COVER SHEET

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SEC Registration Number

S E M I R A R A M I N I N G A N D P O W E R

C O R P O R A T I O N

(Company's Full Name)

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

M A K A T I C I T Y

(Business Address: No. Street City/Town/Province)

John R. Sadullo

(Contact Person)

(632) 8888-3000/3055

(Company Telephone Number)

1 2 3 1

(Fiscal Year)

1 7 - C

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Corporate Finance Dept.

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 24, 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** **1231**
   Address of principal office Postal Code

8. **(632) 8888-3000/3055 Fax No. (632) 8888-3955**
   Issuer's telephone number, including area code

9. N.A.
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock (Outstanding)
Common Shares	**4,250,547,620**

11. Indicate the item numbers reported herein: **Item 9**.

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

1. Audited Consolidated Financial Statements

The board reviewed and approved the Corporation's audited consolidated financial statements for the year ended December 31, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIOD ENDED DECEMBER 31, 2021 AND 2020

December 31, 2021 (Audited) vs December 31, 2020 (Audited)

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 December 31, 2021 and 2020.

- 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	October to December (Q4)			January to December (FY)		
	2021	2020	Change	2021	2020	Change
SMPC	3,554	(4)	88,950%	11,448	1,797	537%
SCPC	2,084	102	1,943%	3,433	1,412	143%
SLPGC	271	363	-25%	1,446	183	690%
Others	(3)	94	-103%	6	91	-93%
Core Net Income	**5,906**	**555**	**964%**	**16,333**	**3,483**	**369%**
Nonrecurring Items	-	(258)	-100%	(133)	(197)	-32%
Reported Net Income	**5,906**	**297**	**1,889%**	**16,200**	**3,286**	**393%**
EPS (reported)	**1.39**	**0.07**	**1,889%**	**3.81**	**0.77**	**393%**

Q4 2021 vs Q4 2020 Consolidated Highlights

- The SMPC Group marked a major milestone with net income reaching P5.91 billion, almost twenty times more than the P297 million recorded the prior year and the highest-ever bottom line for any given quarter. This translated to an earnings per share of P1.39.

  The stellar earnings result was largely attributable to stronger-than-expected coal demand, which pushed index prices to record-highs before settling at elevated levels because of the China price cap. The power segment further boosted the Group performance with improved sales and prices.

- Contributions from the coal segment and SCPC surged eight-hundred times and twenty times, respectively, while SLPGC contributions declined 25% due to higher replacement power purchases.

- Overall, the coal segment accounted for 60% of the Group net income, followed by SCPC (35%) and SLPGC (5%).

- Excluding 2020 non-recurring losses of P101 million from SCPC's accelerated depreciation and SLPGC asset impairment losses of P157 million, Group core income rose by 964% from P555 million to P5.91 billion.

FY 2021 vs FY 2020 Consolidated Highlights

- Consolidated net income went up nearly five times from P3.29 billion to P16.20 billion as both the coal and electricity markets rebounded sharply from the COVID-19 lockdowns. This led to a 393-percent rise in earnings per share to P3.81 and further translated to a return on equity of 36%.

  High beginning coal inventory (2.0 MMT), improved coal production (8%) and around 50% of uncontracted capacity allowed the Group to take advantage of the improved market conditions. However, the prolonged forced shutdown of SCPC Unit 2 and higher replacement power purchases of SLPGC muted results.

- Excluding a non-recurring loss of P133 million this year mainly from the deferred tax remeasurement due to the effectivity of the CREATE Law, and 2020 one-offs such as P157 million impairment losses from the gas turbines, P101 million accelerated depreciation of SCPC Units 1 and 2 in relation to its Life Extension Program (LEP) and P61 million gain from a financial contract, consolidated core net income surged by 369% from P3.48 billion to P16.33 billion.

- The coal segment (70%) remained the main core net income contributor while SLPGC and SCPC contributed 21% and 9%, respectively.
- The Company declared P7.4 billion (P1.75/share) in special cash dividends and paid this out last November 9. Total dividend payout in 2021 was P12.7 billion, the highest in its 41-year history.

Q4 2021 vs Q4 2020 Segment Performance

<u>Coal</u>

Standalone coal revenues rallied by 77% from P6.28 billion to P11.09 billion while net income soared by 2,554% from P197 million to P5.23 billion, an all-time high for the coal business.

Net of intercompany eliminations, the segment recovered by 88,944% from a net loss of P4 million to a net income of P3.55 billion. The dramatic turnaround was due to the combined effect of the following:

- **Record-high prices.** Semirara coal average selling prices (ASP) shot up by 229% from P1,354 to P4,452 during the period. Rapid global economic recovery and supply disruptions led to an energy crunch in China, India and Europe as they raced to boost stockpiles in time for the winter season. This pushed Newcastle coal prices to record-high levels, peaking at $269.50 in October. Reports of a China coal price cap stemmed further spikes but index prices remained elevated for the rest of the year.
- **Lower sales volume.** Lower Q3 production (2.0 MMT) due to unfavorable weather conditions dampened Q4 shipments. This resulted in a 46-percent decline in coal sales from 4.6 million metric tons (MMT) to 2.5 MMT. Export sales bore the brunt, dropping by 59% from 3.4 MMT to 1.4 MMT while domestic sales declined by 8% from 1.2 MMT to 1.1 MMT.
- **Lower cost of sales and depreciation.** Due to lower shipments, cost of sales (COS) and depreciation dropped by 43% and 20%, respectively. COS fell from P4.41 billion to P2.51 billion while depreciation slid from P1.15 billion to P0.92 billion.
- **Higher production.** Production picked up at the latter part of the quarter posting a robust 52-percent bounce-back from 2.3 MMT to 3.5 MMT. Aggregate (actual) strip

ratio declined to 10.8 from 16.5 as both the weather and water seepage conditions significantly improved.

Power

The power segment advanced on better market conditions, higher spot market exposure and improved plant availability. Narrower year-on-year demand-supply margin led to higher spot market prices, which translated to a 73-percent recovery in ASP from P2.61 /KWh to P4.52/KWh. Total power sales grew by 14% from 1,069 GWh to 1,217 GWh following a 3-percent uptick in gross generation and 1,051-percent rise in replacement power purchases.

SCPC standalone revenues surged by 184% from P1.31 billion to P3.73 billion. The company swung back to profitability from net losses of P142 million to a net income of P529 million.

Excluding a nonrecurring loss of P101 million last year due to the accelerated depreciation of Units 1 and 2 prior to its LEP replaced parts, core bottom line expanded by 1,390% from P41 million (net loss) to P529 million (net income).

Net of intercompany eliminations, net income contribution from SCPC grew by 1,943% from P102 million to P2.08 billion due to its coal purchase from SMPC at market prices. Its strong fourth-quarter performance is due to combined effect of the following:

- **Improved plant availability.** Overall plant availability rose by 32% from 60% to 79% mainly due to the continuous operations of Unit 1 (100%). Unit 2 showed some improvement in availability as its outage days declined from 42 to 38
- **Higher Output.** Gross generation climbed by 25% from 644 GWh to 808 GWh, mainly driven by Unit 1’s improved reliability which offset Unit 2’s generation decline.
- **Stronger sales volume.** Electricity sales recovered by 32% from 544 GWh to 717 GWh on improved plant availability, resulting in higher capacity for spot sales. BCQ sales grew by 6% from 225 GWh to 239 GWh while spot sales improved by 50% from 319 GWh to 478 GWh. Majority of the electricity sales (67%) was via the spot market.
- **Better sales price.** Overall ASP surged by 116% from P2.41/KWh to P5.20 /KWh on higher fuel cost passthrough (for BCQ) and WESM spot prices. SCPC posted a 229-percent price upswing in spot sales (P5.66/KWh vs P1.72/KWh) and a 27-percent uptick in BCQ prices (P4.28/KWh vs P3.38 /KWh). The rise in BCQ prices is largely due to higher fuel costs and a supply contract (170MW capacity) with a fuel pass-through provision for almost a third of the period. Said contract expired on October 25, thereafter allowing spot market sales.
- **Minimal replacement power purchases.** Higher plant availability and lower contracted capacity led a marked decline (-56%) in replacement power purchases from P18 million to P8 million.

SLPGC standalone revenues grew by 20% from P1.48 billion to P1.78 billion while its standalone net earnings expanded by 113% from P109 million to P232 million.

Excluding a nonrecurring loss of P157 million last year due to the gas turbines’ impairment loss, core net income dropped by 13% from P266 million to P232 million.

Net of intercompany eliminations, SLPGC net income grew by 32% from P206 million to P271 million. Its performance for the quarter mainly resulted from the following:

- **Tempered sales price.** ASP increased by 26% from P2.82/KWh to P3.56/KWh, largely driven by a 188-percent hike in spot sale prices from P2.05/KWh to P5.90/KWh. This was tempered by a 10-percent contraction in BCQ sale prices from P3.60/KWh to P3.23/KWh as bulk (88%) of the electricity sales were via bilateral contracts with fixed prices

- **Lower plant availability.** Overall plant availability plunged by 18% from 91% to 75% because of the 34-day unplanned outage of Unit 1 and 11-day outage of Unit 2.
- **Lower output.** Gross generation from Units 1 and 2 fell by 23% from 576 GWh to 445 GWh on lower plant availability and occasional derated capacity.
- **Weaker sales volume.** Electricity sales dropped by 5% from 525 GWh to 500 GWh on lower plant output, cushioned by sales from the gas turbines (5.0 GWh). Bulk of the sales (88%) went to BCQs due to its high contracted capacity (223.9MW out of 300MW dependable capacity until December 25).
- **Higher replacement power purchase.** Lower plant availability, higher contracted capacity and elevated WESM prices triggered a 1,738-percent increase in replacement power purchases, which amounted to P533 million versus P29 million last year.

CAPEX

Group capex declined by 30% from P5.0 billion to P3.9 billion in 2021 owing to the absence of LEP-related expenditures for SCPC Unit 2.

The bulk of the spending (64%) went to the re-fleeting and continuing water seepage management programs of the coal segment. The rest was spent on power plant maintenance. See table below for detailed breakdown.

In Php billions	2021	2020	Change
Coal	2.5	1.5	67%
SCPC	0.8	3.0	-73%
SLPGC	0.6	0.4	50%
Total	3.9	5.0	-30%

Market Review and Outlook

<u>Coal</u>

The unanticipated rapid bounce-back of China and other economies from the COVID-19 lockdowns, coupled with lower generation capacity from renewable power plants and planned closures of nuclear reactors in Europe, led to a global supply crunch that fueled coal prices in 2021.

On October 5, the Newcastle coal index peaked at USD 269.50 owing to strong demand from Chinese and European power plants that were raising stockpiles in time for the winter season.

To rein in prices, the Chinese government imposed on the same month a 440-yuan (USD 69) price cap on 5,500-NAR grade coal. Policy interventions continued in December with Chinese miners mandated to increase production in line with their energy security plan.

Against these backdrops, Q4 average prices remained at elevated levels. The three-month average NEWC jumped by 173% from USD67.35 to USD183.92 while ICI4 posted an even steeper hike (187%) from USD32.29 to USD92.67. NEWC and ICI4 indices closed the year at USD 165.86 and USD 60.60, respectively.

SMPC anticipates coal prices to remain elevated in 2022 owing to continued demand recovery from the pandemic and geopolitical tensions between Russia and Western countries because of Ukraine. However, the company also sees some price volatility with China and Indonesia possibly issuing policy interventions to secure their fuel supply.

In the near term, Chinese imports are expected to remain weak amid slower Q1 economic activities from the lunar new year and general cautious sentiment.

Overall, SMPC expects full-year NEWC average (2022F) to expand by 43% from USD137.30 in 2021 to USD196.5.

Power

Average spot prices more than doubled from P2.27/KWh in 2020 to P4.83/KWh in 2021 as the country imposed less stringent COVID-19 quarantine measures, allowing more businesses to operate for longer hours and at increased capacities.

For Q4, average electricity spot prices nearly tripled year-on-year from P1.96/KWh to P5.79/KWh due to thinning demand-supply margins for the period, despite the addition of supply from the commissioning of a major coal plant.

The reduction in supply is primarily due to the Malampaya gas field preventive maintenance shutdown last October 2021, affecting several natural gas power plants.

High prices were experienced in December due to the outages of many baseload power plants and was exacerbated towards the end of the month by the outage of the Luzon-Visayas high-voltage direct current (HVDC) submarine cable caused by Typhoon Odette, cutting off the supply of imported power from Visayas.

SMPC expects elevated spot prices to persist in 2022 on the back of higher demand with limited additional baseload capacity entering the market. Full-year average (2022F) is projected to grow by over 20% from 2021.

2. Re-appointment of External Auditor

Re-appointment of SyCip Gorres Velayo & Co. as the Corporation's Independent External Auditor for the calendar year 2022.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	:	Semirara Mining and Power Corporation
Signature and Title	:	**JOHN R. SADULLO** VP-Legal & Corporate Secretary
Date	:	February 24, 2022