

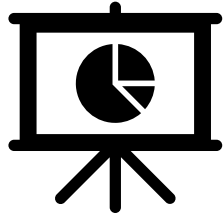


Q4/FY 2020 Analysts' Briefing

04 March 2021
Makati City



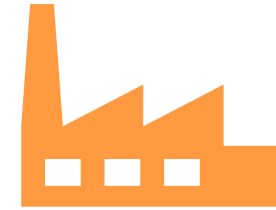
FY 2020 Highlights



- Consolidated NIAT down 66% to Php 3.3 bn on weak market conditions
- Coal accounted for 55% of Consolidated NIAT
- Liquidity and working capital remain healthy

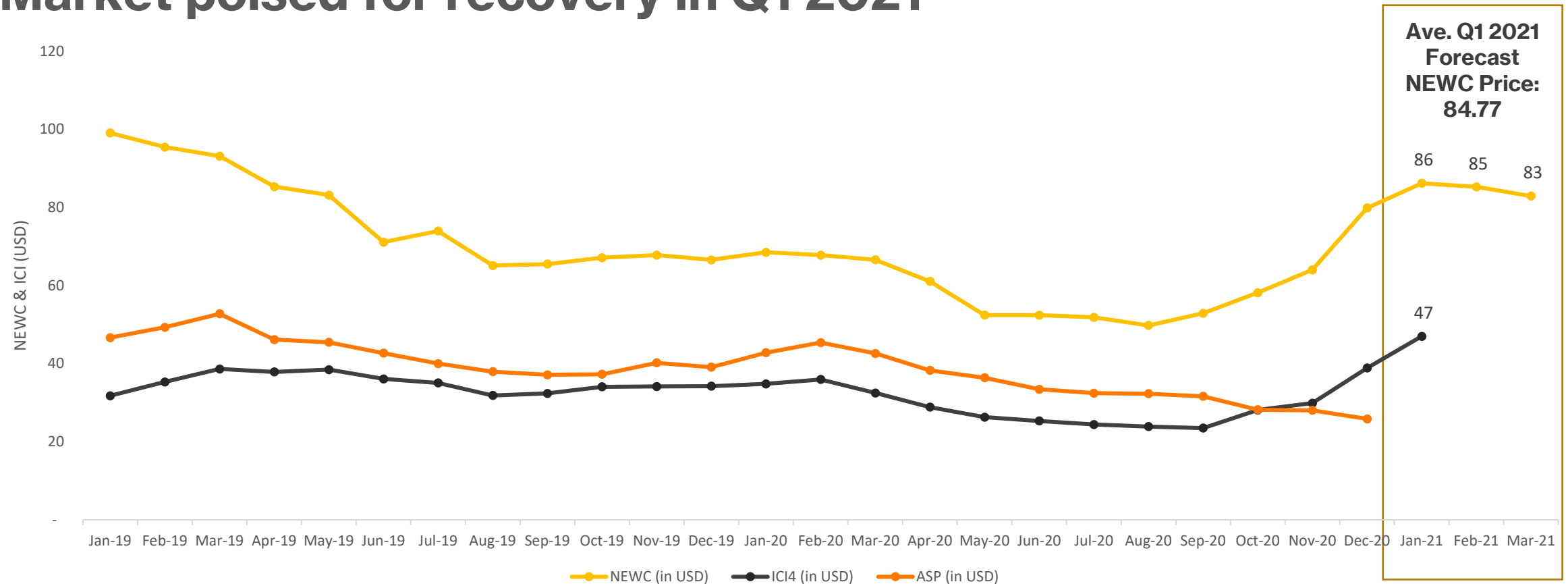


- Standalone coal NIAT fell 56% to Php 3.2 bn due to lower sales volume and ASP coupled with higher cash costs
- Sales volume declined 16% to 13.1 MMT owing to sharp drop in exports
- ASP dropped 23% to Php 1,591 as global coal consumption suffered largest drop since WWII



- SCPC reverses Php 754 million net loss with Php 32 mn standalone NIAT on higher availability and sales volume
- SLPGC standalone NIAT swings to net loss of Php 123 mn due to lower generation, weak spot prices and impairment of gas turbine of 157 mn
- Total power sales volume up 15% to 4,262 GW while ASP fell 32% to Php 2.76; Majority of dependable capacity (57%) now contracted²

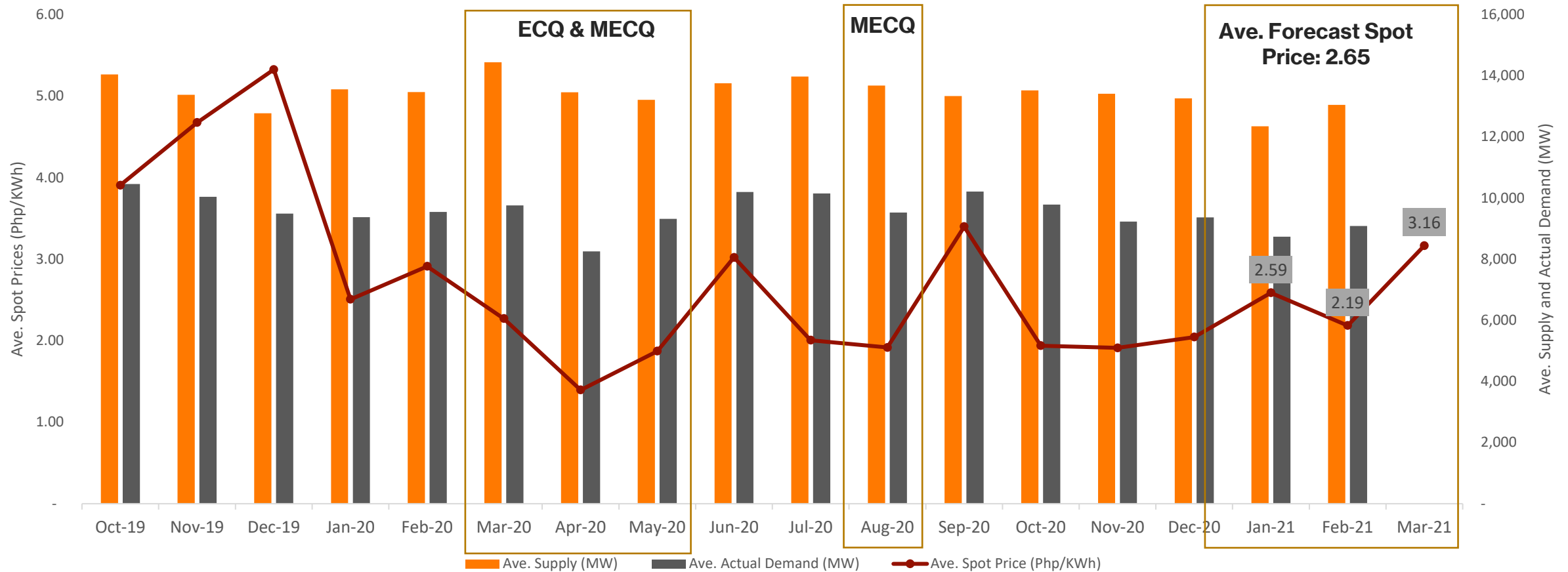
Q4 2020 export sales based on forward contracts; Market poised for recovery in Q1 2021



Note: Monthly New Castle Prices as of February 26, 2021
 *ASP Conversion: USD/PHP = 51.78 (2019 ave.) and 49.61 (2020 ave.)

	FY 2020	FY 2019	%
Ave. NEWC Price	USD 60.4	USD 77.8	-28%
Ave. ICI4	USD 29.4	USD 35.0	-20%

Weak demand keep prices low in Q4 2020; Q1 2021 recovery contingent on loosening restrictions



	2020	2019	%
Ave. Spot Price	2.27	4.66	-51%

Revenues recover Q/Q on higher coal sales; Weak market prices and operational headwinds drag Q4 results

Q/Q	Q4 2020 Q3 2020 Change		
	Revenues	8,375	7,210
Core EBITDA	2,412	2,542	-5%
Core Net Income	453	754	-39%
NIAT	295	754	-61%

YoY	in Php mn Q4 2020 Q4 2019 Change		
	Revenues	8,375	10,118
Core EBITDA	2,412	3,802	-37%
Core Net Income	453	1,985	-77%
NIAT	295	1,416	-79%

Q4 2020 Consolidated Highlights

- Double-digit growth in Q/Q revenues driven by higher coal sales
- Decline in Q4 YoY results caused by lower coal exports, weak ASP for coal and electricity and unplanned plant outages

Consolidated revenues down on weak market conditions and operational headwinds

<i>in Php mn</i>	2020	2019	% Change
Revenues	28,250	44,252	-36%
COS – Cash Cost	13,544	19,706	-31%
Core EBITDA	10,449	17,813	-41%
Core Net Income	3,382	10,211	-67%
Non-Recurring Items	(96)	(536)	-82%
Net Income After Tax	3,286	9,675	-66%

<i>in Php bn</i>	2020	2019	% Change
Debt	19.9	18.6	7%
Short-Term	5.4	2.1	157%
Long-Term	14.5	16.6	-13%
Ending Cash Balance	8.1	6.4	27%
Capex	4.7	11.5	-59%

FY 2020 Key Takeaways

- Revenues fell 36% as the imposition of quarantine restrictions and China import quotas slashed coal sales and ASP; plant outages and depressed power ASP add downward pressure
- Core EBITDA and NIAT margins decline on lower revenues
- NIAT dropped 66% due to topline weakness
- Manageable debt levels and strong liquidity

Coal still main contributor; SLPGC drag down consolidated results

Revenue Breakdown	2020	2019	Change
Coal	16,489	29,085	-43%
SCPC	7,259	6,985	4%
SLPGC	4,288	8,081	-47%
Total	28,250	44,252	-36%

NIAT Breakdown	2020	2019	Change
Coal	1,798	6,212	-71%
SCPC	1,311	(55)	2,484%
SLPGC	87	3,531	-97%
Total	3,262	9,675	-66%

*in Php millions

Key Takeaways

- Coal accounted for majority of consolidated revenues (58%) and NIAT (55%)
- SLPGC results plunge on plant outages, low spot prices and higher cash costs
- 221% increase in SCPC NIAT cushioned sharp declines of coal and SLPGC

<i>In Php millions</i>	2020	2019	% Change
Revenues	20,631	32,282	-36%
COS – Cash Cost	11,712	15,343	-24%
Core EBITDA	6,691	12,400	-46%
Net Income After Tax	3,239	7,432	-56%
Debt (in Php bn)	5.9	4.9	20%
Capex (in Php bn)	1.5	3.2	-53%

Key Metrics	2020	2019	% Change
Strip Ratio			
Aggregate*	13.9	11.5	21%
Effective**	12.2	11.3	8%
Production (in MMT)	13.2	15.2	-13%
Sales Volume (in MMT)	13.09	15.61	-16%
Exports	7.56	10.38	-27%
Domestic	5.52	5.23	6%
Own Power Plants	2.96	2.40	23%
Other Power Plants	1.63	1.42	15%
Industrial Plants	0.49	0.56	-13%
Cement	0.44	0.85	-48%
ASP (in Php / MT)	1,591	2,074	-23%
High Grade Coal Ending Inventory (in MMT)	0.82	0.69	19%

*Actual S/R for Narra and Molave during the period; ** Expensed S/R
2020 NIAT exclusive of P2 bn cash dividend income

Standalone Coal Highlights

- NIAT down 56% as COVID-19 containment measures and China import quotas triggered a sharp contraction in global demand, market prices and domestic consumption
- Cash cost declined 24% as the impact of lower fuel prices and lower volume sold
- Core EBITDA sank 46% as cost of sales declined at a slower pace compared to revenues
- Deferment of mining activities at Molave North Block 7 (NB7) reduced production; implementation of remedial measures increased effective strip ratio
- Incurred additional cash costs of Php 65 mn to address water seepage in NB7
- Capitalized Php 700 mn on deferred stripping assets; Total of Php 1.24 bn as of December 31, 2020
- Exports fell 27%; sales to power subsidiaries grew double-digits, offsetting sharp drop in demand from other domestic consumers

<i>In Php millions</i>	2020	2019	% Change
Revenues	7,259	6,985	4%
COS – Cash Cost	4,172	4,973	-16%
Core EBITDA	1,983	782	154%
Non-Recurring Items	-	(370)	-
Net Income After Tax	32	(754)	104%
Debt (in Php bn)	10.7	9.7	10%
Capex (in Php bn)	2.1	7.9	-74%

Key Metrics	2020	2019	% Change
Plant Availability			
Unit 1	91%	24%	283%
Unit 2	57%	59%	-4%
Average Capacity (in MW)	492	424	16%
Gross Generation (in GW)	3,123	1,519	106%
Sales Volume (in GW)	2,692	1,848	46%
BCQ	1,127	1,624	-31%
Spot	1,565	224	600%
ASP (in Php/KW)	2.70	3.78	-29%
BCQ	3.23	3.71	-13%
Spot	2.31	4.29	-46%

Standalone SCPC Highlights

- Dramatic increase in core EBITDA (153%) and return to profitability due to higher revenues, lower cash cost and minimal replacement power purchases
- Debt rose 10% due to working capital management and payment of capex
- Higher availability and average capacity led to 106-percent improvement in gross generation
- Sales volume jumped 46%, mostly to the spot market; 600% surge in spot sales tempered by 46% decline in spot prices
- ASP down 29% on weak demand due to the pandemic
- Contracted 189.35 MW* out of 600 MW

*SEM-Calaca RES (subsidiary of SCPC) has contracted 18.9MW with contestable customers

<i>In Php millions</i>	FY 2020	FY 2019	% Change
Revenues	4,389	8,080	-46%
COS – Cash Cost	1,843	2,647	-30%
Core EBITDA	1,637	4,485	-64%
Non-Recurring Items	(96)	(83)	174%
Net Income After Tax	(123)	2,851	-98%
Debt (in Php bn)	3.3	4.0	-17%
Capex (in Php bn)	0.5	0.5	0%

Key Metrics	FY 2020	FY 2019	% Change
Plant Availability			
Unit 3	63%	88%	-25%
Unit 4	61%	77%	-16%
Average Capacity (in MW)	287	286	0%
Gross Generation (in GW)	1,554	2,070	-25%
Sales Volume (in GW)	1,570	1,854	-15%
BCQ	660	439	50%
Spot	866	1,415	-39%
ASP (in Php/KW)	2.88	4.36	-34%
BCQ	3.60	3.60	0%
Spot	2.32	4.59	-49%

Standalone SLPGC Highlights

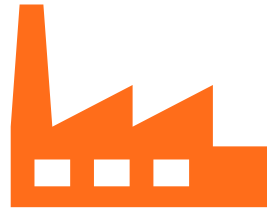
- Revenues down 46% on lower sales volume owing to weak market demand and a 25% decline in gross generation
- Gross generation declined 25% due to lower plant availability; planned outage prolonged due to Taal volcano eruption and quarantine travel restrictions
- BCQ contracts grew 50% with the signing of a 50 MW PSA in Q4
- Spot prices declined further in Q4, dragging FY ASP by 34%
- Recognized asset impairment loss of Php 157mn from its 2x25MW gas turbine
- Contracted 268.9 MW* out of 300 MW

*SLPGC has has contracted 18.9MW with SEM-Calaca RES

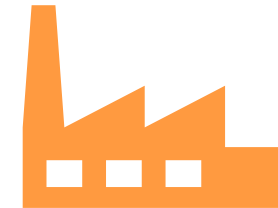
Three Bright Spots in 2021



- Market recovery
- Resumption of mining activities in NB7
- Higher coal quality



- Demand recovery
- Expansion of retail electricity market
- Tighter summer supply



- Higher contracted capacity
- Better Gross Generation
- Lower cash cost

Molave North Block 7 Seepage



Status	<ul style="list-style-type: none"> ▪ 34% reduction in water discharge compared to record high in December 2020 ▪ Incidental production starting February ▪ Coal exports resumed on January 20 ▪ 2020YE coal inventory at 2.2 MMT
Control Measures	<ul style="list-style-type: none"> ▪ Changed grout material from clay to cement ▪ Set-up a batching plant and transit mixer ▪ Acquired jet grouting equipment ▪ Extension of sea barriers ▪ Reinforce cut-off wall ▪ Constructed temporary pocket stumps ▪ Installed more dewatering pumps
Target	<ul style="list-style-type: none"> ▪ Resumption of regular mining activities in Q2 2021 ▪ 13 MMT coal production

SCPC Unit 2 Unplanned Outage



Background

- Completed LEP and resumed commercial operations on May 2, 2020
- Forced outage on December 3, 2020

Preliminary Root Cause Analysis

- Supplier workmanship issue

Status

- Awaiting final root cause analysis from supplier GE-Alstom
- Ongoing talks with supplier and reinsurer

Target

- Tentatively July 2021

Other Business Updates

CAPEX (in billion pesos)

4.0



Coal Sales Target (in MMT)

14.0



SLPGC Planned Outages (in days)

90

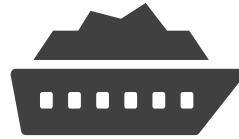


Meralco CSP (in MW)

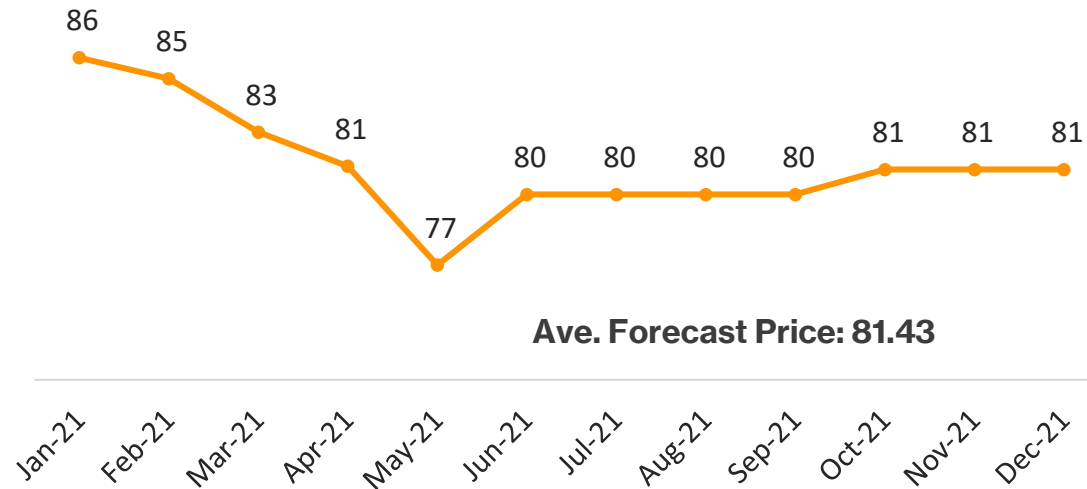
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Market Outlook



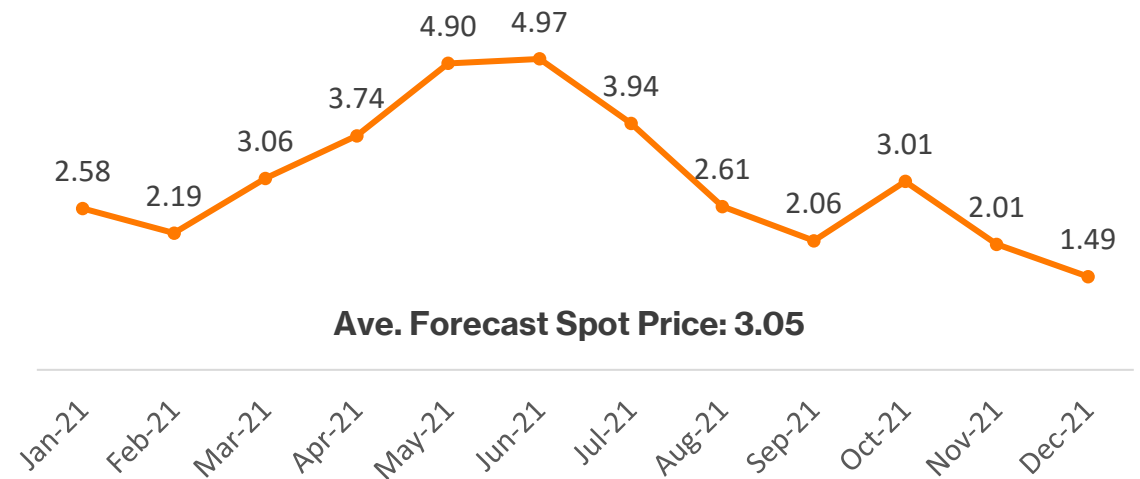
2021 Monthly New Castle Prices (in USD/MT)



Note: Monthly New Castle Prices as of February 26, 2021



2021 Forecast WESM Spot Prices (in Php/KWh)



Key Takeaways



- Economic impacts of the pandemic and operational headwinds pulled down consolidated performance
- Coal displayed resilience amid poor market conditions, accounting for most of the revenues and earnings; 2021 performance to improve as market recovers
- SCPC staged a strong rebound in 2020 but prolonged unplanned outage of Unit 2 will derail 2021 profitability
- SLPGC weighted down by unplanned outages in 2020; performance to improve on the back of higher contracted capacity and better market conditions

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