled (129%) from P453 million to P1.04 billion, with margin widening from 23% to 36% on stronger topline, lower replacement power purchases, reduced plant maintenance costs, lower coal prices and effective coal blending.

Standalone net income grew 17x (1,606%) from P33 million to P563 million, with margin expanding from 2% to 20% on higher fly ash and net finance income, tempered by higher provision for income taxes.

Net of intercompany eliminations, SCPC net income contribution surged by 374% from P190 million to P900 million. Intercompany eliminations doubled (115%) from P157 million to P337 million on higher coal consumption due to lower outage days. To further explain:

- **Lower selling prices.** Overall ASP dropped by 42% from P7.65/KWh to P4.46/KWh because of lower spot prices and fuel costs.

  Spot ASP plunged by 44% from P7.85/KWh to P4.41/KWh, while BCQ ASP dropped by 35% from P7.24/KWh to P4.67/KWh.

- **Better plant performance.** Plant availability surged from 31% to 81%, a significant recovery due to the low base effect from last year, which resulted from a scheduled shutdown of Unit 1 starting October 1, 2022, the restart of Unit 2 on October 9, 2022 and a shorter scheduled maintenance period for Unit 1 this year.

  Availability for Unit 1 jumped from 2% to 76%, aided by a decrease in planned outage days from 90 to 22. Meanwhile, Unit 2's availability improved from 60% to 85%, as the duration of unplanned outage days was reduced from 37 to 13.

  Unit 1 went on a 22-day planned maintenance outage starting October 27, while Unit 2 had a 13-day emergency shutdown from September 30, mainly due to boiler tube leaks.

  Following the early Q4 return of SCPC Unit 1, the total average operational capacity (based on running days) expanded by 37% from 289MW to 396MW.

- **Better generation and dispatch.** Gross generation surged by 176% from 254 GWh to 700 GWh on the back of improved plant availability and capacity. Consequently, total power sales accelerated by 145% from 261 GWh to 639 GWh. Bulk (81%) of total sales went to the spot market, as a result of expanded plant capacity and lower uncontracted capacity.

  Spot sales nearly tripled (197%) from 175 GWh to 520 GWh because of higher spot capacity exposure at the start of the period. SCPC had 336.30MW (September 2023) in spot exposure versus 177.75 MW during the same period last year (September 2022), an 89-percent increase.

  Sales through bilateral contracts increased by 38% from 86 GWh to 119 GWh, due to a 37-day simultaneous outage at both plants last year. The contracted capacity was flattish at 45.45MW (from versus 45MW) at the start of both periods (September 2022 and 2023).

- **Minimal spot purchases.** Replacement power purchases plummeted by 93% from P375 million to P42 million on better plant availability.

SCPC was a net seller to the spot market for both periods (517 GWh in 2023 vs 132 GWh in 2022).

- **Flatter cash cost.** Total cash costs grew by 17% from P1.55 billion to P1.82 billion, significantly slower than topline (43%), owing to the combined effect of higher generation, efficient fuel blending and negligible replacement power purchases.

  COS (cash component) jumped by 31% from P947 million to P1.24 billion on higher fuel consumption, while operating expenses declined by 4% from P600 million to P576 million on lower plant maintenance expenses due to higher plant availability.

- **Higher other income.** Other income grew fourfold (342%) from P24 million to P106 million on higher fly ash sales from increased power generation.

- **Net finance gain.** Net finance cost of P80 million turned into a net finance gain of P2 million as a result of better cash generation and lower loans payable.

  Loans payable at the beginning of the period fell by 25% from P7.99 billion (September 2022) to P5.97 billion (September 2023), while cash balance more than doubled (160%) from P1.98 billion (September 2022) to P5.14 billion (September 2023).

- **Higher tax expense.** Provisions for income taxes surged from P6 million in tax benefit to P201 million tax expense due to higher taxable earnings.

- **Growing contracted capacity.** As of December 31, 2023, SCPC had 127 MW (31%) of its 410 MW dependable capacity under contract. Of which, 35% (or 45 MW) is scheduled to expire in 2030 or later, while the remaining 82 MW will end within 2024. Additionally, 20% of the contracted capacity includes a fuel pass-through provision.

  Net of station service (28.7 MW), which fluctuates periodically, SCPC had 254.3 MW of capacity available for spot sales at the end of the period.

SLPGC standalone revenues fell by 36% from P2.78 billion to P1.77 billion on lower sales volume and selling prices.

Core EBITDA margin contracted by 40% from P934 million to P561 million, with the margin narrowing from 34% to 32%. Net income dropped by 55% from P316 million to P142 million.

Excluding nonrecurring items, core net income tumbled by 58% from P472 million to P199 million. Nonrecurring items include an additional recognized loss of P57 million, in relation to the planned sale of the 2x25MW gas turbines of SLPGC and a P156 million write-down of the turbines in 2022.
Net of intercompany eliminations, net income slumped by 44% from P692 million to P385 million. Intercompany eliminations declined by 35% from P376 million to P243 million, in line with lower coal prices and consumption.

To further explain:

- **Lower plant availability.** Overall plant availability decreased from 93% to 78% due to increased outage days (40 vs 12 in Q4 2022).

  Unit 1 availability slightly deteriorated from 87% to 78% following a 10-day emergency shutdown on October 27 because of excessive inboard bearing vibration and a 9-day emergency shutdown starting December 22 due to vibration issues. Consequently, total outage days went up to 20 from 12 in Q4 2022.

  Unit 2 availability dropped from 100% to 78%, primarily because of a 28-day forced outage beginning on September 16, caused by incidents of coal coking and silo blockage. The plant resumed operations on October 15, with a total of 15 days of outage in Q4 2023, during which plant management conducted partial planned maintenance activities.

Average capacity slightly decreased (-2%) from 291 MW to 286 MW on Unit 1 deration mainly due to vibration issues.

- **Reduced generation and dispatch.** Gross generation receded by 18% from 600 GWh to 495 GWh on lower availability and average capacity.

  As a result, total power sales fell by 21% from 557 GWh to 439 GWh. Bulk (52%) of the sales were through bilateral contracts, which dropped by 43% from 397 GWh to 228 GWh. However, an increase in spot sales, which grew by 32% from 160 GWh to 211 GWh, helped counter some of the decline.

  Contracted capacity at the beginning of the period decreased by 36% from 188.70 MW (September 2022) to 121.20 MW (September 2023).

- **Weaker selling prices.** Overall ASP retreated by 19% from P4.99/KWh to P4.04/KWh mainly due to stabilizing electricity prices. Even with sharp WESM corrections, spot ASP was still higher than BCQ ASP.

  Spot ASP declined by 48% from P8.30/KWh to P4.32/KWh while BCQ ASP grew by 3% from P3.66/KWh to P3.78/KWh due to new contracts signed in H2 2022.

- **Negligible spot buys.** Replacement power purchases shrank by 92% from P155 million to P13 million, mainly due to reduced contractual obligations.

  SLPGC remained a net seller to the spot market at 209 GWh compared to 139GWh last year.

- **Other income.** Sale of fly ash was flat at P24 million because of lower plant generation. Additionally, the company collected a storage fee of P6 million, as penalty for the delayed pullout of the two 25MW gas turbines by the buyer.

- **Net finance gain.** Net interest cost of P10 million turned into a net finance gain of P22 million due to lower debt levels and higher cash balance.

  At the start of the comparable periods, loans payable decreased by 40% from P1.87 billion (September 2022) to P1.04 billion (September 2023).

- **Lower contracted capacity.** As of December 31, 2023, 111.2 MW out of the 300 MW dependable capacity is under contract, with 90% of these contracts due to expire in Q4 2024. None of these contracts include a fuel pass-through provision.

  Net of station service (30MW), which varies from time to time, SLPGC has 158.8MW of capacity exposed to the spot market. This is in line with the previous Management guidance to maintain a balance between contracted capacity and spot market exposure.

CAPEX

In 2023, Group capex slipped by 7% from P4.3 billion to P4 billion owing to lower maintenance expenditures under the power segment.

In Php billions	Q4 2023	Q4 2022	Change	2023	2022	Change
Coal	0.6	0.3	100%	3.0	2.5	20%
SCPC	0.3	0.3	0%	0.8	1.2	-33%
SLPGC	0.1	0.1	0%	0.3	0.6	-50%
Total	**1.0**	**0.7**	**43%**	**4.0***	**4.3**	**-7%**

Coal capital spending trended higher, doubling in the fourth quarter and increasing by 20% over the entire year because of continuous re-fleeting and improvements in material handling capabilities.

For the power segment, fourth-quarter capex was unchanged at P0.4 billion, as expenses for SCPC Unit 2's generator rewinding and swapping was deferred to 2024. Meanwhile, annual capex declined by 39% from P1.8 billion to P1.1 billion owing to a reduction in outage days, with SCPC Unit 1's planned maintenance activities notably decreasing from 90 to 22 days.

For 2024, the Group expects capex spending to grow by 75% from P4 billion to P7 billion, with most (74%) of the budget going to the coal segment for its re-fleeting and mine exploration activities.

In Php billions	2024F	2023	Change
Coal	5.2	3.0	73%
SCPC	1.3	0.8	63%
SLPGC	0.6	0.3	100%
Total	**7.0***	**4.0***	**75%**

**Rounding may cause total not to match the sum of parts*

Capital expenditures in the power segment are projected to rise by 73% from P1.1 billion to P1.9 billion. Of this, around 32% or P600 million is earmarked for the rewinding and swapping of SCPC Unit 2's generator during the first half of 2024.

This activity will involve an 80-day outage beginning on March 5, more than a month after the original February 3 schedule, due to manufacturing delays for the stator bars. The replacement of the defective GE generator is expected to raise the plant's dependable capacity back to 300MW by mid-2024. The remaining capital expenditure budget will be allocated to the annual maintenance of both SCPC plants.

SLPGC's capital expenditures are projected to double to P600 million, with both units undergoing extended maintenance outages in the second half of 2024. Unit 1 is scheduled for a 40-day outage starting August 1, and Unit 2 for a 50-day outage beginning October 30.

The budget also includes P36 million for repairs on SLPGC Unit 1's high-pressure/intermediate-pressure (HIP) turbine rotor, following a high axial displacement incident in Q3 2023 and subsequent discussions with reinsurers.

These repairs, initially estimated at P200 million for a replacement rotor, are set to be completed in Q2 2024. Plant management may install the repaired rotor or keep it as an assurance spare, depending on the outcome of its technical review and actual operating conditions.

Market Review and Outlook

Since the start of the pandemic, the global energy markets have experienced unprecedented volatility, influenced by COVID-19 restrictions, geopolitical tensions, sustainability concerns, energy security, and rapidly evolving regulations. These factors have made the demand-supply dynamics within the coal and electricity markets increasingly unpredictable.

Since 2020, the Newcastle Price (NEWC) has fluctuated dramatically, ranging from $49.8 in August 2020 to a peak of $434.0 in September 2022. Similarly, the Indonesian Coal Index 4 (ICI4) has seen a wide trading range, from $23.5 in September 2020 to $133 in October 2021.

In the local electricity spot market, prices have moved significantly, hitting a low of Php 1.40/KWh in April 2020 and then soaring to Php 8.87/KWh in October 2022.

In 2023, the energy markets experienced a notable shift towards stabilization, following a prolonged period of volatility. This period was characterized by the correction of prices, the normalization of supply chains and a rebound in demand.

Coal

Coal production, exports and consumption are primarily concentrated in Asia, as regions like Europe and North America move to reduce coal utilization for power generation.

The NEWC index witnessed a 52-percent decline from US$360.2 to US$173.0 on easing demand from developed countries, particularly Japan—Australian coal's largest market. Meanwhile, the ICI4 index decreased at a slower pace (-26%) from US$85.9 to US$63.2 on record high Indonesian exports amid strong demand from China and India.

In the fourth quarter, NEWC prices posted a sharper drop, plunging by 64% from US$379.5 to US$135.6. The decrease in ICI4 prices was more gradual at 35% from US$90.5 to US$58.9, partly due to China increasing its coal stockpiles in response to record-breaking cold temperatures and in anticipation of the Chinese New Year holiday.

Quarter-over-quarter, both indices displayed less volatility, with NEWC falling by 8% from US$147.8 and ICI4 rising by 13% from US$52.0 on higher demand from India, Indonesia and China.

By January 2024, the NEWC and ICI indices appeared to have found equilibrium, averaging US$128.2 and US$57.5, respectively. The declines were largely due to slowing economic activity and continuous geopolitical strains.

For the rest of the year, demand for coal, especially low-calorific value types, is expected to stay strong, likely maintaining prices above the pre-pandemic averages of US$77 (NEWC) and US$35 (ICI4). However, increased capacity and production in Indonesia, India and China could mute the impact of higher demand.

SMPC management projects coal prices to stabilize at the onset of 2024, with the NEWC index anticipated to average around US$124.0, marking a 28% reduction from US$173.0 in 2023. For ICI4, it is expected to average around US$54.5.

Meanwhile, strip ratio is expected to level at around 13.21, with all production now coming from the Narra mine. In January, the Department of Energy approved the early closure of the Molave mine after excessive mudflow was recorded in South Block 6.

Power

Fourth-quarter average spot prices decreased by 43% from P8.41/KWh to P4.83/KWh on better supply margins amid higher demand. Average supply in the Luzon-Visayas grid increased by 13% from 11,900 MW to 13,400MW, while average demand rebounded by 7% from 10,600MW to 11,300MW.

For FY2023, the average spot price fell by 21% from P7.39/KWh to P5.86/KWh, as the addition of 300MW in baseload capacity, the reintegration of a major 1,200MW baseload plant, and the additional capacity from Mindanao's connection to the Luzon-Visayas grid boosted overall supply. Meanwhile, average demand increased by 5% from 10,600MW to 11,100MW.

Looking ahead to 2024, management expects spot prices to likely to remain stable, but lower than 2023 levels. This is due to the introduction of approximately 1,500MW in additional capacities in the Luzon-Visayas grid, and the increasing capacity contribution from Mindanao. However, heightened El Niño conditions in the first half of the year may cause spot prices to spike, especially during the summer season when El Niño's effects on hydropower production and electricity consumption exert upward pressure on rates.

To mitigate price and operational risks, management plans to contract half of SCPC and SLPGC's dependable capacity during the year.

2. <u>Re-appointment of External Auditor</u>

Re-appointment of SyCip Gorres Velayo & Co. as the Corporation's Independent External Auditor for the calendar year 2024.

<u>SIGNATURES</u>

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, 2024