

SPC Power Q1 earnings down 7.3% to P495.1 million

By **Lenie Lectura** - May 28, 2018

SPC Power Corp. posted a 7.3-percent decline in first-quarter earnings compared to the same period year ago mainly on account of lower margins and expiration of income-tax holiday.

At end-March this year, SPC's income declined to P495.1 million, from P534 million in the same period last year.

"First-quarter decrease is mainly due to KSPC [Kepco-SPC] lower generation brought about by plan overhaul of generating units and the expiration of income-tax holidays in February 2017," said Jaime Balisacan, the company's senior vice president for finance and administration.

In its report filed with the regulators, the slowdown was attributed mainly to the scheduled maintenance of its 100-megawatt (MW) power plant; lower margins in the electricity-supply business brought about the combined effects of lower market price and temporary under-recovery of pass-through costs of and purchased power due to timing difference; certain operating costs pending application for recovery under true-up mechanisms promulgated by the Energy Regulatory Commission; and the full impact of the expiration on February 20, 2017, of the income-tax holiday.

"Operations during the first quarter continued to be challenged by, among others, low market prices under a competitive supply environment.

Despite these challenges, however, the group is determined to execute investment and operating strategy and expect earnings growth to follow," the company said.

Additional income is expected from the 32-MW Power Barge 104 once commercial operation takes place within the second half of the year.

"The anticipated commercial operations of Power Barge 104 in the second half of the year will further add to the company's plant capacities in Cebu, Bohol and Iloilo," it said.

SPC has a substantial presence in the Visayas, with diesel plants in Panay and Bohol and a coal-fired power plant in Cebu, through its partnership with Kepco. It also has interests in the distribution sector through Mactan Electric and Bohol Light.

SPC's revenues at end-March this year from power generation and distribution slightly went up by 2.5 percent to P560.1 million.

The group's financial position remains robust enabling the prepayment of a long-term loan and payment of dividends. SPC Chairman Alfredo Henares said dividend payments in 2017 were the highest in SPC's history.

history representing a payout of 71.4 percent of earnings.