PhilRatings PHILIPPINE RATING SERVICES CORPORATION *The Pioneer Domestic Credit Rating Agency*	**RATING NEWS** **February 6, 2026**

San Miguel Global Power's Proposed Issuance of up to P30 Billion Gets PRS Aaa Rating

Philippine Rating Services Corporation (PhilRatings) has assigned an Issue Credit Rating of **PRS Aaa,** with a **Stable Outlook**, to San Miguel Global Power Holdings Corporation's (SMGP; the Company) proposed bond issuance of ₱20.0 billion, with an oversubscription option of up to ₱10.0 billion. Furthermore, PhilRatings has maintained the Issue Credit Rating of **PRS Aaa**, with a **Stable Outlook**, to SMGP's total outstanding bonds amounting to ₱60.48843 billion.

PRS Aaa is the highest credit rating on PhilRatings' long-term issue credit rating scale. Obligations rated **PRS Aaa** are of the highest quality with minimal credit risk. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

On the other hand, a **Stable Outlook** indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months.

In arriving at the rating and Outlook, PhilRatings identified the following key strengths: a) SMGP's leading market position, with a solid platform for expansion; b) its strong parent company support; c) the Company's sustained recovery in earnings despite the dip in revenues; and d) its conservative capital structure.

PhilRatings based its assessment on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to SMGP and may change the ratings at any time, should circumstances warrant a change.

SMGP is a wholly-owned subsidiary of San Miguel Corporation (SMC), one of the largest and diversified conglomerates in the Philippines. SMC has investments in food, beverages, packaging, fuel and oil, energy, infrastructure, property development and leasing, cement, car distributorship and banking services. Operating for over 132 years, SMC's major businesses hold market-leading positions in their respective industries.

As of July 30, 2025, SMGP is one of the country's largest power companies, with a combined installed capacity of 5,710.08 megawatts (MW). Its diversified portfolio includes natural gas, coal and renewable energy sources such as hydroelectric power and battery energy storage systems (BESS). Based on the Energy Regulatory Commission (ERC) Resolution on Grid Market Share Limitation, SMGP's installed capacity accounts for approximately 20.11% of the National Grid, 24.93% of the Luzon Grid, 5.25% of the Visayas Grid, and 8.86% of the Mindanao Grid, as of July 25, 2025.

Through its wholly-owned subsidiary, SMGP serves as the Independent Power Producer Administrator (IPPA) for the San Roque power plant, which accounts for 435 MW of its total installed capacity. Its existing power portfolio also includes the 536 MW Limay Greenfield Power Plant in Bataan, the 300 MW Davao Greenfield Power Plant in Davao Occidental, the 1,023 MW Masinloc Power Plant in Zambales, the 538 MW Mariveles Greenfield Power Plant in Bulacan, and the 1,200 MW Sual Power Plant in Pangasinan. The

Company also holds three Retail Electricity Supplier (RES) licenses through its subsidiaries Limay Power Inc. (LPI), Masinloc Power Co. Ltd. (MPCL), and Malita Power Inc. (MPI), enabling SMGP to enter into retail supply contracts with contestable customers, including facilities of SMC's subsidiaries, and expand its customer base.

SMGP benefits from the extensive network, expertise, and support of its parent company, SMC, which provides management and corporate services, including human resources, legal, finance, and treasury functions. SMC and its affiliates also represent a potential captive energy demand source for SMGP, given their significant electricity requirements.

To support future growth, SMGP has committed to a portfolio of expansion projects across conventional and renewable energy. These include the Masinloc Power Plant expansion through Units 4 and 5 with an aggregate capacity of 700 MW, the 1,320 MW Batangas Combined Cycle Natural Gas Power Plant (BCCPP), and the 1,000 megawatt-hour (MWh) of BESS projects. The Company is also undertaking the development of the 600 MW Mariveles Power Plant and the 2,450 megawatt-peak (MWp) first phase of its solar power projects. The BCCPP and Masinloc Units 4 and 5 are contracted with Manila Electric Company (Meralco), while the BESS projects are intended to serve Ancillary Service contracts with the National Grid Corporation of the Philippines (NGCP).

In the first nine months of 2025 (9M2025), the Company sustained its recovery in profitability despite the decrease in revenues. Top line dipped by 22.7%, from ₱153.6 billion in 9M2024 to ₱118.8 billion in 9M2025, attributable to the deconsolidation of South Premiere Power Corp. (SPPC) and downward adjustments in fuel tariffs in bilateral contracts, given falling coal fuel prices.

Net income, nonetheless, surged more than threefold to ₱42.4 billion, bolstered by the ₱21.9 billion in revaluation gains recognized during the period. In 9M2025, SMGP recorded revaluation gains from the deconsolidation of its subsidiaries SPPC, Excellent Energy Resources Inc. (EERI), and Ilijan Primeline Industrial Estate Corp. (IPIEC). Bottom line expansion was also supported by well managed costs and expenses, as well as higher deferred tax benefits on unrealized foreign exchange losses.

Given this, profitability margins notably improved. Net profit margin (NPM) jumped from 8.8% in 9M2024 to 35.7% in 9M2025, while return on average equity (ROAE) and return on average assets (ROAA) increased to 13.9% and 6.3%, respectively.

Excluding the one-time ₱21.9 billion revaluation gains, net income still rose significantly by 52.0% to ₱20.5 billion in 9M2025, translating to relatively slower increases in NPM, ROAE, and ROAA to 17.2%, 6.8%, and 3.1%, respectively.

In terms of leverage, SMGP's total debt inched down by 1.0%, from ₱319.3 billion as of end-2024 to ₱316.1 billion as of end-September 2025, attributed to the settlement of maturing debt and redemption of fixed rate bonds, partly offset by new loan drawdowns and the issuance of fixed-rate notes. Total equity, on the other hand, expanded by 18.8%, from ₱359.0 billion as of end-2024 to ₱426.6 billion as of end-September 2025, driven by the continued plowback of earnings into operations, as well as the ₱56.8 billion capital infusion made by SMC.

On March 6, 2025, SMGP's Board of Directors approved SMC's subscriptions to the former's unissued capital stock in cash as well as authorized common shares, raising a total of ₱58.9 million. The subscription amounts were fully paid on April 7, 2025, resulting in the recognition of ₱56.8 million in additional paid-in capital, net of issuance costs.

As a result, debt-to-equity (DE) improved from 0.9x as of end-2024 to 0.7x as of end-September 2025, the lowest level since end-2017. Similarly, total debt-to-capitalization ratio decreased from 47.1% to 42.6%.