

PSE SPOTLIGHT

FEATURING:



SCC, a leading integrated energy company in the Philippines, is the nation's top coal producer and the sole power generator that produces its own fuel. This unique capability ensures it delivers affordable and reliable baseload electricity to the national grid.

Semirara Mining and Power Corporation

Stock Code	SCC
Listing Board	Main Board
Sector – Subsector	Industrial – Electricity, Energy, Power & Water
Listing Date	November 28, 1983
Outstanding Shares	4,250,547,620
Free Float Level	24.23%
Market Capitalization	P142,180,817,889
P/E Ratio	5.59x
Dividend Yield	20.93%

As of 12 July 2024
Source: PSE Data

[Company Profile](#)

- 1. What makes Semirara Mining and Power Corporation an attractive investment for potential investors?**
 SCC plays a crucial role in ensuring the Philippines' energy security with its robust business model. It delivers low-cost, reliable baseload energy to the main grid and supplies indigenous fuel to cement and industrial plants. With its strong balance sheet and robust operating cash flow, SCC is well-positioned to meet dividend commitments while expanding its power generation assets.
- 2. What challenges has Semirara Mining and Power Corporation encountered, and what strategies were employed to overcome them effectively?**
 Price volatility in coal and electricity markets remains a persistent challenge for SCC. While market prices are beyond its control, management is enhancing operational efficiency to safeguard margins. This year, SCC plans to invest P7 billion in refueling, exploration and plant maintenance.

Dependency on export sales to China poses another challenge for SCC. To manage this, the company has diversified its export markets to include Japan, South Korea, Brunei and other countries. To boost internal coal demand, SCC has invested P60 billion to enhance the reliability, output and lifespan of its four power plants. Currently, its generation facilities can consume 29% of its maximum annual coal output.

3. What sustainability initiatives does Semirara Mining and Power Corporation have in place? How do they align with your long-term goals?

In terms of business sustainability, SCC is focused on securing a term adjustment for its coal operating contract, which is set to expire in July 2027. The Department of Energy is currently reviewing the term adjustment application, and management is cautiously optimistic that a decision will be reached soon.

For the power segment, SCC management is committed to expanding its generation capacity. Subsidiary San Raphael Generation Corp. has obtained all the necessary approvals to construct an additional 2x350MW coal plant, contingent on the NGCP's progress with the TUY 500/230kV grid project.

Recently, SCC signed a share purchase agreement to acquire a 10% stake in Cemex Holdings Philippines (CHP). This minority investment allows SCC to access new markets for its electricity and fly ash, secure a significant buyer for its coal, and benefit from CHP's growth potential.

While SCC has not committed to reducing its carbon footprint, it is dedicated to mitigating its environmental impact through initiatives like afforestation, reforestation, and marine and terrestrial conservation programs. In the medium- to long-term, SCC also plans to utilize carbon credits as offsets. For more details on the company's initiatives, refer to its latest Sustainability Report ([see link](#)).

4. What recent trends or external developments pose significant risks to your company and how have they specifically affected the business? What risk-mitigating measures is your company taking or planning to implement to address said risks?

SCC sees several risks, including water seepages in its coal mine, unplanned plant outages, geopolitical tensions in the Middle East, China economic slowdown and potential policy changes, particularly regarding spot electricity pricing.

This year, the company is prioritizing initiatives such as maintaining a maximum mine output of 16 million metric tons, enhancing overall plant availability with the full operational return of SCPC Unit 2, and continuing efficient fuel management in the power segment.

5. What are the key performance indicators (KPIs) that your company utilizes to measure its performance and track progress towards achieving its targets?

KPIs with the most direct impact to SCC's PnL are the coal sales and production volume, as well as overall plant availability. The company regularly discloses the year's target in its briefing materials. To know more, please access this [link](#).

PSE Spotlight is a short feature about listed companies that are part of PSE STAR Investor Day. The report, which offers a quick overview of a company, includes a description of its business, stock information, as well as answers to five interview questions provided by the company's management team. The interview questions typically revolve around the company's value proposition, business operations and landscape, challenges and opportunities, and strategic initiatives.

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