PhilRatings
PHILIPPINE RATING SERVICES CORPORATION

RATING REPORT

SAN MIGUEL GLOBAL POWER HOLDINGS CORPORATION

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Analysts: Patrisha Mae P. Concepcion
Clyde Jillian W. Uy
Eunice Nicolette R. Uson

5th Floor, ALGO Center
162 Leviste St., Salcedo Village
Makati City, Metro Manila
1227 PHILIPPINES

(632) 8812 3210
(632) 8812 3215

NEW ISSUE CREDIT RATING

Amount	Tenor (in years)	Indicative Interest Rates	Assigned Rating and Outlook
₱20.0 billion, with an Oversubscription Option of up to ₱10.0 billion	5.25 7 10	6.55%-7.00% 6.79%-7.24% 7.14%-7.59%	**PRS Aaa Stable Outlook**

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. **PRS Aaa** is the highest rating assigned by PhilRatings.

A **Stable Outlook** indicates that the rating is likely to be maintained or to remain unchanged in the next 12 months.

USE OF PROCEEDS:
Net proceeds shall be used to refinance maturing debt obligations and to partially fund the pipeline of renewable energy projects, and payment of transaction-related fees, costs and expenses.

OUTSTANDING PRS-RATED ISSUANCES OF THE COMPANY

Amount	Issue Date	Maturity Date	Tenor (in years)	Interest Rate	Assigned Rating and Outlook
Series C – ₱4.75631 billion	July 11, 2016	July 11, 2026	10	5.1792%	**PRS Aaa Stable Outlook**
Series F – ₱3.60902 billion	December 22, 2017	December 22, 2027	10	6.6250%	
Series J – ₱6.92310 billion	April 24, 2019	April 24, 2026	7	7.6000%	
Series L – ₱25.0 billion	July 26, 2022	July 26, 2028	6	7.1051%	
Series M – ₱10.0 billion	July 26, 2022	July 26, 2032	10	8.0288%	
3-Year 6.750% – ₱1.625 billion	August 11, 2025	August 11, 2028	3	6.7500%	
5-Year 6.875% – ₱3.438 billion	August 11, 2025	August 11, 2030	5	6.8750%	
7-Year 7.000% – ₱0.433 billion	August 11, 2025	August 11, 2032	7	7.0000%	
10-Year 7.125% – ₱4.704 billion	August 11, 2025	August 11, 2035	10	7.1250%	
Total Outstanding Bond Issuances - ₱60.48843 billion					

OUTSTANDING PRS-CREDIT RATINGS OF RELATED COMPANIES

San Miguel Corporation (SMC) – Parent Company of San Miguel Global Power Holdings Corporation (SMGP). SMC owns 100.0% of SMGP as of end-2025.

Amount	Issue Date	Maturity Date	Tenor (in years)	Interest Rate	Outstanding Rating and Outlook
Series C - ₱6.02266 billion	March 1, 2017	March 1, 2027	10	5.7613%	**PRS Aaa Stable Outlook**
Series G – ₱4.41590 billion	March 19, 2018	March 19, 2028	10	7.1250%	
Series I – ₱18.76019 billion	July 8 ,2021	July 8, 2027	6	7.4650%	
Series J - ₱17.44 billion	March 4, 2022	March 4, 2027	5	5.2704%	
Series K – ₱12.56 billion	March 4, 2022	March 4, 2029	7	5.8434%	
Series L – ₱27.10055 billion	December 14, 2022	March 14, 2028	5.25	7.4458%	
Series M – ₱9.71226 billion	December 14, 2022	December 14, 2029	7	7.8467%	
Series N – ₱23.18719 billion	December 14, 2022	December 14, 2032	10	8.4890%	
Series O – ₱13.0 billion	July 3, 2024	January 3, 2031	6.5	7.2584%	
Series P – ₱7.0 billion	July 3, 2024	July 3, 2034	10	7.7197%	
3-Year Fixed Rate – ₱5.7 billion	December 23, 2025	December 23, 2028	3	6.3000%	
Total Outstanding Bond Issuances - ₱144.89875 billion					

San Miguel Food and Beverage, Inc. (SMFB) – 88.76% owned by SMC as of end-2025.

Amount	Issue Date	Maturity Date	Tenor (in years)	Interest Rate	Outstanding Rating and Outlook
Series B – ₱7.0 billion	March 10, 2020	March 10, 2027	7	5.25%	**PRS Aaa Stable Outlook**

Petron Corporation (Petron) – 71.82% owned by SMC as of end-2025

Amount	Issue Date	Maturity	Tenor (in years)	Interest Rate	Outstanding Rating and Outlook
Series F – ₱9.0 billion	October 12, 2021	October 12, 2027	6	4.3368%	**PRS Aaa Stable Outlook**
Series G – ₱15.91 billion	July 7, 2025	July 7, 2030	5	6.5945%	
Series H – ₱4.604 billion	July 7, 2025	July 7, 2032	7	6.9761%	
Series I – ₱11.486 billion	July 7, 2025	July 7, 2035	10	7.3896%	
Total Outstanding Bond Issuances - ₱41.0 billion					

SMC Tollways Corporation (SMC Tollways) – 100% owned by Atlantic Aurum Investments B.V. (AAIBV) as of end-June 2025.

Amount	Issue Date	Maturity Date	Tenor (in years)	Interest Rate	Outstanding Rating and Outlook
Series A – ₱10.5601 billion	December 5, 2024	March 5, 2030	5.25	6.4783%	**PRS Aaa Stable Outlook**
Series B – ₱5.89895 billion	December 5, 2024	December 5, 2031	7	6.7026%	
Series C – ₱18.54095 billion	December 5, 2024	December 5, 2034	10	6.9331%	
Total Outstanding Bond Issuances - ₱35.0 billion					

Bank of Commerce (BankCom) – As of end-2025, BankCom was 31.91%- and 4.86%-owned by San Miguel Properties, Inc. (SMPI) and SMC Equivest Corporation (SMCEC), respectively. SMPI and SMCEC are both wholly-owned subsidiaries of SMC. SMC Retirement Plan, an affiliate of SMC and the registered retirement plan of SMC Group employees, also had a 30.83% stake in BankCom.

Type of Rating	Outstanding Rating and Outlook
Issuer	**PRS Aa plus (corp.) Stable Outlook**

RATIONALE

Leading market position with a solid platform for expansion

SMGP is reportedly one of the largest power companies in the Philippines, with a combined capacity of 5,710.08 megawatts (MW) as of July 30, 2025. Based on the total installed generating capacities reported in the Energy Regulatory Commission (ERC) Resolution on Grid Market Share Limitation, the Company believes that its combined installed capacity accounted for 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. SMGP's diversified portfolio includes natural gas, coal, hydroelectric power, and renewable energy sources, such as battery energy storage systems (BESS), providing a solid foundation for continued leadership in the energy sector.

Through a wholly-owned subsidiary, SMGP serves as the Independent Power Producer Administrator (IPPA) for the San Roque power plant, granting the Company the right to sell electricity generated by this facility. As of July 30, 2025, this IPPA power plant accounted for 435 MW or 7.62% of SMGP's total installed capacity. In addition, SMGP owns five power plants (3,596.89 MW), joint venture (JV) plants (264.21 MW), and BESS facilities (410 MW). These accounted for 74.80% of the Company's total installed capacity, while the balance was made up by the Company's remaining share on Batangas Combined Cycle Natural Gas Power (BCCPP) and Ilijan Power Plant, as well as Petron.

Aside from power generation, SMGP holds three Retail Electricity Supplier (RES) licenses, issued to its subsidiaries Limay Power Inc. (LPI), Masinloc Power Co. Ltd. (MPCL), and Malita Power Inc. (MPI). LPI and MPCL each hold five-year licenses valid until September 29, 2028, while MPI's five-year license is valid until August 12, 2030. As of August 2025, LPI and MPCL supply a combined total of 685 MW to contestable customers, serving over 160 customers, including various facilities of SMC's subsidiaries. Based on data from the ERC, SMGP holds a direct market share of 14% of the contestable customer market.

To ensure sustained growth, SMGP has committed to a portfolio of major expansion projects across conventional and renewable energy. These include the expansion of the Masinloc Power Plant through Units 4 and 5 with an aggregate capacity of 700 MW, the 1,320 MW BCCPP, and 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).

Strong parent company support

SMGP is a wholly-owned subsidiary of SMC, one of the largest and diversified conglomerates in the Philippines. SMC has investments in market-leading businesses and in various sectors, including 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 the industries in which it operates. SMC's outstanding bond issuances, amounting to ₱144.9 billion, are rated PRS Aaa, with a Stable Outlook, by PhilRatings.

SMGP benefits from the extensive network and expertise of its parent Company, SMC. Moreover, SMC provides support services to the Company, such as human resources, legal and treasury functions. The SMC Group likewise represents a potential captive energy demand source for SMGP, given the Group's significant electricity requirements.

Sustained recovery in earnings despite the dip in revenues

In the first nine months of 2025 (9M2025), consolidated revenues decreased by 22.7%, from ₱153.6 billion in 9M2024 to ₱118.8 billion, driven by tempered sales of power generation and trading operations. The decline was 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.

With the sustained growth in the Company's bottom line since 2023, 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.

Conservative capital structure

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. 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%

BUSINESS RISK

COMPANY PROFILE

Incorporated on January 23, 2008, SMGP is mainly engaged in the generation, supply and sale of electricity in the Philippines, and is reportedly one of the largest power companies in the country, controlling 5,710.08 MW of combined capacity as of July 30, 2025. This marks a decline from 6,079.61 MW recorded as of the last credit rating review, largely due to the reduction in SMGP's stake in the Ilijan Power Plant, partially offset by the addition of BCCPP. Based on the total installed generating capacities reported in the ERC Resolution on Grid Market Share Limitation, the Company believes that its combined installed capacity accounted for 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.

SMGP acts as the holding Company for the various power businesses of SMC. Its diversified mix of fuel supply includes natural gas, coal, renewable energy such as hydroelectric power and BESS. SMGP is a wholly-owned subsidiary of SMC, as of end-2025.

Table 1 Installed Capacity per Source

	Installed Capacity (MW)	% of the Total
Sual Power Plant	1,200	21.02
Masinloc Power Plant	1,023	17.92
Limay Power Plant	536	9.39
Mariveles Greenfield Power Plant	538	9.42
San Roque Power Plant	435	7.62
Angat Hydroelectric Power Plant	193.54	3.39
Davao Greenfield Power Plant	299.89	5.25
Isabel Modular Diesel Engine Power Plant	70.67	1.24
Masinloc BESS	30	0.53
Other BESS Facilities in Luzon, Visayas, and Mindanao	380	6.65
Batangas Combined Cycle Power Plant	420.68	7.37
Ilijan Power Plant	400	7.01
Petron (an affiliate of SMGP through SMC)	183.30	3.21
Total	**5,710.08**	**100.00**

OPERATIONS

SMGP's operations are categorized under three segments, namely: (1) Power Generation and Trading; (2) Retail and Other Power-Related Services; and (3) Other Services which pertain to operations and maintenance services provided to various customers, including entities under common control.

Table 2 Breakdown of Revenues

	Revenues		% to Total		% Growth
	9M2024	9M2025	9M2024	9M2025	9M2024-9M2025
Sale of Power					
Power Generation and Trading	126,376	85,160	82.28	71.69	(32.61)
Retail and Other Power-Related Services	26,626	32,692	17.34	27.52	22.78
Other Services	589	943	0.38	0.79	60.20
Total Revenue	**153,592**	**118,795**	**100.00**	**100.00**	**(22.66)**

**Amounts in Million ₱*

In 9M2025, total revenues declined by 22.7% to ₱118.8 billion, from ₱153.6 billion in the same period in 2024. This was primarily driven by the dilution of the Group's equity interest in, and subsequent deconsolidation of, SPPC. SPPC is the owner of the 1,278 MW Ilijan Power Plant, following the completion of the Chromite transaction[1]. Lower fuel tariffs charged to bilateral customers, due to a 22% drop in coal prices, also contributed to the decrease. These impacts were partly offset by revenue contributions from the full nine-month operations of the 600 MW Mariveles Greenfield Power Plant and BESS, the commissioning of additional battery storage facilities in the first half of 2025 (1H2025), and the operations of Units 1 and 2 of EERI's BCCPP, which became operational in late 2024 and early 2025.

Among all the segments, Power Generation and Trading consistently remained the largest contributor to the Company's top line, comprising 82.28% in 9M2024 and 71.69% in 9M2025. Although Other Services represents a minimal share of less than 1.0%, it posted a significant 60.2% growth in 9M2025.

Overall, SMGP's revenue mix remained heavily reliant on power generation, with bilateral contracts continuing to account for the majority—82% and 77% of total revenues in 9M2024 and 9M2025, respectively. The decline to 77% was mainly due to Meralco, reflecting the deconsolidation of SPPC and EERI, which were fully contracted with the customer. Despite this change, bilateral contracts continue to ensure cash flows while minimizing the Company's exposure to unfavorable fluctuations in Wholesale Electricity Spot Market (WESM) prices.

Power Generation

As of end-September 2025, SMGP had a total of eight operational power plants and several BESS facilities in its portfolio. Of the total power plants, five are Company-owned, two are joint ventures, and one is an IPPA. SMGP's portfolio includes some of the newest and largest power plants in the Philippines, with baseload and peaking plants across diversified fuel sources, allowing the Company to manage costs and offer competitive baseload power rates. Its BESS facilities provide regulating and contingency reserves to the NGCP and have synergistic applications with renewable technologies, including grid stability and power quality improvements.

[1] On January 27, 2025, SMGP completed a series of transactions, collectively known as the "Chromite transaction", pursuant to agreements executed on March 1, 2024, with Chromite Gas Holdings Inc. (CGHI). CGHI is a jointly owned entity by Meralco PowerGen Corporation (MGen, a subsidiary of Meralco) and Therma NatGas Power, Inc. (TNGP, a subsidiary of AboitizPower). Through these transactions, CGHI gained a 67.0% equity interest in SPPC, EERI, and IPIEC, thereby diluting the previous 100.0% ownership of SMGP to 33.0%. CGHI also acquired a 67.2% equity interest in Linseed Field Corporation (LFC), while the balance of 32.98% was bought by the Company.

Table 3 Power Generating Assets (IPPAs)

	San Roque Power Plant
Location	San Manuel, Pangasinan
Type	Hydroelectric
Commercial Operations Date	2003
Acquisition / Construction Date	2010
Plant Ownership	Kansai Electric Company, Ltd. And Marubeni Leasing Corporation
	IPPA: San Roque Hydropower Inc. (SRHI)
Total Installed Capacity (in MW)	435
Contracted Capacity (in MW)	435
Offtakers	Intercompany, DU, WESM, Meralco
IPPA Expiry / Asset Transfer Date	April 2028

Table 4 Power Generating Assets (Company-Owned)

	Limay Greenfield Power Plant	Davao Greenfield Power Plant	Masinloc Power Plant	Mariveles Greenfield Power Plant	Sual Power Plant
Location	Limay, Bataan	Malita, Davao Occidental	Masinloc, Zambales	Mariveles, Bulacan	Sual, Pangasinan
Type	Coal	Coal	Coal	Coal	Coal
Commercial Operations Date	May 2017 - Unit 1 September 2017 - Unit 2 March 2018 - Unit 3 July 2019 - Unit 4	July 2017 - Unit 1 February 2018 - Unit 2	June 1998 - Unit 1 December 1998 - Unit 2 September 2020 - Unit 3	March 2024 - Unit 1 September 2024 - Unit 2 October 2024 - Unit 3 January 2025 - Unit 4	1999
Acquisition / Construction Date				2019	2009
Plant Ownership	100% - through Limay Power Inc. (LPI)	100% - through Malita Power Inc. (MPI)	100% - through Masinloc Power Co. Ltd. (MPCL)	100% - Mariveles Power Generation Corp. (MPGC)	100% - through Sual Power Inc. (SPI)
Total Installed Capacity (in MW)	536	299.89	1,023	538	1,200
Contracted Capacity (in MW)	536	299.89	1,023	376.6	1,020
Offtakers	DCCs, ECs, DUs, CCs, WESM, Intercompany, RES, Meralco	ECs, DUs, RES, WESM, DCCs, CCs	Meralco, DUs, CCs, Third Party, RES, WESM	Meralco, Intercompany, WESM	Meralco, ECs, DUs, RES, DCCs, WESM

Table 5 Power Generating Assets (JV)

	Angat Hydroelectric Power Plant	Isabel Modular Diesel Power Plant
Location	Norzaragay, Bulacan	Isabel, Leyte
Type	Hydroelectric	Oil
Commercial Operations Date	1967 - Main Units 1 and 2 1967 - Auxillary Units 1 and 2 1968 - Main Units 3 and 4 1978 - Auxillary Unit 3	2022
Acquisition / Construction Date	2014	2022
Plant Ownership	60% - through PowerOne Ventures Energy, Inc. (PVEI)	50% - through Power Ventures Generation Corporation (PVGC)
Total Installed Capacity (in MW)	193.54	70.67
Offtakers	WESM, Intercompany	Reserve Market through IEMOP

As of September 30, 2025, SMGP's major power assets consist of the Sual Power Plant, the Masinloc Power Plant with Masinloc BESS, the Limay Greenfield Power Plant, the Mariveles Greenfield Power Plant, and the Davao Greenfield Power Plant, accounting for approximately 21%, 19%, 9%, 10%, and 5% of SMGP's capacity, respectively. The San Roque Power Plant, operated under SRHI as IPPA, represents 8% of capacity, while the Angat Hydroelectric Power Plant through Angat Hydropower Corporation (AHC) contributes 3%.

Power generated from the Sual, Masinloc, Limay, Mariveles, and Davao facilities is primarily used as baseload supply and sold through bilateral offtake agreements. These provide SMGP with a long-term source of demand and stable cash flows. Meanwhile, output from the San Roque Power Plant and Angat Hydroelectric Power Plant is utilized as peaking supply and mostly sold through the WESM or as replacement power to affiliates, as power generation levels depend on reservoir water conditions and downstream irrigation requirements.

The BESS facilities, comprising the 10 MWh Masinloc BESS and several SMGP BESS sites across Luzon, Visayas, and Mindanao with a total capacity of 330 MWh, were contracted by NGCP under the competitive selection process (CSP) for ancillary services requirements. Of the total, 220 MWh were operational in 2023 and 110 MWh in March 2024. The 20 MWh Phase 1 of Kabankalan BESS in Negros Occidental also has an existing Ancillary Services Procurement Agreement (ASPA) with NGCP. As of September 30, 2025, SMGP had a total of 500 MWh of BESS capacity in commercial operation.

Coal-fired plants accounted for approximately 66% of SMGP's total capacity, as of September 30, 2025. In addition to baseload coal-fired plants, the Company has increased Liquefied Natural Gas (LNG) capacity and continues to expand its BESS portfolio, enhancing generation diversity in line with the government's energy policies. SMGP continuously monitors fuel options, including renewable energy sources, and has decided not to pursue a previously planned 600 MW coal-fired plant in Pagbilao, Quezon. This decision reflects the Company's objective to reduce carbon emissions and support the Philippines' climate commitments under the Paris Agreement.

Following the completion of the Chromite transaction, SMGP's equity interest in SPPC, owner of the Ilijan Power Plant, was diluted from 100% to 33%, resulting in a loss of control. Consequently, the assets and liabilities of SPPC were deconsolidated, and SMGP recognized its share in SPPC's net earnings. For January 2025, the Ilijan Power Plant contributed 424 GWh, ₱4.35 billion in revenues, and ₱1.25 billion in operating income. After deconsolidation, SMGP's share in SPPC's net earnings amounted to ₱2.01 billion in 9M2025.

Similarly, SMGP's ownership in EERI, which owns the BCCCP, was diluted to 33% as a result of the Chromite transaction. EERI's assets and liabilities were likewise deconsolidated, and SMGP recognized its share in net earnings. For January 2025, the BCCCP contributed 364 GWh, ₱3.06 billion in revenues, and ₱731 million in operating income. SMGP's share in net earnings from EERI amounted to ₱3.85 billion in 9M2025.

Expansion Projects

A. Power Plant Portfolio

Through MPCL, SMGP is advancing the expansion of the Masinloc Power Plant with Units 4 and 5, each with a gross capacity of 350 MW and targeted for completion in 2026. As of the third quarter of 2025 (3Q2025), Unit 4 and Unit 5 were 90% and 71% complete, respectively, with equity-backed capital expenditures of ₱53.4 billion.

B. Solar Power Project Portfolio

Through SMC Global Light and Power Corp. (SGLPC), SMGP is developing a solar portfolio with an aggregate initial capacity of approximately 2,670 MW across Luzon and Mindanao, including sites in Bataan, Davao, Bulacan, and Isabela, with expected completion between 2026 and 2029. Located in areas with moderate to high photovoltaic potential, the projects utilize N-type solar panels[2] supplied by reputable regional manufacturers and are designed to serve contestable customers.

[2] N-type solar panels are photovoltaic modules built with silicon doped using phosphorus to create negatively charged carriers. These panels deliver higher efficiency, superior temperature performance, and greater resistance to common degradation effects compared to traditional P-type solar modules.

The first phase features the 110 MW Bataan Solar Project in Barangay Lucanin, Mariveles, Bataan, which operates under a Department of Energy (DOE) Solar Energy Operating Contract signed in February 2022 and is registered as a renewable energy development project. In June 2024, SGLPC signed an investment and shareholders agreement with Citicore Renewable Energy Corporation. The 158-hectare project site, owned by an SMGP affiliate, has secured NGCP system impact and facilities approvals, and was designated by the DOE as an Energy Project of National Significance in June 2025. Upon commercial operations, the project's entire output will be supplied to SMGP or its affiliates under long-term contracts.

SMGP will manage pre-development activities and land acquisition, leasing project sites to third-party owners while potentially serving as an offtaker for a minimum term of 20 years. In November 2025, SGLPC was declared a winning bidder under the fourth round of the Green Energy Auction Program (GEA-4) for 2,225 Megawatt Alternating Current (MWac) of floating and ground-mounted solar projects across Bulacan, Davao, and Isabela. SMGP received the original Certificates of Award from the DOE on January 12, 2026. These projects, scheduled for completion between 2026 and 2029, will be developed using a capital-light approach, which minimizes upfront investment by focusing initial expenditures on permitting, feasibility studies, and site development, while leveraging services from SMC affiliates such as engineering, information technology, land acquisition, and logistics. Vendor financing from Engineering, Procurement and Construction (EPC) contractors or key suppliers may also be arranged to further reduce upfront capital requirements.

C. BESS Portfolio

SMGP, via SMGP BESS Power Inc., MPCL, and SMGP Kabankalan, is expanding its BESS portfolio, totaling approximately 1,000 MWh. As of June 2025, 500 MWh across 17 sites were operational, including the 30 MWh Kabankalan facility (Phases 1 and 2) and the 20 MWh Masinloc (Phase 2). An additional 180 MWh across seven sites are expected to be completed in 2026, including 40 MWh in Magapit, Cagayan; 20 MWh in Tabango, Leyte; 10 MWh in Tagum, Davao del Norte; 50 MWh and 20 MWh at two facilities in Mexico, Pampanga; and 40 MWh in Dingle, Iloilo. Additionally, 60 MWh in Leyte and Cagayan are undergoing testing and commissioning.

SMGP is also developing the 320 MWh Mariveles BESS project under an EPC contract with Taiwan-based ATE Energy, with targeted completion in 2026. Founded in 1995, ATE Energy is a Taipei Exchange–listed company specializing in energy infrastructure, EPC, and engineering solutions for power generation and related systems.[3] As of October 31, 2025, construction progress was at 33% for Unit 1 and 68% for Unit 2.

D. Hydro Project Portfolio

On the renewable sector, SMGP affiliates secured projects in the third round of the Green Energy Auction Program (GEA-3) conducted on February 11, 2025. In June 2025, DOE issued Notices of Award to SRHI for 1,850 MW of pumped-storage hydropower, with completion targeted between 2031 and 2035, and to Pan Pacific for 2,300 MW of pumped-storage and impounding hydropower, scheduled for completion between 2028 and 2032. Both companies accepted their awards on June 19–20, 2025, with projects planned in Aklan in the Visayas, and in Apayao and Pangasinan in Northern Luzon.

[3] https://www.bloomberg.com/profile/company/6179:TT#
https://www.ateenergy.com.tw/common/DownloadInvestorHistories?id=9023cd7f-58bf-411e-b127-83656191910b

Table 6 Operational Highlights

	Limay Greenfield Power Plant	Malita Greenfield Power Plant	Masinloc Power Plant	Mariveles Greenfield Power Plant*	Sual Power Plant	San Roque Power Plant	Ilijan Power Plant
Actual Energy Generated (GWh)							
9M2024	2,920	1,260	4,258	n/a	4,768	412	5,339
9M2025	2,353	1,180	4,233	2,777	3,357	929	4,171
Average Net Dependable Capacity (MW)							
9M2024	536	254	950	n/a	1,000	309	1,200
9M2025	436	207	950	537	1,013	350	1,200
Net Capacity Factor (%)							
9M2024	83	73	68	n/a	60	18	68
9M2025	67	68	68	79	43	41	70
Availability Factor (%)							
9M2024	90	85	91	n/a	98	85	89
9M2025	89	86	89	93	92	86	91
Reliability Factor (%)							
9M2024	95	96	89	n/a	99	97	99
9M2025	96	86	89	96	79	99	100

**Not yet fully operational in 2024*

Retail and Other Power-Related Services

SMGP holds three RES licenses, issued to its subsidiaries LPI, MPCL, and MPI. LPI and MPCL each hold five-year licenses valid until September 29, 2028, while MPI's five-year license is valid until August 12, 2030. These licenses enable the relevant subsidiaries to enter into retail supply contracts (RSCs) with contestable customers and expand SMGP's customer base. Leveraging these licenses, SMGP is pursuing downstream vertical integration to expand its retail sales.

As of August 2025, LPI and MPCL supply a combined total of 685 MW to contestable customers, including various facilities of SMC's subsidiaries, serving over 160 contestable customers. Based on data from the ERC, SMGP holds a direct market share of 14% of the contestable customer market, with Aboitiz, Meralco (RES), Ayala, and FGen groups holding 27%, 27%, 8%, and 7%, respectively. Considering both its supply to contestable customers and other RES, SMGP is reportedly the largest supplier of retail electricity in the Philippines.

MARKET

The Group sells, retails, and distributes power through power supply agreements, RSCs, ASPAs, and other power-related service agreements, either directly to customers—including distribution utilities such as Meralco, electric cooperatives, industrial customers, other generators, and the National Grid Corporation of the Philippines—or through the Philippine WESM.

As of September 30, 2025, sales under bilateral arrangements accounted for 77.44% of total sales volume, with the balance sold through WESM. Sales concentration declined year-on-year, with Meralco representing 31.6% (6,982 GWh) of total sales volume, down from 39.5% (10,692 GWh) in the same period last year. Meralco's share to total revenues likewise decreased from 42.6% (₱65.4 billion) in 9M2024 to 32.9% (₱39.0 billion) in 9M2025. This was mainly due to the deconsolidation of SPPC and EERI who were fully contracted with Meralco for a total of 2,400 MW for 15 years.

Table 7 Customer Profile

	9M2024				9M2025			
	Volume Sold (GWh)	Revenue (in Millions ₱)	% of Total Volume Sold	% of Total Revenues	Volume Sold (GWh)	Revenue (in Millions ₱)	% of Total Volume Sold	% of Total Revenues
Meralco	10,692	65,404	39.5	42.6	6,982	39,048	31.6	32.9
WESM	4,958	28,189	18.3	18.4	5,178	26,806	23.4	22.6
Total Major Customers	**15,650**	**93,594**	**57.9**	**60.9**	**12,160**	**65,854**	**55.0**	**55.4**
Others*	11,394	59,998	42.1	39.1	9,930	52,941	45.0	44.6
Total Sales	**27,044**	**153,592**	**100.0**	**100.0**	**22,090**	**118,795**	**100.0**	**100.0**

Includes Non-Meralco DUs, ECs, retail electricity suppliers, Directly Connected Customers, Contestable Customers, Sales to Distribution Customers, sales to related parties and sales to NGCP for ancillary services.

Meralco[4]

Meralco is the largest private power distribution company in the Philippines, servicing 39 cities and 72 municipalities, including Metro Manila. As of September 30, 2025, SMGP holds approximately 4% equity interest in Meralco following the purchase of 46,596,596 common shares from Land Bank of the Philippines through special block sales.

In 9M2025, Meralco generated consolidated revenues of ₱371.8 billion, representing a 5% increase year-on-year. This growth was primarily driven by higher pass-through generation and transmission charges, increased market participation of MGen, and higher retail electricity volumes. MGen's performance was supported by contributions from its thermal and gas assets, as well as output from its newly operational solar power plants in Nueva Ecija and Isabela. In addition, Meralco's gas investments, including its stake in Singapore-based PacificLight Power, delivered strong earnings during the period.

These factors translated into improved earnings performance across Meralco's business segments. The distribution utility business remained the largest contributor to consolidated core net income, generating ₱21.9 billion, or 55% of the total, representing an 8% increase from the prior year. Power generation earnings increased significantly by 63% to ₱14.7 billion and accounted for 37% of consolidated core net income, reflecting the expanding contribution of the generation portfolio. Retail electricity supply and non-power businesses contributed ₱3.4 billion, or 8% of total earnings.

As a result, consolidated core net income rose by 14% to ₱40.0 billion in 9M2025, keeping Meralco on track to meet its full-year target of ₱50 billion. Capital expenditures reached ₱78.8 billion as of end-September 2025, primarily allocated to the development of renewable energy facilities and continued enhancements to the distribution network. As of report writing date, Meralco remained the country's largest power distributor, serving over 80 million customers across its franchise area.

OWNERSHIP & MANAGEMENT

SMGP is a wholly-owned subsidiary of SMC, one of the largest and most diversified conglomerates in the Philippines in terms of revenues and assets. SMC has investments in food, beverages, fuel and oil, energy, infrastructure, property development and leasing, cement and investments in car distributorship and banking services. Operating for over 132 years, SMC's major businesses hold market leading positions in the industries in which it operates. SMC's outstanding bond issuances, amounting to ₱144.9 billion, are rated PRS Aaa, with a Stable Outlook, by PhilRatings.

[4] https://www.philstar.com/business/2025/10/28/2482952/meralco-profit-jumps-14-p40-billion-9-months

SMGP benefits from the extensive network and expertise of SMC. Moreover, SMC provides support services to the Company, such as human resources, legal and treasury functions. The SMC Group likewise represents a potential captive energy demand source for SMGP given the Group's significant electricity requirements.

Leading the Company's overall strategic direction and operations in the energy sector, Mr. Ramon Ang has been serving as the Chairman and Chief Executive Officer (CEO) of SMGP since August 2010, and as its President and Chief Operating Officer (COO) since April 2017. He is also the Chairman of the Executive Committee of the Company since September 2, 2011. Beyond SMGP, Mr. Ang is the Chairman and CEO of SMC since June 11, 2024, and holds key executive positions across several SMC subsidiaries. He serves as Chairman of Petron and SMFB, where he was appointed as Chairman in June 2024 after serving as its President and CEO for six years. His leadership extends across multiple industries, including power, oil, cement, packaging, food, and beverages. Mr. Ang earned his Bachelor's Degree in Mechanical Engineering and a Doctorate in Business Engineering, Honoris Causa, from Far Eastern University.

Mr. John Paul Ang, son of Mr. Ramon Ang, has been the Vice Chairman of SMGP since June 1, 2021. He is a member of the Executive Committee, Corporate Governance Committee, Audit and Risk Oversight Committee, and Related Party Transaction Committee of SMGP. Starting June 11, 2024, he has served as Vice Chairman, President, and COO of SMC. In addition, Mr. Ang is the President and CEO of Eagle Cement Corporation, Southwestern Cement Corporation and SMFB. Mr. Ang earned his Bachelor of Arts degree in Interdisciplinary Studies, with minors in Economics and Finance, from the Ateneo de Manila University.

Mr. Paul Bernard Causon has been the Chief Finance Officer (CFO) of the Company since March 30, 2017. He was appointed Vice President of the Company on June 5, 2018 and concurrently serves as CFO and/or Treasurer of various SMGP subsidiaries. He also holds key position in various subsidiaries of SMGP. Prior to joining SMGP, Mr. Causon held various senior positions, including Vice President, Head of Treasury, and Head of Special Projects at Philippine Airlines Inc. and Air Philippines Corporation, as well as CFO and Treasurer of Liberty Telecoms Holdings, Inc. and Wi-Tribe Telecoms Inc. Mr. Causon graduated magna cum laude with a Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines. He is a Certified Public Accountant (CPA).

As of December 31, 2025, SMGP and its subsidiaries had 2,588 regular employees, 106 of which were executives and managers, and 294 were supervisors. There is no existing Collective Bargaining Agreement (CBA) between the Company and its employees, and no employee is a member of any labor union.

STRATEGY

SMGP's growth strategy mainly focuses on: (a) substantial investments in new power generation facilities such as LNG power plants and the expansion of its existing facilities; (b) acquisitions of existing power generation capacity; (c) entering into alliances with strategic partners; (d) dispositions or divestment of portions of its interests in power generation facilities and other assets; (e) entering into new and developing technologies and services, such as energy storage solutions, particularly BESS and ancillary services like frequency regulating reserves; and (f) targeting new markets, including the renewable energy sector.

For 2026–2027, the Company plans to further expand its power portfolio through the development of greenfield projects, growth of renewable energy capacity—particularly solar and hydro—strategic acquisitions in line with regulatory and infrastructure developments, and expansion into retail energy supply. Hydro, solar, and BESS projects are targeted for completion between 2026 and 2035. The Company will also continue participating in CSPs.

SMGP emphasizes securing long-term, diversified offtake arrangements, while maintaining at least 10% of available capacity for merchant sales and replacement power. The Company prioritizes baseload and off-peak contracts with full fuel pass-through and long tenors, and leverages portfolio-based dispatch and ancillary services, including BESS.

Environmental, Social, and Governance (ESG)

SMGP's ESG strategy is anchored on its Roadmap to Net Zero by 2050, aiming to significantly reduce carbon emissions by increasing renewable energy capacity to at least 35% by 2030 and 50% by 2040. This will be achieved through the expansion and development of hydropower and solar projects, the integration of BESS, the adoption of advanced emissions control and carbon extraction technologies, and the reduction of coal exposure through the discontinuation of planned coal projects and divestment from coal exploration assets.

Building on this, SMGP is advancing its transition toward lower-emission technologies through investments in LNG, BESS, solar, and hydropower projects. With its current development pipeline, including approximately 1,000 MWh of BESS capacity, the Company expects to reduce the proportion of power generated from traditional pulverized coal technologies from 34% to 14% by 2030–2035, with significant reductions already targeted by 2028.

Complementing its environmental initiatives, SMGP actively supports biodiversity and community development through co-stewardship of the Verde Island Passage, a key marine ecosystem, under a multi-stakeholder partnership for conservation, marine research, and coastal livelihood programs. Social impact is further driven through SMGP Foundation, Inc., which implements programs on health, education, livelihood, and environmental stewardship, aligned with the United Nations Sustainable Development Goals (UN SDGs). Initiatives include large-scale reforestation, marine biodiversity conservation, scholarships, community livelihoods, and engagement with indigenous people. Governance underpins these efforts, emphasizing transparency, accountability, and stakeholder engagement through established ESG oversight mechanisms and disclosures aligned with the Global Reporting Initiative (GRI) standards, reinforcing responsible decision-making and long-term value creation.

LEGAL ISSUES

Ilijan IPPA Agreement Dispute

This case involves SPPC and Power Sector Assets and Liabilities Management Corporation (PSALM) disputing the termination of the Ilijan IPPA Agreement and the drawing of SPPC's performance bond. SPPC asserts that it fully complied with its contractual obligations, while PSALM sought additional payments and attempted to terminate the agreement. Trial on the merits concluded with the Regional Trial Court (RTC) ruling in favor of SPPC on June 13, 2025, with the decision received on October 7, 2025. PSALM filed a Motion for Reconsideration on October 22, 2025, which SPPC opposed on October 28, 2025. Despite the pendency of the Motion for Reconsideration, the Ilijan Power Plant has already been turned over by PSALM to SPPC pursuant to the IPPA Agreement and the Deed of Sale executed on June 3, 2022. On November 6, 2025, the case was referred back to the former presiding judge who rendered the June 13, 2025 decision. The proceedings remain pending.

SPPC Court of Appeals Petition

This case concerns SPPC challenging ERC orders dated September 29, 2022, which it alleged were issued with grave abuse of discretion, while also seeking price adjustments for electricity supplied to Meralco. The Court of Appeals ruled in favor of SPPC on June 27, 2023, and the Supreme Court affirmed the decision in 2024. In 2025, the Court of Appeals partially granted SPPC's motions to compel ERC action on July 11, 2025, directing the ERC to act without further delay. On September 2, 2025, SPPC received ERC Compliance, allowing it to recover price adjustments from Meralco and collect from customers over a six-month period. Clarificatory hearings on SPPC's second Change in Circumstances (CIC) claim, covering May 26, 2022 to December 6, 2022, were held on November 18, 2025. SPPC also assigned all related rights of action to SMGP in connection with the anticipated dilution of SMGP's equity interest.

SPI Court of Appeals Petition

SPI's case is similar to SPPC's, involving a challenge to ERC orders and the recovery of price adjustments for electricity supplied. The Court of Appeals ruled in favor of SPI on June 27, 2023, affirmed by the Supreme Court in 2024. On July 11, 2025, the Court of Appeals partially granted SPI's motions to compel ERC action and directed the ERC to proceed without delay. On September 2, 2025, SPI received ERC Compliance, enabling it to recover price adjustments from Meralco for six months. Clarificatory hearings on SPI's second CIC claim, covering June 2022 to July 2023, were held on November 18, 2025.

PhilRatings shall continue to monitor developments in relation to these.

ECONOMY

Gross Domestic Product (GDP)[5]

The Philippine GDP expanded by 3.0% in 4Q2025. This was the slowest quarterly growth recorded since 3Q2011, excluding the contractions during the height of the COVID-19 pandemic. Growth for full-year 2025 was at 4.4%, which is below the government's target of 5.5%–6.5%. This marks the third straight year that GDP growth fell short of the target.

The main drivers of growth in 2025 were the following industries: Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles, 4.6%; Financial and Insurance Activities, 5.6%; and Public Administration and Defense; Compulsory Social Security, 7.9%. For the major economic sectors, Agriculture, Forestry and Fishing (AFF), Industry, and Services grew by 3.1%, 1.5%, and 5.9%, respectively.

Department of Economy, Planning, and Development (DEPDev) Secretary Arsenio Balisacan attributed missing the growth target to the impact of weather-related disturbances for the year and the corruption scandal surrounding flood control projects. The latter reportedly dampened investments and consumer confidence.

Household Final Consumption Expenditure (HFCE) registered a 3.8% uptick in 4Q2025, supported by the increases in the following: Food and non-alcoholic beverages, 3.8%; Miscellaneous goods and services, 3.9%; Restaurant and hotels, 7.5%; Transport, 5.9%; Education, 7.2%, and Health, 6.4%. For full-year 2025, HFCE grew by 4.6%, slower than the 4.9% posted in 2024. Government Final Consumption Expenditure (GFCE) likewise grew by 3.7% in 4Q2025, slower than the 9.0% recorded in 4Q2024. Full-year GFCE growth of 9.1% for 2025 was nevertheless quicker than the 7.3% posted in 2024.

[5] Philippine Statistics Authority
https://business.inquirer.net/571342/philippine-gdp-growth-down-to-3-in-q4-2025

Gross Capital Formation (GCF), which measures investments in the economy, further fell by 10.9% in 4Q2025. The drop was attributed to the 41.9% contraction in the government's spending for infrastructure during the quarter. Full-year GCF declined by 2.1% in 2025, from a 7.7% growth in 2024.

Inflation and Interest Rates[6]
According to the Philippine Statistics Authority (PSA), inflation picked up to 1.8% in December 2025, up from November 2025's 1.5% but lower than December 2024's 2.9%. Core inflation, which does not include volatile commodities such as food and energy, remained at 2.4% in December 2025, although it is lower than the 2.8% recorded in the same month in 2024. Average headline inflation for full-year 2025 was therefore 1.7%, decelerating from the prior year's 3.2%. Additionally, this was the lowest recorded since 2016 and was below the central bank's 2.0%-4.0% target band.

On December 11, 2025, the Monetary Board decided to further reduce the benchmark policy rate by 25 basis points to 4.5%, citing manageable inflation. The Bangko Sentral ng Pilipinas (BSP) has therefore reduced policy rates by a total of 125 basis points since the beginning of 2025.

Outlook[7]
Owing to the effects of the corruption scandal surrounding public infrastructure and global trade uncertainties, the Development Budget Coordination Committee (DBCC) revised downwards the growth target for 2026 from 6.0%–7.0% to 5.0%–6.0%. The growth outlook for the two succeeding years was also trimmed down, as illustrated in Table 7.

To achieve the revised forecast for 2026, Secretary Balisacan mentioned that economic growth must reach 5.0%–6.0% in 2Q2026. He further stated that the government aims to restore public trust through improvements in governance and public services, in an effort to support growth. To do so, DEPDev will be releasing an executive report outlining strategies to address governance challenges by mid-February 2026.

Table 8 Revised Economic Growth Outlooks

	Initial Forecasts	Revised Forecasts
DBCC	2026: 6.0% to 7.0% 2027: 6.0% to 8.0% 2028: 6.0% to 8.0%	2026: 5.0% to 6.0% 2027: 5.5% to 6.5% 2028: 6.0% to 7.0%
International Monetary Fund (IMF)	2026: 5.8% 2027: 6.1%	2026: 5.6% 2027: 5.8%
World Bank	2026: 5.4% 2027: 5.5%	2026: 5.3% 2027: 5.4%
ASEAN+3 Macroeconomic Research Office (AMRO)	2026: 5.5%	2026: 5.3%
Asian Development Bank (ADB)	2026: 5.7%	2026: 5.3%

In its respective World Economic Outlook reports released in January 2026, the IMF and World Bank similarly downgraded its growth forecasts for 2026 and 2027, citing the corruption scandal, the anticipated effects of weather disturbances, and the shifts in global trade policies. World Bank, whose

[6] https://mb.com.ph//10/09/bsp-lowers-rate-to-475-amid-weaker-growth-outlook-infra-spending-woes
[7] https://www.philstar.com/business/2026/01/30/2504386/gdp-growth-slows-44-2025
https://business.inquirer.net/569528/imf-sees-sub-6-growth-for-ph-through-2027
https://www.bworldonline.com/top-stories/2025/12/09/717310/world-bank-cuts-philippine-growth-forecasts-until-2027

forecasts are lower than the IMF's, mentioned that the 19% tariff imposed by the US on Philippine goods could particularly dampen growth. World Bank said that the country's growth can be boosted if policies on investments and labor are strengthened.

The latest GDP growth forecasts from the IMF, World Bank, AMRO and the ADB for 2026 notably fall within the government's revised target for the year. Both the ADB and AMRO also stated that the country continued to be among the fastest-growing economies in Southeast Asia. Moreover, the IMF mentioned that the Philippines could potentially achieve a 6.0% growth in 2028.

INDUSTRY[8]

Power Demand

Table 9 System Peak Demand (in MW)

	2023	2024
Luzon	12,550	14,016
Visayas	2,458	2,681
Mindanao	2,323	2,577
Total	**17,331**	**19,274**

The country's total peak demand increased by 11.2%, from 17,331 MW in 2023 to 19,274 MW in 2024. The Luzon grid accounted for 72.7% share of the total, with 14,016 MW. This was followed by Visayas and Mindanao, with a share of 13.9% (2,681 MW) and 13.4% (2,577 MW), respectively.

Installed and Dependable Generating Capacity

Table 10 Installed Capacity by Plant Type (in MW)

	Capacity		Percentage Share	
	2023	2024	2023	2024
Non-Renewable	19,875	20,186	70.25	67.95
Coal	12,406	13,006	43.85	43.78
Oil-Based	3,737	3,448	13.21	11.61
Natural Gas	3,732	3,732	13.19	12.56
Renewable	8,417	9,520	29.75	32.05
Geothermal	1,952	1,952	6.90	6.57
Hydro	3,799	3,836	13.43	12.91
Biomass	585	595	2.07	2.00
Solar	1,653	2,710	5.84	9.12
Wind	427	427	1.51	1.44
Total	**28,291**	**29,706**	**100.00**	**100.00**

[8] https://legacy.doe.gov.ph/energy-statistics/philippine-power-statistics?q=energy-statistics/philippine-power-statistics
https://www.iemop.ph/2024/?post_type=news#:~:text=The%20Luzon%20region%20recorded%20an,6.63%20PhP/kWh%20in%20April.

Table 11 Dependable Capacity by Plant Type (in MW)

	Capacity		Percentage Share	
	2023	2024	2023	2024
Non-Renewable	17,411	17,950	70.62	68.81
Coal	11,335	11,863	45.98	45.47
Oil-Based	2,795	2,806	11.34	10.76
Natural Gas	3,281	3,281	13.31	12.58
Renewable	7,242	8,136	29.37	31.19
Geothermal	1,708	1,708	6.93	6.55
Hydro	3,499	3,485	14.19	13.36
Biomass	374	378	1.52	1.45
Solar	1,249	2,154	5.07	8.26
Wind	412	412	1.67	1.58
Total	**24,654**	**26,087**	**100.00**	**100.00**

The country's supply base increased by 5.0% in 2024, with total installed capacity of 29,706 MW, from 28,291 MW in 2023. This was mainly driven by additional capacities from coal and solar power plants.

On the other hand, dependable generating capacity in 2024 grew by 5.8% to 26,087 MW, from 24,654 MW in 2023. This was primarily attributable to the 894 MW and 528 MW growth in renewable energy and coal, respectively.

Coal-fired power plants still accounted for the bulk of total installed capacity with a share of 43.8%, followed by renewable energy sources which contributed 32.0% share. Hydropower plants remained the top renewable resource, accounting for 40.3% of total installed capacity from renewable energy.

Power Generation

Table 12 Power Generation by Source (in GWh)

	Generation		Percentage Share	
	2023	2024	2023	2024
Non-Renewable	91,726	98,748	77.73	77.79
Coal	73,754	79,359	62.50	62.52
Oil-Based	1,304	1,342	1.11	1.06
Natural Gas	16,668	18,047	14.12	14.22
Renewable	26,278	28,193	22.27	22.21
Geothermal	10,730	10,789	9.09	8.50
Hydro	10,287	10,909	8.72	8.59
Biomass	1,409	1,446	1.19	1.14
Solar	2,544	3,811	2.16	3.00
Wind	1,308	1,239	1.11	0.98
Total	**118,004**	**126,941**	**100.00**	**100.00**

Gross power generation in 2024 stood at 126,941 GWh, 7.6% higher than the 118,004 GWh recorded in 2023. Coal remained as the major source of power generation in the country, maintaining its share at

62.5%. Despite the government's efforts in promoting the development and utilization of renewable energy, the share of such to total energy marginally fell to 22.2% in 2024, from 22.3% in 2023.

Power Consumption

Table 13 Power Consumption by Sector (in GWh)

	Consumption		Percentage Share	
	2023	2024	2023	2024
Electricity Sales	95,808	103,908	81.19	81.86
Residential	36,968	41,205	31.33	32.46
Commercial	26,236	28,033	22.23	22.08
Industrial	29,493	31,074	24.99	24.48
Others	3,112	3,596	2.64	2.83
Utilities Own Use	10,403	10,558	8.82	8.32
System Losses	11,793	12,475	9.99	9.83
Total	**118,004**	**126,941**	**100.00**	**100.00**

The country's power consumption increased by 7.6% in 2024 to 126,941 GWh, from 118,004 GWh in 2023. The residential segment continued to be the main driver of electricity consumption, accounting for 32.5% of total. Such was followed by the industrial and commercial segments, with 24.5% and 22.1% shares, respectively.

Moratorium on New Coal-Fired Power Plants Remains in Place[9]

The DOE has maintained its moratorium on the development of new coal-fired power plants, a policy implemented in 2020 as part of the government's strategy to reduce the country's reliance on coal and promote a more diverse and sustainable energy portfolio. The moratorium applies specifically to new greenfield coal-fired power projects, defined as projects that had not secured substantial permits, land rights, or firm development commitments at the time the policy was introduced. The DOE has clarified that the moratorium is not an outright prohibition on coal-fired power generation, as existing coal plants, committed projects, and approved expansion projects are excluded from its coverage.

Under the current DOE leadership, Energy Secretary Sharon Garin has reaffirmed that the moratorium remains in effect, while acknowledging that flexibility is retained to allow additional coal-fired capacity under exceptional circumstances. Such exceptions may be considered in situations involving power supply adequacy concerns or the threat of an imminent power shortage. Any such development would remain subject to stringent regulatory review and alignment with the government's objective of increasing renewable energy penetration and improving overall energy security.

[9] https://legacy.doe.gov.ph/announcements/advisory-moratorium-endorsements-greenfield-coal-fired-power-projects
https://legacy.doe.gov.ph/press-releases/clarification-coverage-coal-moratorium-policy
https://www.bworldonline.com/corporate/2025/10/17/706162/doe-clarifies-coal-moratorium-rules-allows-new-capacity-only-in-exceptional-cases

Coal Power Generation and Outlook[10]

In 1H2025, coal-fired power generation in the Philippines declined for the first time in 17 years, according to data from the Independent Electricity Market Operator of the Philippines (IEMOP). Coal's generation output dropped by 5.5% year-on-year to 33.8 terawatt-hour (TWh), reducing its share of the country's power mix to 57.2%, down from 61.9% in 2024. This decline reflects the growing role of natural gas and renewable energy sources, further supported by falling global LNG prices and continued government policy support for clean energy initiatives. Gas-fired generation rose by 5.2% to 10.36 TWh, increasing its share to 17.5%, while hydropower also gained traction.

The liberalization of the electricity market has enabled retailers to adapt to changing market conditions, prompting a more rapid transition to cleaner energy sources. Simultaneously, wholesale electricity spot market prices dropped to ₱4.14 per kilowatt-hour (kWh) in 1H2025—the lowest level since the pandemic—driven by increased renewable output and improved grid efficiencies. IEMOP projects further declines in spot prices if the government's renewable energy targets are met by 2029. Despite easing wholesale prices, however, residential electricity rates remain influenced by existing long-term contracts, as seen in recent rate adjustments by major distributors like Meralco.

Beyond short-term movements in power generation, medium-term demand projections indicate that coal will continue to play a significant role in the Philippines' energy mix. The International Energy Agency (IEA) forecasts that Philippine coal demand will increase by 15% to 54 million tons by 2030, supported by economic and population growth, as well as a projected 27% increase in electricity demand. The IEA stated that coal-fired power generation continues to provide baseload supply, while renewable energy accounted for a smaller share of the power generation mix based on the latest available data. The Philippines remains heavily reliant on imported coal, with most imports sourced from Indonesia.

New Natural Gas Discovery: Malampaya East One (MAE-1)[11]

In January 2026, the Philippine government announced the discovery of the Malampaya East One (MAE-1) natural gas field, located near the existing Malampaya gas field off Palawan. The field is estimated to contain approximately 98 billion cubic feet of gas, equivalent to nearly 14 billion kWh of electricity annually. Energy Secretary Sharon Garin stated that the discovery is expected to reduce household power costs and extend the life of the original Malampaya field until 2030. This is reportedly the first natural gas discovery in the Philippines in more than a decade.

Philippine Energy Plan (PEP) 2023-2050 Status[12]

The PEP 2023–2050 is the second comprehensive roadmap supporting the country's transition to cleaner energy under *Ambisyon Natin 2040*, which articulates the Philippines' long-term development goals and

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[10] https://www.reccessary.com/en/news/philippine-coal-power-declines-the-first-time-in-20-years
https://www.philstar.com/business/2026/01/02/2498140/philippines-coal-demand-seen-growing-15-2030
[11] https://thediplomat.com/2026/01/philippine-president-announces-discovery-of-major-natural-gas-field/
[12] https://legacy.doe.gov.ph/sites/default/files/pdf/pep/PEP%202023-2050%20Vol.%20II.pdf
https://www.nuclearbusiness-platform.com/media/insights/insights/philippines-charts-new-energy-future-with-nuclear-and-less-coal
https://mbc.com.ph/2024/07/09/policy-notes-doe-philippine-energy-plan-2023-2050
https://www.philstar.com/business/2026/01/23/2502813/philippines-unlikely-meet-re-targets-2030
https://www.pna.gov.ph/articles/1267463

visions. Issued by the DOE, the PEP sets out the energy sector roadmap for the period 2023 to 2050, with policy direction anchored on energy security, affordability, and sustainability amid rising electricity demand. Under the plan, the Philippines targets an increase in the share of renewable energy in the power generation mix to 35% by 2030 and 50% by 2040, with renewable energy expected to account for more than 50% of total power generation by 2050. These targets are supported by the continued development of renewable energy technologies such as solar, wind, hydropower, and geothermal energy, alongside policy measures aimed at encouraging private sector participation and investment.

The PEP also outlines the planned role of conventional and emerging energy sources over the long term. While fossil fuels are expected to continue supporting baseload demand and system reliability requirements in the near to medium term, the plan envisions a gradual reduction in reliance on coal. Natural gas, including LNG, is identified as a transition fuel, while nuclear energy is positioned as a potential component of the power mix beginning in the 2030s to support long-term supply adequacy. Overall, energy development under the plan is aligned with projected demand growth, infrastructure expansion, and climate-related commitments through 2050s

While the PEP 2023–2050 sets out the government's long-term renewable energy targets, external assessments have highlighted implementation challenges. According to S&P Global, the share of renewable energy in the Philippines' power generation mix is projected to reach 27% by 2030, below the 35% target under the PEP. S&P Global cited constraints related to transmission grid capacity, limited interconnection points, the intermittent nature of variable renewable energy sources, and insufficient energy storage. The assessment also noted that the permitting process remains complex, with renewable energy projects required to secure multiple approvals from various government agencies prior to construction.

The National Transmission Corp. (TransCo) has stated that measures are being undertaken to ensure transmission lines nationwide can accommodate the growing share of renewable energy. According to TransCo, key challenges include right-of-way delays and capital expenditure approvals. These issues are being addressed under the Smart and Green Grid Plan, which forms part of the Philippine Energy Transition Strategies under the PEP 2023–2050, which is expected to be finalized before mid-2026. The NGCP has also indicated contingency measures to manage capacity fluctuations and ensure uninterrupted power supply.

Coal Prices[13]

Global thermal coal prices moderated further in 2025, following the sharp decline recorded in 2024. Data from the IEA, the Newcastle free-on-board (FOB) benchmark for 6,000 kilocalories per kilogram (kcal/kg) thermal coal averaged $104 per metric ton in 2025, a 22% decline from 2024 levels, although prices remained above the nominal averages observed prior to the pandemic. The World Bank similarly shows

[13] https://www.iea.org/reports/coal-2025/prices-and-costs
https://thedocs.worldbank.org/en/doc/18675f1d1639c7a34d463f59263ba0a2-0050012025/related/CMO-Pink-Sheet-December-2025.pdf
https://blogs.worldbank.org/en/opendata/weakening-demand--steady-supply--what-s-driving-coal-s-decline-i
https://blogs.worldbank.org/en/opendata/global-coal-markets-at-a-crossroads--soft-demand--resilient-supp
https://www.iea.org/reports/coal-mid-year-update-2025/prices
https://thedocs.worldbank.org/en/doc/18675f1d1639c7a34d463f59263ba0a2-0050012025/related/CMO-Pink-Sheet-January-2026.pdf
https://blogs.worldbank.org/en/opendata/energy-prices-eased--non-energy-rose-in-december-pink-sheet

that Australian thermal coal prices (Newcastle, 6,000 kcal/kg, FOB) averaged $108.4 per metric ton in 2025, compared with an annual average of $136.1 per metric ton in 2024.

The decline in coal prices during 2025 was driven by softening demand and steady global supply. The World Bank noted that weaker coal import demand from Asia, together with stable seaborne coal supply, exerted downward pressure on prices during the year. The IEA observed that major coal-producing countries maintained production levels sufficient to meet global demand despite fluctuations in electricity generation. The expansion of renewable energy capacity and improvements in energy efficiency limited growth in coal consumption, particularly in advanced economies, resulting in more balanced coal market conditions.

Looking ahead, the World Bank's late-2025 assessment projects further price easing in 2026. Based on its commodity market outlook, the World Bank forecasts that Australian thermal coal prices will decline by an additional 7% in 2026, following the year-on-year decrease recorded in 2025. Such is associated with expectations of subdued global economic growth, adequate coal supply, slower expansion in coal-fired power generation, and continued renewable energy deployment across major markets.

FINANCIAL RISK

Analysts' Note: PhilRatings' calculation of certain ratios may be different from what the Company uses and publishes.

Table 14 Balance Sheet Items

	2022	2023	2024	9M2024	9M2025
Cash and Cash Equivalents	22,726	31,659	67,867	33,348	104,017
Trade and Other Receivables - Net	105,939	116,976	115,884	113,190	108,905
Inventories	16,822	16,841	14,326	14,758	11,729
Property, Plant and Equipment - Net	304,413	339,225	459,506	384,667	371,386
Total Assets	717,515	784,935	881,873	824,514	887,215
Total Debt	293,153	272,505	319,288	276,916	316,117
Total Liabilities	465,198	441,462	522,847	469,621	460,568
Total Equity	252,317	343,473	359,025	354,893	426,647

**Amounts in Million ₱*

Table 15 Income Statement Items

	2022	2023	2024	9M2024	9M2025
Revenues	221,389	169,590	205,091	153,592	118,795
Cost of Power Sold	198,371	130,992	154,684	114,154	77,977
Gross Profit	23,018	38,599	50,407	39,437	40,818
Operating Income	28,886	32,526	40,457	33,481	34,834
Interest Expense and Other Financing Charges	18,264	18,443	20,651	15,084	18,800
Income Tax Expense	1,035	5,160	5,216	5,289	4,228
Net Income	3,134	9,903	12,384	13,465	42,399

**Amounts in Million ₱*

Table 16 Key Financial Ratios

	2022	2022	2022	9M2024	9M2025
Gross Profit Margin (%)	10.4	22.8	24.6	25.7	34.4
Net Profit Margin (%)	1.4	5.8	6.0	8.8	35.7
Return on Average Assets (%)*	0.5	1.3	1.5	2.2	6.3
EBITDA Interest Coverage Ratio (x)	1.8	2.4	2.5	2.9	4.0
Debt Service Coverage Ratio (x)*	0.3	0.5	0.6	0.7	1.0
Current Ratio (x)	1.0	1.2	1.1	1.1	1.5
Debt to Equity Ratio (x)	1.2	0.8	0.9	0.8	0.7
Total Debt / Capitalization (%)	53.7	44.2	47.1	43.8	42.6
Solvency Ratio (x)	1.5	1.8	1.7	1.8	1.9

**Interim figures were annualized*

PROFITABILITY

9M2025

In 9M2025, consolidated revenues decreased by 22.7%, from ₱153.6 billion in 9M2024 to ₱118.8 billion, driven by tempered sales of power generation and trading. The decline was attributable to the deconsolidation of SPPC and downward adjustments in fuel tariffs in bilateral contracts given falling coal fuel prices. Top line contraction was slightly counterbalanced by fresh contributions of Mariveles Greenfield Power Plant, Units 1 and 2 of BCCPP, and additional BESS facilities.

Relative to the movement in revenues, cost of power sold fell at a faster rate of 31.7%, from ₱114.2 billion in 9M2024 to ₱78.0 billion in 9M2025. Such reduction was a result of the deconsolidation of SPPC and lower generation costs, marginally offset by corresponding costs brought by the full nine-month operation of Mariveles Greenfield Power Plant, one-month operation of BCCPP prior to its deconsolidation, and depreciation recognized from BESS facilities. With this, gross profit inched up by 3.5% to ₱40.8 billion and gross profit margin (GPM) increased from 25.7% to 34.4%.

Selling and administrative expenses, on the other hand, were almost flat at ₱6.0 billion. Given the foregoing, operating income rose by 4.0% to ₱34.8 billion in 9M2025, translating to an improved operating profit margin (OPM) of 29.3%.

Pre-tax profit registered a more than twofold increase, growing from ₱18.8 billion in 9M2024 to ₱46.6 billion in 9M2025, primarily attributed to the growths in other income and equity earnings. Other income posted a reversal from an outflow of ₱532.1 million to an inflow of ₱21.2 billion, catapulted by the ₱21.9 billion revaluation gains from the deconsolidation of subsidiaries SPPC, EERI, and IPIEC. This was partly offset by foreign exchange losses resulting from the continued depreciation of the Philippine Peso against the US Dollar. Similarly, equity in net earnings of associates and joint ventures surged from ₱235.5 million to ₱6.7 billion, driven by the recognition of the contributions of aforementioned deconsolidated subsidiaries, as well as AHC.

Further propping the bottom line was the 20.1% decrease in provision for income tax, which amounted to ₱4.2 billion in 9M2025, due to higher deferred tax benefits on unrealized foreign exchange losses. Net income more than tripled to ₱42.4 billion. NPM jumped from 8.8% in 9M2024 to 35.7% in 9M2025, while ROAE and ROAA increased to 13.9% and 6.3%, respectively.

Excluding the one-time ₱21.9 billion revaluation gain from the Chromite transaction, net income still rose significantly by 52.0% to ₱20.5 billion. Profitability margins improved albeit relatively modestly to 17.2%, 6.8%, and 3.1%, respectively.

PROJECTED PERIOD

Revenues are projected to recover starting in 2026, posting moderate growth over the forecasted period. Top line expansion will be supported by the commissioning of new capacity from energy projects. Bilateral contracts will continue to make up bulk of the Company's sales. Costs and operating expenses are forecasted to remain well-managed over the long-term, increasing at a controlled pace relative to revenues. As a result, bottom line is seen to grow, and profitability margins are seen to improve.

CASH FLOW AND LIQUIDITY

9M2025

Net cash from operating activities fell by 38.5%, from ₱43.2 billion in 9M2024 to ₱26.6 billion in 9M2025, mainly due to the decrease in accounts payable and accrued expenses, slightly tempered by favorable movements in trade and other receivables and higher profitability.

Cash from investing activities registered a turnaround from an outflow of ₱26.9 billion in 9M2024 to an inflow of ₱33.5 billion in 9M2025. The shift was a result of the Company's redemption of preferred shares previously held under SMGPs' deconsolidated subsidiaries, SPPC, EERI, and IPIEC, counterbalanced by the ₱20.2 billion outlay for investment and advances. The more than fivefold growth in investment and advances reflected the 33.0% retained equity interest in aforesaid deconsolidated subsidiaries, as well as the acquisition of LFC.

Net cash used in financing activities surged by 70.7%, from ₱14.5 billion in 9M2024 to ₱24.7 billion in 9M2025. Cash was mostly spent on the redemption of Redeemable Perpetual Capital Securities (RPCS) issued to SMC, debt servicing, and distributions to holders of RPCS. On July 28, 2025, SMGP settled its matured ₱5.0 billion Series K Fixed Rate Bonds. These outflows were augmented by additional capital infusions from SMC, which amounted to ₱56.8 billion, and availments of short-term and long-term debt.

As a result, cash and cash equivalents rose by 53.3%, from ₱67.9 billion as of end-2024 to ₱104.0 billion as of end-September 2025. Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) interest coverage ratio and Debt Service Coverage Ratio (DSCR) increased to 4.0x and 1.0x, respectively. Current ratio also improved from 1.1x as of end-2024 to 1.5x as of end-September 2025.

Table 17 Ageing of Receivables

	2022	2023	2024	9M2025
1-30 days	8,633	11,943	12,413	2,027
31-60 days	4,412	2,614	2,128	675
61-90 days	4,813	2,965	1,065	680
Over 90 days	26,902	39,010	37,076	34,440
Total past due but not impaired receivables	**44,760**	**56,532**	**52,681**	**37,822**
Total receivables (TR)	105,939	116,976	115,884	108,905
% of total past due but not impaired receivables to TR	42.3	48.3	45.5	34.7
% of 61 days to over 90 days past due but not impaired receivables to TR	29.9	35.9	32.9	32.2

**Amounts in Million ₱*

As of September 30, 2025, total past due but not impaired receivables were at ₱37.8 billion, or 34.7% of the Company's total receivables. This was 28.2% lower than the ₱52.7 billion recorded as of end-2024. Total past due but not impaired receivables accounted for 4.3% of the Company's total assets. The Company believes that these receivables are still collectible based on historical payment behavior and analyses of the underlying customer credit ratings.

According to management, about 77.2% or ₱29.2 billion of past due but not impaired receivables were mainly related to Meralco's CIC claims. On January 26, 2026, the ERC issued favorable decisions regarding these, allowing the Company to collect its entirety from Meralco.[14]

PROJECTED PERIOD

The Company expects to generate positive operating cash flows over the long term, supported by fresh contributions from its expansion projects.

SMGP will continue to allocate cash toward investing activities, further growing its power portfolio through investments in renewable energy and BESS, as well as capacity expansion.

Cash flows from financing activities will be volatile, reflecting debt repayments, partially offset by new loan drawdowns.

As a result, the Company's cash and cash equivalents are expected to initially increase before decreasing and stabilizing over the projected period. Cash levels, nonetheless, are forecasted to remain within historical levels. EBITDA interest coverage ratios and current ratios will likewise remain more than ample throughout the period.

CAPITAL STRUCTURE

9M2025

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 loan drawdowns and issuance of fixed rate notes.

[14] On January 26, 2026, the ERC, through their website, allowed SPPC to recover the aggregate amount of ₱15,850,120,000.00 from Meralco. On the same day, the Commission allowed SMEC to recover from Meralco the aggregate amount of ₱13,362,490,000.00.

Total equity expanded by 18.8%, from ₱359.0 billion as of end-2024 to ₱426.6 billion as of end-September 2025. The growth was a result of the Company's plowback of earnings into operations, as well as capital infusion made by SMC.[15]

Total assets was marginally up by 0.6%, from ₱881.9 billion as of end-2024 to ₱887.2 billion as of end-September 2025. Majority of the change came from the surge in investments and advances, which posted a more than fivefold increase to ₱107.5 billion.

With this, DE ratio 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%.

Table 18 Breakdown of Total Debt

	Amount				% to Total			
	2022	2023	2024	9M2025	2022	2023	2024	9M2025
Peso-denominated	179,236	191,437	248,510	188,698	61.1%	70.3%	73.4%	68.1%
Foreign currency-denominated	113,917	81,068	90,076	88,218	38.9%	29.7%	26.6%	31.9%
Total debt	**293,153**	**272,505**	**338,586**	**276,916**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

**Amounts in Million ₱*

As of end-September 2025, foreign-denominated debt accounted for 31.9% of SMGP's total debt, reflecting the Company's continued drawdowns from its US$100,000 credit facility, which can be increased up to US$150,000, and foreign banks.

In 9M2025, the Company recorded ₱1.4 billion in foreign exchange losses, up from the ₱1.0 billion in 9M2024, given the continued depreciation of the Philippine Peso against the US Dollar. To manage foreign currency risk exposure, SMGP invests in derivative instruments and continuously monitors the sensitivity of its financial instruments to fluctuations in various foreign currencies.

PROJECTED PERIOD

SMGP anticipates its total debt to increase over the projected period. This will be accompanied by growth in total equity as the Company will reinvest its earnings into operations. Consequently, DE and debt-to-capitalization ratios are projected to remain at manageable levels.

FINANCIAL FLEXIBILITY

As of report writing date, SMGP has short-term facilities with various banks, which may be utilized as needed. In addition, SMGP's Parent Company, SMC, is publicly listed in the Philippine Stock Exchange (PSE). As of January 27, 2026, SMC had a market capitalization of ₱197.9 billion.

[15] On March 6, 2025, the Board of Directors of SMGP approved the following developments: (1) the subscription by SMC to 950,796,000 common shares of SMGP's unissued capital stock in cash, at a subscription price of ₱30.00 per share or for a total subscription amount of ₱28,523,880.00; (2) the increase in authorized capital stock (ACS) by ₱4,025,600.00 (comprising of 4,025,600,000 shares with par value of ₱1.00); and (3) subscription by SMC to 1,011,093,800 common shares out of the ACS increase at ₱30.00 per share, or for a total subscription amount of ₱30,332,814.00. The subscription amounts were fully paid by SMC to SMGP on April 7, 2025. Consequently, the Company recognized additional paid-in capital (APIC) of ₱56,813,747.00, net of share issuance costs of ₱81,057.00.